

## FINANCIAL INCLUSION IN RURAL AREAS THROUGH 'DIGITAL INDIA'

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One of the reasons for slow progress in financial inclusion is the absence of reach and coverage of Government and financial system. This gap now can be bridged through the use of Information and Communication Technology. Sufficient budgetary support for creation of such a massive digital infrastructure to reach 2.80 lakh gram panchayats through digital connectivity to reduce digital gap can take the country into a different direction. PMJDY accounts, Mobile hand set, Aadhaar etc through various Government initiatives can help in achieving the last mile connectivity for the prosperity of the country.

The focus of Financial Inclusion is ensuring coverage of each household in the country by opening saving accounts and providing Banking services such as micro credit, RuPAY card, Aadhaar based services, financial literacy and empowerment of women, Direct Benefit Transfer, Insurance and pension services. It is the endeavor of all stake holders including Government to focus on issues like putting in place an effective system of tackling technology issues, solving connectivity problems, spreading financial literacy in public, innovating suitable products to suit needs of public and above all, going digital in all process. The combination of IT and Mobile can only allow circumventing the cost problem to connect 1,250 million people and 180 million households of the country.

### Approach to Financial Inclusion:

It is realized that the effectiveness of welfare measures can only be visible by coming closure

to the poor by various innovative channels where there are no leakages and pilferages. Effective implementation of pro-poor programmes by using available digital path is now the armory.

**Financial inclusion is usually construed in two ways:**

- Counteracting the exclusion from the payment system.
- Counteracting the exclusion from the formal financial services.

The approach is based on the following principles:

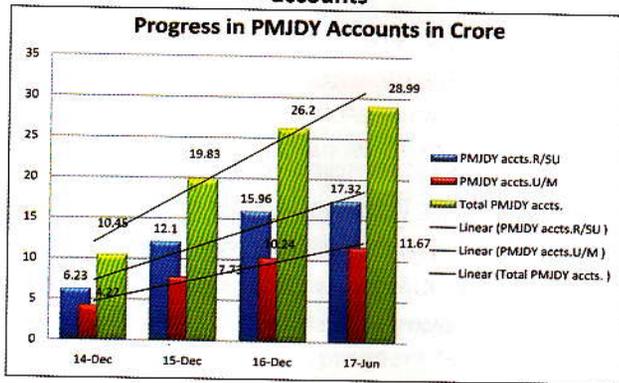
- Adequacy** and **Availability** of financial services to all sections of the society.
- Awareness** of financial services.
- Affordability** and **Accessibility** of appropriate financial products through a combination of conventional and alternative delivery channels and technology enabled services and processes.

Now, the Government has taken various initiatives to reach the rural masses by implementation of all pro-poor programs through cost effective digital technology.

**Pradhan Mantri Jan-Dhan Yojana:** It is India's National Mission for Financial Inclusion to ensure access to financial services, namely Savings & Deposit Accounts, Remittance, Credit, Insurance, and Pension in an affordable manner. This financial inclusion campaign was launched by the Prime Minister on 28 August 2014. 28.99 Crore (17.32 crore rural and 11.67 crore urban) bank accounts have been opened till June 2017 (Figure 1). The scheme targets to provide Basic Banking Accounts with overdraft facility of ₹ 5,000 after six months and RuPAY Debit card with

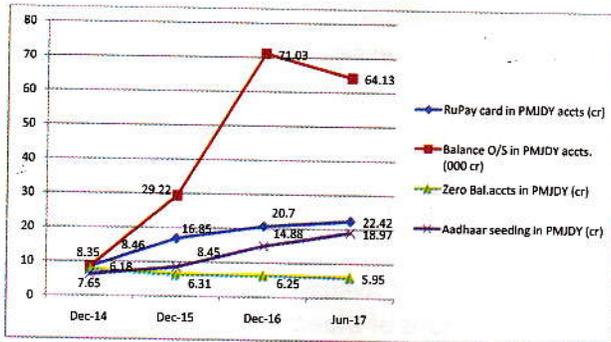


**Figure: 1- Rural urban composition of PMJDY accounts**



(Source: DFS site, Govt. of India) (R-Rural, SU-Semi urban, U-Urban, M-Metro)

**Figure: 2, Progress of RuPay card, increase in balance outstanding, decline in zero balance and increase Aadhaar seeding in PMJDY accounts**



inbuilt accident insurance cover of ₹1 lakh and RuPAY Kisan Card, micro insurance & pension etc. are also added to it. So far, 22.42 crore RuPAY cards are issued under PMJDY accounts.

**Aadhaar:** The Unique Identification Authority of India is a Central Government agency. Its objective is to collect the biometric and demographic data of residents, store them in a centralized database, and issue a 12-digit unique identity number called Aadhaar to each resident. 18.97 crore (65.44 per cent) PMJDY accounts are Aadhaar seeded as of 30.06.2017.

Continuous progress in Aadhaar seeding and issue of RuPAY card is recorded. There is tremendous progress in balance outstanding in PMJDY accounts. In the month of December 2016, there was a sudden rise in outstanding balance (Rs 71.03 thousand crore) in PMJDY accounts because of parking of funds by manipulators during demonetization move. Zero balance accounts are declining from 7.65 crore to 5.95 crore from December 14 to June 17 (Figure 2).

**Mobile banking** has registered a volume of 106.18 million transactions with value of Rs1612.12 billion as of April 2017 (Table 1).

**JAM (Jan Dhan-Aadhaar-Mobile) Trinity:** It refers to the Government of India initiative to link Jan Dhan accounts, Mobile numbers and Aadhaar number of Indians to plug the leakages of government subsidies. With the introduction of new technology introduced by National Payments Corporation of India (NPCI), a person can transfer funds, check balance through a normal phone which was earlier limited only to smart phones. Mobile banking for the poor would be available through National Unified USSD Platform (NUUP) for which all banks and mobile companies have come together.

**Direct Benefit Transfer or DBT:** It is an attempt to change the mechanism of transferring subsidies launched by Government of India. This program aims to transfer subsidies directly to the people through their bank accounts. It is hoped that crediting subsidies into bank accounts will reduce leakages, delays, etc. The primary aim of Direct Benefit Transfer program is to bring transparency and terminate pilferage from distribution of funds sponsored by the Government. Payment is made in the bank accounts of the beneficiary using the Aadhaar Payment Bridge of NPCI.

In reality, over Rs 36,000 crore were saved in last two years by disbursing subsidies straightway to the beneficiaries accounts under Direct Benefit

**Table 1: Progress Card of Mobile Banking and ATM card use**

	Volume in million numbers				Value in billion Rs			
	July15	Jan16	July16	April17	July15	Jan16	July16	April17
Mobile Banking	24.96	42.80	64.44	106.18	235.71	465.21	668.04	1612.17
Debit card								
Use at ATM	655.17	707.63	752.13	660.32	2077.85	2181.88	2191.65	2168.60
Use at POS	94.97	109.88	129.67	268.00	140.07	146.11	170.92	374.82

(Data from RBI site, payment and settlement indicators)

Transfer (DBT). As many as 84 schemes including Mahatma Gandhi National Rural Employment Guarantee Act have been included in the DBT scheme. Over 1,200 schemes were studied to see if they could be brought under the DBT scheme and it was found that within a very short period, around 550 schemes could be incorporated in the scheme. Number of beneficiaries, getting subsidies through Direct Benefits Transfer (DBT) into their bank accounts has crossed the 30-crore mark and the government has now fixed a deadline to transfer all subsidies through an Aadhaar-enabled DBT.

**Digital Boost to MGNREGA:** Digital boost to the flagship rural job scheme, MNREGA is a commendable initiative. A total of 35,000 Gram Panchayats are covered to ensure better implementation through mobile monitoring system. This initiative will help the implementation agencies with live data from the worksites, an online and real-time updation of data base, real-time visibility of the data for complete transparency, and location of assets with geo-tagging for easy verification.

**e-Money:** The Department of Posts has planned to provide electronic money order service to 70 per cent of its total post offices. This service will enable India Post to remit money next day to the doorstep that earlier took about a week. Also, it will make the whole process secure and fast. People can send maximum of Rs 5,000 through e-money order.

**Twitter Samvad:-** This will enable the citizens to know about new government initiatives and actions. It is a service that lets leaders and government agencies communicate with the people through tweets and SMS.

**Digital Life Certificates:-** The 'Jeevan Pramaan' scheme has given a scope of relief to a million of retired government employees. With this, the pensioner will do away with the requirement of submitting a physical life certificate in November each year and can now digitally provide proof of their existence to authorities for continuity of pension every year.

**Digital-locker-India:** This initiative eliminates the need for people to carry the hard copies of the certificates issued by states, municipal agencies, and other bodies. Birth certificates, school and college leaving certificates, residence and marriage proof, and even PAN cards will be digitized. For this, the government has rolled out a national depository that will hold these records. Each private locker will store all the important documents of users, which are digitally verified by the government. Now rather than sending physical copies, the link of that cloud folder having digital copies of verified certificates can be shared.

**PRAGATI:** It is an interactive platform launched for public grievances redressal. It is aimed at monitoring and reviewing programs and projects of the Government of India as well as state government initiatives and also addressing common man's grievances. This step is expected to make governance in India more efficient and responsive.

**Digidhan Mela:** This is about various digital payment channels including Unified Payments Interface (UPI), Aadhaar Enabled Payment System (AEPS), Unstructured Supplementary Service Data (USSD) and RuPAY cards. The event will focus on ways and benefits of the system and will also address the concerns regarding payments and commissions charged by the respective organizations. To Make Digital Payments a Mass Movement, more than 14 lakh consumers and 77,000 merchants were rewarded with Rs. 226 crore (Rs 177 crore to consumers and Rs 49 crore to merchants) for using Digital Payments through two incentive schemes for Digital Payments Lucky Grahak Yojana and DigiDhan Vyapar Yojana. DigiDhan Melas are also being organized in 100 cities over a period of 100 days in 26 States and 7 Union Territories. Over 5000 financial institutions have reached 15 lakh citizens through the Melas and at least 16,000 government and private institutions have been declared cashless. Since demonetization, there has been a phenomenal growth in digital transactions.

Table 2: Transactions through some new digital apps

Digital Apps	Dec16		Mar 17		June 17	
	Vol. in lakh	Value in cr	Vol. in lakh	Value in cr	Vol. in lakh	Value in cr
BHIM	0.42	1.90	24.60	823.10	46.17	1486.70
UPI	19.67	706.16	61.61	2391.40	101.55	3067.50
IMPS	605.32	46524.88	596.38	61105.58	686.09	60015.50

(Source, NPCI site)

- Transactions increased through UPI from 19.67 lakh to 101.55 lakh with value of transaction Rs 706.16 cr to Rs 3067.50 cr respectively. (Table 2)
- APBS (Disbursement by UIDAI no.) during FY 14-15 was Rs 61.43 billion and increased to Rs 286.63 billion in FY 16-17. (Table 3)
- AEPS recorded Rs 22.82 billion during FY 16-17. Further, 6 fold increase up to April 17 after demonetization.
- The BHIM App, launched by the Prime Minister on 30th December 2016 has recorded transaction in volume and value term during FY 16-17 as 46.17 lakh and Rs 1486.70 crore respectively. (Table 2)
- There has been an increase of nearly 13 per cent in the number of PoS machines sold since October 2016 indicating that more number of merchants across the country are willingly accepting digital payments.

**BHIM App for e-transactions, Aadhaar seeding etc.:** Through this App, the customer can access his bank account and then make payment or send a request to collect payment by directly approaching the settlement system. In BHIM, there is no need of writing account number. All an individual needs is just a virtual financial address of the receiver such as his mobile number or Aadhaar number or a virtual name. His real financial address is discovered by the National Payment Corporation of India. Now the sender doesn't need to know the account details to send money but he can now use BHIM app and use recipient's mobile number, Aadhaar number or Virtual Payment Address to send money. Today, there are more than 100 crore mobile phones, 110 crore Aadhaar numbers in the country to use the app effectively.

**DigiGAON:** Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA) is extended to six crore rural households for imparting knowledge on basic education and health services.

**BHUVAN:** It is a satellite based geo platform by ISRO, reaching out to the rural people. It acts like a clearing house for satellite data. Essentially a software that integrates and processes ground inputs with satellite data for diverse needs. Three important applications are there which have remote reach for use of rural population:

- CHAMAN** (Coordinated program on Horticulture Assessment and Management using Geo-Informatics. It will help in:
  - Digital inventory of all horticulture zones in the country.
  - Deciding cold storage hubs.
  - Managing inflation through accurate data of food stock.
- FASAL** (Forecasting Agricultural output using Space, Agro-meteorology and Land based observations). It will do the following:
  - Monitor crop health.
  - Can be used directly to study crop locations.
- NADAMS** (National Agricultural Drought Assessment and Monitoring System)
  - Remote sensing real time information on current or developing drought at state, district and sub district level.

#### Android Apps:

Many Android Apps are new tools in the hands of the officials and farmers, helping them to connect with the digital platforms at the comforts of their homes through mobile devices such as smartphones and phablets.

**Table 3: Retail Payment Statistics on NPCI Platform**

	FY 14-15		FY 15-16		FY 16-17	
	Vol. in mn	Value in bn	Vol. in mn	Value in bn	Vol. in mn	Value in bn
Aadhaar payment bridge system (APBS) Disb. based on UIDAI no.	168.43	61.43	717.46	185.98	949.28	286.63
Aadhaar enabled payment system (AEPS) over micro ATM (cash debit/credit)	--	--	0.36	0.86	16.29	22.82
IMPS	78.44	581.89	220.81	1622.29	506.84	4116.24

**CCE Agri:** Revenue officials now use this android app to estimate crop damage and yield loss at 1100 locations in 12 states.

**Ground Truth:** To monitor crop health. At present, it is being used by 18 State Governments.

**Bhuban Hailstorm App:** This ISRO app is being used to capture hailstorm losses in states such as Madhya Pradesh.

**mKisan:** Nearly 90 million farmers are now enrolled for farm advisories, such as weather and pest updates on their phones through such apps.

## Conclusion:

Sufficient budgetary support for creation of such a massive digital infrastructure to reach 2.80 lakh gram panchayats through digital connectivity to reduce digital gap can take the country into a different direction. PMJDY accounts, Mobile hand set, Aadhaar etc through various Government initiatives can help in achieving the last mile connectivity for the prosperity of the country.

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## UMANG App

UMANG (Unified Mobile Application for New-age Governance) is envisaged to make e-governance 'mobile first'. It is developed by Ministry of Electronics and Information Technology (MeitY) and National e-Governance Division (NeGD). It is an evolving platform designed for citizens of India to offer them access to the pan India e-Gov services from the Central, State, Local Bodies, and Agencies of government on app, web, SMS, and IVR channels. Its key features include:

- **Unified Platform:** It brings together all government departments and their services on a single platform to provide better and easier services to citizens.
- **Mobile First Strategy:** It aligns all government services with the mobile first strategy to leverage mobile adoption trends.
- **Integration with Digital India Services:** It provides seamless integration with other Digital India Services like Aadhaar, DigiLocker, and PayGov. Any new such service will automatically be integrated with the platform.
- **Uniform Experience:** It is designed to enable citizens to discover, download, access, and use all government services easily.
- **Secure and Scalable:** It supports Aadhaar-based and other authentication mechanisms for service access. The sensitive profile data is saved in encrypted format and no one can view this information.

Following are its key Services:

- **CBSE:** All CBSE Students can locate the exam centers and view their exam results
- **NCERT:** It enables students, teachers, parents, and schools to view class-wise and subject-wise content provided by NCERT in online and offline modes.
- **AICTE:** Citizens can search for AICTE approved institutes and courses.
- **Soil Health Card:** SHC helps in crop-wise recommendations of nutrients and fertilizers required for the individual farms to help farmers to improve the yield of production. Citizens can view their Soil Health Card using this application in UMANG.
- **PMKVY:** The objective of Pradhan Mantri Kaushal Vikas Yojana (PMKVY) is to enable a large number of Indian youth to take up industry-relevant skill training that will help them in securing a better livelihood. Citizens can apply as a candidate under PMKVY and view their application.
- **MoHUPA:** The Ministry of Housing and Urban Poverty Alleviation is an agency responsible for urban poverty, housing, and employment programs. Citizens can apply for PMAY scheme using this application in UMANG.
- **Crop Insurance:** Crop Insurance helps to protect against either the loss of crops due to natural disasters, such as hail, drought, and floods, or the loss of revenue due to decline in the prices of agricultural commodities.
- **ORS:** Online Registration System (ORS) links various hospitals across the country to enable citizens to book/cancel appointments and view lab and blood availability reports.

