



2021-22

TREND REPORT

on

Financial Inclusion in India



BIRD

Bankers Institute of Rural Development
Lucknow

Centre for Research on Financial Inclusion and Microfinance (CRFIM)

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DIRECTOR'S MESSAGE

Centre for Research on Financial Inclusion and Microfinance (CRFIM), Bankers Institute of Rural Development (BIRD) Lucknow has initiated the documentation of the trajectory of initiative of Financial Inclusion since year 2020 and the present Trend Report is the third such attempt. It comes in the wake of ranging COVID-19 pandemic which is forging global shift in policies and propositions. The banking industry, being no exception, also witnessed a significant transformation in its business model. To understand transformation in the sector over



the period, especially in the post COVID-19 era, the report covers various indicators such as account penetration, branch penetration, ATM deployment, credit outreach both in terms of geographical and demographical penetration reflecting the depth of financial inclusion and banking services in the country and their reach. It also covers schemes under PMJDY, progress of DBTs and PMMY, deployment of PoS terminals and status of digital transactions. The most noteworthy trend was marked by quantum jumps in banking outlets in branchless mode in rural and semi-rural regions. Spurred by lockdown and social distancing norms, significant growth was recorded in adoption of BC model by banks for delivering doorstep banking, digital transactions and DBTs riding on social welfare schemes in tuned to help the poor.

The current Trend Report intends to support the Vision of the Government of India and Financial Sector Regulators in promoting financial awareness. It is also a step towards realizing NSFE '5 C' approach for dissemination of financial education which includes – Content, Capacity, Community, Communication and Collaboration. The report will be immensely beneficial to the researchers, students, development practitioners and other stakeholders as a ready reckoner for the sector. It is based on data published in RBI, DFS, CMIE, NPCI and other open sourced web portals of Government of India, analyzing trends of various parameters in the last five years i.e. 2017 - 2021.

Shri Shankar A. Pande
September, 2021

ABBREVIATIONS

APY	Atal Pension Yojana
ATM	Automated Teller Machine
BSBDA	Basic Savings Bank Deposit Account
BC	Business Correspondent
BF	Business Facilitator
CDM	Cash Deposit Machine
DBT	Direct Benefit Transfer
FBs	Foreign Banks
OBC	Other Backward Class
OD	Over Draft
MUDRA	Micro Units Development & Refinance Agency
MFI	Microfinance Institutions
NBFCs	Non-Banking Financial Companies
NSFE	National Strategy for Financial Education
NPCI	National Payments Corporation of India
PAHAL	Pratyaksh Hanstantrit Labh
PMMY	Pradhan Mantri Mudra Yojana
PMJDY	Pradhan Mantri Jan Dhan Yojana
PMJBY	Pradhan Mantri Jeevan Jyoti Bima Yojana
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
PMGKY	Pradhan Mantri Garib Kalyan Yojana
POS	Point Of Sale
PPIs	Pre-paid Payment Instruments
UPI	Unified Payments Interface

Objective

Financial inclusion is one of the national objective of our country. Over the past decades, Government of India and Reserve Bank of India have initiated various steps to reach the large section of financially excluded population. These are nationalisation of banks, expansion of bank branch network, introduction of BCs/BFs to provide door step delivery of banking services, introduction of mandated priority sector lending targets, lead bank scheme, formation of self-help groups, offering zero balance BSBD accounts etc. The current trend report is an attempt to get an overview and progress in the sector in Indian context. The report provides secondary data base analytical information to the researchers, students, development practitioners and other stakeholders in the sector.

Methodology

The report is based on the secondary data sources. The data have been retrieved from RBI's official website - <https://dbie.rbi.org.in>, Department of Financial Services, GoI, data base of CMIE and other open source web portal of GoI. Progress of various parameters of financial inclusion have been analysed for last five years, 2017 to 2021.

Coverage

The report covers progress of account penetration, branch penetration, ATM penetration, progress of various schemes of financial inclusion in India, credit outreach, usage of digital financial inclusion etc. The analysis has been done to assess performance of various financing agencies as well as to analyse state and regional specific trend.

KEY HIGHLIGHTS

1. Overall Progress

- ❖ Country has made significant progress in all parameters of financial inclusion over the last five years. Banking outlets in villages have increased from 5.98 lakh in March 2017 to 12.95 lakh in Dec 2020. However, majority (95.5 percent) of the outlets were in branchless BC mode.
- ❖ As of Dec 2020, 649 million BSBD accounts have been opened across the country, an increase of about 8 percent over previous year. Deposit in the BSBD reached its all-time high with gross and average deposit of Rs. 2.031 billion and Rs. 3129 respectively.
- ❖ PMJDY played a catalytic role in offering basic banking facilities to the weaker sections of the society. As on March 2021, 42.59 crore accounts have been opened with deposits amounting to Rs. 1,44,157 crore.
- ❖ As of March 2021, about 67 percent PMJDY account holders belonged to rural and semi-urban areas and remaining 33 percent were households from urban and metropolitan areas.
- ❖ As of March 2021, a total of 31.10 crore (73.02 percent of account holders) *RuPay* cards have been issued to PMJDY account holders to facilitate banking transaction.
- ❖ Public sector banks account for 79.06 percent of PMJDY account opened across the country. Remaining are opened by RRBs (17.98 percent) and private sector banks (2.95 percent).
- ❖ Both the micro insurance schemes, viz., PMJJBY and PMSBY witnessed a positive trend during the past year. As on March 2021, total of 10.27 crore account holders have been covered under PMJJBY. The enrollment figure PMSBY stood at 23.26 crore.
- ❖ As of March 2021 DBT has covered about 311 Government schemes by transferring Rs. 5,52,527 crore through a total of 603 crore digital transactions.

2. Progress of Pradhan Mantri Mudra Yojana (PMMY)

- ❖ As on March 2021, PMMY scheme has reached to 29.55 crore micro borrowers with a cumulative credit support of Rs. 15.52 lakh crore. Of these, more than 6.80 crore loans amounting to Rs. 5.20 lakh crore have been extended to new entrepreneurs/accounts.
- ❖ During 2020–21, about Rs. 3.21 lakh crore loans have been sanctioned under PMMY which has benefitted about 5.07 crore enterprises.
- ❖ Public sector banks have played a key role in extending collateral free loans under PMMY. In 2020 – 21, public sector banks have sanctioned over 54187.54 crore loan to 35.04 lakh micro borrowers.

3. Bank Branch Network

- ❖ Over the years, bank branch network of all scheduled commercial banks have expanded. At the end of March 2021, a total of 1,50,745 brick and mortar branches were reported in the country. It registered a growth of 0.40 percent over previous year.
- ❖ As of March 2021, about 63 percent of commercial bank branches are concentrated in rural and semi urban areas. Remaining 37 percent are located in urban and metropolitan area.
- ❖ In addition to serving clients through branches, unbanked rural areas are also served through branchless banking-outlets. As on March 2021, over 12.36 lakh rural branchless banking-outlets were reported across the country.
- ❖ Southern Region followed by Central continued their dominance in share of bank branches across the country over the last five years. They together account for 47.7 percent of total number of brick and mortar branches in India.
- ❖ Over the last five years geographical penetration of bank branches, i.e. branches per thousand sq.km have increased. There were 44.63 bank branches per thousand sq. km in 2017 and this has increased to 48.18 at the end of March 2021. This indicates that people are required to travel less distance to reach nearest bank branches as compared to 2017.
- ❖ As far as the demographical penetration (branches per one lakh population) is concerned. At all India level, 18.12 bank branches are available per one lakh population as on March 2020. It was highest in Goa (48.13) and lowest in Sikkim (0.50).

4. Deployment of ATMs

- ❖ As of March 2021, the total number of installed ATMs by all entities were reported at 2,38,588, registering a growth of 2.0 percent over previous year.
- ❖ Among the various agencies, public sector banks take the lead in total number of ATMs deployed in the country. About 57.4 percent of ATMs are deployed by public sector banks followed by private sector banks (30.75 percent) and WLAs (10.48 percent). Foreign banks, Payment Banks and Small Finance Banks together account for only 1.37 percent of total number of ATMs in the country.
- ❖ ATMs of public sector banks are distributed symmetrically across the different geographical regions, viz., rural, semi urban, urban and metropolitan whereas it is urban/metropolitan centric in case of private sector banks, foreign banks and payment banks.
- ❖ At all India level, availability of ATMs per thousand sq.km stood at 81 as of March, 2021. It is highest in Chandigarh (6456.14) and lowest in Ladakh (2.35). Further, demographical penetration of ATMs reveals that at all India level there are 22.32 ATMs available per one lakh population with wide interstate variation, it is only 8.21 in Bihar and 69.73 in Chandigarh.
- ❖ Debit cards to ATMs ratio witnessed a declining trend over the years. There were 27

ATMs available per one lakh debit cards in 2017 which has reduced to 24 in March, 2021. The reduction in debit card to ATMs ratio is due to increased issuance of *RuPay* cards to a vast section of the unbanked households under PMJDY.

5. Credit Outreach

- ❖ Credit outreach by all SCBs over the past years continued to expand. As of March 2021 total number of credit accounts were 27.15 crore with credit outstanding of Rs. 10738441 crore.
- ❖ States of Southern Region have continued their dominance in credit outreach during the past years followed by Western and Eastern region.
- ❖ During the past years, public sector banks accounted for more than 58.3 percent of total credit limit extended. However, share of public sector banks have slackened while the same continued to increase for the private sector banks.

6. Digital Transactions

- ❖ A total of 898.2 million debit cards and about 62.04 million credit cards are in circulation at the end of March, 2021, accounting for an increase of over 70 million debit cards and 43.04 million credit cards over previous year.
- ❖ Over the year, country has made significant progress in deployment of PoS terminals to meet the growing demand of less cash economy. As of March 2021, 51.25 lakh PoS terminals are in place, registering a growth of 15.58 percent over previous year.
- ❖ The usage of pre-paid instruments for remittances as well as for payment of goods and services witnessed a decreasing trend during the past year. Among all PPIs, Mobile-Wallet was the most preferred mode of transaction. Over the last three years more than 80 percent of total volume of PPI transactions were through m-wallet.
- ❖ Mobile banking has been reflecting a growing trend in both volume and value of transaction. During the year 2019-20, number of mobile banking payments across India was 252364.97 lakh. This increased by 57.22 percent over the previous year.
- ❖ Amongst the electronic modes of payments, the number of transactions undertaken using AePS increased by approximately 10 percent while the value of transaction increased by 33 percent from 2019-20 to 2020-21. During the same year, volume of transactions through Immediate Payment Service (IMPS) system rose by 27.1 percent and the value of transaction increased by 25.8 percent.
- ❖ Volume of transactions through National Electronic Funds Transfer (NEFT) system rose by 12.7 percent and the value of transaction increased by 9.52 percent from 2019-20 to 2020-21.
- ❖ In March 2021, UPI recorded 2.73 billion transactions amounting to Rs 5.05 trillion. In comparison to this, in March 2020, UPI's volume and value was recorded to be 0.99 billion and Rs 1.51 trillion, thus indicating a growth of 170 percent and 237 percent, respectively.

1. Progress of Financial Inclusion - Global Scenario

Financial Inclusion (FI) has been identified as an enabler for 7 of the 17 Sustainable Development Goals (SDGs). The World Bank Group considers financial inclusion as a key enabler to reduce extreme poverty and boost shared prosperity. It has put forward an ambitious global goal to reach Universal Financial Access (UFA) by 2020 (World Bank). Financial access facilitates day-to-day living, and helps families and businesses plan for everything from long-term goals to unexpected emergencies. The World Bank further recognizes that access to a transaction account is the first step to achieving financial inclusion as it allows people to save money, and send and receive payments. This can be addressed through expansion of bank branch penetration globally. As per the most recent available data (2019), 10 countries were considered for comparative analysis. Globally, there are 11.51 commercial bank branches per one lakh adult population (Table 1.1). However, a decreasing trend in penetration of bank branches is observed during 2016 to 2019. Commercial bank branches per one lakh population which was reported to be 12.36 in 2016 decreased to 11.51 at the end of 2019. Wide inter-country variation among the South Asian Countries are also seen. Afghanistan has the lowest commercial bank branches (1.87) per one lakh adult population against 18.70 in Bhutan for the year 2019. The number of commercial banks per lakh adult population were 9.00, 10.41, 13.87, 14.58 and 17.79 for Bangladesh, Pakistan, Maldives, India and Nepal, respectively.

Table 1.1: Commercial Bank Branches per 1,00,000 Population

S. No.	Country	2016	2017	2018	2019*
1.	World	12.36	11.89	11.58	11.51
2.	United States	32.11	31.22	30.9	30.46
3.	Australia	27.74	29.63	28.22	26.43
4.	Brazil	16.49	18.36	18.39	19.31
5.	Bhutan	20.34	19.51	18.98	18.70
6.	Nepal	10.28	12.14	15.47	17.79
7.	India	14.21	14.51	14.5	14.58
8.	Maldives	11.94	13.16	13.11	13.87
9.	Pakistan	9.95	10.18	10.28	10.41
10.	Bangladesh	8.71	8.82	8.94	9.00
11.	Afghanistan	2.11	2.04	1.96	1.87

Source: International Monetary Fund, Financial Access Survey

*Data available till 2019

The penetration of bank branches in South Asian Countries is much lower than developed countries, United States (30.46) and Australia (26.43).

1.2. Progress of Financial Inclusion in India

In India, the term Financial Inclusion (FI) came in 2005 when the Reserve Bank of India (RBI) highlighted its significance in its annual policy statement of 2005-06. Since then various initiatives were taken under FI viz. opening of “no frill accounts” (subsequently renamed as Basic Savings Bank Deposit accounts), simplification in KYC norms, introduction of General Credit Cards (GCC), use of vernacular language, financial literacy, to name a few. Further, in order to increase the financial outreach, in 2006, RBI introduced the concept of Business correspondents (BCs) and Business Facilitators (BFs), which allows banks to offer door step delivery of services. Significant progress has been made over the last five year towards all parameters of financial inclusion.

Table 1.2: Progress in Financial Inclusion in India

Particulars	March 2017	March 2018	March 2019	March 2020	Dec 2020\$
Banking Outlets in Villages - Total	5,98,093	5,69,547	5,97,155	5,99,217	12,95,322^
Banking Outlets in Villages - Branches	50,860	50,805	52,489	54,561	55,073
Banking Outlets in Villages - BCs (Branchless mode)	5,47,233	5,18,742	5,41,129	5,41,175	12,36,809^
Banking Outlets in Villages - Other	0	0	3,537	3,481	3,440
Urban Locations Covered Through BCs	1,02,865	1,42,959	4,47,170	6,35,046	3,24,345
BSBDAs - Opened Total (No. in Million)	533	536	574	600	649
BSBDA through Branches (No. in Million)	254	247	255	261	289
Number of BSBDA per Branch	4994	4862	4858	4784	5248
BSBDA through BCs (No in Million)	280	289	319	339	360
Number of BSBDA per BC	512	557	590	626	291
BSBDAs - Deposits mobilisation - Total (Amt. in Billion)	977	1121	1409	1684	2031
BSBD through Branches (Amount in Billion)	691	731	878	958	1259

Particulars	March 2017	March 2018	March 2019	March 2020	Dec 2020\$
BSBDA through BCs (Amount in Billion)	285	391	531	726	772
Average Balance per BSBDA (Rs.)	1833	2091	2455	2807	3129
Average Balance per BSBDA – BC (Rs.)	1018	1353	1665	2142	2144
OD Facility Availd in BSBDA (No. in million)	9	5.8	5.9	6.4	5.9
%of BSBDA account holder availd OD facility	1.69	1.08	1.03	1.07	0.91
OD Facility Availd in BSBDA (Amt. in Billion)	0.17	4.08	4	5.29	5.00
KCC - Total (No. in Million)	46	46	49	48	49
KCC - Total (Amt. in Billion)	5,805	6,096	6680	6391	6791

Source RBI: Trend and Progress of Banking in India: 2017-21, RBI: Annual Report: 2020 - 21

\$: Provisional data available till Dec 2020

^: Significant increase in numbers is due to reclassification done by a bank

Progress of Financial Inclusion in India is presented in Table 1.2. The data shows that the banking outlets in villages have increased from 5.98 lakh in March 2017 to 12.95 lakh in Dec 2020. Significant increase in numbers of banking outlets in villages is due to reclassification done by banks. However, such outlets in villages are mostly in branchless BC mode. As of Dec 2020, about 95.5 percent (12,36,809 out of 12,95,322) of banking outlets in villages are served through BCs. Remaining (4.5 percent, 55,073 & 3,440) are served through bank branches and other mode. During March 2017 to March 2020, coverage of urban locations through BCs increased by almost six folds from 1.02 lakh to 6.35 lakh. It, however, declined to 3.24 lakh in Dec 2020. Basic Savings Bank Deposit Accounts (BSBDAs) have increased over the past years from 533 million in 2017 to 649 million in Dec 2020. However, such progress are mainly at BC level. Approximately fifty five percent (360 million out of 649 million) of BSBD accounts have been opened through BCs as of Dec 2020. The number of BSBD opened per BC has shown an increasing trend from March 2017 to March 2020. However, the value declined in Dec 2020, due to significant rise in number of BCs with respect to the number of BSBD account opened, causing a decrease in the ratio of BSBD opened per BC. Further, deposit mobilisation in BSBD has shown a sharp rise. As on Dec 2020, gross and average deposit per BSBD stood at Rs. 2,031 billion and Rs. 3129, respectively. Rise in deposits can be attributed to drop in consumption and expenditure as people opted to save rather than spend during the COVID-19 pandemic.

However, as far as availing of overdraft (OD) facility is concerned, the figure is not so impressive. As of Dec 2020 only 5.9 million account holders (about 0.91 percent) availed the OD facility for an amount of Rs. 5.00 billion. The number of KCC holders has steadily increased from 46 million in March 2017 to 49 million in Dec 2020. Correspondingly, the total loan amount availed by all KCC holders increased from Rs. 5,805 billion to Rs. 6791 billion in Dec 2020.

1.3 Pradhan Mantri Jan Dhan Yojana (PMJDY)

Financial Inclusion in India got a further momentum with the introduction of Pradhan Mantri Jan Dhan Yojana (PMJDY) launched as the National Mission for Financial Inclusion (NMFI) in August 2014. The programme envisages universal access to banking facilities with at least one basic banking account for every household, financial literacy, access to credit, insurance and pension. The programme has been implemented in two phases. Phase-I aimed at providing universal access to banking facilities, basic banking accounts for saving and remittance and RuPay Debit card with an in-built accidental insurance cover of Rs. 2,00,000. Phase-II incorporated additional value added facilities which include overdraft facilities of up to Rs. 10,000, creation of a Credit Guarantee Fund for coverage of defaults in overdraft accounts and issuance of micro-insurance and unorganised sector pension schemes like Swavalamban.

The latest Findex (Findex 2017) and Intermedia's 2018 Financial Inclusion Insights (FII) surveys agree that the PMJDY has been the principal driver of increase in financial inclusion in India. The survey envisaged that in India about 80 percent adults have access to bank accounts in 2017 as compared to only 53 percent in 2014 – an addition of 300 million accounts in just a few years. Further, the scheme also improved ownership of bank account and reduced gender inequality in financial inclusion. In terms of account ownership, India is now on par with China and better than other BRICS peers (source: pib.gov.in). As of 30 June 2021, 55.41 percent (23.60 crore out of the total 42.59 crore) of PMJDY accounts are owned by women as compared to only 27 percent in March, 2014 (PMJDY Progress-Report 20201; <https://pmjdy.gov.in/account>).

1.3.1 Progress in PMJDY

PMJDY has witnessed a rapid growth in terms of opening of savings account over the years. As on March 2021, 42.59 crore PMJDY accounts have been opened to offer basic banking services to unbanked households (Table 1.3). Out of which, 67 percent beneficiaries are from rural and semi – urban areas. Remaining 33 percent account holders belong to urban and metro centre. Gross deposits in newly opened bank account in the formal banking system is Rs. 1,44,157 crore. Average deposit per account has increased over the years indicating improvement in access and usage of financial services. The average deposit per account was recorded to be Rs. 2,235 during the year 2017. It has reached to its all-time high at Rs. 3,385 at the end of March 2021.

Table 1.3: Progress in PMJDY Over Last 5 Years

Particulars	2017	2018	2019	2020	2021
1. Total Number of Account Opened (Crore)	28.17	31.44	35.27	38.32	42.59
1.1. Out of which, Rural & Semi - Urban Accounts (Crore)	16.87 (60)	18.52 (59)	20.90 (59)	22.63 (59)	28.34 (67)
1.2. Urban & Metro Centre (Crore)	11.30 (40)	12.92 (41)	14.37 (41)	15.69 (41)	14.24 (33)
2. Deposit in Accounts (Crore)	62,972	78,494	96,107	1,18,434	1,44,157
2.1. Average Deposit per Account (Rs.)	2,235	2,497	2,725	3,091	3,385
3. RuPay Debit Cards Issued (crore)	21.99	23.65	27.91	29.30	31.10
3.1. % of RuPay Debit Card Issued (% of Account Holders)	78.06	79.13	79.13	76.46	73.02

Source: <https://pmjdy.gov.in/Archive> (Figures in the parenthesis represents % share in total)
Accessed on 1st Aug 2021

Further, to facilitate banking transactions, 31.10 crore (73.02 percent of account holders) RuPay Debit cards, with an in-built accident insurance coverage, have been issued to beneficiaries of PMJDY, as of March 2021.

1.3.2. Bank Group wise Progress

Public Sector Banks, by virtue of their vast network, take the lead in opening of accounts under PMJDY (Figure 1.1). As on March 2021, 79.06 percent of PMJDY accounts across the country are opened through Public sector banks followed by RRBs (17.98 percent) and Private Sector Banks (2.95 percent).

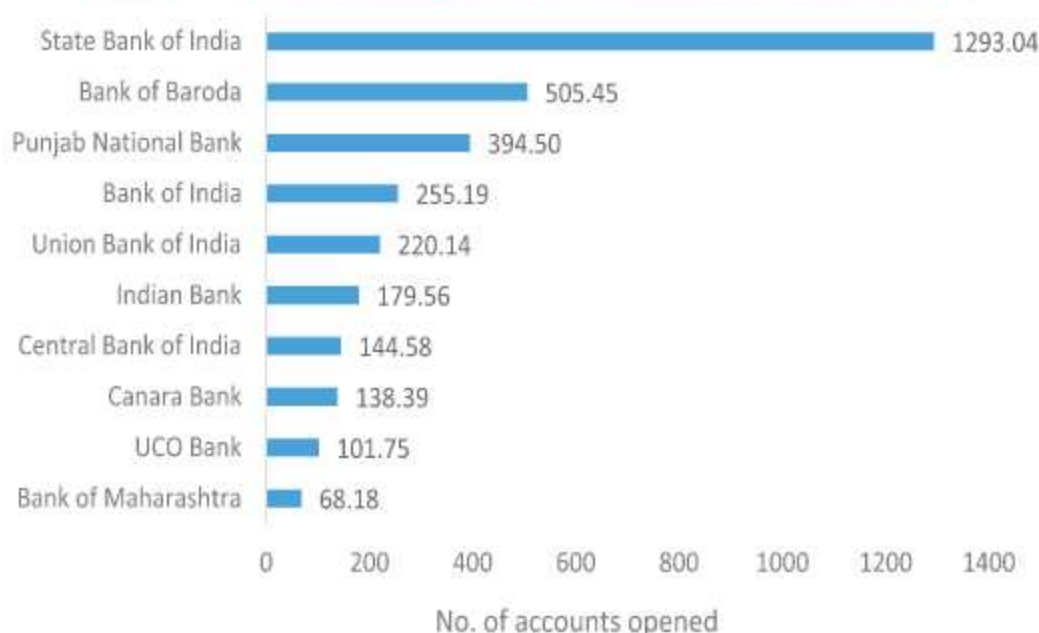
Figure 1.1: Bank Group Wise Share in Opening of PMJDY (% of Total A/Cs)

Source: <https://pmjdy.gov.in/Archive> Accessed on 4th Aug 2021

Percentages are rounded off up to 2 decimals therefore totals may not be exact 100

State Bank of India has taken the lead by opening over 1293.04 lakh accounts followed by Bank of Baroda (505.45 lakh) (Figure 1.2). The other key players among the public sector banks are - Punjab National Bank, Bank of India, United Bank of India, Indian Bank, Central Banks of India, Canara Bank and Bank of Maharashtra.

Figure 1.2: Top 10 PSBs Having PMJDY Outreach as on March 2021 (in lakh)

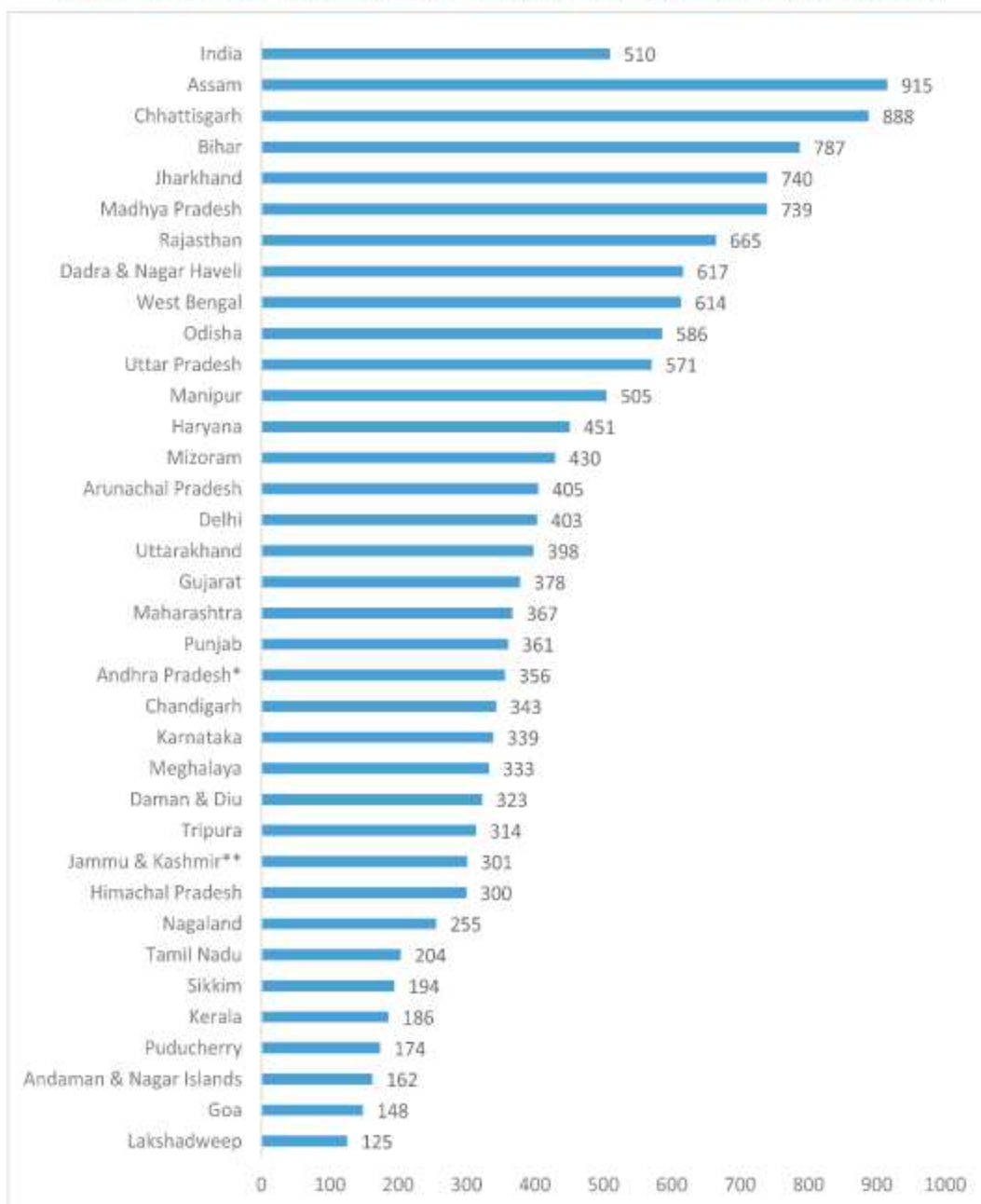


Source: <https://pmjdy.gov.in> (Accessed on 6th August 2021)

1.3.4. Account Penetration – State wise Tally

With the aim of deepening the financial inclusion interventions in the country, further from August 2018 onwards, PMJDY scheme has shifted the focus from opening of account for “every household” to “every unbanked adult”. State wise tally in account penetration, i.e., accounts per thousand adult population (15 + Years) shows that at all India level, there are 510 PMJDY accounts as of 30 June 2021 (Figure 1.3). Among the states, Assam occupied the highest (915) position followed by Chhattisgarh (888).

The other states which have crossed the all India level figure are: Bihar, Jharkhand Madhya Pradesh, Rajasthan, Dadra & Nagar Haveli, West Bengal, Odisha and Uttar Pradesh.

Figure 1.3: PMJDY Beneficiaries per Thousand Adult Population (as of 30.6.2021)

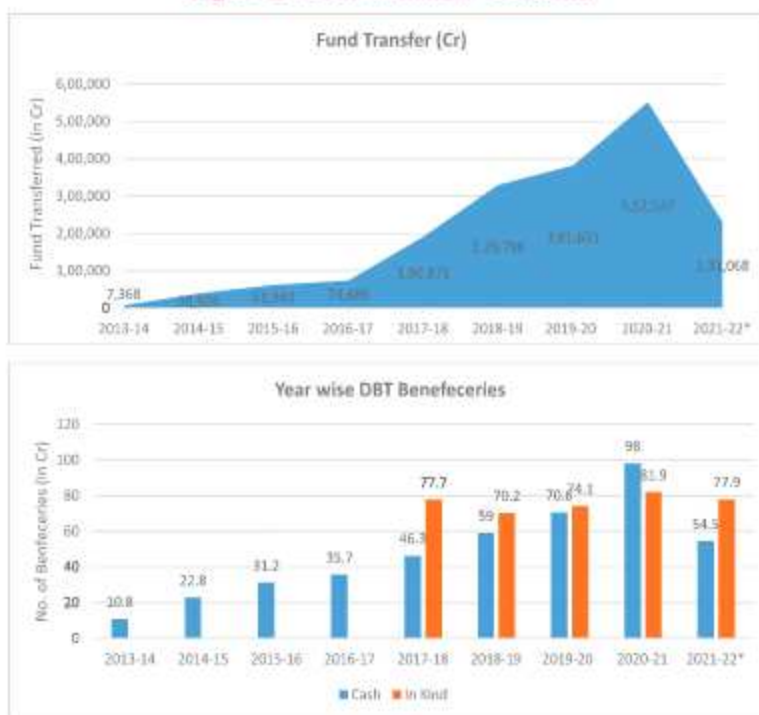
Source: Compiled from <https://pmjdy.gov.in> Accessed on 6th Aug 2021

*: Data includes Telengana, **: Data includes Ladakh - due to not availability of population figure.
Population figures as per Census: 2011 data

1.3.5. PMJDY and Direct Benefit Transfer

In order to transfer the government benefits, viz., subsidies, pensions, scholarships, insurances etc. directly to the bank account of the concerned beneficiary, in a leakage-proof, well-targeted and cashless manner, the concept of JAM or Jan-Dhan, Aadhaar and mobile was introduced. The JAM trinity has enabled India to make substantial progress in financial inclusion. In 2013 – 14, with the introduction of JAM, the Direct Benefit Transfer (DBT) was implemented for 28 Government schemes only. It has remarkably improved over the years and as of March 2021 DBT has covered about 311 Government schemes by transferring Rs. 5,52,527 crore through a total of 603 crore transactions. The progress of Direct Benefit Transfers in terms of fund transferred and number of beneficiaries covered are presented in Figure 1.4

Figure 1.4: Direct Benefit Transfers



Source: <https://dbibharat.gov.in/> Accessed on 15th September 2021

Initiatives such as Pratyaksh Hanstantrit Labh (PAHAL, the DBT scheme for cooking gas subsidy) and wages under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) facilitated the financial inclusion of the poorest among the poor. As a relief measure during countrywide lockdown due to the COVID-19 outbreak, the Pradhan Mantri Garib Kalyan Yojana (PMGKY) scheme/package was announced for the poor to help

them fight the battle against the pandemic. Among several measures following cash benefits were offered to the beneficiaries:

- Twenty crore women Jan Dhan account holders got Rs 500 per month for three months i.e., April to June 2020
- Increase in MNREGA wage to Rs 202 a day from Rs 182 which benefited about 13.62 crore families
- An ex-gratia of Rs 1,000 paid to 3 crore poor senior citizen, poor widows and poor disabled
- About 8.7 crore farmers were paid Rs 2,000 in first week of April 2020 under existing PM Kisan Yojana

The cash transfer made under the PMGKY scheme/package during 2019-20 led to significant rise in volume of DBT transfer and the number of transactions during the period as evident in the Figure 1.4.

1.3.6. Progress under Social Security Schemes

PMJDY has also provided a platform for micro insurances to the beneficiaries for accidental and life risk cover, pension scheme for support during old age. Three social security schemes viz. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal Pension Yojana (APY) were implemented in Phase-II during May 2015. Features of the schemes are given in Box 1.1.

Box 1.1: Features of PMJJBY & PMSBY

Particulars	PMJJBY	PMSBY
Term	Life insurance term plan for one year, renewable year after year	Personal accidental scheme for one year
Eligibility	Individual in the age group of 18–50 years ((life cover up to age 55) having a savings bank account are eligible for this scheme. Account holders need to give consent to join and enable auto-debit.	Individual in the age group of 18–70 years and having a savings bank account. Account holders have to give their consent to join the scheme
Coverage	Covers death (either accidental or natural causes) during the coverage period. Any type of disability suffered is not covered under the plan.	Covers only accidental deaths, permanent total disability and permanent partial disability. Natural deaths are not covered in this scheme
Benefit payable	Rs. 2.00 lakh	• Accidental death/permanent disability: Rs. 2.00 lakh. • Partial Disability due to accident: Rs. 1 lakh
Premium	Rs. 330/-per annum per member	Rs. 12/- per annum per member

Source: <https://jansuraksha.gov.in>

Table 1.4: Progress in PMJJBY and PMSBY

Scheme	2017-18	2018-19	2019-20	2020-21	2021-22*
PMJJBY					
Gross Enrolment(cr.)	5.33	5.92	6.96	10.27	10.24
Total Nos. of Claims Received	98163	145763	190175	250351	260547
Nos. of Claims Disbursed	89708	135212	178189	234905.0	244197
% of Claim Disbursed against Received	91.39	92.76	93.70	93.83	93.72
PMSBY					
Total Nos. of Person Enrolled (cr.)	13.48	15.47	18.54	23.26	23.40
Total Nos. of Claims Received	21137	40749	50328	58540	59461
Nos. of Claims Disbursed	16430	32176	39969	45472	45992
% of Claim Disbursed against Received	77.73	78.96	79.42	77.68	77.35

Source: <https://jansuraksha.gov.in/> Accessed on 7th Aug 2021

*Data as on 26.05.2021

As of March 2021, 10.27 crore account holders have been enrolled for PMJJBY. This is only about one fourth of the PMJDY accounts (Table 1.4). However, the enrolment figures are much higher in case of PMSBY. Over 23 crore account holders are insured under PMSBY as on March 2021. This indicates that Indian customers are price sensitive in availing insurance benefit.

1.3.7. Pradhan Mantri MUDRA Yojana (PMMY)

The Micro Units Development & Refinance Agency Ltd (MUDRA) was set up and Pradhan Mantri Mudra Yojana (PMMY) was launched during April 2015 with an objective of ensuring the flow of credit in small business sector. These loans are extended through various agencies, viz., Banks, Non-Banking Financial Companies (NBFCs) and Micro-Finance Institutions (MFIs). The collateral free Loans up to Rs. 10 lakh under PMMY have been categorised as i) Shishu: covering loans upto Rs. 50,000/-, ii) Kishore: covering loans above Rs. 50,000/- and upto Rs. 5 lakh and iii) Tarun: covering loans above Rs. 5 lakh and upto Rs. 10 lakh. The scheme has completed 6 years of its implementation and as on 31.03.2021, it has reached to 29.55 crore micro borrowers with a cumulative credit support of Rs. 15.52 lakh crore. Of these, more than 6.80 crore loans amounting to Rs. 5.20 lakh crore have been extended to new entrepreneurs/accounts.

Table 1.5 shows the progress of the scheme over the last four years. During the F.Y year 2020–21, about Rs. 3.21 lakh crore loans have been sanctioned which has benefitted about 5.07 crore enterprises. Public sector banks have played a key role in extending collateral free loans under PMMY. In 2020 – 21, public sector banks have sanctioned over 54187.54 crore loan to 35.04 lakh micro borrowers (Table 1.6).

Table 1.5: Progress of PMMY Over Last 4 Years

Parameter	2017-18	2018-19	2019-20	2020-21
Overall Progress :				
No. of enterprises financed	48130593	59870318	62247606	50735046
Amount Sanction (Cr.)	253677	321721	337495	321759
Average loan size (Rs.)	52706	53736	54218	63419

Source: <https://www.mudra.org.in> Accessed on 16th Aug 2021

Table 1.6: Number and Amount of Loans Sanctioned by Public Sector Banks Under PMMY

Financing Agency	2018-19		2019-20		2020-21	
	No. of Accounts	Sanctioned Amount (cr.)	No. of Accounts	Sanctioned Amount (cr.)	No. of Accounts	Sanctioned Amount (cr.)
Public Sector Banks (incl. Regional Rural Banks)	4710166	63225.48	4822701	58485.19	3504967	54187.54

Source: <https://www.mudra.org.in> Accessed on 16th Aug 2021

2.1. Bank Branch Network

Bank branch network has played a key role in facilitating banking services, building trust and credibility, providing financial advice, offering convenience, and easing the transition to digital channels. In India, expansion of bank branch network of all commercial banks continued over the years. Table 2.1 shows that total number of brick and mortar branches of all commercial banks which were reported to be 1,40,579 in March 2017 increased to 1,50,745 at the end of March 2021. About, 63 percent of branches are concentrated in rural and semi urban areas (35.93 percent in rural & 28.38 percent in semi – urban) and remaining approx. 37 percent are located in urban and metropolitan area.

Table 2.1: Growth Rates of Branches of Commercial Banks by Region

	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21
*Number of Brick and Mortar Branches of Commercial Banks					
Rural	49876 (35.48)	50874 (35.67)	51613 (35.27)	52379 (34.89)	52649 (34.93)
Semi-urban	39034 (27.77)	39730 (27.85)	41138 (28.11)	42326 (28.19)	42628 (28.28)
Urban	25116 (17.87)	25479 (17.86)	26416 (18.05)	27309 (18.19)	27436 (18.20)
Metropolitan	26553 (18.89)	26556 (18.62)	27180 (18.57)	28124 (18.73)	28032 (18.60)
Total	140579 (100)	142639 (100)	146347 (100)	150138 (100)	150745 (100)

Source: <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#117> - Accessed on 19th Aug 2021

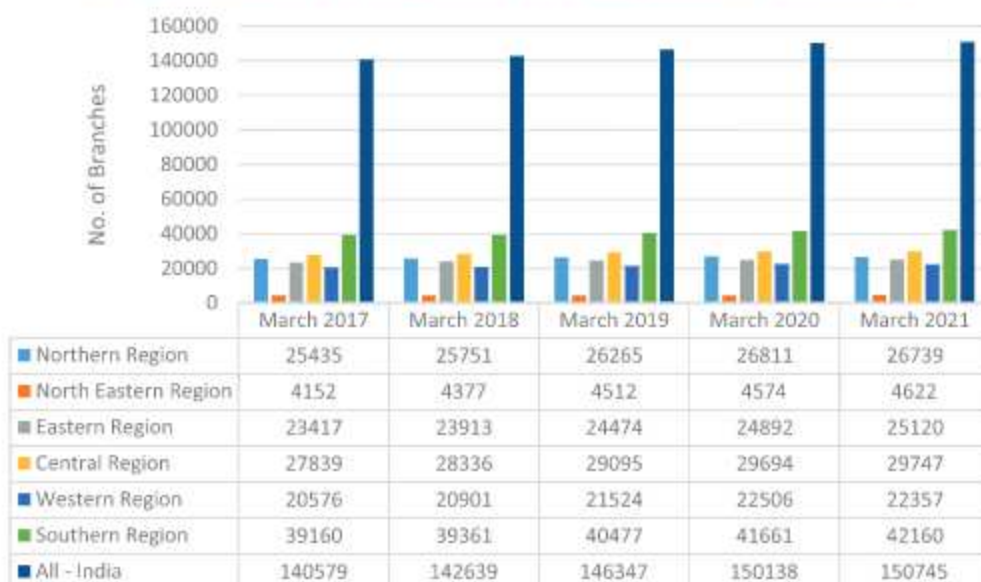
*: Data excludes administrative offices

Figures in the parenthesis represents percentage share

In addition to brick and mortar branches, unbanked rural areas have also been served through “banking outlet” which is a fixed-point service delivery unit manned by either the bank's staff or its BC where services of acceptance of deposits, encashment of cheque/cash withdrawal, or lending of money are provided for a minimum of 4 hours per day for at least 5 days in a week. In order to ensure delivery of banking services, the rural banking outlets in the branchless mode has witnessed massive rise in their number. As of March 2021, over 12.36 lakh BC points were reported across the country to offer doorstep banking services to poor.

2.2 Regional Outreach of Bank Branch Network

Regional spread of bank branch network shows that Southern Region followed by Central continue their dominance in number of bank branches across the country over the last five years (Figure 2.2). As of March 2021, Southern Region together account for 28.0 percent (42160) of total number of brick and mortar branches in India (150745) followed by Central region which account for 19.7 percent (29747). Northern region (17.7 percent, 26739) has occupied 3rd position in the country in terms of branch penetration, followed by Eastern (16.7 percent, 25120) and Western Region (14.8 percent, 22357). North East witnessed lowest penetration of brick and mortar branches over the years (3.1 percent, 4622).

Figure 2.2: Trend in Regional Outreach of Bank branch Network (Nos.)

Source : <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#!17> - Accessed on 19th Aug 2021

2.3.1. Geographical Penetration of Bank Branch—Branches per 1000 Sq. Km.

Availability of bank branches per 1000 sq. km measures extent of geographical penetration of banking sector services across the country. It measures the average distance that a customer needs to cover to reach the nearest bank branch. Higher the geographical penetration less is the distance required to be travelled by an individual to reach the bank and vice versa.

Table 2.2 depicts increased geographical penetration of bank branches in India over the last five years. There were 44.63 bank branches per thousand sq. km in 2017 and this has increased to 48.18 at the end of March 2021. This indicates that people are required to travel less in 2021 as compared to 2017, to visit the nearest bank branch. However, variation has been observed amongst the states. As there are only 1.30 bank branches per 1,000 sq. km, Arunachal Pradesh is ranked lowest among the states. On the other hand, Uttarakhand state occupied the highest position (345.66) at the end of March 2021. Seventeen states are below the national average of 48.18 bank branch per thousand sq. km.

Table 2.2: Trend in CBs Branch Penetration per 1,000 Sq. Km (By State)

States	March 2017	March 2018	March 2019	March 2020	March 2021
Chandigarh	4184.21	4140.35	4026.32	4175.44	4096.49
NCT of Delhi	2481.13	2578.17	2568.06	2597.04	2586.25
Puducherry	519.67	540.37	556.94	567.29	571.43
Lakshadweep	406.25	406.25	437.50	437.50	687.50
Uttarakhand	326.63	331.11	336.76	342.26	345.66
Goa	191.52	191.52	191.25	192.06	189.63
Dadra and Nagar Haveli and Daman and Diu	179.10	179.10	177.45	185.74	175.79
Kerala	171.19	171.58	173.69	177.44	179.04
Punjab	132.50	133.00	133.67	135.60	135.32
Haryana	113.09	114.31	116.82	120.37	120.10
West Bengal	101.39	102.87	104.57	105.83	107.66
Bihar	89.92	92.33	94.86	96.93	99.10
Tamil Nadu	84.72	86.55	89.97	93.19	94.70
Karnataka	54.84	54.30	56.07	57.57	58.04
Tripura	51.12	52.93	54.45	55.22	56.55
Telangana	47.52	47.16	48.06	49.74	51.45
Andhra Pradesh	44.23	44.61	45.25	46.59	48.07
Maharashtra	42.40	42.86	44.23	45.58	45.66
Gujarat	39.92	41.22	42.18	45.16	45.04
Jharkhand	38.37	39.18	39.97	40.52	41.30
Assam	34.33	36.65	37.53	38.31	39.64
Jammu and Kashmir	31.40	31.60	32.34	32.43	32.90
Odisha	31.75	32.52	33.31	34.21	35.19
Himachal Pradesh	29.67	29.46	29.80	30.14	31.00
Madhya Pradesh	21.78	22.39	23.14	23.93	24.24
Rajasthan	21.36	21.87	22.43	23.12	23.59
Chhattisgarh	19.00	19.47	20.44	21.41	21.64
Meghalaya	15.83	16.14	16.67	16.67	17.08
Nagaland	9.35	10.19	10.31	11.04	11.22
Uttar Pradesh	8.81	8.94	9.16	9.24	9.41
Mizoram	9.20	9.30	9.77	9.96	10.39
Andaman and Nicobar Islands	8.24	8.49	8.61	8.85	8.97
Manipur	7.70	8.38	9.41	9.54	9.99
Arunachal Pradesh	1.83	1.91	2.04	2.08	2.16
Sikkim	1.73	1.91	1.99	2.06	2.08
Ladakh	0.96	1.05	1.13	1.18	1.30
All India	44.63	45.26	46.34	47.59	48.18

Source: Compiled from bank branch statistics of RBI

*: Data includes Ladakh

Geographical area as per Census 2011

2.3.2. Demographical Penetration – Branches per lakh population

Number of bank branches per lakh population measures the extent of demographical penetration of bank branches. More branches per lakh population indicates adequate supply of banking services for more number of clients thus enabling better outreach of opportunity for extending financial services to people for business or individual need.

Over the last five years demographical penetration of bank branches has increased from 16.52 in 2017 to 18.12 in 2021 (Table 2.3). However, in 2021 there are some states which have recorded below the national average of 18.12 branches per one lakh population. These states are Tamil Nadu (17.07), Telangana (16.47), Tripura (16.14), Andhra Pradesh (15.53), Gujarat (14.61), Arunachal Pradesh (13.08), Odisha (13.06), Meghalaya (12.91), Maharashtra (12.50), Rajasthan (11.78), Chhattisgarh (11.45), West Bengal (10.47), Madhya Pradesh (10.29), Jharkhand (9.98), Assam (9.96), Uttar Pradesh (9.25), Manipur (8.68) and Sikkim (0.50) (Table 2.3). Surprisingly, barring Tamil Nadu Telangana, Tripura, Andhra Pradesh, Gujarat, Arunachal Pradesh, Meghalaya, Maharashtra and Sikkim, rest of the states have recorded higher than national average of account penetration of PMJDY (Para 1.2.3). This indicates, branches of these states have extended their services to considerably large number of unbanked population.

Table 2.3: Trend in SCBs Branch per 1,00,000 Population (By State)

States	March 2017	March 2018	March 2019	March 2020	March 2021
Goa	48.61	48.61	48.54	48.75	48.13
Chandigarh	45.19	44.72	43.49	45.10	44.25
Lakshadweep	20.16	20.16	21.71	21.71	34.12
Ladakh	20.80	22.63	24.45	25.55	28.10
Himachal Pradesh	24.07	23.89	24.17	24.44	25.14
Bihar	22.60	23.21	23.85	24.36	24.91
Punjab	24.05	24.14	24.27	24.61	24.56
Delhi	22.79	22.70	22.96	23.43	22.86
Uttarakhand	21.04	21.36	21.88	22.06	22.47
Puducherry	20.11	20.91	21.56	21.96	22.12
Haryana	19.72	19.94	20.37	20.99	20.95
Kerala	19.92	19.96	20.21	20.64	20.83
Mizoram	17.68	17.86	18.77	19.14	19.96
Andaman and Nicobar Islands	17.87	18.39	18.66	19.18	19.44
Karnataka	17.22	17.05	17.60	18.07	18.22

States	March 2017	March 2018	March 2019	March 2020	March 2021
Dadra and Nagar Haveli and Daman and Diu	18.44	18.44	18.27	19.12	18.10
Tamil Nadu	15.27	15.60	16.22	16.80	17.07
Telangana	15.22	15.10	15.39	15.93	16.47
Tripura	14.59	15.11	15.54	15.76	16.14
Andhra Pradesh	14.29	14.41	14.62	15.06	15.53
Jammu and Kashmir	14.22	14.31	14.64	14.68	14.89
Gujarat	12.95	13.37	13.68	14.65	14.61
Arunachal Pradesh	11.06	11.56	12.36	12.57	13.08
Odisha	11.78	12.06	12.36	12.69	13.06
Meghalaya	11.97	12.20	12.61	12.61	12.91
Maharashtra	11.61	11.74	12.11	12.48	12.50
Rajasthan	10.66	10.92	11.20	11.54	11.78
Chhattisgarh	10.06	10.30	10.82	11.33	11.45
West Bengal	9.86	10.00	10.17	10.29	10.47
Madhya Pradesh	9.24	9.50	9.82	10.15	10.29
Jharkhand	9.27	9.47	9.66	9.79	9.98
Assam	8.63	9.21	9.43	9.63	9.96
Nagaland	7.83	8.54	8.64	9.25	9.40
Uttar Pradesh	8.74	8.86	9.01	9.16	9.25
Manipur	6.69	7.28	8.17	8.29	8.68
Sikkim	0.42	0.46	0.48	0.50	0.50
All India	16.52	16.78	17.16	17.56	18.12

Source: Compiled from bank branch statistics of RBI available at <https://dbie.rbi.org.in/DBIE/dbie.rbi>

Population figure as per Census 2011

While there has been an overall marginal increase in the availability of bank branches (per one lakh population) there is no noticeable change in the state wise situation. Except Andhra Pradesh, which improved its position over the previous years, the remaining states continues to suffer in terms of availability of bank branches as borne out by data of last five years.

3.1. Deployment of ATMs

The number of ATMs deployed by all the entities in India has shown an increasing trend in 2020-21 over the previous year. As on March 2021 over 2.39 lakh ATMs are deployed across the country to facilitate account holders in accessing cash “anywhere anytime” (Figure 3.1). This indicates about 2.0 percent growth over previous year. This is mainly on account of placement of more ATMs by WLAs (White label ATMs) and Small Finance Banks (SFBs).

Figure 3.1 : Trend in ATMs Deployment by All Entities



Source: RBI

As on March 2021, public sector banks (PSBs) have 57.47 percent of total share of ATM deployment, private sector banks have 30.75 percent ATMs and WLAs have 10.48 percent ATMs in India. Foreign Banks, Payment Banks and SFBs together account for only 1.30 percent of total ATMs (Figure 3.2).

Figure 3.2 : Trend in ATM Deployment by Various Entities (% Share)



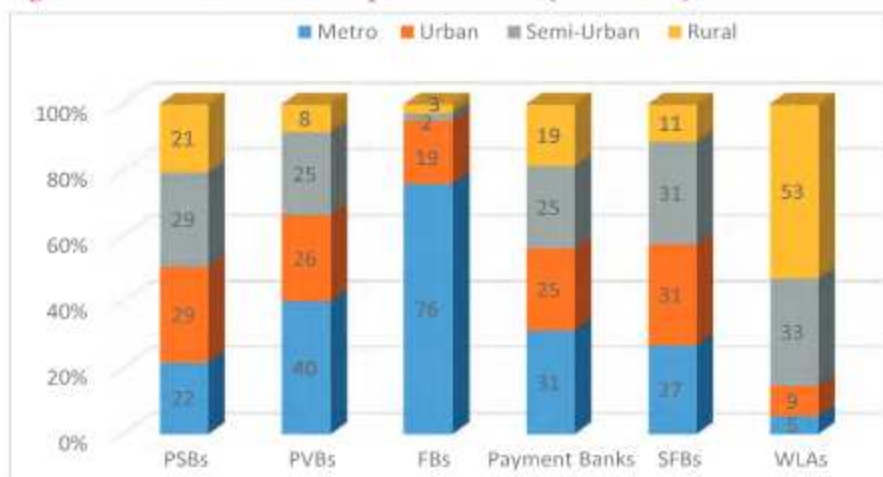
Source: RBI

Deployment of ATMs by WLAs, SFBs and Payments Banks have witnessed an increasing trend over the previous years. However, it has declined in case of public sector banks, private sector banks and Foreign Banks.

3.2. Sector wise – Geographical region wise ATM deployment in India

Public sector banks have evenly deployed about 50 percent of their ATMs in metro/urban centers and remaining 50 percent ATMs in semi-urban/rural centers. However, ATMs of foreign banks, private sector banks, SFBs and payments banks are mostly urban/metro centric, accounting for about 95 percent, 66 percent, 57 percent and 56 percent, respectively. Rural areas are mostly served by WLAs, as about 85 percent (25013 ATMs) ATMs deployed by WLAs are concentrated in rural and semi – urban areas (Figure 3.4).

Figure 3.4: Bank - Sector wise Spread of ATMs (in % Share) as on March 2021



Source: RBI

% in parenthesis may vary by ± 1 due to rounding off

3.3. Geographical and Demographical Penetration of ATMs

The usage of ATMs in India by the account holders has gone up considerably over the last decade and half. However, the ATM access in India lags in comparison to most of the emerging markets and large economies like Russia, Brazil, China, South Africa, US, UK, etc. (RBI 2019). In India, about 22 ATMs are available per 1,00,000 population in the year 2021 with wide interstate variation (Table 3.1). In Bihar, there are only 8 ATMs available per one lakh population whereas it is 68 in Goa. The states which are below the national average of 22 ATMs per one lakh population are: Gujrat (20.32), Arunachal Pradesh (18.36), Odisha (18.15), Nagaland (16.17), Mizoram (16.13), Rajasthan (15.86), Manipur (15.02), Chhattisgarh (14.99), Madhya Pradesh (14.82), Tripura (14.32), Meghalaya (13.99), West Bengal (13.99), Assam (13.52), Jharkhand (11.22), Uttar Pradesh (11.07) and Bihar (8.21).

Similarly, geographical penetration of ATMs i.e., availability ATMs per thousand sq.km shows that about 81 ATMs are available per thousand sq.km. Four UTs (out of 8 UTs in India) viz. Chandigarh, Puducherry, NCT of Delhi, Dadra and Nagar Haveli and Daman and Diu and Lakshadweep have occupied the top positions in terms of geographical proximity of ATMs. Among the states it is higher in Goa (267.15) followed by Kerala (266.47) and Tamil Nadu (213.18) and significantly lower in majority of north eastern states.

Table 3.1: ATM Penetration as on March 2021

S.No.	State	Demographical Penetration (ATMs Per Lakh Population#)	Geographical Penetration (ATMs Per Thousand Sq. Km #)
1	Andaman and Nicobar Islands	33.63	15.52
2	Andhra Pradesh	23.47	72.63
3	Arunachal Pradesh	18.36	3.03
4	Assam	13.52	53.77
5	Bihar	8.21	90.80
6	Chandigarh	69.73	6456.14
7	Chhattisgarh	14.99	28.32
8	Dadra and Nagar Haveli and Daman and Diu	48.48	470.98
9	Goa	67.81	267.15
10	Gujarat	20.32	62.66
11	Haryana	27.47	157.49
12	Himachal Pradesh	28.10	34.65
13	Jammu and Kashmir	21.58	47.66
14	Jharkhand	11.22	46.42
15	Karnataka	30.03	95.66
16	Kerala	31.00	266.47
17	Ladakh	50.73	2.35
18	Lakshadweep	31.02	625.00
19	Madhya Pradesh	14.82	34.92
20	Maharashtra	24.45	89.27
21	Manipur	15.02	17.29
22	Meghalaya	13.99	18.50

S.No.	State	Demographical Penetration (ATMs Per Lakh Population#)	Geographical Penetration (ATMs Per Thousand Sq. Km #)
23	Mizoram	16.13	8.40
24	Nagaland	16.17	19.30
25	Delhi	48.86	5526.95
26	Odisha	18.15	48.94
27	Puducherry	50.72	1310.56
28	Punjab	26.90	148.21
29	Rajasthan	15.86	31.77
30	Sikkim	31.45	27.06
31	Tamil Nadu	38.43	213.19
32	Telangana	31.74	99.12
33	Tripura	14.32	50.16
34	Uttar Pradesh	11.07	91.84
35	Uttarakhand	27.85	52.52
36	West Bengal	13.99	143.84
	All India	22.32	81.19

Source: Compiled from RBI (#: As per Census, 2011)

4.1. Credit Outreach by Commercial Banks

Credit outreach (Nos. of accounts) by SCBs as well as the total credit outstanding of the banks over the last five years have increased across the country at various population groups. At All India level, number of credit accounts which were reported at 14.83 crore with Rs. 7688164 crore credit outstanding during March 2017 increased to 27.15 crore with credit outstanding of Rs. 10738441 crore at the end of March 2021 (Table 4.1). Rural and semi urban areas have continued its dominance in share of total credit accounts across the country. As on March 2021, over 50 percent of total credit accounts are in rural and semi – urban areas followed by metropolitan centres (32.15 percent). About 17.31 percent credit accounts are from urban centres. The ratio of credit outstanding per account is highest in Metropolitan region with credit outstanding of Rs. 7.76 lakh per account. The value is Rs. 3.70 lakh/account for urban region, Rs. 2.02 lakh/account for semi-urban region and Rs. 1.22 lakh/account for rural region. At all India level, the credit outstanding per account is Rs. 3.96 lakh (Table 4.1).

Table 4.1: Trend in Credit Outreach by All SCBs

Population Group	2017	2018	2019	2020	2021
Outstanding Credit (in Crore)					
Rural	530007.7	568477.6	654936	726132	829705.1
% of Total	6.89	6.68	6.81	7.11	7.73
Semi-Urban	865618.6	1005798	1129595	1237649	1401602
% of Total	11.26	11.82	11.75	12.11	13.05
Urban	1133111	1297843	1465405	1577233	1736996
% of Total	14.74	15.25	15.24	15.44	16.18
Metropolitan	5159427	5639602	6363166	6676747	6770138
% of Total	67.11	66.26	66.19	65.34	63.05
All-India	7688164	8511720	9613101	10217760	10738441
No. of Accounts					
Rural	36581393	39306150	45619484	61526845	67924362
% of Total	24.67	22.85	22.07	24.90	25.02
Semi-Urban	41779294	46102550	54149617	62092963	69269969
% of Total	28.18	26.81	26.20	25.13	25.51
Urban	24206073	29397249	37924073	42039528	47004210
% of Total	16.33	17.09	18.35	17.01	17.31
Metropolitan	45696844	57185781	68982437	81434033	87297319
% of Total	30.82	33.25	33.38	32.96	32.15
All-India	148263604	171991730	206675611	247093369	271495860
Outstanding Credit/Account (in Lakh)					
Rural	1.45	1.45	1.44	1.18	1.22
Semi-Urban	2.07	2.18	2.09	1.99	2.02
Urban	4.68	4.41	3.86	3.75	3.70
Metropolitan	11.29	9.86	9.22	8.20	7.76
All-India	5.19	4.95	4.65	4.14	3.96

Source: <https://dhie.rbi.org.in/DBIE/dhie.rbi?site=publications#15>

- Rural: All centres with population of less than 10,000
- Semi-urban: Centres with population of 10,000 and above but less than 0.1 million
- Urban: Centres with population of 0.1 million and above, but less than 1 million
- Metropolitan: Centres with population of 1 million and more

Among the different regions, Southern Region recorded highest share in credit outreach during the past years (Figure 4.1). As on March 2021, Southern Region accounted for 33.5 per cent of total credit accounts followed by Western Region (25.0 percent), Eastern Region (14.7 percent), Central Region (12.2 percent) and Northern Region (12.0 percent). The North Eastern Region had the lowest share of 2.6 percent of total credit accounts in the country. The Northern, Central and North Eastern Region have lesser share of credit outreach compared to its Southern and Central counterpart. These regions also have states with lesser bank branch penetration, both geographically and demographically, signifying poor banking outreach as evident from Table 2.2 and Table 2.3.

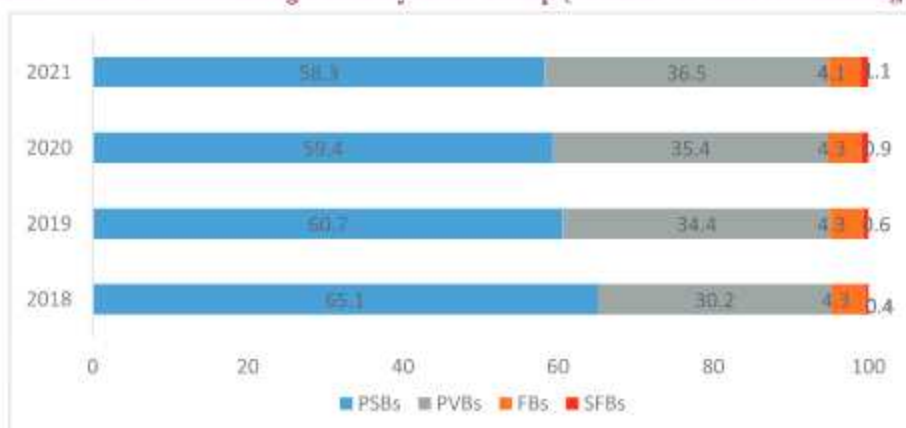
Figure 4.1: Regional Share in Credit Outreach



Source: <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#15>

Among different bank groups, public sector banks take a lead role in extending credit to borrowers (Figure 4.2). During 2020–21, more than half (58.3 percent) share in credit outstanding is of public sector banks followed by private sector banks (36.5 percent), Foreign Banks (4.1 percent) and Small Finance Banks (1.1 percent). Though, share of public sector banks have slackened over the last 4 years while the same has continued to increase for private sector banks.

Figure 4.2: Share in Outstanding Credit by Bank Group (% Share of Total Outstanding Credit)



Source: RBI: <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#15>

5. Debit and Credit Cards – Trend in issuance

Globally, debit and credit cards are used by majority of the bank account holders. In recent years a shift in pattern has been observed among the account holders in replacing cheque and cash based transaction by cards. India is second only to China in terms of number of debit cards issued (RBI Report 2019). As far as issuance of credit card is concerned, the number of credit cards issued is less as compared to debit card. At the end of March 2021, there are only 6.91 credit cards available per hundred debit cards. Such low usage of credit cards in India is due to engagement of large section of the labour force in unorganised sector, which prevents banks to issue credit cards to such people with high credit risk. A total of 8982.02 lakh debit cards and 620.49 lakh credit cards are in circulation at the end of March 2021 (Table 5.1). The total number of outstanding cards in 2021 has increased by 8.4 percent in comparison to the previous year. *RuPay* cards issued under the Pradhan Mantri Jan Dhan Yojana (PMJDY) was the key driver of increase in issuance of number of debit cards in India.

Table 5.1: Trend in Card Issuance in India (in lakh)

Particulars	End of March 2017	End of March 2018	End of March 2019	End of March 2020	End of March 2021
Total Card Outstanding	8,014.91	8,985.61	9,528.62	8,863.07	9602.51
Out of which Debit cards	7,716.49	8,610.76	9,058.13	8,285.62	8982.02
Out of which Credit cards	298.42	374.85	470.49	577.45	620.49
Credit cards per hundred Debit cards	3.87	4.35	5.19	6.97	6.91

Source: <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#15>, Accessed on 6 August 2021
Data includes only outstanding cards

5.1. Debit Cards to ATM Ratio

Over the years, issuance of debit cards has shown an increasing trend, mostly by public sector banks in rural and semi urban areas by using the BC – Network. There were about 3704 functional debit cards per ATM in March 2017 which has increased to 4206 at the end of March 2021 (Figure 5.1). But availability of ATMs per one lakh debit cards was 27 in March 2017, which has further reduced to 24 ATMs in March 2021. The reduction in coverage of ATMs as proportion of debit cards is due to the issuance of RuPay cards to a vast section of the unbanked households under PMJDY. This has led to increase in number of debit card users in India. It shows that coverage of ATMs is low in India to complement debit cards issued.

Figure 5.1: Trend in Debit Cards to ATMs Ratio)



Source: Compiled from: <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#15>.

5.2 Trend in deployment of Point of Sale (PoS) Terminals:

India has made considerable progress in deployment of PoS terminals over the last five years. The number of point of sale (POS) terminals increased to 51.25 lakh in March 2021 from 44.34 lakh in March 2020 marking an increase by 15.58 percent over previous year (Figure 5.2). Increase in number of PoS shows that more PoS are available to meet the growing demand of cashless economy.

Figure 5.2: Availability of PoS (in lakh)



Source: Compiled from: <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#15>.

5.3. Pre-paid Payment Instruments (PPIs)

The pattern of usage of pre-paid instruments for remittances as well as for payment for goods and services over the years are depicted in Table 5.2. The pre-paid payment instruments include mobile wallet, PPI cards and paper vouchers. However, as per RBI circular, dated 11th Oct 2017, no PPI vouchers were to be issued after February, 2018.

The volume of PPIs in 2020-21 has shown a decreasing trend with respect to its volume in previous year i.e., 2019-20. The volume of PPI in 2020-21 has decreased from 53318.12 lakh in 2019-20 to 49392.26 in 2020-21. Though, the share of m-wallet is highest in PPIs among the three modes – m-wallet, PPI card and paper vouchers, however it is also showing a decreasing trend over the previous year in its volume of usage. Share of m-Wallet out of total volume of PPI transactions varies from 86.00 percent in 2018-19 to 76.92 percent in 2020-21. During 2020-21, average transaction through m-wallet and PPI cards stood at Rs. 380.29 and Rs. 485.17, respectively. It is to be mentioned that as per RBI guidelines the maximum value of pre-paid payment instruments at any point of time should not exceed Rs. 100,000.

Table 5.2: Trend in PPIs over Last Three Years

PPIs	During 2018 – 19			During 2019 – 20			During 2020 – 21		
	Volume (Lakh)	Value (Cr.)	Ticket Size (Rs.)	Volume (Lakh)	Value (Cr.)	Ticket Size (Rs.)	Volume (Lakh)	Value (Cr.)	Ticket Size (Rs.)
Total	46072.00	213323.00	463.02	53318.00	215558.00	404.29	49392.26	197696.00	400.26
Out of which m-Wallet	41412.90	183295.00	442.60	42425.60	181403.00	427.58	39987.01	152065.00	380.29
m-Wallet: % of total	90.00	86.00	-	80.00	84.00	-	80.96	76.92	-
Out of which PPI Cards	4658.88	29940.80	642.66	10892.50	34155.80	313.57	9405.25	45631.00	485.17
PPI Cards: % of total	10.00	14.00	-	20.00	16.00	-	19.04	23.08	-
Paper Vouchers	0.54	87.45	16194.00	-	-	-	-	-	-
Paper Vouchers: % of total	Negligible	Negligible	-	-	-	-	-	-	-

Source: <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#15>

5.4. Mobile Banking in India

Under the Payment and Settlement Systems Act, 2007 the Reserve Bank has given approval for mobile banking services to 80 banks. In recent years, the mobile banking has been reflecting a growing trend in both volume and value of transaction. The number of mobile banking payments across India in fiscal year 2021 accounted for approximately 252364.97 lakh, an increase of 82 percent over previous year. Similarly, value of transactions has also increased by 57.22 percent over previous year (Figure 5.3).

Figure 5.3 : Growth of Mobile Banking

Source: <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#15>

The reason for such tremendous increase in usage of mobile banking in India is possibly due to the adoption of digital banking system during post demonetisation period and subsequent COVID-19 crises since 2019-20, which have accelerated adoption of digital payments.

6. Digital Payment Systems for Credit Transfer

The Reserve Bank focused campaigns to improve consumer awareness on digital payments was further intensified after the outbreak of COVID-19 in India in March 2020. The efforts towards “less-cash” continued during the year in 2020-21 which witnessed a rapid growth in digital payments. The pattern of digital payment systems for credit transfer is depicted in Table 6.1. Amongst the electronic modes of payments, the number of transactions undertaken using AePS increased by approximately 10 percent while the value of transaction increased by 33 percent from Rs. 469 crore in 2019-20 to 623 crore in 2020-21. Volume of transactions through Immediate Payment Service (IMPS) system rose by 27.1 percent and the value of transaction increased by 25.8 percent from Rs. 23.3 lakh crore in 2019-20 to 29.4 lakh crore in 2020-21. Volume of transactions through National Electronic Funds Transfer (NEFT) system rose by 12.7 percent and the value of transaction increased by 9.52 percent from Rs. 229.4 lakh crore in 2019-20 to 251.30 lakh crore in 2020-21.

Table 6.1: Digital Payment Systems for Credit Transfer

Item	Volume (Lakh)				Value (Crore)			
	2017-18	2018-19	2019-20	2020-21	2017-18	2018-19	2019-20	2020-21
AePS (Fund Transfer)	6	11	10	11	300	501	469	623
IMPS	10,098	17,529	25,792	32,783	8,92,498	15,90,257	23,37,541	29,41,500
NACH (Cr.)	7,031	8,834	11,290	16,450	5,20,992	7,29,673	10,43,212	12,32,714
NEFT	19,464	23,189	27,445	30,928	1,72,22,852	2,27,93,608	2,29,45,580	2,51,30,910
UPI	9,152	53,915	1,25,186	2,23,307	1,09,832	8,76,971	21,31,730	41,03,658

Source: <https://rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1322>

1.1 Money Transaction through UPI

Unified payment interface (UPI) is a product of the National Payments Corporation of India (NPCI) and was launched in 2016. It is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing and merchant payments into one hood. It also caters to the “Peer to Peer” collect request which can be scheduled and paid as per requirement and convenience.

According to NPCI data for March 2021, UPI recorded 2.73 billion transactions amounting to Rs 5.05 trillion, up by 19 percent in February 2021 both in terms of volume and value. In February 2021, it had recorded around 2.3 billion transactions amounting to Rs 4.25 trillion. If compared to the same period last year in March 2020, UPI's volume and value was 0.99 billion and Rs 1.51 trillion, thus indicating a growth of 170 percent and 237 percent, respectively (Table 6.2). Launched in 2016, UPI crossed 1 billion transactions for the first time in October 2019. While it took UPI three years to reach a billion transactions in a month, the two billion transactions in a month was reached within a year, indicating the increased adoption of UPI by consumers for peer-to-peer (P2P) payments and also for peer to merchant (P2M) transactions.

Table 6.2: UPI P2P and P2M Transactions

Month	Total		P2P		P2M	
	Volume (bn)	Value (tn)	Volume (bn)	Value (tn)	Volume (bn)	Value (tn)
March 2020	0.99	1.51	0.55	1.28	0.45	0.23
March 2021	2.73	5.05	1.51	4.22	1.22	0.83

Source: <https://www.npci.org.in/what-we-do/upi/upi-ecosystem-statistics>

Digital payments, especially UPI, has witnessed increased adoption since 2020 during the COVID-19 pandemic, spurred by direct credit transfer to beneficiaries under PMGKY and credit to accounts of SHG women. Sundry state governments also announced several DBT to senior citizen, widows etc., which too contributed to enhanced digital payments. Despite blip in initial months of the pandemic, where transaction volume and value dipped, the recovery was fast and NPCI's payment platforms namely UPI recorded fresh highs in the following months aided by aversion towards cash usage as well as card usage by the general public. The surge in UPI transactions can be attributed to increased consumer interest in making bill payments, recharging mobile phones online and purchase of essential and non-essential goods on e-commerce platforms. There has been a shift in the consumer mindset during the COVID-19 crisis and the lockdown, as they took to digital modes of payment for availing various services.

7. Conclusion

Over the years, in India, significant progress has been made in all parameters of financial inclusion. More banking outlets are in place to reach unbanked population, banking outlets with branchless BC mode are deployed to serve the doorstep banking services. Further, to serve the unbanked population with minimum banking facilities, more stress is given upon opening of BSBD accounts. PMJDY played a key role in reaching unbanked

households with minimum banking facilities. It has improved the ownership of bank account and reduced the gender inequality in financial inclusion. Moreover, Jan – Dhan, Aadhaar and mobile trinity (JAM) has enabled country to make substantial progress in financial inclusion by way of direct benefit transfer (DBT) to concerned beneficiary. Benefits of social security schemes, PMSBY, PMJJBY in the form of micro insurance has reached out to a large section of population. Both geographical and demographical penetration of bank branches have improved. People are required to travel less distance to reach the nearest bank branch and adequate supply of banking services with more number of clients. The increase in bank branch network has significantly improved the credit outreach, average loan access by people and also given banks a chance to enhance their business opportunity. To facilitate day to transaction of accountholders, ATMs have been deployed. However, variation has been observed in availability of ATMs among different states, geographical regions. Increase in account penetration has also improved the debit card issuance over the years. Further, the country has moved towards less cash economy with adoption of more digital transactions. COVID-19 pandemic too has considerably accelerated adoption of digital payments in the country.

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