



FINANCIAL INCLUSION & FINANCIAL LITERACY

*Yuva Parivartan's 3rd International
Summit on Skills Development*

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VISION

- The National Mission on Skill Development, under the Chairmanship of Honourable Prime Minister of India has set a target of preparing 500 million skilled persons by 2022

SKILL GAP

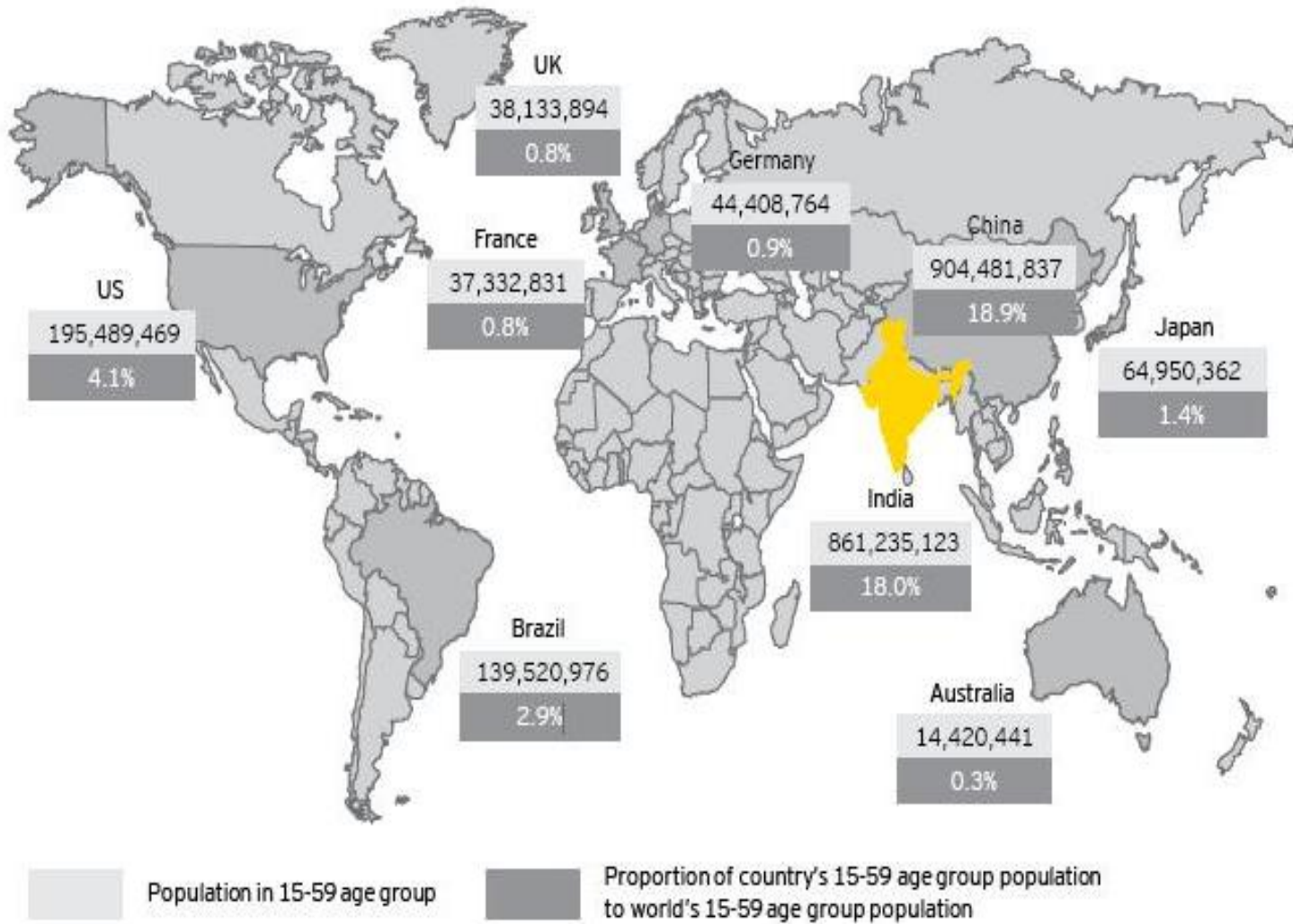


Expected Job creation
75-80 million

Target: 500 million
skilled persons



Population in 15-59 age group by 2022

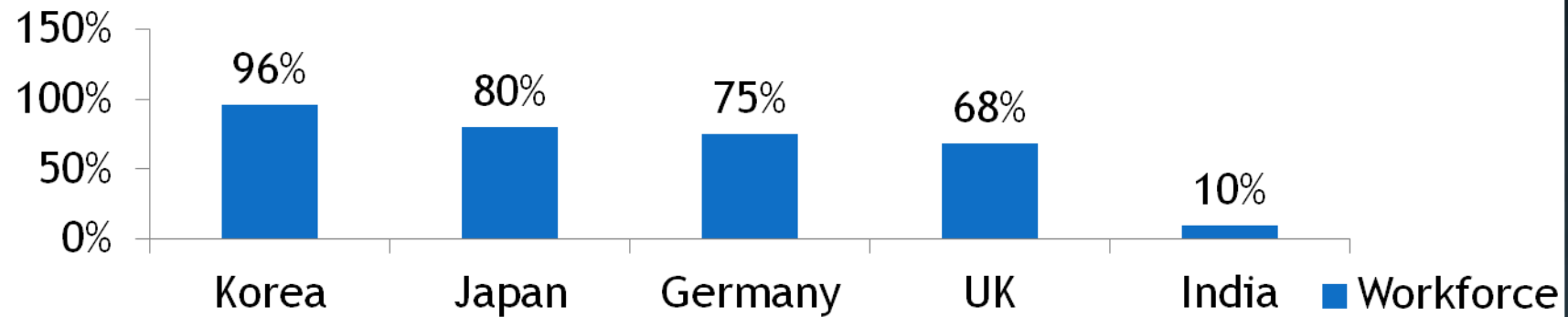


Source: Ernst & Young research

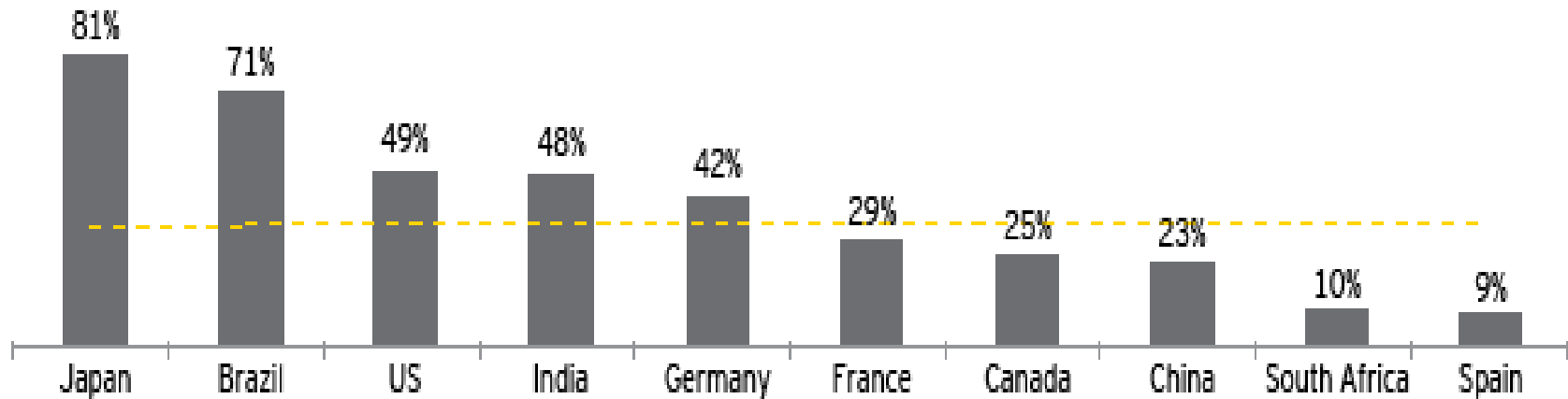


WHAT NUMBERS SAY?

% of Workforce receiving skill training (2008)



Percentage of employers having difficulty in filling jobs (2012)





BRIDGING GAP B/N DEMAND & SUPPLY

Availability

Adaptability



Accessibility

Acceptability





AVAILABILITY

- Focus on needs of both learner and job market
- Partnerships among various stakeholders
 - Government
 - Private organizations
 - Educational institutes
- Availability of physical and human infrastructure for learners skill development



RSETI HIGHLIGHTS

- Rural Youth Trained  380070
- Employment Generated  133378
- Banks participation in RSETI

Financial Progress of RSETIs

During 2009-10		During 2010-11		Cumulative as on 31.03.2011		During Apr-Jun 2011		During Jul-Sep 2011		During Oct-Dec 2011		During Jan-Mar 2012		Cumulative as on 29.02.2012	
No. of RSETIs	Grant disbursed (₹ crore)	No. of RSETIs	Grant disbursed (₹ crore)	No. of RSETIs	Grant disbursed (₹ crore)	No. of RSETIs	Grant disbursed (₹ crore)	No. of RSETIs	Grant disbursed (₹ crore)	No. of RSETIs	Grant disbursed (₹ crore)	No. of RSETIs	Grant disbursed (₹ crore)	No. of RSETIs	Grant disbursed (₹ crore)
103	29.46	102	57.80	205	87.26	22	14.29	37	19.11	8	11.55	7	3.00	279	135.21



ACCESSIBILITY: CREDIT DELIVERY, FINANCIAL INCLUSION AND LITERACY

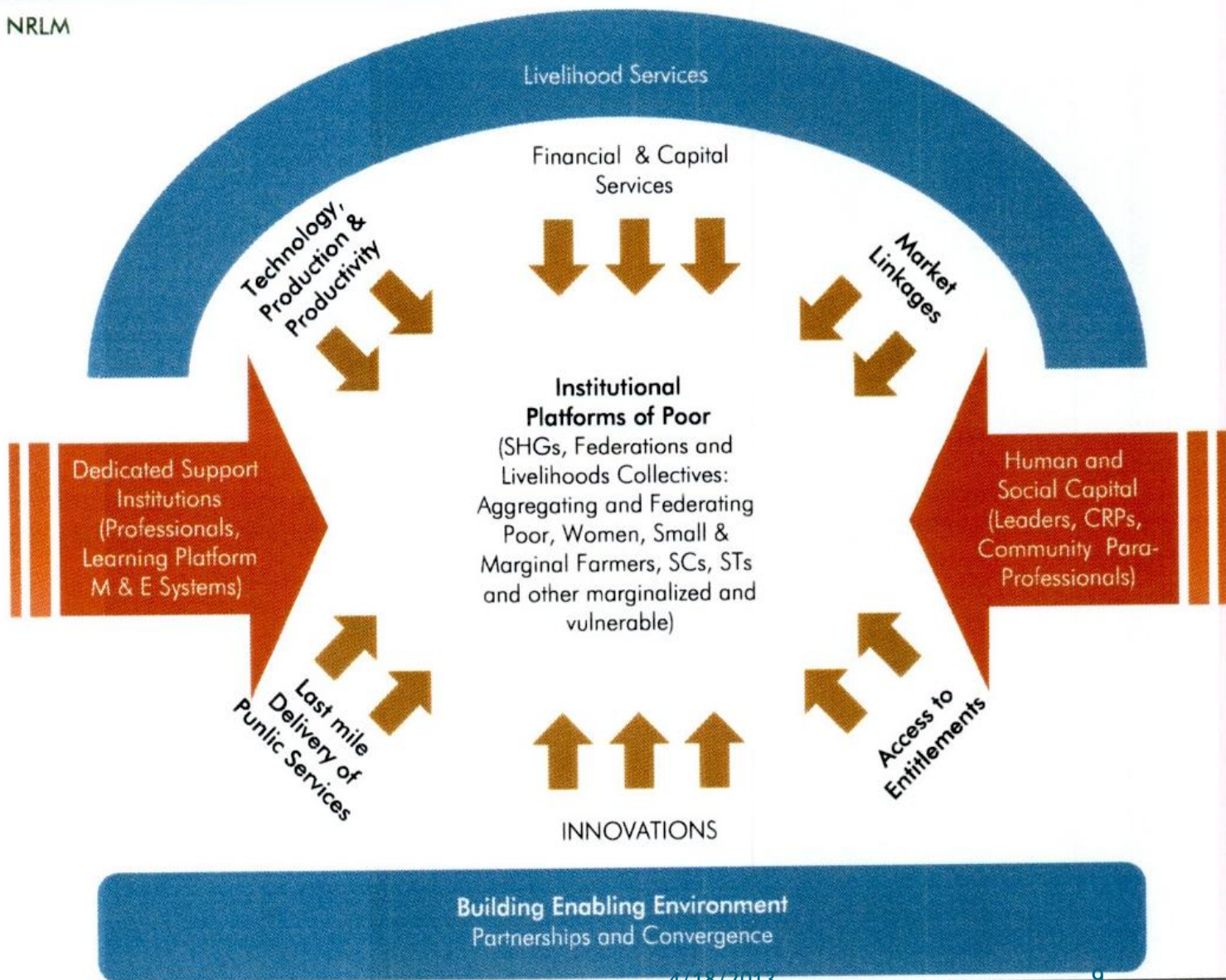
- Govt . sponsored programmes
 - Swarnjayanti Gram Swarojgar Yojna (SGSY)
 - Swarna Jayanti Shahari Rozgar Yojana (SJSRY)

- Credit delivery by banks (Annex)



NRLM

NRLM





NULM

Low skill

Low Technology

Low Productivity

Low competition

Lesser orders

Lesser Growth

Fewer Jobs

Lesser incentives to invest in training



NATIONAL SKILL DEVELOPMENT POLICY (2009)

-to combat with the..

Challenges faced by India

- ◉ Increasing capacity and capability of the existing system to ensure equitable access for all
- ◉ Maintaining quality and relevance
- ◉ Creating effective convergence between school education and the government's skill development efforts
- ◉ Creating institutional mechanism for research development
- ◉ quality assurance, examinations and certification, affiliations and accreditation
- ◉ Mobilizing adequate investment for financing skill development



ADAPTABILITY

- ◉ National Vocational Education Qualifications Framework (NVEQF)
- ◉ Introduction of NVEQF at Secondary and Higher Secondary Education (Classes IX - XII)
- ◉ Management Structure
- ◉ National Institute of Open Schooling (NIOS)



- On February 28th presenting The Union Budget for 2013-14 Finance Minister P. Chidambaram Stated-

“ The link between policy and welfare can be expressed in a few words: opportunities, education, skill, jobs and incomes”

- Joseph Stiglitz

“ There is a compelling case for equity but it is also necessary if there is to be sustained growth. A country’s most important resource is its people”



ACCEPTABILITY

- Quality of infrastructure
 - ICT, physical infrastructure
 - Advanced curriculum framework
- Employable training and skill development



FINANCIAL INCLUSION AS DEFINED BY RBI

- Financial Inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular at an affordable cost in a fair and transparent manner by mainstream institutional players



TWIN ASPECTS OF FINANCIAL INCLUSION

- Financial Inclusion and Financial Literacy are twin pillars. While Financial Inclusion acts from supply side providing the financial market/services what people demand, Financial Literacy stimulates the demand side – making people aware of what they can demand.

Demand Side

&

Supply Side



**Financial Literacy -
Fair & Appropriateness**

**Financial Inclusion -
Access**

- Developing Economies face the problem of low level of literacy, poor accessibility and low demand. Therefore it is necessary for developing an Index for measuring both Access as well as the level of Literacy.



ISSUES- INCLUSION & LITERACY

- ◉ Demographic Spread – How to provide banking services to villages with low population – Viability?
- ◉ Evolving of an Appropriate Business Model & an Efficient Delivery Mechanism
- ◉ Financial Literacy – How to increase financial awareness mainly amongst the excluded masses
- ◉ How to have a National Level Coordination of all stakeholders like Banks, Governments, Civil Societies, NGOs etc. required to achieve the objective of financial inclusion & literacy.



FINANCIAL INCLUSION INITIATIVES...

- Encouraged Electronic Benefit Transfer for routing social security payments through the banking channel.
- Separate program for Urban Financial Inclusion initiated
- Roadmap for providing banking services – A structured way of covering villages. In the first phase villages with population above 2000 was targeted. The focus has now shifted to villages with population less than 2000.
- Financial Inclusion Plan for Banks - All domestic commercial banks - public and private sector have drawn a Board approved 3 year Financial Inclusion Plan (FIP) starting April 2010.
- Self-set targets - FIPs to be integrated with Business plan of the banks
- Banks advised to finalise their next 3 year FIP for the period 2013-16



FIPS - PERFORMANCE ANALYSIS - DECEMBER 2012

- Banking connectivity has been extended to 2,11,234 villages up to December 31, 2012 from 67,694 villages in March 2010. 5694 rural branches have been opened.
- Numbers of Business Correspondents have increased from 34,532 to 1,52,328.
- 1714.27 lakh Basic Savings Bank Deposit Accounts, 317.33 lakh Kisan Credit Cards and 31.14 lakh General Credit Cards remain outstanding as on December 31, 2012.
- Share of ICT based accounts have increased substantially - Percentage of ICT accounts to BSBDA's has increased from 25% to 45%



FINANCIAL INCLUSION PLAN PROGRESS - DECEMBER 2012

SR	Particulars	Year ended Mar 10	Year ended Mar 11	Year ended Mar 12	Prog. Upto Dec 2012
1	Total No. of Branches	85457	91145	99242	103359
2	No. of Rural Branches	33433	34811	37471	39127
3	No. of branches in unbanked villages	0	0	3381	4323
4	Total number of CSPs deployed	34532	60993	116548	152328
5	Banking Outlets >2000 -Total	37791	66447	112130	118718
6	Banking Outlets <2000- Total	29903	49761	69623	92516
7	Banking Outlets - Branches	33378	34811	37471	39127
8	Banking Outlets - BCs	34174	80802	141136	168380
9	Banking Outlets - Other Modes	142	595	3146	3727
10	Banking Outlets -TOTAL	67694	116208	181753	211234
11	Urban Locations covered through BCs	447	3771	5891	17950
12	BSBDA Total (No. in lakh)	734.53	1047.59	1385.04	1714.27
13	BSBDA Total Amt. (Amt. in ₹ crores)	5501.71	7612.00	12040.62	17008.35
14	OD facility availed in Basic Savings Bank Deposit A/c (No. in lakh)	1.83	6.06	27.05	32.82
15	OD facility availed in Basic Savings Bank Deposit A/c (Amt. in ₹ crores)	9.98	26.48	108.41	135.17
16	KCCs-Total-No. in Lakh	243.07	271.12	302.35	317.33
17	KCCs-Total-Amt In ₹ Crores	124007.06	160005.04	206839.03	249139.78
18	GCC-Total-No. in Lakh	13.87	16.99	21.08	31.14
19	GCC-Total-Amt In ₹ Crores	3510.87	3507.06	4184.41	7660.35
20	ICT A/Cs-BC-Total Transaction -No. in lakhs	265.15	841.64	1410.93	1837.55
21	ICT A/Cs-BC-Total Transactions –Amt. in ₹ crores	692.07	5800.42	9285.93	16533.34



FINANCIAL INCLUSION THROUGH FINANCIAL LITERACY

Financial Inclusion and Financial Literacy are twin pillars: -

- Financial Literacy stimulates the demand side – making people aware of what they can demand.
- Financial Inclusion acts from supply side providing the financial market/services what people demand



ISSUES IN FINANCIAL LITERACY IN INDIA

- A large population of alphabetically illiterate population - requiring basic financial knowledge
- A large section of financially excluded population- need to be told of benefits of financial inclusion and also to be provided
- A large growing segment of educated middle class-requiring financial education
- A growing capital market with increasing retail participation-requiring financial education and consumer protection
- A growing insurance market with participation of private players - need consumer protection and financial education
- A large section of workers having no pension
- A move from Defined Benefit Pension Schemes to Defined Contribution Pension Schemes
- Hence, a large workforce need to be told about riskiness of various investment portfolios

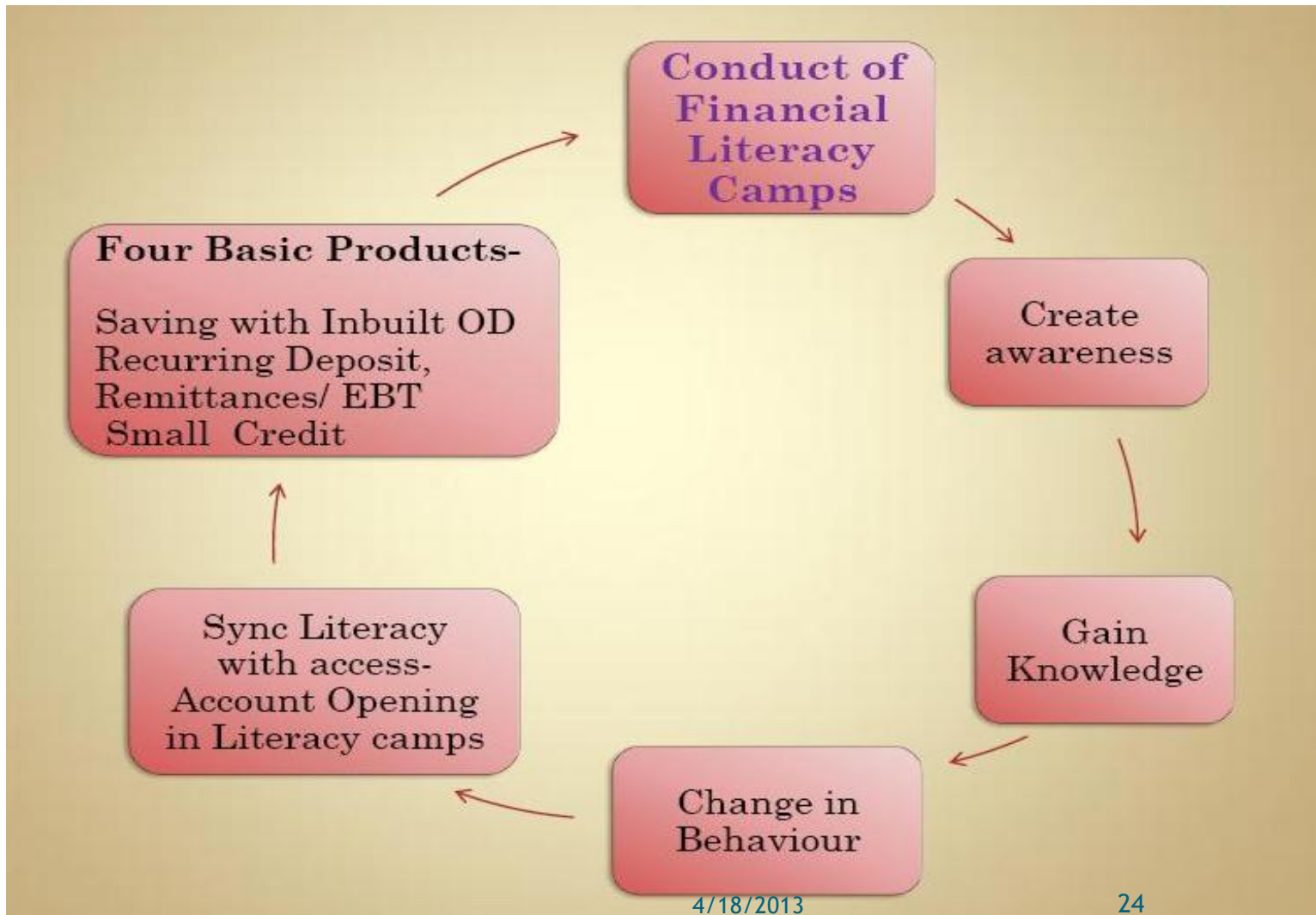


FINANCIAL LITERACY - INSTITUTIONAL FRAMEWORK

- Financial Literacy & Financial inclusion to go together- Financial Stability Development Council - Mandated to focus on Financial Inclusion and Financial Literacy
- A technical group on Financial Inclusion and Financial Literacy under aegis of FSDC- Coordinating the efforts of all Financial Sector Regulators
- National strategy on Financial Education prepared
- Financial Literacy- To be included in School Curriculum at National Level



METHODOLOGY - BUILDING CAPACITY





FINANCIAL LITERACY CENTERS - AN UPDATE

- 658 Financial Literacy Centers (FLCs) functioning as at the end of December 2012
- 1.5 million people educated during the period April to December 2012



FINANCIAL LITERACY MATERIAL

- ◉ Financial Literacy material- Messages for Unbanked audience - Lucid manner-Simple language
- ◉ To be used as standard curriculum by banks during their financial literacy activities
- ◉ Issued Guidelines on Conduct of Financial Literacy Camps-Mass Scale awareness-FLCs (650+) -At least once in a month-Quarterly Monitoring



CONTENT OF FINANCIAL LITERACY MATERIAL - SIMPLE MESSAGES OF FINANCIAL AWARENESS

- Why Save ?
- Why save regularly and consistently ?
- Why start saving early in your life ?
- Why save with banks ?
- Why borrow within Limits ?
- Why borrow from banks ?
- Why borrow for income generating purposes ?
- Why repay loans ?
- Why you should keep money aside regularly and consistently during your earning life for pension in old age ?
- What is interest? How moneylenders charge very high interest rates?



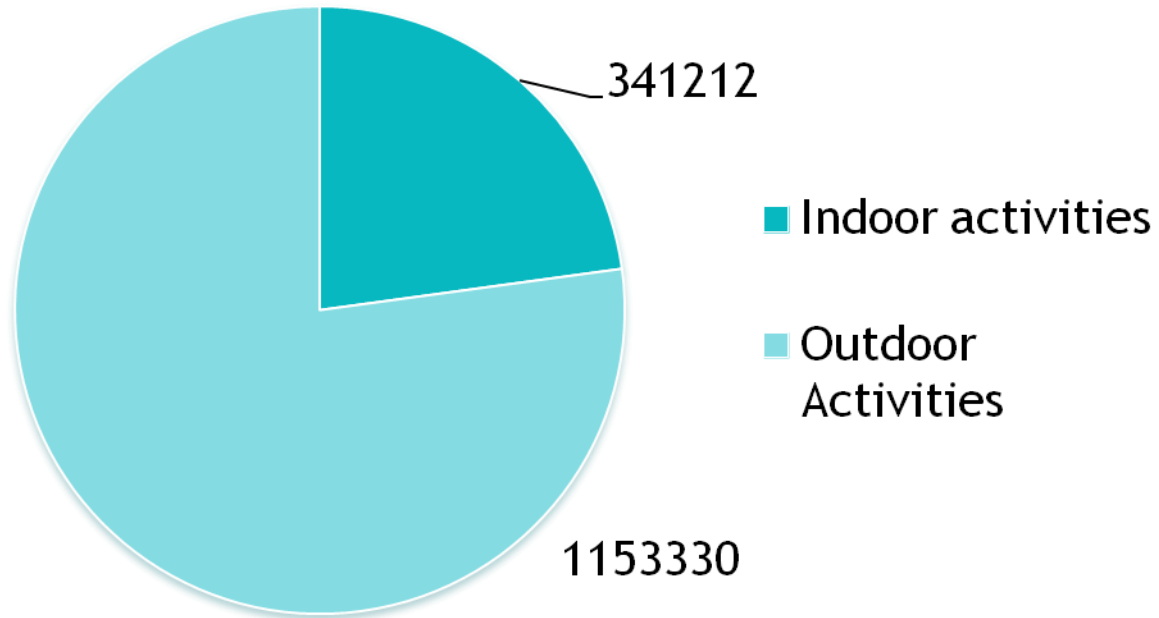
POVERTY TO PROSPERITY

**STEP INTO A BANK,
STEP OUT OF POVERTY**



PROGRESS @ GLANCE

No of persons educated as on Dec 12





FOR FINANCIAL ACCESS AND EDUCATION IMPERATIVES TO SUCCEED:

- ⦿ The key is establishing an appropriate Business Delivery Model through the involvement of all stakeholders to make Financial Inclusion a reality
- ⦿ Access to financial services and Financial Education must happen simultaneously
- ⦿ It must be continuous and must target all sections of the population simultaneously



Thank you !!!

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