Session 6: Financial inclusion

Presentation

Financial Inclusion for Sustainable Development

by

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Mechanisms to channel resources into productivity-enhancing and sustainable investments to address financial intermediation weakness

- Deliberate directional bias in monetary and financial policies towards financing of productivity enhancing, sustainability enhancing output initiatives.

- A sustained motivational thrust for mainstreaming socially responsible inclusive and sustainable financing in the institutional ethos of our financial sector.
Financial inclusion initiatives – reaching the unreached

- **Motivational initiative**
  - Road shows/fair/campaign;
  - CSR initiatives;
  - Own need based assessments.

- **Technology driven initiatives**
  - Digitization/modernization of payment system.

- **Policy support initiatives**
  - Concessional refinance against agricultural, SME lending and green financing;
  - Area cluster based support packages for MSME;
  - Rural bank branch expansion;
  - Off branch agent based financial services delivery using MFIs and Mobile phone/smart card based banking;
  - No-frill accounts for farmers and disadvantaged people.

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Evidence of financial inclusion through MFS

Urban : Rural customer base = 49 : 51 and Funds are flowing from urban centers to rural regions

Average ticket size per transaction is USD 25
Impact:
Share of agricultural and SME credit as % of total credit holding up

Impact:
Sustained GDP growth with stable single digit inflation
but more remains to be done, especially for the extreme poor

Population in poverty fell from 61.6 million in 2000 to 44.8 million in 2010
Consumption Gini coeff. unchanged at 0.33 over ten years, evidencing social cohesion

Many thanks