1. National Stragegy for Financial Inclusion- Economy

RBI governor releases five-year national financial inclusion strategy.

The Reserve Bank of India (RBI) has released the National Strategy for Financial Inclusion (NSFI) 2025–30, which utilizes a five-pillar "Panch-Jyoti" framework to deepen financial access and usage across India. This strategy, approved by the FSDC Sub-Committee, focuses on bridging digital and gender divides, enhancing financial literacy, and strengthening consumer protection mechanisms through 47 actionable steps.

Overview and Strategic Framework

Launch and Timeline- The Reserve Bank of India (RBI) has officially released the National Strategy for Financial Inclusion (NSFI). The strategy covers the five-year period from 2025 to 2030.

Core Philosophy (Panch-Jyoti)- The plan outlines a "Panch-Jyoti" framework designed to deepen and widen financial inclusion across the country.

Approval and Governance- The strategy was approved by the Sub-Committee of the Financial Stability and Development Council (FSDC).

Structural Components- The strategy is built upon five strategic objectives. It is supported by 47 specific actionable steps to ensure implementation.

Definition of Financial Inclusion (World Bank Context)- Individuals and businesses must have access to useful and affordable financial products. These products (transactions, payments, savings, credit, and insurance) must meet user needs. Delivery must be responsible and sustainable.

Strategic Pillars of the Panch-Jyoti Framework

The "Panch-Jyoti" approach focuses on five key areas to achieve holistic financial inclusion-

Enhancing Financial Services- The primary goal is to provide equitable, responsible, and affordable financial services. The focus is specifically targeted at households and micro-enterprises.

Gender-Sensitive Inclusion- Implementation of women-centric strategies to bridge the gender gap in finance. Special support mechanisms are directed toward vulnerable and underserved groups.

Linking Livelihoods and Finance

Aims to move beyond just opening accounts by integrating skill development and livelihood programmes. These programmes are to be linked directly with formal financial services.

Financial Education- Utilizing financial literacy as a tool to promote responsible financial behaviour. Encouraging financial discipline among new entrants to the formal system.

Consumer Protection- Strengthening mechanisms for customer protection. Improving grievance redressal systems to enhance reliability and accessibility for users.

Challenges to Financial Inclusion

Despite progress, several structural and behavioral hurdles remain-

Digital Divide- A significant portion of the rural population lacks access to smartphones or the internet. This technological gap restricts access to modern digital financial services.

Low Financial Literacy- There is a lack of awareness regarding formal financial products and schemes.

Data Point- According to 2023 data, the overall national financial literacy rate stands at only 62.6%.

Trust Deficit- First-time users are discouraged by the fear of fraud, complex procedures, and prior bad experiences.

Data Point

Cybercrime reports increased by 24.4% between 2021–22 (based on NCRB data), indicating a rise in digital fraud.

Infrastructure Deficit- Remote areas suffer from inadequate banking infrastructure. There is a shortage of physical touchpoints like ATMs and bank branches, reducing outreach.

Gender Disparity- While bank account ownership among women has improved, actual usage remains low. This gap is primarily driven by social and cultural constraints.

Inadequate Credit Flow to MSMEs- Formal credit to Small and Medium Enterprises remains limited. The primary hurdles are rigid collateral and documentation requirements, despite the existence of various government schemes.

Government Initiatives for Financial Inclusion

The following table differentiates the key government schemes and initiatives aimed at financial inclusion based on their purpose and features-

Initiative / Scheme	Launch Year	Type / Objective	Key Features & Updates
Pradhan Mantri Jan Dhan Yojana (PMJDY)	2014	Banking / Access	• Aimed to bring the unbanked into the formal system. • Expands access to savings, credit, remittance, insurance, and pensions.
Pradhan Mantri Mudra Yojana (PMMY)	2015	Credit (MSME)	• Supports small/micro enterprises. • Update- In Union Budget 2024-25, the loan limit was increased from ₹10 lakh to ₹20 lakh.
Pradhan Mantri Suraksha Bima Yojana (PMSBY)	2015	Accident Insurance	• Covers death and disability due to accidents • One-year renewable policy. • Eligibility- Ages 18-70 with a savings/post office account.
Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)	2015	Life Insurance	• Government-backed life insurance covering death from any cause. • One-year renewable policy.
Atal Pension Yojana (APY)	2015	Social Security / Pension	• Provides social security to unorganised sector workers. • Regulated by PFRDA under the National Pension System (NPS) framework.
Financial Inclusion Index (FI-Index)	2021	Measurement Tool	• Launched by RBI. • Tracks access to services, usage, and quality. • Focuses on credit for vulnerable groups at affordable costs.

Way Ahead

To achieve the goals set in NSFI 2025–30, the following steps are recommended-

Strengthening Last-Mile Delivery- Focus on Banking Correspondents (BCs) by providing better training. Implement better incentive structures and accountability measures for BCs.

Leveraging Technology (AI & Data)- Utilize Artificial Intelligence (AI) and data analytics to identify service gaps. Track financial behaviour to create better-targeted policies.

Private Sector Participation- Encourage FinTech companies, digital banks, and private players to innovate. Focus on extending services specifically to underserved populations.

Source- https- //economictimes.indiatimes.com/news/economy/policy/rbi-governor-releases-five-year-national-financial-inclusion-strategy/articleshow/125699801.cms?from=mdr