



2019-20

TREND REPORT

on

Financial Inclusion in India



BIRD

Bankers Institute of Rural Development

Lucknow

Centre for Research on Financial Inclusion and Microfinance (CRFIM)

Director's Message



Since early 60's, Government of India had initiated various steps to ensure greater financial inclusion for an inclusive growth. Notable among them are: nationalisation of banks, expansion of bank branch network, introduction of Business Correspondents to reach unreached areas, introduction of “no frills” accounts and recently launched PMJDY to promote universal access to basic banking services with certain value added facilities.

I am happy to present the Trend Report on Financial Inclusion in India brought out by Centre for Research on Financial Inclusion and Microfinance (CRFIM), Bankers Institute of Rural Development (BIRD) Lucknow with an objective to get an overview of the sector in the Indian context. It covers progress of account penetration, branch penetration, ATM deployments and coverage of micro insurance across the country. State and Regional specific trend and performance of various financing agencies have also been analysed in the report. The report is based on the secondary data sources only, viz., RBI, DFS, CMIE and other open source web portal of GoI. The report will be immensely beneficial for the researchers, students, development practitioners and other stakeholders as a ready reference of the progress in the sector.

Suggestions and feedback on this report are welcome.

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Abbreviations

ATM	Automated Teller Machine
BSBDA	Basic Savings Bank Deposit Account
BC	Business Correspondent
BF	Business Facilitator
CDM	Cash Deposit Machine
FBs	Foreign Banks
OBC	Other Backward Class
OD	Over Draft
MUDRA	Micro Units Development & Refinance Agency
MFI	Microfinance Institutions
NBFCs	Non-Banking Financial Companies
PMMY	Pradhan Mantri Mudra Yojana
PMJDY	Pradhan Mantri Jan Dhan Yojana
PMJJBY	Pradhan Mantri Jeevan Jyoti BimaYojana
PMSBY	Pradhan Mantri Suraksha Bima Yojana
PSBs	Public Sector Banks
PVBs	Private Sector Banks
RRBs	Regional Rural Banks
SC	Scheduled Caste
SCBs	Scheduled Commercial Banks
SFBs	Small Finance Banks
ST	Scheduled Tribe
WLAs	White Label ATMs
POS	Point Of Sale
PPIs	Pre-paid Payment Instruments

Key Highlights

1. Account Penetration:

- ❖ As on March 2019, 574 million BSBD accounts have been opened across the country, an increase of 7% over previous year. Deposit mobilization in BSBD accounts witnessed a positive trend over the last three years. Gross and average deposits stood at Rs. 1409 billion and Rs. 2454.70 per account as of March 2019 respectively.
- ❖ BCs performed a key role in facilitating basic banking services by way of opening BSBD accounts over the last three years. During 2018 – 19, 56% of such accounts have been opened through BCs and remaining (44%) through bank branches.
- ❖ As per the latest available data (March 2018) on state/regional outreach of BSBDA, Central region (28%) has the largest share followed by Eastern (25%). North–Eastern region (4%) has the lowest share.
- ❖ As on March 2018, 731 per thousand adult population (18+ Years) were having access to basic savings bank account at All India level.
- ❖ PMJDY scheme played a catalytic role in promoting basic banking facilities to the weaker sections of the society. As on March 2019, 35.27 crore accounts have been opened. Out of which a significant percentage (59.26%) were rural and semi-urban households and remaining (40.74%) were households from urban and metropolitan areas.
- ❖ Average deposit in PMJDY accounts witnessed a positive trend over the last three years. The average deposits per account during the year 2016-17 was at Rs. 2235.43 which increased to Rs. 2724.89 at the end of March 2019. This is about 7% average annual growth over the last three years. This clearly indicates the effective utilization of accounts.
- ❖ As on March 2019, a total of 27.91 crore (79.13% of total account holders) *RuPay* cards have been issued under PMJDY.
- ❖ Public Sector Banks have performed a significant role in opening of accounts under PMJDY over the last three years. As on March 2019, majority (79.50%), accounts across the country under PMJDY have been opened through Public sector banks followed by RRBs (16.98%) and Private Sector Banks (3.52%).

2. Bank Branch Network:

- ❖ The expansion of bank branch network of all SCBs continued over the years. As of March 2019, a total of 1,46,179 brick and mortar branches were reported across the country of which a significant proportion (35%) were from rural areas followed by Semi-urban areas (28%). Remaining (37%) were located in urban and metropolitan areas.
- ❖ In addition to serving clients through branches, unbanked rural areas have also been served through branchless banking-outlets. As on March 2019, a total of 5,44,666 rural banking outlets were reported across the country.
- ❖ Southern Region continued its dominance in share of bank branches across the country over the last five years. As on March 2019, the regional share was highest for Southern Region (28%) and lowest for North–Eastern Region (3%).
- ❖ As on March 2019, 8 brick and mortar branches were accounted per thousand population (as per Census 2011). It varies among the states, highest for West Bengal (14) and lowest for A & N Island (2).

3. Deployment of ATMs:

- ❖ Overall, during the last three years, installation of ATMs witnessed a declining trend across the country. As of March 2019 the total number of installed ATMs by all entities were reported at 2,21,703, which decreased by 0.24% over previous year.
- ❖ Among the banks, declining trend in number of ATMs was highest for PSBs (-6.65%) followed by FBs (-2.66%). However, WLAs and PVBs have shown positive trend over the last three years. As on March 2019, WLAs and ATMs installed by PVBs stood at 19507 and 63340 respectively, witnessing about 28% and 5% growth over previous year. It is pertinent to mention that majority of WLAs were installed in rural areas.
- ❖ At all India level, number of installed ATMs by all entities taken together were 67 per thousand Sq. KM (as per Census 2011) as on March 2019.

4. Digital Transactions:

- ❖ Volume of Credit and Debit cards issued by all SCBs witnessed a positive trend during the last three years. The volume of credit and debit cards stood at 1,19,144.08 lakh as of March 2019, an increase of 31% over previous year.

- ❖ It has been observed that, credit cards were mostly used through POS terminal for retail payments, while debit cards have been used to withdraw cash through ATMs.
- ❖ The usage of pre-paid instruments for remittances as also for payment for goods and services witnessed an increasing trend over the last three years. The volume PPI transactions was 46,072.29 lakh during 2018 – 19, an increase of 33% over previous year.
- ❖ Among all PPIs, Mobile-Wallet was the most preferred mode of transaction. More than 80% of total volume of PPI transaction were through m-wallet over the last three years.
- ❖ A positive trend in usage of mobile banking has been observed over the last three years. During the year 2018 – 19, volume of mobile banking transaction was 62,003 lakh which was more than two folds increase over previous year.

5. Credit Outreach:

- ❖ Credit outreach by all SCBs over the last three years continued to expand. As on March 2019 total number of credit accounts were 23.23 crore, where in major proportion (55%) of credit was utilized in rural and semi-urban areas followed by metropolitan area (26%) and urban area (19%).
- ❖ Southern Region has continued its dominance in credit outreach over the last three years followed by Western and Central region.
- ❖ Among the financing agencies more than 55% of total credit limits were extended by PSBs over the last three years. However, share of PSBs have slackened while the same continued to increase for the PVBs.

6. Social Security Schemes:

- ❖ Both the micro insurance schemes, viz., PMJJBY and PMSBY witnessed a positive trend over the last three years. As on March 2019, total of 5.92 crore account holders have been covered under PMJJBY. The enrollment under PMSBY was 15.47 crore customers as on March 2019.
- ❖ More than 90% claims received under PMJJBY have been settled and disbursed over the last three years. Settlement of claims under PMSBY was lower as compared to PMJJBY. More than 75% claims received under PMSBY have been settled and disbursed during the last three years.

7. Progress of PMMY:

- ❖ As on March 2019, 5.99 crore enterprises have been financed across the country under PMMY of which majority (62%) were owned by women. 47% of entrepreneurs belonged to weaker sections (SCs/STs/OBCs).
- ❖ The share of various categories of enterprises financed as on March 2019 was: Shishu (86%), Kishore (11%) and Tarun (3%). (Shishu – loan upto Rs. 50,000; Kishore – loan above Rs. 50,000 and upto Rs. 5 lakh; Tarun – loan above Rs. 5 lakh and upto Rs. 10 lakh).
- ❖ Among the financing agencies, the credit needs of the units were mostly met by NBFC–MFIs followed by PVBs, SFBs and PSBs. As on March 2019, the share of various financing agencies was: NBFC–MFIs (38%), PVBs (22%), SFBs (13%), PSBs (11%), NBFCs (10%), MFI (3%), and RRBs (3%). Only a negligible proportion of units have been financed by FBs.