Syllabus subtopic: Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.

Prelims and Mains focus: About the financial inclusion strategy and its significance; about PMJDY; PCR

News: The Reserve Bank of India (RBI) has chalked out an ambitious strategy for financial inclusion till 2024.

Why?

Financial inclusion is increasingly being recognised as a key driver of economic growth and poverty alleviation the world over.

Aim and objectives of the strategy

- It aims to strengthen the ecosystem for various modes of digital financial services in all Tier II to Tier VI centres to create the necessary infrastructure to move towards a less cash society by March 2022.

- One of the objectives of the strategy includes increasing outreach of banking outlets to provide banking access to every village within a 5km radius or a hamlet of 500 households in hilly areas by March 2020.

- The aim was also to see that every adult had access to a financial service provider through a mobile device by March 2024.

- With the aim of providing basic of financial services, a target has been set that every willing and eligible adult, who has been enrolled under the Prime Minister Jan Dhan Yojana, be enrolled under an insurance scheme and a pension scheme by March 2020.

- The plan is also to make the Public Credit Registry (PCR) fully operational by March 2022 so that authorised financial entities could leverage the same
About Prime Minister Jan Dhan Yojana

- The primary aim of this scheme is to provide poor people access to bank accounts.
- The scheme covers both urban and rural areas of India.
- All bank accounts will be linked to a debit card which would be issued under the RuPay scheme. **Rupay is India’s own unique domestic card** network owned by National Payments Corporation of India and has been created as an alternative to Visa and Mastercard.
- Under the first phase of this scheme, every individual who opens a bank account becomes eligible to receive an accident insurance cover of up-to Rs 1 Lakh for his entire family.
- Life Insurance coverage is also available under PMJDY. Only one person in the family will be covered and in case of the person having multiple cards/accounts, the benefit will be allowed only under one card e. one person per family will get a single cover of Rs 30,000.
- The scheme also provides **incentives to business and banking correspondents who serve as link** for the last mile between savings account holders and the bank by fixing a minimum monthly remuneration of Rs 5000.

About Public Credit Registry

- Public Credit Registry (PCR), created by the Reserve Bank of India, is a public digital registry to **capture and store financial information of borrowers in India, both existing and new borrowers**.
- The credit registry will collate the borrowing history of both individuals and corporate borrowers. Borrowers will have access to their credit information and seek corrections.
- The PCR is the culmination of **recommendations given by the committee headed by Y.M. Deosthalee**. The idea behind creating the public registry is to collate the financial information of individual and corporate borrowers under one platform, inclusive of financial delinquencies, pending legal suits, and willful defaulters. The objective was to strengthen the credit culture of the Indian economy.
- The move is a **departure from the existing mechanism** where there are multiple credit information repositories with varied data objectives and
coverage. The lack of credit information gap will be filled by the unified PCR. The data contained in the system will be made available to stakeholders such as banks and private financial institutions on a need-to-know basis.

- It was suggested that the PCR would improve India’s ease of doing business parameters at the World Bank.