Policy Initiatives for Financial Inclusion: What they behold for the Urban Poor?

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Abstract - The term Financial Inclusion is a key term widely used in the present scenario. The Government of India and the RBI have adopted various policy initiatives to address the issue of rural financial exclusion. But, the emphasis is now also being given to the problem of urban financial exclusion alike. An attempt has been made through this paper to highlight the various policy initiatives with respect to urban financial inclusion and their usefulness in solving the problems of the urban poor in meeting their day-to-day financial and security needs and requirements.

Introduction

The term financial inclusion is widely used, especially in context of developing country like India, which witnesses a huge proportion of financially excluded population. Although India is moving ahead on the path of converting itself from a developing to a developed country, yet it faced widespread exclusion by a large number of citizens, both in the rural as well as urban areas. However, the policy makers have realized the fact that the vision of development cannot be fulfilled unless the proper provisioning of basic financial services to the masses at large. Over the years, the Indian government in collaboration with the Reserve Bank of India has been taking up various initiatives to increasingly include the excluded lot within the network of organized financial services. However, it is heartbreaking to know that despite the fact that the urban areas house a large number of bank branches in the country, both public as well as private sector, yet around 40% of urban adult population in the country is still away from the formal financial services net. This excluded population, comprises of socio-economically and geographically disadvantaged individuals who resorts to informal savings and credit systems. In the initial phases of financial inclusion campaign launched by the Government of India, the major focus was placed majorly on the inclusion of rural poor and bringing them to the financial main stream to share the same platform with their urban counterparts. But, while devising such schemes, the policymakers somewhat ignored the basic requirement of the urban unorganized sector, which still remains to be neglected due to obvious reasons of lack of proper documentation, lack of education and social backwardness. However, recently, the Government has brought in a number of new

initiatives to address the issue of financial exclusion of the urban poor, the earlier neglected lot. Various initiatives jointly taken up by the Government of India and the Reserve Bank of India have attempted to cater to their financial requirements, both in terms of financial assistance as well as security from untoward happenings and uncertainties. An attempt has been made through this paper to highlight the various policy initiatives with respect to urban financial inclusion and their usefulness in solving the problems of the urban poor in meeting their day-to-day financial and security needs and requirements.

Objectives of Study

- To outline the various policy initiatives taken by GOI and RBI for the purpose of financial inclusion
- Gauge the applicability of such initiatives on the urban poor

Key Policy Initiatives for Financial Inclusion in India

Nationalization of 14 largest private sector banks in July 1969, and later in 1980, marks the beginning of the process of financial inclusion in India. The step marked the paradigm shift in the government's policy towards provision of banking services to the poor people. Prior to that,privately-owned banks were located in metropolitan and urban areas, with much of bank lending concentrated in a few organized sectors of economy and limited to big business houses and large industries. At that time small entrepreneurs, laborers, farmers, small entrepreneurs, artisans and self-employed had to depend totally on informal sources, like moneylenders and relatives. The main driver for the effort was to promote mass banking by expanding geographical and functional coverage of institutionalized credit, mobilizing savings from rural and remote areas and reaching out to neglected sectors like, agriculture and small scale enterprises.

During 1969-90, India has registered a huge increase in bank branches majorly augmented by the 1:4 licensing policy under which banks were given incentive to open one branch in metropolitan and one branch in urban areas, provided they open four branches in the rural areas.

The early 1970s marked the evolution of priority sector, or directed, or focused lending to ensure the adequate credit flows to the vital sectors of the economy as per the social and developmental priorities.

The Lead Bank Scheme was introduced by Reserve Bank of India in December 1969. The Scheme aims at coordinating the activities of banks and other developmental agencies through various ways in order to achieve the objective of enhancing the flow of bank finance to priority sector and other sectors and to promote banks' role in overall development of the rural sector. For coordinating the activities in the district, a particular bank is assigned the lead bank responsibility of the district. The lead bank is expected to assume leadership role for coordinating the efforts of the credit institutions and Government.

The era of 1970s also witnessed the establishment of Regional Rural Banks (RRBs) in the country, with 196 RRBs established in rural India during 1975-1987. These banks, jointly owned by the central government, the state government and the sponsor bank, were mandated to serve small and marginal farmers, agricultural laborers, artisans and small entrepreneurs in the rural areas. They had to maintain a credit-deposit ratio of 60 percent in the rural and semi-urban branches to prevent the use of rural deposits for creation of urban credit.

The SHG – Bank Linkage Programme was started as an Action Research Project in 1989 which was the offshoot of a NABARD initiative during 1987 through sanctioning Rs. 10 lakh to MYRADA as seed money assistance for experimenting Credit Management Groups. In the same year the Ministry of Rural Development provided PRADAN with support to establish self-help groups in Rajasthan. A key feature of the programme has been the involvement of poor and asset-less women who were earlier by-passed by the banking system. As per the data cited by NABARD, more than 90% of the members of SHGs are women and most of them are poor and asset-less.

During 1998-99, NABARD also launched a revolutionary product called Kisan Credit Card (KCC), a credit product that allowed farmers the required financial liquidity and credit in emergency, and providing them flexibility, timeliness, cost effectiveness and hassle free services.

All these efforts, led to a positive developments in the rural share of the bank deposits and credit. As per RBI, the share of rural deposits in total deposits increased from 3 percent in 1969 to 16 percent in 1990. The share of agriculture credit in the total bank credit increased from 2.2 percent in 1968 to 15.8 percent in 1989. Similarly, the share of small-scale industry in the total bank credit reached 15.3 percent in 1989, from its negligible figure before nationalization.

However, the post liberalization era proved baneful for the financial inclusion plan. Reduction in number of bank branches in India was regarded as one of the adverse consequences of banking

sector reforms launched in the 1990s.

As per the data cited by Kavaljit Singh, in his article titled, "Financial Inclusion" in India: Ambitious but Ambiguous Plan published in Globalreaearch.com, during 1994-2006, around 5,210 bank branches in rural areas were closed down to meet the profitability criteria and to achieve higher efficiency levels. The total number of rural bank branches declined from 35,329 in 1994 to 30,119 in 2006.

On the contrary, a rapid expansion of branches in the metros and urban areas has been witnessed during the period. According to the Reserve Bank of India (RBI) statistics, 5,960 new branches were opened in the six metros during 1994-2006.

Inclusion of the term 'financial inclusion'for the very first time in RBI's Policy Statement of 2005-2006 indicated towards its commitment towards the fulfillment of the objective. The RBI, together with the Government of India, has been initiating various measures since 2005, to enhance financial inclusion. *These measures are SHG-bank linkage program, use of business facilitators and correspondents, easing of 'Know-your-customer' norms, electronic benefit transfer, separate plan for urban financial inclusion, use of mobile technology, bank branches and ATMs, opening and encouraging 'no-frill accounts' and emphasis on financial literacy. Measures initiated by the government also include opening customer service centers, credit counseling centers, Kisan Credit Card, National Pension Scheme Lite, Mahatma Gandhi National Rural Employment Guarantee Scheme and Aadhaar scheme, Swabalamban, JDY, etc.*

Reserve Bank of India's Key Initiatives for Achieving Financial Inclusion in India

1. No Frills Accounts: In order to bring the low income groups within the purview of banking services, RBI in November 2005 asked banks to offer a basic banking 'no-frills' accounts with low or zero minimum balances and minimum charges to such groups. The banks were asked to provide wide publicity to such accounts by highlighting upon the facilities and charges in atransparent manner. They were also required to make available all the printed forms to the customer s in the concerned regional language. Significant progress has been made in this regard, and till now, banks have opened more than 15 million no-frills accounts in the country.

Inorder to give further impetus to financial inclusion, banks were advised inMay 2008, through the Annual Policy Statement for the year 2008-09, to classify overdrafts upto Rs. 25000 (per account) granted against'no-frills' accounts in rural and semi-urban areas as indirect finance to theagriculture sector under priority sector.

2. Overdraft facilities in No-frill Accounts: As a step to induce the customers to open no frills accounts, RBI advised the RRBsto allow limited overdraft facilities in 'no-frills' accounts without anycollateral.This overdraft facility provided a ready source of funding to the account holder.

3. One-Time Settlement: RBI suggested a simplified mechanism for one-time settlement ofloans with principal amount upto Rs. 25000 which have become doubtful andloss assets as on September 30, 2005. Additionally, the borrowers with loans settled under the one timesettlement scheme were made eligible to re-access the formal credit services.

4. General Purpose Credit Card: In December 2005, RBI advised all the scheduled commercial banks, together with RRBs, to provideGeneral Credit Card (GCC) facility without collateral requirements and with a revolving credit limit up to Rs. 25000 (based on income and cash flow of the concerned household). This enabled stress-free access to credit to rural and semi-urban households with limited Point-Of-Sale (POS) and ATM facilities. The banks were also required toclassify 50 per cent of the credit outstanding under loans for generalpurposes under General Credit Cards (GCC), as indirect finance to agricultureunder priority sector. The threshold was further increased to 100 percent in May 2008.

5. Simpler KYC Norms: In August 2004, RBI advised the banks to ease out their KYC requirements for opening bank accounts and thus ensure easy access to banking system to customers belonging to poor sections of the society. RBI simplified the KYC procedure for opening accounts for persons who intend to keep balances not exceedingRs.50000 in all their accounts taken together and the total credit in all theaccounts taken together is

not expected to exceed Rs. 1 lakh in a year.However, a customer is allowed to exceed the threshold limit only after the fullcompliance with the KYC norms.

6. Hundred per cent Financial Inclusion Drive: In 2008, the Reserve Bank of India launched adrive for achieving 100 per cent financial inclusion in one district in each state. Later, the coverage has beenextended to other areas/districts. On the basis of an external evaluation carried out by RBI in January 2009, on the quality of100 per cent financial inclusion reported by banks, it advised banks to
    a. Ensureprovision of banking services nearer to the location of the no-frills accountholders through variedchannels
    b. Provide general credit card or small overdraftsalong with no-frills accounts to encourage the account holders to activelyoperate the accounts
    c. Conduct awareness drives of the facilities offered tothe no-frills accounts holders
    d. Review the extent of coverage in districts declared as 100 per cent financially included
    e. Efficiently leverage onthe available technology enabled financial inclusion solutions

7. Electronic Benefit Transfer (EBT) through Banks: For quicker adoption of ICT solutions by banks forenhancing their outreach,the RBI formulated a scheme (under its 100 per cent financial inclusion drive) to quicken the pace ofadoption of the smart card-based Electronic Benefit Transfer (EBT)mechanism by banks and rolled out the EBT system in the States that areready to adopt the scheme. RBI adopted one–district-one-bank approach for the purpose

   Accordingly, RBI proposed to reimbursethe banks a part of the cost opening accounts with bio-metric access/smartcards at the rate of Rs. 50 per account. Such accounts were eligible for reimbursement through which payment of socialsecurity benefits, National Rural Employment Guarantee Act (NREGA)payments and payments under other Government benefit programs wouldbe routed to persons belonging to BPL families.The scheme was implemented in Andhra Pradesh and 6 districts of Haryana. It was further extended to Karnataka, Orissa, Chhattisgarh, Himachal Pradesh, Uttarakhand, Bihar, Punjab, etc. The banks had to co-ordinate with the respective government departments at theCentral and State level to ensure the delivery of all State benefits toindividuals only through bank accounts within a specific timeframe.

8. Business Correspondent Model:In 2006, the RBI permittedbanks to use the services of non-government organizations, micro-financeinstitutions, retired bank employees, ex-servicemen, retired governmentemployees, section 25 companies, and other civil society organizations asBusiness Correspondents (BCs) in providing financial and banking services.The new model allowed banks to address their last mile problem by enabling cash transactions even at a locationwhere they do not have a branch. Accordingly, banks also collaborated with India Post for using the vastnetwork of post offices as business correspondents. Later, the RBI has eased the norms and has further enlarged the scope of the BC model bypermitting banks to appoint individual kirana/medical/fair price shop owners,individual Public Call Office (PCO) operators, agents of Small Savingsschemes and insurance companies, petrol pump owners, retiredteachers and self-help groupsas BCs. With a view to ensuring adequate supervision over the operations andactivities of the BCs, the Reserve Bank of India advised banks that every BCshould be attached to and be under the oversight of a specific bank branch tobe designated as the base branch. The maximum distance between the place of businessof a BC and the base branch is15 kms. (furtherextended to 30 kms. from April 2009) in rural, semi-urban and urban areas.In metropolitan centers, the distance could be upto 5 kms. However, theRBI plans to give complete flexibility to banks to appoint BCs with only a negative list ofentities that would not be eligible.

9. Bank Branch and ATM Expansion Liberalized: In 2009,the RBI has totally freed the location of ATMs from prior authorization.Further, it also freed branchopening in towns and villages with a population below 49,999. Afterexamining the recommendations of the Working Group constituted to reviewthe extant Branch Authorization Policy, the RBI has

permitted domesticscheduled commercial banks (other than Regional Rural Banks) to openbranches in Tier 3 to Tier 6 centers (with population upto 49,999 as percensus 2001) without having the need to take permission from RBI circular. Domestic scheduled commercialbanks (other than RRBs) are asked to ensure that at least one-third of suchbranch expansion happens in the under banked districts of under bankedstates. This will be one of the criteria in the Reserve Bank's consideration toopen branches in major city (Tier 1 and Tier 2) centers.

10. Project Financial Literacy: Recognizing the importance of financial literacy against the backdrop of increasing complexity of banking operations, RBI has undertaken a project titled "Project Financial Literacy" to provide information relating to the central bank and general bankingconcepts to various target groups, including, school and college goingchildren, women, rural and urban poor, defense personnel and seniorcitizens. Banks, local government machinery, schools/collegeshave been entrusted with the task of disseminating financial information by using pamphlets, brochures, films, as well as their official website. The RBI has also created a link on its website 'For the CommonPerson' to give the ease of access to information, in Hindi, English and 11regional languages (Assamese, Bengali, Gujarati, Kannada, Malayalam,Marathi, Oriya, Punjab, Tamil, Telugu and Urdu). A 'Financial Education'site link on the Reserve Bank's website was launched on November 14, 2007,mainly aimed at teaching basics of banking, finance and central banking tochildren in different age groups.

11. Financial Literacy and Credit Counseling: In May 2007, RBI also advised the convener-bank of each State Level Banker's Committee to establish a Financial Literacy and Credit Counselingcenters (FLCCs) in one district, on a pilot basis and later on extend it to other districts. These centres have been established to provide free financial education to people in rural as well as urban areas on various financial products and services.

12. Establishment of FIF and FITF: In 2007-2008, the then Union Finance Minister announced

the constitution of the Financial Inclusion Fund (FIF) and Financial Inclusion Technology Fund (FITF) with an overall corpus of Rs. 500 crore each at NABARD, with the objective to meet the costs of technologyadoptions, and developmental and promotional interventions for ensuringfinancial inclusion. The FIF was planned to be used for activities such as funding support forcapacity building inputs to BCs/BFs; providing promotional support toinstitutions such as resource centers, farmers' service centers and RSETIs;providing funding support for promotion, nurturing and credit linking ofSHGs; funding support for setting up of Rural Credit Bureaus and creditrating of rural customers; and supporting pilot projects for developmentof innovative products, processes and prototypes for financial inclusion.The FITF would be used for providing financial support totechnological solutions aimed at providing affordable financial services to thedisadvantaged sections of the society; creating a common technologyinfrastructure with comprehensive credit information; providing viabilitygap/pilot project funding for unproven but potential technological interventions;and conduct of studies, consultancies, research, evaluation studies relating totechnological interventions for financial inclusion.

13. Customer Service Centers: The Reserve Bank of India has also been periodicallyissuing guidelines for establishment of Customer Service Centers in banks for public grievance redressal and improving service quality. In the Reserve Bank, theCustomer Service Department has recently been constituted to, inter alia,serve as the interface between customers and banks.

14. Priority Sector Lending: Since April 2007, the RBI has enlarged the purview of priority sector lending toinclude micro-credit and direct and indirect finance to micro and small manufacturing and service enterprises including small business, retail trade, professional and self-employed persons.

15. Approval for Establishment of Payment Banks:In August 2015, the RBI approved licensing

of 11 payment banks in India, including those of department of posts, top conglomerates such as Reliance Industries and Aditya Birla Group, telecom giants like Airtel and Vodafone, and a number of tech and finance companies. These banks are authorized to accept deposits up to only Rs 1 lakh and issue debit cards, but cannot grant loans and issue credit cards. The deposits raised by such banks need to be invested in Government bonds, with a maximum of 25% allowed to be invested in an account with other bank. This step appears to be a big breakthrough in tackling the problem of holding minimum balance in accounts and would augment the financial coverage within the country.

Government of India's Key Initiatives for Achieving Financial Inclusion

Inclusive development involves social as well as financial inclusion, and in most of the cases the socially excluded are also financially excluded. The various government schemes have been targeting to bring the excluded population under the purview of social as well as financial inclusion. Some of the major schemes initiated by the Government of India, which are important from the point of social as well as financial inclusion of the rural as well as urban masses, are as follows:

1. Indira Gandhi National Old Age Pension Scheme: It is a part of National Social Assistance Program (NSAP) launched in August 1995. It is a Govt. of India funded scheme of providing the beneficiaries with a pension ® Rs. 300/- per month, out of which the state government bears Rs. 100/- per month per beneficiary. Persons above 80 years of age will receive Rs.500/- PM. The targeted age group is 60 years and above in the bpl category.
2. Indira Gandhi National Widow Pension Scheme (IGNWPS): It is a part of National Social Assistance Program. The scheme provides for pension payments of Rs300 per month to widows within the age of 40-80 years and Rs.500 per month to widows of the age 80 years and above. Such widows should belong to BPL category.
3. Indira Gandhi National Disability Pension Scheme (IGNDPS): The scheme is applicable to individuals aged 18 years and above with more than 80% disability and living below the poverty line. It provides for the payment of disability pension of Rs. 300 per month and

Rs.500 per month to those of 80 years and above. It is also a part of NSAP.

4. National Family Benefit Scheme (NFBS): It is also a part of National Social Assistance Program. In the event of death of a bread-winner (should be between 18-60 years old) in a household, the bereaved family is entitled to receive lump-sum assistance of Rs.20,000. The assistance would be provided in every case of death of a bread-winner in a household
5. Janashree Bima Yojana: The scheme was launched in August 2000. It covers 45 occupational groups, like beedi workers, lady tailors, rickshaw pullers/auto drivers, urban poor, sanitation workers, etc. It provides life insurance protection to people who are below poverty line or marginally above poverty line and fall within the age group of 18-59 years.
6. Shiksha Sahayog Yojana: Launched in December 2001, the scheme provides for payment of scholarship as a free add-on benefit under both Janashree Bima Yojana and Aam Admi Bima Yojana to maximum of two children of the beneficiary studying between 9th to 12th standard (including ITI courses) @ Rs. 100 per month for each child payable half yearly on 1st July and 1st January, every year. The benefit is provided without any additional premium.
7. Janani Suraksha Yojana: The Janani Suraksha Yojana (JSY), launched in April 2005, is a centrally sponsored Scheme and is being implemented with the objective of reducing maternal and infant mortality by promoting institutional delivery among pregnant women. Under the scheme, eligible pregnant women are entitled for cash assistance irrespective of the age of mother and number of children for giving birth in a government or accredited private health facility. The scheme focuses on poor pregnant woman with a special dispensation for states that have low institutional delivery rates, namely, the states of Uttar Pradesh, Uttarakhand, Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh, Assam, Rajasthan, Odisha, and Jammu and Kashmir.
8. Mahatma Gandhi National Rural Employment Guarantee Scheme: Introduced in 2006, the scheme seeks to enhance the livelihood security of the households in rural areas of the country by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. It was launched in 200 select districts on February 2, 2006 and was extended to 130

additional districts during 2007-08. All the remaining rural areas in the country have been covered under the Act w.e.f. April 1, 2008. Presently, Mahatma Gandhi NREGA is being implemented in all the notified rural areas of the country.

9. Aam Aadmi Bima Yojana (AABY): The scheme for rural landless household was launched in October, 2007. The head of the family or one earning member in the family of such a household is covered under the scheme. The premium of Rs.200/- per person per annum is shared equally by the Central Government and the State Government. The member to be covered should be aged between 18 and 59 years. The benefits payable under the scheme include a lump-sum payment of Rs.30,000 in case of natural death, Rs.75,000 in case of death due to accident or on permanent total disability due to accident (loss of 2 eyes or 2 limbs), and Rs. 37,500 in case of partial permanent disability due to accident (loss of one eye or one limb).
10. Rashtriya Swasthya Bima Yojna (RSBY): The scheme was launched in early 2008. It is a health insurance scheme for the BPL families with the objectives to reduce out of pocket expenditure on health and increase access to health care. The scheme was initially designed to target only the BPL households, but has been expanded to cover other defined categories of unorganized workers, covering building and other construction workers registered with the Welfare Boards, licensed railway porters, street vendors, MNREGA workers who have worked for more than 15 days during the preceding financial year, beedi workers, domestic workers, sanitation workers, mine workers, rickshaw pullers, rag pickers, auto/taxi drivers. The beneficiaries under RSBY are entitled to hospitalization coverage up to Rs. 30,000/- per annum on family floater basis, for most of the diseases that require hospitalization. The benefit will be available under the defined diseases in the package list. There is no age limit for availing the benefits under the scheme. The coverage extends to maximum five members of the family which includes the head of household, spouse and up to three dependents. Additionally, transport expenses of Rs. 100/- per hospitalization is also paid to the beneficiary, subject to a maximum of Rs. 1000/- per year per family. The beneficiaries need to pay only Rs. 30/- as registration fee for a year while Central and State Government pays the premium as per

their sharing ratio.

11. Swavalamban Scheme: Introduced in 2010-11, it was a government-backed pension scheme targeted at the unorganized sector in India. It was applicable to all citizens in the unorganized sector that joined the National Pension Scheme (NPS) administered by the Pension Fund Regulatory and Development Authority (PFRDA) Act 2013. Under the scheme, the Government of India contributed Rs.1000 per year to each NPS account opened in the year 2010-11 and for the next three years. The benefit was available only to people who joined the NPS with a minimum contribution of Rs.1000 and maximum contribution of Rs.12000 per annum.
12. Swabhiman: A financial security programme was launched by the Central Government to ensure banking facilities in habitation with a population in excess of 2000 by March 2012. This nationwide programme on financial inclusion was launched in February, 2011 with its focus on bringing the deprived sections of the society in the banking network to ensure that the benefits of economic growth reach everyone at all levels. The program focused predominantly on the rural areas and enabled small and marginal farmers to obtain credit at lower rates from banks and other financial institutions, thereby saving them from exploitation by the money lenders.
13. Direct Benefit Transfer – The scheme was introduced from January 1, 2013 in 43 identified districts with the objective of ensuring the transfer of governmental benefits individuals' bank accounts electronically, minimizing tiers involved in fund flow thereby reducing delay in payment, ensuring accurate targeting of the beneficiary and curbing pilferage and duplication. 28 schemes were identified for DBT rollout in 43 identified districts. It also involved direct transfer of subsidy on LPG, Kerosene and Fertilizer etc.
14. Pradhan Mantri Jan Dhan Yojana: Launched in August 2014 and popularly known as PMJDY, it is a National Mission for Financial Inclusion to ensure access to financial services, namely Banking Savings & Deposit Accounts, Remittance, Credit, Insurance, and Pension in an affordable manner. The scheme has been started with a target to provide 'universal and clear access to banking facilities' starting with "Basic Banking Accounts" with overdraft facility of Rs.5,000 after six months and RuPay Debit card with inbuilt accident

insurance cover of Rs.1 lakh and RuPay Kisan Card. The scheme also provided for the overdraft facility of Rs.5000 after 6 months of opening of bank account. Till the beginning of February 2016, over 20 crore (200 million) bank accounts were opened and Rs.323.78 billion were deposited under the scheme.

15. Atal Pension Yojna: The scheme was introduced in the budget speech of 2015-16 and has replaced the Swavalamban Scheme introduced in 2010-2011. It is focussed on all citizens (in the age group of 18-40 yrs) in the unorganized sector. The scheme guarantees a minimum monthly pension for the subscribers ranging between Rs. 1000 and Rs. 5000 per month. For the beneficiaries who are not covered by any Statutory Social Security Schemes and are not income tax payers, GoI would co-contribute 50% of the subscriber's contribution or Rs. 1000 per annum, whichever is lower. GOI co-contribution was applicable to for a period of 5 years for each eligible subscriber, who joins the scheme between the period 1st June, 2015 to 31st December, 2015. The benefit of five years of government Co-contribution under APY would not exceed 5 years for all subscribers including the migrated Swavalamban beneficiaries.
16. Pradhan Mantri Suraksha Bima Yojana: It offers accidental death cover for all applicants for a year starting from June 1, 2015 to May 31, 2016.The total coverage, or sum insured, under the scheme is Rs. 200,000 for death and Rs.100,000 for partial disability.The premium for the scheme is fixed at Rs.12 per annum making it one of the cheapest accidental insurance schemes in the world.It covered all Indian citizen within the age group 18-70 years.
17. Pradhan Mantri Jeevan Jyoti Bima Yojana: The scheme, introduced in 2015,is available for people within the age group 18-50 years.An annual premium payment of just Rs.330 per year, provides a life cover of Rs 200,000 for death occurring out of any reason.The scheme coverage can be extended up to 55 years if the applicant joins the scheme before completing 50 years of age. But life insurance claims are not admissible for the first 45 days of policy inception.
18. Sukanya Samriddhi Yojana: The Sukanya Samriddhi Yojana (SSY), also known as girl child prosperity scheme, was launched in 2015. The scheme provides for opening of sukanya

samridhi account, with any post office or authorized bank, in the name of any girl child under the age of 10 years. The account can be opened with the initial sum of Rs.1,000, and thereafter a multiple of Rs 100 can be deposited to the account with a minimum of Rs 1,000 per year and a maximum of Rs 1,50,000 per year. The lock-in period in the scheme is 14 years and the maturity duration is 21 years from the date of opening the account. The account is transferrable to anywhere in India from a Post office or bank to others.

19. Suraksha Bandhan Yojana: Launched in August 2015, the scheme is a Fixed Deposit scheme being started at all nationalized banks that would offer a handsome interest rate of 8 per cent on fixed deposit investments. It would be in the form of Gift Cards or Banker's Cheque, carrying a fixed value of Rs 201, Rs 351 and Rs 5,001, that anyone can gift their loved ones on any occasions. The Gift cards would be attached to other special features of various governmental schemes like Pradhan Mantri Suraksha Bima Yojana or Pradhan Mantri Jeevan Jyoti Bima Yojana, etc. Such fixed deposit would earn an interest rate of 8 per cent.

Conclusion

It is evident from the above discussion that off late the Government has realized the gravity of the problem of urban financial exclusion and has taken various initiatives to provide financial services and social security to the unbanked and uninsured population. The year 2014-15 has marked a new beginning in the direction, wherein the Government has initiated a number of financial inclusion initiatives like PMJDY, APY, Sukanya Samriddhi Yojana, etc. All these measures, though might not be sufficient to solve the problem of urban financial exclusion altogether, mark a positive step in the direction and will definitely help in attaining positive results. After all, “Something is better than nothing”.

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