

Financial Inclusion – A Path Leading to Social Security

Divya Singh Rathor¹

Abstract

The primary goal of every civilised society is to ensure social security for its citizen. The Social Security (Minimum Standards) Convention, 1952 by the International Labour Organization (ILO) defines the traditional contingencies covered by social security as including survival beyond a prescribed age, to be covered by old age pensions, the loss of support suffered by a widowed person or child as the result of the death of the breadwinner (survivor's benefit), Responsibility for the maintenance of children (family benefit), the treatment of any morbid condition (including pregnancy), whatever its cause (medical care) etc. The concept of social security is envisaged in the Preamble to the Indian Constitution wherein the aim is to constitute India into Socialist country by achieving Social justice. Undoubtedly, the social justice can't be attained if rich become richer and poor having no access to basic banking services. In order to attain this Indian Government strives at Financial inclusion which as defined by RBI is the process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low income groups at an affordable cost in a fair and transparent manner by mainstream Institutional players. In India financial inclusion envisage two concepts Financial literacy and financial inclusion.

The adherence to the goal of attaining social security through Financial inclusion involves finance related awareness by all, access to financial services to all irrespective of the status and ease of doing financial transaction. The same can be seen in various aspects like nationalization of Banks, Door to Door banking concept, zero balance account, old age pension schemes through Banks, Insurance schemes through banks, benefit transfer through banks etc.

The social security can't be attained unless everyone has access to and awareness about the basic banking facilities.

Keywords- *Social Security, Banking, Awareness, Financial literacy*

¹ Assistant Professor, Law, National Law University, Odisha

I. Introduction

As per the Committee on Financial Inclusion, Chairman headed by Dr. C. Rangarajan the term “*Financial inclusion*” may be defined as the process of ensuring access to financial services including financial credit by the vulnerable groups such as weaker sections and low income groups at an affordable cost.² Further, as per the Committee on Financial Sector Reforms, headed by Dr. Raghuram G. Rajan the Financial Inclusion has been broadly defined and it refers to the universal access to a wide range of financial services at a reasonable cost. These include not only banking products but also other financial services such as insurance and equity products.³

Taking reference from both the definitions mentioned above precisely it can be stated that the essence of financial inclusion is to ensure delivery of financial services which include bank accounts for savings and transactional purposes, low cost credit for productive, personal and other purposes, financial advisory services, insurance facilities (life and non-life) etc.

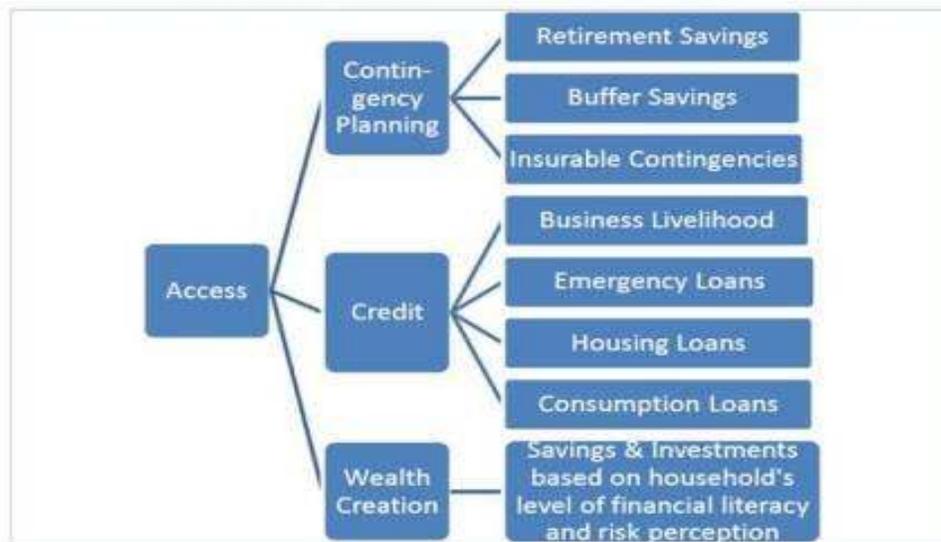
As per the Official Report of the Committee on Financial Sector Reforms, Chairman headed by Dr. Raghuram G. Rajan released in 2008 the household access to Financial Services can be summed up by way of the following diagram:⁴

² https://www.rbi.org.in/scripts/BS_SpeechesView.aspx?Id=862 (Last visited on October 21, 2019)

³ *Id.*

⁴ http://planningcommission.nic.in/reports/genrep/rep_fr/cfsr_all.pdf (Last visited on October 21, 2019)

Figure I: Household Access to Financial Services



Source: A Hundred Small Steps - Report of the Committee on Financial Sector Reforms (Chairman : Dr. RaghuramRajan).

Financial inclusion broadens the resource base of the financial system by developing a culture of savings among large segment of rural population and plays its own role in the process of economic development. Further, by bringing low income groups within the perimeter of formal banking sector; financial inclusion protects their financial wealth and other resources in exigent circumstances. Financial inclusion also mitigates the exploitation of vulnerable sections by the usurious money lenders by facilitating easy access to formal credit.

II. History of Financial Inclusion in India

The history of financial inclusion in India is a much older than the formal adoption of the objective. Financial inclusion activities in India can be said to have started even before the independence of the country, however that was not as institutionalized as it is now a days. Financial Banking system had emerged in form of Banks e.g. Among the first banks were the Bank of Hindustan, which was established in 1770 and liquidated in 1829–32, then the General Bank of India, established in 1786 but failed in 1791, today’s single largest Public sector Bank i.e. State Bank of India originated and started working as the Bank of

Calcutta in mid-June 1806 and it was renamed as the Bank of Bengal in 1809. After merger with Bank of Madras and Bank of Bombay it was renamed as Imperial Bank of India, which become today's State Bank of India after Independence.

After the independence, the process of including the marginalized section into different financial benefit programmes continued under the central bank by way of various government safety net programmes. Similarly, reforms in banking sector also simultaneously took place by way of Nationalization of Banks, Lead Bank Scheme, incorporation of Regional Rural Banks, Service Area Approach and formation of Self-Help Groups etc. Further, the RBI urged banks to make available a basic "no-frills" banking account to the masses, with a view towards achieving greater financial inclusion. Financial inclusion was introduced by K.C. Chakraborty, chairman, Indian Bank, in 2005. Mangalam in Tamil Nadu became the first village in India where all households were provided with banking facilities. Norms were relaxed for people intending to open accounts with annual deposits of less than INR 50,000.

However, the aim of Financial inclusion was not that easy to reach. As per **NSSO 59th Round Survey Results**⁵

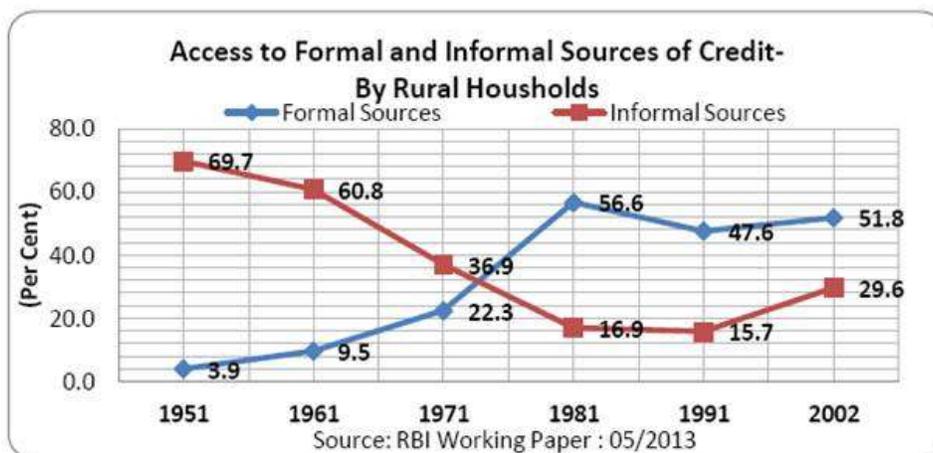
- 51.4% of farmer households are financially excluded from both formal/informal sources.
- Of the total farmer households, only 27% access formal sources of credit; one third of this group also borrowed from non-formal sources.
- Overall, 73% of farmer households have no access to formal sources of credit.
- Across regions, financial exclusion is more acute in Central, Eastern and North-Eastern regions. All three regions together accounted for 64% of all financially excluded farmer households in the country. Overall indebtedness to formal sources of finance of these three regions accounted for only 19.66%.

⁵All India Debt and Investment Survey, NSSO 59th Round

- However, over the period of five decades, there has been overall improvement in access to formal sources of credit by the rural households.⁶

This can be clearly understood from the Chart as mentioned below:-

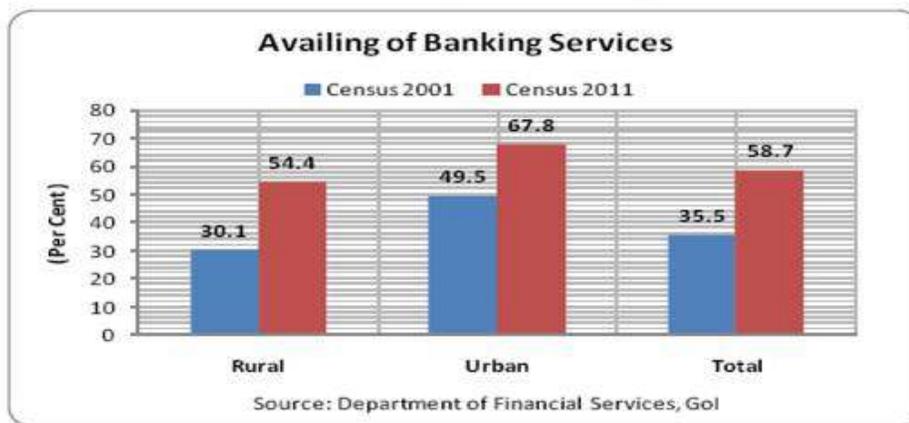
Chart 1: Access to Formal and Informal Sources



As per census 2011, only 58.7% of households are availing banking services in the country. However, as compared with previous census 2001, availing of banking services increased significantly largely on account of increase in banking services in rural areas. This can be better explained by way of Chart 2 given below:-⁷

⁶All India Debt and Investment Survey, NSSO 59th Round

⁷https://www.rbi.org.in/scripts/BS_SpeechesView.aspx?Id=862 (Last visited on 18 October, 2019)

Chart 2: Availing of Banking Services

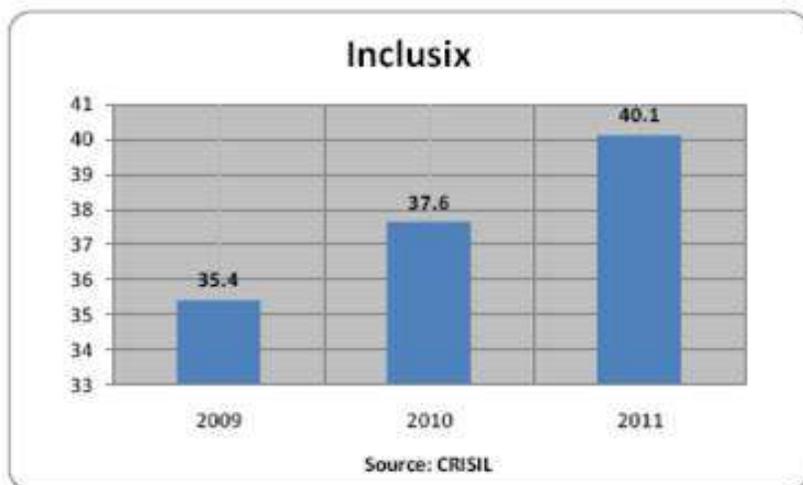
The Institutional Banking system scenario is changing now days as along with the formal banking sector, there are non-banking financial institutions, cooperatives, microfinance institutions and other government and nongovernment financial institutions providing different financial services to the poor population. For the first time in June 2013, CRISIL published a comprehensive financial inclusion index (viz.,Inclusix). For constructing the index, CRISIL identified three critical parameters of basic banking services namely⁸

- 1) branch penetration
- 2) deposit penetrationand
- 3) credit penetration

As per the CRISIL Inclusix there is an overall improvement in the financial inclusion in India (Chart 3).CRISIL –Inclusix (on a scale of 100) increased from 35.4 in March 2009 to 37.6 in March 2010 and to 40.1 in March 2011.

⁸https://www.rbi.org.in/scripts/BS_SpeechesView.aspx?Id=862 (Last visited on 18 October, 2019)

Chart 3: CRISIL - Inclusix



In order to attain Financial inclusion number of new branches were opened and Basic Saving and Basic Deposit (BSBD) accounts were opened. Due to RBI's concerted efforts since 2005, the number of branches of Scheduled Commercial Banks increased manifold from 68,681 in March 2006 to 1,02,343 in March 2013, spread across length and breadth of the country⁹.

In rural areas, the number of branches increased from 30,572 to 37,953 during March 2006 to March 2013. As compared with rural areas, number of branches in semi-urban areas increased more rapidly.¹⁰

The numerical matrix with respect to the new Branches of scheduled Commercial Banks and villages covered can be understood from Chart 4¹¹ and Chart 5¹² mentioned below:-

⁹*Id.*

¹⁰*Id.*

¹¹*Id.*

¹²*Id.*

Chart 4: Branches of Scheduled Commercial Banks

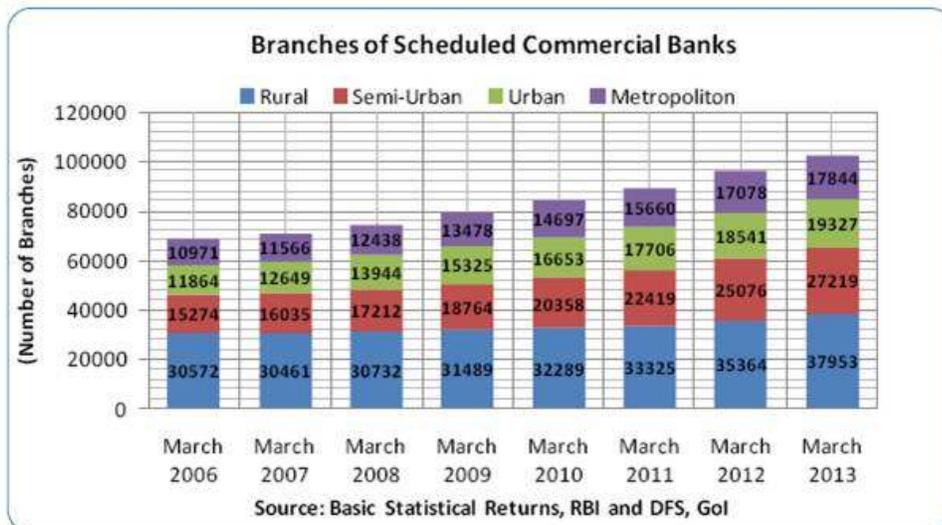
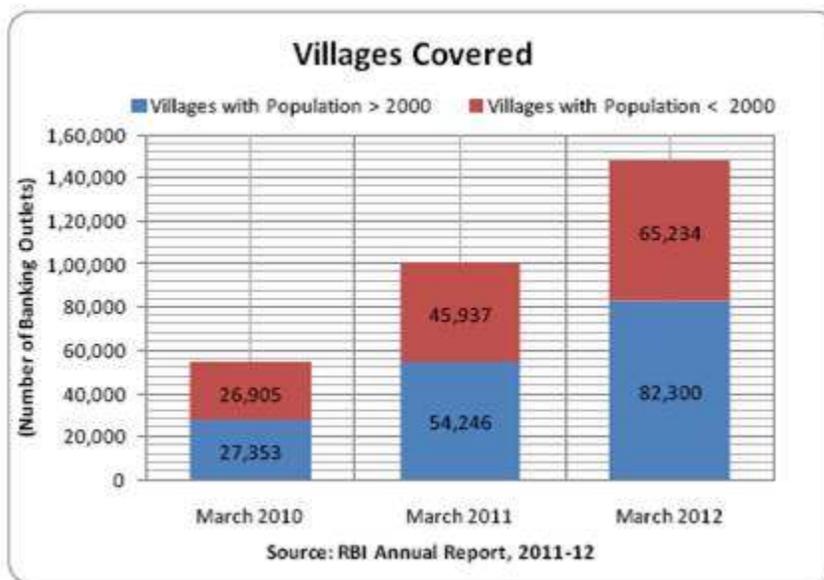


CHART 5: VILLAGES COVERED

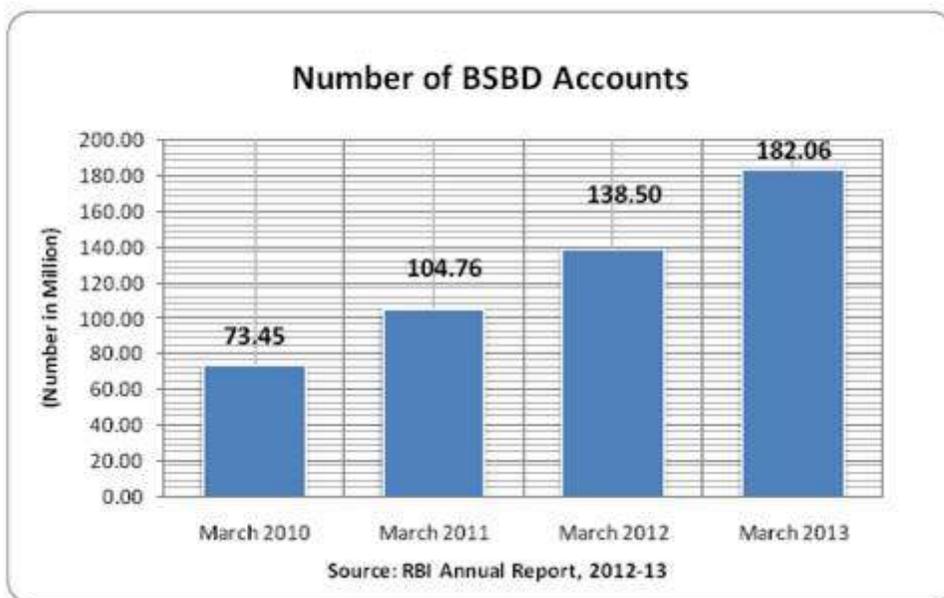


CONSTITUTION AND SOCIAL CHANGE

Total number of banking outlets in villages increased from 67,694 in March 2010 to 2,68,454 in March 2013 (increased around 4 times during the period of three years). Of total branches, banking outlets through BCs increased from 34,174 to 2,21,341 during the same period (increased around 6.5 times).¹³

Similarly, as per Chart 6, the number of BSBD accounts opened increased from 73.45 million in March 2010 to 182.06 million in March 2013

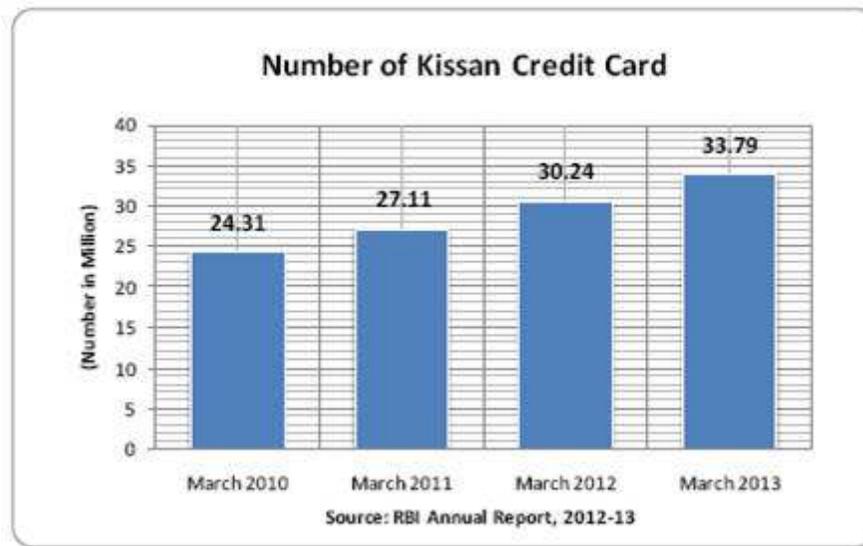
Chart 6: Number of BSBD Accounts



In order to protect farmers from money lenders trap the Government has advised Banks to issue Kisan Credit Cards s to small farmers for meeting their credit requirements. Up to March 2013, the total number of KCCs issued to farmers remained at 33.79 million with a total outstanding credit of Rs.2622.98 billion (Chart 7)¹⁴

¹³*Id.*

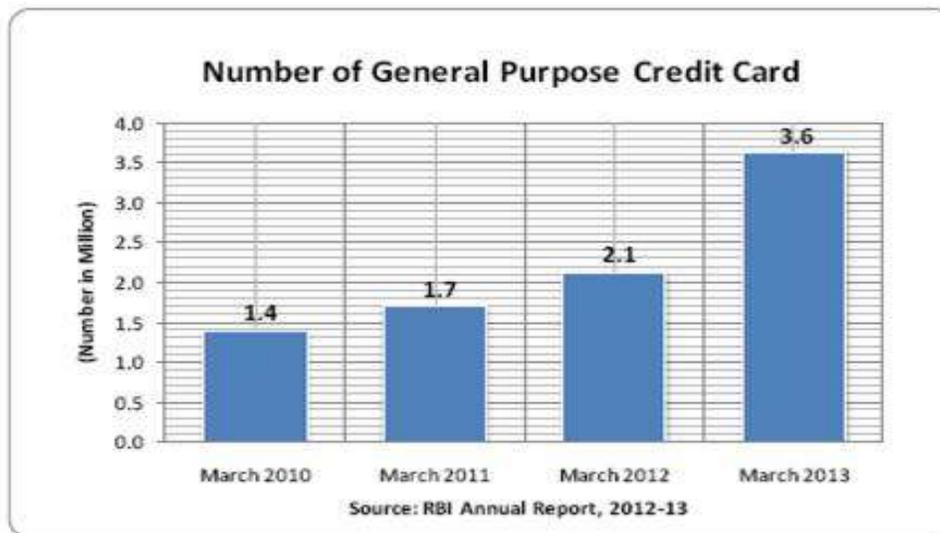
¹⁴*Id.*

Chart 7: Number of KCCs

In addition to this Government has advised Banks to introduce General Credit Card facility up to Rs. 25,000/- at their rural and semi-urban branches. Up to March 2013, banks had provided credit aggregating to Rs.76.34 billion in 3.63 million GCC accounts (Chart 8).¹⁵

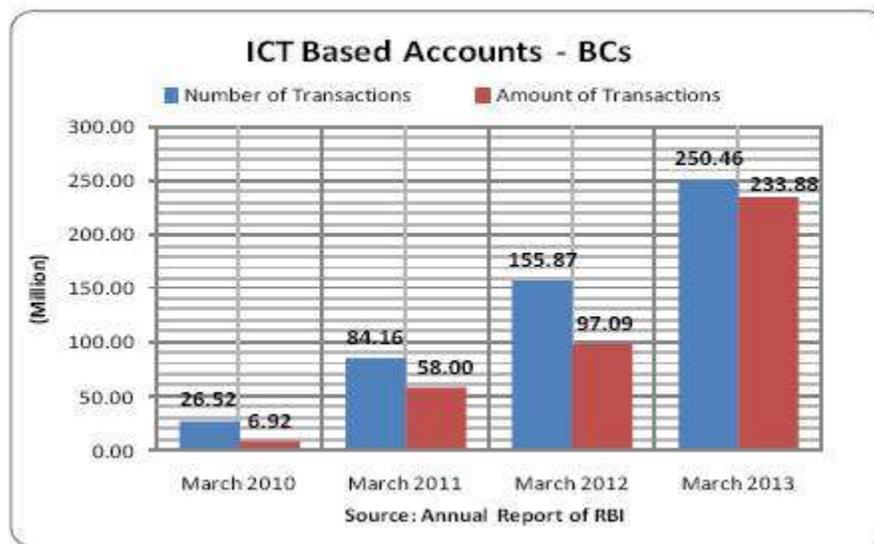
¹⁵*Id.*

Chart 8: Number of KCCs



Other than these efforts, the provision for Banking Correspondents was incorporated which aimed at providing efficient and cost-effective banking services in the un-banked and remote corners of the country. RBI directed commercial banks to provide ICT based banking services – through BCs. These ICT enabled banking services have CBS connectivity to provide all banking services including deposit and withdrawal of money in the financially excluded regions. The number of ICT-based transactions through BCs increased from 26.52 million in March 2010 to 250.46 million in March 2013, while transactions amount increased steadily from Rs.6.92 billion to Rs.233.88 billion during the same period (Chart 9).¹⁶

¹⁶*Id.*

Chart 9: ICT Based Accounts - BCs

Before August 2014, the Financial inclusion target was being attained but in very random and scattered manner. After the announcement made by the then Prime Minister of India, on 15th August 2014 the Government initiated the National Mission for Financial Inclusion (NMFI), namely, Pradhan Mantri Jan Dhan Yojana (PMJDY) in August, 2014 to provide universal banking services for every unbanked household, based on the guiding principles of banking the unbanked, securing the unsecured, funding the unfunded and serving unserved and underserved areas. A digital pipeline has been laid for the implementation of PMJDY through linking of Jan-Dhan account with mobile and Aadhaar [Jan Dhan-Aadhaar-Mobile (JAM)].¹⁷

In order to move towards creating a universal social security system for all Indians, especially the poor and the under-privileged, three ambitious Jan Suraksha Schemes or Social Security Schemes pertaining to Insurance and Pension Sector were announced by the Government in the Budget for 2015-16.

¹⁷*Id.*

The schemes were launched on 9th May, 2015, for providing life & accident risk insurance and social security at a very affordable cost namely

- (a) Pradhan Mantri Suraksha Bima Yojana
- (b) Pradhan Mantri Jeevan Jyoti Yojana
- (c) Atal Pension Yojana.

III. Critical appraisal of Pradhan Mantri Jan Dhan Yojana (PMJDY)

a. Access to banking

Banking Service Points: PMJDY aimed at providing banking service points throughout rural India by mapping over 6 lakh villages into 1.6 lakh Sub Service Areas (SSAs). Each SSA typically comprised of 1,000-1,500 households. Out of 1.6 lakh SSAs, 1.3 lakh SSAs are covered through interoperable, online BCs and remaining 30,000 are covered through bank branches. BCs deployed in rural areas also provides interoperable Aadhaar Enabled Payment System (AePS) banking services. The strength of bank branches and ATMs has been augmented over the years.¹⁸

Following tables show the number of bank branches, ATMs:

Table 1: Table showing the number of bank branches of Scheduled Commercial Banks¹⁹:

AS ON	RURAL	SEMI-URBAN	URBAN	METROPOLITAN	TOTAL
31.03.2014	41,862	32,590	20,828	22,544	117,824
31.03.2015	45,118	34,963	22,354	24,058	126,493
31.03.2016	48,244	37,647	23,944	25,610	135,445
31.03.2017	49,820	39,059	24,977	26,655	140,511
31.03.2018	50,735	39,694	25,377	26,887	142,693
31.12.2018	51,030	40,166	25,655	27,148	143,999

¹⁸ Overview and progress on Financial Inclusion : PMJDY available on <https://financialservices.gov.in/financial-inclusion> (Last visited on 21 October 2019)

¹⁹ *Id.*

Table 2: Table showing number of ATMs of Scheduled Commercial Banks (SCBs), Small finance Banks (SFBs), Payment Banks (PBs) and White Label ATM Operators:²⁰

As on	Off-site ATMs	On-site ATMs	Total ATMs
31.03.2014	76676	83379	160055
31.03.2015	92337	89061	181398
31.03.2016	97149	101950	199099
31.03.2017#	112666 #	109809	222475#
31.03.2018#	115471 #	106776	222247#
31.12.2018#	113639#	106412	220051#

Includes ATMs deployed by White Label ATM Operators.

- b. **Rapid financial inclusion of women²¹**: Out of total savings accounts, there were overall 27% female accounts in March 2014. However, under PMJDY, women accounts constitute 53% of the total Jan Dhan accounts as on 30.3.2019.
- c. **Rapid growth in deposits in the PMJDY accounts²²**: As against an average balance of Rs. 1,065 in accounts opened under PMJDY in March 2015, the average balance has grown to Rs. 2,725 as on 30.3.2019 with an overall balance in PMJDY accounts of Rs 96,107 crore.
- d. **RuPay Debit cards²³**: A total of 27.91 crore RuPay debit cards have been issued till 30.03.2019 to PMJDY account-holders. Apart from banking convenience, these cards come with an inbuilt accident insurance cover of Rs 2 lakh. As on 30.03.2019, a total 4,657 accidental claims under this RuPay card linked insurance coverage have been paid.

²⁰Id.

²¹Overview and progress on Financial Inclusion : PMJDY available on <https://financialservices.gov.in/financial-inclusion> (Last visited on 21 October 2019)

²²Id.

²³Id.

- e. **Overdraft facility for PMJDY account holders**²⁴: An overdraft facility of up to Rs 5,000 (since enhanced to INR 10,000) after satisfactory operation in the account for six months is available to provide hassle free credit to the beneficiaries under PMJDY.
- f. **Life Insurance cover under Pradhan Mantri Jan Dhan Yojana (PMJDY)**²⁵Pradhan Mantri Jan Dhan Yojana was launched on 28.08.2014 to open bank accounts of people not covered by banking services. One of the benefits under the scheme is providing life insurance cover of Rs 30,000/- on death of the life assured due to any reason to the deceased's family who have opened bank account between 15.08.2014 to 31.01.2015 (subject to Govt. guidelines and eligibility criteria provided). For availing life insurance cover of Rs.30,000/- under this scheme, a person should be between 18 to 59 years of age and he/she should have been enrolled under PMJDY between the above specified periods. The scheme is being implemented through Life Insurance Corporation of India (LIC). During the financial year 2017-2018, an amount of Rs. 311.10 lakhs has been paid towards total number of 1037 claims.
- g. **Jan Dhan Darshak**²⁶, a geographic information system(GIS) mobile application, has also been launched to provide a citizen centric platform for locating financial service touch points across all providers such as banks, post office, ATMs, CSC, etc. These services could be availed as per the needs and convenience of the common people. The web version of this application is Findmybank (findmybank.gov.in). This application can be used for various administrative purposes like business strategies for banks. Over 6 lakh FI touch points have been mapped on GIS which includes 1.5 lakh bank branches, 2 lakh ATMs, 1.5 lakh Post Offices and 1.3 lakh BCs.

²⁴*Id.*

²⁵*Id.*

²⁶*Id.*

IV. Performance of PMJDY

The performance of PMJDY in terms of accounts opened, deposit balance and average deposit balance over the time is tabulated as under:²⁷

S.No	Item	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
1	No. of PMJDY accounts (in Crore)	14.72	21.43	28.17	31.44	35.27
2	Deposit in PMJDY accounts (in Rs. Crore)	15,670	35,672	62,972	78,494	96,107
3	Average Deposit per PMJDY account (in Rs.)	1,065	1,665	2,235	2497	2,725
4	Number of RuPay debit cards issued to PMJDY account-holders (in Crore)	13.14	17.75	21.99	23.65	27.91

It may be observed from the above table that on major parameters, consistent progress has been observed under PMJDY over the years. Since its inception, over 35 crore new accounts have been opened and over Rs. 96,000 crore has been deposited by the newly banked people in the formal banking system. The number of operative PMJDY accounts has increased from 17.01 crore on March'17 to 27.54 crore on March'19. There are 53% women Jan-Dhan account holders and 59% Jan-Dhan accounts are in rural and semi-urban areas.²⁸

²⁷ Overview and progress on Financial Inclusion : PMJDY available on <https://financialservices.gov.in/financial-inclusion> accessed 21 October 2019

²⁸ Id.

V. Critical Appraisal of Stand Up and MUDRA Schemes

Government of India has launched the Stand Up India scheme on 5th April, 2016 with an aim to promote entrepreneurship amongst women, SC & ST category i.e those section of the population facing significant hurdles due to lack of advice/mentorship as well as inadequate and delayed credit. The scheme intends to leverage the institutional credit structure to reach out to these underserved sectors of the population in starting greenfield enterprise. It caters to both ready and trainee borrowers. The Scheme facilitates bank loans between Rs.10 lakh and Rs.1 crore to at least one Scheduled Caste/ Scheduled Tribe borrower and at least one Woman borrower per bank branch of Scheduled Commercial Banks for setting up greenfield enterprises in trading, manufacturing and services sector. To extend collateral free coverage, Government of India has set up the Credit Guarantee Fund for Stand Up India (CGFSI). The scheme is built on the concept of providing handholding support to those borrowers who might have a project in mind but lack the confidence and capability to start up. It also provides for convergence with Central/State Government schemes. Applications under the scheme can also be made online. An online tracking system in the dedicated Stand Up India portal (www.standupmitra.in) is being utilised. Further, a Credit Guarantee corpus fund of Rs.5000 crore for Stand Up India scheme, operated by National Credit Guarantee Trustee Company Ltd. (NCGTC) has been approved.

Total number of entrepreneurs benefited under Stand Up India scheme, as on 31.03.2019 is tabulated below:²⁹

Stand Up India as on 31.03.2019

Performance under Stand Up India Scheme (Amt. in Rs. Crore)								
Date as on	SC		ST		WOMEN		TOTAL	
	No Of	Sanctioned Amt.						
31.3.2019								

²⁹

<https://financialservices.gov.in/sites/default/files/Stand%20Up%20India%20and%20MUDRA.pdf> accessed on 19 October 2019

	A/C s		A/ Cs		A/C s		A/C s	
(cumulative)	1045	2096.25	310	646.1	5942	13342.72	7298	16085.07
	1		3		9		3	

The cumulative percentage share of women with respect to the total number of accounts is 81.4% and with respect to the total amount sanctioned it is 83%.

VI. Pradhan Mantri Mudra Yojana

An important aspect of financial inclusion is enabling the flow of credit to small businesses. In pursuance of the announcement in the Union Budget 2015-16, the Micro Units Developmentfinance Agency (MUDRA) was set-up and the PradhanMantri Mudra Yojana (PMMY) launched on 8th April, 2015. For achieving sustained expansion in the flow of credit to the non-corporate small business sector, loans up to Rs. 10 lakh without collateral are extended to borrowers under PMMY. These loans are extended through partner Member Lending Institutions (MLIs) – such as Scheduled Commercial Banks, Non-Banking Financial Companies (NBFCs) and Micro-Finance Institutions (MFIs). In turn, MUDRA Ltd. offers refinance to MLIs for PMMY loans extended by them. The loans under PMMY are categorized as Shishu (up to Rs.50,000), Kishore (Rs.50,000 to Rs.5 lakh) and Tarun (Rs.5 lakh to Rs.10 lakh). Activities allied to agriculture and services supporting these (excluding crop loans, land improvement such as canals, irrigation, wells) have also been included under PMMY from April, 2016 onwards. PMMY credit rose from Rs.1,37,449 crore in 2015-16 to Rs.3,21,722 crore in 2018-19 to more than 18 crore borrowers of which 89% loans are under SHISHU Category, 70% loans to Women entrepreneurs & 52% loans to SC/ST/OBC.³⁰

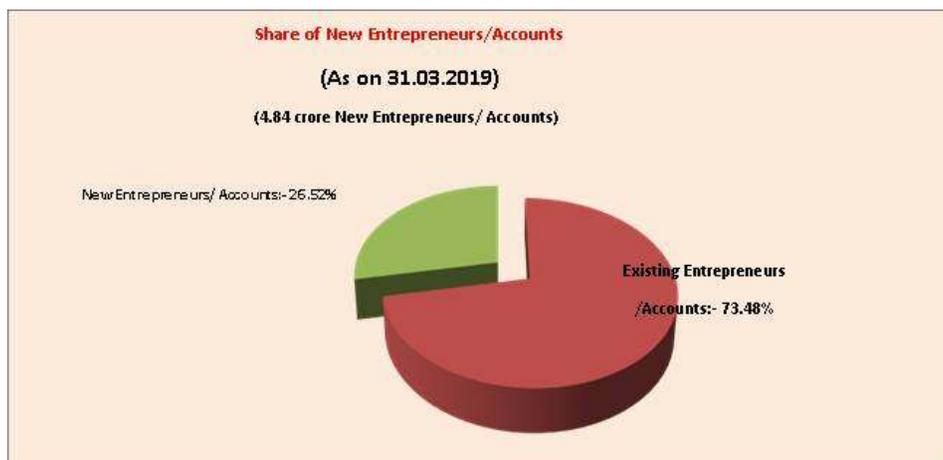
30

<https://financialservices.gov.in/sites/default/files/Stand%20Up%20India%20and%20MUDRA.pdf> last visited on 19 October 2019

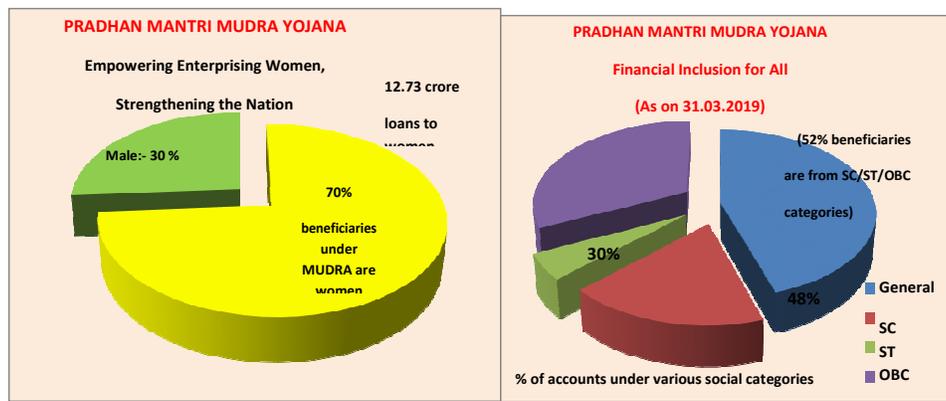
CONSTITUTION AND SOCIAL CHANGE



The success rate of Stand-up and Mudra Scheme can be understood from the pie-chart diagram given below³¹:-



³¹Id.



VII. Social Security Schemes and Financial Inclusion

In order to move towards creating a universal social security system for all Indians, specially the poor and the under-privileged, three ambitious Jan Suraksha Schemes or Social Security Schemes pertaining to Insurance and Pension Sector were announced by the Government in the Budget for 2015-16. The schemes were launched on 9th May, 2015, for providing life & accident risk insurance and social security at a very affordable cost namely

- (a) Pradhan Mantri Suraksha Bima Yojana
- (b) Pradhan Mantri Jeevan Jyoti Yojana
- (c) Atal Pension Yojana

In addition to this Pradhan Mantri Vaya Vandana Yojana with an aim to protect elderly aged 60 years and above was initially opened for subscription for a period of one year i.e. from 4th May 2017 to 3rd May 2018.

VII.I. Pradhan Mantri Suraksha Bima Yojana (PMSBY)

The Scheme is available to people in the age group 18 to 70 years with a bank / Post office account who give their consent to join / enable auto-debit on or before 31st May for the coverage period 1st June to 31st May on an annual renewal basis. Aadhar would be the primary KYC for the bank account. The risk

coverage under the scheme is Rs. 2 lakh for accidental death and full disability and Rs. 1 lakh for partial disability. The premium of Rs. 12 per annum is to be deducted from the account holder's bank / Post office account through 'auto-debit' facility in one installment. The scheme is being offered by Public Sector General Insurance Companies or any other General Insurance Company who are offering the product on similar terms with necessary approvals and tie up with Banks and Post Offices for this purpose.

As on 31st March 2019, the gross enrolment by banks, subject to verification of eligibility criteria, is about 15.47 crore under PMSBY and 32,176 claims of Rs. 643.52 Crore have been disbursed.³²

VII.II. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

The scheme is available to people in the age group of 18 to 50 years having a bank/ Post office account who give their consent to join / enable auto-debit. Aadhar would be the primary KYC for the bank account. The life cover of Rs. 2 lakhs is available for a one year period stretching from 1st June to 31st May and is renewable. Risk coverage under this 2 scheme is for Rs. 2 Lakh in case of death of the insured, due to any reason. The premium is Rs. 330 per annum which is to be auto-debited in one instalment from the subscriber's bank / Post office account as per the option given by him on or before 31st May of each annual coverage period under the scheme. The scheme is being offered by Life Insurance Corporation and all other life insurers who are offering the product on similar terms with necessary approvals and tie up with Banks and Post Offices for this purpose.

As on 31st March 2019, the gross enrolment by banks, subject to verification of eligibility criteria, is about 5.91 crore people under PMJJBY and 1,35,212 claims of Rs. 2704.24 Crore have been disbursed.

³²<https://financialservices.gov.in/sites/default/files/Social%20Security%20Schemes.pdf>
last visited on 19 October 2019

VII.III. Atal Pension Yojana

Atal Pension Yojana (APY) is being implemented with effect from 1st June, 2015. The Scheme aims to provide monthly pension to eligible subscribers not covered under any organized pension scheme. APY is open to all bank and post office account holders in the age group of 18 to 40 years. Under APY, any subscriber can opt a guaranteed pension of Rs 1000 to Rs 5000 (in multiples of Rs. 1,000) receivable at the age of 60 years. The contributions to be made vary based on pension amount chosen. The key features of APY are as under:

- The APY is primarily focused on all citizens in the unorganised sector, who join the NPS. However, all citizens of the country in the eligible category may join the scheme.
- Any Indian Citizen between 18-40 years of age can join through their savings bank account or post office savings bank account.
- Minimum pension of Rs. 1000 or Rs. 2000 or Rs. 3000 or Rs. 4000 or Rs. 5000 is guaranteed by the Government of India to the subscriber at the age of 60 years, with a minimum monthly contribution (for those joining at age 18) of Rs. 42 or Rs. 84 or Rs. 126 or Rs. 168 and Rs. 210, respectively.
- After the subscriber's demise, the spouse of the subscriber shall be entitled to receive the same pension amount as that of the subscriber until the death of the spouse. After the demise of both the subscriber and the spouse, the nominee of the subscriber shall be entitled to receive the pension wealth, as accumulated till age 60 of the subscriber.
- The subscribers in the eligible age, who are not income-tax payers and who are not covered under any statutory social security scheme, are entitled to receive the co-contribution by Central Government of 50% of the total prescribed contribution, up to Rs. 1000 per annum, and this will be available for those eligible subscribers, who join APY before 31st March, 2016.
- The Central Government co-contribution shall be available for a period of 5 years, i.e., from Financial Year 2015-16 to 2019-20. If the actual returns during the accumulation phase are higher than the assumed

returns for minimum guaranteed pension, such excess will be passed on to the subscriber.

- The contributions can be made at monthly / quarterly / half yearly intervals through auto debit facility from savings bank account/ post office savings bank account of the subscriber. The monthly / quarterly / half yearly contribution depends upon the intended / desired monthly pension and the age of subscriber at entry.

Major steps have been initiated by the Government to popularize create awareness about APY: Simplification of default penal charges

- The mode of payment has been changed from monthly to monthly, quarterly and half yearly keeping in consideration the seasonal income earners.
- Removal of closure of account clause after 24 months and continuation of the account till the time corpus is available in the account.
- Periodic advertisements in print and electronic media.
- Capacity building of bank branch officials through various training programs.
- Participating in town hall meetings, SLBC meetings.
- Conducting meetings with State Governments of Telangana, Kerala, Gujarat, Maharashtra, and Orissa. Meeting with Secretaries of Union Ministries of Agriculture, Rural Development, WCD, Panchayati Raj, Health etc with a view to get their unorganized workforce like MNREGA workers, SHG, Asha workers, Aganwadi workers etc under APY.

As on 31st March 2019, the number of subscribers is 149.53 lakh with Asset under Management (AUM) of Rs. 6860.30 crore.³³

VIII. Social Security vis-à-vis Financial Inclusion

As per the International Labor Organization, the term “Social Security” has been defined as the protection that a society provides to individuals and households to

³³<https://financialservices.gov.in/sites/default/files/Social%20Security%20Schemes.pdf> (last visited on 19 October 2019)

ensure access to health care and to guarantee income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a breadwinner.³⁴ Broadly it can be defined as a system of contribution-based health, pension and unemployment protection, along with tax-financed social benefits, social security has become a universal challenge in a globalizing world. Only 20 percent of the world's population has adequate social security coverage, while more than half lacks any kind of social security protection at all. Those without coverage tend to be part of the informal economy – they are generally not protected in old age by social security, and they cannot afford to pay their health care bill. In addition, many people have insufficient coverage – that is, they may lack significant elements of protection (such as health care or pension) or what protection they do have is low or declining. Experience shows that people are willing to contribute to social security benefits that satisfy their priority needs.

Social security was established as a basic human right in the ILO's Declaration of Philadelphia (1944) and its Income Security Recommendation, 1944 (No. 67). This right is upheld in the Universal Declaration of Human Rights, 1948, and the International Covenant on Economic, Social and Cultural Rights, 1966. ILO conventions and recommendations relevant to social security extension policies include:³⁵

- The Social Security (Minimum Standards) Convention, 1952 (No. 102)
- The Equality of Treatment (Social Security) Convention, 1962 (No. 118)
- The Employment Injury Benefits Convention, 1964 (Schedule I amended in 1980) (No. 121)
- Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128)
- The Medical Care and Sickness Benefits Convention, 1969 (No. 130)
- The Maintenance of Social Security Rights Convention, 1982 (No. 157)

³⁴ https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_067588.pdf (Last visited on 24 October 2019)

³⁵ https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_067588.pdf (Last visited on 24 October 2019)

CONSTITUTION AND SOCIAL CHANGE

- The Employment Promotion and Protection against Unemployment Convention, 1988 (No.168)
- The Job Creation in Small and MediumSized Enterprises Recommendation, 1998 (No. 189)
- Maternity Protection Convention (Revised) 2000 (No. 183)

In 2001, the International Labour Conference finally adopted the Resolution and Conclusions concerning Social Security.

A plain reading of the provisions of the International Labor Organization, doesn't appear to include the Financial Inclusion within its ambit but the critical analysis of the objectives of the ILO and the various conventions and recommendations mentioned above reflects that none of the aims could be achieved without Financial Inclusion. For instance, the employment benefits i.e. Monthly salary, Provident Fund amount, other perquisites etc can't be conferred in true sense unless the same is routed through some Bank account. The subsidiary benefits given under various schemes also require Banks accounts so that the middle-man is eliminated.

IX. Conclusion

Under the Indian Constitution, the Preamble strives at attaining social, economic and political justice and equality of status and of opportunity for all. This aim of social justice and equality can't be attained unless there is equality of opportunity.

Speaking strictly in terms of Financial Inclusion and Social Security, the latter can't be achieved unless all the people are given equal opportunity to avail Banking facility, avail Institutional credit and access the Financial services of the country.

Be it the Nationalization of the Banks, relaxation of KYC norms, Zero Balance accounts, Kisan Credit Card, Debt waiver schemes all strive at including the marginalized section who have been since time immemorial deprived of the Banking and Financial services, thereby striving to attain the Social Security.