

COMMENTARY ON INDIA'S
ECONOMY AND SOCIETY SERIES

17

**NATIONAL FINANCIAL INCLUSION
STRATEGY (2019-2024): A REVIEW**

Papaiah Koppula

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CDS
Thiruvananthapuram

India's Economy and indeed its society has been undergoing a major change since the onset of economic reforms in 1991. Overall growth rate of the economy has increased, the economy is getting increasingly integrated with the rest of the world and public policies are now becoming very specific compared over arching framework policies of the pre-reform period. Over the past few years, a number of important policies have been enunciated, like for instance the policy on moving towards a cashless economy to evolving a common market in the country through the introduction of a Goods and Services Tax. Issues are becoming complex and the empirical basis difficult to decipher. For instance the use of payroll data to understand growth in employment, origin-destination passenger data from railways to understand internal migration, Goods and Services Tax Network data to understand interstate trade. Further, new technologies such as Artificial Intelligence, Robotics and Block Chain are likely to change how manufacturing and services are going to be organised. The series under the "Commentary on India's Economy and Society" is expected to demystify the debates that are currently taking place in the country so that it contributes to an informed conversation on these topics. The topics for discussion are chosen by individual members of the faculty, but they are all on issues that are current but continuing in nature. The pieces are well researched, engages itself sufficiently with the literature on the issue discussed and has been publicly presented in the form of a seminar at the Centre. In this way, the series complements our "Working Paper Series".

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CENTRE FOR DEVELOPMENT STUDIES

(Under the aegis of the Govt. of Kerala & Indian Council of Social Science Research)

Thiruvananthapuram, Kerala, India

August 2020

ABSTRACT

This commentary reviews the National Financial Inclusion Strategy 2020-24 for India prepared by the Reserve Bank of India. More than 60 countries have committed themselves to increase access to various financial services in recent years and many countries have been developing financial inclusion strategies since 2014. Around twenty countries have drafted a Financial Inclusion strategy since 2014. India has recently come up with a strategy for the next 5 years. A strategy is defined as a plan of action to achieve a long-term goal. This commentary reviews both the ‘plan of action’ part and the ‘goal’ part of the financial inclusion strategy. We assess if the plan of action is realistic and assesses if the right ‘goals’ have been set to be achieved. To do so, we use the nationwide financial access data, data on inter-state variations in financial access, data on household-level financial access data collected in the National Family Health Survey (NFHS) and NABARD rural financial inclusion reports, and data from a primary survey in Patna. By using these various data sources, the commentary provides inputs on aspects that need to be considered in a comprehensive financial inclusion strategy.

National Strategy for Financial Inclusion – A Summary

Papaiah Koppula

1. Introduction

Financial inclusion has been recognized as one of the most important aspects of economic growth and reduction of poverty throughout the world. The most important aim of the financial inclusion is to make the formal sources of finance available to all individuals which help in creating new jobs, reduces the vulnerability to any of the economic shocks and leads to increase in the investment on human capital. On the other hand, when the individuals and firms do not have adequate access to these formal financial credits or services, they tend to depend on informal sources to meet the required financial needs which are usually considered to be costly to pursue their growth opportunities.

The evidence shows that financial inclusion has had a multiplier effect on boosting the economic output as well in the reduction of income inequality and poverty. Seven of the seventeen United Nations Sustainable Development Goals (UNSDG) consider financial inclusion as an important aspect for achieving sustainable development. In this regard, in the past decade itself, more than 35 countries have adopted the National Financial Inclusion Strategy (NFIS). However, for each country, the strategy and adoption process is different as there are significant variations in terms of the respective government's priorities, the financial capacities of the individuals, the capacity of the government institutions in implementing the reforms, the evolution of financial markets, the cultural beliefs of the people that drive their financial behaviour and the payments infrastructure of each country. Further, the countries which are implementing the financial inclusion have updated their original NFIS (World Bank Group, 2018). So, based on these, some commonalities have been observed from these countries. The commonalities include Leadership, Target Based Approach, Regulatory Framework, Market Development, Strengthening Infrastructure, Last Mile Delivery, Innovation and Technology, Financial Literacy, Consumer Protection and Monitoring and Evaluation.

India started its financial inclusion journey in the year 1956 when its nationalized life insurance companies followed by banks (1969 and 1980), general life insurance companies in the year 1972 along with so many other initiatives have been undertaken over the period. Though so many of the policies have been implemented to achieve financial inclusion, some gaps are existing in the usage of these financial services. So, to achieve the vision of basic formal financial services some basic guiding objectives have been formulated.

This section focuses on the guidelines or the objectives that Reserve Bank of India has formulated to achieve during the period from 2019-24. These objectives and their main action plans that are to be achieved have been discussed in detail. These strategic objectives are:

1. Universal Access to Basic Financial Services.
2. Providing Basic Bouquet of Financial Services.

3. Access to Livelihood and Skill Development.
4. Financial Literacy and Education.
5. Customer Protection and Grievance Redressal and
6. Effective Coordination.

Universal Access to Financial Inclusion:

The objective of this is to make every village access to the basic financial services and develop the necessary infrastructure within the radius of 5KM. It aims to establish the financial service providing outlets like scheduled commercial banks, payment banks, and small finance banks by March 2020. The necessary steps have also been taken to develop the infrastructure and to strengthen the digital financial services in all the Tier-II to Tier-VI by March 2022 to make it a more cashless economy. The necessary steps have also been taken to make the payments through virtual modes by using mobile apps and all, where every adult can be able to have access to the financial services by March 2024.

Providing Basic Bouquet of Financial Services:

The aim is to provide every eligible and willing adult to have a basic savings deposit account, credit, micro-life and non-life insurance policies and the pension accounts for all the elderly, disabled and widows. The people who are enrolled under Pradhan Mantri Jan Dhan Yojana (PMJDY) scheme also need to be enrolled under the pension schemes like NPS (National Pension Scheme), APY (Atal Pension Yojana) etc. and insurance schemes like PMJJBY (Pradhan Mantri Jeevan Jyothi Bheema Yojana), PMSBY (Pradhan Mantri Suraksha Bheema Yojana) etc. by March 2020. It also aims to make Public Credit Register (PCR) available to all the authorized financial institutions by March 2022, so that the financial entities can get the access of all the information of the individuals who want to access the credit.

Financial Literacy and Education:

The aim is to make the people aware of the financial-related aspects and develop modules that help the individuals to understand easily. Through this, the government is planning to develop required financial literacy modules by National Centre for Financial Education (NCFE). These modules mainly are of audio-video content, booklets etc., and make it available to all the targeted population by March 2021. This includes the importance of process literacy along with the concept of literacy, where it not only makes the customers understand the product but also helps them to understand how to use the given technology. This helps in teaching them how to use the technology-led digital kiosks and the use of mobile apps etc. and the strategy period for this is from 2019-2024. Finally, this aims to expand or establish a centre for financial literacy (CFL) at the block level throughout the country by March 2024.

Customer Protection and Grievance Redressal:

The objective of this strategy is to make the customers aware of the resources that are available to resolve their problems. To ensure the customer's rights to privacy, they aim to develop a grievance portal for storing as well as for sharing the customer's biometric and demographic data. Strengthening of the grievance redressal mechanism needs to be done by March 2020 to provide timely responses to the problems related to financial services. The development of a dedicated customer grievance redressal portal or the mobile app for lodging the complaint, tracking and the status of the complaint by March 2021 and every stakeholder will be involved in this for faster redressal of the complaints. Setting up a fully dedicated helpline number (by March 2022) to offer responses to the queries about all the financial sectors like banking, pension, insurance and securities will be made available.

Access to Livelihood and Skill Development:

The objective of this plan is to provide information related to governments ongoing livelihood and skill development programme. The people who are entering into the financial system will have the opportunity to undergo any kind of skill development programme or livelihood programme based on their eligibility and interest. This programme tries to help people who are willing to augment some skills to engage in meaningful economic activities that improve their income levels. So, the information related to any kind of ongoing skill development programmes at RSETIs, NRLM, NULM, PMKVY training centres, shall be made available to all the new customers at the time of account opening. The details of these people who are seeking to undergo skill development/livelihood programme will be shared with all the concerned training centres by March 2020. It also plans to develop a framework by National Skill Development Mission (MSDM) to bring the awareness related to financial literacy, credit and market linkages and managerial skills to all the NGOs, civil societies, banks etc by March 2022.

Effective Coordination:

To achieve an inclusive and sustainable financial inclusion objective there needs to be proper and continuous coordination across all the stakeholders like Government, Financial service providers, regulators, skill development training institutes, telecom service providers etc, The main focus is to consolidate the previous efforts and make the necessary changes to improve the quality of service delivery to all the individuals entered into the financial system. A dedicated GIS (Geo-Space Information Technology) dashboard will be developed by March 2022 to monitor the progress of financial inclusion.

The following section describes the past trends and the current situation of some of the major initiatives or the objectives that the Reserve Bank of India has set to achieve in the national strategy for financial inclusion of 2019-2024.

Universal Access to Basic Financial Services

Table1: Universal Access to Basic Financial Services

Year	RRBs % of Growth if branches	SCBs %Growth of branches
2000		
2001	-0.21	0.77
2002	0.38	0.41
2003	-0.16	0.52
2004	0.15	0.98
2005	-0.35	1.73
2006	-0.42	1.84
2007	0.34	3.4
2008	0.94	5.52
2009	3.1	5.19
2010	1.95	6.57
2011	2.31	6.75
2012	3.26	8.46
2013	5.04	8.08
2014	5.39	10.7
2015	8.77	7.32
2016	4.84	5.41
2017	4.08	5.36
2018	2.6	1.2

Source: Reserve Bank of India.

Table1 shows the total number of branches of both Scheduled commercial banks and regional reserve banks from 2000 to 2018. Though the total number of branches in both the type of banks has been increasing the growth rate of these branches has been falling. In the case of RRBs from 2010, the growth rate has been increasing but later it started to fall from 2015. Likewise, in the case of SCBs also the growth rate has increased until 2014 but from 2016 it started falling. So as discussed earlier, as per the recommendations of the financial inclusion strategy, there is a requirement of a very huge number of branches if the government is planning to provide banking access to every village within a radius of 5KM as well as for every 500 households. Further, the density of the total number of branches has been discussed in the following section which describes in detail at state level, which clearly shows that the availability of branches within a range of 5KM radius is not possible to achieve by March 2020.

Providing Basic Bouquet of Financial Services:

As discussed previously, the government has been promoting its flagship program PMJDY scheme (which is a zero account), and the main aim of this scheme is to provide a bank account to every eligible adult. But, as on January 2020, out of 37.87 crore accounts, only 30.78 crore accounts are active or in operation. It clearly shows that one in every five Jan Dhan accounts is an inactive or inoperative or dormant account. As per the report, most of these dormant accounts are from the

states of Uttar Pradesh, Bihar and Madhya Pradesh¹. Table 1, in the appendix, shows that in Uttar Pradesh, nearly 48.79 percent of the 14 and above aged groups have opened Jan Dhan account and in the case of Madhya Pradesh it is 66.23 percent and in Bihar, it is 70.39 percentage. So, from this, we can see that nearly and more than half of the population aged 14 and above have opened Jan Dhan accounts in which the greatest number of dormant accounts is from these states. As per RBI, a savings account is inoperative or dormant if there has been no transaction at least for two years or the accounts have been closed.

Financial Literacy and Education:

As discussed earlier the aim of this is to make every individual aware of the financial-related aspects by opening financial literacy centres (by March 2024) and developing audio and video modules and booklets etc (by March 2021). There has been no study on the status of financial inclusion at the national level. But as per the report published by NABARD in its All India Rural Financial Inclusion Survey 2016-17, states that have only 10 percent of the total surveyed population have got exposure to financial education or training in the past 3 years. However, if we see in terms of the rural and semi-urban population only 9.4 percent of rural and 13.2 percent of the semi-urban population have got any kind of exposure related to financial education and training. This also describes that the respondents from semi-urban and non-agricultural households have got relatively better exposure to these financial literacy sessions when compared to rural and agricultural households. So, from this, it clearly shows that though the government has been aiming to expand the financial literacy centres at every block level across the country by March 2024, it is very difficult to achieve in a very short period. Hence, to make every individual to be fully aware of the financial system and promoting the digital payments, the government must make a long term plan as most of the people do not have access to the power and internet facilities and also have low or very limited knowledge about the financial system.

Customer Protection and Grievance Redressal:

Table 2: Customer Protection and Grievance Redressal

Year	Sector	Brought forward	Received	Total Cases	Disposed	Pending/Under Process	% Disposed
2013-14	Banking	6653	14000	20653	17477	3176	84.62
	Insurance	1332	2406	3738	3288	450	87.96
2014-15	Banking	1801	13144	14945	13592	2104	90.94
	Insurance	322	2343	2665	2414	240	90.58
2015-16	Banking	1395	50273	51668	46247	5421	89.50
	Insurance	269	6447	6716	5820	896	86.65
2016-17	Banking	5105	84533	89638	70622	19016	78.78
	Insurance	671	9635	10306	9754	552	94.64
2017-18	Banking	20420	106299	126719	121162	5557	95.61
	Insurance	717	11517	12234	11695	539	95.59

¹<https://www.moneycontrol.com/news/trends/1-in-every-5-jan-dhan-accounts-active-now-4919441.html>

2018-19	Banking	5707	101388	107095	98819	8276	92.27
	Insurance	549	11350	11899	11188	711	94.02

Source: Department of Financial Services Reports from 2013-14 to 2018-19²

Table 2 describes the customer grievances and redressal status. From this, we can observe that the percentage of the total number of cases disposed of both in banking and insurance are very high except in the year 2016-17 in the banking sector. This also shows that the total number of cases received from the year 2015-16 has increased very drastically in the banking sector and that is the year the government of India has implemented demonetization policy. As there are so many restrictions on the withdrawal of money the cases have been increased particularly in the banking sector.

2. Conclusion

From the whole discussion of the report, the objectives that are discussed to achieve seems to be farfetched. If we look at the universal access to banking services, the idea of establishing a banking outlet within a 5KM radius is a very difficult task to be achieved by March 2020. If we observe at the state level, there are still so many villages which do not have a banking outlet even within the radius of 10KM (discussed in the next section at the state level analysis). The most important thing in this is to strengthen the innovative measures to make the payment through mobile apps and other digital payment systems. But, in a country like India where a large chunk of the population are illiterate and have very little knowledge of the banking system and related knowledge, it is very difficult to achieve it by March 2024. We have already seen in the case of financial literacy and education status in both rural and urban areas of NABARD survey, which revealed that only 10 percent of the total surveyed population has got any kind of exposure related to financial education and literacy in the past 3 years. So, based on all these instances it is very difficult for a country like Indian to achieve all the mentioned goals/objectives by March 2024. However, in the case of basic financial services like basic savings account for every adult, pension and insurance schemes, there seems to be a positive development. In the case of a total number of accounts opened under PMJDY they have been rising significantly over the years and the merge of these accounts to pension schemes and insurance schemes also seems to be rising over the years. But the dormant or inoperative accounts are still high and most of the dormant accounts are from the poor states like Bihar and Uttar Pradesh. Finally, in the case of customer grievances and redressal, the total number of grievances that are filed are still very low and most people do not even know how and where to file a complaint. Since we have already discussed the level of financial literacy there should be a proper roadmap on how to develop financial literacy among the people rather than just making the targets without a proper way forward. In the whole report, they have just setup the deadlines to achieve all the mentioned objectives but did not discuss how to achieve these things correctly in consideration to the previous achievements.

²<https://financialservices.gov.in/annual-report>

Appendix:**Table A1: The population of each state aged 14 years and above and the total Jan Dhan Yojana Bank Account Holders**

State	No of People	Total Beneficiaries	Percentage
Jammu and Kashmir	8552117	2201940	25.74
Himachal Pradesh	5206280	1309328	25.14
Punjab	21147271	6978892	33
Chandigarh	806975	253093	31.36
Uttarakhand	7169384	25,82,253	36.01
Haryana	18318470	74,86,354	40.86
New Delhi	12530960	45,39,928	36.22
Rajasthan	46116652	2,71,72,730	58.92
Uttar Pradesh	131852717	6,43,41,050	48.79
Bihar	64287029	45255248	70.39
Sikkim	456967	87,941	19.24
Arunachal Pradesh	923784	3,34,942	36.25
Nagaland	1345368	3,09,696	23.01
Manipur	2047346	9,77,182	47.72
Mizoram	763130	3,12,808	40.99
Tripura	2723792	9,05,822	33.25
Meghalaya	1855010	5,37,787	28.99
Assam	21605433	16725071	77.41
West Bengal	68258751	3,71,30,632	54.39
Jharkhand	21727411	1,41,36,686	65.06
Odisha	30617431	1,60,36,711	52.37
Chhattisgarh	17884087	1,47,61,957	82.54
Madhya Pradesh	49834690	3,30,10,347	66.23
Gujarat	43930393	1,50,59,039	34.27
Daman & Diu	191231	56,754	29.67
Dadar & Nagar	241714	1,38,230	57.18
Maharashtra	84128942	2,71,24,470	32.24
Andhra Pradesh	63631595	20535030	32.27
Karnataka	46160217	1,47,74,395	32
Goa	1159903	1,63,946	14.13
Lakshadweep	49020	5,581	11.38
Kerala	46094181	43,07,343	9.34
Tamil Nadu	56297908	1,06,39,840	18.89
Puducherry	969007	1,58,976	16.40
Andaman and Nicobar	294057	48507	16.49

Source: PMDJY State wise Statistics and Ministry of Home Affairs Government of India (Office of the Registrar General and Census Commissioner, India)

Inter-State Variations in Financial Inclusion

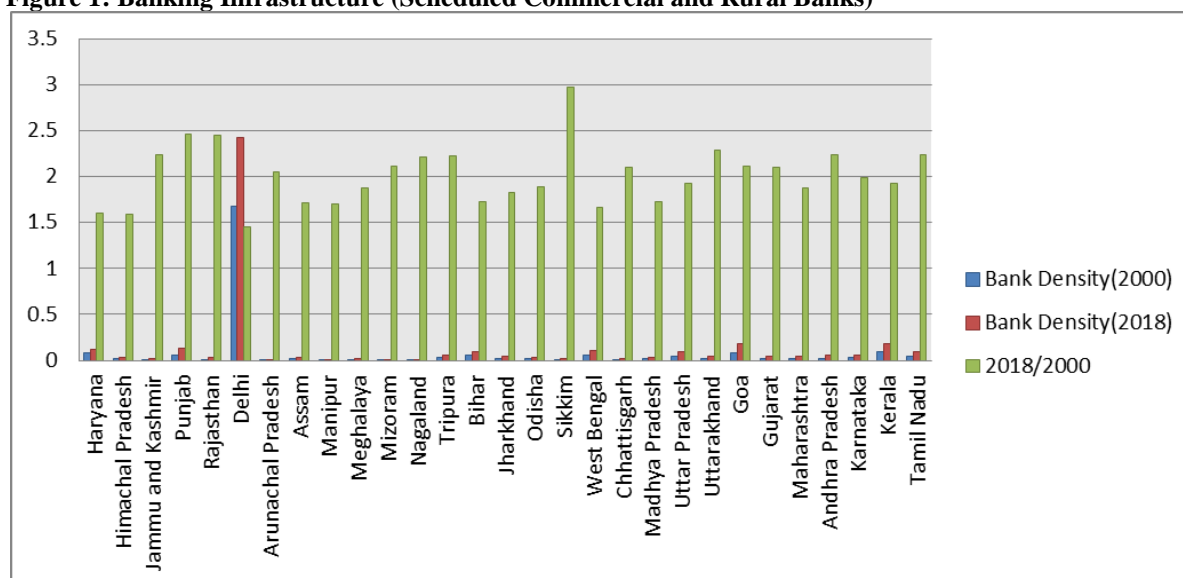
Amit Nandan

In this note, I explore some of the statistics related to some important variables, which can shape the path of financial inclusion across the Indian states. The note places this in the context of the objectives laid out by the National Financial Inclusion Strategy (NFIS) for the year 2019 to 2024. Section 1 presents the inter-state variations related to banking infrastructure, section 2 presents the same for telecommunication infrastructure, section 3 presents the gendered nature of financial inclusion and section 4 presents the inter-regional variations related to complaining redressal. Section 5 provides a conclusion from my analysis.

1. Interstate Variations in Banking Infrastructure

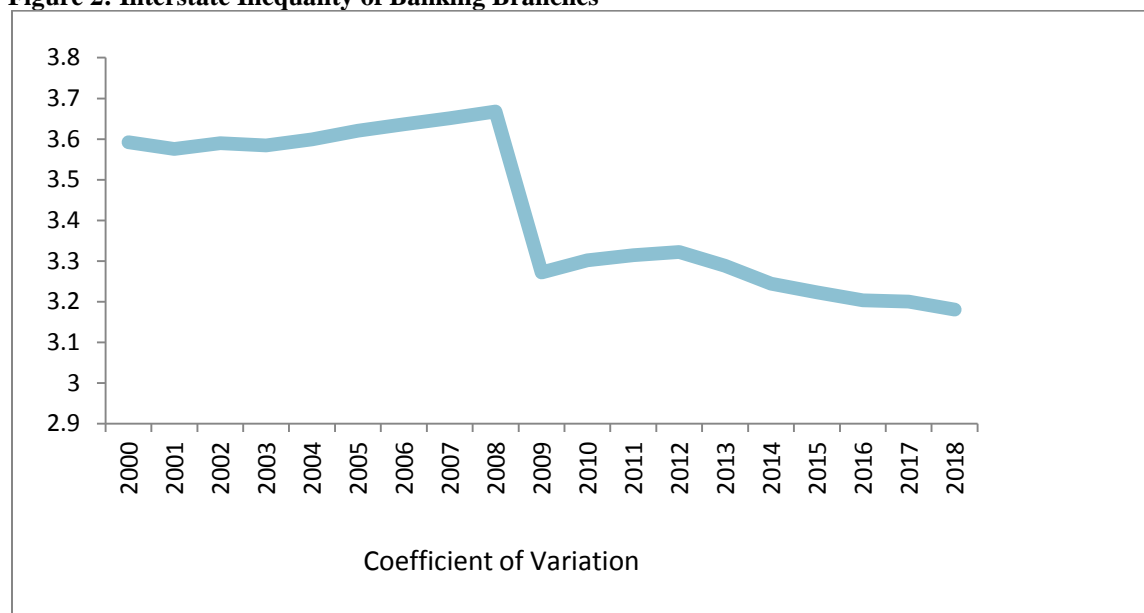
Figure 1 depicts that there had been on an average 1.5-time increase in branches of Scheduled Commercial Banks (SCBs) and Regional Rural Banks (RRBs) across the Indian states between 2000 and 2018. And, this increased in the number of banking branches was more equitable after 2009 from figure 2. This equitable growth was due to the Government of India (GOI) initiative, in 2009, banks were advised to open their branches in rural areas (NSFI, 2020).

Figure 1: Banking Infrastructure (Scheduled Commercial and Rural Banks)



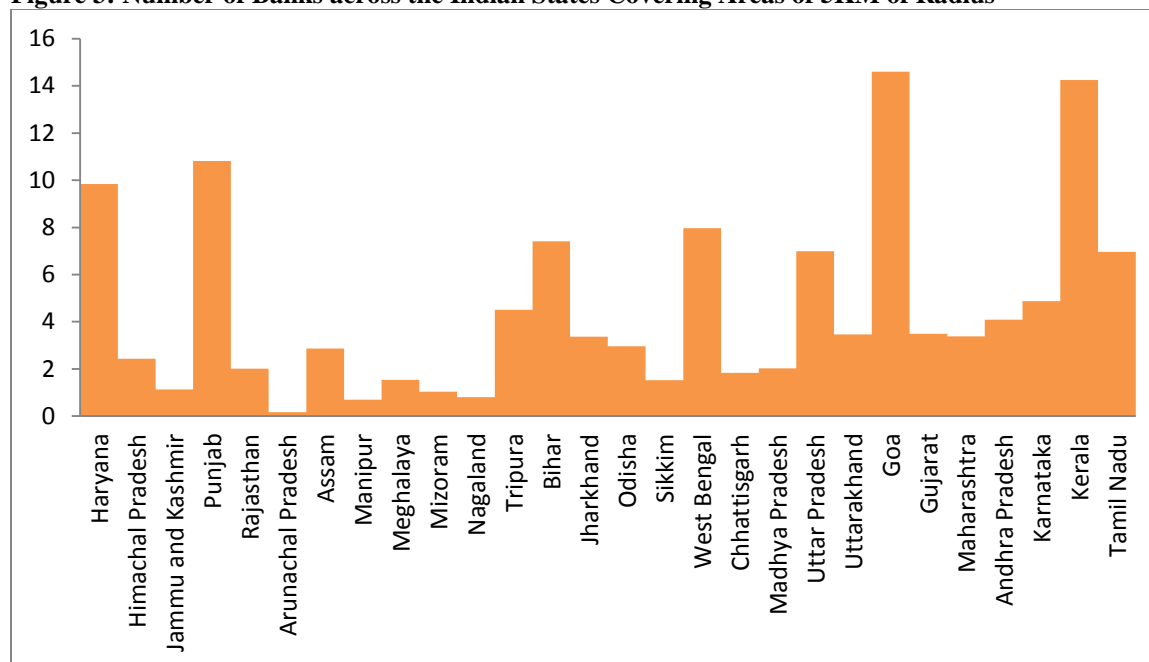
Source: Reserve Bank of India

Figure 2: Interstate Inequality of Banking Branches



Source: Reserve Bank of India (authors' calculation)

The Government of India (NSFI,2020) targets to increase the outreach of banking outlets of Scheduled Commercial Banks/Payments/Small Finance Banks, to provide banking access to every village within a 5KM radius (it turns to the area of 79 square KM) hamlet of 500 households in hilly areas by March 2020. Thus, from figure 3, it seems to be a fair target. There needs to pay a special focus on the north-eastern states of India. However, this target does not acknowledge the transaction costs an individual has to bear while accessing the banking services. For a while, keep the populations of states fixed at the 2011 level and divide the populations of states by number of branches of 2018 then we see a huge disparity from Table1. In states like Bihar, Assam, J&K, Manipur, Nagaland, Jharkhand, West Bengal, Chhatisgarh, Madhya Pradesh and Uttar Pradesh, there exists a possibility that one bank is serving more than 10 thousand population. So, it may have a significant implication for the consumers in the form of transaction costs (long waiting in a queue), which may pose a challenge to achieve financial inclusion. Thus, it will be a good strategy if the GOI focuses on providing banking services on a per-capita basis, which will capture the region-specific heterogeneity.

Figure 3: Number of Banks across the Indian States Covering Areas of 5KM of Radius

Source: Reserve Bank of India (authors' calculation)

Table 1: Bank Availability per Capita

State	No. of Banks Area Covering 5km Radius in 2018	No. of People living per sq.in 2011	Col.3/Col.2
Haryana	9.84	45267	4601.06
Himachal Pradesh	2.43	9717	3985.90
Jammu and Kashmir	1.13	9796	8634.81
Punjab	10.82	43450	4016.69
Rajasthan	2.02	15879	7875.23
Arunachal Pradesh	0.17	1343	7779.40
Assam	2.88	31363	10922.44
Manipur	0.70	9638	13687.91
Meghalaya	1.54	10428	6790.43
Mizoram	1.03	4108	3971.79
Nagaland	0.81	9401	11605.30
Tripura	4.51	27650	6127.04
Bihar	7.40	87058	11754.38
Jharkhand	3.36	32706	9717.79
Odisha	2.96	21251	7174.58
Sikkim	1.52	6794	4454.42
West Bengal	7.97	81291	10205.14
Chhattisgarh	1.83	14931	8152.88
Madhya Pradesh	2.03	18644	9185.08

Uttar Pradesh	6.99	65412	9354.23
Uttarakhand	3.46	14931	4317.94
Goa	14.59	31126	2132.44
Gujarat	3.49	24332	6960.50
Maharashtra	3.39	28835	8506.80
Andhra Pradesh	4.09	24332	5959.89
Karnataka	4.87	25201	5176.52
Kerala	14.25	67861	4763.60
Tamil Nadu	6.97	43845	6294.23

Source: Reserve Bank of India (authors' calculations)

2. Interstate Variations in Telecommunications Outreach

The NSFI (2020) has an ambitious goal to leverage on the developments of fin-tech space to encourage financial service through a mobile device by March 2024. From Table 2, we see a clear-cut urban vs. rural divide. Any new internet connection demand, 0.6 comes from urban India. Without recognizing this divide, how can we achieve the above-mentioned goal?

Table 2: Total Internet Subscriptions (Urban Vs. Rural)

Total Internet Subscriptions (Millions)						
Year	Rural			Urban		
	Mean	Std	CV	Mean	Std	CV
2015	0.39	0.17	0.45	0.61	0.17	0.29
2016	0.35	0.16	0.44	0.65	0.16	0.24
2017	0.35	0.16	0.44	0.65	0.16	0.24
2018	0.31	0.14	0.44	0.69	0.14	0.20
2019	0.37	0.16	0.44	0.63	0.16	0.26

Total Broadband Subscriptions (Millions)						
Year	Rural			Urban		
	Mean	Std	CV	Mean	Std	CV
2015	0.27	0.15	0.55	0.73	0.15	0.20
2016	0.27	0.14	0.53	0.73	0.14	0.19
2017	0.29	0.13	0.45	0.71	0.13	0.18
2018	0.27	0.12	0.44	0.73	0.12	0.17
2019	0.36	0.16	0.45	0.64	0.16	0.25

Source: Telecom Statistics India (Ministry of Communication, Government of India)

3. Gendered Nature of Financial Inclusion

The NFIS (2020) recognizes that the financial inclusion of women is important for gender equality and women's economic empowerment. We find from Table 3 that from 2004 to 2015, there was a considerable increase in the number of women having a savings account across all religions and social groups. However, this increase was not translated into owning money. Only, women from Sikh, Buddhist and Jain performed well.

Across states from Table 4, we see a considerable fall in assessing money by women in states like J&K, Assam, Nagaland, Bihar, Jharkhand, Odisha, Madhya Pradesh, Orissa, Uttar Pradesh, Gujarat, Andhra Pradesh and Karnataka.

If we go by the indicator of the opening of a savings account as an indicator of financial inclusion, then it will be a blunder and mistake. The NFIS (2020) considers the opening of savings accounts as a big achievement reflecting financial inclusion.

Table 3: Women Access to Money across Religions and Castes

		Women's Access to Money					
		% who have money that they can decide to use			% who have bank or savings account that themselves use		
Religions & Social Groups		2004	2015	Col.3-Col.2	2004	2015	Col.6-Col.5
Hindu		45.2	41.9	-3.3	15.4	54	38.6
Muslim		42.4	39.3	-3.1	10.5	44.5	34
Christian		42.2	41.2	-1	24.4	66.9	42.5
Sikh		31.1	41.9	10.8	16.5	59.5	43
Buddhist		44.3	57.7	13.4	17.6	55.6	38
Jain		60.5	65.6	5.1	39.8	69.7	29.9
SCs		43.1	40.6	-2.5	11.6	54.4	42.8
STs		38.2	38.1	-0.1	9	44.5	35.5
OBCs		45.6	38.8	-6.8	13.3	53.5	40.2
Others		59.5	48.2	-11.3	10.8	54.2	43.4

Data Source: National Family Health Survey (2004-05& 2014-15)

Table 4: Women Access to Money Across states

		Women's Access to Money					
		% Who have money that they can decide to use			% who have bank accounts or saving ac. That themselves use		
State		2004	2015	Col.3-Col.2	2004	2015	Col.6-Col.5
Haryana		35.5	42.8	7.3	12.4	45.6	33.2
Himachal Pradesh		28.8	49.8	21	22.2	68.8	46.6
Jammu and Kashmir		55.4	41.7	-13.7	21.9	60.3	38.4
Punjab		26.5	42.8	16.3	14.6	58.8	44.2
Rajasthan		32.7	46	13.3	7.5	58.2	50.7
Delhi		43.2	47.6	4.4	30.3	64.5	34.2
Arunachal Pradesh		38.7	41.4	2.7	19	56.6	37.6
Assam		26.9	25.2	-1.7	11.7	45.5	33.8
Manipur		32	32.4	0.4	8	34.8	26.8
Meghalaya		35.3	48.1	12.8	16.9	54.4	37.5
Mizoram		19.5	22.9	3.4	8.1	57.1	49
Nagaland		36.5	31.8	-4.7	7.4	38.8	31.4
Tripura		26.9	54.9	28	18.7	59.2	40.5
Bihar		58.6	33.4	-25.2	8.2	26.4	18.2
Jharkhand		60.2	40.2	-20	14.4	45.1	30.7

Odisha	36.2	31.3	-4.9	9.8	56.2	46.4
Sikkim	36.9	49.1	12.2	20.9	63.5	42.6
West Bengal	37.4	58.1	20.7	14.1	43.5	29.4
Chhattisgarh	34.3	43.7	9.4	8.1	51.2	43.1
Madhya Pradesh	36.8	35.1	-1.7	8.9	37.3	28.4
Uttar Pradesh	59.9	43.8	-16.1	13.2	54.6	41.4
Uttarakhand	36.1	50	13.9	20.1	58.5	38.4
Goa	56.7	61.7	5	42.3	82.8	40.5
Gujarat	57.8	52.1	-5.7	19.9	48.6	28.7
Maharashtra	40.8	52.9	12.1	20.3	45.3	25
Andhra Pradesh	48.6	24.5	-24.1	18	63.3	45.3
Karnataka	60.3	29.9	-30.4	22.1	59.4	37.3
Kerala	20.7	40.1	19.4	27	70.6	43.6
Tamil Nadu	25.4	39.7	14.3	15.8	77	61.2

Source: National Family Health Survey (2004-05& 2014-15)

From Table 5, across all religions, the awareness regarding the microcredit programs had increased from 2004 to 2015 except for Christians. In comparison to states, the same indicator took a dip in states like Haryana, Delhi, Arunachal Pradesh, Assam, Manipur, Meghalaya, Odisha, Gujarat, and Karnataka from Table 6. The thing which puzzles us is that there was a fall in awareness of microcredit programs but the taking of a loan from microcredit had increased.

Table 5: Knowledge of Microcredit Programmes to Women across Religions and Castes

Social Groups	Who know microcredit programs			Who has taken a loan from Micro		
	2004	2015	Col.3-Col.2	2004	2015	Col.7-C6
Hindu	39.2	41.3	2.1	4.4	8.1	3.7
Muslim	30.6	35.4	4.8	1.8	5.6	3.8
Christian	60.4	52.2	-8.2	8.9	12.5	3.6
Sikh	40.9	44.1	3.2	1	2.5	1.5
Buddhist	42.8	46	3.2	1.2	6	4.8
Jain	45.4	45.6	0.2	1.5	5.7	4.2
SCs	38.1	41.1	3	4.7	9.2	4.5
STs	30.1	36.5	6.4	3.1	7.2	4.1
OBCs	38.5	41	2.5	4.8	8.3	3.5
Others	33	42.2	9.2	3.3	6	2.7

Source: National Family Health Survey (2004-05& 2014-15)

Table 6: Knowledge of Microcredit Programmes to the Women across States

State	Who know microcredit programs			Who has taken a loan from Micro		
	2004	2015	C3-C2	2004	2015	C7-C6
Haryana	36.8	24.4	-12.4	0.6	2	1.4
Himachal Pradesh	20.2	33	12.8	2.2	2.3	0.1
Jammu and Kashmir	13.1	37.6	24.5	0.2	1.3	1.1
Punjab	40.8	46.8	6	0.9	2.4	1.5
Rajasthan	12.3	26.4	14.1	0.6	1.6	1
Delhi	29	23.5	-5.5	1	2.3	1.3
Arunachal Pradesh	31.4	21.8	-9.6	2.5	4.2	1.7
Assam	41.7	36.6	-5.1	1.4	6.4	5
Manipur	65.1	46.2	-18.9	4.2	5.5	1.3
Meghalaya	22.8	22.1	-0.7	1.5	3.8	2.3
Mizoram	7.8	9.1	1.3	0.7	2	1.3
Nagaland	23.8	17.5	-6.3	1.3	3	1.7
Tripura	38.7	80	41.3	2.3	14	11.7
Bihar	27	28.4	1.4	1	4.8	3.8
Jharkhand	25.5	40.7	15.2	1.9	5.2	3.3
Odisha	69.4	66.6	-2.8	6.9	14.2	7.3
Sikkim	18.3	42.3	24	0.8	5.1	4.3
West Bengal	41.4	44.9	3.5	2.7	8.8	6.1
Chhattisgarh	29.1	52.2	23.1	1.3	4.9	3.6
Madhya Pradesh	30.6	32.1	1.5	1	4	3
Uttar Pradesh	14.1	27.7	13.6	0.4	2.3	1.9
Uttarakhand	13.7	22.3	8.6	1.6	3.2	1.6
Goa	56.6	55.7	-0.9	2.5	4.4	1.9
Gujarat	45	38.8	-6.2	1.7	2.9	1.2
Maharashtra	35.5	37	1.5	2.1	5.1	3
Andhra Pradesh	59.6	71	11.4	16.3	27	10.7
Karnataka	55	42.7	-12.3	9.2	14.1	4.9
Kerala	82.6	67.1	-15.5	8	9.8	1.8
Tamil Nadu	79	50.3	-28.7	13.4	14.9	1.5

Source: National Family Health Survey (2004-05& 2014-15)

4. Complaint Redressal Status

From Table 7, we see that consumers from the northern part of India have filed more cases to Offices of Banking Ombudsmen (OBO), and from Table 8, the banking sector across all regions of the country has been dealing with them successfully, and it is a good indicator. The redressal of complaints helps to increase the trust/faith of customers in the banking institution, and in this way, it will facilitate the customers to use the modern banking facilities.

Table 7: Zone wise distribution of complaints

	2017-18		2018-19	
	OBOs	% of total complains	OBOs	% of total complains
Eastern Zone				
Bhubaneswar	2,811	1.7	4,138	2
Guwahati	1,601	1.0	2,061	1
Kolkata	10,631	6.5	11,793	6
Patna	7,946	4.9	7,998	4
Ranchi	1,894	1.2	2,174	1
Total in East Zone	24,883	15.2	28,164	14
Northern Zone		0.0		0
Chandigarh	10,026	6.1	13,063	7
Dehradun	3,171	1.9	3,958	2
Jaipur	9,068	5.5	11,455	6
Jammu	501	0.3	908	0.46
Kanpur	13,314	8.1	14,314	7
New Delhi-I	26,653	16.3	33,690	17
New Delhi-II	9,084	5.6	11,242	6
Total in North Zone	71,817	43.9	88,630	45
Southern Zone		0.0		0
Bengaluru	8,906	5.4	11,044	6
Chennai	10,642	6.5	11,557	6
Hyderabad	8,049	4.9	10,391	5
Thiruvananthapuram	4,456	2.7	5,038	3
Total in Southern Zone	32,053	19.6	38,030	19
Western Zone		0.0		0
Ahmedabad	9,607	5.9	9,796	5
Bhopal	4,050	2.5	6,107	3
Mumbai-I	18,085	11.1	13,106	7
Mumbai-II	1,884	1.2	10,162	5
Raipur	1,211	0.7	1,906	1
	34,837	21.3	41,077	21

Source: Reserve Bank of India (RBI)

Table 8: Complaints Disposal during 2018-19

OBO	Complaints handled	Complaints Disposed	Pending at the end of the year	Rate of Disposal (%)
<i>Eastern Zone</i>				
Ranchi	2,283	2,210	73	96.80%
Bhubaneswar	4,149	3,947	202	95.13%
Patna	8,272	7,841	431	94.79%
Kolkata	12,073	11,518	555	95.40%
Guwahati	2,066	1,987	79	96.18%
<i>Northern Zone</i>				
Dehradun	4,040	3,660	380	90.59%
Jaipur	11,482	10,912	570	95.04%
Jammu	908	880	28	96.92%
Kanpur	15,215	14,755	460	96.98%
New Delhi-I	34,786	32,010	2,776	92.02%
New Delhi-II	11,563	10,663	900	92.22%
<i>Western Zone</i>				
Mumbai-I	14,644	13,667	977	93.33%
Mumbai -II	11,458	9,517	1,941	83.06%
Ahmedabad	9,796	9,450	346	96.47%
Raipur	1,906	1,891	15	99.21%
Bhopal	6,129	5,822	307	94.99%
Patna	8,272	7,841	431	94.79%
Raipur	1,906	1,891	15	99.21%
<i>Southern Zone</i>				
Thiruvananthapuram	5,190	4,963	227	95.63%
Bengaluru	11,044	9,703	1,341	87.86%
Chennai	11,557	11,324	233	97.98%
Hyderabad	10,457	10,286	171	98.36%

Source: Reserve Bank of India (RBI)

5. Conclusion

NFSI (2020) has discussed many strategies to achieve a fairly good level of financial inclusion in India. Many of strategies are achievable in the targetable period. However, it would have been a good strategy to expand the banking network in India by considering the population diversity of states, rather than expanding the banking network by considering the geographical area.

Further, there had indeed been consistent growth in the number of women having savings accounts between the periods from 2004-15 among all states of India. However, during the same period, access to money by women during the same period had fallen in many states. We all know that access to money or saving of money is a function of the availability of dignified jobs for considerable amounts of time in a year. Therefore, it would be more pragmatism to have an integrated approach to achieve financial inclusion and create dignified job opportunities for women. In this direction, NFSI (2020) has talked about some of the strategies, but we need more realistic and achievable approaches.

There is an urgent need to bridge the rural vs. urban divide in accessibility and affordability of modern means of communication. We all know the 21st century is shaped by the telecommunication technology. So, without bridging this gap, we will leave behind a significant portion of the Indian population, and it will be detrimental not only in achieving financial inclusion but many other aspects of human development.

Our banking sector is indeed showing seriousness in dealing with complaints from customers as reflected from the mentioned tables. However, there is a limitation as we are not able to provide the information on redressal of complaints rural vs. urban. In this direction, we need to spread financial literacy in vernacular/mother languages and make our banking sector safer.

National Strategy for Financial Inclusion 2019-2024: Lessons from Bihar, India

Indrajeet Kumar

1. Introduction

In 2015 spring meeting, the World Bank Group, the International Monetary Fund (IMF), and the member countries pledge to include 1 billion unbanked adults into the formal financial system by 2020. Subsequently; member countries are helped with technical knowledge and are expected to prepare a national strategy for financial inclusion based on their needs. That is, a strategy to promise access to financial products and services to people and businesses to meet their needs of a transaction, payments, savings, credit, and insurance. Also, the products and services should be brought in an accountable and sustainable manner to reduce poverty and increase prosperity (World Bank, 2020). The National Strategy for Financial Inclusion (NSFI) 2019-2024, prepared by Reserve Bank of India (RBI) is a response document in this regard. However, historically access to financial products and services to the marginalized and low-income people in Indian states is a challenge. So, the RBI envisions inclusion of all sections of the society with a greater emphasis on vulnerable and low-income people (Reserve Bank of India, 2020).

In the world, there are 11.51 bank branches and 40.09 automated teller machines (ATMs) for every 100,000-adult population in 2018.³ The account ownership in the richest 60 per cent of the population is 73.85 per cent. While for the poorest 40 per cent is 60.53 per cent.⁴ People living in high-income countries have the highest financial inclusion (96.13 per cent). While people living in low-income and Sub-Saharan Africa has the lowest (41.05 per cent and 49 per cent, respectively). The pattern that the richest owns the largest and poorest the lowest remain the same across countries. The gendered outcome for financial inclusion is male-biased: male's 72.26 per cent and female's 64.84 per cent. Nevertheless, increment in education improves the chances of financial inclusion from 55.94 per cent for primary schooling to 78.66 per cent for secondary.

In India, there are 14.56 bank branches and 21.73 ATMs for every 100,000-adult population.⁵ In total, 89.4 per cent adult Indians have at least one bank account. Income wise, the richest 60 per cent and poorest 40 per cent have 81.73 per cent and 77.08 per cent account ownership, respectively.⁶ Region-wise, 92 per cent of urban and 88 per cent of rural Indians have a bank account. Thus, the country average is encouraging. However, the situation for socially and economically vulnerable groups is worrying. For instance, only 53 per cent (49 per cent rural and 61 per cent urban) of Indian women have a bank account that she uses for herself. In Bihar, one of the poorest states in India, this figure is 26.4 per cent.⁷ Thus, half of the women in India and a

³ See: <https://data.worldbank.org/indicator/FB.CBK.BRCH.P5>

⁴ The population aged 15 years or above and who have a bank account at a financial institution or mobile money service provider.

⁵ For 15 years or above age.

⁶ See: <https://data.worldbank.org/indicator/FB.ATM.TOTL.P5?locations=IN>

⁷ Women age in group of 15-49, NFHS-4, India, 2015-16, See, page 538.

three-quarter of women in Bihar do have a bank account she uses for herself. The situation for banking ownership is better in southern Indian states, for instance, Kerala (70.6 per cent), Tamilnadu (77 per cent), Andhra Pradesh (66.3 per cent), Karnataka, (59.4 per cent).

In the purview of circumstances of financial inclusion in India and NSFI 2019-2020, this paper presents qualitative and quantitative insights from 200 families (803 adults) and 9 bank managers in Patna district of Bihar. Thus, the study aims to investigate the reasons of financial exclusion in a poor setting of Bihar considering the NSFI 2019-2024.

2. Field Survey

Patna district, that makes up the state capital region, has the highest per capita annual income (rupees 63,063, in the year 2011-12 at 2004-05 prices) among other districts (Government of Bihar, 2018-19). Also, the district is the most urbanised place for a least urbanised state (Endow, July 2017), for only 11.3 per cent of the population lives in urban places in the state (Bhagat, 2011). While 43.07 per cent population of Patna district lives in urban areas. In terms of education, the district has outperformed the other regions. The district has the highest literacy rate of 70.68 per cent, as compared to the state literacy rate at 61.80 per cent (Census of India, 2011). Thus, the district is “the best among the worst” in terms of urbanisation, per capita income, and literacy. The district qualifies to be a survey site to analyse financial inclusion. The findings could be a message for other deprived district in Bihar and other states in India.

I have conducted a field-based inquiry of 200 families in four panchayats in Patna district of Bihar in October through December 2015.⁸ Table 1 presents the selected panchayats and number of households based on two criteria. The first criterion is the share of Schedule Caste (SC) population in a panchayat. I have selected two panchayats (i) one with the highest SC population and (ii) the other one with the least SC population. I have selected the first two panchayats through stratified random sampling. For this purpose, I have used Population Census Aggregates (PCA) from the Census of India 2011, and have conducted stratified samplings in two stages. Initially, I have selected the top and the bottom five blocks in Patna district having the highest and lowest SC population. In the second stage, I have selected the top five and bottom five panchayats from the selected blocks. Thus, I have selected one final panchayat from the top five and another one from the bottom five. The reasons to select two panchayats based on SC population is to analyse the differential situation of social and economic marginalisation of the families and the place to study the scenario of financial inclusion.⁹

⁸ For administrative purpose, a state in India is divided into districts, a district into blocks, a block into panchayats, and a panchayat into wards.

⁹ In India state of Bihar, economic marginalization is an outcome of social marginalization. Most of the SC families are poorer or poorest in terms of wealth index of the National Family Health Survey (NFHS) 2016.

Table 1: Panchayats and criterion of selection, the number of bank branches and families for this study.

Panchayat	Criterion of selection	Number of bank branches	Number of families
Panchayat 1 (Dumri)	Highest SC population	1	47
Panchayat 2 (Manpura)	Least SC population	4	48
Panchayat 3 (Kurthawal)	Around the Patna city	3	55
Panchayat 4 (Bara)	Far from the Patna city	1	50

Source: Based on the survey design author's description. Note: SC-Scheduled Caste

The second criterion is the distance of a panchayat from the city (Patna). The distance of a panchayat from a city proxies for the availability of points of financial transactions-bank and ATMs and a need for financial transaction. I have selected two panchayats (i) around the city and (ii) far from the city.¹⁰ I have selected these two panchayats based on our judgement by visiting the panchayats and the difficulty I face to travel. Also, I have used Google Map to have an estimate of distance and available public and private transport connectivity.

A workable financial inclusion requires a bank branch in the proximity. I have intervened bank branches, which are either in a panchayat or the ones the nearest. Usually, people are not restricted to open an account at the nearest branch. However, it is convenient to have ones. Families have named banks both public and private, with their preference for public sector banks. Also, private banks have an easy opening procedure, but expensive to continue for poor families. I have interviewed 9 branch managers, and at least one from each panchayat. There is no bank branch in Panchayat 4. So, I have interviewed the nearest available. While I have approached all banks within a panchayat, the bankers are often reluctant to take part in the interview or uncomfortable on questions on the PMJDY.

3. Findings

3.1. Banking Experience

I have interviewed 154 people (not more than one from a family) about their banking experience on (i) remoteness of a bank branch, (ii) account opening process, (iii) ease of transaction, and (iv) behaviour of banker. In each of four criteria, I have asked respondents to rate experiences as - good, indifferent, or bad.¹¹ Later, to combine experiences, I have grouped the experiences from four criteria into good, indifferent, bad, and mixed (Table 2).¹² Half the respondents have expressed indifferent experience followed by bad, good, and mixed experiences. Notably, persons

¹⁰ Here I have calculated distance of the panchayats from Patna Railways Junction.

¹¹ Similarly, I have asked about the outreach experiences of ATM card usage, or ATM machine availability and SMS alerts.

¹² For each these four criteria, I have asked an individual to rate- good, indifferent, or bad. While combining the responses from the four criteria if a respondent rates in three or four out of the four criteria as good then I take overall banking experience to be good. For example, if an individual rate baking experience good in distance, good in opening process, good in transaction, and /or good in behavior of the banker, then the individual has an overall good banking experience, and so on for indifferent and bad experiences. But, if the responses are not common in all four or three resulting in other combinations combination, then I call it a mixed experience.

from far-off places have registered higher bad experiences. Regardless, a bank branch in the locality eases banking experiences in opening process and transaction.¹³ Financial inclusion alone does not ensure the favourable experience for the lower social groups. For, the lower the social group a person belongs, the lower the valuable experience is. These respondents narrate discriminatory practices by bankers based on- the volume of money transaction, residence (local or distant), and caste or community. The discrimination is common for SC- Mahadalit and Dalits. A person from the SC-Mahadalit community narrates, “while asking for opening form, the bankers threw the form on me”. Another person recounts, “we are kept standing in queue for hours; whereas higher social and economic group people are given priority and preference citing one or other excuses”.

Table 2: Self-reported banking experience and behaviour of adult individuals (N=154).

	TOTAL	PANCHAYATS				SOCIAL GROUPS			
		Panchayat 1	Panchayat 2	Panchayat 3	Panchayat 4	SC-Mahadalit	SC-Dalits	EBC	BC+GEN
TOTAL		20.78	25.32	31.17	22.73	19.48	14.29	24.03	42.21
BANKING EXPERIENCE									
Bad	24.03	9.38	2.56	4.17	88.57	36.67	31.82	21.62	16.92
Indifferent	51.3	0	82	90	11	33.33	63.64	56.76	52.31
Good	14.29	62.5	5.13	0	0	13.33	4.55	5.41	23.08
Mixed	10.39	28.13	10.26	6.25	0	17	0	16	8
PURPOSE OF BANKING									
For saving	40.52	53.13	48.72	31.91	31.43	50	18.18	35.14	46.88
Cooking gas subsidy	21.57	3.13	38.46	27.66	11.43	0	18	32	26.56
Indira Awas Yojana	15.03	28.13	5.13	2.13	31.43	33.33	31.82	5.41	6.25
Other schemes	22.88	16	7.69	38	26	16.67	31.82	27.03	20.31
BANK ACCOUNTS OPENED									
In last 1 year (PMJDY period)	31.82	12.5	41.03	43.75	22.86	36.67	18.18	27.03	36.92
Before 1 year (Non PMJDY period)	68.18	87.5	58.97	56.25	77.14	63.33	81.82	72.97	63.08
Distance (average)	3.76	1.487179	1.958333	1.15625	11.14286	4.6	4.954545	3.513514	3.107692

Source: Author's calculation.

The purpose of banking determines the frequency of transaction and later experiences. On this count, most people have opened bank accounts to receive government transfers payments e.g. cooking gas subsidy, Indira Awas Yojana, social pensions etc. This is the cause of dormant or inactive accounts. Because running an account is costly for the poor or vulnerable in the absence of regular government transfers. For this reason may be, people prefer public sector banks over

¹³ As seen in Panchayat 1 (Dumari).

private. They doubt private banks for the security of deposited sum and to sustain with the minimum balance requirements. Similarly, people prefer nearest banks (on average 1-2 kilometres), while rural people must travel far-off (about 11 kilometres or so). Surprisingly, the evidence suggests that SC-Mahadalits and Dalits must travel more than GEN/BC. A cause of concern that requires further investigation. The evidence demands a comprehensive and targeted financial inclusion strategy for socially and economically vulnerable groups.

Based on accounts (i) opened in last one year (in PMJDY period), and (ii) opened before one year, one-third of banks accounts have been opened in the last year. The evidence indorses that urban people (rented and low income) have ensured access for banking under PMJDY scheme. Higher social group people have helped more from the scheme. For them, banking has reached about universal. The scheme has been successful, yet, the sustainability depends on the future usage of the newly opened accounts by the socially and economically marginalised group.

3.2. Awareness about PMJDY

I have also inquired 63 people (not more than one from a family) about why they do not have a bank account at a formal financial institution (Table 3). Three prominent conveyed reasons are: (i) no excess income for saving (49.21 per cent), (ii) no need for formal banking (31.75 per cent), and (iii) others (no documents, no guarantor etc.). No money or no need are observable reasons for rural people. For, their economic activities receive low income in cash, which require less cash flow. However, a greater proportion of socially and economically marginalised people for these reasons is a cause of concern for a sustainable financial inclusion strategy.

Table 3: awareness about PMJDY to individuals who do not possess any bank account at a formal financial institution (N=63), in per cent.

	TOTAL		PANCHAYATS				SOCIAL GROUPS			
	Total	Panchayat 1	Panchayat 2	Panchayat 3	Panchayat4	Mahadalit	Dalits	EBC	BC+GEN	
HEAR PMJDY										
No	18	48.94	20.83	5.45	0	29.79	0	13.21	19.48	
Yes	82	51.06	79.17	94.55	100	70.21	100	86.79	80.52	
FEATURES OF PMJDY										
Zero Balance account	36.49	53.85	36.36	53.85	14	38.24	31.82	36.59	37.25	
A/C +Insurance	20.95	23.08	33.33	17.31	16	11.76	27.27	26.83	19.61	
A/C + Credit	27.03	0	0	19.23	60	38.24	22.73	24.39	23.53	
Others	15.54	23.08	30.3	9.62	10	11.76	18.18	12.2	19.61	
WHY NOT ACCOUNT										
No money	49.21	55	50	0	59.26	52.17	50	47.37	46.67	
No money/need	31.75	45	25	25	25.93	39.13	16.67	26.32	33.33	
Other reasons	19.05	0	25	75	14.81	8.7	33.33	26.32	20	

Source: Author's calculation.

The scheme has completed a year by the time of the survey. On the assessment of awareness about the scheme in the masses, one-fifth have acknowledged familiarity of the PMJDY. In local parlance, people call the scheme a “zero balance scheme”. The scheme has been well promoted and received by masses in rural and urban places alike. Still, lower social and economic group people (SC-Mahadalits & Dalit) are the least aware. On the basic features of the scheme, 36.49 per cent of respondents are aware of the zero-balance feature, followed by overdraft facility, insurance, and ATM card. Zero-balance and credit overdraft are popular features. The euphoria is the government could eventually credit cash in these accounts. The lower social group families are buying the rumour more than others. So, people are opening multiple accounts. In such case, at a newly established bank branch in a rural panchayat, the banker has displayed a warning notice saying, “anyone found to have more than one accounts will be punished under relevant laws”.

4. Conclusion

I have studied the causes of financial exclusion and people's awareness and banker's perspective about PMJDY. People from far-off places still register bad experiences at banks. However, financial inclusion alone does not ensure the favourable experience for lower social groups. Also, most people have opened bank accounts to receive government transfers. In general, people are aware of PMJDY scheme. Still, lower social and economic group people are the least aware. The bankers also recognise the PMJDY contribution in accelerating financial literacy and inclusion. However, bankers do complain about dormant accounts in the scheme.

Thus, the shreds of evidence suggest for a comprehensive and targeted financial inclusion strategy for socially and economically marginalised and vulnerable groups. The sustainability of financial inclusion depends on the future usage of the newly opened accounts by these groups of people. The inclusion can be increased and sustained by devising suitable financial products, for example- free SMS alerts and ATM card usage services. Doorstep transaction facility by banking correspondence can also be effective to mitigate opportunity cost for low-income families. While bankers concern about profitability and personnel is to be considered as well. The future depends on how the bankers and beneficiaries sustain in the financial system. I recommend a targeted strategy rather than a basket of benefit which is lucrative but not helpful. Similarly, unless and until the income of the people or a suitable financial product is offered, sustainable financial inclusion is a challenge.

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