Legal Framework of Financial Inclusion in India- A Critique

Abhishek Gupta[1] & Ghulam Yazdani[2]

Research Article

Abstract

Financial inclusion has been a catchword for the policymakers and the governments over a long period of time and has acquired a renewed zeal and dimension lately. Despite the upward growth of banking sector, a huge segment of Indian population continues to remain financially excluded even after attaining 67 years of our independence. Since, the financial inclusion is one of the cardinal objectives of any developing country since there exist an inextricable link between the financial exclusion and the poverty. An intriguing feature which emerges from the global practice is that the more developed the society is, the greater the push is on the empowerment of the common person and low-income groups through banking system. Towards this end, the Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Mudra Yojana (PMMY), and Direct Benefit Transfer (DBT) were some of the flagship schemes of the Central Govt. aimed at linking the 'unbanked' with the banking system. However, in India, the focus of the financial inclusion at present is confined to ensuring a bare minimum access to a savings bank account without frills, to all. Internationally, the financial exclusion has been viewed in a much wider perspective. The present paper seeks to examine the existing legal framework of financial inclusion in India, assess the role and contribution of the State in the process, and highlight key issues and concerns.

Keywords: Financial Inclusion, Banking Law, PMJDY, Finance

1. Introduction

In recent years, access to financial services has become a priority for the policymakers globally. The need for effective distribution of public services through banks and financial institutions has necessitated the financial inclusion of the unbanked or under banked people. On a micro-level, the importance of financial inclusion is underscored by its utility in the financial planning

1 Ph.D. Research Scholar, Faculty of Law, Jamia Millia Islamia, New Delhi, abhishek.kmc1@gmail.com.
The paper is based on, and a part of his doctoral research work.
2 Associate Professor, Faculty of Law, Jamia Millia Islamia, New Delhi, gyazdanu@jmi.ac.in.

of an individual – managing risks, investments, savings for future, making daily transactions for payment/receipt of money, or health and life insurance cover etc. This planning enables an individual to make an informed use of his/her financial resources which improves his/her overall living conditions. While at a macro-level, financial inclusion of society serves two crucial purposes: firstly, it inculcates the habit of saving and investment among the citizenry; and secondly, it circulates crucial financial resources in the economy.

In India, the idea of inclusion is hardwired in our socio-economic planning. From our Constitution to legislative instruments and executive directives, inclusive growth (social, political, economic, financial or legal inclusion) has been a fundamental aspect of our governance. The catchphrase "*sabka saath sabka vikas*" is the latest addition to the India's policy of inclusion. Internationally, the sentiment is reflected in various international legal instruments such as UDHR[3], ICCPR,[4] and ICCSER,[5] which echoes a non-discriminatory inclusive right-based framework for every human being.

With the exponential rise of Information Communication Technology (ICT), the digitization of citizenry at large has gained significant traction – giving greater push to the electronic delivery of public services and government schemes. This has led to a renewed interest of the policymakers in the inclusionary methodologies for reforming the public delivery system for its citizen. One of the greatest beneficiaries of this has been the banking and financial sector. With the development of advanced technologies such as core-banking, e-payment systems, and e-banking during the past two decades, the Indian banking system is witnessing a transition from 'branch-banking' to 'browser-banking'. This transition has helped the government to make extensive use of the digital banking systems in fulfilling its social and economic objectives and policing. The classic example of such an approach is reflected in the ground-breaking initiatives such as Aadhar, Direct Benefit Transfer (DBT), and the Pradhan Mantri Jan Dhan Yojana (PMJDY). These initiatives and approaches have one thing in common – they all aim at achieving socio-economic growth and their targeted objectives thorough financial inclusion of people via banking system. Hence, banking is a key element of inclusion, since it provides the first-hand access to various social-welfare schemes where subsidies and benefits are transferred to an individual through a bank account. Over the years, the Parliament has also

3 The Universal Declaration of Human Rights, 1948. *available at:* Universal Declaration of Human Rights | United Nations (Last visited on Dec. 15, 2020).
4 The International Covenant on Civil and Political Rights, 1966. *available at:* OHCHR | International Covenant on Civil and Political Rights (Last visited on Dec. 15, 2020).
5 The International Covenant on Economic, Social and Cultural Rights, 1966, *available at:* OHCHR | International Covenant on Economic, Social and Cultural Rights (Last visited on Dec. 15, 2020).

responded positively in consolidating the legislative framework for facilitating the financial inclusion initiatives in India by passing legislations such as IT Act,[6] Payment & Settlement Act[7] and the Aadhaar Act[8].

The paper is an attempt to review the existing legal and regulatory framework of financial inclusion in India with special focus on recent measures taken by the Government to address the problem of financial exclusion. The paper begins with a general overview of financial inclusion as understood internationally and domestically (in India). Thereafter, the paper critically studies the existing constitutional, statutory and regulatory regime of financial inclusion in India, and attempts to raise some issues and concerns in the financial inclusion regime of India in the light of recent initiatives taken by the Indian State.

2. Financial Inclusion: Meaning and Concept

The term 'financial inclusion' simply means easy access to basic financial, banking services and other allied infrastructure to the society, with special attention to the disadvantaged and low-income group of the society. According to World Bank 'financial inclusion' means "that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way".[9] Conversely, the term 'financial exclusion' means absence of the access resulting in the deprivation of the financial services. It can be described as an inability of a person or a group to access appropriate basic financial services in an inexpensive and convenient manner.

The term 'financial inclusion' is closely related to two key components 'access' and 'affordability'. While 'access' denote the logistical aspect of financial inclusion in the light of prevailing socio-economic conditions; the 'affordability' denotes the economic aspect of financial inclusion. Whilst the 'access' is dependent upon the availability of the financial services; the 'affordability' is dependent upon the financial capacity to the people to access financial/banking services. The World Bank asserts that broad access to financial services also extends to the absence of price or non-price barriers to use financial services.[10] It's estimated that nearly 2 billion adult population around the globe has no access to institutional financial

6 The Information Technology Act, 2000 (Act 21 of 2000).
7 The Payment & Settlement Act, 2007 (Act 51 of 2007).
8 The Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits & Services) Act (Act 18 of 2016).
9 Available at: https://www.worldbank.org/en/topic/financialinclusion/overview (last visited on June 20, 2020).
10 See, Thorsten Beck, Asli Demirgüç-Kunt *et. al.*, "Access to Finance: Measurement, Impact and Policy" 24 (1) *World Bank Research Observer* 121 (2009).

services.[11] As a natural corollary, a vast section of the global population is still dependent on informal mechanisms for their financial and banking needs. This gives impetus to primitive means of financing, and use of traditional moneylenders with unscrupulous practices – making informal credit and deposits unregulated, expensive and risky.

The term financial inclusion is to be understood and interpreted in a relative manner. Its degree and extent vary from country to country and also depends on the state and stage of development the society has achieved. Thus, financial inclusion or exclusion could have varying shades or levels. At the top-most level, there is a class of 'super-included' who have adequate resources to avail and afford all or most of the financial/banking services. While, at an intermediate level, there are people with adequate access to financial/banking services, yet choose to avail them for deposit and withdrawal of funds. At the lowest level, are the unbanked or underbanked people, who lack access and capacity to even the most basic of financial/banking services. It is the bottom and intermediate class, towards which the government target their financial inclusion strategy on. Furthermore, the problem of self-exclusion for religious or cultural beliefs has also been reported and documented in various parts of the world.[12] The financial exclusion can have severe socio-economic consequence like – decline in investments due to poor mobilization of public savings, arrested economic growth, rise of unregulated credit institutions practicing usurious lending, collapse of payments and remittances, or poor delivery of government sponsored social welfare schemes.

Financial inclusion is a multi-faceted phenomenon which takes within its sweep wide range of aspects. Most importantly, opening of a bank account also doesn't amount to financial inclusion. To consider mere bank account as an indicator of financial inclusion may not be correct. However, account-ownership is the first step towards financial inclusion. Major aspects of financial inclusion involve:

a. Access to financial services.
b. Access to credit and micro-finance on reasonable terms and rates.
c. Deposit insurance.
d. Absence of discrimination in the delivery of financial services.
e. Financial literacy with respect to minimum-basic banking operations.
f. Absence of price or non-price barriers for financial services.

---

11 Asli Demirgüç-Kunt, Leora Klapper *et. al.*, *The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution* 35 (World Bank, Washington, 2018).
12 *Id*. at 40-41.

g. Banking services in consonance with the objectives of inclusive growth.

Therefore, access to low-cost financial services targeted for the marginalized sections of society and weak economic sectors, is a pre-requisite for achieving growth which is effective, equitable, and inclusive. In this process, an efficient financial system, governed by robust legal and regulatory framework, and led by banks and other financial institutions, provide appropriate channel to ensure a financially inclusive society by delivering affordable, accessible and appropriate financial services

3. Financial Inclusion: Legal Framework in India

Soon after its independence in 1947, India adopted centrally-planned social welfarism as its preferred model for building its economy. The policy of welfarism was aimed at achieving inclusive growth with public sector playing a dominant role in the nation's socio-economic development. The constitution of India as the vision document and guiding light, the process of financial inclusion was shepherded at multiple levels. The Central and State govts. in exercise of their executive powers initiated various schemes to ensure greater access to banking and finance to the people. While other executive agencies like the Reserve Bank of India (hereinafter, RBI) issued periodic orders/guidelines/circulars directing banks to facilitate access to financial services to different sectors and segment of population. Whereas, the Indian Parliament played a supplementary role in identifying major legal issues in the process of financial inclusion and legislating on them. The judiciary, on the other hand, has also lent its broad support to the idea of inclusion by liberally interpreting the DPSPs, and striking down any law found to be exclusionary in effect.

3.1 Constitutional perspectives on Financial Inclusion

The philosophy of inclusion is deeply rooted into our *grundnorm* of governance i.e., the constitution of India. Though no express or direct constitutional provision relating to financial inclusion can be found in the constitution of India, but the philosophy of inclusion in all walks of governance flows from the plethora of rights and directives enumerated in the constitution.

Preamble of the Constitution:

The preamble lays down specific terms which highlights India's commitment to the realization of economic inclusion. The preamble declares India to be a socialist state and ensure to its citizens socio-economic and political justice.[13] The preamble envisages an egalitarian society guaranteeing to every citizen social, political and economic justice in the socio-economic democracy of India.[14] Thus, the realization of economic justice is as essential as it is the social and political justice.

Article 14 – Constitutional guarantee of equality:

Article 14 of the constitution guarantees a non-discriminatory regime for the citizens. The State is injuncted from making unequal or discriminatory laws, unless permitted by the express provisions of the constitution. The principle of equality enshrined in art. 14 of the constitution entitles every person to have an equal access to financial/banking services. Moreover, the State and its instrumentalities while providing financial services can't be driven by purely economic considerations, but the constitutional mandate of non-discrimination. Thus, any differential treatment made by the financial institutions in the delivery of services, without reasonable classification is likely to be struck down as ultra vires to art. 14. The supreme court (hereinafter, SC) in *LIC of India* v. *Consumer Education & Research Centre*,[15] struck down a life insurance scheme introduced by the LIC (a public-sector company) solely for the benefit of the persons employed in government or semi-government services, or of reputed commercial firms. The SC while declaring the scheme as unconstitutional, observed:[16]

> "…The classification based on employment in government, semi-government and reputed commercial firms has the insidious and inevitable effect of excluding lives in vast rural and urban areas engaged in unorganized or self- employed sectors to have life insurance offending Article 14 of the Constitution and socio-economic justice."

Since the extension of financial services have an element of contract law – the banks and other financial institutions enter into a contract with the consumers, the constitutional mandate under art. 14, the discretion vested with the public sector undertakings in the delivery of benefits or largess to the individuals must be exercised in reasonably without prejudicing public interest. The SC in plethora of cases have ruled that commercial contracts entered by a State instrumentality has a public element and thus it is subject to the fetters of article 14.[17]

---

13 The Constitution of India, preamble "We, the people of India, having solemnly resolved to constitute India into a Sovereign Socialist Secular Democratic Republic and to secure to all its citizens Justice, social, economic and political…". (emphasis added).
14 *Samantha* v. *State of Andhra Pradesh* (1997) 8 SCC 191.
15 AIR 1995 SC 1811
16 *Id*. at 1822.
17 See, *Mahabir Auto Stores* v. *Indian Oil Corporation* (1990) 3 SCC 752, *Sterling Computers Ltd.* v. *M & N Publications Ltd.* (1993) 1 SCC 445, *Tata Cellular* v. *Union of India*, AIR 1996 SC 11.

Article 15 – 'Special provisions' for the financial inclusion of woman, SC, ST, SEBCs.

The general principles of equality embodied in art. 14 is further enunciated in the mandate of article 15(1)[18] which prohibits the State to discriminate on grounds only of religion, race, caste, sex or place of birth. However, the principle of reasonable classification under art. 14 also applies to art. 15, and unequal laws may be made, provided they are based on some reasonable grounds.

Within article 15, there is another provision – art. 15(3) which empowers the State to make 'special provisions for women'. Art. 15(3) is a constitutional measure which acknowledges the social and economic backwardness of women die to their centuries of oppression and seeks to correct the historical injustices by empowering the State to give preferential treatment which further women's socio-economic status. Thus, the mandate of art. 15(3) is to secure gender equality with the help of affirmative action in favor of women. The State on its part has exercised this mandate for furthering financial inclusion of women, by ushering several schemes and programs targeted to women population. For instance, individual woman borrowers have been separately recognized as a 'weaker section' for the purpose of priority sector lending[19] – which requires banks and financial institutions to apportion a specific funds to be disbursed as loans to woman borrowers. In a landmark decision, the Govt. of India in 2013, established the Bhartiya Mahila Bank (BMB) to cater specifically to women and encourage them to access banking facilities. A dedicated woman bank was one of its kind with special focus on promoting the participation of women in the banking sector. However, the existence of BMB was short-lived, and it was merged with the SBI w.e.f. Apr. 1, 2017. These measures are reflective of the gendered dimension of financial inclusion process in India, which recognizes the challenges women face in accessing bank credit and services, and seeks to target the price and non-price barriers in furthering their participation in the financial sector.

Similarly, art. 15(4) confers the discretion with the State to make special provisions for the welfare and advancement of SCs, STs and Socially and Educationally Backward Classes (SEBCs). For instance, persons belonging to SC, ST, or manual scavenger communities are regarded as 'weaker section' for priority sector lending, which entitles them to seek financial assistance from the commercial banks on priority basis.[20] Also, to foster economic empowerment of the SCs/STs/SEBCs, the Central Govt. on various occasions established a

18 M.P. Jain, *Indian Constitutional Law* 987-988 (Lexis Nexis, Nagpur, 2011).
19 Reserve Bank of India, Priority Sector Lending - Targets and Classification (Dec. 28, 2018).
20 *Ibid.*

dedicated non-profit Finance Development Corporations for each of these communities tasked with the objective of providing financing, facilitating and mobilizing funds.[21]

Article 39, 39(b) and (c) – Pursuit of a just economic order

Flowing from the preamble, the socio-economic justice finds specific provisions in the various of DPs enshrined in the part IV of the constitution. These principles have been specifically drafted with an objective of ushering the economic growth in the country. The State is encouraged to undertake positive steps in to promote the economic well-being of its citizens and ensure a democratic economic system.

Article 38 of the constitution reaffirms the declaration made in the preamble – securing social, economic and political justice. It beseeches the State machinery to strive towards "eliminating inequalities in status, facilities and opportunities, not only amongst individuals but also groups of people residing in different areas or engaged in different vocations". The SC in *Himachal Pradesh* v. *Umed Ram,*[22] insisted upon the State to provide adequate access to roads to the people in the hilly areas, since lack of road would cause impediment in their overall economic development. Applying the same logic, access to financial services is also a constitutional imperative of the State, since banks and financial institutions are a crucial part of the national mainstream and any exclusion from the same would be tantamount to gross inequality in the status, facilities and opportunities, underscored by the art. 38.

The mandate of art. 38 is supplemented by art. 39 which emphasizes upon certain dimensions of economic justice.[23] The relevant provisions which directly impacts the process of financial inclusion are art. 39 (b) and (c) of the constitution. Both of these provisions are very crucial from the point of view the distribution of material resources and democratization of wealth. Art. 39(b) contemplates an economic order with the equitable distribution of resources. Under art. 39(b) the State is expected to ensure that the ownership and control of the material resources are distributed in manner which serves the common good. The SC in *State of Karnataka* v. *Ranganatha Reddy,*[24] attempted to give an expansive definition of the term 'material resources', it observed:[25]

---

21 For SCs, the National Scheduled Castes Finance and Development Corporation (NSCFDC) in 1989. For backward classes, the National Backward Classes Finance & Development Corporation (NBCFDC) in 1992. For STs, the the National Scheduled Tribes Finance and Development Corporation (NSTFDC) was setup in 2001.
22 (1986) 2 SCC 68.
23 *Supra* note 16 at 1497.
24 AIR 1978 SC 215."
25 *Id*. at 250. Also see, *Assam Sillimanite Ltd.* v. *Union of India* (1992) Supp (1) SCC 692, *Sanjeev Coke Manufacturing Company* v. *Bharat Coking Co. Ltd*., AIR 1983 SC 239.

> "…material resources of the community in the context of reordering the national economy embraces all the national wealth, not merely natural resources, all the private and public sources of meeting material need, not merely public possessions. Everything of value or use in the material world is material resource and the individual being a member of the community his resources are part of those of the community."

Thus, distribution of financial/banking services and resources to the wider base of the population is an essential obligation of the State and its instrumentalities towards securing a just and fair economic order. The underlying policy behind art. 39(b) and its relationship with the process of financial inclusion lies in the public nature of 'banking and financial services', which casts a positive obligation on the State and its instrumentalities (banks etc.) to provide their facilities (deposits, finance, or insurance) for the benefit of community at large.

The concentration of wealth and means of production in any economic system is a foregone conclusion of a biased and unequal society – where one class enjoys the access and resources (*haves*), while the other flounders owing to mass-poverty and exclusion (*have-nots*). Article 39(c) strikes at the very root of inequality and empowers the State to take proactive steps for preventing monopolistic tendencies in an economic system. Thus, art. 39(c) can be seen as an extension of art. 39(b), which strives to create an equitable economic order. In reference to financial inclusion, India has extensively used the widely-worded directives to channelize the flow funds to the crucial sectors of economy such as agriculture, industry and self-employment.

In 1967, the idea of 'social control' of banks was envisaged, which aimed at diverting a substantial share of bank credit to the priority sectors such as MSMEs, agriculture, public sector enterprises etc., necessary for nation's socio-economic growth. For this purpose, the National Credit Council was established in December 1967 to assess the credit priorities at all-India level, and the Banking Regulation Act, 1949 was amended to incorporate various provisions of 'social control' for a more equitable distribution of resources of the banking system.[26] The regime of 'social control' eventually paved way for a more radical nationalization of private commercial banks in 1969-70s.

Article 43B – Financial inclusion through cooperative societies

One of the major contributors to the process of financial inclusion is community-based banking which operate at small-scale level. The cooperative societies in the past have been playing a

26 The Banking Laws (Amendment) Act, 1968 (Act 58 of 1968).

pivotal in promoting various kinds of financial activity among the occupational and cultural communities. For instance, chit-fund deposits, pigmy deposit agents, thrift societies and most importantly the cooperative banks. The cooperative banks are organised on the 'unit' banking principle which mainly caters to short-term credit needs of agriculture, rural development, MSMEs, and self-employment. Article 43A and part IXB were inserted in the constitution by the Constitution (Ninety-Seventh) Amendment Act, 2011. While article 43A creates a new directive principle for the State to promote cooperative societies; part IXB incorporates thirteen new articles (arts. 243ZH-243ZT) in the constitution of India laying down the broad operational principles for the effective functioning of the cooperative societies.

3.2 Bank Nationalization and Institutional Establishments for Financial Inclusion

Bank nationalization process (1948-1980):

Post-independence the need for ensuring access to banking services to masses was one of the highest priorities accorded by the Govt. of India. However, at the time of independence, the banking system was dominated by the private sector banks, which the Government saw as a major impediment to its social welfarism and the policy of financial inclusion. Against this background, the nationalization of banks was viewed as a feasible way to ensure a centrally-planned economic growth and financial inclusion of masses. Just after independence, the RBI was nationalized in 1948.[27] A few years after the nationalization of RBI, on July 1, 1955, the RBI bought 60% stake in the Imperial Bank of India and renamed it as the State Bank of India (hereinafter, SBI).[28] Along with the SBI, 8 subsidiaries of the erstwhile Imperial Bank were nationalized in 1959. The next phase of nationalization came in 1969-70 when the Government of India under Prime Minister Smt. Indira Gandhi passed an ordinance[29] which nationalized 14 private commercial banks.[30] The government defended the nationalization of banks as a 'national need' and in sync with its socialistic vision of socio-economic growth. The constitutional validity of the bank nationalization was challenged in the celebrated case of *R.C. Cooper* v. *Union of India*,[31] wherein the SC by a majority of 10:1 struck down the Act as violative of the constitution. Notwithstanding the adverse judicial pronouncement, the

27 See, Reserve Bank of India (Transfer to Public Ownership) Act, 1948 (Act 62 of 1948).
28 The SBI was founded as the Imperial Bank of India in January 1921 through the merger of Bank of Calcutta, Bank of Bombay and Bank of Madras. In 2008, the Government of India took over the RBI's stake in the bank to avoid any conflict of interests within the RBI (which both owned and regulated the SBI).
29 Banking Companies (Acquisition and Transfer of Undertakings) Ordinance, 1969 (8 of 1969).
30 The Ordinance was later approved by the Indian Parliament by passing it as the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1969 (Act 22 of 1969).
31 AIR 1970 SC 564.

Government of India brought a constitutional amendment to undo the judgment, which was passed as the Constitution (25th Amendment) Act, 1971 by the Indian Parliament. In 1980, the last phase of nationalization was undertaken by the Government of India and 6 commercial banks were nationalized. With the second dose of nationalization, the government controlled nearly 90% of banking business in India.

Notwithstanding the political implications and electoral dividends reaped from the bank nationalization exercise,[32] the nationalization of banks was a crucial decision which had a wide-ranging impact on the India's banking system. The exercise was successful in encouraging masses esp. living in rural areas to get connected with the banking system, and dispel long standing belief that banks were a phenomenon of the rich. Moreover, it not only eliminated the prevalent regional imbalances in the distribution of banking facilities, but also facilitated the democratization of credit facilities by reaching to a much wider base.

Ensuring deposit insurance to the depositors

To connect people from the financial/banking system, it's crucial that the public has confidence on their banks and financial institution. The depositors of a public financial institution must be assured that their deposits are safe, and the banking system is credible enough to provide a safety-net in case of any unforeseen circumstances. Thus, based on the globally recognized principle of depositor insurance, the DICGC Act[33] was passed by the Parliament to provide to safeguard the depositor's interest in the event of bank's failure to pay-off its dues. The Act establishes the Deposit Insurance and Credit Guarantee Corporation (DICGC)[34] and sets-out a practical regime for providing insurance to the deposits and guaranteeing the credit facilities.[35] Under the Act, the DICGC has the mandate to insure all bank deposits (savings, current, fixed, or recurring) up to a maximum amount of Rs. 5 lakhs.[36]

---

32 The bank nationalisation was extensively used by the Congress party under Smt. Indira Gandhi to reap political benefits in the 1971 General Elections. The Congress party under the slogan of '*Garibi Hatao*' positioned 'bank nationalisation' as a pro-poor decision aimed at bringing banking at the doorsteps of the impoverished voters.
33 The Deposit Insurance and Credit Guarantee Corporation Act, 1961 (Act 47 of 1961).
34 The Deposit Insurance Corporation (DIC) Bill, was introduced in the Parliament on Aug. 21, 1961. After its passage, it received the Presidential assent on Dec. 7, 1961 and it entered into force on Jan. 1, 1962. Prior to 1978, there were 2 separate corporations established by the Central govt. – the Deposit Insurance Corporation (DIC) and the Credit Guarantee Corporation of India Ltd. (CGCI). Both these corporations operated independently and had different mandates. On Jul. 15, 1978, these 2 corporations were merged and a new entity – DICGC was created which was a wholly owned subsidiary of the RBI.
35 *Supra* note 31, Preamble.
36 On Feb. 1, 2020, the Union Finance Minister announced the revision of the deposit insurance cover in her budget speech (2020-21). In response to the announcement, the DICGC raised the deposit insurance cover from Rs. 1 lakh to Rs. 5 lakhs w.e.f. Feb. 4, 2020.

Institutional establishments for financial inclusion:

The India's approach to financial inclusion has been largely hands-on and inclusive. For the purpose of extending financial services to the lowest strata of society, dedicated financial institutions have been set up by the Govt. or the RBI to specifically cater to a targeted segment of the population. For instance, the Regional Rural Banks (RRBs) were created by an ordinance promulgated on September 26, 1975 and subsequently by the Regional Rural Banks Act, 1976 passed by the Indian Parliament.[37] The RRBs were created with an objective of providing institutional credit facilities to the rural economy.

The economic reforms of 1990s brought a fresh zeal in the Indian govt. machinery to further expand the banking and financial sector in tandem with its stated policy of liberalization, privatization, and globalization (LPG). Thus, the decade of 1990s saw the opening up of India's banking and financial sector to private sector players and flow of foreign investment. After years of hiatus over the private bank licensing, the RBI issued fresh guidelines on the entry of private banks in 1993 and 2001.[38] The entry of private and foreign commercial banks has played a significant role in increasing competition, efficiency and better consumer experience in the commercial banking.[39]

3.3 Trends of financial inclusion (2004-14)

A more systematic approach to include the financially excluded population into formal financial ecosystem started in 2005 when the RBI in its mid-term review of Annual Policy Statement (2005-2006), advised the commercial banks to line up their policies in sync with the object of financial inclusion.[40] Some of the noteworthy initiatives were:

Bank Mitr Scheme and Financial inclusion fund:

The idea of 'Bank *mitr*' was first mooted by an internal group of the RBI (H.R. Khan committee) which recommended its introduction as a measure of financial inclusion.[41] The Khan committee recommended the 'Business Correspondent Model' or 'Business Facilitator Model' for extending banking services through agents (Bank *mitr*), working outside the bank

37 (Act 2 of 1976).
38 RBI, Guidelines on Entry of New Private Sector Banks (Jan. 22, 1993). Also see, RBI, Guidelines on Entry of New Private Sector Banks (Jan. 3, 2001).
39 See, Y.V. Reddy, *Public Sector Banks and the Governance Challenge - The Indian Experience* at p.3, Brookings Institution Conference on Financial Sector Governance: The Roles of the Public and Private Sectors, held on Apr. 18, 2002 at New York, *available at*: www.bis.org/review/r020422d.pdf (Last visited on Jun. 13, 2020).
40 See, RBI Circular DBOD. No. Leg. BC. 44/09.07.005/2005-06 (Nov. 11, 2005).
41 H.R. Khan, "Report of the RBI-Internal Group on Rural Credit and Micro Finance" (2005).

branches. The recommendation was accepted, which lead to the Bank *mitr* scheme in 2005. The extant guidelines were issued by the RBI in 2006. The Bank *mitr* was further expanded after Rangarajan committee[42] recommended the inclusion of ex-bank staffs, Non-Banking Finance Companies (NBFCs) as Bank *mitr*. The Rangarajan committee was also instrumental in setting up the National Financial Inclusion Fund, which was established in 2009 for a period of 5 years with an initial corpus of Rs. 500 crores.

No Frills Accounts:

In November 2005, to promote low-cost bank account facility, RBI started the concept of 'no frills accounts' which were zero-balance accounts. These accounts were specifically targeted to benefit the low-income or poor groups which lacked adequate funds to maintain minimum account balance or pay penalty for non-maintenance. The facility was renamed in 2012 to 'Basic Savings Bank Deposit Accounts (BSBDAs)'.[43] The scheme was a low-cost service offered by the banks, which allowed charge-free deposits and withdrawal facility to the depositors. The scheme was later subsumed by the PMJDY scheme.

Relaxation of KYC norms:

Owing to lack of proper documentation and identity-proofs, the poor faced a significant disability in accessing financial services owing to the bank's Know Your Customer (KYC) norms. In order to remedy financial exclusion of people caused due to absence of proper documents and ID proofs, in August 2005, RBI relaxed the KYC norms of basic small savings account for financially disadvantageous sections in the society.[44] The KYC processes were further relaxed with the introduction of Aadhar by the Govt. of India. The establishment of UIDAI mandated with the enrollment of masses, led to an exponential rise in the Aadhar card ownership. Simultaneously, the Govt. radically streamlined the public delivery system by linking the distribution of govt. schemes and subsidies through Aadhar. The Aadhar-linking was also extended to KYC norms of the banks wherein the RBI[45] and the Govt. of India[46] made Aadhaar card a valid document for the purpose of bank's KYC identification protocol.

42 C. Rangarajan, "Report of the Committee on Financial Inclusion" (2008).
43 RBI Circular RBI/2012-13/165 DPSS.CO.CHD. No.284/03.06.03/2012-13 (Aug. 13, 2012).
44 Reserve Bank of India, DBOD.NO.AML.BC.28 /14.01.001/2005-06 (Aug. 23, 2005).
45 Reserve Bank of India, RBI/2011-12/207 DBOD. AML. BC. No. 36/14.01.001/2011-12 (Sept. 28, 2011).
46 Department of Revenue (Govt. of India) Notification No. 14/2010/F.No.6/2/2007-ES (Dec. 16, 2010).

Swabhimaan scheme and Micro-financing push:

The Govt. of India and RBI undertook a massive financial inclusion campaign in 2011 – '*Swabhimaan'* with an objective of providing coverage to 74,000 villages with universal banking facilities. The campaign was a success which increased the account ownership by about 100 million from 2011-2013.[47]

While the RBI in its effort to push for micro-financing, gave approval for the creation of a new category of NBFC i.e., Micro-Finance Institution (MFI-NBFC) by issuing detailed guidelines in December 2011.[48] The categorization was the result of the report submitted by the Y.H. Malegam committee which recommended the creation of dedicated NBFCs for providing micro-finance to MSME entrepreneurs.[49]

Mobile Banking and internet banking initiatives:

While dealing with the subject of financial inclusion, the Raghuram Rajan committee had pondered over the subject of ICT and its utility in the financial inclusion process. The committee found promising prospects of using mobile telephony in banking processes, and had recommended the extensive use of mobile and IT as the tools of financial inclusion. Talking specifically on mobile banking, the committee observed:[50]

> "Mobile banking is perhaps the most promising front-end technology for facilitating financial inclusion in India, especially for individual customers. Given the success of mobile phones in reaching out to segments and geographies not yet penetrated by banking and the simplicity of their operation, this may be one of the more preferred interfaces of choice for most banking clients."

With a view to facilitate digital payments through mobile banking, the RBI issued operative guidelines in 2008 which were streamlined in 2009 and 2014[51]. [52] Besides, in June 2010, the RBI and TRAI, which are the chief regulators of banking and telecom respectively, entered into an agreement where both agreed to roll out mobile banking services – while RBI would

47 Pravakar Sahoo, "Roadmap to Financial Inclusion: Pradhan Mantri Jan-Dhan Yojana" *available at:* http://yojana.gov.in/topstory_details.asp?storyid=580 (Last visited on Jul. 1, 2020).
48 The Non-Banking Financial Company-Micro Finance Institutions (Reserve Bank) Directions, 2011.
49 Y.H. Malegam, "Report of the RBI Sub-Committee to Study Issues and Concerns in the Micro Finance Institutions Sector" (2011).
50 Raghuram Rajan, "A Hundred Small Steps: Report of the Committee on Financial Sector Reforms" 70 (Planning Commission, 2009).
51 RBI/2014-15/104 DPSS.CO.PD. Mobile Banking. No.2/02.23.001/2014-15 (Jul. 1, 2014).
52 Mobile Payment in India - Operative Guidelines for Banks" *available at:* https://www.rbi.org.in/Scripts /bs_viewcontent.aspx?Id=1365 (Last visited on July 7, 2020).

regulate the banking related aspects, while the TRAI would deal with telecom related issues. Moreover, TRAI formulated the mobile banking regulations in 2012 to facilitate access to banking services.

Furthermore, the Indian Parliament passed two crucial laws to incorporate and facilitate the use of ICT in banking system – the Information Technology Act, 2000 and the Payment and Settlement Systems Act, 2007. While the IT Act, 2000 has been passed to extend functional equivalency and legal recognition to the online transactions. Whereas, to regulate the enhanced sue of digital modes for payments and electronic fund transfers, the banks have been made part of the legal framework of the Payment and Settlement Systems Act, 2007.

3.4 Financial Exclusion notwithstanding Inclusion Measures

It's worth noting that in spite of all these measures, the problem of financial exclusion was never properly addressed. The census of 2011 exposed the poor status of financial inclusion in India, with nearly 42 % of the households having no access to banking services.[53] According to World Bank Index Survey (2014) only 53 % of Indian adults had access to a formal bank account and 7 % borrowed from a formal financial institution in last 12 months.[54] Apart from lack of access to banking services, there is also a huge gap with in credit lending by the bank. The C. Rangrajan committee in its report also observed that exclusion of farmers in terms of credit was at critical levels (around 95 % and above credit gap) in 256 districts spread across 17 states and 1 union territory.[55] The NSSO 59th Round Survey results made following observations:[56]

a. 51.4% of farmer households are financially excluded from both formal/ informal sources.

b. Of the total farmer households, only 27% access formal sources of credit; 1/3 of this group also borrowed from non-formal sources.

c. Overall, 73% of farmer households had no access to formal sources of credit.

The above findings were also supported by the Rangarajan committee in its report on financial inclusion. In June 2013, the CRISIL published the 'Financial Inclusion Index (Inclusix)' which pointed out that the 'inclusix' in spite of marginal increase, was relatively low – 35.5% (2009),

53 Registrar General & Census Commissioner, Census of India 2011 (Ministry of Home Affairs, 2011) *available at:* http://censusindia.gov.in/2011-Common/NSDI/Houses_Household.pdf (Last visited on June 22, 2020).
54 World Bank, "Data on Financial Inclusion/ Global Findex (2014)" *available at:* http://datatopics.worldbank.org/financialinclusion/country/india (Last visited on June 22, 2020).
55 *Supra* note 40 at 41.
56 National Sample Survey Organization, "Report on All India Debt and Investment Survey" (2005).

37.6% (2010), and 40.1% (2011), which inversely meant nearly 60% of the population was financial excluded in 2011.[57] Therefore, the need of the hour was a concerted effort from the govt. and the central bank to ensure universal enrolment of people in the banking system.

3.5 New Financial Inclusion Measures (2014-Till Date)

The watershed development in the process of financial inclusion came in 2014, when the Pradhan Mantri Jan Dhan Yojana (PMJDY) was announced by the Prime Minister Narendra Modi on August 15, 2014. The PMJDY consolidated the pre-existing schemes aimed at providing affordable financial services through CBs (basic savings account, access to need-based credit, remittance etc.) to the excluded sections of society. The PMJDY was launched to provide universal coverage of households with basic banking facilities such as deposits, insurance and a RuPay ATM card payment and remittance. The PMJDY was a success with nearly 39 crore bank accounts opened in different CBs as of June 2020.[58] The PMJDY is part of the greater JAM (Jan Dhan-Aadhar-Mobile) trinity which outlines the present contours of socio-economic inclusion in India.

Besides, the Govt. of India has launched a bouquet of schemes such as the Pradhan Mantri Suraksha Bima Yojan (PMSBY),[59] Atal Pension Yojana (APY),[60] Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY),[61] and Pradhan Mantri MUDRA Yojana (PMMY)[62] etc. to provide low-cost financial services. These schemes have played a major role in ensuring deeper penetration of banking/financial services reaching to the lowest strata of society. Particularly, the PMJDY and other financial services proved to be highly useful for the masses when the Prime Minister announced the demonetization of Rs. 500 and Rs. 1000 notes as legal tender. The controversial overnight decision of the Govt. of India, forced a billion plus population to avail banking facilities, willingly or unwillingly, for depositing their demonetized currency. The PMJDY played a significant role in ensuring the enrolment of the unbanked population.

---

57 CRISIL Inclusix – Vol I, *available at*: https://www.crisil.com/about-crisil/crisil-inclusix.html (Last visited on Jun. 29, 2020).
58 *Available at*: https://pmjdy.gov.in/account (Last visited on Jun. 30, 2020).
59 The PMSBY was announced in 2015 as an accident insurance scheme providing risk cover of ₹2 lakh in case of accidental death or 1 lakh ₹ in case of partial permanent disability.
60 The APY is a successor of the *Swavalamban* scheme. The APY was launched 2015 as a pension scheme targeted at the unorganised sector. The scheme entitles the subscriber a guaranteed monthly pension of ₹1000 to ₹5000.
61 The PMJJBY is a low-cost life insurance policy for the 18-50 age group. It was announced in 2015 with an objective of providing risk-cover of ₹2 lakh to the insured in case of death.
62 The PMMY was launched in Apr. 2015 to provide affordable loans and financing facilities to micro, medium and small enterprises. The term 'MUDRA' is an acronym for Micro Units Development and Refinance Agency.

Payment banks and Small Finance Banks (SFBs) are the latest additions to the financial inclusion regime of India. The payment banking was the brainchild of the RBI,[63] which envisaged a banking network for hassle-free payment system and access to banking services like deposits, utility payments, and ATM debit card facility.[64] While the SFBs were the another set of institutional establishment conceived for a specific purpose – act as a vehicle of public savings and provide easy access of institutional credit to small business units, small and marginal farmers, and other business entities in the unorganized sector.[65]

4.Financial Inclusion Regime: Some Reflections

From a review of the India's policy towards financial inclusion it becomes clear that India has never shied away from embracing new and unconventional techniques to facilitate access of universal low-cost financial/banking services. The establishment of dedicated women bank (Bhartiya Mahila Bank), or offering low-cost financial/banking services such as zero-balance accounts, Payment banks, waiver of transaction charges on ATM/UPI etc., or whether it is taking deep-seated decisions such as nationalization or demonetization, India has taken extra mile steps to provide last-mile connectivity of financial/banking services to the people. Thus, India's approach to financial inclusion has largely been a successful endeavor – but the journey of effective financial inclusion has many miles to go.

It is important to recognize that financial inclusion doesn't mean mere access to a bank account or basic financial services, it is a much wider concept. It takes within its sweep the quality, diversity, and suitability of financial/banking services availed by an individual. The problem with the India's approach to financial inclusion was underlined by Raghuram Rajan, who recommended a transition from 'sectors to segments of people' for the purpose of financial inclusion.[66] The ensuing discussion will deal with the critical analysis of the India's financial inclusion regime and highlights some of its feats and concerns.

4.1 Transition from Legislative 'Acts' To Executive 'Actions'

Post-liberalization, the financial inclusion regime has witnessed a slight shift in the nature of decision-making process in the delivery of financial services to the population. In spite of the fact that financial inclusion essentially falls within the realm of policy-making – an executive

63 See generally, Nachiketa Mor, "Committee on Comprehensive Financial Services for Small Businesses and Low-Income Households" 55-79 (2013).
64 RBI, Guidelines for Licensing of Payments Banks, 2 (Nov. 27, 2014).
65 RBI, Guidelines for Licensing of Small Finance Banks in the Private Sector, (Nov. 27, 2014).
66 *Supra* note 48 at 49.

function, the Parliament of India also responded and acted positively by legislating on various aspects of financial inclusion. The bank nationalization and establishment of RRBs were significant parliamentary interventions for furthering the process of financial inclusion through legislative instruments. Similarly, the cooperative banks and thrift societies providing low-cost financial services at micro-level were the result of several State legislations passed by the State assembles for the formation and regulation of cooperative societies. Moreover, the concept of priority sector lending and social control of the commercial banks were also incorporated in the Indian banking system through parliamentary legislation.

However, of late most of the financial inclusion measures introduced in India have been at the behest of the executive – Central or State Govts. or the RBI which is an executive instrumentality. The Central govt. and the RBI continue to formulate and enact the bulk of financial inclusion schemes and strategies in the post-liberalization phase of financial sector. The steps taken by the NDA govt. post-2014 are all executive decision which didn't require parliamentary approval. Similarly, new banking and financial institutions like payment banks, SFBs etc. were established by the RBI without any Parliamentary law. Thus, there is an ongoing trend of diminishing parliamentary 'Acts' with emerging executive 'Actions'.

4.2 Aadhaar Centric Model of Inclusion

One of the striking features of the present financial inclusion strategy is the Aadhaar as its center piece. Conceptually, the enrolment of people under Aadhar would facilitate the direct transfer of benefits and services to the beneficiaries, and minimize leakages. Though the Aadhaar centric model of inclusion is an innovative and welcome step. However, concerns have been raised:

a. Privacy concerns:

The Aadhaar scheme has been criticized from various quarters over its privacy concerns. The privacy concerns hovering over the identity database held by the private companies and their alleged misuse for data mining and theft still exist. The problem is exacerbated by the lack of adequate data protection laws to provide remedy for any data breach. In 2015, the SC while hearing the *K.S. Puttaswamy* petition, had adopted a very strict attitude towards the misuse of Aadhaar database and restrained the State from using any information of the Aadhar-card holder for any other purpose, unless authorized by law or permitted by court.[67] In 2018, while

67 *Justice K.S. Puttaswamy* v. *Union of India* (2015) 8 SCALE 747.

upholding the validity of the Aadhar Act, the SC in *Justice K.S. Puttaswamy* v. *Union of India*,[68] struck down section 57 of the Act, which permitted the use of Aadhaar for establishing identity for 'any purpose', by a private person or corporate entity. The SC noted the wide embrace of the term 'any purpose' which was susceptible to abuse. Besides, the use of Aadhar by corporate entities and private person for authentication and its vulnerability to commercial exploitation was deemed arbitrary and an unnecessary intrusion of individual privacy, thereby declaring it *ultra vires*. The SC also declared the regulation 27(1) of the Aadhaar (Authentication) Regulations which permitted the retention of authentication data for a period of 5 years, bad in law and reduced the same to 6 months.

b. Technological concerns:

The present financial inclusion is overly dependent on the biometric authentication as a mode of financial inclusion strategy/JAM trinity. This requires access and efficiency of 4 kinds of technologies: biometrics, internet, mobile phones and computers. In spite of great advancement in ICT, the per capita penetration of broadband services, and speed of internet services, remains relatively low; besides the additional costs involved in procuring telecommunication devices possess a serious challenge to the success of financial inclusion through technology. The mammoth task of financial inclusion through technology would require heavy investment in telecommunication, technical education, only then the fruits of financial inclusion can be enjoyed. The National Financial Inclusion Strategy of 2019 has already identified poor and unreliable telecom connectivity in difficult geographical terrains as a major barrier to financial inclusion. Thus, making use of Aadhar-ICT extensive technologies as the default instrument for the delivery of financial services could act as a price and non-price barrier and impede financial inclusion for the technologically challenged segment.

4.3 Dormancy and Multiplicity of Bank Accounts

Despite rigorous attempts by the govt. to promote thrift and investment, the account dormancy remains one of the biggest concerns of the bank account-centric measures. As of 2020, a dormancy of 18% was observed in the PMJDY accounts as opposed to 40% in 2014-15 – with Bihar, U.P. and M.P. reporting highest dormancy.[69] While accounts continue to remain

---

68 (2019) 1 SCC 1.

69 Almost every fifth Jan Dhan account 'inoperative'" *available at*: https://www.thehindubusinessline.com/money-and-banking/almost-every-fifth-jan-dhan-accountinoperative/article30754738.ece (Last visited on Jul. 11, 2020).

inoperative, their maintenance put a high cost on the commercial banks. Thus, the expenditure of the banks involved in opening and maintaining bank accounts, providing subsidized insurance cover, free of cost debit cards, is still a concern to be addressed. The problem is further magnified with the multiplicity of bank accounts which pose a serious operational risk to the commercial banks. The use of multiple accounts under the same name and with diluted KYC authentication, the same is suspectable to money laundering activities. On the duplicity and dormancy of the accounts, Dr. Raghuram Rajan had cautioned the banks in following words:[70]

> "The target is universality, not just speed or numbers. We need everybody in the system…The system is going to go waste if we generate a set of duplicate accounts, like the same guys already have accounts in cities and we give them new accounts too. It's going to be waste if we do not have full coverage, like if 75 million households do not get accounts, but somebody else gets. It's going to be a waste if the accounts are not used."

Another worrying trend observed with the PMJDY accounts was the seeding of token money by the banks to reduce the figures of dormant accounts and improve their functionality. It has been reported that bank officials were depositing a paltry sum (Rs 1, 2, 5 etc.) into the zero-balance PMJDY accounts to show that the accounts were operational.[71] Also, the problem of auto-debiting of money from the bank accounts for govt. run schemes such as PMJJBY, Atal Pension Yojana etc. were also brought to light. These issues pose serious threat to poor account holders who lack sufficient funds to keep in their accounts and that too is deducted without their consent or knowledge. The tendency of forced and numerical inclusion, without preference to consumer choice, negates the very essence of inclusion.

4.4 No Policy for Faith-Based Financial Exclusion

Amongst recognized barriers to financial inclusion, one identified by the NSFI is the socio-cultural barrier, which prevents an individual or a section population from accessing financial services.[72] The faith-based financial exclusion falls within the domain of the socio-cultural

70 Virendrasingh Ghunawat, What Raghuram Rajan fears is the duplication of accounts and their usage, *India Today*, Sept. 15, 2014.
71 *Available at*: https://www.indiatvnews.com/business/india-banks-depositing-re-1-in-jan-dhan-accounts-to-show-reducing-zero-balance-accounts-report-347888 (Last visited on Jul. 11, 2020).
72 Reserve Bank of India, "National Strategy for Financial Inclusion 2019-24" 15 (2019). The report didn't specifically talk about socio-cultural barriers in context of religion or a specific community. The report illustrated the case women in certain areas who lacked freedom or choice to access banking/financial services owing to cultural barriers.

barriers – wherein a community is reluctant or unable to access financial/banking services due to religious reasons or faith-based values. In India, the Sachar committee pointed out the institutional biases Muslim community had to face while accessing financial services (bank credits, financial assistance) etc.[73] The committee was critical of institutional credit institutions such as NABARD, SIDBI for failing to provide adequate access of credit facilities to the Muslim community.[74] The Rajan committee also highlighted the prevailing self-exclusion due to religious reasons. The Rajan committee had suggested the absence of interest-free financial products as the main cause of faith-based financial exclusion among Muslims in India.[75] These observations were reiterated by the Mohanty committee,[76] which gave empirical evidence of faith-based financial exclusion among Muslims[77] and recommended the introduction of Islamic (interest-free) banking to address it.[78] But, the present dispensation has rejected the need for introducing commercial Islamic banks. The govt. cited the 'sufficiency' of financial inclusion measures as a reason for not experimenting with the idea of interest-free banking. This shows the State's unwillingness to deal with the problem of voluntary financial exclusion in an inclusive way.

5.Conclusion

India's financial inclusion regime is characterized by its practical and proactive approach to ensure universal access to banking and financial services to its citizenry. The review of various schemes and policies on financial inclusion shows that India is not vary of using new and innovative legal and regulatory means to address the problem of 'access' and 'affordability' of financial/banking services. While the earlier policies were supernumerary and fragmented, the concerted efforts of the Indian state after 2005 made financial inclusion a dominant theme and objective of India's economic policy and planning. The schemes such as PMJDY, Aadhar, DBT and various guidelines issued by the RBI, India has been successful, if not completely but to a substantial level, in ensuring delivery of basic low-cost banking products and services to the weaker section of the country. Moreover, the most important contribution made by new financial inclusion regime under JAM trinity is the unification of all policies and schemes aiming at financial inclusion under one umbrella with dedicated framework, review

73 Rajendra Sachar, "Report of the High-Level Committee on Social, Economic and Educational Status of the Muslim Community of India" (2006).
74 *Id*. at 134-135.
75 *Supra* note 48 at 72.
76 Deepak Mohanty, "Report of the Committee on Medium Term Path on Financial Inclusion" 40-44 (2015).
77 *Id*. at 42-43.
78 *Id*. at 44.

mechanism, accountability standards and target-based system so as to infuse efficiency in the financial system. However, the fault lines still exist in the India's financial inclusion strategy – merely ensuring 'quantitative' inclusion of masses, without ensuring 'appropriate' and 'qualitative' may make a good example of numerical inclusion, yet the effective participation of people in the economy would remain eluded.

References

A. N. Sarkar "Financial Inclusion: Fostering Sustainable Economic Growth in India" 8 (4) *The Banker* 44-53 (2013).

Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016 (Act 18 of 2016).

Asli Demirguc-Kunt, Leora Klapper *et. al* "The Global Findex Database 2014 Measuring Financial Inclusion around the World" (World Bank, 2014) *available at*: https://openknowledge.worldbank.org/bitstream/handle/10986/21865/WPS7255.pdf?sequence=2 (last visited on Jul. 8, 2020).

Asli Demirgüç-Kunt, Leora Klapper *et. al.*, "The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution (2018).

Assam Sillimanite Ltd. v. *Union of India* (1992) Supp (1) SCC 692.

C. Rangarajan, Report of the Committee on Financial Inclusion (2008).

DBOD. No. Leg. BC. 44/09.07.005/2005-06 (Nov. 11, 2005).

Deepak Mohanty, "Report of the Committee on Medium Term Path on Financial Inclusion" (2015).

Department of Financial Services (Ministry of Finance, Government of India) F. No. 1/127/2014-FI (C-71719) (Aug. 25, 2015).

Department of Revenue (Ministry of Finance, Government of India) Notification No. 14/2010/F.No.6/2/2007-ES (Dec. 16, 2010).

Himachal Pradesh v. *Umed Ram* (1986) 2 SCC 68.

Justice K.S. Puttaswamy (Retd.) v. *Union of India* (2015) 8 SCALE 747.

Justice K.S. Puttaswamy v. *Union of India* (2019) 1 SCC 1.

K.S. Puttaswamy v. *Union of India* (2014) 6 SCC 433.

LIC of India v. *Consumer Education & Research Centre*, AIR 1995 SC 1811.

M.L. Tannan, *Tannan's Banking Law* (Lexis Nexis, Gurgaon, 2015).

M.P. Jain, *Indian Constitutional Law* (Lexis Nexis, Nagpur, 2011).

Mahabir Auto Stores v. *Indian Oil Corporation* (1990) 3 SCC 752.

Nachiketa Mor, "Report of the Committee on Comprehensive Financial Services for Small Businesses and Low-Income Households" (2013).

National Sample Survey Organization 59th Round, "Report on All India Debt and Investment Survey" (2005).

Pradhan Mantri Jan Dhan Yojana (PMJDY) *available at*: https://pmjdy.gov.in/home

Pravakar Sahoo, "Roadmap to Financial Inclusion: Pradhan Mantri Jan-Dhan Yojana" *available at:* http://yojana.gov.in/topstory_details.asp?storyid=580 (last visited on July 1, 2020).

R. Ramakumar, "Mirage of inclusion" *Frontline*, October 3, 2014.

R.C. Cooper v. *Union of India*, AIR 1970 SC 564.

Radhika Dixit, M. Ghosh "Financial Inclusion for Inclusive Growth of India – A Study" 3 (1) *Int. J. of Bus. Mgmt. & Res.*147-156 (2013).

Raghuram Rajan, "A Hundred Small Steps: Report of the Committee on Financial Sector Reforms" (Planning Commission, 2009).

Rajendra Sachar, "Report of the High-Level Committee on Social, Economic and Educational Status of the Muslim Community of India" (2006).

RBI/2011-12/207 DBOD. AML. BC. No. 36/ 14.01.001/2011-12 (Sept. 28, 2011).

RBI/2011-12/590 RPCD.FLC.No.12452 /12.01.018/2011-12 (Jun. 6, 2012).

RBI/2012-13/165 DPSS.CO.CHD.No.284/03.06.03/2012-13 (Aug. 13, 2012).

RBI/2014-15/104 DPSS.CO.PD. Mobile Banking No.2/02.23.001/2014-15 (July 1, 2014).

Registrar General and Census Commissioner, Census of India 2011 (2011).

Reserve Bank of India (Transfer to Public Ownership) Act, 1948.

Samantha v. *State of Andhra Pradesh* (1997) 8 SCC 191.

Sanjeev Coke Manufacturing Company v. *Bharat Coking Co. Ltd.*, AIR 1983 SC 239.

Sterling Computers Ltd. v. *M & N Publications Ltd.* (1993) 1 SCC 445.

Tata Cellular v. *Union of India*, AIR 1996 SC 11.

The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1969 (Act 22 of 1969).

The Banking Laws (Amendment) Act, 1968 (Act 58 of 1968).

The Banking Regulation Act, 1949 (Act 10 of 1949).

The Constitution of India, 1950.

The Deposit Insurance & Credit Guarantee Corporation Act, 1961 (Act 47 of 1961).

The Income Tax Act, 1961 (Act 43 of 1961).

The Information Technology Act, 2000 (Act. 21 of 2000).

The Payment and Settlement Act, 2007 (Act 51 of 2007).

The Regional Rural Banks Act, 1976 (Act 2 of 1976).

The State Bank of India Act, 1955 (Act 23 of 1955).

Virendrasingh Ghunawat, "What Raghuram Rajan fears is the duplication of accounts and their usage" *India Today*, Sept. 15, 2014.

World Bank, "Data on Financial Inclusion/ Global Findex (2014)" *available at*: http://datatopics.worldbank.org/financialinclusion/country/india (last visited on June 29, 2020).

World Bank, Policy Research Report on Access to Finance: Measurement, Impact and Policy (2006).

Y.H. Malegam, "Report of the RBI Sub-Committee to Study Issues and Concerns in the Micro Finance Institutions Sector" (2011).

Y.V. Reddy, Public Sector Banks and the Governance Challenge - The Indian Experience at p.3, Brookings Institution Conference on Financial Sector Governance: The Roles of the Public and Private Sectors, held on Apr. 18, 2002 at New York, *available at*: www.bis.org/review/r020422d.pdf (last visited on June 13, 2020).