

RBI releases the NSFI Report for 2019-24

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Wider acceptance and adoption of digital payments will play a key role towards financial inclusion, according to the Reserve Bank of India's (RBI's) recommendation for sustainable financial inclusion during 2019-20. Along with traditional banking outlets, payments banks, small finance banks, co-operative banks and other non-bank entities such as fertilizer shops, fair price shops, should also promote efficiency and transparency through digital transactions, the banking regulator said in the National Strategy for Financial Inclusion (NSFI) report.

The report has called for increasing outreach of banking outlets of scheduled commercial banks, payment banks, among others to provide banking access to every village within a 5 km radius of 500 households in hilly areas by March 2020. The plan is also to make the Public Credit Registry (PCR) fully operational by March 2022 so that authorized financial entities could leverage the same for assessing credit proposals from all citizens.

The government has been trying to take steps to provide access to credit at an affordable cost and financial instruments to the low-income group and the weaker sections of the society. PM Jan Dhan Yojana that seeks to provide universal banking services for every unbanked household, pension scheme such as Atal Pension Yojana and insurances schemes such as PM Suraksha Bima Yojana are some of the schemes launched by the National Democratic Alliance (NDA) alliance led government in the last five years.

Currently, financial inclusion policies are targeted towards specific sectors such as the small and medium businesses, agriculture, or specific regions such as the aspirational districts. The banking regulator said that there is a need to develop a sector-specific action plan to monitor targets and review the progress, along with a strong regulatory and legal framework aimed at protecting the interests of the customers, promoting fair practices and curbing market manipulations.

SOURCE: *The Hindu, Livemint*