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Dr. Sarfraj Ahmed
Associate Professor,
Department of Commerce,
Satyawati College (Day),
University of Delhi, Delhi,
India

Correspondence
Dr. Sarfraj Ahmed
Associate Professor,
Department of Commerce,
Satyawati College (Day),
University of Delhi, Delhi,
India

An analytical perspective of progress in pension scheme and digital financial inclusion

Dr. Sarfraj Ahmed

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Abstract
India is one of the developing countries in the world. This development should be distributed evenly among all the sections of the society. The developments in the real sense are possible only when all the sections of the society are provided with all the basic services. The basic services in the country will be available to the people when they are provided with Financial services which is possible through Financial inclusion. Financial Inclusion is delivery of financial services, at an affordable cost to the vast sections of the society. The Eleventh and Twelfth Five Year plans also insist on the need for Financial Inclusion. In this respect, both RBI and the Government have been making various efforts to provide Financial inclusion in the length and breadth of the country. This paper highlights the progress in Financial Inclusion, through pension schemes, Post Payment bank and usage of Digital services.

Keywords: Financial services, Atal Pension Yojana, post payment bank, DFI, financial inclusion

Introduction
Financial Inclusion is described as the method of offering banking and financial solutions and services to every individual in the society without any form of discrimination. It primarily aims to include everybody in the society by giving them basic financial services without looking at a person's income or savings. Financial inclusion chiefly focuses on providing reliable financial solutions to the economically underprivileged sections of the society without having any unfair treatment. It is also committed to being transparent while offering financial assistance without any hidden transactions or costs. Financial inclusion facilitates everybody in the society to be involved and participate in financial management judiciously. There are many poor households in India who do not have any access to financial services in the country. They are not aware of banks and their functions. Even if they are aware of banks, many of the poor people do not have the access to get services from banks.

Financial inclusion aims to eliminate these barriers and provide economically priced financial services to the less fortunate sections of the society so that they can be financially independent without depending on charity or other means of getting funds that are actually not sustainable. Financial inclusion also intends to spread awareness about financial services and financial management among people of the society. Moreover, it wants to develop formal and systematic credit avenues for the poor people.

Review of literature
Sethy Susanta Kumar (2016) [11] in his study has proposed a Financial Inclusion Index to measure the extent of financial inclusion across economies. Both supply side dimensions like access to savings, insurance, bank risk and demand side dimensions like banking penetration, availability of banking services and usage of banking system were used for development of index. It was observed that India is categorized on high Financial Inclusion on demand and low financial inclusion of supply side. It was recommended that GOI and RBI adopt adequate policy measures to improve supply side dimension of financial inclusion.

Pradnya P. Meshram and Abhijeet Randad (2015) [10] carried out a survey on 100 respondents and analysed the percentage of population for awareness of financial inclusion from customers perceptive.

The findings suggest that over three-fourths of the households had at least one family member who could read and write and in terms of livelihood, a majority of the households were involved in agricultural activities but still the awareness level of financial inclusion was very low.
The study further suggests that it is not sufficient by merely opening a bank account as it will not meet the objective of financial inclusion. The common man should get the confidence to use the financial services which should be made available at their doorstep.
Joseph J. and Varghese T. (2014) [8] in their study have made an attempt to assess the current status of financial inclusion on the development of Indian economy by analyzing five state bank group and five private sector banks. The variables considered for the study were bank growth rate in terms of number of bank branches, offsite and onsite ATM, usage of credit cards and debit cards. The findings of the study suggest that the usage of debit card has increased tremendously throughout the study period and banks focused more on semi-urban areas and rural areas. The study also found that the number of people with access to the products and services offered by the banking system is very limited despite inclusive banking initiatives in the country. The technological reforms pertained to banking sector such as e-commerce, mobile phones, email, ATMs and plastic money were available only in towns and cities, which leads to limited access to financial products and services in rural and semi urban regions
Vikram Joshi (2014) [9] in his paper analyzed the awareness and penetration of various financial services offered by banks. An awareness index was constructed from the primary data collected from urban poor in Nagpur. It was observed that financial products like current account, demand loan, direct debit facility, credit card and mobile banking is low. Aggregate awareness of banking services offered was found to below 41%. Lack of cooperation, improper guidance, and lack of transparency are the main reasons for this level of awareness.
Shabna Mol (2014) [12] in her study investigated the level of awareness about financial inclusion forces and examined the extent of financial inclusion among below poverty line in Kerala households in terms of continuous usage of bank account and access. For this purpose a survey was conducted on 200 respondents from Malappuram District, Kerala. The findings suggest that the literacy level and occupation of respondents are highly influenced to access and continuous usage of bank account. Further BPL households access bank account only for the enjoying the government benefits and schemes and are to a certain extent aware about financial inclusion drives and a majority of respondents are fully aware of no-frill accounts.

Statement of the problem

Strong and vigorous financial institutions are the pillars of economic growth, progress and success of modern economies. Lack of accessible, affordable and appropriate financial services has always been a global problem. In a country where the vast majority of the population is still very poor, financial inclusion is a great challenge. For the poor, access to finance and ensuring the optimum utilization of the resources is the prime goal. The major barriers to reach the poor and weaker section of the society are due to lack of regular income, poverty, illiteracy, lack of connectivity, higher cost of transactions, *etc*. it is also reviewed that a large section of the society does not have access to pension and only 9 per cent of the population of India i.e., 110 million of people are over 60 years and it is expected to cross 180 million in 2020. Therefore, the significance of an inclusive financial system is widely accepted and has become a policy priority in India. In this context the study is made to assess the progress in financial inclusion through Atal Pension Yojana, Post Payment Bank and Usage of Mobile Banking. For this purpose secondary data has been collected from Journals, articles, PFRDA, India Post etc.

Government initiatives for financial inclusion

The Government of India has been introducing several exclusive schemes for the purpose of financial inclusion after a lot of planning and research by several financial experts and policymakers these schemes have been launched. The major financial inclusion schemes of the country are Pradhan Mantri Jan Dhan Yojana (PMJDY), Atal Pension Yojana (APY), Pradhan Mantri Vaya Vandana Yojana, Stand Up India Scheme, Pradhan Mantri Mudra Yojana, Pradhan Mantri Suraksha Bima Yojana (PMSBY), Sukanya Samriddhi Yojana, Jeevan Suraksha Bandhan Yojana, Credit Enhancement Guarantee Scheme (CEGS) for Scheduled Castes (SCs), Venture Capital Fund for Scheduled Castes under the Social Sector Initiatives and Varishtha Pension Bima Yojana (VPBY). Out of these schemes the APY progress has been assessed for the study.

Financial inclusion through APY

In 2015, the Atal Pension Yojana (APY) was launched by the Prime Minister and the scheme is being implemented with a focus to cover the workers in the unorganised sector and informal workers. The Table 1 depicts the state wise beneficiariesof APY for a period of three years i.e., 2016-2017, 2017-2018 and 2018-2019. The result shows a growth in APY as the enrollment has been increasing year by year. It is inferred from the tables that during the year 2016-2017, majority (13 per cent) of beneficiaries belong to Uttar Pradesh and 11 per cent of beneficieries belong to Bihar state. In the year 2017- 2018 Uttar Pradesh holds which is 2.1 per cent more than the last year (2016-2017) and 15.6 per cent during the year 2018-2019. Hence it is revealed that Uttar Pradesh state is more aware about Atal Pension Yojana scheme when compared to other states. It concluded that among ten state, Uttar Pradesh stands first with highest beneficieries followed by Bihar. However Tamilnadu is also showing good progress in enrolling more number of subscribers.

Table 1: State-wise beneficiaries of APY

S No	State	2016-2017*	%	2017-2018*	%	2018-2019*	%
1	Madhya Pradesh	241,888	5	2,41,995	5.0	262,944	4.6
2	Bihar	528,044	11	5,07,457	10.5	496,410	8.7
3	Andhra Pradesh	353,119	7	2,79,970	5.8	359,113	6.3
4	Gujarat	253,884	5	2,16,672	4.5	241,229	4.2
5	Karnataka	333,545	7	3,29,300	6.8	436,536	7.6
6	Maharashtra	402,484	8	3,32,960	6.9	455,542	8.0
7	Rajasthan	283,118	6	2,05,400	4.2	206,683	3.6
8	Tamil Nadu	340,667	7	4,49,815	9.3	434,386	7.6
9	Uttar Pradesh	631,282	13	7,31,032	15.1	889,590	15.6
10	West Bengal	251,510	5	2,78,622	5.7	483,355	8.5
11	Others	12,34,814	25	1276982	26.3	1,446,571	25.3
	TOTAL	48,54,355	100	48,50,205	100	57,12,359	100

***Source*:** PFRDA
Note: * data relates to financial year.

Financial Inclusion through Payment Bank

A payment bank is a type of non-full service niche bank in India. A bank licensed as a payments bank can only receive deposits and provide remittances. It cannot carry out lending activities. This type of bank was created to help India reach its financial inclusion targets. This type of bank is targeted at migrant labourers, low income households, small businesses, and other un organized sector entities. The customers can deposit and withdraw money, use cheque books, ATMs, transfer funds, buy mutual funds and insurance from payments banks. On 19th August 2015, the Reserve Bank of India gave "in- principle" licenses to eleven entities to launch payments banks Aditya Birla Nuvo, Airtel M Commerce Services, Cholamandalam Distribution Services, Department of Posts, FINO PayTech, National Securities Depository, Reliance Industries, Dilip Shanghvi, founder of Sun Pharmaceuticals, Vijay Shekhar Sharma, CEO of Paytm, Tech Mahindra and Vodafone M-Pesa among them only five entities are active.

Table 2 shows the account holders of post payment bank during the year 2018-2019 and it shows nearly 55 lakhs of Indians deal with post payment bank and 32491 of them hold current accounts.

Table 2: Number of Account holders for post payment bank as on 31 march 2019.

Business Snapshot as on March 31, 2019:
Number of Accounts: 5567594
Account Balance: ` 94.40 Crores
Number of Current accounts: 32491
POSA Linkages: 189858
Live Access Points: 135496

State-wise banking Service Providers

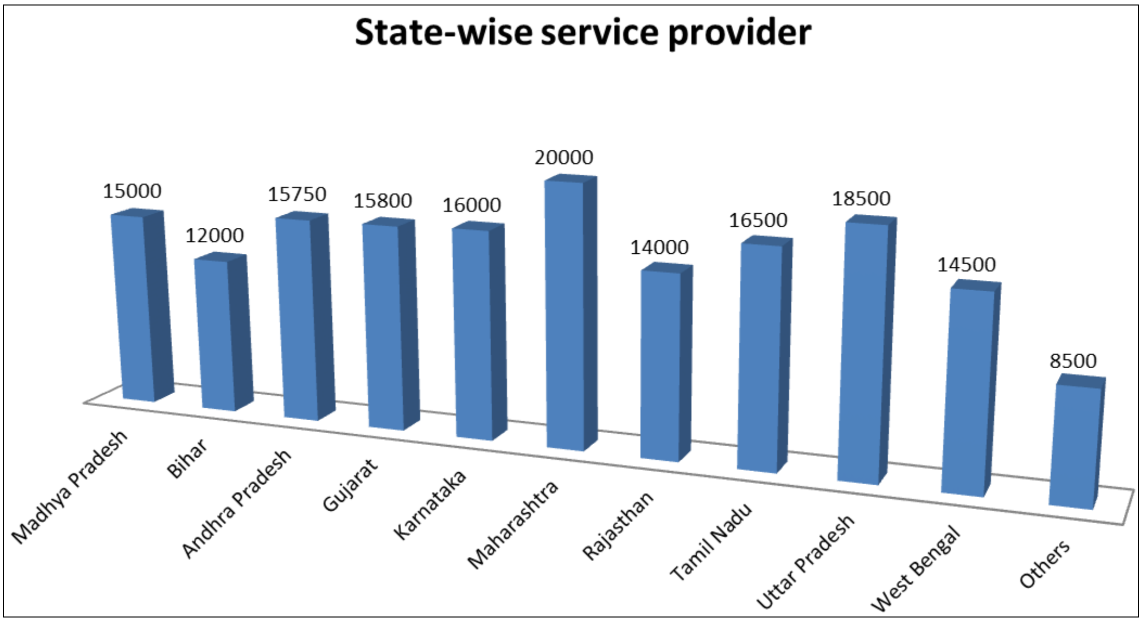

Fig 1: The state-wise service provider for the month of December 2019

Figure 1 shows the state-wise service provider for the month of December 2019. Maharastra stands first with 20000 service providers followed by Uttar Pradesh (18500) and Tamil Nadu with the service provider of 16500.

Digital financial inclusion

The centre for Digital Financial Inclusion set up in September 2014, strives to create an environment to have access to digital financial products and services to those who do not have access to them so far *viz* poor, rural and other excluded population. The report of The Economist Intelligence Unit 2019 Global microscope on financial inclusion says that India, Colombia, Uruguay and Mexico have developed the most conducive environment for financial inclusion with respect to Digital Financial Inclusion. Also India proved its progress by fulfilling all four parameters *viz*., allowing non-banks to issue e-money, presence of financial service agents, proportionate customer due diligence and effective financial consumer protection. DFI seeks to ensure that the government services are made available in electronic form by increasing the internet usage and penetration especially through mobile phones.

The Indian government is encouraging the use of digital payments and especially mobile as a cost of effective and reliable channels. By 2020 it is estimated that the mobile will have the potential to serve 250 million people for financial services.

Conclusion

Though the RBI and GoI have initiated many intensive measures in support of financial inclusion, the results are not satisfactory. The major challenges causing for slow progress in financial inclusion are large number of dormant bank accounts, shallow penetration of insurance and social security benefits, inefficient pension and insurance services to the poor working in unorganized sector, no improvement in the quality of the products and services of MFIs, indebtedness and poor recovery from the beneficiaries, lack of consumer protection, no transparency in pricing and dispute resolution by MFIs, low/no desire from the bankers side to achieve complete financial inclusion, high cost of servicing the rural poor in the short-run, high information barriers and low financial awareness especially among rural women, inadequate regulatory and supervisory capacity, lack of political independency, more politicalisation of lending, entry barriers for new entrants willing to offer financial services, no efforts for collecting customer level data regarding financial inclusion, lack of formal commitment and action towards achieving 100% financial inclusion, etc. Keeping in view of the limitations of financial inclusion, it would be appropriate to offer some viable solutions to improve the stability of financial inclusion.

Conflict interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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