



Financial Inclusion Index

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The government announced three initiatives to take banking to the last mile comprising a financial inclusion index, geographical mapping of banking services and hassle-free online loans for Micro, Small and Medium Enterprises (MSMEs).

The initiatives were announced by the Finance Minister after reviewing the annual performance of public sector banks.

- **Annual Financial Inclusion Index (FII)** will measure access and usage of a basket of formal financial products and services that includes savings, remittances, credit, insurance and pension products.
- It would rate states on their performance on last-mile banking services availability.
- The index will have three measurement dimensions, viz. **(i) access to financial services; (ii) usage of financial services; and (iii) the quality of the products and the service delivery**. These are also the G20 Financial Inclusion Indicators.
- FII will be released by January, 2019 by the **Department of Financial Services (DFS)**, Ministry of Finance.
- Importance of FII-
 - Provide information on the **level of financial inclusion**,
 - Measure financial services for use of **internal policy making**,
 - It can be used directly as a composite measure in **development indicators**,
 - It enables fulfilment of **G20 Financial Inclusion Indicators** requirements.
 - It will also facilitate researchers to **study the impact** of financial inclusion and other macro-economic variables.

Loans for MSMEs

- Launch of web portal **www.psbloansin59minutes.com** to enable in principle approval for MSME loans up to Rs. 1 crore within 59 minutes from **SIDBI and 5 Public Sector Banks (SBI, Bank of Baroda, PNB, Vijaya and Indian Bank)**.
- The Portal sets a new benchmark in loan processing and **reduces the time from 20-25 days to 59 minutes**. Subsequent to in principle approval, the loan will be disbursed in 7-8 working days.
- The loans will be undertaken without human intervention till sanction and or disbursement stage. The MSME borrower is not required to submit any physical document for in-principle approval.
- The portal uses sophisticated algorithms to read and analyse data points from **various sources** such as IT returns, GST data, bank statements, MCA21 etc. in less than an hour while capturing the applicants basic details.

Jan Dhan Darshak

- It is a banking services infrastructure locator app, which aims to bring banking within reach of every citizen through over 500,000 "**banking touch points**".
- Banking touch points are bank branches, banking correspondents, ATMs, common service centres and post offices.
- The **GIS (Geographic Information System) mapping** of banking services will enable any person to find the nearest banking touch point.
- The app comes with feedback mechanism and will also complement the government's initiative of having banking services available within five kilometres of every household.