

वित्तीय समावेशन हेतु राष्ट्रीय कार्यनीति  
NATIONAL STRATEGY FOR FINANCIAL INCLUSION  
2025-30





# National Strategy for Financial Inclusion 2025-30

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**National Strategy for Financial Inclusion (NSFI): 2025-30**

Financial inclusion is the cornerstone for equitable economic development. Towards this end, several policy measures have been taken by the Government of India, and financial sector regulators, from time to time. To ensure convergence of actions of all the stakeholders, the National Strategy for Financial Inclusion (NSFI): 2019-2024, launched in January 2020, provided a pathway to accelerate financial inclusion to promote economic wellbeing, prosperity, and sustainable development in the country.

2. As the NSFI:2019-24 has traversed its envisaged period and achieved its objectives, NSFI: 2025-30 leverages the gains made and strives to put in place a strategic vision and action points towards deepening and strengthening of the financial inclusion ecosystem for the wellbeing of people.

3. I am happy at the release of the NSFI: 2025-30 document with its renewed focus on financial inclusion revolving around five strategic objectives named as *Panch Jyoti* and supported by a comprehensive set of 47 action points, across the access, usage, and quality dimensions of financial inclusion. The vision of NSFI: 2025-30 is to strengthen the financial inclusion ecosystem with the synergised efforts of stakeholders for ensuring delivery of equitable, responsible, suitable, and affordable financial services duly supported by livelihood enablers, financial literacy, digital public infrastructure, and customer protection. The timeline of NSFI: 2025-30 is also synchronized with the 2030 UN Agenda for Sustainable Development.

4. The strategy document is the culmination of country-wide consultations held with various stakeholders by the Reserve Bank, as well as collaborative efforts of the Department of Economic Affairs and Department of Financial Services, Ministry of Finance, Government of India, and financial sector regulators, namely, Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory



and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA), along with National Bank for Agriculture and Rural Development (NABARD), National Skill Development Corporation (NSDC), and National Centre for Financial Education (NCFE), under the aegis of Technical Group on Financial Inclusion and Financial Literacy (TGFIFL). I compliment all of them for their contribution and support in this important task of nation building.

5. I also thank all the bankers, representatives of micro and small industries, fintech players, academia, think tanks, and community organisations, who participated and provided inputs during country wide stakeholder consultations conducted by our Regional Offices.

6. I commend the Financial Inclusion and Development Department (FIDD), RBI, Central Office, for coordinating the process of formulation of NSFI:2025-30. I am sanguine that the strategy would achieve its intended objectives.

A handwritten signature in blue ink, which appears to read 'Sanjay Malhotra', is positioned above the printed name.

Sanjay Malhotra  
December 1, 2025  
Mumbai

# CONTENTS

List of Abbreviations.....	8
Key Terms and Definitions.....	11
Executive Summary.....	15
<b>Chapters</b>	
Chapter-I: NSFI: 2019-24 - A Retrospect.....	17
Chapter-II: State of Financial Inclusion in India.....	20
Chapter-III: NSFI: 2025-30: Vision.....	29
Chapter-IV: NSFI: 2025-30: Strategic Goals and Action Points.....	35
Chapter-V: Monitoring and Measurement Mechanism.....	52
Annex I: NSFI: 2019-24 Milestones and Achievements .....	58
Annex II: NSFI 2025-30 - Action Points, Stakeholders, and Timeline.....	68
References.....	71

## List of Abbreviations

<b>AePS</b>	<b>CA</b>	<b>FIF</b>
Aadhaar Enabled Payment System	Corporate Agent	Financial Inclusion Fund
<b>AFA</b>	<b>CISCE</b>	<b>FI-Index</b>
Additional Factor Authentication	Council for the Indian School Certificate Examination	Financial Inclusion Index
<b>ASBA</b>	<b>CIC</b>	<b>FLC</b>
Application Supported by Blocked Amount	Credit Information Companies	Financial Literacy Center
<b>AI</b>	<b>CDD</b>	<b>FSP</b>
Artificial Intelligence	Customer Due Diligence	Financial Service Provider
<b>AMFI</b>	<b>DBU</b>	<b>FSDC-SC</b>
Association of Mutual Funds in India	Digital Banking Unit	Financial Stability and Development Council – Sub Committee
<b>APY</b>	<b>DPI - RBI</b>	<b>FBC</b>
Atal Pension Yojana	Digital Payments Index – Reserve Bank of India	Fixed-Point Business Correspondent
<b>ATM</b>	<b>DPI</b>	<b>GCC</b>
Automated Teller Machine	Digital Public Infrastructures	General Credit Card
<b>BSBDA</b>	<b>DSS</b>	<b>GIS</b>
Basic Savings Bank Deposit Account	Digital Signage System	Geographic Information System
<b>BSDA</b>	<b>DBT</b>	<b>GPFI</b>
Basic Services Demat Account	Direct Benefit Transfer	Global Partnership for Financial Inclusion
<b>BPL</b>	<b>E-LMS</b>	<b>ID</b>
Below Poverty Line	E-Learning Management System	Identity Document
<b>BC</b>	<b>ETF</b>	<b>IMPS</b>
Business Correspondent	Exchange Traded Fund	Immediate Payment Service
<b>CBDC</b>	<b>EDDPE</b>	<b>IBA</b>
Central Bank Digital Currency	Expanding and Deepening of Digital Payments Ecosystem	Indian Banks' Association
<b>CGMS</b>	<b>FPO</b>	<b>ITI</b>
Central Grievance Management System	Farmer Producer Organization	Industrial Training Institute
<b>CFL</b>	<b>FACT</b>	<b>ICT</b>
Centre for Financial Literacy	Financial Awareness and Consumer Training	Information and Communications Technology
<b>CFCFRMS</b>	<b>FETP</b>	<b>IPO</b>
Citizen Financial Cyber Frauds Reporting and Management System	Financial Education Training Programme	Initial Public Offering
<b>CRE</b>	<b>FI</b>	<b>IRDAI</b>
Community Resource Entities	Financial Inclusion	Insurance Regulatory and Development Authority of India



## List of Abbreviations

### **IGMS**

Integrated Grievance Management System

### **IO**

Internal Ombudsman

### **INFE**

International Network on Financial Education

### **IoRS**

Inter-operable Regulatory Sandbox

### **JSS**

Jan Shikshan Sansthan

### **JDD**

Jan-Dhan Darshak

### **JLG**

Joint Liability Group

### **KCC**

Kisan Credit Card

### **KYC**

Know Your Customer

### **LWE**

Left Wing Extremism

### **LEDP**

Livelihood and Enterprise Development Programme

### **MEDP**

Micro Enterprise Development Programme

### **MNREGA**

Mahatma Gandhi National Rural Employment Guarantee Act

### **MF-AUM**

Mutual Fund Assets under Management

### **MSME**

Micro Small and Medium Enterprises

### **MSSP**

Money Smart School Programme

### **NABARD**

National Bank for Agriculture and Rural Development

### **NCFE**

National Centre for Financial Education

### **NCRP**

National Cybercrime Reporting Portal

### **NEFT**

National Electronic Funds Transfer

### **NFIR**

National Financial Information Registry

### **NFLAT**

National Financial Literacy Assessment Test

### **NGO**

Non-Government Organisation

### **NIC**

National Informatics Centre

### **NIESBUD**

National Institute for Entrepreneurship and Small Business Development

### **NISM**

National Institute of Securities Markets

### **NITI Aayog**

National Institution for Transforming India Aayog

### **NPCI**

National Payments Corporation of India

### **NPS**

National Pension System

### **NRLM**

National Rural Livelihood Mission

### **NSDC**

National Skill Development Council

### **NSQF**

National Skills Qualifications Framework

### **NSFE**

National Strategy for Financial Education

### **NSFI**

National Strategy for Financial Inclusion

### **NULM**

National Urban Livelihood Mission

### **NBFC**

Non-Banking Financial Companies

### **NGO**

Non-Governmental Organisations

### **NE**

North-eastern

### **OD**

Overdraft

### **OECD**

Organisation for Economic Co-operation and Development

### **OTP**

One Time Password

### **PIDF**

Payment Infrastructure Development Fund

### **PIN**

Personal Identification Number

### **PSO**

Payment System Operators

### **PFRDA**

Pension Fund Regulatory and Development Authority of India

### **P2M**

Person to Merchant

### **P2P**

Person to Person

## List of Abbreviations

<b>ULI</b>	<b>RE</b>	<b>SOP</b>
Unified Lending Interface	Regulated Entities	Standard Operating Procedure
<b>UPI</b>	<b>RS</b>	<b>SLBC</b>
Unified Payments Interface	Regulatory Sandbox	State Level Bankers' Committee
<b>UT</b>	<b>RBIH</b>	<b>STP</b>
Union Territory	Reserve Bank Innovation Hub	Straight through Processing
<b>UTLBC</b>	<b>RBI</b>	<b>SDG</b>
Union Territory Level Bankers' Committee	Reserve Bank of India	Sustainable Development Goal
<b>POP</b>	<b>RSETI</b>	<b>SIP</b>
Points of Presence	Rural Self Employment Training Institute	Systematic Investment Plan
<b>POS</b>	<b>SCORES</b>	<b>TGFIFL</b>
Points of Sale	SEBI Complaint Redress System	Technical Group on Financial Inclusion and Financial Literacy
<b>PLP</b>	<b>SEBI</b>	<b>UAP</b>
Potential Linked Plan	Securities and Exchange Board of India	Udyam Assist Platform
<b>PMFBY</b>	<b>SMART</b>	<b>UIDAI</b>
Pradhan Mantri Fasal Bima Yojana	Securities Market Trainer	Unique Identification Authority of India
<b>PMJDY</b>	<b>SHG</b>	<b>UN</b>
Pradhan Mantri Jan Dhan Yojana	Self Help Group	United Nations
<b>PMKVY</b>	<b>SRO</b>	<b>USSD</b>
Pradhan Mantri Kaushal Vikash Yojana	Self-Regulatory Organisation	Unstructured Supplementary Service Data
<b>PMSBY</b>	<b>SCORM</b>	<b>V-CIP</b>
Pradhan Mantri Suraksha Bima Yojana	Shareable Content Object Reference Model	Video based Customer Identification Procedure
<b>PML</b>	<b>SMS</b>	<b>2FA</b>
Prevention of Money Laundering	Short Messaging Service	Two Factor Authentication
<b>PCR</b>	<b>SF/MF</b>	
Public Credit Registry	Small and Marginal Farmer	
<b>RTGS</b>	<b>SIDBI</b>	
Real Time Gross Settlement	Small Industries Development Bank of India	
<b>RO</b>	<b>SRO-FT</b>	
Regional Office	Self-Regulatory Organisation - Fintech Sector	

<b>Key Terms and Definitions</b>	
Aadhaar Seeded Account	A bank account linked with the account holder's unique 12-digit AADHAAR number.
Aadhaar Enabled Payments System [AePS]	AePS is a bank led model which allows online interoperable financial inclusion transaction at PoS (Micro-ATM) through the Business Correspondents of any bank using the Aadhaar authentication.
Application Supported by Blocked Amount [ASBA]	ASBA is an application by an investor containing an authorization to Self-Certified Syndicate Bank (SCSB) to block the application money in the bank account, for subscribing to an issue.
Asset Under Management	Asset Under Management [AUM] refers to the total value of assets that a financial institution or an investment professional manages on behalf of its investors.
Atal Pension Yojana [APY]	APY is a voluntary, periodic contribution-based pension system, under which the subscriber would receive certain pension benefits from the central government.
Banking Outlets	A 'Banking Outlet' for a Domestic Scheduled Commercial Bank (DSCB), a Small Finance Bank (SFB) and a Payment Bank (PB) is a fixed-point service delivery unit, manned by either bank's staff or its Business Correspondent where services of acceptance of deposits, encashment of cheques/ cash withdrawal or lending of money are provided for a minimum of 4 hours per day for at least five days a week.
Basic Savings Bank Deposit Account [BSBDA]	The Basic Savings Bank Deposit (BSBD) Account is a type of savings account with provision of basic minimum facilities free of charge, without any requirement of minimum balance.
Bounded rationality	Bounded rationality is a term introduced by Herbert A. Simon (1957), which proposes an element of behavioural bias in decisions made due to limitations of perfect rationality in real life situations.
Bundled Products	Bundled products refer to financial products, which are packaged/distributed together, but are also available separately.
Business Correspondents [BCs]	Business Correspondents are retail agents engaged by banks for providing banking services at locations other than a bank branch/ATM.
Centers for Financial Literacy [CFL]	CFLs are set up at block level in collaboration of NGOs and sponsor banks towards disseminating financial awareness messages and augmenting financial literacy levels.
Centralised KYC [CKYC] Registry	Central KYC Registry is a centralized repository of KYC records of customers in the financial sector with uniform KYC norms and inter-usability of the KYC records across the sector with an objective to reduce the burden of producing KYC documents and getting those verified every time when the customer creates a new relationship with a financial entity.
Citizen Financial Cyber Frauds Reporting and Management System (CFCFRMS)	Citizen Financial Cyber Frauds Reporting and Management System has been developed for quick reporting of financial cyber frauds and monetary losses suffered due to use of digital banking/credit/debit cards, payment intermediaries, UPI etc. Complaints can be reported through helpline number 1930 or on National Cybercrime Reporting Portal.
Dark Patterns	Dark patterns have been defined as any practices or deceptive design patterns using UI/UX (user interface/user experience) interactions on any platform; designed to mislead or trick users to do something they originally did not intend or want to do; by subverting or impairing the consumer autonomy, decision making or choice; amounting to misleading advertisement or unfair trade practice or violation of consumer rights.
De-duplication	De-duplication is a streamlining process in which redundant data is reduced by eliminating extra copies of the same information
Digital KYC	Digital KYC means capturing live photo of the customer and officially valid document or the proof of possession of Aadhaar, where offline verification cannot be carried out, along with the latitude and longitude of the location where such live photo is being taken by an authorised officer of the regulated entity.
Digital Payments Index	The Reserve Bank of India has constructed a composite Digital Payments Index (DPI) to capture the extent of digitisation of payments across the country.

Key Terms and Definitions	
Digital Public Infrastructure [DPI]	Digital Public Infrastructure (DPI) is described as an infrastructure-based approach that uses technology to achieve societal goals through an ecosystem (comprising technology, markets, and governance) built in the public interest that leverages competitive private innovation within regulatory guardrails.
Farmer Producers Organisation [FPO]	It is one type of Producer Organisation [PO] where the members are farmers. PO is a generic name for an organization of producers of any produce, e.g., agricultural, non-farm products, artisan products, etc.
Financial Inclusion Index [FI-Index]	The Reserve Bank of India has constructed a composite Financial Inclusion Index (FI-Index) to capture the extent of financial inclusion across the country. The FI-Index has been conceptualised as a comprehensive index incorporating details of banking, investments, insurance, postal as well as the pension sector in consultation with Government and respective sectoral regulators.
Financial Awareness and Knowledge	Financial awareness refers to a broad conceptual understanding, however, financial knowledge is context and process specific and a hands-on ability that can be put to use.
Financial Literacy Centers [FLCs]	FLCs are set up by Lead Banks of the districts. FLCs conduct financial literacy camps for farmers, micro entrepreneurs, Self Help Groups (SHGs), school children and senior citizens.
Financial Planning	Financial planning is a process of taking well-thought and calibrated steps for using and managing one's financial resources to meet life goals.
Fintech	A linguistic blend of two individual terms 'Finance' and 'Technology', FinTech is being used to denote the wide array of technological innovations that have a bearing on financial services.
Fixed Point Business Correspondents [FBC] Outlet	A FBC Outlet is a 'Banking Outlet' of a bank which is a fixed-point service delivery unit, manned by its Business Correspondent [BC] where services of acceptance of deposits, encashment of cheques/cash withdrawal or lending of money are provided for a minimum of 4 hours per day for at least five days a week.
Immediate Payment Service [IMPS]	IMPS is a real time payment service that is available round the clock. This service is offered by National Payments Corporation of India (NPCI) that empowers customers to transfer money instantly through banks and RBI authorized Prepaid Payment Instrument Issuers (PPI) across India.
Inactive BCs	A BC agent is classified as inactive if he/she has either not done any transaction [financial/non-financial] or logged-in for a period of 3 months [90 days].
India Stack	India Stack is the collective name of a set of commonly used DPIs in India; it consists of three different layers—unique identity (Aadhaar), complimentary payments systems (Unified Payments Interface, Aadhaar Payments Bridge, Aadhaar Enabled Payment Service), and data exchange (Digilocker and Account Aggregator)
Indian Bank's Association [IBA]	IBA is an association of banks and other entities in the banking ecosystem in India.
Inoperative Accounts	A saving/ current account shall be treated as inoperative if there are no 'customer induced transactions' in the account for a period of over two years.
Interoperable	Interoperability is the technical compatibility that enables a payment system to be used in conjunction with other payment systems.
Jan Shikshan Sansthan [JSS]	The Scheme of Jan Shikshan Sansthan (JSS) is a Government of India scheme [Ministry of Skill Development & Entrepreneurship] aimed towards providing vocational skills in non-formal mode to non-literate, neo-literates, persons with rudimentary level of education up to 8th and school dropouts up to 12th standard in the age group of 15-45 years.
Jan Suraksha Schemes	Jan Suraksha Schemes are social security schemes [insurance and pension] of Government of India and includes the initiatives of Pradhan Mantri Jeevan Jyoti Bima Yojana [PMJJBY], Pradhan Mantri Suraksha Bima Yojana [PMSBY] [Insurance Schemes] and Atal Pension Yojana [Pension Scheme].
Micro Enterprises	An enterprise is classified as a micro enterprise, where the investment in plant and machinery or equipment does not exceed ₹2.5 crore and turnover does not exceed ₹10 crore.

<b>Key Terms and Definitions</b>	
Microfinance	All collateral-free loans to individual/s belonging to low-income households, i.e., households having annual income up to ₹3 lakh are treated as microfinance loans.
National Bank for Agriculture and Rural Development [NABARD]	NABARD is India's apex development bank, established in 1982 under an Act of Parliament to promote sustainable and equitable agriculture and rural development.
National Centre for Financial Education [NCFE]	National Centre for Financial Education (NCFE) is a Section 8 (Not for Profit) Company promoted by Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI) and Pension Fund Regulatory and Development Authority (PFRDA).
National Cybercrime Reporting Portal (NCRP)	Ministry of Home Affairs, Government of India is implementing a scheme called 'Indian Cyber Crime Coordination Centre (I4C)' to deal with cybercrimes in a coordinated and comprehensive manner. NCRP is one of the components of I4C which facilitates filing of all types of cybercrimes
National Pension System [NPS]	National Pension System is a defined contributory pension system notified by Government of India.
National Skills Qualifications Framework [NSQF]	The NSQF organises qualifications according to a series of levels of knowledge, skills, and aptitude. These levels are defined in terms of learning outcomes which the learner must possess regardless of whether they were acquired through formal, non-formal or informal learning.
National Electronic Fund Transfer [NEFT]	National Electronic Funds Transfer (NEFT) is a nation-wide centralised payment system owned and operated by the Reserve Bank of India (RBI).
New to Credit	New to credit account means persons/entities who in past did not have any credit facility from the bank and has received a credit facility from the bank for the very first time.
National Institute for Entrepreneurship and Small Business Development [NIESBUD]	The National Institute for Entrepreneurship and Small Business Development is an organization of the Ministry of Skill Development and Entrepreneurship, engaged in training, consultancy, research, etc. in order to promote entrepreneurship and Skill Development.
Non dedicated BC outlets	Outlets/Points which are not exclusively only for BC services but have BC related services as an add-on to the primary business such as Mobile Recharge, Kirana Shops etc.
NPS Lite Swavalamban Scheme	The Pension Fund Regulatory and Development Authority (PFRDA) has introduced the National Pension System-Lite (NPS-Lite), a low charge model based on group servicing for economically disadvantaged.
National Rural Livelihood Mission [NRLM]	NRLM is a flagship poverty alleviation programme implemented by the Ministry of Rural Development, Government of India.
National Skill Development Corporation [NSDC]	National Skill Development Corporation (NSDC) is a not-for-profit public limited company under section 25 of the Companies Act, 1956 (now corresponding to section 8 of the Companies Act, 2013), which operates as a Public Private Partnership (PPP) model under the Ministry of Skill Development & Entrepreneurship (MSDE) towards enhancing, supporting, and coordinating various skilling initiatives.
Pradhan Mantri Kaushal Vikas Yojana [PMKVY]	Pradhan Mantri Kaushal Vikas Yojana (PMKVY) was launched in 2015 to encourage and promote skill development in the country by providing free short duration skill training and incentivizing this by providing monetary rewards to youth for skill certification.
Potential Linked Plan [PLP]	The PLP provides a detailed scientific assessment of credit potential for various sectors in the district. It highlights the sector specific infrastructure gaps and critical interventions to be made by State Governments and FIs for harnessing potential available under priority sector.
Pradhan Mantri Jeevan Jyoti Bima Yojana [PMJJBY]	PMJJBY is an insurance scheme, launched by Government of India, offering life insurance cover to individuals in the age group of 18 to 50 years. It is part of the Jan Suraksha Scheme of the Government along with PMSBY and APY.
Pradhan Mantri Suraksha Bima Yojana [PMSBY]	PMSBY is an accident insurance scheme, launched by Government of India, offering accidental death and disability cover to individuals in the age group of 18 to 70 years. It is part of the Jan Suraksha Scheme of the Government along with PMJJBY and APY.

Key Terms and Definitions	
Registrar and Transfer Agents [RTA]	Registrar or transfer agents are the trusts or institutions that register and maintain detailed records of the transactions of investors for the convenience of mutual fund houses.
Regulatory Sandbox	The Regulatory sandbox provides an opportunity for the eligible entities to live test their innovative products or services in a controlled environment. This is a collaboration between the regulator, the innovators, the financial service providers, and the end users.
Rural Self Employment and Training Institute [R-SETIs]	Rural Self Employment Training Institutes are managed by Banks with active co-operation from the Government of India and State Government to ensure necessary skill training and skill up gradation of the rural youth to mitigate the unemployment problem.
Self-Regulatory Organizations [SROs]	Self-Regulatory Organizations (SROs) enhance the effectiveness of regulations by drawing upon the technical expertise of practitioners and aid in framing/ fine-tuning regulatory policies acting as feedback mechanism for regulators.
Small Industries Development Bank of India [SIDBI]	Small Industries Development Bank of India (SIDBI) set up on 2nd April 1990 under an Act of Indian Parliament, acts as the Principal Financial Institution for promotion, financing and development of the Micro, Small and Medium Enterprise (MSME) sector as well as for co-ordination of functions of institutions engaged in similar activities.
Skill Digital India Hub	Skill India Digital Hub is designed to skill, reskill, and upskill Indian individuals through online platform and acts as a bridge between the employees and employers and allow educational institutes to create/modify curricula as per industry demands.
Skill India Mission	Skill India Mission is a flagship initiative of the Government of India. Under Skill India Mission, Ministry of Skill Development and Entrepreneurship (MSDE) is implementing various skill development programmes / schemes through training centers across the country.
State Level Bankers Committee [SLBC]	The State Level Bankers' Committee was constituted in April 1977, as an apex inter-institutional forum [consisting of banks, Government departments, Development Finance Institutions etc.] to create adequate coordination machinery in all States, on a uniform basis for development of the State.
Sustainable Development Goals [SDG]	The Sustainable Development Goals (SDGs), a set of 17 global goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.
Sustainable Indebtedness	A rule of thumb measure for sustainable indebtedness is ensuring that monthly repayment amount towards outstanding loans should not be more than half of the monthly income of the household.
Tier V & VI Centers	Tier Wise classification of centers as per population [Census 2011]. Tier V – Centers with population between 5,000 to 9,999. Tier VI – Centers with population less than 5000.
Udyam Assist Platform	The Udyam Assist Platform of Ministry of MSME, Govt. of India facilitates online registration of Informal Micro Enterprises through Assist Process for generation of Udyam Registration Number and Udyam Assist Certificate.
Unified Payment Interface [UPI] Lite	UPI LITE is a payment solution which runs off the existing UPI ecosystem protocols for enabling low value transactions without utilizing a Remitter bank's core banking systems in real-time. It operates currently with a per transaction limit of ₹ 1000, cumulative usage per day at ₹ 10000, and maximum balance at a time of ₹5000.
Unified Payment Interface [UPI] Lite X	UPI LITE X is same as UPI LITE except that it allows offline payments without internet connectivity, enhancing the existing UPI LITE functionalities. It operates currently with a per transaction limit of ₹ 500, cumulative usage per day at ₹ 4000, and maximum balance at a time of ₹ 2000.
Unstructured Supplementary Service Data [USSD]	USSD (Unstructured Supplementary Service Data) is a Global System for Mobile Communications (GSM) protocol that is used to send text messages. In India, *99# is a USSD-based mobile banking service of NPCI.
Union Territory Level Bankers' Committee [UTLBC]	Similar to SLBC, a forum at Union Territory Level [ India has 28 States and 8 Union Territories]



## EXECUTIVE SUMMARY

The National Strategy for Financial Inclusion (NSFI) 2019-2024 had set forth the vision and key objectives of the financial inclusion policies in India to help expand and sustain the financial inclusion process at the national level through a broad convergence of action involving all the stakeholders in the financial sector. It aimed at broadening, deepening, and accelerating financial inclusion alongside promoting financial literacy and consumer protection, with a view to promoting economic wellbeing, prosperity, and sustainable development. The five-year period of NSFI: 2019-24 witnessed significant improvements across the access, usage, and quality dimensions of financial inclusion.

2. Continuing the journey and leveraging the gains in the bank account ownership to near saturation, expansion in physical and digital access infrastructure, and improvements in customer awareness and protection measures, NSFI: 2025-30 envisions upscaling the financial inclusion efforts towards seamless and effective access to a bouquet of formal financial services, coupled with financial literacy, consumer awareness and customer protection. It emphasises adoption of a synergistic ecosystem approach and focusing on improving the quality and consistency of last mile access, and effective usage of financial services through linkages with skilling and livelihood initiatives.

3. NSFI: 2025-30 document comprises of five chapters. Chapter-I provides a retrospect of NSFI: 2019-24. It highlights the strategic pillars

and milestones under NSFI:2019-24 and offers detailed assessment of the progress in the achievement of its milestones.

4. Chapter-II analyses the state of financial inclusion in India by presenting the trends relating to key parameters of financial inclusion, namely, banking infrastructure, number of bank accounts/cards per capita, bank deposits, credit, and mutual-fund - asset under management, insurance/pension subscribers and supporting infrastructure, volume and value of digital transactions, financial literacy programmes, and financial inclusion index. The analysis shows good progress in various financial inclusion parameters. This chapter also discusses certain supply and demand side impediments to financial inclusion based on empirical studies, so that the recommendations of NSFI: 2025-30, are aligned to addressing such impediments through suitable policy solutions.

5. Chapter-III of the NSFI document underscores that the mandate of financial inclusion goes beyond access to financial services to ensure effective usage of financial services towards wellbeing of people that can lead to desirable outcomes in terms of financial safety, financial security, financial resilience, and financial discipline. The vision of NSFI: 2025-30 is to strengthen the financial inclusion ecosystem with the synergised efforts of stakeholders for ensuring delivery of equitable, responsible, suitable, and affordable financial services duly supported by livelihood enablers, financial literacy, digital

public infrastructure, and customer protection. The timeline of NSFI: 2025-30 is synchronized with the 2030 UN Agenda for Sustainable Development. The principle of universality: 'Leave No One Behind' and omni-dimensional development as the global agenda for 2030, aligns well with the NSFI's strategic objectives intended towards ensuring wellbeing of people, especially the vulnerable and marginalised.

6. Chapter-IV of the NSFI: 2025-30 puts forward the following five strategic objectives (*Panch-Jyoti*) towards elevating the state of financial inclusion in the country.

I. Improving the availability and use of Equitable, Responsible, Suitable, and Affordable Bouquet of Financial Services to achieve Financial Safety and Financial Security for households and micro enterprises.

II. Adopting Gender-Sensitive Approach for Women-led Financial Inclusion and Differentiated Strategies for Improving Financial Resilience of Households, especially for the Underserved and Vulnerable segments.

III. Synergizing Livelihood, Skill Development and Support Ecosystem and its linkages with Financial Inclusion.

IV. Leveraging Financial Education as a tool for Promoting Financial Discipline.

V. Strengthening the Quality and Reliability of Customer Protection and Grievance Redressal Measures.

7. The strategic objectives under Panch-Jyoti have structured recommendations to be implemented through 47 action points, including three measurement related action points indicated in Chapter-V on Monitoring and Measurement Mechanism. The focus of the recommendations is on enhancing the usage and quality dimensions of financial inclusion, while improving the last mile access and ensuring effectiveness and granularity in the monitoring and measurement mechanism. The action-points and timelines under NSFI: 2025-30 are distributed across financial sector regulators (Reserve Bank of India – RBI, Securities and Exchange Board of India – SEBI, Insurance Regulatory and Development Authority of India – IRDAI, and, Pension Fund Regulatory and Development Authority – PFDR), and financial services providers under their respective jurisdictions, along with National Bank for Agriculture and Rural Development – NABARD, National Skill Development Corporation – NSDC, and National Centre for Financial Education – NCFE.

8. To sum up, NSFI: 2025-30 leverages the gains and progress made during the period of the previous strategy and strives to put in place a strategic vision and pathway to further deepening and strengthening the financial inclusion ecosystem towards the wellbeing of people.



# CHAPTER - I

## NATIONAL STRATEGY FOR FINANCIAL INCLUSION (NSFI) 2019-24: A RETROSPECT

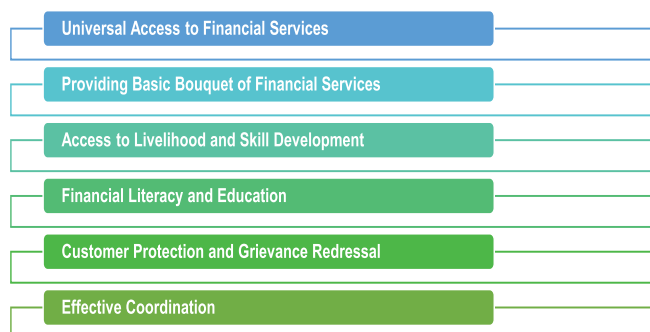
The National Strategy for Financial Inclusion (NSFI) 2019-2024 set forth the vision and key objectives of the financial inclusion policies in India to help expand and sustain the financial inclusion process at the national level through a broad convergence of action involving all the stakeholders in the financial sector. The strategy provided a pathway to accelerate financial inclusion to promote economic wellbeing, prosperity, and sustainable development in the country.

2. The strategy was prepared based on the consultations and suggestions from Government of India, other Financial Sector Regulators namely, Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority of India (IRDAI), and Pension Fund Regulatory and Development Authority of India (PFRDA) as also the specialised institutions and market participants, namely, National Bank for Agriculture and Rural Development (NABARD), National Payments Corporation of India (NPCI), Commercial Banks, etc.

3. Anchored to the country's development priorities, the strategy sought to address the inherent barriers in access to formal financial products and services. It recognised that an inclusive financial system, ably supported through sound financial inclusion policies with focus on financial education and customer protection, is not only pro-growth but also pro-

poor. Further, it has the potential to reduce income inequality and poverty, promote social cohesion and shared economic development. NSFI underscored that financial exclusion leaves the disadvantaged and low-income segments of society with no choice other than informal options, making them vulnerable to financial distress, debt, and poverty, and ultimately leading to several multi-dimensional physical, socio-cultural, and psychological barriers and deprivations. Hence, it warranted attention from the policy makers for effective action.

4. NSFI concurred with the widely available empirical evidence on how financial inclusion has a multiplier effect in boosting overall economic output and reducing poverty and income inequality at the national level. It emphasised that financial inclusion of women is particularly important for gender equality and women's economic empowerment. With greater control over their financial lives, women can help themselves and their families to come out of poverty, reduce their risk of falling into poverty; eliminate their exploitation from the informal sector; and increase their ability to fully engage in measurable and productive economic activities. An inclusive financial system supports stability, integrity, and equitable growth, which the NSFI intended to achieve through a set of six strategic pillars (Figure I.1) and 18 milestones.

**Figure I.1: NSFI (2019-24) Strategic Pillars**

### Assessment of Progress in Achievement of NSFI Milestones

5. Released in January 2020, the strategy aimed to provide access to formal financial services in an affordable manner, besides broadening and deepening financial inclusion and promoting financial literacy and consumer protection. Over the course of strategy, the NSFI has catalysed the deepening of financial inclusion in the country. With emphasis on the last mile delivery of formal financial services, some form of banking access has been provided within a radius of 5 KM of 99.9 percent of the identified villages/hamlets of 500 households and a slew of measures were undertaken towards strengthening the Business Correspondent (BC) channel for last mile access.

6. There has been marked improvement in the availability of acceptance infrastructure leading to accelerated adoption of digital financial services by way of setting up of Payment Infrastructure development Fund (PIDF), Bharat Net Project, provision of e-KYC across financial sector regulators and scaling up of Expanding and Deepening of Digital Payments

Ecosystem (EDDPE) project. The five-year period has also witnessed efforts towards bolstering responsible financial innovation with several cohorts launched under Regulatory Sandbox and by mainstreaming of novel financial solutions for reaching the last mile. There were several landmark achievements on the demand side of financial inclusion with coverage of all the blocks in the country through Centres for Financial Literacy (CFL), development of tailored financial literacy modules for key segments by National Centre for Financial Education (NCFE), setting up/strengthening of web portals for grievance redressal and institutionalisation of toll-free helpline numbers by all the financial sector regulators.

7. During the five-year period of the strategy, the extent of financial inclusion has improved significantly. The total number of banking outlets in villages has increased from 5.97 lakh in March 2019 to 15.98 lakh in March 2024<sup>1</sup>. Similarly, total number of basic savings bank deposit accounts has increased from 57.42 crore in March 2019 to 70.59 crore in March 2024<sup>2</sup>. The enrolment in case of insurance and pension schemes has also shown improvement during the strategy period, with enrolment in Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) improving from 5.34 crore in March 2019 to 16 crores in March 2024<sup>3</sup>, with a CAGR of 25 percent. Similarly, enrolment in Pradhan Mantri Suraksha Bima Yojana (PMSBY) improved from 13.52 crore to 33.78 crore during the period<sup>4</sup>, with a CAGR of 20 percent. Cumulative number of subscribers

<sup>1</sup> Financial Inclusion Plan [FIP] Monthly Return

<sup>2</sup> *ibid*

<sup>3</sup> <https://dfs.dashboard.nic.in/>

<sup>4</sup> *ibid*

to Atal Pension Yojana (APY) grew at a CAGR of 42 percent from 97 lakh to 555 lakhs during the period of strategy.

8. Furthermore, during the period of strategy, the Reserve Bank launched two specific indices viz. Digital Payments Index (DPI) and Financial Inclusion Index (FI-Index) in 2021, to capture the extent of digitalisation of payments and assess the level of financial inclusion across the country, respectively. The DPI, which stood at 153.47 in March 2019,

has risen to 445.50 in March 2024. The FI-Index has improved from 49.9 in 2019 to 64.2 in 2024, with Access sub-index improving from 67.5 in 2019 to 79.3 in 2024, usage sub-index improving from 38.7 in 2019 to 55.5 in 2024 and quality sub-index improving from 52.6 in 2019 to 65.8 in 2024.

9. A brief summary of the progress made with regard to each of the NSFI strategic objectives/ milestones is presented in the Annex-I.

## CHAPTER-II

# STATE OF FINANCIAL INCLUSION IN INDIA

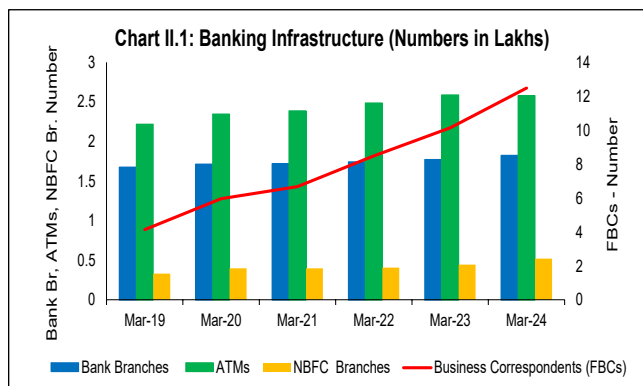
### Financial Inclusion: Progress and Key Trends – 2019-24

The five-year period of NSFI: 2019-24 witnessed significant improvements across the access, usage, and quality dimensions of financial inclusion. While moving forward to the NSFI: 2025-30, it is important to take stock of the progress achieved during the period of NSFI: 2019-24 and look forward to the journey ahead.

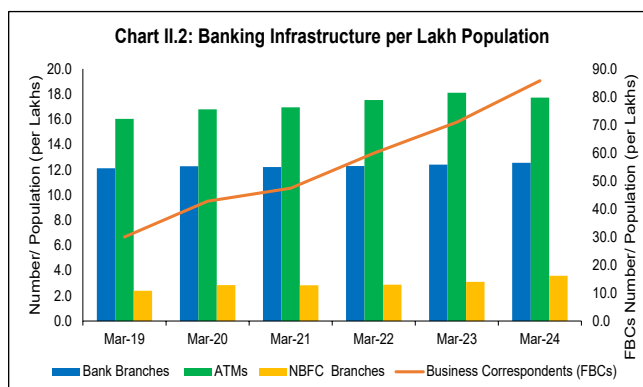
2. The following paragraphs present the progress and trends<sup>5</sup> relating to key aspects of financial inclusion, namely, banking infrastructure, number of bank accounts/cards per capita, bank deposits, credit, and mutual-fund–asset under management, insurance/pension subscribers and supporting infrastructure, volume and value of digital transactions, financial literacy programmes and participants, and the financial inclusion index.

### Banking Infrastructure

3. The banking infrastructure in terms of the number of bank branches, Automated Teller Machines (ATMs), NBFC branches, and fixed-point business correspondents is shown in Chart II.1. The chart shows moderate but consistent expansion in branches and ATMs, along with rapid rise in the number of fixed-point business correspondents (FBCs). FBCs have provided a significant support to the last mile reach of banking infrastructure.



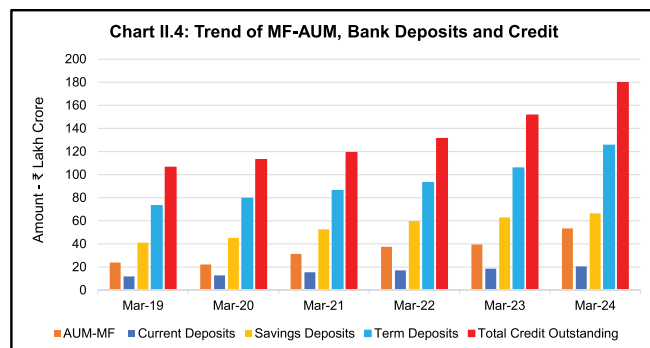
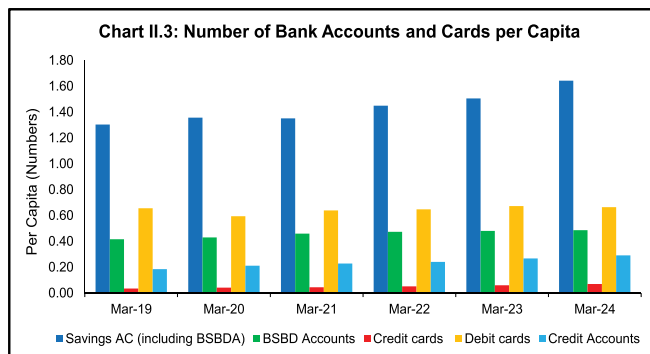
4. In terms of banking infrastructure per lakh population, the progress shows 85.6 FBCs per lakh population, up from 30.1 FBCs per lakh population in 2019. The position of bank branches and ATMs has been consistent with the average number of branches per lakh population hovering around 12.5 and average number of ATMs per lakh population around 17 to 18 (Chart II.2).



### Usage of Banking Infrastructure

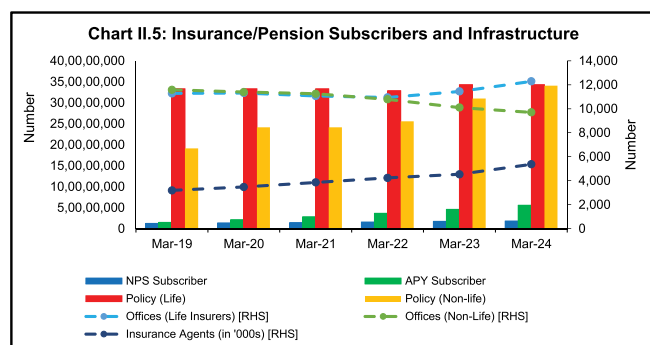
5. Chart II.3 throws light on usage of banking infrastructure in terms of per capita number of bank accounts and cards, followed by trend of mutual fund assets under management (MF-AUM), bank deposits, and credit over the last five years in Chart II.4.

<sup>5</sup> Based on the data collected from banks and other stakeholders (2019-2024) and projected population.



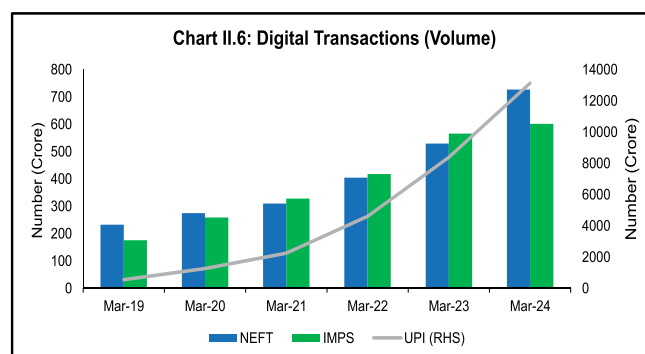
6. Both the charts (II.3, II.4) show consistent growth in the parameters indicating gradual expansion of footprints of the financial system, with none of the parameters showing any negative trend. MF-AUM has also shown consistent growth along with rise in current deposits.

7. Another important dimension of usage is reflected in Chart II.5, which shows the trend of insurance/pension (NPS) subscribers and the corresponding infrastructure (offices and agents of insurance companies). All the parameters, except office (non-life) indicate growth and there is a significant improvement in the subscriber base of Atal Pension Yojana.



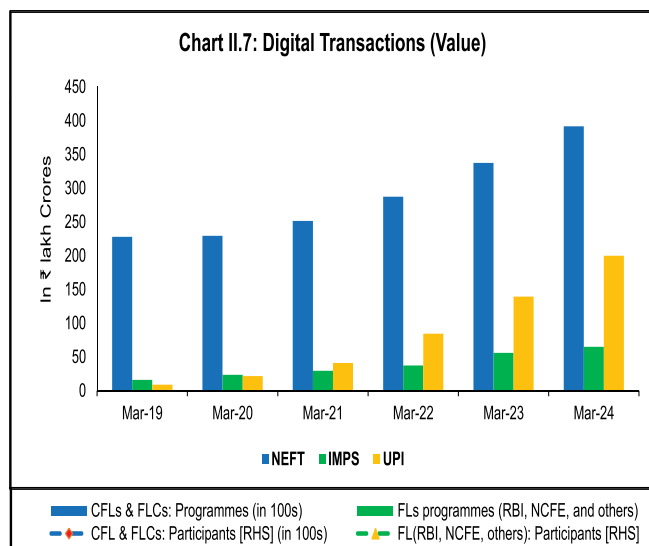
## Digital Transactions and Usages

8. Riding on the backbone of Digital Public Infrastructure, digital transactions both in terms of volume and value have contributed significantly to the deepening and broad basing of the reach of financial inclusion initiatives (Charts II.6 and II.7). There has been an exponential increase in the volume of digital transactions led by Unified Payments Interface (UPI). Amongst the retail digital payments, there has been substantial growth across the board in national electronic funds transfer (NEFT), immediate payment service (IMPS) and UPI, with UPI touching more than 13,000 crore transactions in 2023-24. The NEFT however, carried much higher value of transactions as shown in Chart II.7.



## Quality of Financial Inclusion – Financial Literacy

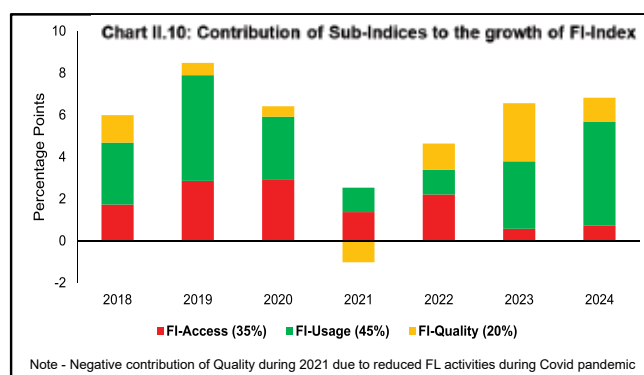
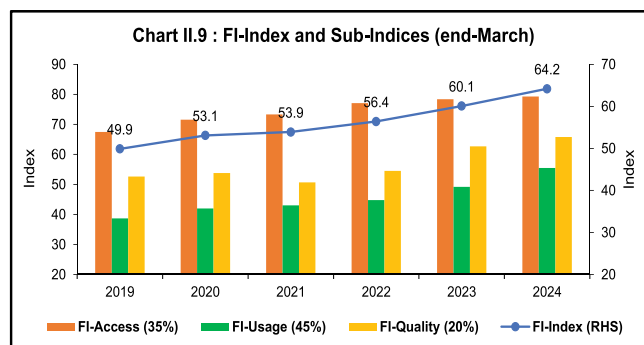
9. Financial literacy being one of the key enablers of the quality of financial inclusion has shown tremendous progress over the period 2019-24. Chart II.8 shows a consistent rise (except during the period of Covid-19) in the number of financial literacy programmes run by Centers for Financial Literacy (CFLs) and Financial Literacy Centers (FLCs), especially during the last two years with rapid expansion in the opening of CFLs touching more than 3.5 Crore participants. Besides financial literacy



programmes run by RBI regional offices, National Centre for Financial Education (NCFE) and other sectoral regulators have also covered significant ground in this regard.

### Overall Progress – Financial Inclusion (FI-Index)

10. Chart II.9 shows trend of FI-Index<sup>6</sup> and its sub-indices (Access, Usage, and Quality). Their respective contribution to FI-Index is shown in Chart II.10. The index shows a consistent growth over the period of 5 years with improvements seen across all the sub-indices. In the year 2024, the major growth in the index was on account of the usage sub-index, which shows deepening of financial inclusion. The dip in quality sub-index in 2021 was due to reduced number of financial literacy activities due to lockdown led restrictions during the COVID-19 pandemic.



11. The above analysis shows substantial growth and progress in various financial inclusion parameters as discussed above. NSFI also played a key role during the period of COVID-19 pandemic (Box II.1). However, financial inclusion initiatives being aspirational in nature should always keep striving for improvements and effectiveness by mitigating gaps and improving the ground level implementation with a holistic approach and outcome orientation. Accordingly, it is important to gather feedback, examine existing and incipient supply and demand side impediments to financial inclusion and implement suitable policy solutions. The recommendations and approach of NSFI: 2025-30, are aligned to this edifice and direction.

<sup>6</sup> As per Para IV (8) of Statement on Developmental and Regulatory Policies (under first Bi-monthly Monetary Policy Statement for 2021-22 dated April 7, 2021) a Financial Inclusion Index (FI-Index) was to be constructed and published annually by the Bank, to measure the extent of FI in the country.



## Box II.1: Role of FI Ecosystem during COVID-19 Pandemic

COVID-19 pandemic induced an unforeseen global socio-economic distress and caused loss of lives and livelihood with substantial spill overs. This created an extraordinary challenge for the governments and policymakers to implement appropriate relief, restoration, and stimulus package to minimise and absorb the pandemic induced hardships.

Government of India, State Governments, Reserve Bank of India and other relevant stakeholders took numerous steps to leverage the last mile reach of the FI ecosystem and digital transactions in furthering and deepening the financial inclusion efforts, especially through Digital Public Infrastructures (DPI)<sup>7</sup> in a cost-effective and innovative manner. To mitigate the adverse impact of COVID-19 pandemic, the Government of India was able to smoothly deliver an amount of ₹5.53 lakh crore digitally across 319 government schemes spread over 54 ministries during 2020-21<sup>8</sup> under the PM Garib Kalyan Yojana, using DPI.

The Business Correspondent (BC) Model emerged as a critical lifeline in disbursing such benefits to the doorstep of the people, especially in rural areas of the country. During the pandemic, ICT-BC transaction routed through BC outlets witnessed a significant surge crossing more than 94 crore transactions accounting for ₹2.25 lakh crore during 2020-21<sup>9</sup>.

RBI in its pursuit to support digital financial services enhanced limit for additional factor of authentication (AFA) per transaction for card transactions in contactless mode at Points of Sale (PoS) terminals, while actively promoting use of digital payments. Further, to alleviate stress amongst small borrowers, RBI undertook measures, namely, grant of moratorium on consumer term loan for a period of six months (March 1, 2020 – August 31, 2020), deferment of interest on working capital facilities in the form of cash credit/ overdraft, easing of working capital financing, and facilitating financial institutions to resolve stressed loans to individuals, small business and MSMEs, besides several relaxations in priority sector lending.

Since the pandemic created hurdles in delivering financial literacy to the masses through physical modes, Regional Offices (ROs) of the Bank explored innovative approaches to promote financial literacy amongst the masses, such as Community Radio Channels, Local TV Channels and Local FM stations to impart the financial education in regional languages/local dialects. On its part, SEBI adopted virtual mode to reach out to investors across the country covering over one lakh participants through investor awareness programmes conducted by exchanges, depositories, and SEBI recognised investor associations and trainers.

<sup>7</sup> DPI, generally understood as interoperable, open, and inclusive systems supported by technology to provide essential society-wide public and private services, can play a critical role in accelerating this digital transformation in an inclusive way. Conceptually, DPIs, in general, include Digital ID, Digital Payments, and Data Exchange in the financial sector. – (G20 GPFI World Bank 2023). In case of India, DPI harnessed the state-of-the-art layer of national ID (Aadhaar), fast payment system (UPI) and data sharing protocols [Account Aggregators] to advance digital financial inclusion.

<sup>8</sup> Excerpts from Governor's Speech on Financial Inclusion – Past, Present and Future dated July 15, 2021.

<sup>9</sup> [https://m.rbi.org.in/Scripts/BS\\_ViewBulletin.aspx?Id=20366](https://m.rbi.org.in/Scripts/BS_ViewBulletin.aspx?Id=20366) – FY 2020-21.

## Supply and Demand Side Impediments to Financial Inclusion

12. Financial inclusion initiatives start from the supply side of financial services whereby the availability of financial services in terms of access points, products, etc. is ensured. Availability of adequate supply infrastructure for financial services in terms of well-functioning access points, physical or digital interfaces, suitable products, and services, etc., is necessary though not a sufficient condition for effective financial inclusion, as demand for financial services also plays a crucial role in effectiveness of financial inclusion initiatives. Hence, both supply and demand aspects of financial inclusion should be paid adequate attention to, while formulating financial inclusion strategies.

13. Amongst the key supply side challenges, the quality and effectiveness of last mile reach to the financial services remains the most important element. On the other hand, demand side issues are conditioned by several factors in the usage and quality dimension of financial inclusion.

14. The first set of challenges to the demand for financial services stem from information asymmetry, lack of proper knowhow about availability, cost, and use of financial services, and at times, inability to understand and comprehend the information due to language or literacy barriers. Secondly, behavioural factors, such as personality traits, experiential factors, bounded rationality, and impulsive actions also play a role in catalyzing or dampening the usage of financial services. Behaviourally, the perceived need for financial services, and trust in the system are the two

most crucial determinants of the demand side of financial inclusion. If people trust that it is in their benefit to use formal financial services, they will seek access and ensure usage, provided the services are suitably and conveniently made available in an affordable manner. Another critical demand-side impediment to financial inclusion falls in the domain of financial constraints, which either sway away people from the banking system or their usage remains very low. The effectiveness of customer protection and grievance redressal measures remains at the core of the demand for financial services, especially for the underprivileged and vulnerable segments of the population. Moreover, the ecosystem gaps, namely, inefficient, or broken linkages between various initiatives, and gaps in market access coupled with funding constraints could dampen the demand side of financial inclusion.

15. The success in financial inclusion initiatives, therefore, requires multi-stakeholder contribution in all its dimensions, namely, access, usage, and quality. To be effective, financial inclusion policies besides having a focus on strengthening supply initiatives in the financial sector in terms of easy and trustworthy availability of access points, minimum cost of services, suitable products, financial literacy and proper flow of information, and an effective grievance redressal mechanism, should also adequately focus on understanding and mitigating demand side impediments and improving the enablers both in supply and demand dimensions.

16. The National Strategy for Financial Inclusion (NSFI: 2019-24) highlighted the need



for periodic evaluation of the state of financial inclusion through monitoring of financial inclusion parameters to provide policy makers and stakeholders with necessary insights to understand the achievements made and to address issues and challenges through a coordinated approach. NSFI also underlined that in addition to data collected from financial service providers (supply-side data), there is also a need to seek views and insights from the customers (demand-side insights) at periodic intervals. Accordingly, specific studies and surveys were undertaken by the Reserve Bank to understand the ground level issues and impediments, in both demand and supply dimensions. Based on the studies, the following is a summary of key supply and demand side impediments to financial inclusion.

### **Supply Side Impediments – Last Mile Reach by Business Correspondents**

17. An assessment of supply side impediments, especially from the angle of last mile access reveals that the last mile reach of financial services being carried out by business correspondents (BC) requires improvements. An all-India survey was conducted by the Bank on the operations of BCs during January-March 2024 through its Regional Offices across the country. About 63% of BCs covered by the survey were in rural areas, 23% in semi-urban areas, and 14% in urban areas. The survey covering 13274 BC outlets in 31 States/UTs involving 154 districts with a greater weightage to aspirational districts, revealed the following areas of concerns,

which require corrective measures.

(a) The presence of a significant number of non-dedicated outlets in the BC ecosystem was a matter of concern, as financial services not being their primary business, diluted the access and quality of financial services available at these outlets, especially in the areas where BCs were the only or primary modes of access to financial services. Representation of women in the BC agents also needed an uptick.

(b) Remittances and cash in/out were the most commonly provided services by BC outlets. Some BCs also provided services relating to savings, recurring, and fixed deposits. However, other services, such as insurance, micro-pension, loans, overdrafts, KCC, GCC, etc. were provided only at select BC outlets. Hence, there was a possibility of deficiency in the uniform availability of services in areas entirely dependent on BC outlets.

(c) There was a lack of standardization in the services offered by BCs, due to absence of any prescribed minimum standard set of services to be provided by BCs, with proper signage and bank linkage. As a result, it was difficult to properly anchor and monitor the customer expectations and the service delivery.

(d) The BC ecosystem was marred by a significant proportion of inactive<sup>10</sup> and/or closed BC outlets. The distribution of BCs was skewed in many places, as BCs tends to congregate towards market centres or bank branches, thereby compromising on the need for equitable access to people and also causing a lack of easy access in remote areas.

(e) Insufficient and lack of timely remuneration

<sup>10</sup> BCs are defined as inactive if there are no financial/non-financial transactions or log-in for a period of 90 days. [Ref. IBA letter to their member banks – IBA/PSBT/L/2024/110 dated 05/12/2024.]

was observed as a major reason for inactivity, service apathy, and certain unscrupulous practices amongst BCs. The lack of a fixed component of remuneration as a constraint was highlighted by several BCs during the survey.

(f) Several BC outlets/agents were simultaneously working for multiple banks thereby leading to accountability vacuum from the point of view of customer service. Since banks are responsible for the business conducted by BCs, this was unhelpful from the point of quality of financial services.

(g) The survey showed that a majority of BCs did not display fees levied for services. While certain charges are built into the transactions by banks, there were concern relating to upfront unauthorized/unaccounted levying of charges by BC agents.

(h) Lack of a standardised mandatory transaction confirmation SMS (in vernacular language) or audio-based confirmation (through the sound-box mechanism) for all transactions impacted the trust in the services rendered by BC agents.

(i) The quality of services rendered by BC outlets needed improvement as many BC outlets did not display the details of the grievance redressal mechanism, base branch, banking ombudsman, etc.

(j) The service quality at the last mile was also impacted by connectivity issues, operational difficulties, limited inter-operability, and unscrupulous practices like transaction splitting, etc.

## **Demand Side Impediments and Challenges**

18. To assess the demand side impediments to financial inclusion at a disaggregated level with demographic details, an all-India survey was conducted during March-April 2024. The survey had a total number of 9,147 respondents spread across 34 States/Union Territories<sup>11</sup> of the country. With a median respondent's age of 32 years, and median income of ₹ 1.60 lakh, the survey offered a reasonably representative all-India sample to deep dive into financial inclusion ecosystem and gain the ground level perspectives on the demand-side impediments to the progress of financial inclusion. The following is a summary of key observations of the survey.

### **19. Access and Usage of Bank Account –**

(a) With account ownership at nearly universal level (96% respondents had a bank account), a key demand side impediment to account ownership/usage was lack of source of deposit to bank account, which indicates regularity and sustenance of income as a key demand-side impediment to the usage of financial services for people hailing from relatively lower income groups.

(b) Besides the income, a preference for cash, lack of knowledge, or family members having an account emerged as common impediments to bank account ownership and usage for relatively lower income groups. Awareness about deposit insurance was lower as compared to zero balance bank account facility under BSBDA. Illiteracy or lack of formal education and low income emerged as impediments to the intended level of

<sup>11</sup> Except Manipur and UT of Lakshadweep.

awareness focused on under financial literacy initiatives.

(c) Non-usage of bank accounts due to lack of regular source of deposit was more dominant for male respondents and was more pronounced in other than semi-urban areas. In case of semi-urban areas, banking fee/charges were reported as major impediments. People's trust in banks to save money was more pronounced in rural areas. The level of education helped in strengthening trust and retaining customer relationship in the formal financial system. Generally, people with lower education were relatively unable or unwilling to save through banking channels.

(d) Usage of BC outlets was higher in rural/semi-urban areas as compared to urban areas, especially for female respondents vis-à-vis male respondents. The study shows that as one moves up the hierarchy in terms of income and education levels, the preference for transacting through branch or BC mode diminishes and preference for digital transactions enhances. However, transactions at ATMs seem to be not impacted by income or education levels. Hence, income and education emerge as a couple of key demand side determinants of the choice of access points and mode of transactions.

(e) Preference for digital transactions was seen conditioned by gender, education, and income levels. Male respondents and people from higher income groups had higher preference for digital transactions. Having a smartphone did not necessarily translate as a fillip for digital transactions as several respondents felt dissuaded from undertaking digital transactions due to connectivity issues,

complex interfaces, language barrier and concerns regarding breach of OTP/PIN, etc.

## **20. Access and Usage of Credit Facilities –**

(a) In the household segment, personal loans, education loans, and home loans were the top three credit facilities in demand, yet about 50 percent of aspirants had unmet credit needs. Lack of awareness about the procedure, unavailability of nearby bank branch, and lack of collateral were cited as top three impediments in that order, for inability to get credit. Interestingly, high cost (interest rate) of credit was the least cited impediment.

(b) Around 16 per cent of the respondents used informal sources of credit mostly for small ticket loans, with its share being higher in rural areas. In general, people may have relied upon informal sources of credit due to ease, timeliness, and convenient access.

## **21. Access and Usage of Insurance and Pension Facilities –**

(a) Income and education levels emerged as key enablers for better usage of insurance and pension facilities (Chart II.11).

b) While female respondents lagged their male counterparts in access to life insurance, they had an edge in non-life insurance indicating a possibility of gradually increasing asset ownership by female.

(c) Among the respondents who did not have any insurance/pension product, the awareness about the need for insurance and pension products was found to be low. In general, awareness about schemes like PMSBY, PMJJBY, PMFBY, and APY ranged between 30-35%. However, the respondents who knew some beneficiary of insurance claim

were generally more likely to opt for it.

## 22. Quality of Financial Services: Financial Literacy, Customer Service and Grievance Redressal –

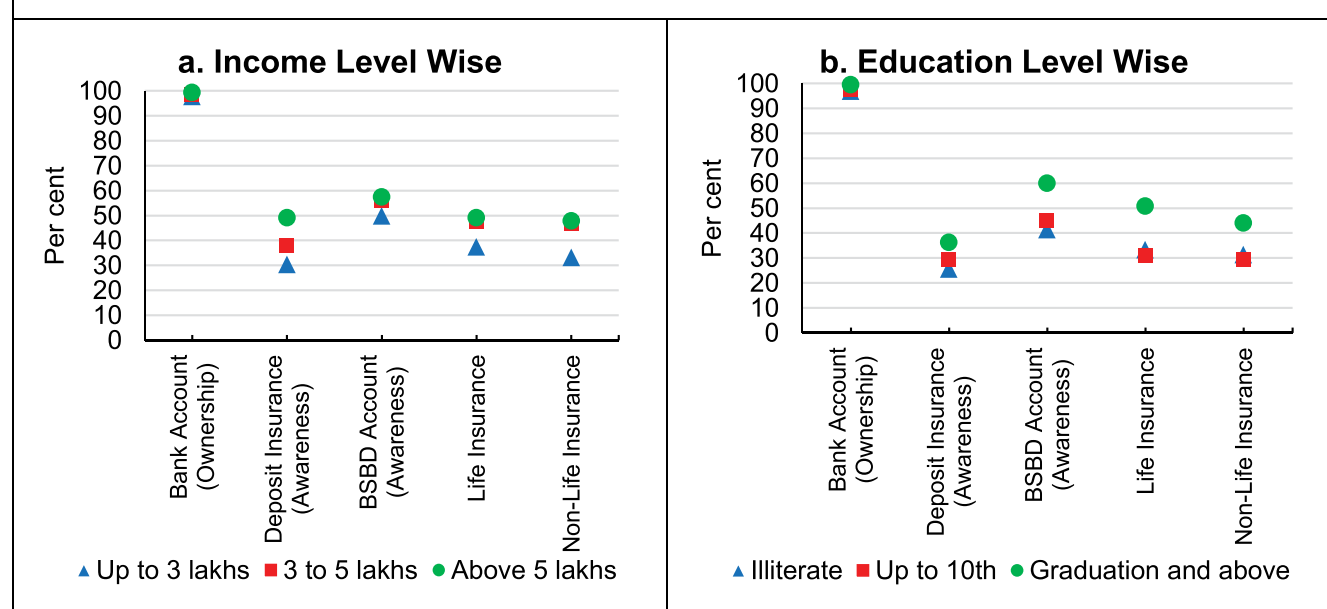
(a) Long wait hours for undertaking financial transactions at branches and high customer burden complaint resolution systems, which puts the primary onus on customers, were highlighted as key impediments. There were hardly any customer complaints at BC points, which was not helpful.

(b) While high level of service satisfaction from bank services was expressed by respondents, it did not match with the relatively lower

satisfaction with attention and sensitivity shown by the bank staff, and comparatively lesser awareness about complaint process, etc. This could imply that the overall feedback about customer satisfaction may not be properly anchored to its underlying parameters.

23. NSFI: 2025-30 leverages the gains and progress made during the period of previous strategy and strives to put in place a strategic vision and pathway to mitigate demand and supply impediments while further deepening and strengthening the financial inclusion ecosystem.

**Chart II.11: Impact of Income and Education on Financial Inclusion**



# CHAPTER - III

## VISION OF NSFI (2025-30): AN INCLUSIVE FINANCIAL SYSTEM TOWARDS WELLBEING OF PEOPLE

Financial inclusion initiatives generally begin with supply initiatives to provide affordable, easy, trusted, and fair access to regulated financial services, namely, savings, payments, investments, credit, remittances, insurance, and pension to hitherto excluded and marginalized segments of society. Though financial inclusion falls within the ambit of the financial sector, financial inclusion policies have far and wide positive impacts and correlations in the socioeconomic domain. Financial inclusion is referred in the targets of eight out of the seventeen United Nations Sustainable Development Goals (SDGs)<sup>12</sup>, namely, SDG-1 on eradicating poverty, SDG-2 on ending hunger, achieving food security, and promoting sustainable agriculture, SDG-3 on promoting health and well-being, SDG-5 on achieving gender equality and economic empowerment of women, SDG-8 on promoting economic growth and jobs, SDG-9 on supporting industry, innovation and infrastructure, SDG-10 on reducing inequality, and SDG-17 on strengthening the means of implementation (Table III.1).

2. Financial inclusion being an aspirational journey starts from creating opportunities for

access to the formal financial system for the hitherto excluded and underserved segments, but its mandate goes beyond access to ensure effective usage of financial services to the benefit of people. Effective usage requires that people have an economic case for using the formal financial services which primarily comes from their capacity to have regular income/cash flow through employment, livelihood, etc., and have a perceptible economic incentive for using formal financial services.

3. The sustenance and growth of usage also require continued trust of the people, suitability of products and services, sound financial literacy, a pro-active/quick grievance redressal mechanism, and a positive perception of being heard, which are some of the quality aspects of financial inclusion.

4. Seen in the above context and in accordance with the role of financial inclusion in the achievement of sustainable development goals, it is obvious that financial inclusion is not just an end in itself but a means to a greater end of ensuring the overall wellbeing of people.

**Table III.1: Role of FI Policies in Specific SDGs and Targets**

### **SDG 1: Poverty Reduction**

Financial inclusion by improving access to financial services and skilling/livelihood opportunities helps to improve the sustenance, sufficiency, and safety of income, thereby helping to reduce poverty.

<sup>12</sup> The 17 Goals – Sustainable Development; <https://sdgs.un.org/goals>

**SDG 2: Ending Hunger**

An inclusive financial system incentivises credit led investments for adoption of sustainable and productivity enhancing agricultural practices, which results in better agricultural yields. Thereby, helping in reducing hunger due to enhanced food security.

**SDG 3: Health and Wellbeing**

Financial inclusion through its multi-faceted socio-economic dimensions aids human development and augments resilience of the marginalised and vulnerable, thereby fostering health and well-being.

**SDG 5: Gender Equality**

Gender sensitive financial inclusion policies decrease gender inequality by empowering women and improving their overall socio-economic status.

**SDG 8: Decent Work and Economic Growth**

Financial inclusion with its ecosystem approach supports economic growth by providing necessary funding, augmenting employment, and entrepreneurship, and boosting consumption.

**SDG 9: Industry, Innovation, and Infrastructure**

Financial inclusion policies support the industry, especially the micro and small enterprises by providing credit linkages and digital infrastructure for promoting innovation and boosting their progress.

**SDG 10: Reducing Inequalities**

Financial inclusion policies with their specific focus on the upliftment of the poor, marginalised, and vulnerable segments, and the last mile reach, help to reduce inequalities.

**SDG 17: Strengthening the means of Implementation**

Financial inclusion is an important means of implementation for achieving SDGs, through mobilization of savings/investments and boosting consumption, and improving overall wellbeing of people, that can help in achieving broader developmental goals.

**Definition of Financial Inclusion**

5. The Committee on Financial Inclusion (Chairman: Dr C Rangarajan, RBI, 2008) defined financial inclusion as “the process of ensuring access to financial services, timely and adequate credit for vulnerable groups

such as weaker sections and low-income groups at an affordable cost”.

6. Further, the Committee on Medium-Term Path to Financial Inclusion (Chairman: Shri Deepak Mohanty, RBI, 2015) viewed financial inclusion as, “convenient access to a basket



of basic formal financial products and services that should include savings, remittance, credit, government-supported insurance and pension products to small and marginal farmers and low income households at reasonable cost with adequate protection progressively supplemented by social cash transfers, besides increasing the access of small and marginal enterprises to formal finance with a greater reliance on technology to cut costs and improve service delivery.”

7. The NSFI (2019-24) aimed at broadening, deepening, and accelerating financial inclusion alongside promoting financial literacy and consumer protection, with a view to promoting economic wellbeing, prosperity, and sustainable development.

8. Continuing the journey and leveraging the substantial gains during the last decade in the bank account ownership to near saturation, robust expansion in physical and digital access infrastructure, and improvements in customer awareness and protection measures, it is desirable to upscale the focus of financial inclusion by adopting a synergistic ecosystem approach. This would ensure integrated and seamless involvement of stakeholders for developing a truly inclusive financial system towards wellbeing of people by minimization of inequality of opportunities for people to reap the benefits of access to formal financial system, while substantially improving the quality and consistency of last mile reach.

9. Financial inclusion policies duly integrated with livelihood support, market linkages, financial education, and customer protection initiatives are great enablers of an improved state of the economic wellbeing of people.

Pursued holistically, financial inclusion can lead to desirable outcomes in form of a quadrangle of financial safety, financial security, financial resilience, and financial discipline, in turn contributing towards overall wellbeing of people.

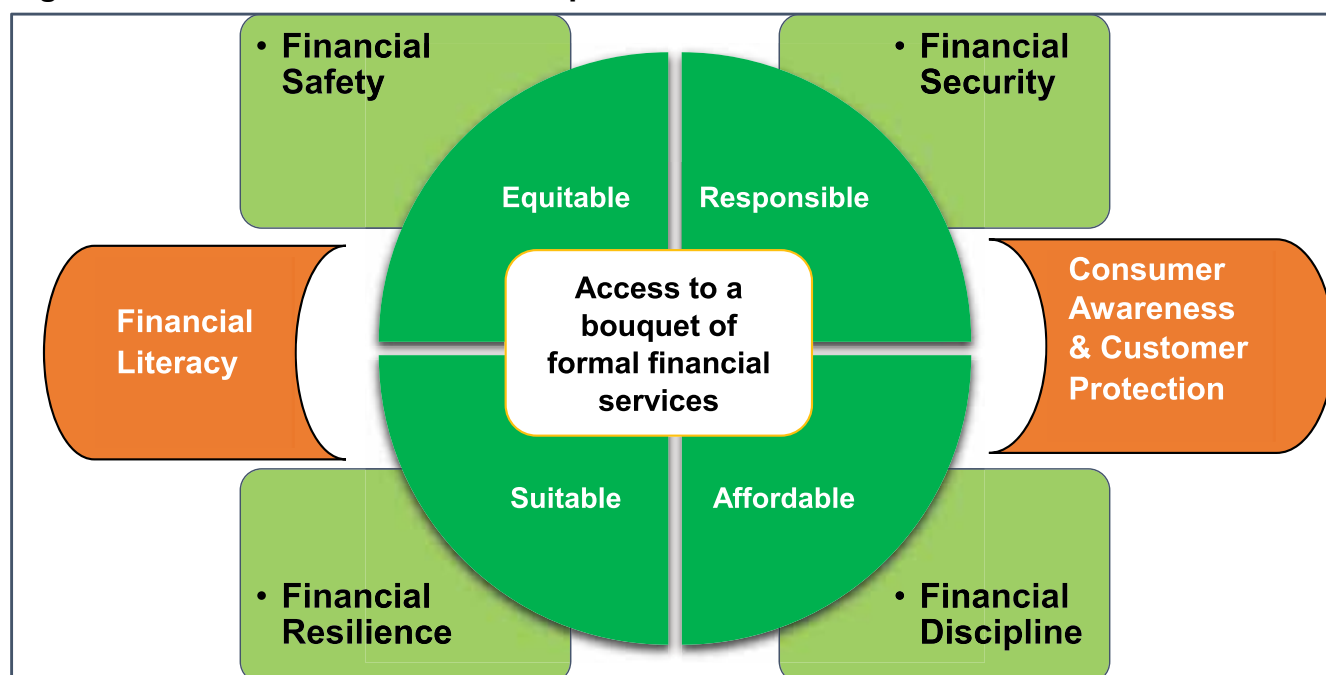
10. Hence, the objectives and intended outcome of financial inclusion to be pursued under NSFI: 2025-30 are presented below. Figure III.1 provides a diagrammatic presentation of components and outcome of financial inclusion.

**The objective of financial inclusion is ensuring availability of equitable, responsible, suitable, and affordable access to a bouquet of formal financial services, namely, savings, payments, remittances, credit, investments, insurance, and pension, across socio-economic and geographical strata, coupled with effective financial literacy, robust consumer awareness and customer protection measures.**

**Financial inclusion, as above, with the involvement of all stakeholders improves financial safety, financial security, financial resilience, and financial discipline of individuals (households) and micro-enterprises.**

11. To explain, the usage of terms regarding access to a bouquet of financial services in the above definition would generally mean the following –

a) **Equitable** – The access infrastructure should be available across the geographic strata in a reasonably homogeneous manner.

**Figure III.1: Financial Inclusion: Components and Outcomes**

b) **Responsible** – The financial service providers should ensure that their products/ services do not manipulate or impede customers’ free choices, interests, and right to product suitability, and do not leave customers’ worse off in terms of the economic, behavioural, and social outcomes.

c) **Suitable** – Financial products and services should be appropriate to customers need and based on customers’ financial circumstances and understanding. Differentiated/customised services should be available to enable people to choose what is best for them.

d) **Affordable** – The basic minimum financial services (basic transaction account, basic savings and investment account, small value remittances, small value digital payments, etc.) should be offered free of cost. Pricing of other services should have an essential element of affordability keeping in mind the marginal cost of services.

12. The quadrangle of financial safety, security, resilience, and discipline positioned as the outcome of financial inclusion rests on specific anchors presented in Table III.1.

### FI Ecosystem

13. As already discussed, an ecosystem approach to financial inclusion is required for ensuring an integrated and synergistic involvement of stakeholders for effectiveness in financial inclusion initiatives and outcomes. Hence, a clear understanding and definition of financial inclusion (FI) ecosystem could be helpful for a seamless working towards achieving the shared goals.

14. FI ecosystem refers to a synergised network of stakeholders working and/or connected with financial inclusion initiatives and its outcome in form of wellbeing of people in terms of quadrangle of financial - safety, security, resilience, and discipline. Seamless and synergised functioning of the ecosystem comprising of stakeholders, namely, banks/



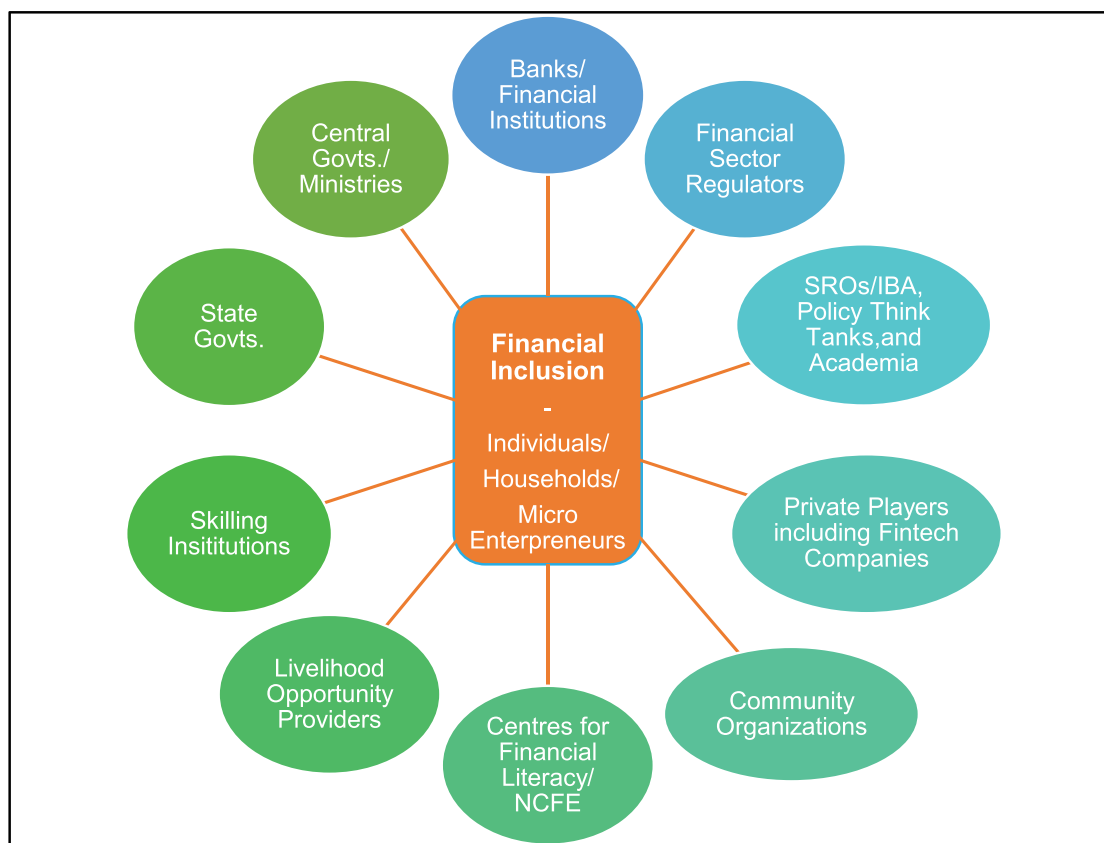
**Table III.1: The quadrangle of financial safety, security, resilience, and discipline and their anchors.**

Dimension	Anchors	Explanatory Details on Anchors
<b>Financial Safety –</b> <i>“Smoothly managing day-to-day transactions”</i>	Suitable Access. Livelihood Support.	<ul style="list-style-type: none"> <li>- Fair, suitable, and affordable financial products and services.</li> <li>- Quick, simple, and efficient grievance redressal mechanism.</li> <li>- Meeting basic subsistence needs (minimum basic needs for day-to-day life – food, shelter, education, travel, etc., at a household level).</li> <li>- Regular and sustained income stream through wage or non-wage livelihood.</li> </ul>
<b>Financial Security –</b> <i>“Ability to meet any contingency”</i>	Customer Protection.	<ul style="list-style-type: none"> <li>- Regular Savings – Liquid (for at least two-months’ average household expenses) and Long-Term (in form of physical/financial assets).</li> <li>- Continued subscription of any pension scheme (retirement pension/ Atal pension Yojana/ other social security pensions).</li> <li>- Effective <i>ex ante</i> Customer Protection Measures and Deposit Insurance.</li> </ul>
<b>Financial Resilience -</b> <i>“Ability to recover from financial setbacks”</i>	Insurance Coverage.  Credit Facilities.	<ul style="list-style-type: none"> <li>- Unexpired insurance coverage within acceptable/ bearable cost – life coverage, health coverage, asset coverage (vehicles/property/machines, etc.).</li> <li>- Fair Emergency Credit to reasonably cope with a financial setback/sudden difficult situation such as, loss of life/ livelihood/assets without excessive debt burden or losses impeding day-to-day life.</li> </ul>
<b>Financial Discipline –</b>  <i>“Attitude and behaviour towards a steady financial future”</i>	Financial Education.  Experiential Learning	<ul style="list-style-type: none"> <li>- Financial Awareness and Confidence.</li> <li>- Diversified Investments - Distributing savings / investments across different banks/asset classes.</li> <li>- Sustainable Indebtedness - monthly repayment amount towards outstanding loans not exceeding half of the monthly income of the household.</li> <li>- Realistic Goal Setting and Planning - Making financial goals within one’s means, and planning for future expenses/ life-events (education/ marriage of children, retirement, etc.)</li> </ul>

financial institutions including NABARD, SIDBI etc., central government, state governments, financial sector regulators, SROs/IBA, private players including fintech companies, think tanks, academia, community organizations,

centres for financial literacy and NCFE, livelihood opportunity providers<sup>13</sup>, and skilling institutions, is essential for effectiveness and outcome orientation in financial inclusion policies (Figure III.2).

**Figure III.2: Financial Inclusion (FI) Ecosystem**



### Vision of NSFI (2025-30)

15. Following the above discussions, the vision of NSFI is as under –

**To strengthen the financial inclusion ecosystem with the synergised efforts of stakeholders towards wellbeing of people by ensuring delivery of equitable, responsible, suitable, and affordable financial services duly supported by livelihood enablers, effective financial literacy, digital public infrastructure, and robust customer protection.**

16. The current iteration of the National Strategy for Financial Inclusion for the period 2025-30 (NSFI: 2025-30) is an outcome of wide-ranging stakeholder consultations. The strategy is informed of the achievements of the NSFI 2019-24 and focusses on further deepening, sustaining, and synergising financial inclusion initiatives.

<sup>13</sup> Livelihood opportunity providers are the entities/institutions which offer support for wage employment and self-employment to unskilled, semi-skilled, and skilled workers. For instance, services aggregators, NRLM, NULM, etc.

## CHAPTER – IV

# NSFI (2025-30): STRATEGIC OBJECTIVES AND ACTION POINTS

As discussed in Chapter III, National Strategy for Financial Inclusion (NSFI) intends to achieve integrated, seamless, and synergised working of stakeholders of the FI ecosystem to augment the effectiveness of financial inclusion policies through the availability and use of equitable, responsible, and affordable financial services along with skilling/livelihood opportunities, duly supported by Digital Public Infrastructure, effective financial literacy, robust consumer awareness and protection measures.

2. The timeline of NSFI: 2025-30 is synchronized with the 2030 Agenda for Sustainable Development adopted by 193 Member States at the UN General Assembly Summit in September 2015, and which came into effect on January 01, 2016. The principle of universality: ‘Leave No One Behind’ and omni-dimensional development as the global agenda for 2030, fits perfectly well with the outcome-oriented financial inclusion goals intended towards ensuring wellbeing of people.

3. As India’s contribution is critical to the global achievement of SDGs, the strategy intends to meet the national priorities and assist in the achievement of targets as a part of the transformative agenda, which recognizes that it is no longer sufficient to focus on economic growth, but on fairer and more equal societies, and a safer and more prosperous planet.

NSFI’s ecosystem approach as discussed in the Chapter-III bodes well with the SDG’s philosophy, namely, coordinated efforts by all the stakeholders to achieve the developmental agenda of leaving no one behind, seeking participation of everyone - everywhere, especially the vulnerable and marginalised.

**NSFI Strategic Objectives:  
Elevating the State of Financial  
Inclusion through Panch Jyoti  
(पंच ज्योति)<sup>14</sup>**

4. As discussed in Chapter-III, a quadrangle of financial safety, security, resilience, and discipline towards well-being of people is positioned as the outcome of financial inclusion. NSFI: 2025-30, learning from the impediments and leveraging upon the gains during 2019-24, sets up the following five strategic and synergised objectives (*Panch-Jyoti*), which would help in elevating the state of financial inclusion in the country.

- I. Improving the availability and use of Equitable, Responsible, Suitable, and Affordable Bouquet of Financial Services to achieve Financial Safety and Financial Security for households and micro enterprises.
- II. Adopting Gender-Sensitive Approach for Women-led Financial Inclusion and Differentiated Strategies for Improving Financial Resilience of Households, especially for the Underserved and Vulnerable segments.

<sup>14</sup> The Panch Jyoti intends to elevate the level of financial inclusion in the country. The analogy comes from a lamp with five different lighting wicks synergically integrated as a single source of illumination.

III. Synergizing Livelihood, Skill Development and Support Ecosystem and its linkages with Financial Inclusion.

IV. Leveraging Financial Education as a tool for promoting Financial Discipline.

V. Strengthening the Quality and Reliability of Customer Protection and Grievance Redressal Measures.

5. Linkages of the above strategic objectives and related action points with the impediments and challenges as discussed in Chapter-II, as also the stakeholder wise action points are presented in Table IV.1 and IV.2, at the end of this chapter. FI-dimensions wise distribution matrix of the action points is presented in Table IV.3. A detailed description of the strategic objectives in terms of recommendations and action points follows.

**I. Improving the availability and use of Equitable, Responsible, Suitable, and Affordable Bouquet of Financial Services to achieve Financial Safety and Financial Security for households and micro enterprises.**

Under the NSFI: 2019-24, with emphasis on the last mile delivery of formal financial services, significant progress has been made in providing some form of banking access, within a radius of 5 KM/ hamlet of 500 households, in more than 99.9 percent of the 1.21 lakh identified villages. Besides, a slew of measures was undertaken towards strengthening the Business Correspondent (BC) channel for the last mile access. However, a supply side assessment reveal that the quality, consistency, and breadth of services available at the last mile, uniformly, may not

be as expected due to low population density in certain pockets, geographical remoteness, relatively lesser economic potential, and lack of economic viability for financial services providers, and infrastructural bottlenecks (connectivity, electricity, roads, etc.), hence, requiring improvements.

Digital financial services operating on the backbone of Digital Public Infrastructure (DPI) have provided a significant fillip to financial inclusion initiatives across a wide spectrum ranging from account ownership, social benefit transfers, quicker and efficient remittances/payments, and access to credit. DPI, as interoperable, open, and inclusive systems supported by technology, serves to provide essential public and private services for the common good. The India Stack exemplifies this approach, combining digital ID, interoperable payments, a digital credentials ledger, and account aggregation framework. By leveraging the gains made, there is scope for further expanding the digital footprints for discharge of a range of financial services.

**Recommendation:**

It is recommended to improve the equity, reach, consistency, and quality of last mile access by strengthening the network of business correspondents and expanding the delivery of safe and cost-effective digital financial services at the last mile.

**Action Points:**

**1. Improving equity, reach, consistency, and quality of last mile access**

To bring about substantial improvements in the equity, reach, consistency, and quality of

last mile access to financial services, there is a need to ensure availability of at least one banking outlet – branch /digital banking unit (DBU)/ fixed point business correspondent outlet (FBC)<sup>15</sup> in each revenue centre<sup>16</sup>, so that financial services are fairly and equitably available across the depth and breadth of the country. Such outlets, under adequate control and oversight of banks, are expected to provide a minimum standard set of financial services, namely, deposits, withdrawals, remittances, account opening and servicing, Jan Suraksha Schemes, loan leads/applications, pension schemes, etc. This would be a substantial value addition to the work on ‘universal access’ wherein access to some form of banking services has been provided to 99.9 per cent of the targeted villages within 5 KM radius/ hamlets with 500 households in hilly areas.

SLBCs/UTLBCs should put in place an action plan and allocate goals to banks in a phased manner to achieve the action point during the period of the strategy, with suitable mid-term goals.

## **2. Incentive mechanism for BC agents from hilly and rural areas**

With inadequacies of bank branches<sup>17</sup> in the north eastern (NE)/ hilly states, and rural areas, banking services are mostly dependent upon the BC outlets. Further, owing to topographic conditions of hilly regions, the distribution of

FBCs, especially in the NE region is skewed with only 165 FBCs per thousand square kilometres vis-à-vis 379 FBCs per thousand square kilometres at the national level<sup>18</sup>. Skewed population density and sparse availability of access points is also reflected in lower number of transactions at BC points. Since, remuneration of BCs depends on the volume of transactions, viability of BC business in the region gets impacted due to sparse population and difficult terrain leading to high level of inactivity and consequent negative impact on financial inclusion outcomes.

Accordingly, to improve the availability and consistency of last mile access in hilly and rural areas, the existing scheme of incentives, under Financial Inclusion Fund (FIF), to BCs operating in Tier V & Tier VI centres in NE States and other Hilly States/UTs (Himachal Pradesh, Jammu & Kashmir, Ladakh & Uttarakhand) may be extended in a calibrated manner to all Fixed-Point BCs<sup>19</sup> operating in Tier VI centres.

## **3. Strengthening the Remuneration Structure of BCs.**

To ensure quality and consistency in delivery of financial services at the last mile, fair and reasonable remuneration structure for BC agents is a must. Notwithstanding the regulatory prescriptions, and in view of the prevailing varied practices, a fair remuneration

<sup>15</sup> Working for a minimum of 4 hours per day for at least five days a week.

<sup>16</sup> Revenue Centre is defined as the revenue unit (and not just the locality) classified and delineated by the respective State Government, i.e., a revenue village/ city/ town/ municipality/ municipal corporation, etc., as the case may be. Based on the size of the population, a revenue centre is classified into rural, semi-urban, urban, or metropolitan as under:

- i. Rural: population less than 10,000.
- ii. Semi-Urban: 10,000 and above and less than 1 lakh.
- iii. Urban: 1 lakh and above and less than 10 lakhs.
- iv. Metropolitan: 10 lakhs and above.

Source: Guidelines for Identifying Census Centres -

[https://www.rbi.org.in/scripts/bs\\_viewcontent.aspx?Id=2035#:~:text=Census%202011%20in%20proforma%20I,which%20the%20branch%20is%20situated](https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=2035#:~:text=Census%202011%20in%20proforma%20I,which%20the%20branch%20is%20situated)

<sup>17</sup> The number of bank branches per thousand square km, on an all-India basis, is 51, but the same is only 18 for rural areas. For hilly regions, there are 30 bank branches per thousand square km area. [Source – DBIE (Mar 24) /Census 2011 Data]

<sup>18</sup> As on March 2024

<sup>19</sup> Working for a minimum of 4 hours per day for at least five days a week.

structure of BC agents relating to banking products and services may be worked out under the aegis of Indian Banks Association (IBA).

#### **4. Expanding the scope of services and improve the sustenance of BC operations.**

(a) To augment the scope of services offered by FBCs<sup>20</sup> and to improve their sustenance in terms of earning potential, financial services providers should consider offering additional/ value-added services through well-functioning BCs, based on an objective and transparent performance criterion, while meeting regulatory norms.

(b) The network of well-functioning FBCs may be leveraged for offering additional basic financial services, namely, basic mutual fund, pension and insurance products and related services, subject to meeting requisite criteria and regulatory norms.

#### **5. Strengthening of BC Registry**

The existing BC registry portal being maintained by IBA provides a dynamic and comprehensive dataset to monitor the operations of BCs with a view to ensuring quality and last mile reach. IBA should further strengthen and develop additional capabilities in the registry portal to improve periodic updation of the data, location mapping, de-duplication, certification status, etc. This would enhance the functionalities and effectiveness of the portal.

#### **6. Expanding Digital Financial Services**

##### **(a) Reaching one billion users in digital payments**

UPI recorded nearly 16.7 billion transactions during the month of December 2024<sup>21</sup>. There were 424 million unique UPI users in June 2024<sup>22</sup>. In this backdrop, it is desirable that the coverage of digital payments, led by UPI, is expanded to cover most of the population. Therefore, the goal of reaching one billion users in digital payments ecosystem by December 2029 may guide further efforts in expanding the reach of such payment modes.

##### **(b) Expanding and Deepening Digital Payment Ecosystem (EDDPE)**

Expanding and Deepening of Digital Payments Ecosystem (EDDPE) programme, which aims at providing every eligible individual in identified districts at least one mode of digital payments namely, debit/rupay cards, net banking, mobile banking, UPI, USSD, AEPS etc., is underway. Considering the ongoing work, EDDPE should aim to achieve – (i) 100% coverage in 80% of districts by March 2026, and (ii) 100% coverage in all identified districts by March 2027.

##### **(c) Programmable CBDC to Facilitate Targeted Credit Flow and Expand Access**

Programmability feature in Central Bank Digital Currency (CBDC) could help in tying up the end use. For example, agriculture credit by banks using CBDC can be programmed to ensure its use only at input store outlets. Similarly, for MSMEs etc., programmability may take care of the issue of diversion of funds and ensure optimum utilisation. This may help in ensuring the end-use which banks have to continuously grapple with across the globe.

<sup>20</sup> Ibid

<sup>21</sup> Payment System Indicators – Dec 2024, <https://www.rbi.org.in/Scripts/PSIUserView.aspx?Id=43>

<sup>22</sup> Report on Currency and Finance 2023-24 (page 9) - Data as of June 2024



Accordingly, programmable CBDC may be leveraged to facilitate credit flow to underserved segments like tenant farmers, micro enterprises, etc., by conducting pilots of programmable CBDC across various borrower segments. Offline functionality in use cases may also be explored to make CBDC accessible to individuals in areas with limited or no connectivity.

#### **(d) Unified Lending Interface (ULI)**

With rapid progress in digitalisation, India has embraced Digital Public Infrastructure (DPI) which has enabled convenience, transparency, and enhanced efficiency for all citizens across digital identity, payments, and other financial and non-financial services. While diverse sources of financial and non-financial data required by lenders for digital credit delivery may exist, it often lies in silos across different entities, which lenders, as part of their credit underwriting, need to individually connect with all these data sources, making it highly cumbersome and costly.

Unified Lending Interface (ULI), as a DPI, has been conceptualised to enable delivery of frictionless credit by facilitating seamless flow of required digital information to lenders through conduct of pilots on various loan journeys, while onboarding of more and more lenders and data service providers. ULI may be rolled out in a phased manner.

#### **(e) Onboarding of all banks and insurance companies to Jansuraksha Portal and improving coverage of Atal Pension Yojana (APY).**

Jansuraksha portal provides access to Social Security Insurance Schemes introduced by the

Government of India. It is an end-to-end portal for enrolments and claims under Pradhan Mantri Suraksha Bima Yojana (PMSBY), and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY).

Accordingly, all banks and insurance companies should be onboarded to the Jansuraksha portal to provide a seamless digital journey for the subscribers for enrolments, issuance of policy certificates and claims processing. Improved efficiency and transparency of transactions through the portal would augment trust in the schemes and help increasing the coverage level in a systematic manner. Further, sectoral regulator and FSPs should make concerted efforts to improve the coverage of APY by strengthening its distribution network and creating awareness.

#### **(f) Simpler Digital Interface and Use of AI**

Complex and confusing digital interfaces coupled with language barriers may deter fair customer choices and impede the uptake of usage. Accordingly, financial service providers should improve and simplify interfaces of digital channels to facilitate ease of use and address the language barrier by supporting digital transaction interfaces in vernacular languages.

For this, awareness of the AI powered language translation platform like Bhashini may be developed among users and financial service providers for its integration into financial services.

#### **7. Micro Enterprises to receive focussed attention**

New-to-credit micro enterprises, especially those onboarded through Udyam Assist Platform, should be supported by financial

services providers to mitigate their difficulties in access to credit due to insufficient financial records/history by adopting innovative solutions such as digital credit platforms, simplified application processes, automated business plan generation, alternative data for credit assessments and tailored repayment schedules.

## 8. Role of Self-Regulatory Organisations

Self-Regulatory Organisation (SRO) in the fintech sector (SRO-FT), microfinance sector and other domains may endeavour to promote the extension of responsible, suitable, and affordable financial products/services and adoption of financial inclusion policies by their member entities, by incorporating suitable provisions in the code of conduct for members.

### II. Adopting Gender-Sensitive Approach for Women-led Financial Inclusion and Differentiated Strategies for Improving Financial Resilience of Households, especially the Underserved and Vulnerable Segments.

Over the past several years, the Government and financial service providers in India have made significant strides in creating opportunities to increase women's financial inclusion. Adoption of gender sensitive approach is needed to augment and promote women agency in the FI ecosystem to take advantage of women-led financial inclusion and extension initiatives.

One of the demand side impediments to the usage of financial services stem from the fact that people from different geographic/

demographic/economic strata have varying needs and sensitivities regarding usage of financial services, and hence, to be effective, financial inclusion policies must facilitate a differentiated approach towards suitable customization and delivery of financial products and services in accordance with the needs and preferences of the end-users.

#### Recommendation:

Adoption of a gender sensitive approach is recommended to strengthen women led financial inclusion and extension initiatives for the improved outcomes, besides following a differentiated approach towards delivery of financial services for underserved and vulnerable segments.

#### Action Points:

##### 1. Increasing the share of women business correspondents

Going beyond greater participation of women in the financial services as users of financial services, there is a need to promote and encourage women as facilitators of financial services by increasing their numbers as business correspondent agents.

The goal would be to ensure at least 30% share of women BCs in the medium term from the current level of around 15%<sup>23</sup>. SLBCs/ UTLBCs should put in place a voluntary action plan adopted by member banks to deploy women as business correspondents in a phased manner to achieve the milestone by December 2028.

<sup>23</sup> As on April 22, 2025 – IBA BC registry Portal



## 2. Identification of Vulnerable / Underserved Segments for focused services

With a view to providing suitable and timely financial services to the underserved and vulnerable segments, there is a need to develop suitable markers/matrix to be followed by financial services providers in dealing with such customers. Accordingly, financial sector regulators may develop an identification matrix both based on a combination of categorical and circumstantial factors<sup>24</sup>.

## 3. Differentiated products and delivery channel for vulnerable segments

(a) Going beyond the approach of offering low-cost universal financial products and services to promote financial inclusion, there is a need to focus on product suitability and personal suitability, especially for underserved and vulnerable segments. Accordingly, financial services providers should develop suitable basket of products (such as, basic MF products, calamity insurance, etc.) to meet the requirements of such segments. Financial sector regulators may appropriately mandate the development of such products.

(b) To strengthen financial security and financial resilience of people, suitable bundled products may be developed in the investment, pension, and insurance domains (e.g., a single insurance product offering life, health, accident, and property cover).

(c) To strengthen financial resilience of people, suitable and fair credit products with easier documentation process and quick disbursements

should be launched especially for small ticket loans to prevent people from having to access informal sources of finance/ unauthorized digital lenders, etc. for small and urgent credit requirements.

(d) To further strengthen the institutional means for provision of fair and easy emergency credit, an overdraft facility<sup>25</sup> charged at a reasonable interest rate may be made a default product feature in all Aadhar-seeded BSBD Accounts (to avoid duplication) after regular operation of the account for at least six months.

### III. Synergizing Livelihood, Skill Development and Support Ecosystem and its linkages with Financial Inclusion.

One of the significant demand-side attributes of effective financial inclusion is sustenance, regularity, and sufficiency of income to smoothly meet basic subsistence needs and the ability to make some savings. The sustenance and basic sufficiency of income are core elements of financial safety. This, in turn, depends upon meaningful employment, entrepreneurial pursuits, market linkages, etc. for which livelihood and skilling opportunities are of utmost importance.

Sustenance and deepening of the skilling for livelihood ecosystem requires backward and forward linkages in the financial inclusion ecosystem, and integrated efforts to improve the outcomes. The nature of the tasks in financial inclusion initiatives is such that there is a need for interconnectedness and synergy amongst various stakeholders for the

<sup>24</sup> Illustratively, categorical factors, such as people of certain age groups (young adults, and super senior citizens), people with low education, differently-abled people, occupational migrants, etc., and circumstantial factors, such as, loss of life, livelihood, and assets due to natural/physical disasters, people facing a situation of over-indebtedness, etc. could be selected for development of common principles/parameters to be followed by all financial services providers for the ease of their onboarding, transactions and sustenance of delivery of financial services to such segments.

<sup>25</sup> For instance, an overdraft (OD) facility up to Rs. 10,000 is available to PMJDY account holders. (<https://www.pmjdy.gov.in/scheme>)

sustenance of employment, market linkages, suitable funding, awareness, and handholding.

### **Recommendation:**

Leveraging Skill India Digital Hub and local community organizations is recommended for augmenting synergy and convergence in the skilling and livelihood ecosystem to plug gaps in credit/market linkages and mitigate demographic/geographic inequalities to improve employability, and entrepreneurial opportunities to facilitate better income earning capabilities, in turn leading to effective access and usage of financial services.

### **Action Points:**

#### **1. Content Development and Delivery for Skill Training**

(a) NSDC, with its mandate of catalysing the skilling ecosystem for last mile participation and as the strategic implementation and knowledge partner to Skill India Mission, may act as the nodal agency for developing content and arranging skill training across the skilling and livelihood ecosystem. New content development and/or updation of existing content on financial literacy included in the skill development programme may be undertaken in consultation with NCFE.

(b) NSDC may steer the adoption of National Skills Qualifications Framework (NSQF) by all skill training institutions to enable individuals to acquire desired competency levels, to enhance employability potential. Skill training curriculum should be made available in all scheduled languages on the Skill India Digital Hub and be readily accessible to all.

(c) NSDC may lead the efforts to synergize

the resources of all skill training entities (RSETIs, JSS, PMKVY, NISEBUD, Skill India Centers, ITIs, Skill and Vocational Colleges, etc.) through onboarding and data sharing on the Skill India Digital Hub. A gender-sensitive approach may be adopted by all the skilling and livelihood institutions to help in achieving the national target under SDG-2030 (SDG-5).

#### **2. Data Sharing and Reporting**

NSDC may leverage Skill India Digital Hub to collate and publish periodic reports on numbers and types of skill training conducted by various skilling/training entities and their settlement. Skilling and settlement initiatives under other Government programmes such as NRLM and NULM, including financial literacy focused training for SHG members, may be integrated into the database in due course, to have complete pan-India data on the skilling and livelihood ecosystem.

#### **3. Funding and Financial Support to Skill Trained Individuals**

(a) Information on skill loan schemes of NSDC, Government of India and State Governments may be made available widely, including by participating financial sector entities, to encourage individuals to enroll for suitable skill training with financial support.

(b) Potential Linked Plan (PLP) of each district under respective State/UTs should have a suitable allocation for the individuals trained by recognised skill training institutions (R-SETIs, PMKVY, JSS etc.) to enable credit support to such individuals by banks. Trained candidates must be provided with the necessary support through handholding arrangements in approaching financial institutions for credit facilities.

#### 4. Leveraging Local Community Organizations

To involve local communities for social intermediation by way of a structured mechanism to synergise the efforts made by various stakeholders through a trusted-assisted middle layer of social infrastructure in form of Community Resource Entities (CREs). CREs refer to locally rooted community organizations, such as cooperatives, trusts/societies, and NGOs, that would provide social intermediation within skilling for livelihood ecosystem.

The purpose of CREs is to create synergy in the financial inclusion ecosystem by offering community-oriented intermediation and localized support for facilitating access to skilling/livelihood, market linkages, and bank credit. It would create a trusted-assisted middle layer in form of a social infrastructure to undertake the following functions.

- a. Assessment of training gap - CREs will collect data of unemployed, underemployed, school dropouts and other in need for skill training via survey or through participatory identification process.
- b. Liaison with skill training entities – CREs should have appropriate linkages with relevant skill training agencies, potential employers, and banks.
- c. CREs should map training needs of the locality with respective skill development institutions.
- d. Handholding of trained individuals after completion of training and providing support

for employment/entrepreneurship and funding.

CREs being locally rooted will have the capacity to mobilize individuals and gain the trust of the local communities. By engaging with the community, CREs would act as a bridge between the skilling centers, banks, and livelihood providers/ employers on one end, and aspirants on the other end, thereby providing a broader spectrum of forward and backward linkages while reducing information asymmetry in the FI ecosystem.

A small-scale pilot on operationalizing CREs may be undertaken to assess workability of the concept. Further action on implementation may be decided based on findings and evaluation of the pilot phase.

#### IV. Leveraging Financial Education as a Tool for Promoting Financial Discipline.

Financial Discipline as an integral element of wellbeing of people is manifested in their financial behaviour, namely, knowledge and awareness, decision-making, choices and outlook, dependence, influence, etc. To some extent, financial discipline depends on the innate cognitive characteristics of individuals, however, to a large extent financial discipline could be a learned behaviour with identifiable markers, namely, a) financial knowledge, b) sustainable indebtedness, c) realistic goal setting, d) financial planning, and e) diversification of savings/investments. Accordingly, financial education could be leveraged to work on the above markers.

**Recommendation:**

Considering financial discipline essentially as a learned behaviour, financial education/literacy mechanisms may be leveraged to go beyond the creation of awareness in general and aim at improving financial discipline amongst households. Accordingly, the financial education/literacy initiatives should have an additional targeted focus on the following three dimensions.

- a) Providing context and process-oriented financial knowledge<sup>26</sup> with suitably differentiated content and differentiated delivery models, beyond broad conceptual awareness, for effectuating enhanced and safe usage of financial services.
- b) Promoting sustainable indebtedness and guarding against over-indebtedness with a focus on highlighting risks of repaying loans through fresh borrowings, and repayment obligations exceeding half<sup>27</sup> of the income.
- c) Encouraging and emphasizing the importance of realistic financial goal setting and financial planning for the wellbeing of the households, besides the need for diversification of savings/investments.

**Action Points:****1. Sustaining and deepening financial literacy initiatives.**

To sustain efforts of financial literacy through constant policy review of dissemination channels such as Centres of Financial Literacy (CFL) and Financial Literacy Centres (FLCs)

along with supplementing efforts in capacity building, content updation, etc.

**2. Targeted Financial Literacy Initiatives**

(a) Differentiated content and focused delivery channels could make the dissemination of financial literacy more meaningful by involving entities connected with the target segments with functional linkages and could further boost the quality and effectiveness of financial literacy extension initiatives. Accordingly, National Centre for Financial Education (NCFE) may conceptualise and execute an appropriate delivery model for targeted FL content to cater to the needs of students, elderly, migrants, differently abled, and other similar groups on a sustained basis.

(b) In addition to existing CFL mechanism, financial literacy units may be established at select schools, colleges, farmer-producer organizations (FPOs), community organisations, etc., to disseminate contextualised and focused FL content.

**3. Improving Digital Literacy**

Expansion in digital footprints of financial services requires upgrading the digital skills of the people, as lack of experience and comfort with digital devices and applications could make people vulnerable to frauds and hamper the progress of digital financial inclusion. Accordingly, NCFE and financial service providers may run focussed and innovative campaigns to augment digital literacy to enable people to identify attempts to defraud, while allaying the concerns of people relating to safety and security of digital transactions.

<sup>26</sup> The awareness refers to a broad conceptual understanding, while knowledge is context and process specific and hands-on ability that can be put to use.

<sup>27</sup> Para 5.2 (*Limit on Loan Repayment Obligations of a Household*) - Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022.

#### 4. Development and dissemination of content on areas of emerging relevance

NCFE may develop suitable content on the following aspects for dissemination through Centers for Financial Literacy (CFLs), Financial Literacy Centers (FLCs), and other channels –

- (a) Promoting sustainable indebtedness and guarding against over-indebtedness in households.
- (b) Developing understanding about realistic financial goal setting, need for financial planning, and diversification of savings/ investments.

#### 5. Periodic Assessment of the state of financial literacy.

- (a) NCFE may conduct periodic surveys (including limited surveys covering specified segments) to assess the state of financial literacy and financial inclusion.
- (b) Based on the gaps assessed through the survey findings, NCFE may conceptualise and execute awareness initiatives for specific regions/ groups.

#### 6. Developing AI & ML-based public query systems on common banking and finance-related aspects.

Considering the need for access to quick, correct, and authenticated information relating to financial services/products to protect customers from falling prey to grapevine, it is recommended that financial service providers should -

- (a) make available a duly authenticated public query systems for clarifying doubts and seeking information through their websites

and social media extensions.

- (b) conduct suitably positioned social media campaigns for effective dissemination of engaging content on consumer protection and grievance redressal measures.

#### V. Strengthening the Quality and Reliability of Customer Protection and Grievance Redressal Measures.

Consumer protection forms one of the core elements of the quality of financial inclusion, which instills trust and confidence amongst users of financial services. Robust consumer protection measures are needed so that users of financial services have adequate safeguards towards protection of their rights and interests. Hence, specific measures are needed to strengthen the customer protection edifice.

##### Recommendation:

In order to cater to the various segments of populations in a cost-effective manner, banks have leveraged digital/fintech platforms to curate and deliver financial services/products. The extension of financial services has to be duly supported by easy, reliable, trusted, and effective customer protection and grievance redressal measures, as the effectiveness of customer protection remains at the core of the demand for financial services.

##### Action Points:

#### 1. Improving Grievance Redress Mechanism - Reducing High Customer Burden in Redress Mechanism

##### (a) Simpler Solutions

In order to strengthen the demand for formal



financial services and boost people's trust in the system, grievance redressal processes at FSP's end need to be made simpler so as to reduce the customer's time and resources. In addition to existing grievance redressal portals and helpline numbers, simpler solutions may be adopted whereby an aggrieved customer only needs to dial a missed call service number without the need to go through a long winded and queued process. Such a missed call may prompt a call back from the service provider from a designated number to register and record the grievance to be acknowledged and progress updated through SMS in a time-bound manner. Simple apps/solutions may also be developed, which support filing of complaints in regional languages for resolution by FSPs.

**(b) Effective use of Citizen Financial Cyber Frauds Reporting and Management System (CFCFRMS) to attend cyber fraud complaints.**

To deal with the rising menace of financial frauds, a common integrated platform in the form of Citizen Financial Cyber Frauds Reporting and Management System (CFCFRMS) has been created, where all concerned stakeholders, namely, law enforcement agencies, banks, financial service providers, etc. work in tandem to ensure that quick, and system-based effective action is taken to prevent flow of money siphoned off from innocent citizens to the fraudsters. CFCFRMS receives complaints through helpline number 1930 or on National Cybercrime Reporting Portal (NCRP).

Banks should put in place a designated mechanism available in near real time for

withholding/blocking the flow of funds against which a complaint ticket is raised in CFCFRMS.

**(c) Board approved Customer Grievance Redress Policy**

Financial sector regulators may ensure that all FSPs have a well-documented Board approved Customer Grievance Redress Policy, widely publicised and prominently displayed on their respective websites and a direct link to lodge a complaint may be provided at all customer interface points/media. Such information may also be made available in vernacular languages, and timeline and quality of resolution may be monitored by top management of the respective FSPs.

**2. Strengthening Customer Protection Measures**

**(a) Digital Payments Intelligence Platform to Mitigate Payment Frauds**

Sustaining confidence in digital services requires minimizing incidence of frauds. Since, many frauds occur by influencing unsuspecting victims to make the payment or share credentials, besides measures on an ongoing basis to protect customers from such frauds, there is a need for network-level intelligence and real-time data sharing across payment systems. Accordingly, advanced technologies may be harnessed to mitigate payment fraud risks through a special platform designed for the purpose, which may be operationalized by December 2026.

**(b) Protection against dark patterns**

With a view to protecting customers against dark patterns, which manipulate or impede customers' choices and autonomy to their detriment, regulators may issue guidelines



requiring financial service providers not to resort to dark patterns in their conduct and operations.

### (c) **Guardrails against Tech Innovations**

Technological innovations while facilitating access and usage of financial services also bring to fore unintended customer protection issues such as data breaches, manipulations, frauds, and unfair practices, etc., requiring suitable guardrails.

Regulators may leverage supervisory processes to bolster customer protection to ensure fair treatment of customers in the financial sector by adopting focussed supervisory methods, in tandem with the evolving financial landscape, as well as strict supervisory action in cases of non-adherence to regulatory framework for customer protection.

### (d) **Use of pre-intimated official phone numbers by banks**

One of the common modes used by fraudsters is to impersonate bank employees by phone calls/e-mails/SMSes targeting unsuspecting customers. Inability of customers to distinguish between a genuine phone call/SMS from bank and that from a fraudster impersonating

a bank staff poses a serious risk to customer protection.

Therefore, mechanism should be put in place requiring financial service providers to designate specific phone numbers/ email IDs from which customers/potential customers to be contacted. Such details should be prominently displayed in all their commercial channels as well as notified to customers. Use of any other phone/mobile numbers/e-mail should be prohibited.

### (e) **Conduct of regular customer awareness campaigns**

Financial sector regulators may prescribe conduct of regular awareness campaigns for customers on suitable themes by financial services providers.

The recommendations and action points for addressing various impediments and challenges and achieving strategic objectives under *Panch Jyoti* offer a holistic and synergistic approach towards financial inclusion. Table IV.1 provides a snapshot of challenges/ impediments, recommendations/ action points aimed at addressing them and also identifies the stakeholders responsible for implementation.

**Table IV.1: Challenges/ Impediments to FI, Strategic Objectives/ Action Points, and Implementing Stakeholders**

Identified Challenges/ Impediments to Financial Inclusion  (Ref: Chapter-II)	Addressing Challenges/Impediments Through Strategic Objectives (Panch Jyoti) (Ref: Chapter- IV)		Dimensions of FI	Implementing Stakeholders (*Including FSPs under their respective jurisdictions)						
	Strategic Objectives (Panch Jyoti)	Action Points		*RBI	*IRDAI	*PFRDA	*SEBI	NABARD	NSDC	NCFE
Deficiencies in quality and consistency of the access to financial services and need for availability of full range of basic financial services.	Improving the availability and use of Equitable, Responsible, Suitable, and Affordable Bouquet of Financial Services to achieve Financial Safety and Financial Security for households and micro enterprises. (13 Action Points)	Improving equity, reach, consistency, and quality of last mile access.	Access	✓						
		Incentive mechanism for BC agents from hilly and rural areas.	Access	✓				✓		
Lack of timely and commensurate remuneration to BC agents.		Strengthening the Remuneration Structure of BCs.	Access	✓						
Difficulties in commercial viability of BC outlets due to low transaction volume in certain pockets.		Expanding the scope of services and improve the sustenance of BC operations.	Access	✓	✓	✓	✓			
Gaps in operations of BC agents and inadequate monitoring.		Strengthening of BC Registry.	Access	✓						
Need for further expansion and deepening of digital financial services.		Reaching one billion users in digital payments.	Usage	✓						
		Expanding and Deepening Digital Payment Ecosystem (EDDPE).	Usage	✓						
Need for targeted credit flow by leveraging digital channels.		Programmable CBDC to Facilitate Targeted Credit Flow and Expand Access.	Usage	✓						
		Unified Lending Interface (ULI) as a DPI.	Usage	✓						
Need for improving financial resilience at household level.		Onboarding of all banks and insurance companies to Jansuraksha Portal and increasing coverage of APY.	Usage	✓	✓	✓		✓		
Low usage of financial services due to complex interfaces and language barriers.		Simpler Digital Interfaces.	Usage	✓	✓	✓	✓			
Credit gaps for micro enterprises.		Micro Enterprises to receive focussed attention.	Usage	✓						
Encouraging adoption of code of conduct and best practices.		Promoting Responsible Innovation through Self-Regulatory Organisations.	Quality	✓	✓	✓	✓			

Insufficient representation of women as BC agents.	Adopting Gender-Sensitive Approach for Women-led Financial Inclusion and Differentiated Strategies for Improving Financial Resilience of Households, especially for the Underserved and Vulnerable segments. (6 Action Points)	Increasing the share of women business correspondents.	Access	✓							
Lack of focused and suitable services to vulnerable/underserved segments.		Identification of vulnerable and underserved Segments for focused services.	Usage	✓	✓	✓	✓				
		Differentiated suitable products and delivery channel for underserved and vulnerable segments.	Usage	✓	✓	✓	✓				
Ineffective financial resilience at the household level.		Development of suitable bundled products in investment, pension, and insurance domain.	Usage		✓	✓	✓				
		Suitable and fair credit products with easier documentation process and quick disbursals.	Usage	✓							
	Emergency Credit - Overdraft in BSBDA's.	Usage	✓								
Lack of regular and sustained income/ livelihood and inefficient linkages in the financial inclusion ecosystem, besides information asymmetry.	Synergizing Livelihood, Skill Development and Support Ecosystem and its linkages with Financial Inclusion. (7 Action Points)	Content Development and Delivery for Skill Training.	Usage						✓	✓	
		Adoption of NSQF by all skilling institutions and availability of course content in all languages.	Usage						✓		
		Synergize resources of all the skilling institutions with focus on gender sensitive approach.	Usage						✓		
		Data Sharing and Reporting on number and types of skill training conducted.	Usage						✓		
		Dissemination of Information on Skill Loan schemes of NSDC, GOI, and State Govt.	Usage	✓					✓		
Lack of sufficient credit linkage of skill trained individuals.		Funding and Financial Support to Skill Trained Individuals through Potential Linked Plan of each district.	Usage	✓				✓			
Lack of sufficient community participation to aid the institutional efforts in FI.		Leveraging Local Community Organizations.	Usage	✓				✓			
Information asymmetry, Linguistic and/or literacy barriers, and low level of financial and digital awareness.	Leveraging Financial Education as a tool for Promoting Financial Discipline. (10 Action Points)	Sustaining and deepening financial literacy initiatives.	Quality	✓	✓	✓	✓	✓		✓	
		Differentiated contents and focussed delivery channels.	Quality								✓
		Setting up of Targeted Financial Literacy Units.	Quality	✓				✓			

Information asymmetry, Linguistic and/or literacy barriers, and low level of financial and digital awareness.	Leveraging Financial Education as a tool for Promoting Financial Discipline.  (10 Action Points)	Improving Digital Literacy.	Quality								✓
		Development and dissemination of contents – Sustainable Indebtedness.	Quality								✓
Need for focus on emerging risks to financial resilience.		Development and dissemination of contents – Realistic goal setting, financial planning, etc.	Quality								✓
Need for assessment and focused financial literacy campaigns.		Periodic Assessment of the state of financial literacy.	Quality								✓
		Focused awareness initiatives for specific regions/ groups.	Quality								✓
Need for easy availability of authentic information and awareness campaigns for customer protection and grievance redressal measures.		Developing AI & ML-based public query systems on common banking and finance-related aspects.	Quality	✓	✓	✓	✓				
		Conduct of suitably positioned social media campaigns on consumer protection and grievance redressal measures.	Quality	✓	✓	✓	✓				
Need for simple and efficient grievance redress mechanism.	Strengthening the Quality and Reliability of Customer Protection and Grievance Redressal Measures.  (8 Action Points)	Simpler and Less Burdensome Solutions.	Quality	✓	✓	✓	✓				
		Use of pre-intimated official phone numbers by banks.	Quality	✓	✓	✓	✓				
Need for effective measures for mitigation and protection form cyber/ payment fraud.		Streamlining and Onboarding of banks on Citizen Financial Cyber Frauds Reporting and Management System.	Quality	✓							
		Board approved Customer Grievance Redress Policy.	Quality	✓	✓	✓	✓				
		Digital Payments Intelligence Platform.	Quality	✓							
Need for responsible behaviour by financial service providers.		Protection against dark patterns.	Quality	✓	✓	✓	✓				
Need for focused attention to customer protection while promoting tech innovations.		Guardrails against Tech Innovations.	Quality	✓	✓	✓	✓				
Need for creation of customer awareness		Conduct of regular customer awareness campaigns.	Quality	✓	✓	✓	✓				

Improving effectiveness of measurement and monitoring mechanism.	Monitoring and measurement mechanism for assessing progress in FI space. (3 Action Points)	Data collection and dissemination by financial sector regulators.		✓	✓	✓	✓			
		Development of broader and disaggregated FI-Index.		✓	✓	✓	✓			
		Conduct of studies/surveys.		✓	✓	✓	✓			

**Table IV.2 Stakeholder-Wise Distribution Matrix of the Action Points**

Sr	Chapters / Strategic Objectives	Number of action points	Number of action points for each stakeholder						
			RBI	IRDAI	PFRDA	SEBI	NABARD	NSDC	NCFE
1	IV.1	13	13	4	4	3	2	-	-
2	IV.2	6	5	3	3	3	-	-	-
3	IV.3	7	3	-	-	-	2	5	1
4	IV.4	10	4	3	3	3	2	-	7
5	IV.5	8	8	6	6	6	-	-	-
6	V	3	3	3	3	3	-	-	-
<b>Total</b>		<b>47</b>	<b>36 (77%)</b>	<b>19 (40%)</b>	<b>19 (40%)</b>	<b>18 (38%)</b>	<b>6 (13%)</b>	<b>5 (11%)</b>	<b>8 (17%)</b>

**Table IV.3 - FI-Dimensions Wise Distribution Matrix of the Action Points**

FI - Dimensions	Number of action points
Access	6 (13%)
Usage	19 (40%)
Quality	19 (40%)
Monitoring & Measurement	3 (7%)
<b>Total</b>	<b>47 (100%)</b>

## CHAPTER-V

# Monitoring and Measurement Mechanism

The NSFI envisions an ecosystem approach towards achieving universal financial inclusion. A set of milestones encompassing various areas where specific actions are required on the part of stakeholders are also laid down. Periodic evaluation and measurement are integral to the strategy as they provide the evidence needed to gauge the impact of the measures taken under its ambit. For this, it is necessary to identify suitable indicators so that the progress in the intended direction can be assessed, and impact of policy formulations and focus areas can be identified, as the adage goes - *'If you can measure it, you can improve it.'*

2. Indicators related to financial inclusion are typically classified under 'Access', 'Usage' and 'Quality' with associated disaggregation to allow for detailed evaluation based on geography and demography (gender, age, income, etc.). While supply side assessment can be facilitated through regulatory returns and other such readily available data points, the demand side assessment necessitates conduct of studies/surveys to gain insights into the quality of financial inclusion at the ground level and identify enablers for advancing financial inclusion.

3. As such, it is recommended that the state of financial inclusion be measured and monitored to cover both the supply side of financial inclusion (type of financial products and services, and delivery channels) and the

demand side of financial inclusion (factors that affect the usage of financial services).

### Supply Side Measurement:

4. While there would always be a need for the traditional data sets related to banking outlets, ATMs, basic savings bank deposit accounts, credit, digital payments, investments in mutual funds, insurance, and pension products, awareness initiatives, etc., to have more detailed and granular assessment, the disaggregated data based on geography, gender, age, etc. are also vital. In addition, to evaluate the quality of inclusion and understand the barriers to financial access, data on new-to-credit entrants, cost of accessing financial services at the last mile, inoperative accounts, inactive business correspondents, etc., assume significance.

5. Based on the above, the following approach may be adopted towards data collection and dissemination by all financial sector regulators, going forward.

a) Data collection efforts may ensure coverage of formal financial institutions in the financial inclusion ecosystem, in totality.

b) Data should be captured at the district level with gender and age disaggregation so as to facilitate assessment of geographical, gender, and age-related dimensions in access and usage of financial products and services and gain cross-sectional insights. An indicative list of datapoints pertaining to the banking sector is placed in the appendix to this chapter. The



same may be made available in public domain.

c) Customer data captured by financial services providers should include broad categories such as income level, education, occupation, purpose, etc. to enable analysis and better positioning of policy measures.

d) Widely acceptable and harmonized data definition should be developed for select terminologies, namely, Vulnerable Consumers, Migrants, etc., which can be used across the financial sector for suitable interventions.

e) The current FI-Index reflects the advances made in the financial inclusion space at the country level. With a view to assessing the extent of financial inclusion at the regional level, there is a need for developing disaggregated FI Index, preferably at State/UT level. To begin with, during the period of NSFI:2025-30, a new series of FI-Index with broader coverage and State/UT level disaggregation may be constructed and published.

### **Demand Side Measurement - Conduct of Studies/Surveys**

6. In conjunction with supply side data collection, to gather details about the barriers to access and usage of financial services, and quality of inclusion, especially at the last mile, demand side measurement is necessary. This can be done through demand side surveys/ focus group studies, which can

reveal the drivers of financial inclusion and help identifying impellers in the form of socio-economic factors, suitability of products and services, debt vulnerabilities at household level, level of financial literacy and capability, state of grievance redress, etc.

7. Arguably, focusing on the end user's perspective, the demand side measurement has the potential to throw light on aspects such as alignment of need and demand, bottlenecks in delivery of financial services at the last mile, regional inadequacies, evolving preferences, etc.

8. It is recommended that a mechanism of conducting regular studies/ surveys to assess the state of financial inclusion to be put in place by financial sector regulators.

### **Way Forward**

9. Financial inclusion policies duly integrated with financial education, customer protection, skill development, livelihood support, entrepreneurship, and market linkages, with a multi-stakeholder approach, can be enablers of desired outcomes reflected in an improved state of financial safety, financial security, financial resilience, and financial discipline, in turn contributing towards wellbeing of people. Hence, adoption of a holistic and synergistic approach to financial inclusion is the way forward.

**Appendix: District wise data points pertaining to the banking sector:**

Sr No	Indicators/Data Points	Disaggregation
<b>Access</b>		
1	Number of Banking Outlets manned by bank's own staff	Population Group Wise
2	Number of Banking outlets manned by BC [Fixed Point BC Outlet [FBC]]	Population Group Wise
3	Number of Digital Banking Units (DBUs)	Population Group Wise
4	Number of BC Outlets other than FBCs	Population Group Wise
5	Number of ATMs	Population Group Wise
6	Number of Inactive FBC	Population Group Wise
7	Number of Inactive BC Outlets other than FBC	Population Group Wise
<b>Usage – Savings</b>		
8	Number of Savings Accounts	Gender, Age and Population Group Wise
9	Balance Outstanding in Savings Accounts	Gender, Age and Population Group Wise
10	Number of BSBD Accounts	Gender, Age and Population Group Wise
11	Balance Outstanding in BSBD Accounts	Gender, Age and Population Group Wise
12	Out of BSBD Accounts, Number of PMJDY accounts	Gender, Age and Population Group Wise
13	Out of BSBD Accounts, balance outstanding in PMJDY accounts	Gender, Age and Population Group Wise
14	Out of BSBD Accounts, Number of BSBD Small Accounts	Gender, Age and Population Group Wise
15	Out of BSBD Accounts, balance outstanding in BSBD- Small Accounts	Gender, Age and Population Group Wise
16	Number of dormant/ inoperative BSBD accounts	Gender, Age and Population Group Wise
17	Balance outstanding in dormant/ inoperative BSBD accounts	Gender, Age and Population Group Wise
18	Number of dormant/ inoperative PMJDY accounts	Gender, Age and Population Group Wise
19	Balance outstanding in dormant/ inoperative PMJDY accounts	Gender, Age and Population Group Wise
20	Number of BSBD Accounts availing Overdraft (OD) Facility	Gender, Age and Population Group Wise
21	Balance outstanding in BSBD Accounts availing OD Facility	Gender, Age and Population Group Wise
22	Number of PMJDY Accounts availing Overdraft (OD) Facility	Gender, Age and Population Group Wise

## Appendix: District wise data points pertaining to the banking sector:

Sr No	Indicators/Data Points	Disaggregation
23	Balance outstanding in PMJDY Accounts availing OD Facility	Gender, Age and Population Group Wise
24	Number of BSBD Accounts in which Value-Added Services (Cheque Book, Mobile Banking, SMS, Internet Banking etc.) are provided	Gender, Age and Population Group Wise
Usage - Entrepreneurial Credit		
25	Number of loan accounts to Micro Enterprises	Gender and Population Group Wise
26	Amount outstanding in the loan to Micro Enterprises	Gender and Population Group Wise
27	Loans to Micro Enterprises - Disbursement during the Quarter	Gender and Population Group Wise
28	Number of loan accounts to Individual [Entrepreneurs not classified as MSME]	Gender and Population Group Wise
29	Amount outstanding in the loan accounts to Individual [Entrepreneurs not classified as MSME]	Gender and Population Group Wise
30	Loans to Individual [Entrepreneurs not classified as MSME] - Disbursement during the Quarter	Gender and Population Group Wise
Usage - Farm Credit		
31	Number of loans accounts to SF/MF	Gender, Age and Population Group Wise
32	Amount outstanding in loan to SF/MF	Gender, Age and Population Group Wise
33	Loans to SF/MF - Disbursement during the Quarter	Gender, Age and Population Group Wise
34	Number of KCC accounts	Gender, Age and Population Group Wise
35	Amount outstanding in KCC accounts	Gender, Age and Population Group Wise
36	KCC Loans - Disbursement during the Quarter	Gender, Age and Population Group Wise
Usage - New to Credit		
37	Number of New to Credit Accounts [Individual]	Gender, Age and Population Group Wise
38	Sanctioned amount of loan to New to Credit Accounts [individual]	Gender, Age and Population Group Wise
39	Number of New to Credit Accounts-Micro Enterprises [MSME]	Gender, and Population Group Wise
40	Sanctioned amount of loan to New to Credit Accounts - Micro Enterprises [MSME]	Gender, and Population Group Wise
41	Number of New to Credit Accounts-Small Enterprises [MSME]	Gender, and Population Group Wise
42	Sanctioned amount of loan to New to Credit Accounts - Small Enterprises [MSME]	Gender, and Population Group Wise
43	Number of New to Credit Accounts- [MSME]	Gender, and Population Group Wise

**Appendix: District wise data points pertaining to the banking sector:**

Sr No	Indicators/Data Points	Disaggregation
44	Sanctioned amount of loan to New to Credit Accounts - [MSME]	Gender, and Population Group Wise
Usage - Micro Credit		
45	Number of Savings Bank Account of SHGs	Population Group Wise
46	Amount outstanding in Savings Bank Account of SHGs	Population Group Wise
47	Number of credit-linked SHGs with outstanding credit	Population Group Wise
48	Amount outstanding in credit linked SHG accounts	Population Group Wise
49	Loans to SHGs - Disbursement during the Quarter	Population Group Wise
50	Number of loan accounts to JLG	Population Group Wise
51	Amount outstanding to JLG	Population Group Wise
52	Loans to JLGs - Disbursement during the Quarter	Population Group Wise
Indicators on Business Correspondents/ Last mile delivery		
53	Number of BC Agents	Gender and Population Group Wise
54	Out of total Number of BCs, BCs providing at least cash in, cash out, remittance and opening of savings account facilities (population group wise)	Gender and Population Group Wise
55	Commission Paid to BC Agents	Amount [ Nil, Less than 10K; 10k to 20k and 20K & Above], Gender and Population Group Wise
Indicators on Doorstep Banking Services		
56	Number of Senior Citizen A/C holders	Gender, Age and Population Group Wise
57	Number of Senior Citizen A/C holders provided Doorstep Banking Services	Gender, Age and Population Group Wise
58	Number of Differently abled A/C holders	Gender, Age and Population Group Wise
59	Number of Differently abled A/C holders provided Doorstep Banking Services	Gender, Age and Population Group Wise
Indicators on transactions through Business Correspondent/ Last mile delivery		
60	Remittances through ICT-BC transactions (Number)	Gender and Population Group Wise
61	Remittances through ICT-BC transactions (Amt.)	Gender and Population Group Wise
62	Deposits through ICT-BC transactions (Number)	Gender and Population Group Wise
63	Deposits through ICT-BC transactions (Amt.)	Gender and Population Group Wise
64	Withdrawals through ICT-BC transactions (Number)	Gender and Population Group Wise
65	Withdrawals through ICT-BC transactions (Amt.)	Gender and Population Group Wise
66	Non-Financial Transactions (Number)	Gender and Population Group Wise

**Appendix: District wise data points pertaining to the banking sector:**

Sr No	Indicators/Data Points	Disaggregation
67	Other FI products - Micro-Insurance, Pension, etc. through BCs (Number)	Gender and Population Group Wise
68	Charges recovered from customers for transactions undertaken through BC	Gender and Population Group Wise
Usage of Digital Access Methods		
69	Number of accounts that used RTGS/NEFT/IMPS/UPI/Other Digital methods during the reporting quarter	Gender, Age and Population Group Wise

## ANNEX I – NSFI: 2019-24 MILESTONES AND ACHIEVEMENTS

### NSFI (2019-24) - STRATEGIC PILLARS, MILESTONES AND ACHIEVEMENTS

#### Strategic Pillar – I: Universal Access to Financial Services

Every village to have access to a formal financial service provider within a reasonable distance of 5 KM radius. The customers may be onboarded through an easy and hassle-free digital process and processes should be geared towards a less-paper ecosystem.

#### Milestones –

- Increasing outreach of banking outlets of Scheduled Commercial Banks /Payments Banks/ Small Finance Banks, to provide banking access to every village within a 5 KM radius/ hamlet of 500 households in hilly areas by March 2020.
- Strengthen eco-system for various modes of digital financial services in all the Tier-II to Tier VI centres to create the necessary infrastructure to move towards a less cash society by March 2022.
- Leverage on the developments in fin-tech space to encourage financial service providers to adopt innovative approaches for strengthening outreach through virtual modes including mobile apps so that every adult has access to a financial service provider through a mobile device by March 2024.
- Move towards an increasingly digital and consent-based architecture for customer onboarding by March 2024.

#### Achievements –

1. As per the milestone, 1.21 lakh villages were identified for providing banking access within a radius of 5 Kms/hamlet of 500 households. In

this regard, more than 99.9 percent villages have been provided with some form of banking access.

2. In order to facilitate digital on-boarding of customers by leveraging the latest technology, RBI amended the Master Direction on KYC dated February 25, 2016 on January 9, 2020 to introduce Video based Customer Identification Process (V-CIP) for customer on-boarding. This is an alternative, consent-based customer on-boarding process with certain risk-mitigants and can be implemented using digital devices such as mobile phones etc. In addition, 'Digital KYC' and 'Equivalent e-Documents', as provided in the amendment dated August 19, 2020 to the PML Rules, have also been introduced in the Master Direction on KYC for digital on-boarding of the customers.

3. To further leverage V-CIP for customer due diligence (CDD), RBI vide changes in the MD on KYC dated May 10, 2021, has expanded the scope of Video based Customer Identification Procedure (V-CIP) to include all categories of customers including Authorised Signatories and Beneficial Owners of Legal Entities by leveraging Aadhaar number of the UIDAI and the KYC Identifier of the Centralised KYC Registry. Besides, periodical up-dation has also been enabled using V-CIP.

4. In a bid to provide fillip to innovative solutions Regulatory Sandbox mechanism has been institutionalised and five cohorts have been hosted till now, with availability of On-Tap application different products being tested in respective areas. Further, to facilitate innovation of financial products / service providers whose business models / activities / features fall within the remit of more than one financial sector regulator, a Standard Operating Procedure (SOP) for Inter-



operable Regulatory Sandbox (IoRS) has been put in place.

5. Unified Payments Interface (UPI): RBI has facilitated linking of credit cards with UPI which will enable even small merchants with QR codes to have a share of spends in credit. UPI Lite an on-device wallet put in place offers payment facility up to ₹ 1,000 without the requirement of UPI PIN, with wallet having a limit of ₹5,000. The payments from UPI Lite does not hit the issuer bank thus reducing the load on CBS and increasing the success rate of the transactions. As an extension of UPI Lite, UPI Lite X (offline payments) has been launched in September 2023. UPI payments (P2P and P2M) of up to ₹500- can be made without the requirement of mobile network

6. A framework for Facilitating Small Value Digital Payments in Offline Mode was initiated by DPSS, RBI in January 2022.

7. Conversational payments were launched in September 2023, enabling users to engage in a conversation with an Artificial Intelligence (AI) powered system to initiate and complete transactions in a safe and secure environment. This is expected to create a shift in payments and banking from the graphical user interface towards conversational user payments navigated by voice. Since payments are facilitated in Indian regional languages, this will increase payment accessibility to the population conversant with their mother tongue. This will also help in inclusion of senior citizens, *divyangjan* and new users to digital payments.

8. The Reserve Bank has set up the Reserve Bank Innovation Hub (RBIH) to promote innovation across the financial sector by leveraging on

technology and creating an environment which would facilitate and foster innovation.

9. With the objective of encouraging fintech adoption and innovation, IRDAI has notified Regulatory Sandbox under which over 300 proposals have been examined and appropriate approvals given. There were proposals related to deployment of fintech in onboarding, policy service and claim settlement to customers.

10. IRDAI has instructed all the stakeholders on the progressive implementation of digital based customer on-boarding, policy servicing and policyholder education. Most of the insurers have developed different innovative solutions like Customer Portals, Mobile Apps, WhatsApp, web-based tools, etc. to engage with the customers. About 60% of the insurers have launched mobile apps to provide access to insurance sales as well as services. IRDAI is following-up with the remaining for the same and are confident of reaching out to all adults to provide access through mobile device within the timelines.

11. Insurers have been allowed to design products which offer a range of policy terms, subject to a minimum policy term of one month, with respect to individual pure risk product, group term, group credit life and micro insurance products.

12. IRDAI has revised its regulations of rural and social sector obligations for insurers. The revised regulations mark a significant change in how insurance inclusion is measured. For General insurance, the focus has shifted from Gross Direct Premium to the number of policies issued at Gram Panchayat level, with an emphasis on covering motor vehicles, dwellings and shops. For Life and Health insurance, the number of lives covered under life insurance or health and

personal accident insurance in a gram panchayat are reckoned instead of number of policies issued.

13. The scope of social sector has been enhanced to cover cardholders (like BPL Cardholders, E-Shram cardholders, MNREGA cardholders, DBT beneficiaries, Jan Dhan Account holders etc.) and beneficiaries under various insurance scheme. To enable greater coverage of lives, the proportion of lives stipulated as social sector obligation has been raised from 0.5-5 per cent to 10 per cent of all lives covered for all Life, General and Standalone Health insurers. This shift widens the social sector insurance net significantly, bringing more lives under its protection.

14. To enable the policyholders/prospects to have wider choice and access to insurance through various distribution channels and facilitate the reach of insurance to the last mile, the maximum number of tie ups for Corporate Agents (CA) and Insurance Marketing Firms (IMF) have been increased. A CA can tie up with 9 insurers (earlier 3 insurers) and IMF can tie up with 6 insurers (earlier 2 insurers) in each line of business of life, general and health for distribution of their insurance products. The area of operation of IMF has also been expanded to cover entire state in which they are registered.

15. PFRDA has enabled Points of Presence (PoPs) to onboard subscribers under National Pension System (NPS) through double factor authentication and video KYC. Further, PFRDA had made major strides in digital consent-based architecture by using offline/online Aadhaar for not only onboarding but for servicing and exit.

16. Mobile applications have been developed

by PFRDA for service related to NPS, NPS-Lite, Swavalamban Scheme, and Atal Pension Yojana (APY).

17. In order to facilitate universal access to financial services and to leverage on the developments in fin-tech space, SEBI has taken various measures such as:

18. SEBI introduced Straight through Processing (STP) for automating the end-to-end processing of transactions of various financial instruments. The market participants like stockbrokers, etc. also started introducing mobile apps for facilitating trading mechanism for investors.

19. Investors were enabled to open their trading and demat accounts and mutual fund folios online using e-KYC and can use these accounts for trading purposes. Further, SEBI has also provided a facility of Basic Services Demat Account (BSDA) to retail investors, where no/ minimal annual maintenance charges are required to be paid by investors having a holding value up to ₹ 10 lakh.

20. In order to increase the accessibility of mutual funds to a wider population base, the minimum amount for investment in a scheme of mutual funds has been maintained at Rs.500/-. Further, SEBI had also introduced the concept of micro-SIP, where an individual can invest in mutual funds through SIP mode by making a minimal investment of Rs.100/- per month. As on March 2024, there were 17.78 crore mutual fund folios.

21. To facilitate the accessibility of the primary market to investors, the mechanism of IPO investing has been digitalised. Investors can bid In IPOs using their banking Account through

ASBA and UPI. Further, the offer documents are also made available on online platforms like websites of the company launching the IPO, stock exchange and SEBI, so that they are easily available for the investors' reference.

22. Online platforms are available in the securities markets so as to enable mutual fund investors/holders to register their KYC, invest/redeem units of mutual funds and carry out non-financial transactions like change in email ID/bank account/contact number etc. Further, in order to safeguard the interest of unitholders, SEBI has introduced Two Factor Authentication (2FA) for online transactions for purchase/redemption/nomination of mutual fund units.

23. 'Risk-o-meter' was introduced in mutual fund schemes which enables mutual fund unitholders to align risk that a fund carries with the risk profile of the investor.

### **Strategic Pillar – II: Providing Basic Bouquet of Financial Services**

Every adult who is willing and eligible needs to be provided with a basic bouquet of financial services that include a Basic Savings Bank Deposit Account, credit, a micro life and non-life insurance product, a pension product, and a suitable investment product.

#### **Milestones –**

- Every willing and eligible adult who has been enrolled under the PMJDY (including the young adults who have recently taken up employment) to be enrolled under an insurance scheme (PMJJBY, PMSBY, etc.), Pension scheme (NPS, APY, etc.) by March 2020.
- Capacity building of all BCs either directly by the parent entity or through accredited institutions

by March 2020.

- Make the Public Credit Registry (PCR) fully operational by March 2022 so that authorised financial entities can leverage on the same for assessing credit proposals from all citizens.

### **Achievements –**

1. Pradhan Mantri Jeevan Jyoti Bima Yojana [PMJJBY]: As of March 2024, 16 crore beneficiaries have been enrolled under PMJJBY.
2. Pradhan Mantri Suraksha Bima Yojana [PMSBY]: As of March 2024, 33.78 crore beneficiaries have been enrolled under PMSBY.
3. Atal Pension Yojana [APY]: As of March 2024, 5.55 crore subscribers were enrolled under APY.
4. The Government in its Union Budget 2023-24 has announced setting up a separate National Financial Information Registry (NFIR) to serve as the central repository of financial and ancillary information.
5. Train the Trainers Programme aimed at sensitising the Business Correspondents [BCs] through the rural branch managers was instrumental in capacity building of the BC agents. More than 51000 bank officials were trained, who in turn sensitised more than 27 lakh BCs. The programme led to handholding of BC agents by banks on a regular basis.

### **Strategic Pillar – III: Access to Livelihood and Skill Development**

The new entrant to the financial system, if eligible and willing to undergo any livelihood/skill development programme, may be given the relevant information about the ongoing Government livelihood programmes thus helping them to augment their skills and engage in meaningful economic activity and improve

income generation.

### **Milestones –**

- All the relevant details pertaining to the ongoing skill development and livelihood generation programmes through RSETIs, NRLM, NULM, PMKVY shall be made available to the new entrants at the time of account opening. The details of the account holders including unemployed youth, and women who are willing to undergo skill development and be a part of the livelihood programme may be shared to the concerned skill development centres/ livelihood mission and vice versa by March 2020.
- Keeping in view the importance of handholding for the newly financially included SHGs/ Micro entrepreneurs, a framework for a focused approach ensuring convergence of efforts from civil society/ banks/ NGOs to increase their awareness on financial literacy, managerial skills, credit, and market linkages needs to be developed by National Skill Development Mission by March 2022.

### **Achievements –**

1. Sensitisation of beneficiaries under various skill development and livelihood generation programmes are deliberated at SLBC/UTLBC.
2. During the FY 2023-24, more than 18.42 lakh beneficiaries have been sensitised through different skill development programmes, with approximately 49.02% (9.03 lakh) of the total beneficiaries sensitised being bank linked or credit linked. Nearly 90% of the total beneficiaries were women.
3. Further, banks were advised to institutionalise a mechanism to provide details of relevant skill development related information to 'new to bank'

customers by sourcing the relevant information/details from respective SLBC/UTLBC website. Most of the banks have confirmed action taken in this regard.

4. NABARD provides grant support for promotion, nurturing and credit linkage of SHGs with the banks. Further, NABARD is conducting livelihood interventions through Micro Enterprise Development Programme (MEDP) and Livelihood and Enterprise Development Programme (LEDP) targeted towards SHGs.

5. In the programmes implemented through NRLM, a dedicated field level architecture for financial literacy has been created.

6. SIDBI under its mandate, had been actively engaged in implementing several schemes and programmes directed at promotion and development of the MSME sector as a whole.

### **Strategic Pillar IV: Financial Literacy and Education**

Easy to understand financial literacy modules with specific target audience orientation (e.g. children, young adults, women, new workers/ entrepreneurs, family person, about to retire, retired etc. in the forms of Audio-Video/ booklets shall be made available for understanding the product and processes involved. It is also expected that these modules would help the new entrants.

### **Milestones –**

- Develop financial literacy modules through National Centre for Financial Education (NCFE) that cover financial services in the form of Audio-Video content/ booklets etc. These modules should be with specific target audience orientation (e.g. children, young adults, women,

new workers/ entrepreneurs, senior citizens etc.) by March 2021.

- Focus on process literacy along with concept literacy which empowers the customers to understand not only what the product is about, but also helps them how to use the product by using technology led Digital Kiosks, Mobile apps etc. through the strategy period (2019-2024).
- Expand the reach of Centres for Financial Literacy (CFL) at every block in the country by March 2024.

### **Achievements –**

1. National Centre for Financial Education (NCFE) has developed a comprehensive course content covering all the four sector regulators in the Audio-Video format hosted on NCFE website and is Shareable Content Object Reference Model [SCORM] compliant. The content has four sections (Banking, Securities Markets, Insurance and Pension products), further subdivided into 20 modules (Money & Transactions, Financial Records and Contracts, Managing Income & Expenditure, Long Term Planning, Financial Safety Nets & Insurance, Scams & Frauds etc) of 15 - 20 minutes each as per the overall architecture of the OECD/INFE Core Competencies Framework on Financial Literacy. Different modules cater to different target groups viz. Entrepreneurs/MSMEs, Senior Citizens, Women, Young Adults, Children, etc.

2. The revised National Strategy for Financial Education (2020-2025) came up with a comprehensive five-year action plan which *inter alia*, also covers process literacy and digital literacy.

3. RBI in its endeavour to disseminate financial

literacy has updated financial literacy content in various languages on its website including financial education webpage, namely, “RBI Kehta Hai” and social media channels. Further, the FAME (Financial Awareness Messages) booklet containing twenty institution/product neutral financial awareness messages, propagating relevant messages across the four themes of Financial Competencies, Basic Banking, Digital Financial Literacy and Consumer Protection has been placed on Bank’ website.

4. NCFE has been conducting its Financial Education programmes, namely Financial Education Training Programme (FETP), Financial Awareness and Consumer Training (FACT) and Financial Education Programme for Adults (FEPA) both in online and offline mode. Further, NCFE’s Money Smart School Programme (MSSP) encourages school students from Class VI - X to enhance their financial knowledge. In line with OECD recommendation, National Financial Literacy Assessment Test (NFLAT) conducted by the NCFE, encourages school students of Class VI to XII, to acquire basic financial skills necessary to make informed and effective financial decisions throughout each stage of their lives.

5. NCFE has developed an E-Learning platform (E-LMS), wherein interactive audio-visual modules are available on financial literacy. NCFE has also installed an Artificial Intelligence based chatbot on its official website to answer consumer queries on financial education. Apart from these, NCFE has developed Financial Education Handbook for Micro, Small and Medium Enterprises (MSMEs) as well as 15 graphic novels/comic books on Financial Education topics.



6. NCFE also promotes its financial education activities on various social media and has a cumulative reach of 21 Million+ since inception. NCFE has installed a network of 71 large format Digital Signage Systems (DSS) and 31 interactive touch screen kiosks at 102 different locations in 5 states of India, to disseminate messages on financial awareness.

7. Council for the Indian School Certificate Examination (CISCE) Board has integrated financial education in their school curriculum for standard VI-X.

8. A common financial education booklet for different target groups has been developed by SEBI in English, Hindi, and other regional languages. This booklet covers various basic concepts related to securities market, banking, insurance and pension sector, government schemes, do's and don'ts of investing, etc. It is available in digital format on the SEBI investor website. A securities market booklet has also been developed by SEBI in English, Hindi and other 11 regional languages. This booklet covers basic concepts related to basics of investing, account opening process, process of investing in the markets, Mutual Funds and ETFs and grievance redressal in Securities Markets, thus focusing on process literacy. It is available in digital format on the SEBI investor website.

9. SEBI has put in place a network of Securities Market Trainers (SMARTs) to enhance investor education activities and generate awareness regarding securities market by engaging trainers from various fields. SMARTs are expected to conduct investor awareness programmes for existing and prospective investors in securities market, the topics covering different aspects of

the securities market viz, introduction to securities markets, KYC, IPO, mutual funds, grievance redressal mechanism, etc.

10. A dedicated SEBI investor website – [www.sebi.investor.gov.in](http://www.sebi.investor.gov.in) hosts a repository of digital content in the format of videos created by Stock Exchanges, Depositories and Association of Mutual Funds of India on investor education and awareness. Similarly, investor education learning modules have been curated and hosted on SEBI Investor Website.

11. The SEBI Investor website also hosts tools like financial calculators, and financial health check. Spot a scam has also been developed to assist investors in their wellbeing and in avoiding potential investment scams.

12. A Mobile App (Saa<sup>₹</sup>thi) on investor awareness developed by SEBI has been made available in Hindi and English and on both iOS & Android platforms, covering basic aspects of securities market, KYC, investor grievance redressal mechanism, etc. The app also features a range of videos designed to assist investors in their personal finance planning.

13. SEBI has issued investor charter to promote transparency and create awareness among the investors. It covers different services provided to them, timelines related to various services like investor grievance redressal mechanism, their rights and responsibilities and do's and don'ts of investing in securities market.

14. As part of a digital strategy for investor awareness and education, SEBI, in collaboration with the stakeholders of securities market ecosystem like Exchanges, Depositories and AMFI has created and disseminated digital content through social media. The content is in



the form of videos, shorts, reels, infographics, quizzes, podcasts, crosswords, newsletters, etc. on important investor friendly initiatives of SEBI, do's and don'ts of investing and general awareness about securities market. WhatsApp is also used by the market infrastructure institutions (MIIs) to circulate messages on investor awareness and education.

15. SEBI in collaboration with National Institute of Securities Markets (NISM) has launched a free, voluntary online SEBI-Investor Certification Examination to help investors in their journey towards gaining comprehensive knowledge about investing in the Indian securities markets.

16. Pension Sanchay has been launched on the website of PFRDA as an initiative to create awareness about pension and other concepts related to savings and investments. Media campaigns and print advertisements have also been rolled out by PFRDA to create awareness among public at large.

17. IRDAI maintains the consumer education website [www.policyholder.gov.in](http://www.policyholder.gov.in) which provides easily understandable information about insurance to the public.

18. To promote financial inclusion through insurance, IRDAI has encouraged insurance companies to adopt districts for spreading insurance literacy and coverage. The campaigns target aspirational districts identified by NITI Aayog.

19. IRDAI also conducts various insurance awareness campaigns through a multi-pronged approach using electronic, print, digital and social media platforms.

20. The consumer web site (IRDAI) has information on life, general and health insurance dealing with the following questions on how

to use the product a) You and your insurance policy b) Do's and Don'ts, and c) General Advice. Further the sales literatures of the products by all insurers invariably describe how the product works.

21. As on March 31, 2024, a total of 2414 Centres for Financial Literacy (CFLs) have been set up covering 7225 blocks.

### **Strategic Pillar – V: Redressal of Grievance and Customer Protection**

Customers shall be made aware of the recourses available for resolution of their grievances. About storing and sharing of customer's biometric and demographic data, adequate safeguards need to be ensured to protect the customer's Right to Privacy.

#### **Milestones –**

- Strengthening the Internal Grievances Redressal Mechanism of financial service providers for effectiveness and timely response by March 2020.
- Develop a robust customer grievance portal/mobile app which acts as a common interface for lodging, tracking and redressal status of the grievances pertaining to financial sector collectively by all the stakeholders by March 2021.
- Operationalize a Common Toll-Free Helpline which offers response to the queries pertaining to customer grievances across banking, securities, insurance, and pension sectors by March 2022.
- Develop a portal to facilitate inter-regulatory co-ordination for redressal of customer grievance by March 2022.

**Achievements –**

1. Internal Ombudsman (IO) Scheme is in place for regulated entities of RBI viz. banks, NBFCs, Payment System Operators (PSOs) and Credit Information Companies (CICs), as specified in Master Direction - Reserve Bank of India (Internal Ombudsman for Regulated Entities) Directions, 2023, dated December 29, 2023.

2. Integrated Ombudsman Scheme was launched by RBI in November 2021, which integrates the existing three Ombudsman schemes of RBI namely, (i) the Banking Ombudsman Scheme, 2006; (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and (iii) the Ombudsman Scheme for Digital Transactions, 2019.

1. Central Grievance Management System (CGMS) of PFRDA is in place with provision of escalation matrix if the grievance is not resolved within the timelines.

2. SEBI Complaint Redress System (SCORES - [www.scores.sebi.gov.in](http://www.scores.sebi.gov.in)), a web and mobile based portal/app is available for lodging complaints.

3. For resolving disputes with market participants in the Indian securities market, a common Securities Market Online Dispute Resolution Portal has been launched which harnesses online conciliation and online arbitration for resolution of disputes arising in the Indian Securities Market.

4. Integrated Grievance management System (IGMS) was launched by IRDAI in the year 2010 to facilitate registration of complaints by policy holders against Insurance Companies.

5. All the sectoral regulators viz. RBI (14448), SEBI (1800-266-7575/1800-22-7575), IRDAI (155255) and PFRDA (1800-110-708/069), have put in place separate toll-free numbers for addressing

queries and grievances. The details of the same are published on the website of NCFE and are also available in the chatbot facility to respond to consumer queries.

6. Sachet portal has links to grievance portals of all the sectoral regulators and the same is prominently displayed in the portal. Further, Sachet Portal is available in 13 different languages and has a mechanism for inter regulatory coordination. The details are also hosted on NCFE website.

**Strategic Pillar – VI: Effective Co-ordination**

There needs to be a focused and continuous coordination between the key stakeholders viz. Government, the Regulators, financial service providers, Telecom Service Regulators, Skills Training institutes etc. to make sure that the customers are able to use the services in a sustained manner. The focus shall be to consolidate gains from previous efforts through focus on improvement of quality of service of last mile delivery viz., capacity building of Business Correspondents, creating payments system ecosystems at village levels to deepen the culture of digital finance leading to ease of use and delivery.

**Milestones –**

- Clearly articulate the responsibilities/ expectations of each of the stakeholders at the grass-root level to ensure convergence of action between the Government/ Regulators/ financial service providers/ Civil Society etc. With the Lead Bank Scheme completing 50 years in 2019, SLBCs may review and implement the vision, action plans and the milestones to be achieved during the NSFI period (2019-24).

- With advancements in Geo-Spatial Information Technology, a robust monitoring framework leveraging on the said technology can be developed for monitoring progress under financial inclusion with special emphasis given to Aspirational Districts, North Eastern Region and Left-Wing Extremist affected Districts. A monitoring framework and a GIS dashboard to be developed by March 2022.

### **Achievements –**

1. SLBC/UTLBCs in co-ordination with RBI ROs monitor and review the progress made under access to livelihood and skill development and social security scheme (PMJJBY, PMSBY, APY).
2. The Government of India has launched a Geographic Information System (GIS) based app, namely Jan-Dhan Darshak (JDD) App developed by National Informatics Centre (NIC). The App displays availability of banking outlets within 5 km of all inhabited villages. Coverage of unbanked villages is regularly monitored based on the information updated by banks on the JDD App, with SLBCs playing a constructive role in

identifying unbanked locations and ensuring banking presence in all such locations.

3. Further, with regard to monitoring the progress under financial inclusion, RBI has constructed a composite Financial Inclusion (FI) Index, which holistically measures the extent of financial inclusion in the country. The FI Index is a comprehensive index having sub-indices for the three dimensions of financial inclusion (access, usage and quality) comprising parameters from all the financial domain viz. banking, insurance, pension, investment as well postal.

4. The FI-Index has been published every year since 2021, offering insights into the progress made and helping to identify gaps in the FI space, to be addressed by the concerned stakeholder. Review of progress made under the FI-Index is also a regular agenda item in the meetings of the Technical Group of Financial Inclusion and Financial Literacy (TGFIFL) under the Financial Stability and Development Council – Sub Committee (FSDC-SC).

<b>Annex II – NSFI 2025-30 – ACTION POINTS, STAKEHOLDERS AND TIMELINE</b>				
<b>Sr</b>	<b>Ref</b>	<b>Action Points</b>	<b>Anchor Stakeholder*</b>	<b>Timeline</b>
<b>Action Points at Sr No. 1 - 44 are as per Chapter-IV</b>				
<b>Strategic Objective I - <i>Improving the availability and use of Equitable, Responsible, and Affordable Bouquet of Financial Services to achieve Financial Safety and Financial Security for households and micro enterprises [13 Action Points].</i></b>				
1.	I.1	Improving equity, reach, consistency, and quality of last mile access	SLBCs/UTLBCs	Dec 2030
2.	I.2	Incentive mechanism for BC agents from hilly and rural areas	RBI, NABARD	Ongoing
3.	I.3	Strengthening the Remuneration Structure of BCs.	IBA	Dec 2026
4.	I.4	Expanding the scope of services and improve the sustenance of BC operations.	FSPs	Ongoing
5.	I.5	Strengthening of BC Registry.	IBA	Ongoing
6.	I.6(a)	Reaching one billion users in digital payments	RBI	Dec 2029
7.	I.6(b)	Expanding and Deepening Digital Payment Ecosystem (EDDPE)	SLBCs/UTLBCs	Mar 2027
8.	I.6(c)	Programmable CBDC to Facilitate Targeted Credit Flow and Expand Access	RBI	Ongoing
9.	I.6(d)	Unified Lending Interface (ULI) as a DPI	RBI	Ongoing
10.	I.6(e)	Onboarding of all banks and insurance companies to Jansuraksha Portal and improving coverage of APY	FSPs, NABARD	Ongoing
11.	I.6(f)	Simpler Digital Interfaces	FSPs	Ongoing
12.	I.7	Micro Enterprises to receive focussed attention.	FSPs	Ongoing
13.	I.8	Promoting Responsible Innovation through Self- Regulatory Organisations	SROs	Ongoing
<b>Strategic Objective II - <i>Adopting Gender-Sensitive Approach for Women-led Financial Inclusion and Differentiated Strategies for Improving Financial Resilience of Households, especially the Underserved and Vulnerable Segments [6 Action Points].</i></b>				
14.	II.1	Increasing the share of women business correspondents.	SLBCs/UTLBCs	Dec 2028
15.	II.2	Identification of vulnerable and underserved Segments for focused services	Financial Sector Regulators	Dec 2026
16.	II.3(a)	Differentiated suitable products and delivery channel for underserved and vulnerable segments	Financial Sector Regulators	Ongoing
17.	II.3(b)	Development of suitable bundled products in investment, pension, and insurance domain	SEBI, IRDAI, PFRDA	Ongoing
18.	II.3(c)	Suitable and fair credit products with easier documentation process and quick disbursements	FSPs	Ongoing
19.	II.3(d)	Emergency Credit - Overdraft in BSBDAAs	FSPs	Dec 2028

<b>Annex II – NSFI 2025-30 – ACTION POINTS, STAKEHOLDERS AND TIMELINE</b>				
<b>Strategic Objective III - Synergizing Livelihood, Skill Development and Support Ecosystem and its linkages with Financial Inclusion [7 Action Points].</b>				
20.	III.1(a)	Content Development and Delivery for Skill Training	NSDC, NCFE	Ongoing
21.	III.1(b)	Adoption of NSQF by all skilling institutions and availability of course content in all languages.	NSDC	Ongoing
22.	III.1(c)	Synergise resources of all the skilling institutions with focus on gender sensitive approach.	NSDC	Ongoing
23.	III.2	Data Sharing and Reporting on number and types of skill training conducted	NSDC	Ongoing
24.	III.3 (a)	Dissemination of Information on Skill Loan schemes of NSDC, GOI, and State Govt.	NSDC, FSPs	Ongoing
25.	III.3 (b)	Funding and Financial Support to Skill Trained Individuals through Potential Linked Plan of each district.	SLBCs/ UTLBCs, NABARD, FSPs	Ongoing
26.	III.4	Leveraging Local Community Organizations	RBI, NABARD	Ongoing
<b>Strategic Objective IV - Leveraging Financial Education as a Tool for Promoting Financial Discipline [10 Action Points].</b>				
27.	IV.1	Sustaining and deepening financial literacy initiatives.	NCFE, NABARD, FSPs	Ongoing
28.	IV.2 (a)	Differentiated contents and focussed delivery channels	NCFE	Ongoing
29.	IV.2 (b)	Setting up of Targeted Financial Literacy Units.	RBI, NABARD	Ongoing
30.	IV.3	Improving Digital Literacy	NCFE	Ongoing
31.	IV.4 (a)	Development and dissemination of contents – Sustainable Indebtedness	NCFE	Ongoing
32.	IV.4 (b)	Development and dissemination of contents – Realistic goal setting, financial planning, etc.	NCFE	Ongoing
33.	IV.5(a)	Periodic Assessment of the state of financial literacy.	NCFE	Dec 2027
34.	IV.5(b)	Focused awareness initiatives for specific regions/groups.	NCFE	Ongoing
35.	IV.6 (a)	Developing AI & ML-based public query systems on common banking and finance-related aspects.	FSPs	Ongoing
36.	IV.6 (a)	Conduct of suitably positioned social media campaigns on consumer protection and grievance redressal measures.	FSPs	Ongoing

**Annex II – NSFI 2025-30 – ACTION POINTS, STAKEHOLDERS AND TIMELINE****Strategic Objective V - Strengthening the Quality and Reliability of Customer Protection and Grievance Redressal Measures [8 Action Points].**

37.	V.1(a)	Simpler and Less Burdensome Solutions	FSPs	Ongoing
38.	V.1(b)	Streamlining and Onboarding of banks on Citizen Financial Cyber Frauds Reporting and Management System	FSPs	Ongoing
39.	V.1(c)	Board approved Customer Grievance Redress Policy	FSPs	Ongoing
40.	V.2(a)	Digital Payments Intelligence Platform	RBI	Dec 2026
41.	V.2(b)	Protection against dark patterns	Financial Sector Regulators	Ongoing
42.	V.2(c)	Guardrails against Tech Innovations	Financial Sector Regulators	Ongoing
43.	V.2(d)	Use of pre-intimated official phone numbers by banks	FSPs	Ongoing
44.	V.2(e)	Conduct of regular customer awareness campaigns	Financial Sector Regulators, FSPs	Ongoing

**Monitoring and measurement mechanism for assessing progress in FI space [3 Action Points].**

45.	Ch-5	Data collection and dissemination by financial sector regulators.	Financial Sector Regulators	Ongoing
46.	Ch-5	Development of broader and disaggregated FI-Index.	Financial Sector Regulators	June 2026
47.	Ch-5	Conduct of studies/surveys	Financial Sector Regulators	Ongoing

**Note –**

\* Financial Service Providers (FSPs) as anchor stakeholders, shown above, have been mapped to their respective regulators as per Table IV.1.



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