Printed by :- Ell Gee # 9811150276

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FINANCIAL LITERACY AS A TOOL FOR FINANCIAL INCLUSION AND CLIENT PROTECTION

2012

United Nations Development Programme
New Delhi

FINANCIAL LITERACY AS A TOOL
FOR FINANCIAL INCLUSION AND CLIENT PROTECTION

(A Report based on the studies undertaken under
Financial Inclusion Project of UNDP in 7 UN Focused States and
Discussions on UNDP supported Microfinance Community of Practice, Solution Exchange)

November, 2012

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Special Thanks and Acknowledgements

Sincere acknowledgements are due to the authors and institutions who have undertaken studies and to all those Microfinance enthusiasts, specialists and experts who have participated in the two e-discussions initiated by the "Microfinance Community, Solution Exchange, United Nations Development Programme (UNDP) India" on whose resources and data this compilation has been made possible.

Acknowledgements are due to:

- ***BASICS Limited, Hyderabad, Andhra Pradesh, India***
- ***Prof. RajanishDass, Indian Institute of Management, Ahmedabad, Gujarat, India***
- ***Mr. Gopala Krishna Ayitam, Agri Biz India, Hyderabad, Andhra Pradesh, India***

This work is a product of several studies both commissioned by UNDP on its own and with partners as also with external references and experiences. The findings, interpretations and conclusions expressed in this work need not necessarily reflect the views of the UNDP, its officers or the governments where the programmes are undertaken.

AUTHOR'S NOTE

Whenever we think of Financial Inclusion (FI), we should be thinking of those tribes or ethnic minorities in the world who have not been exposed to the worldly matters and who may not understand the concept of money, let alone finance.

Many of the disadvantaged people across the world are like these tribes; with one difference though, in that they need money, but may have very limited knowledge of using the money.

Literacy and Financial Literacy (FL), thus form the most integral part of the Financial Inclusion as, without knowing the fundamentals, the disadvantaged people can continue to be innocent, gullible and in some cases unknowingly irresponsible too. One of the primary objectives of Financial Literacy would be to help the disadvantaged practice thrift and induce them to save, access credit, use the funds to find a better livelihood, earn income and thus join the mainstream from exclusion.

Many agencies in the world, as also in our country, are working towards this end but there is a need to pause and take stock whether the intended methods are in the right direction or a midway course correction is required.

Mr. Sameer Kochhar of SKOCH Foundation, who has been working relentlessly towards the Financial Inclusion, in his book "Speeding Financial Inclusion" mentioned that Financial Inclusion unfortunately has become synonymous with the mere opening of bank accounts and reduced to creating channels for Electronic Benefit Transfer (EBT), where-as it should be much more.

UNDP-NABARD undertookin-depth studies in seven focusstates of India and this report is a compilation and summing up of these reports with additional inputs, wherever needed and possible.

My sincere thanks to Ms. Prema Gera, Assistant Country Director & Head, Poverty Unit, UNDP, Mr. Ratnesh, Programme Analyst, UNDP and Dr. Navin Anand, Resource Person andModerator, Microfinance Community-Solution Exchange of UNDP and other members of UNDP,who reposed confidence in me to compile and write this report.

I earnestly hope that their confidence is not misplaced and that this report would become worthy of their trust to become a useful document in the Financial Inclusion of India.

Hemantha Kumar Pamarthy
15th November, 2012

PREFACE

In the war against poverty, Financial Inclusion (FI) has emerged as a priority for policy makers and regulators in over 60 developing countries[a] across the globe. An increasing number of countries have introduced or introducing holistic approaches and methods to improve access to finance.

A Financial Inclusion Experts Group (FIEG) was created, to expandaccess to finance for household consumers and micro, small and medium sized enterprises. The group has developed nine Principles for Innovative Financial Inclusion viz., Leadership, diversity, innovation, protection, empowerment, cooperation, knowledge, proportionality and framework, from experiences and lessons learned from policymakers across the world, which have been endorsed during the Toronto Summit in June, 2010.

In India, though the activity of financial inclusion started as early as 1950, from the year 2005 onwards financial inclusion has been considered a Policy Priority for Reserve Bank of India (RBI), India's central bank, which has given several directions and guidelines during the past one decade. It looks at FI as an effective tool for inclusive growth ensuring equality of opportunity for all. RBI has been focusing on facilitating a process of making available a range of appropriate financial products and services to the underprivileged sections of the Indian Society at an affordable cost[b].

Keeping a credit delivery focus, RBI has given guidelines to banks in the country encouraging financial inclusion such as implementation through the banks and dis-incentivising those banks which are not responsive to the community including the underprivileged. Banks have been urged to align their existing practices with the objectives of financial inclusion.

From 2006 more enabling environment was being created with opening No-Frill Accounts, Overdraft facility for Saving Bank Accounts, Relaxed Know Your Customer (KYC) norms, permitting the banks to use the services of intermediaries-Business Correspondents (BC) and Business Facilitators (BF).

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[a] CGAP publication "Implementing Client Protection Principles" a Technical Guide for Investors by Sarah Forster, Estelle Lahaye and Kate McKee, September, 2009.

[b] A Presentation titled "Financial Inclusion, RBI Initiatives" by Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India, at 'National Seminar on Launching a National Initiative for Financial Inclusion' at New Delhi on 18th September, 2009. Extracted on 11th November, 2012 from http://www.nabard.org/departments/pdf/seminar/DG__KCC__Presentation-RBI_Initiatives.pdf

A working group was constituted to examine the experience of the BCs & BFs, keeping an eye on the regulatory and supervisory frame work and consumer protection issues, Kisan Credit Cards (KCC) /General Credit Cards(GCC) guidelines, Liberal bank branch expansion, allowing Regional Rural Banks (RRBs) and Co-operative Banks to sell Insurance and other financial products also, other than savings, introducing technology products such as pre-paid cards and services such as Mobile Banking. Special funds have been facilitated to take care of Financial Literacy Programmes.

Despite such positive measures, the financial inclusion in the country still seem to be having a good scope to take steam in going ahead on expectations.

While several impediments and gaps have been identified in reaching the destination of total financial inclusion, financial literacy seems to be a primary requirement to ensure better financial inclusion supported by credit delivery in innovative methods like Information and Communication Technology (ICT) and Client Protection activities.

This report is a compilation of studies, titled "Conducting an Assessment Study of design and delivery of Financial Literacy among poor across 7 UN Focus States" by BASICS Limited, Hyderabad, Andhra Pradesh (AP), India for UNDP; "Facilitating ICT enabled Financial Inclusion in India" by Prof. Rajanish Dass, Indian Institute of Management, Ahmedabad, Gujarat, India for UNDP-NABARD; with other inputs from "State Level Financial Literacy Strategies Summary Report for 7 States under UNDP-NABARD Financial Inclusion Project" by Mr. Gopala Krishna Ayitam, Agri Biz India, Hyderabad, Andhra Pradesh, India for UNDP.

Information gleaned from knowledge products titled "Enhancing Outreach of Microfinance and Use of Information Kiosks-Referrals, Advice" and "Information and Guidance Centres for Rural Poor including particularly vulnerable tribal groups-Experiences and Examples" that emerged out of two discussions initiated by the Microfinance Community-Solution Exchange of UNDP was also used judiciously and from experience, reading and discussing has also been added appropriately and suitably.

This report would focus on the efficacy of Financial Literacy as a tool towards the end of Financial Inclusion and Client Protection and to explore gaps and potential for improvements in the service of the underprivileged, socially and economically excluded disadvantaged needy and the poor.

ABBREVIATIONS

ALW – a Little World (Technologies)
AML – Adaptive Modeling Language / Anti Money Laundering
AP – Andhra Pradesh
APMEA – Asia Pacific Middle East Africa
ASIC – Australian Securities and Investments Commission
ATM – Automatic Teller Machine
B2B – Business to Business
B2C – Business to Consumer / Customer
BC – Business Correspondent
BF – Business Facilitator
BIS – Bureau of Indian Standards
BPO – Business Outsourcing Process
BSNL – Bharat Sanchar Nigam Limited
C2C – Consumer / Customer to Consumer / Customer
CB – Commercial Bank / Canara Bank
CECOEDECON - Centre for Community Economics and Development Consultants Society
CEE – Council for Economic Education
CFEB – Consumer Financial Education Body
COAI – Cellular Operators Association of India
CSCs – Common Service Centres
DIT – Development of Imaging Technology / digital Imaging Technology
DRDA – District Rural Development Agency
EBT – Electronic Benefit Transfer
ECO – Economic Cooperation Organisation
F – Formal (Training)
FAIR – Foundation for Advancement of Investors Rights
FD – Fixed Deposit
FI – Financial Inclusion
FIEG – Financial Inclusion Experts Group
Fig - Figure
FINO – Financial Information Network and Operations
FL – Financial Literacy
FLCC – Financial Literacy and Credit Counselling Centre
FLP – Financial Literacy Programme (Financial Literacy Training Programme)
FSA – Financial Security Act
FSMA – Financial Services and Markets Authority
G2G – Government to Government
GAO – Government Accountability Office
GCC – General Credit Card
GDT –General Data Table

GKDT – Grameen Koota Development Trust
GPRS – General Packet Radio Service
GSMA - Groupe Speciale Mobile Association
HCL – Hindustan Computers Limited
IBA – Indian Banks Association
IBM – International Business Machines Corporation
ICT – Information and Communication Technology
ict4d – Information and Communication Technology for Development
IF – Informal (Training)
IIM – Indian Institute of Management
IIMS – Invest India Incomes and Savings
IRDA – Insurance Regulatory and Development Authority
ISMW – Indian School of Microfinance for Women
ISRO – Indian Space Research Organisation
ITU – International Telecommunications Union
KCC – Kisan Credit Card
KYC – Know Your Customer
LDM – Lead Bank's District Manager
LP – Literacy Programme
MAS – Money Advice Service
mChek – Mobile (Cheque) Payment Platform
MDG – Millennium Development Goal
MFI – Micro Finance Institution
MFS – Mobile Financial Services
MGNREGA – Mahatma Gandhi National Rural Employment Guarantee Act
Mn - Million
MP – Madhya Pradesh
MPFI – Mobile Payment Forum of India
NABARD – National Bank for Agriculture and Rural Development
NAFIL – National Alliance for Financial Literacy
NBFC – Non Banking Finance Company
NCM – National Commission for Minorities
NGO – Non Governmental organisation
NHB – National Housing Board
NPCI – National Payments Corporation of India
NRLM – National Rural Livelihood Mission
NSDC - National skill Development Corporation
OECD - Organisation for Economic Co-operation and Development (OECD)
PACFL – President's Advisor Council for Financial Literacy
PDT – Primary Data Table
PEDO – People's Education and Development Organisation
PFRDA – Pension Funds Regulatory and Development Authority
PNB – Punjab National Bank

POS- Point of Service
PPP – Public Private People Partnership
RBI – Reserve Bank of India
RD – Recurring Deposit
RMoL - Rajasthan Mission of Livelihoods
RRB – Regional Rural Bank
SBBJ – State Bank of Bikaner and Jaipur
SDT –Secondary Data Table
SEBI – Securities and Exchange Board of India
SEWA – Self Employed Women's Association
SGSY – Swarnajayanti Gram Swarozgar Yojana
SHG – Self Help Group
SIM – Subscriber Identity Module
SMS – Short Messaging Service
SROUT – Social Revival Group of Urban Rural & Tribal (NGO)
SWAN – State Wide Area Network
TCS – Tata Consultancy Services
ToT – Training of Trainers
TRAI – Telecom Regulatory Authority of India
UID – Unique Identity
UIDA – Unique Identity Development Authority
UK – United Kingdom
UN – United Nations
UNDAF - United Nations Development Assistance Framework
UNDP– United Nations Development Programme
USA – United States of America
UP – Uttar Pradesh
UT - Union Territory
VO – Village Organisation
WAp – Wireless Application Protocol
WDC – Women's Development Corporation
ZMF – Zero Mass Foundation

Contents

Executive Summary

It is all about…

…financial inclusion!

The inclusion of the financially and socially excluded disadvantaged needy, underprivileged and poor people of our country, India.

Though for centuries we have been in the forefront of the world affairs in the past centuries, maybe because of civil, social and economic vagaries that the country had to suffer resulted in over 65% of the people excluded from any kind of financial inclusion.

Now the question is what exclusion is and what inclusion is? Exclusion broadly can be said of an individual deprived of having any facility to earn an income, safeguard the same, transfer or invest for a further benefit, protect from risks etc. Inclusion is to help him acquire all these facilities.

An adage in our classic language Sanskrit says *"Dhanam Moolam Idam Jagat"*. Freely translated, this means Money is centre of this universe. While dogmatically one can argue on this adage, pragmatically one needs to accept this, as money, which has an immense exchange power, can open almost all doors.

When a major portion of the country's people cannot open the doors because of financial exclusion, there arises an imminent need to include them and bring them into the mainstream. And to this the first and most important action is to tell them and teach them. This process is called financial literacy.

But the process of financial literacy is not as easy as it sounds. With vast population, different languages and cultures, with illiteracy as a major stumbling block this is indeed a challenge. But we need to accept this challenge and make forays into the bastions of illiteracy to make the people literate and financially literate at that.

The successive governments in India have taken up this task since the early 1950s soon after we attained our independence. Yet, one can say, the momentum really gained after 2005 when Reserve Bank of Indiahas given directions and guidelines towards a more practical financial inclusion pathway of which Financial Literacy combined with technology becomes a major aspect.

Lending their shoulders are many Banks, MFIs, NGOs, Insurance Companies, technology providers and national and international aid agencies such as United Nations Development Programme (UNDP). Supporting the Indian government's national priorities, the India-United Nations Development Assistance Framework (UNDAF) 2008-2012 articulating the vision, strategy and collective action of the UN system's objective is 'Promoting Social, Economic and Political inclusion for the most disadvantaged, especially women and girls"

Towards achieving this objective, UNDP has identified the seven states of Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, Rajasthan and Uttar Pradesh as priority states requiring more focus than others and initiated many programmes in these focus states. Providing Financial Literacy to the needy in these states as an integral part of the UNDP's Poverty Reduction Programme for 2008-12 is one such programme.

After the projects have been initiated, several studies have been undertaken to a) understand the effectiveness of the various financial literacy programmes undertaken and present, b) analyse the programmes' impacts on enhanced use of financial services and c) to draw out best practices and their relevance for enhanced and continued financial inclusion programme.

Towards this end three studies and two e-discussions took place whose data is compiled in relevant detail in this book. 5,637 respondents have contributed to the main analytical study from across 332 locations spread over 100 blocks of 43 districts of the seven focus states in addition to other respondents for the other studies. Many practitioners and experts have taken part in the two e-discussions and enriched the knowledge with contribution of experiences.

In a nutshell all the studies have confirmed the faith in "Financial Literacy as a Tool for Financial Inclusion and Client Protection" Three important aspects, to make it short, emerge out of these studies.

The importance of Financial Literacy

Almost all studies have more or less concluded that Financial Literacy is a crucial part of the financial inclusion. A majority of the respondents willing for repeated programmes also confirm this belief.

In the wake of rapid invasion of technology across the world it also becomes imminent that ICT plays an important role in the financial inclusion and it is strongly advised that the financial literacy curriculum includes technological interventions in a bid to reach quicker and cost effective as also secure financial products and services to the needy.

The methodology

Programmes offered and conducted by the Banks through designated training organisations were called Formal programmes where focus was much on savings in banks, opening and managing accounts etc. About 8 such institutions reached out to 39% of the respondents.

NGOs & MFIs organising their Capacity Building Programmes which also included financial literacy programmes are referred to as informal programmes. About 48 institutions/ organisations reached out to 61% of the respondents. Though a fair amount of savings was covered in these programmes it appeared that thrust was more on credit and linkages.

These different approaches call for a "common curriculum" as also a "comprehensive sensitization of trainers in all aspects". Though Aspects like Savings, Credit, interest, opening and operating accounts and insurance were covered with varying durations and intensity, that remittances which is a very important aspect for including the migrant workers, seems to have been given a go-by. The curriculum should include this aspect as well.

The impact

While there have been varying levels, the heartening fact is that all aspects of the programmes have impacted positively either in bringing new knowledge or enhancing the existing knowledge of the target community.

Reserve Bank of India also has posted all positive figures in relation to activities undertaken by banks in this regard.

This emphasises that Financial Literacy is an important tool of financial inclusion.

Based on the above conclusions the way forward should be;

- To define and state the roles and responsibilities of all the stakeholders.
- That stakeholders should communicate and share experiences among themselves to help accelerate FL/FI
- That unified efforts are required among all stakeholders, while working on FL/FI
- That sustainability should be ensured for all stakeholders associated with FL/FI
- To undertake FL / FI with structured approach
- To design and deliver FLP with focus on 'Target Group'
- To demonstrate FL / FI models with pilots
- To build/strengthen the capacity of institutions and human resources associated with FL/FI.
- To make use of ICT to accelerate FL/FI
- To innovate products / processes for successful and sustainable FL/FI.
- To strengthen the delivery channels as the last mile connectivity is the key for the success of FL/FI
- To integrate MGNREGA / NRLAM / NSDC and such other schemes with FL/FI Programmes
- To institute and implement a review / monitoring and follow-up system for the success of FL/FI.
- To continue efforts towards a totally financially included nation, through strong financial education and,
- Most importantly, to recognize a need for a broadly uniform content (regional sensitive, of course) for FLPs. There should be centralized training institutes to Train the Trainers of FLPs and to sensitise the stakeholders, which also can form as knowledge exchange centres for updating knowledge on new products and services and technological advancement for all concerned.

As a Public Private People (PPP) Partnership programme, corporates can be brought into the fold through their Corporate Social Responsibility commitment to fund such work as finding common curriculum, ToT and updating of knowledge.

Let us involve schools and colleges to start the financial literacy right from children level to enable them understand the system and to protect themselves, and to form a strong economy for our country!

CHAPTER -I

INTRODUCTION

Over the past two decades, India has implemented a wide-range of reforms, opening up the economy, and narrowing the gaps in the living standards of its people. Yet, a huge chunk of the country's population is socially and economically excluded. It becomes imperative that social inclusion is made possible better with Financial Inclusion.

Shri K. C. Chakrabarty, as Chairman and Managing Director, Indian Bank[A] said that "Financial Exclusion is the lack of access by certain consumers to appropriate low cost, fair and safe financial products and services from the main stream providers". He added that "There is a large overlap between poverty and permanent financial exclusion. Both poverty and financial exclusion result in a reduction of choices which affects social interaction and leads to reduced participation in society".

Exclusions are of three types: (a) Those that do not have any access to formal or informal financial systems (b) Those that have, but limited access financial services and banks and (c) those that find mismatch in availability of products and service and their requirements[B]. Lack of banking knowledge / habits, high transaction and opportune costs prevent people from financial inclusion. Inaccessibility, proximity issues and insufficient infrastructure also impede financial inclusion.

In most of the cases, the rural and urban poor, underprivileged / disadvantaged, illiterates, those with no / low incomes, women, children, migrants and disabled are those who are being excluded.

Financial Inclusion (FI) aims at providing access to comprehensive financial services at affordable cost. It can be sustainable only when the target population makes use of such services on a sustained basis.

[A] From Shri K. C. Chakrabarty's (presently he is Deputy Governor, Reserve Bank of India) presentation "Financial Inclusion, Concept and Roadmap" at Institute for Development and Research in Banking Technology, Hyderabad, Andhra Pradesh, India on 2nd September, 2006. Extracted on 6th November, 2012 from http://www.idrbt.ac.in/PDFs/IndianBank%20-%20KC%20Chakravathy.pdf

[B] From a feature titled "Financial Exclusion to Financial Inclusion" by Dr. Rajagopala Nair, Department of Commerce, St. Albert's College, Ernakulam, Kerala, India in the website Enchanting Kerala.org. Extracted on 8th November, 2012 from http://enchantingkerala.org/kerala-articles/financial-exclusion-financial-inclusion.php

GDTable-1: Key Statistics on Financial Inclusion in India (in comparison with world): A Survey[C]

	Share with an account at a formal financial institution			Adults saving in the past year		Adults originating a new loan in the past year		Adults with a credit card	Adults with an outstanding mortgage	Adults paying personally for health insurance	Adults using mobile money in the past year
	All adults	Poorest income quintile	Women	Using a formal account	Using a Community based method	From a formal financial institution	From family or friends				
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**
India	35	21	26	12	3	8	20	2	2	7	4
World	50	38	47	22	5	9	23	15	7	17	7

Source: Asli Demirguc - Kunt and Klapper, L. (2012): 'Measuring Financial Inclusion', *Policy Research Working Paper,* 6025, World Bank, April.

For any financial inclusion initiative to be successful, both the supply of and demand for financial services have to be strengthened. The supply side initiatives are primarily driven by the financial services providers, the efforts on strengthening the demand side are led by the RBI.

The UNDP-NABARD Financial Inclusion project works on strengthening demand for financial services, by supporting the Financial Literacy (FL) programmes. UNDP, under the poverty reduction programme, partnered with NABARD to design and strengthen implementation of financial inclusion project focusing on people belonging to disadvantaged groups and regions. It supports programmes, policies and partnerships that promote income opportunities for the poor people and help them access financial products to protect these gains.

Under the Financial Inclusion project a Seven State FL Assessment Study was conducted and detailed state-wise reports were prepared. A series of consultations with the state level stakeholders in each of the seven project states (Rajasthan, Uttar Pradesh, Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh and Odisha) were held to share the findings of the FL assessment study and prepare a FL Strategy document for each State. The FL Assessment Study was undertaken to ascertain the perceptions of respondents drawn through purposive sampling wherein a majority of the respondents are those who participated in a FL programme, either formal or informal but not a representative.

[C] Reserve Bank of India's 2012 Annual Report. Extracted on 11th November, 2012 from http://rbidocs.rbi.org.in/rdocs/AnnualReport/PDFs/IVCDFIN230812.pdf

Besides Study on financial literacy in seven UNDAF states, UNDP and NABARD also thought it important to have a study to understand the current issues and challenges in ICT enabled Financial Inclusion initiatives from the perspective of all stakeholders in this ecosystem. Information and Communication Technology (ICT) is increasingly being seen as facilitator for making FI initiatives penetrate in remote locations. ICT enabled FI ecosystem as it is known as, has many stakeholders such as Government, banks, intermediaries, users etc. These ecosystem players are looking for new technologies and up-gradation in existing technologies to ease off the existing concerns.

Supported by the abovementioned logic, requirement of an evaluation framework that can be used by banks or investors to judge the capability and capacity of a player to launch an ICT enabled FI initiative was also felt. UNDP and NABARD collaborated with Indian Institute of Management (IIM) Ahmedabad with an objective to find the important parameters on which a FI project can be evaluated.

Rationale for having an integrated report on Financial Literacy:

Based on the outputs of the two studies supported by UNDP under its financial inclusion project - Assessment Study of design and delivery of Financial Literacy among poor across Seven UN Focus states; and Facilitating ICT enabled financial inclusion in India, undertaken by BASIX and Prof. Rajanish Dass IIM, Ahmedabad, and the knowledge products emerged out of two discussions taken up Microfinance Community of Practice, Solution Exchange, UNDP finds it logical to have an integrated report in the form of a book titled as "Financial Literacy as a Tool for Financial Inclusion and Client Protection".

It is trusted that though this book may not be an "Answer to All" but certainly would be supportive in decision making, course corrections in the Financial Inclusion process of the country and elsewhere too.

CONCEPT OF FINANCIAL LITERACY

The often neglected poor also require a range of financial services, such as opportunities to earn, safeguard the hard earned income, or credit to support them in maintaining at least bare minimum levels of sustenance through the year, risk mitigating services like insurance and transferring their earnings to their near and dear who may be staying at other places.It has been often discussed and agreed that one of the critical deprivations in acquiring wealth by poor households is the absence or dearth of the apt and appropriate type of financial services. And the biggest deprivation is lack of knowledge of finance.

It is believed that as much as money or finance, its products and services are needed to be part of the financial inclusion, so is financial literacy. If a person does not understand what s/he needs money for or how to use it, to what purpose are the products and services for that person?

More questions would follow (6 Ws and one H) like;Who are the target people? Why should they be taught? What should be taught? (Should it be financial literacy or education?) Where and When should be taught? Who should impart the knowledge / teach? How should this information be disseminated?

Figure -1 Integrated Dissemination of financial Literacy for encompassing Financial Inclusion

Whether Financial literacy can also augment already acquired knowledge-however little or large that is?

For this we need to understand what Financial Capability, Financial Education and Financial Literacy are.

The Organisation for Economic Co-operation and Development (OECD) defines (2005) financial education as “the process by which financial consumers/investors improvetheir understanding of financial products and concepts and, through information, instruction and/orobjective advice, develop the skills and confidence to become more aware of financial risks andopportunities, to make informed choices, to know where to go for help, and to take other effective actionsto improve their financial well-being[1]”

The President’s Advisory Council on Financial Literacy (PACFL-USA) convened (2008) to “improve financial literacy among all …….,” defines;

Financial educationas “the process by which people improve their understanding of financial products, services and concepts, so they are empowered to make informed choices, avoid pitfalls, know where to go for help and take other actions to improve their present and long-term financial well-being” and

Financial literacyas “the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being[2]”

The Canadian Foundation for Advancement of Investor Rights (FAIR) defines (2009) financial literacy as “having the knowledge, skills and confidence to successfully carry out the financial transactions encountered in everyday life[3]”

Wikipedia’s definition is the simplest. “Financial Literacy is the ability to understand finance[4]”

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[1]Fromthe document titled “Financial Literacy & Investment Decisions of Indian Investors- A case of Delhi & NCR” by Pallavi Seth, G. N. Patel and K.K. Krishnan. Extracted on 10th November, 2012 from http://210.212.115.113:81/Pallavi%20Seth/Financial_Literacy_&_Investment_Decisions_of_Indian_Investors_Pallavi_Seth_BIMTECH.pdf

[2] From the working paper WR-708 dated September 2009 and titled “Defining and Measuring Financial Literacy” by Angela A Hung, Andrew M Parker and Joanne K. Yoong. Extracted on 11thNovember, 2012 fromhttp://www.rand.org/pubs/working_papers/2009/RAND_WR708.pdf

[3]Canadian Foundation for Advancement of Investor Rights (FAIR), Financial Literacy Matters, Sept. 2009. Extracted on 12th November, 2012 from http://www.cariboliteracy.com/financial-literacy

[4]Fromwww.wikipedia.com Extracted on 8th November, 2012 from http://en.wikipedia.org/wiki/Financial_literacy

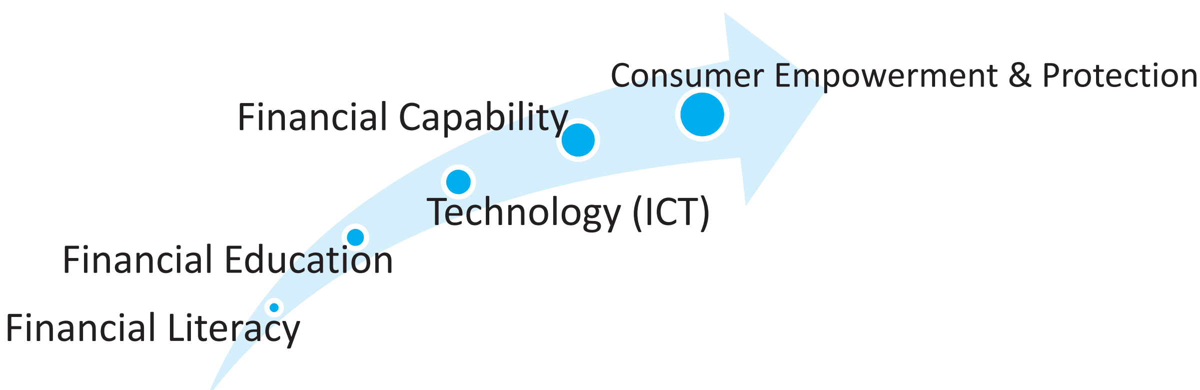
A document prepared by Microfinance Opportunities for the 2011 Microcredit Summit Campaign offers several definitions to each of the concept which the authors of the document considered as parts of the big picture[5].

One of the definitions of Financial Literacy offered (from the U.S. Government Accountability Office (GAO) is "The ability to make informed judgments and to take effective actions regarding the current and future use and management of money. It includes the ability to understand financial choices, plan for the future, spend wisely, and manage the challenges associated with life events such as a job loss, saving for retirement, or paying for a child's education."

Financial Education is "the process of building knowledge, skills and attitudes to become financially literate, introducing people to good money management practices with respect to earning, spending, saving, borrowing and investing. The role of financial education is to enable people to shift from reactive to proactive decision making and work towards fulfilling their financial goals.

Financial Capability is the ability and opportunity to use the knowledge and skills learned in financial literacy and education with technology by the individual to utilise the spectrum of entities of the financial system thus enabling a total financial inclusion leading to Consumer Empowerment and Protection.

Figure – 2 Journey from financial Literacy to Empowerment & Protection



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[5]Fromthe document prepared for the 2011 Microcredit Summit Campaign by Microfinance Opportunities titled "Financial Literacy: A Step for Clients Towards Financial Inclusion" by Monique Cohen and Candace Nelson. Extracted on 8th November, 2012 from http://microfinanceopportunities.org/docs/Microcredit%20Summit%20Paper%20Final.pdf

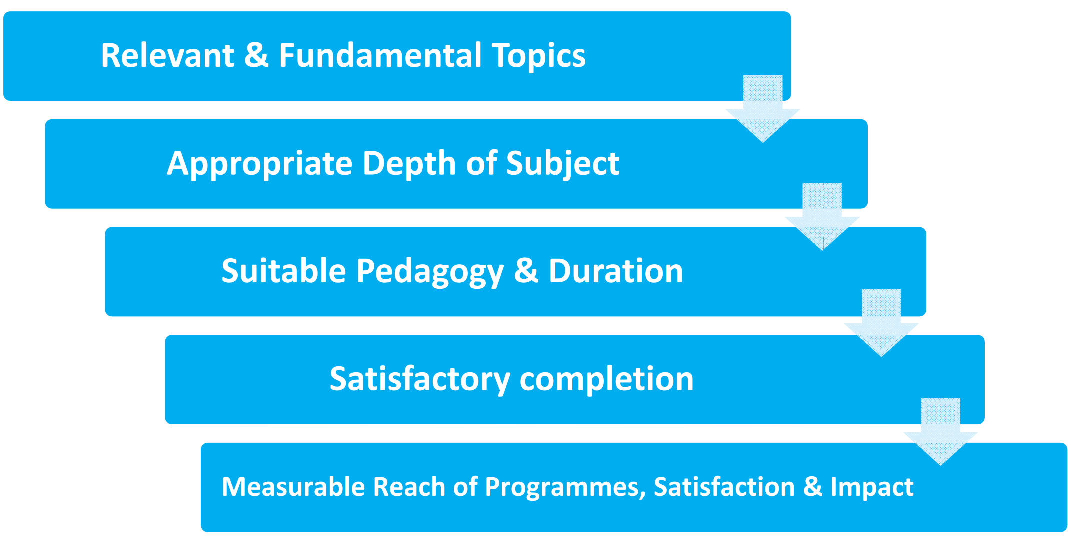
Thus building financial capability becomes a journey-- the combination of knowledge, skills and attitudes with the opportunities to apply them -- requires input from multiple sources including those that literate and educate the consumer and those that sell the products.

Having identified the need for Financial Literacy not only for the underprivileged but also to the trainers / stakeholders, a full package of FL content and related issues are to be addressed and the reach of the programmes and impacts are to be measured.

Financial literacy could be imparted either at the local / regional level or at specialised centres like Financial Literacy and Credit Counselling Centres(FLCCs) or through ICT kiosks. Likewise, it should be decided whether FL needs to be imparted separately like academic courses or on the job.

The FL content should be;

Figure-3 Flow of Content in financial Literacy Programmes



Such comprehensive Financial Literacy can give the capacity to improve one's own financial status and well-being by taking informed decisions in creating household budgets, initiating savings plans, managing debt, preparing ahead of time for life cycle needs and dealing with unexpected emergencies without assuminga burden of unnecessary debt.

While in developing countries financial literacy is targeting the poor and disadvantaged, in the so called developed countries the targets could be varying.

Asia Pacific Middle East Africa (APMEA)

A survey of women consumers across Asia Pacific Middle East Africa (APMEA) comprises

a) Basic money management,
b) Financial planning and investment.

The top ten of APMEA Women Mastercard's Financial Literacy Index are:

Thailand 73.9, New Zealand 71.3, Australia 70.2, Vietnam 70.1, Singapore 69.4, Taiwan 68.7, Philippines 68.2, Hong Kong 68.0, Indonesia 66.5 and Malaysia 66.0

Australia

The Australian Government established a National Consumer and Financial Literacy Taskforce in 2004, which recommended the establishment of the Financial Literacy Foundation in 2005. In 2008 the functions of the Foundation were transferred to the Australian Securities and Investments Commission (ASIC). The Australian Government also runs a range of programmes (such as Money Management) to improve the financial literacy of its Indigenous population, particularly those living in remote communities.

In 2011, ASIC released a National Financial Literacy Strategy — informed by an earlier ASIC research report 'Financial Literacy and Behavioural Change' — to enhance the financial wellbeing of all Australians by improving financial literacy levels. The strategy is:

1. Education
2. Trusted and independent information, tools and support
3. Additional solutions to drive improved financial wellbeing and behavioural change
4. Partnerships with the sectors involved with financial literacy,
5. Measuring its impact and promoting best practice

ASIC also has a MoneySmart Teaching website (teaching.moneysmart.gov.au) for teachers and educators. It provides professional learning and other resources to help educators integrate consumer and financial literacy into teaching and learning programmes.

Belgium

The Financial Services and Markets Authority (FSMA-Belgium) is tasked with contributing to better financial literacy of savers and investors that will enable individual savers, insured persons, shareholders and investors to be in a better position in their relationships with their financial institutions. As a result, they will be less likely to purchase products that are not suited to their profile.

The United Kingdom

The UK has a dedicated body to promote financial capability - the Money Advice Service.

The Financial Services Act (FSA) 2010 included a provision for the FSA to establish the Consumer Financial Education Body, known as CFEB. From April 26, 2010, CFEB continued the work of the FSA's Financial Capability Division independently of the FSA, and on April 4, 2011, was rebranded as the Money Advice Service (MAS).

The strategy previously involved the FSA spending about £10 million a year, across a seven-point plan. The priority areas were:

- New parents
- Schools
- Young adults
- Workplace
- Consumer communications
- Online tools
- Money advice

A baseline survey was conducted through 5,300 interviews across UK in 2005. The report identified four themes:

- Many people are failing to plan ahead
- Many people are taking on financial risks without realising it
- Problems of debt are severe for a small proportion of the population, and many more people may be affected in an economic downturn
- The under-40s are, on average, less financially capable than their elders

United States of America

The US Treasury established its Office of Financial Education in 2002; and the US Congress established the Financial Literacy and Education Commission under the Financial Literacy and Education Improvement Act in 2003. The Commission published its National Strategy on Financial Literacy in 2006. The Jump$tart Coalition has championed personal financial literacy in the United States since as early as 1995.

The Council for Economic Education (CEE) conducted a 2009 Survey of the States and found that 44 states currently have personal finance education or guidelines in place. Due to differing criteria, the Jump$tart Coalition only considers 24 states to have a component of personal financial education required. Results from the Jump$tart Survey of Personal Financial Literacy indicate low levels of financial literacy among American youth.

Additionally, automobile finance companies and retailers provide consumer education through "Americans Well-informed on Automobile Retailing Economics".

Also, Northern Illinois University started a campus-wide Financial Literacy Initiative in 2009 with a programme called Financial Cents. Financial Cents provides college students at Northern Illinois University with the tools and knowledge needed to make sound financial decisions during their college careers as well as after they graduate. Other public and private universities across the United States have implemented similar financial literacy programmes.

Worldwide

An international OECD study was published in late 2005 analysing financial literacy surveys in OECD countries. A selection of findings included:

- In Australia, 67 % of respondents indicated that they understood the concept of compound interest, yet when they were asked to solve a problem using the concept; only 28 % had a good level of understanding.

- A British survey found that consumers do not actively seek out financial information. The information they do receive is acquired by chance, for example, by picking up a pamphlet at a bank or having a chance talk with a bank employee.
- A Canadian survey found that respondents considered choosing the right investments to be more stressful than going to the dentist.
- A survey of Korean high-school students showed that they had failing scores - that is, they answered fewer than 60 % of the questions correctly - on tests designed to measure their ability to choose and manage a credit card, their knowledge about saving and investing for retirement, and their awareness of risk and the importance of insuring against it.
- A survey in the US found that four out of ten American workers are not saving for retirement.

"Yet it is encouraging that the few financial education programmes which have been evaluated have been found to be reasonably effective. Additionally, a growing number of financial literacy researchers are raising questions about the political character of financial literacy education, arguing that it justifies the shifting of greater financial risk (e.g. tuition fees, pensions, health care costs, etc.) to individuals from corporations and governments[6]".

India

In India, people across generations have been in the habit of saving conventionally or un-conventionally; in cash or in kind. The preferred saving products for centuries have been gold and land.

However, a conscious effort of financial inclusion, though through informal approaches have started since 1950, real momentum started gathering since 2005 onwards with Reserve Bank of India giving directions and guidelines supported by organisations such as NABARD and commercial banks the financial literacy efforts have started.

The Table on Progress of Scheduled Commercial Banks In financial Inclusion Plan gives a picture of better penetration through the Business Correspondent model and reaches through ICT modes.

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[6]From www.wikipedia.com Extracted on 8th November, 2012 from http://en.wikipedia.org/wiki/Financial_literacy

CHAPTER-II

POLICY ENVIRONMENT

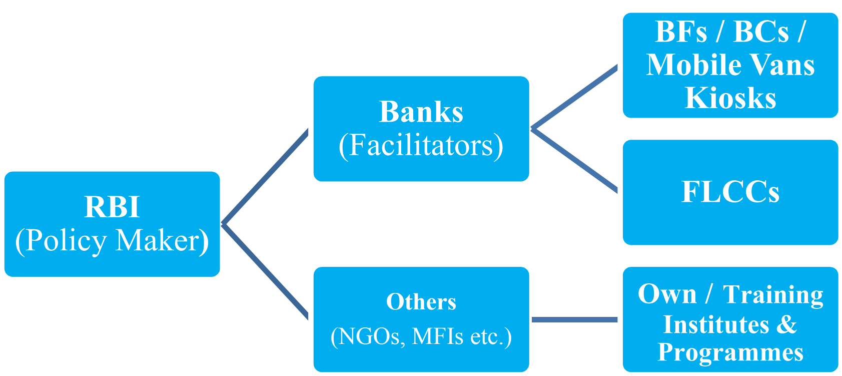
For centuries, India has been a "saving" country-in cash or in kind. However, these savings might not have necessarily been in any formal manner. It could have been in the household "hundis" (Piggy Banks) or in jewellery or in property or in equity or other movable or immovable assets. Despite this attitude to save, over a period of time, India also started witnessing financial exclusion in its masses and as the country was passing through several bouts of economic and social turbulence, the exclusivity widened.To ensure the inclusion of the excluded, the successive governments took several measures and continue to do so. Here are some of the actions taken in this regard[7].

GDTable-2 Financial Inclusion Measures by Government of India

<table>
<tr><th>Period</th><th>Process Phase</th><th>Steps Taken</th></tr>
<tr><td>1950-1970</td><td>Consolidation of Banking Sector and facilitation of Industry and Trade</td><td rowspan="4">- Co-operative Movement
- Setting up of State Bank of India
- Nationalisation of Banks
- Lead Bank Scheme
- Regional Rural Banks
- Service Area Approach
- Self Help Groups
- BCs& BFs concept</td></tr>
<tr><td>1970-1990</td><td>Focus of Channelling of Credit to neglected sectors and weaker section</td></tr>
<tr><td>1990-2005</td><td>Focus on strengthening the financial institutions as part of financial sector reforms</td></tr>
<tr><td>From 2005</td><td>Financial Inclusion was explicitly made as a policy objective</td></tr>
</table>

The above table reflects an understanding and congenial policy environment in the country towards a steady financial inclusion.As the financial literacy need was being felt strongly towards a financial inclusion, empowerment and protection, several agencies started working together towards this goal

Figure-4 Various players and modes in the Financial Inclusion



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7 A Presentation titled "Financial Inclusion, RBI Initiatives" by Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India, at 'National Seminar on Launching a National Initiative for Financial Inclusion' at New Delhi on 18th September, 2009. Extracted on 11th November, 2012 from http://www.nabard.org/departments/pdf/seminar/DG__KCC__Presentation-RBI_Initiatives.pdf

Financial Literacy Initiatives by RBI

Under the recent financial literacy drive in 2007 by the Reserve Bank of India, the concept of financial education and awareness has taken a whole new dimension. Their project titled "Project Financial Literacy" gives directives on disseminating information regarding the central bank and general banking concepts to various target groups, such as, school and college going children, women, rural and urban poor, defence personnel and senior citizens.

Under this project, the RBI has emphasized the need for credit and technical counselling for increasing the viability of credit, particularly in the relatively under-developed regions.

In the light of the recommendations of the two working groups, and in terms of the Annual Policy Statement of 2007-08, the convener banks of the State/Union Territory Level Bankers' Committees were advised in May 2007 to set up, on a pilot basis, a Financial Literacy and Credit Counselling Centre (FLCC) in the State/Union Territory, coming under their jurisdiction. Further, based on the experience gained, the concerned Lead Banks were advised to set up such centres in other districts. Further actions taken by RBI in this regard are[8];

a) Facilitating Policy Stance

- The annual policy statement for the year 2005-06 indicated that the Bank would implement policies to encourage banks which provide extensive services, while dis-incentivising those that are not responsive to the banking needs of the community, including the underprivileged.
- Banks were urged to review their existing practices to align them with the objective of financial inclusion.
- No-Frills Accounts
- Overdraft in Saving Bank Accounts
- Relaxed KYC norms

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[8] A Presentation titled "Financial Inclusion, RBI Initiatives" by Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India, at 'National Seminar on Launching a National Initiative for Financial Inclusion' at New Delhi on 18th September, 2009. Extracted on 11th November, 2012 from http://www.nabard.org/departments/pdf/seminar/DG__KCC__Presentation-RBI_Initiatives.pdf

b) Business Correspondent / Business Facilitator Model

- From January 2006, banks were permitted to utilise the services of intermediaries in providing financial and banking services through the use of business correspondent and business facilitator models.
- A Working Group constituted to examine the experience of date of the BC model and suggest measures, to enlarge the category of persons that can act as BCs, keeping in view the regulatory and supervisory framework and consumer protection issues

- Kisan Credit Cards (KCC) / General Credit Cards (GCC) Guidelines

- Liberalised Branch Expansion

- Introducing technology products and services

- Pre-paid Cards, Mobile Banking etc.

- Allowing Regional Rural Banks (RRBs) / Co-operative Banks to sell Insurance and Financial Products

- Financial Literacy Programmes

- Creation of Special Funds

- (Moving towards) 100% Financial Inclusion

The table, below, showing the progress of Scheduled Commercial Banks in the Financial Inclusion Plan, over the past three years, gives an idea of the positive effects of the steps taken by RBI

GDTable-3 Progress of Scheduled Commercial Banks in Financial Inclusion Plan (excluding Regional Rural Banks)[9]

Particulars	March 2010	March 2011	March 2012	Variation over 2010
1	2	3	4	5
No. of BCs / BC Agents deployed	33,042	57,329	95,767	62,725 (+)
Number of banking outlets in villages with population above 2,000	27,353	54,246	82,300	54,947 (+)
Number of banking outlets in villages with population less than 2,000	26,905	45,937	65,234	38,329 (+)
Total number of banking outlets in villages	**54,258**	**100,183**	**147,534**	**93,276 (+)**
Of which				
a) Through branches	21,475	22,662	24,701	3,226 (+)
a) Through BCs	32,684	77,138	120,355	87,671 (+)
c) Through Other Modes	99	383	2,478	2,379 (+)
Urban Locations covered through BCs	433	3,757	5,875	5,442 (+)
No-Frill accounts				
Number (millions)	50.3	75.4	105.5	55.2 (+)
Amount (INR billions)	42.6	57.0	93.3	50.7 (+)
Overdraft availed in No-Frill Accounts				
Number (millions)	0.1	0.5	1.5	1.4 (+)
Amount (INR billions)	0.1	0.2	0.6	0.5 (+)
Kisan Credit Card (KCC)				
Number of Accounts (millions)	15.9	18.2	20.3	4.4 (+)
Outstanding amount (INR billions)	940.1	1,237.4	1651.5	711.4 (+)
General Purpose Credit Card (GCC)				
Number of Accounts (millions)	0.9	1.0	1.3	0.4 (+)
Outstanding amount (INR billions)	25.8	21.9	27.3	1.6 (+)
ICT Based Accounts through BCs				
Number of Accounts (millions)	12.6	29.6	52.1	39.5 (+)
Number of transactions during the year (million)	18.7	64.6	119.3	100.6 (+)

Initiatives taken by other Banks

A few banks have already taken initiatives in opening FLCCs in the country such as "ABHAY" counselling centre (an initiative of Bank of India) and Disha Trust (an initiative of ICICI Bank Ltd.).

Many other Banks are reaching out to the financially excluded in at least three modes, separately or in combination.

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[9] Reserve Bank of India's 2012 Annual Report. Extracted on 11th November, 2012 from http://rbidocs.rbi.org.in/rdocs/AnnualReport/PDFs/IVCDFIN230812.pdf

Many banks have named their Financial Literacy Programmes / Centres and are trying to focus on reach. While Allahabad Bank has named its programme as “Samadhan”, Bank of Baroda Calls its programme “Sarthee”. Bank of India’s Programme is “Abhay” and Canara Bank calls its Mobile Van “Canara Gramina Vikas Vahini” while Dena Bank named its programme as “Dena Mitra”

Figure-5 Modes of reaching out Financial Literacy

Apart from the Scheduled Commercial Banks, the private banks and Multi-national banks also are doing their bit towards financial inclusion through financial literacy.

NABARD supports the creation of FLCCs in the Lead District Manager’s offices with 100% funding towards outlay / expenses in the states of North East Region, Sikkim, Jammu & Kashmir, Uttarakhand, Jharkhand, Himachal Pradesh, Chhattisgarh and Andaman & Nicobar Islands, and 60% funding support to the rest of the states in the country[10].

Thus, in the recent years after RBI has initiated and given directions with guidelines, financial literacy has picked up pace and is now being imparted not only by the afore mentioned banks, but also by various other independent organizations like funding agencies, NGOs etc., because it is now being seen as empowering the vulnerable poor and enhancing their income through informed decision making in financial matters.

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[10] Copy of NABARD’s Circular to Chairpersons & Managing Directors of Commercial Banks, Ref: No.NB.FIDI **170** *IFI-01l2012-13,* Circular No. 89~ *I* FID –06/*2012 dated* 11 April 2012. Extracted on 14th November, 2012 from http://www.nabard.org/fileupload/DataBank/Circulars/Cir%2089_latest.pdf

Several International aid agencies such as UNDP, Funding agencies, NGOs, and MFIs have joined hands in extending finance literacy programmes. Organisations such as Unituslabs have joined hands with Ujjivan, a Microfinance institution to create "Sankalp" and "Diksha". While organisations like MYRADA, APMAS and MicroSave are already doing pioneering work in this regardreputedNGOs like Hand in Hand havealso taken up financial literacy programme as part of their SHG development programme. Institutions like the Managalore based "Jnana Jyothi Financial Literacy and Credit Counselling Trust" jointly sponsored by Vijaya Bank and Syndicate Bank, the Ahmedabad based "Indian School of Microfinance for Women" (ISMW), DHAN Foundation, Nidan from Delhi, People's Education and Development Organisation (PEDO) from Dungarpur, Rajasthan, IBTADA, Alwar, Rajasthan, Centre for Community Economics and Development Consultants Society (CECOEDECON) from Jaipur, in addition to many other institutions and organisations across the country whose names are not mentioned here, are all working towards the financial literacy of the excluded. While all citizens are to be included, presently focus is more towards women and the poor.

Dissemination of such knowledge pertaining to various financial services and products is being imparted in different forms and modules by different organizations across India. By drawing the best practices and the right modules of delivery from these different programmes, we can get the directions for developing a coherent and apposite Financial Literacy Package for the marginalized and unbanked section of people. Such a package can empower the masses to avail various financial services and products to their advantage and understanding of personal finance to take effective action to improve overall well-being and avoid distress in matters that are financial in nature.

If the momentum gained can be maintained, we can safely say that the policy environment is facilitative but the policy makers and the regulators need to monitor the developments closely.

CHAPTER –III

METHODOLOGY ADOPTED FOR FINANCIAL LITERACY STUDIES

The India - United Nations Development Assistance Framework (UNDAF) 2008-2012 articulates the vision, strategy and collective action of the UN system, and is harmonised substantively and in terms of its time-frame with India's 11th Five Year Plan (2007-2012).

The over-arching objective of the India-UNDAF 2008-2012 - in support of the Government's national priorities - is: "Promoting social, economic and political inclusion for the most disadvantaged, especially women and girls".

The essence of the UN's work in India during the five year cycle 2008-2012 is captured in the four UNDAF Outcomes that aim to contribute to: effective implementation of national flagship programmes, strengthened capacities of all governance actors for an equitable last mile delivery of public services, effective utilization of available funds in select districts, and safeguarding development gains from natural disasters and the effects of climate change.

The Planning Commission is the Government of India's focal agency for the UNDAF. The Government, civil society and other development partners are key allies for the realisation of the UNDAF objective of accelerating India's progress towards its development goals.

Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, Rajasthan and Uttar Pradesh have been identified as the UNDAF priority states. The intention of the priority states is to focus the majority of the UN's work in those areas where the challenges to meeting the MDGs are the greatest.

Thus UNDP has initiated many programmes with or without partners in these focus states. One such programme is the one towards financial literacy as an integral part of UNDP’s Poverty Reduction Programme for 2008-12. Post initializing the programme, a study has been undertaken to understand the realities, the efficacy and lessons if any, and with clear objectives of;

- Understanding the effectiveness of various financial literacy programmes in vogue against knowledge gained and retained by participants and how they use it in their day-to-day financial matters
- Analyse the programmes' impacts on enhanced use of financial services
- To provide a critical analysis of the financial literacy programmes to draw out the best practices in their delivery and their relevance for enhanced financial inclusion

In the Indian scenario it is estimated that of the total workforce of 321 million, 70 % receive their income in cash, of which 48 % have no savings in any form. Even more appalling is the skewed ratio of the urban versus rural population. In this 48 % 'No Savings' segment, only 20 % are urban and the rest are rural (IIMS Survey, 2007).

There is a need to include these 'excluded' from savings people and to make them understand the importance of saving.

As we look at the income *vis a vis* loans taken it is understood that most of the small loans are catered to, by relatives and friends as "hand loans" or from the money lenders and only those whose income is higher approach banks for their loan requirements.

GDTable-4 Income of Borrowers vis a vis Loan Sources

Loan Sources	Annual income of borrowers (Rs.lakh)				
	<=0.5	0.5 - 1.0	1.0 - 1.5	1.5 - 2.5	> 2.5
Relatives / friends	37.5	34.1	28.5	26.5	24.7
Moneylenders	37.2	20.7	13.7	11.8	7.5
Banks	13.9	36.7	49.4	63.2	62.8
Self Help Groups	9.1	4.2	1.0	0.5	4.0
Co-op societies	5.2	7.1	10.5	4.8	3.7
Chit funds/NBFCs	1.7	1.5	1.3	1.3	0.4
Micro finance institutions	1.2	1.0	0.9	0.4	1.9
Others	1.0	1.0	1.1	2.0	3.0

Source: IIMS Survey 2007

This information confirms the need for reaching out to those that are earning lesser income shy away from formal institutions because of their lack of knowledge consequently being pushed towards expensive alternatives. Even the challenges of household cash management, under these difficult circumstances with only a few resources to fall back on, are accentuated by the lack of understanding of one's own financial matters.

The methodology consists of two parts. A baseline survey was conducted for each state. This was followed by primary data collection through questionnaires and reflective notes from field investigators. The financial literacy packages taken into consideration for this project include:

- Formal financial literacy programmes conducted as training on various FL modules by different organizations,
- Programmes run by Credit Counselling Centres and their recently improved comprehensive version called FLCCs
- SHG capacity building programmes
- MFI counselling, which involves a short training on financial services and practices

It involved 5,637 respondents. Through purposive sampling, the respondents were specifically chosen from low-income households; especially those who had undergone training under a financial literacy programme.

The study also covered the tools used by FLPs, Duration of the FLP, Satisfaction of the quality and efficacy of the FLPs,

PDTable-1 Sampling for Each of the State

Type of Training Programme	**Bihar**	**Chhattisgarh**	**Jharkhand**	**Madhya Pradesh**	**Odisha**	**Rajasthan**	**Uttar Pradesh**	**All India**
Informal (IF)	699	270	671	341	216	460	416	3,073
Formal (F)	138	-----	-----	517	491	310	624	2,080
Total Participants	**837**	**270**	**671**	**858**	**707**	**770**	**1,040**	**5,153**
None	65	30	204	47		119	19	484
Total Respondents	**902**	**300**	**875**	**905**	**707**	**889**	**1,059**	**5,637**

The **primary data survey** used both quantitative and qualitative approaches:

Quantitative approach: a comprehensive questionnaire was used to test the effectiveness and impact of the financial literacy training programmes. The questionnaire was designed to capture information on the following three aspects.

- Respondents' behaviour and day-to-day practices in financial matters
- Their understanding of various financial services and institutions and how the training has enhanced it
- Enhanced use of various financial products and services post financial literacy programme

Qualitative approach: Qualitative information sheets were to be filled by each of the field investigators at the end of each day. This captured their observations and findings from the field, pertaining to the effectiveness of the training programmes and the investigator's reflections on the views expressed by the respondents. It essentially dealt with the views and opinions of the beneficiaries on gaps and impact of the programme and any intriguing observations by the investigators from their field exposure.

The **second section of the survey** captured finer nuances of the training programmes by conducting in-depth interviews with the service providers, such as banks and NGOs. An instrument called the State Templatewas developed for this.

The state template included descriptive information about the overall scenario of FL training programmes in the respective state, which was followed by specific information on each of the programmes. The questions in this template aimed at finding information about the modules and methods of delivery used in the training, the effectiveness of the programmes and their pros and cons.

Once these were in place, the areas for the study in the respective states were chosen. The rationale for this was choosing the samples according to the formal / informal literacy programmes they had attended and trying to give a geographical balance of coverage of areas. Care was taken not to concentrate the sampling around big towns and cities but to cover far flung areas from backward districts and regions.

PDTable-2 State-wise Areas Surveyed

State	Name of District	Total Districts	Total Blocks	Total Locations	Total Respondents
Bihar	Bhagalpur East Champaran Jahanabad Katihar Nalanda Seohar Vaishali	**7**	**19**	**19**	**902**
Chhattisgarh	Bilaspur Durg Korba Mahasmund	**4**	**6**	**12**	**300**
Jharkhand	Dumka Garhwa Hazaribagh Khunti Pakur Ramgarh Ranchi	**7**	**19**	**76**	**875**
Madhya Pradesh	Dewas Gwalior Indore Raisen Ratlam Satna Vidisha	**7**	**15**	**55**	**905**
Odisha	Cuttack Nayagarh Sambalpur	**3**	**9**	**9**	**707**
Rajasthan	Ajmer Alwar Dungarpur Jodhpur Tonk Udaipur	**6**	**18**	**118**	**889**
Uttar Pradesh	Agra Baharaich Jaunpur Jhansi Lucknow Meerut Mirzapur Rai Bareli Varanasi	**9**	**14**	**43**	**1059**
Total – 7 States		**43**	**100**	**332**	**5637**

PDTable-3 Sampling done according to various Financial Literacy Packages-Formal and Informal

State	Name of District	FL-F	Formal Programmes by	Informal - SHG	Informal Programmes by
Bihar	Bhagalpur	**138**	**----**	**699**	Women Dev. Corpn.(WDC)-SHG promotion & MFIs
	East Champaran		**-----**		WDC-SHG promotion
	Jahanabad		**RBI**		WDC-SHG promotion
	Katihar		**-----**		Nidaan SHG & MFIs
	Nalanda		**RBI**		BRLP-27 members and WDC-SHG-50 members
	Seohar		**NABARD**		**----**
	Vaishali		**-----**		WDC-SHG-107 & Nidaan-SHG- 48
Chhattisgarh	Bilaspur		**-----**	**187**	SHG CB from Sakhi Cooperative
	Durg		**-----**		
	Korba		**-----**		SHG CB from SROUT
	Mahasmund		**-----**		Dena Bank FLCC (2 years ago)
Jharkhand	Dumka		**-----**	**779**	Nav Bharat Jagruti Kendra (NBJK), Lok Prerna (LP)-SHG CB, Tribal Development Society
	Garhwa		**-----**		Integrated Development Foundation (IDF); Alternative for India Development; SBI village meetings
	Hazaribagh / Sarai Kela		**-----**		TSRDS- SHG CB, Sahiyogi Mahila Kendra (SMK) SHG CB Pradan
	Khunti		**-----**		NBJK,KSRA,KGVK-SHG CB Vikas Bharti's SHG Programme
	Pakur		**-----**		NBJK, LP, Jan Jagran Kendra (JJK)-SHG CB Block office (LEO)-SHG programme
	Ramgarh		**-----**		NBJK,KSRA,KGVK-SHG CB
	Ranchi		**-----**		NBJK,KSRA,KGVK-SHG CB Vikas Bharti's SHG Programme
Madhya Pradesh	Dewas	**517**	**ISMW-SEWA Cooperative**	**343**	-----
	Gwalior		**ISMW-VAMA Society**		ICDS-SHG
	Indore		**ISMW-SEWA Cooperative**		-----
	Raisen		**-----**		SHG CB from Lupin and Setin
	Ratlam		**-----**		SHGs-Dhan & Central Bank of India-FLCC
	Satna		**ISMW-Anupama Society**		-----
	Vidisha		**-----**		PNB FLCC and RUDSETI
Odisha	Cuttack/Salepur	**491**	**ISMW-NABARD**	**216**	SHG CB from CYSD
	Nayagarh				SHG CB from Harijan Adivasi Mangal Samiti and ORIDA
	Sambalpur				SHG CB from ADARSA & Netaji Jubak Sangha
Rajasthan	Ajmer	**213**	**-----**	**514**	SGSY, Aruna Seva Samsthan,

					Bank of Baroda FLCC & SKS
	Alwar		-----		Ibtaba-SHG, PNB & MFI
State	**Name of District**	**FFL**	**Formal Programmes by**	**Informal - SHG**	**Informal Programmes by**
Rajasthan (Contd..)	Dungarpur		-----		PEDO (Sakhi Programme):89 members SGSY:10 members
	Jodhpur		-----		Pushtikar Laghu Vyaparik Samstha, Samaj Seva Samstha, UCO, RBI & State Bank of Bikaner & Jaipur (SBB&J)
	Tonk		**ISMW**		SGSY
	Udaipur		-----		Krishi Sahayta, Bank of Baroda, LIC & SBI
Uttar Pradesh	Agra	**624**	**UNDP-NABARD - BCT NGO**	**418**	VDP-NABARD - Bal Chetana Trust
	Baharaich		**UNDP-NABARD**		-----
	Jaunpur		**UNDP-ISMW**		-----
	Jhansi		**UNDP-NABARD**		NABARD-Development Alternatives (SHG)
	Lucknow		-----		NEED MFI
	Meerut		**UNDP-NABARD**		-----
	Mirzapur		**UNDP-ISMW**		-----
	Rai Bareli		-----		Bank of Baroda FLCC -cum-Rajeev Gandhi Trust Pariyojna (SHG)
	Varanasi		-----		Cashpor MFI

PDTable-4 TheSummarised Sample Study

Type of Training Programme	Bihar	Chhattis-garh	Jhar-khand	Madhya Pradesh	Odisha	Rajasthan	Uttar Pradesh	All India
Informal	699	270	671	341	216	460	416	3073
Formal	138	0	0	517	491	310	624	2080
Total Participants	**837**	**270**	**671**	**858**	**707**	**770**	**1040**	**5153**
None	65	30	204	47		119	19	484
Total Respondents	**902**	**300**	**875**	**905**	**707**	**889**	**1059**	**5637**

We may derive two immediate inferences from the above tables.

- The informal literacy programmes are being offered by as many as 48 institutions / organisations covering 61% respondents while formal training has been imparted by only 8 institutions reaching out to 39% *(Annexure-1for detailed list)*

- In states of Chhattisgarh and Jharkhand the financial literacy programmes have been informal in nature and these states should be considered for formal training as well.

This would necessitate a thought on the reach to all.

PDTable-5 Caste, Gender, Income and Health Profile of the samples(Except Respondents, all in percentage)

Profiles	Bihar	Chhattisgarh	Jhar-khand	Madhya Pradesh	Odisha	Raja-sthan	Uttar Pradesh	Total
Respondents	902	300	875	905	707	889	1059	5637
Caste								
BC	55	59	25	41	36	40	38	40
SC	32	10	14	29	24	19	31	24
ST	8	24	57	18	14	22	2	20
General	5	7	4	11	27	20	30	16
Gender								
Female	82	78	69	97	65	79	67	77
Male	18	22	31	3	35	21	33	23
Age								
<60 Years	95	96	98	98	95	97	94	96
>=60 Years	5	4	2	2	5	3	6	4
Religion								
Minority	5	2	5	7	11	37	9	12
Others	95	98	95	93	89	63	91	88
Income								
> 40,000 p.a.	9	17	13	35	23	46	36	27
<= 40,000 p.a.	90	83	85	65	75	53	64	72
No Response	1	1	1	0	2	0	1	1
Health								
PWD	3	4	10	8	8	5	4	6
PWHA	0	1	3	1	0	0	0	1
Others	97	95	87	91	91	95	95	93

We may note that the Backward Castes, Scheduled Castes & Scheduled Tribes comprise of 84%, Females 77%, Young (Less than 60 years of age) 96% on the total samples.

This infers that the target audience has been right and that Financial Literacy is being attempted to reach truly the deserving needy.

PDTable-6 Education, Income and Financial Services usage Profile(Except Respondents, all in percentage)

Profiles	Bihar	Chhattis-garh	Jhar-Khand	Madhya Pradesh	Odisha	Raja-sthan	Uttar Pradesh	Total
Total Respondents	902	300	875	905	707	889	1059	5637
Education								
P.G and Above	1	1	1	2	3	0	1	1
Graduate	2	2	2	2	3	2	3	2
Higher Secondary	4	3	6	4	4	3	8	5
High School	21	20	26	24	34	22	27	25
Primary	15	22	24	22	27	19	12	20
Illiterate	57	51	40	45	26	52	49	46
Technical Education	1	1	1	1	2	0	0	1
Primary Income Source								
Cultivation	25	37	76	31	43	36	34	40
Wage Labour	49	53	20	41	35	41	36	38
Non-farm Activities	17	6	3	20	11	11	23	14
Agri Allied Activity	1	0	1	1	4	3	1	2
Salaried Job	4	3	0	7	8	9	6	6
Remittance	4	0	0	0	0	0	1	1
Financial Services Use								
NREGS Enrolment	33	70	68	48	33	79	19	47
PACS Membership	12	8	7	16	25	17	6	13
SHG Membership	71	76	64	80	57	52	39	61
MFI Services	16	25	5	42	27	21	28	23
Bank Account	47	61	43	63	48	58	73	56
Insurance Policy	23	19	23	41	41	33	44	33

We can observe that illiterate and those who did only primary schooling form 66% of the target, 92 % of the people are from agriculture, wage earning and labourers from non-farm activities, and that a high amount of 61% are from Self Help Groups.

This also confirms that the Financial Literacy objectives are being met with on the right path.

CHAPTER - IV

FINANCIAL LITERACY STUDY FROM DEMAND SIDE

The study, through primary data (meetings, discussions etc.,)attempted to captured the demand side'sbroad components of the Financial Literacy Programme (FLP) are Budgeting, Savings, Awareness of different types of savings, Effectiveness of savings, Opening and Operating Accounts, Procedures of savings accounts, Credit, awareness of various Financial Institutions for credit, Loan procurement, Loan Products and Features, Insuranceand its effectiveness.

The pedagogical approach was through person to person teaching (Lecturing), explaining, clarifying, using, role/play acting, stories, films and videos, in addition to practical working of examples.

Financial Literacy Programmes on Budgeting

PDTable-7 Content Covered by FLP on Budgeting(Except Respondents, all in percentage)

Topics Covered	Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Rajasthan		Uttar Pradesh		Total	
	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
HH Budgeting and reducing avoidable expenses	44	28	21	0	31	0	63	60	38	55	46	67	38	63	40	59
Planning for emergency	66	49	37	0	32	0	60	61	40	49	67	66	39	74	50	62
Total Respondents	699	138	270	0	671	0	341	517	216	491	460	310	416	624	3073	2080

PDTable-8 Management of Household Budgeting after FLP on Budgeting(Except Respondents, all percentage)

Type of Programme Attended	Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Rajasthan		Uttar Pradesh		All India	
	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
After FLP, better expense Management	81	63	49	0	58	0	71	74	51	47	67	50	55	82	64	66
Total Respondents	699	138	270	0	671	0	341	517	216	491	460	310	416	624	3073	2080

While on overall measurement, the effect of FLP in Budgeting has been good and gratifying, formal trainings in Odisha and Rajasthan seem to be a little low comparing to other states.

Financial Literacy Programmes on Savings

PDTable-9 Awareness on Various Financial Institutions for Savings(Except Respondents, all in percentage)

Savings Institutions	Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Rajasthan		Uttar Pradesh		Total	
	Yes but no idea of int rate	Yes also know the int rate	Yes but no idea of int rate	Yes also know the int rate	Yes but no idea of int rate	Yes also know the int rate	Yes but no idea of int rate	Yes also know the int rate	Yes but no idea of int rate	Yes also know the int rate	Yes but no idea of int rate	Yes also know the int rate	Yes but no idea of int rate	Yes also know the int rate	Yes but no idea of int rate	Yes also know the int rate
Bank	42	26	61	11	62	19	63	20	60	23	53	23	53	22	56	22
SHG	10	76	68	23	38	55	45	41	43	42	53	27	36	29	39	43
Post Office	26	3	35	3	28	4	38	3	56	2	42	8	32	5	36	4
Companies	17	5	16	1	20	5	10	2	27	0	24	5	25	5	20	4
PACS	16	7	17	4	9	4	9	1	15	1	27	4	15	1	15	3
Chit Fund	6	0	22	3	18	2	24	1	14	2	12	0	3	0	13	1
Respon-dents	837		270		671		858		707		770		1040		5153	

Across all states under study,

- Awareness of Banks and SHGs rated high as per the study
- Knowledge of Interest rates of banks seems to be less, when compared to that of SHGs

PDTable-10 Content covered on Savings Institutions in FLP(Except Sample Size, all in percentage)

Institutions		Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Rajasthan		Uttar Pradesh		All India	
		IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
Banks	FL Covered	45	73	70	0	79	0	73	82	77	82	74	68	81	92	69	82
	Yes but no idea of int rate	47	48	65	0	58	0	64	67	66	62	48	45	48	57	55	59
	Yes also know int rate	32	41	12	0	16	0	22	17	19	29	29	17	21	24	22	24
SHG / JLG / CIG	FL Covered	77	49	79	0	83	0	86	80	75	86	61	61	68	76	76	75
	Yes but no idea of int rate	4	3	74	0	36	0	37	59	60	39	50	50	32	41	35	45
	Yes also know int rate	94	97	20	0	54	0	59	36	28	55	40	21	36	34	55	41
Post Office	FL Covered	8	1	21	0	31	0	35	43	30	47	37	42	19	38	25	40
	Yes but no idea of int rate	34	0	86	0	39	0	61	70	64	77	71	39	51	62	56	64
	Yes also know int rate	22	0	2	0	8	0	3	6	2	1	10	4	21	9	9	5
Companies	FL Covered	7	1	7	0	17	0	10	16	13	12	24	14	14	30	13	18
	Yes but no idea of int rate	37	0	60	0	61	0	18	35	37	32	57	30	42	55	50	44
	Yes also know int rate	43	0	5	0	11	0	9	12	0	2	19	9	26	10	18	9
PACS	FL Covered i	8	1	9	0	6	0	9	7	9	20	31	18	7	17	11	14
	Yes but no idea of int rate	52	100	83	0	44	0	41	47	35	40	57	26	41	43	52	39
	Yes also know int rate	38	0	0	0	22	0	16	3	0	3	6	12	10	7	14	6
Chit Fund	FL Covered	3	0	2	0	2	0	16	14	15	17	35	15	1	9	10	12
	Yes but no idea of int rate	20	NA	33	0	63	0	51	40	79	66	25	11	25	16	38	38
	Yes also know int rate	0	NA	33	0	0	0	13	7	3	5	2	4	0	0	5	4
Sample Size		***699***	***138***	***270***	***0***	***671***	***0***	***341***	***517***	***216***	***491***	***460***	***310***	***416***	***624***	**3073**	**2080**

Across all states, the formal programmes were more focused on imparting knowledge on saving in banks as compared to the informal ones. About 80 % of respondents who attended a formal programme said they were taught about saving in banks as compared to only 69 % in case of those trained in informal programmes. Barring those who were trained in informal programmes in Bihar, the percentage of these respondents who gained knowledge about banks was more than 70 % in the case of both formal and informal programmes.

Hence, a large number of respondents, both in case of formal and informal programmes, have conceded that the training has enhanced their awareness about banks as a savings institution.

As far as knowledge on SHGs is concerned, both formal and informal programmes imparted good knowledge on their practices, interest rates on savings, etc. The informal programmes of SHG capacity building and MFI counselling are certainly more focused on savings in SHGs. Respondents from the formal programmes had clear and good working knowledge about savings because majority of the respondents of a formal programme were also members of SHGs.An increased awareness of interest rates on savings was also much more for SHGs than banks after the training. A higher percentage of respondents had detailed knowledge on savings in SHGs than banks. This indicates that through both formal and informal programmes knowledge gained on informal institutions like SHGs is greater than that of formal institutions like banks or post offices.

PDTable-11 Usage Enhancement in Institutions after FLP (Except Respondents, all in percentage)

Institutions	Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Rajasthan		Uttar Pradesh		All India	
	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
Bank	31	50	61	0	39	0	27	34	19	15	18	15	35	40	33	30
SHG	72	41	56	0	60	0	68	51	26	24	44	23	32	35	55	35
Post Office	2	0	14	0	10	0	2	7	3	8	13	6	5	6	7	6
Company	5	1	8	0	9	0	1	5	6	5	15	5	6	7	7	5
PACS	6	1	8	0	8	0	4	3	4	10	15	5	2	2	7	5
Chit Fund	2	0	1	0	3	0	6	8	9	15	10	2	1	1	4	6
Total Respondents	699	138	270	0	671	0	341	517	216	491	460	310	416	624	3073	2080

A look at the percentage of respondents of a formal programme who started saving in banks after the training shows that Bihar (50%) followed by Uttar Pradesh (40%) are higher compared to the other five states. These high percentages in Bihar and Uttar Pradesh can be attributed to the fact that financial inclusion was an integral part of the mandate of the formal programmes in these states. In Bihar the formal programme was implemented by the RBI with a targeted approach on opening a large number of individual bank accounts for the respondents. This is primarily because it was a RBI formulated bank-run programme with primary thrust on bank-related activities and accounts.

Similarly, even in Uttar Pradesh, UNDP had given a specific mandate to open bank accounts for the respondents. This means that although all formal training programmes raised the awareness of savings in banks, an impact in terms of enhanced usage of bankas a savings institution was seen only in those states where the training organisations themselves facilitated the opening of these accounts.

Thus, the formal programmes have not been able to initiate respondents to open savings bank accounts on their own. Financial inclusion has not resulted as a consequence of formal financial literacy training programmes; instead financial inclusion is seen only where it is been made an integral part of the literacy programmes mandate and the organisation is the catalyser by opening savings accounts.

Meanwhile, data from Rajasthan reveals a different story. A higher percentage of respondents from informal programmes have begun savings accounts in all kinds of institutions other than banks and SHGs in comparison to other states. This higher usage can be attributed to the increased awareness about various saving institutions through the comprehensive SHG training programmes by PEDO and IBTADA. Data shows that about 50 % of the respondents learned about various savings institutions, especially banks and SHGs, in the PEDO and IBTADA training programmes. This information is corroborated by reflections from field investigators who clearly point out that these two programmes were found to be highly effective as compared to all other informal programmes in Rajasthan. Further, the study points out that knowledge enhancement through these programmes was as high as 80-90 % with a high percentage of people retaining a detailed understanding on the interest rates of these institutions. **Hence, we can safely conclude that these two SHG capacity building programmes have facilitated the use of various savings institutions by imparting relevant knowledge and increasing the understanding of their beneficiaries on the same.**

Data from Odisha also reveals some intriguing observations. Respondents demonstrated a high level of awareness of banks and SHGs as saving institutions (around 83%). However, the corresponding knowledge of interest rates in these institutions was considerably low. The high levels of basic awareness on savings can be attributed to the strong presence of the SHG movement in the state, rather than as a result of the training programmes surveyed.

PDTable-12 Usage Enhancement in Products after FLP(Percentage)

Savings Products	Bihar	Chhattis-garh	Jhar-khand	Madhya Pradesh	Odisha	Rajasthan	Uttar Pradesh
Savings A/C	74.6	52.6	62.1	73.2	69.7	60.3	71.3
Fixed Deposit A/C	26.3	13.0	26.5	30.7	29.6	37.5	35.0
Recurring A/c	14.5	9.6	14.3	10.8	33.0	21.6	27.9
No Frill A/C	7.9	8.9	6.9	5.9	12.7	20.6	33.8

Awareness on savings accounts was found to be highest in comparison to other form of accounts across all states. This was followed by awareness of fixed deposit accounts, recurring accounts and no-frill accounts. Even after training in a financial literacy programme, knowledge of the no-frill account is lowest among the respondents. The highest percentage is among respondents in Uttar Pradesh and Rajasthan, where the ISMW programme was conducted.

In other states, the figures are as low as 7 %. It is therefore quite evident that the coverage of the products other than savings is limited in the current financial literacy programme. **This has implications about the knowledge being imparted and it needs to further broaden in view of the services which are meant for the financially excluded, such as the no-frill accounts.**

PDTable-13 Content coverage on Saving Accounts and the effectiveness(Except Respondents, all percentage)

Type of Account		Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Raja-sthan		Uttar Pradesh		All India	
		IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
Savings Account	Covered in FLP	74	65	54	0	59	0	67	73	69	62	60	75	54	83	63	73
	Understanding of the account	93	93	86	0	85	0	91	84	72	84	87	54	81	86	87	81
Fixed Deposit	Covered in FLP	18	23	11	0	23	0	34	44	44	38	41	50	33	56	27	46
	Understanding of the account	77	78	76	0	82	0	55	61	51	45	78	42	62	50	70	51
Recurring Account	Covered in FLP	12	17	9	0	14	0	20	28	38	33	28	29	29	54	20	37
	Understanding of the account	59	71	79	0	75	0	19	35	53	69	66	31	50	46	57	48
No Frill Account	Covered in FLP	8	17	9	0	8	0	18	25	26	27	27	24	22	60	15	35
	Understanding of the account	47	61	79	0	32	0	5	19	5	26	50	16	34	52	34	38
Respondents		**699**	**138**	**270**	**0**	**671**	**0**	**341**	**517**	**216**	**491**	**460**	**310**	**416**	**624**	**3073**	**2080**

Content coverage on various types of savings products like Savings a/c, FD and RD was more in formal than informal programmes. The relation between the understanding of the participants on various savings products and its coverage in the training programme is represented in the table above. It infers that the financial literacy programmes emphasised more on savings accounts with a limited focus on other types of products, which has direct impact on the understanding of those accounts among the participants.

While 73 % of the respondents said savings accounts were covered in FLPs, only 35 % mentioned learning about the no-frill account. The number of respondents who understood the concepts and functioning of savings no-frill accounts was 69 % and 22 % respectively.

Almost 60-70 % of the respondents felt that they understood the functioning of savings accounts. Even in this content-wise analysis, it has been observed that formal financial literacy programmes emphasised more on banks as a savings institution as has been observed across all states, except Odisha.

Barring Rajasthan and Uttar Pradesh, the usage of savings accounts was almost the same for formal and informal programmes (see table 24) across all other states. Formal programmes in Uttar Pradesh showed a higher percentage than other states because, as stated earlier, their literacy programmes included a compulsory mandate on financial inclusion.

PDTable-14 Usage of Various Saving Products (Except Respondents, all in percentage)

Use of different type of accounts	Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Rajasthan		Uttar Pradesh		All India	
	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
Savings A/C	67	64	46	0	47	0	58	64	59	54	48	34	55	69	55	59
Fixed A/C	7	12	6	0	14	0	13	13	26	14	22	15	19	17	14	15
Recurring A/C	4	8	5	0	11	0	2	4	14	13	11	6	14	15	9	10
No Frills A/C	5	8	8	0	9	0	1	4	2	7	19	6	10	35	8	15
Sample	699	138	270	0	671	0	341	517	216	491	460	310	416	624	3073	2080

In case of formal programmes in Rajasthan, a low level of usage is observed along with a lower than average level of awareness for savings related content covered in the formal ISMW programme. This is primarily due to the informal training programme conducted by PEDO and IBTADA under their SHG capacity building programme which had a more profound impact.

Financial Literacy Programmes on Opening and Operating Accounts

PDTable-15 Knowledge of opening & operating an a/c (through FLP)(Except Respondents, all in percentage)

Knowledge in	Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Raja-sthan		Uttar Pradesh		All India	
	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
Opening a saving/deposit account	64	57	71	0	53	0	73	65	51	62	50	49	53	78	59	65
Operating a savings/ deposit account	57	57	61	0	39	0	58	54	42	62	45	44	42	62	49	57
Nomination facility	31	46	53	0	19	0	30	30	31	47	31	25	32	46	30	39
Respondents	***699***	***138***	***270***	***0***	***671***	***0***	***341***	***517***	***216***	***491***	***460***	***310***	***416***	***624***	***3073***	***2080***

As can be observed, not much difference was observed across various states on knowledge imparted on operational procedures of savings accounts. This is also true between formal and informal programmes. On an average about 50-60 % of the respondents recalled that they learned about opening and operating savings accounts in their training programme. The only exception was Uttar Pradesh where 78 % respondents recalled learning opening and operating savings accounts. In U.P. two formal programmes were surveyed – one was the ISMW program and the second was the NABARD programme. In the former, UNDP had included a mandate of opening about 800 individual accounts along with theoretical knowledge and in the latter- NABARD programme, a primary focus of the programme was to impart knowledge on teaching the participants the procedure for opening bank accounts.

PDTable-16 Awareness of Savings A/c Procedures (Except Respondents, all in percentage)

Awareness	Confidence Level	Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Raja-sthan		Uttar Pradesh		All India	
		IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
Opening a savings account	Don't Know	29	38	26	0	39	0	35	37	27	41	29	52	28	21	31	35
	Less Confident	43	25	54	0	46	0	33	34	39	30	48	34	35	38	43	34
	Very Confident	28	38	16	0	15	0	32	29	34	30	24	14	37	41	25	31
Operative a savings account	Don't Know	37	38	34	0	50	0	45	45	33	43	32	58	34	27	39	41
	Less Confident	34	23	44	0	39	0	25	26	47	34	44	30	32	35	37	31
	Very Confident	28	38	17	0	11	0	30	29	20	23	24	12	34	38	23	28
Respondents		***699***	***138***	***270***	***0***	***671***	***0***	***341***	***517***	***216***	***491***	***460***	***310***	***416***	***624***	***3073***	***2080***

Across all states, on an average, 30 % of the respondents replied that they were quite confident of opening and operating accounts. Relatively, this is a higher percentage of awareness as compared to a state data comprising of average individuals who have not necessarily undergone a FLP. There is a lot of scope for improvement in the training programmes. If proper working knowledge is imparted through the financial inclusion programmes, emancipation of the disadvantaged can be enabled.

Financial Literacy Programmes on Credit / Loans and Institutions

PDTable-17 Awareness of Various Financial Institutions for Credit(Except Respondents, all in percentage)

INSTITUTIONS	Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Rajasthan		Uttar Pradesh		All India	
	Knowledge of Interest Rate of Institution	Knowledge on Procedure on Institution	Interest Rate of Institution	Knowledge on Procedure on Institution	Interest Rate of Institution	Knowledge on Procedure on Institution	Interest Rate of Institution	Knowledge on Procedure on Institution	Interest Rate of Institution	Knowledge on Procedure on Institution	Interest Rate of Institution	Knowledge on Procedure on Institution	Interest Rate of Institution	Knowledge on Procedure on Institution	Interest Rate of Institution	Knowledge on Procedure on Institution
Bank	32	32	43	41	30	33	35	37	34	30	43	40	52	49	38	38
SHG	69	64	65	61	54	51	60	56	73	58	52	48	42	40	58	53
MFI	17	16	25	21	5	9	33	36	9	10	21	17	25	24	19	19
Companies	8	8	5	5	11	12	8	10	6	7	16	13	16	17	11	11
Respondents	***902***		***300***		***875***		***905***		***707***		***889***		***1059***		***5637***	

Bank-related credit awareness was found to be almost the same – about 30-35 % across all states except Uttar Pradesh. The results in Uttar Pradesh were visibly higher with about 50 % of the respondents having detailed knowledge of banks interest rates and procedures. As mentioned earlier, we observed the same trend in Uttar Pradesh on awareness in bank-related savings.

This high level of awareness among respondents in Uttar Pradesh on bank-related savings and credit can be attributed to the fact that more than 50 % of the total respondents in the state had undergone a two-week long training by NABARD as recently as December 2009 to January 2010. This programme specifically focused on credit and savings over two days.

They provided operational knowledge on opening bank accounts and loan procedures through lectures that was effectively complemented by puppet shows and a film named “Raju and the Money tree,” based on RBI-developed content. On an average about 65 and 73 % of the respondents have an understanding of the interest rates of banks and SHGs respectively.

On the other hand, knowledge about MFIs and other institutions is quite low. Thus, **it is observed that the formal programmes in Uttar Pradesh, particularly the NABARD-UNDP collaborative programme, has delivered good working knowledge of both credit and savings related issues to its beneficiaries.**

Across all the states, except in Uttar Pradesh, knowledge on SHG-related credit was about 10-30 % higher than the awareness on bank credit after the training.

Another intriguing observation is that as far as banks are concerned, detailed awareness on interest rates on savings was about 15 % across all states; while in-depth awareness of interest rates on credit was found to be double that of savings (about 30 %). Even in SHGs, detailed awareness of interest rates on credit is about 60 %, which is higher than the 35-40 % awareness on interest rates on SHG savings. Hence **we observe a specific trend amongst beneficiaries of various training programmes across all states where they exhibit a greater awareness on credit than savings. This can be directly attributed to the greater thrust of FL programmes on credit rather than on savings. This is especially true in the case of informal programmes, which run with an objective of providing credit linkages and has a low priority on budgeting, savings etc.**

PDTable-18 Content Covered on Credit Institutions and awareness of respondents(Except Respondents, all in percentage)

Institution		Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Raja-sthan		Uttar Pradesh		All India	
		IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
Bank	Covered in FL Programme	33	39	50	0	35	0	50	64	68	77	57	68	51	79	45	71
	Understanding of Interest Rate	72	61	80	0	68	0	46	54	36	40	70	43	70	65	64	53
SHG	Covered in FL Programme	78	41	69	0	52	0	79	76	63	74	63	63	42	69	64	69
	Understanding of Interest Rate	97	89	93	0	88	0	85	69	76	80	91	54	54	73	87	72
MFI	Covered in FL Programme	20	1	28	0	3	0	54	44	17	22	26	26	59	37	27	31
	Understanding of Interest Rate	88	0	85	0	52	0	73	55	24	26	78	41	69	17	74	35
Compa nies	Covered in FL Programme	7	0	6	0	16	0	17	20	8	21	25	20	25	43	15	26
	Understanding of Interest Rate	81	NA	24	0	41	0	20	31	0	24	56	25	37	38	43	32
Respondents		***699***	***138***	***270***	***0***	***671***	***0***	***341***	***517***	***216***	***491***	***460***	***310***	***416***	***624***	***3073***	***2080***

PDTable-19 Knowledge of Loan Procurement (Except Respondents, all in percentage)

Insti-tution	Data	Bihar IF	Bihar F	Chhattis-garh IF	Chhattis-garh F	Jhar-khand IF	Jhar-khand F	Madhya Pradesh IF	Madhya Pradesh F	Odisha IF	Odisha F	Rajasthan IF	Rajasthan F	Uttar Pradesh IF	Uttar Pradesh F	All India IF	All India F
Banks	Covered in FLP	33	26	46	0	42	0	47	65	56	72	54	59	48	74	44	66
	Understanding of procedures	75	56	85	0	75	0	55	57	33	36	72	39	72	64	69	52
SHG	Covered in FLP	75	31	66	0	51	0	69	71	51	65	63	60	40	67	60	64
	Understanding of procedures	95	91	92	0	85	0	84	71	67	62	86	55	59	67	85	66
MFI	Covered in FLP	19	0	23	0	8	0	54	42	14	19	25	21	54	38	26	29
	Understanding of procedures	87	NA	85	0	47	0	83	60	26	33	69	32	70	20	74	37
Compa nies	Covered in FLP	7	1	2	0	16	0	19	23	16	19	20	17	25	43	15	26
	Understanding of procedures	78	100	60	0	45	0	36	34	3	25	66	24	45	39	49	34
Respondents		***699***	***138***	***270***	0	***671***	***0***	0	***517***	***216***	***491***	***460***	***310***	***416***	***624***	***3073***	***2080***

An analysis of the last two tables above puts Uttar Pradesh on top of all other states as far as high content coverage and the consequent awareness enhancement for respondents is concerned for both bank and SHG-related credit in formal programmes.

In case of informal programmes, Rajasthan showed the highest percentage in terms of in-depth content covered on banks and SHG-related credit sources and the corresponding understanding of respondents. The informal programmes in Rajasthan also included SHG capacity building programmes by PEDO and IBTADA which were well structured and provided in-depth knowledge of interest rates and procedures of banks and SHGs as sources of loans. Respondent from informal programmes in Rajasthan also included credit awareness programmes (FLCC) by banks like the Bank of Baroda, SBBJ, PNB and others.

Hence, it is perhaps not surprising that more than 70 % respondents from informal programmes in Rajasthan say that they are aware of in-depth knowledge on banks and SHGs and correspondingly more than 75 and 90 % remarked that they have detailed knowledge on banks and SHGs respectively.

The data also reveals that formal training programmes focused more on raising awareness on bank-related credit as against the informal programmes.

The above table also shows that enhanced awareness on credit, interest rates and credit-related procedural know-how is higher for SHGs than formal institutions like banks. The reason for this is twofold. First, the informal programmes primarily focus on credit in SHGs and not banks. Second, more than 70 % of the participants of formal programmes are women – mostly members from SHGs. This inevitably drives the focus while teaching towards SHGs and hence, the trainers cite examples from the same.

In case of respondents of formal programmes from Rajasthan, much lower enhancement of credit-related awareness was observed. This reiterates the issue of effectiveness of the formal ISMW programme in Rajasthan, which is quite low when compared to ISMW programmes in other states. Though a majority of the respondents recall being told about savings and credit in their programmes a phenomenally low percentage remarked that their awareness has increased thereafter. This anomaly can be attributed to primarily 3 reasons:

- First, a lower level of literacy was observed among respondents in Rajasthan as compared to Odisha. Rajasthan had the highest percentage of illiterate respondents as compared to all other states. The difference was particularly high when compared with Odisha (about 52 % illiterate respondents in Rajasthan as compared to about 25 % in Odisha). Hence, it was more difficult for participants from Rajasthan to comprehend the financial literacy concepts taught in the ISMW programme. Respondents from Odisha also had prior knowledge of financial concepts due to their exposure to SHG programmes.
- Second, an important difference between the ISMW programme in Rajasthan versus Uttar Pradesh and Madhya Pradesh was the quality of training. The trainers in Rajasthan were randomly chosen while in Uttar Pradesh, the trainers were chosen from within the community. This made the training more conversant and explanations easy. In Madhya Pradesh, the trainers

were ISMW professional trainers who were much well versed with the concepts and had a more efficient delivery mechanism. A continuous monitoring and re-evaluation process was also in place in Uttar Pradesh and Madhya Pradesh.

The programme was implemented by a local NGO in Uttar Pradesh but it was being monitored by ISMW officials. In Madhya Pradesh, the training was conducted by ISMW's sister organisation and hence, the quality of the training was not in question.

- Third, in Madhya Pradesh, the training is a continuous process. It includes continuous follow up and various awareness camps at different intervals. This ensured the retention of knowledge among the respondents. Follow-ups were also carried out in Uttar Pradesh to strengthen the SHGs and savings accounts were also opened. All these factors attributed to a greater retention of knowledge amongst respondents in Madhya Pradesh as opposed to Rajasthan where the whole programme was conducted in a period of just 2 days (2 hours each).

These observations highlight the fact that even when the same module is delivered, its effectiveness depends on the quality of delivery and the continuous efforts put in by the implementing organisation.

PDTable-20 Awareness of different loan features (Except respondents, all in percentage)

Awareness of	Bihar	Chhattis -garh	Jhar- khand	Madhya Pradesh	Odisha	Raja- sthan	Uttar Pradesh	All India
Compound vs Simple Interest Rates	40	37	22	48	35	44	52	41
Flat Rate vs Diminishing Rate	13	31	8	34	20	37	31	25
Loan Processing Fee	40	34	10	40	32	30	30	31
Security / Mortgage / Collateral	20	37	12	37	48	33	42	32
Structuring of Loan Repayment	15	29	15	33	26	25	28	24
Cost Benefit of Pre-scheduled Loan Closure	38	32	42	46	31	38	63	43
Respondents	902	300	875	905	707	889	1059	5637

Detailed awareness on various features of a loan like various types of interest rates, loan processing fee, benefits of pre-payment of a loan, self-loan appraisal, etc. was quite low across all states.

On an average only 30 % of the respondents were aware on these financial aspects. This percentage was even lower in case of Jharkhand.

Levels of awareness were particularly low in the case of interest rates, loan procedures and loan features across all states. Only 30-35 % of the total respondents were aware of these details. This is a serious lacuna in the implementation of the training programmes.

PDTable-21 Content Covered on different features of loans awareness of Respondents post FLP

(Except Respondents, all in percentage)

Features of Loans	Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Raja-sthan		Uttar Pradesh		All India	
	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
Compound vs. simple interest	35	14	29	0	21	0	57	59	31	50	53	55	45	77	38	59
Understanding their features	89	89	86	0	81	0	68	69	47	62	76	57	70	65	76	65
Flat vs. diminishing rate	15	8	23	0	10	0	45	49	30	37	47	35	35	63	26	46
Understanding their features	62	73	84	0	58	0	61	56	31	36	79	56	68	46	66	48
Loan Processing fee	41	19	30	0	8	0	57	50	38	42	40	30	34	52	33	44
Understanding its features	90	77	90	0	40	0	80	58	47	52	79	48	74	49	77	53
Security/ Mortgage/ Collateral	21	10	29	0	11	0	50	40	35	41	42	25	44	57	30	41
Understanding their features	78	71	92	0	73	0	76	60	61	70	85	59	81	62	79	63
Structuring of loan repayment	16	8	23	0	13	0	43	45	35	31	39	22	31	52	26	38
Understanding its features	70	73	89	0	77	0	72	63	52	50	68	53	62	49	69	54
Cost-benefit of pre-closure of a loan	44	14	30	0	44	0	57	59	55	47	54	31	58	74	49	54
Understanding its features	88	89	83	0	93	0	76	67	37	40	83	60	84	79	82	66
Respondents	*699*	*138*	*270*	*0*	*671*	*0*	*341*	*517*	*216*	*491*	*460*	*310*	*416*	*624*	*3073*	*2080*

A comparative glance at the above table shows that respondents from informal programmes in Rajasthan exhibit a higher level of awareness of various loan features after the training.

Here, about 50 % of the respondents from informal programmes recalled the session on various loan features and felt that they retained information of the same. About 80-85 % of those who were taught about various loan features were successfully able to retain it.

A look into the informal programmes surveyed in Rajasthan reveals that training on loan services was also provided by SHG capacity building programmes by various organizations, the most effective ones being PEDO and IBTADA and credit awareness programmes by various banks. Hence the 50 % of respondents who said that detailed knowledge of various loan features was imparted in their programme were primarily beneficiaries who had attended FLCC (Financial Literacy Credit Counselling) training by the Bank of Baroda and SBBJ. This also includes individual counselling in some cases and SHG members who had undergone training by PEDO and IBTADA.

Qualitative reports by field investigators reiterate that the training by PEDO and IBTADA were quite comprehensive and structured, hence, more effective than other SHG capacity building programmes.

PDTable-22 Sources of Loans Taken after FLP (Except Respondents, all in percentage)

Source of Loans	Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Raja-sthan		Uttar Pradesh		All India	
	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
SHG	45	17	42	0	53	0	52	31	30	31	50	25	13	16	43	42
MFI	16	0	21	0	6	0	40	25	8	5	13	4	49	2	20	10
Banks	3	6	12	0	12	0	9	7	7	8	14	12	13	16	10	14
Cooperatives / PACS	2	1	4	0	3	0	0	0	4	3	2	3	1	1	2	3
Money Lenders	19	24	14	0	18	0	14	8	6	8	20	16	8	14	15	18
Local Traders	4	4	3	0	22	0	6	9	4	2	5	6	14	13	10	15
Friends/Relatives	0	0	8	0	4	0	1	0	7	7	0	2	1	0	2	3
Companies	0	0	8	0	5	0	0	0	0	0	3	2	1	1	3	2
Insurance Company	1	0	1	0	11	0	2	5	8	7	8	4	2	8	5	10
Never borrowed	16	53	26	0	5	0	13	35	10	22	9	47	13	27	12	34
Borrowed before FL	5	1	8	0	1	0	3	4	25	35	1	2	3	13	5	14
Respondents	***699***	***138***	***270***	0	***671***	0	***341***	***517***	***216***	***491***	***460***	***310***	***416***	***624***	***3073***	***2080***

Observations from the above table validate the inference drawn earlier also, that awareness about SHGs is higher than awareness on banks. In the above table **we observe that be it a formal or an informal programme, a lot more people have availed credit from SHGs than banks. This also enhanced the awareness of the same.**

Meanwhile informal programmes in Rajasthan have been able to link more beneficiaries to banks for credit than others. This can also be attributed to the better SHG capacity building programmes there.

On the whole, informal programmes have provided better linkages to credit than formal programmes, whether from banks, MFIs or SHGs. This exhibits that the thrust of informal programmes is primarily on providing credit linkages. If we link this observation to the previous tables on detailed content coverage of various aspects of credit, it is observed that the knowledge imparted on these is quite less in comparison to the credit linkages provided. This means that a lot of informal programmes are providing loans to their beneficiaries without imparting much knowledge on the knowhow of terms and procedures involved. One exception to this is the informal programmes by PEDO and IBTADA in Rajasthan, which provide a detailed coverage of various aspects of loans.

However, **the informal training has not stopped beneficiaries from accessing loans from moneylenders. Compared to other states, a high percentage of respondents from Rajasthan have taken loans from moneylenders. This can be attributed to the inherent high credit demand in Rajasthan which is not met, despite higher credit linkages to banks and SHGs.**

This is also the case with beneficiaries trained under the RBI formal programme. Despite RBI's initiative of opening numerous bank accounts for the participants, a high percentage still borrowed from moneylenders given the poor credit awareness as well as linkage provided through the programme. A high percentage of respondents in Odisha have borrowed even before the training. This is owing to a strong presence of SHGs in the state. This also reiterates the earlier inference about an enhanced awareness of respondents owing to prior knowledge from SHG linkages.

PDTable-23 Awareness of different loan products(Except Respondents all, in percentage)

Loan Products	Bihar	Chhattis-garh	Jhar-khand	Madhya Pradesh	Odisha	Raja-sthan	Uttar Pradesh	Total
Personal Loan	52	42	25	57	74	47	40	48
Vehicle Loan	26	32	15	36	22	37	42	30
Education Loan	19	21	11	32	24	32	40	26
Non-farm Loan	21	20	9	38	24	35	44	29
Agriculture Loan	13	17	7	28	18	27	44	23
Agri-allied Loan	41	17	27	41	50	40	49	40
Sample	***902***	***300***	***875***	***905***	***707***	***889***	***1059***	***5637***

PDTable-24 Content covered on various loan products in FLP(Except Respondents, all in Percentage)

Content on	Covered by FLP &Understanding	Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Raja-sthan		Uttar Pradesh		All India	
		IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
Personal Loan	Covered in FLP	53	22	32	0	56	65	65	62	51	53	46	64	27	0	45	59
	Understanding	91	67	74	0	82	78	82	77	74	60	66	57	69	0	79	68
Vehicle Loan	Covered in FLP	19	20	16	0	40	46	30	35	35	48	41	60	20	0	28	46
	Understanding	81	75	93	0	71	67	42	35	76	52	69	61	68	0	72	57
Edu. Loan	Covered in FLP	18	19	10	0	35	44	26	32	29	44	37	60	10	0	22	45
	Understanding	73	69	92	0	60	57	57	36	71	49	70	61	84	0	70	54
Non-farm Loan	Covered in FLP	21	17	10	0	49	39	28	31	37	40	45	60	8	0	26	42
	Understanding	78	67	73	0	73	61	48	31	77	57	78	67	72	0	74	58
Short-term Loan	Covered in FLP	12	16	9	0	39	33	23	30	29	33	36	63	7	0	20	40
	Understanding	66	68	84	0	75	59	33	39	65	53	70	68	71	0	67	59
Agri-Allied Loans	Covered in FLP	42	23	8	0	51	47	51	57	50	43	40	71	26	0	38	54
	Understanding	94	84	90	0	85	73	69	73	80	65	71	73	85	0	83	72
Respondents		***699***	***138***	***270***	***0***	***341***	***517***	***216***	***491***	***460***	***310***	***416***	***624***	***671***	***0***	***3073***	***2080***

As can be seen from the above tables, respondents from all states were aware about personal loans, which are mostly given by SHGs. The awareness and knowledge about agriculture, agri-allied and non-farm loans were found to be higher in Rajasthan, Uttar Pradesh and Madhya Pradesh, again indicating both prior knowledge about these loan products as well as further sensitisation through the training programmes. There was not much difference in the content of the training on various loan types in the formal and informal programmes across the states. Respondents in Rajasthan, Uttar Pradesh and Madhya Pradesh also expressed better awareness of agriculture, agri-allied and non-farm loans. This is indicative of the role financial literacy in enhancing general awareness and its subsequent usage.

Financial Literacy Programmes on Insurance

PDTable-25 Awareness of different Insurance products(Except Respondents, all in percentage)

Insurance Products	Bihar	Chhattis-garh	Jhar-khand	Madhya Pradesh	Odisha	Raja-sthan	Uttar Pradesh	All India
Life Insurance	57	56	43	65	70	59	69	60
Health Insurance	24	41	16	35	38	37	39	32
Asset Insurance	11	12	8	24	13	23	27	18
Cattle Insurance	18	19	13	25	21	35	38	25
Micro Enterprise Insurance	9	13	6	16	18	20	27	16
Crop Insurance	6	10	5	2	17	8	11	8
Respondents	***902***	***300***	***875***	***905***	***707***	***889***	***1059***	***5637***

Respondents demonstrated higher levels of awareness of insurance products, especially life insurance, in Uttar Pradesh, Madhya Pradesh and Odisha. This is because a large percentage of respondents from these states already have insurance policies and they improved their understanding through the training. The percentages of respondents with an insurance policy in Uttar Pradesh, Madhya Pradesh and Odisha are 43.6, 40.6, and 41.0 % respectively, which are higher than other states with an average of only 25 %. On the other hand, the awareness of other form of insurance was much lower across all states. Awareness of cattle insurance and health insurance was higher in Uttar Pradesh, Rajasthan and Madhya Pradesh.

<u>PDTable-26 Content covered &awarenesson various Insurance types</u>(Except Respondents all in percentage)

Types of Insurance		Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Raja-sthan		Uttar Pradesh		All India	
		IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
Life	Covered in FLP	48	28	41	0	28	0	68	69	58	55	63	82	54	81	49	69
	Awareness	92	92	95	0	86	0	83	81	75	74	80	67	81	79	85	77
Health	Covered in FLP	23	17	36	0	20	0	37	53	19	31	49	58	38	61	31	49
	Awareness	79	83	93	0	65	0	61	62	52	56	71	43	72	54	72	56
Asset	Covered in FLP	8	13	14	0	5	0	30	36	13	32	26	47	29	53	16	40
	Awareness	61	72	63	0	65	0	59	53	44	22	66	39	61	51	61	44
Cattle	Covered in FLP	15	15	19	0	16	0	32	39	24	25	45	49	31	62	25	42
	Awareness	81	67	73	0	62	0	64	48	50	38	76	48	65	66	69	55
Micro - Enterprise	Covered in FLP	7	9	15	0	6	0	26	26	22	19	26	27	27	49	16	30
	Awareness	54	67	71	0	36	0	57	38	38	34	68	37	69	53	60	45
Crop	Covered in FLP	3	9	7	0	6	0	1	2	21	27	10	7	8	14	7	13
	Awareness	67	85	83	0	44	0	100	82	48	37	81	68	75	75	65	56
Respondents		***699***	***138***	***270***	***0***	***671***	***0***	***341***	***517***	***216***	***491***	***460***	***310***	***416***	***624***	***3073***	***2080***

PDTable-27 Content covered in FLP on Insurance features(Except Respondents all in percentage)

Insurance Features		Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Raja-sthan		Uttar Pradesh		All India	
		IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
Need for Insurance	Covered in FLP	17	18	17	0	24	0	33	28	62	55	29	27	21	32	26	37
	Awareness	45	36	2	0	44	0	82	82	84	75	57	39	69	84	59	69
Premium	Covered in FLP	17	25	33	0	24	0	29	22	30	40	27	24	24	33	24	34
	Awareness	14	18	1	0	50	0	54	70	49	56	43	16	60	79	39	52
Risk Coverage	Covered in FLP	20	25	33	0	22	0	28	18	19	33	23	22	26	31	24	31
	Awareness	17	9	1	0	23	0	48	51	30	41	47	15	12	39	25	32
Terms and Conditions	Covered in FLP	20	25	52	0	22	0	24	14	17	33	23	24	25	29	25	32
	Awareness	3	3	1	0	28	0	39	39	35	37	38	12	9	33	18	24
Benefits on Maturity	Covered in FLP	21	27	33	0	22	0	24	19	32	34	25	25	23	29	24	31
	Awareness	16	14	0	0	45	0	48	65	47	50	57	23	18	53	33	41
Respondents		699	138	270	0	671	0	341	517	216	491	460	310	416	624	3073	2080

The first one of the above two tables (PDTables 26 & 27) shows that thrust of the training in insurance is laid on life insurance. **An increased number of respondents improved their understanding about life insurance after the training.**

In Rajasthan, Uttar Pradesh and Madhya Pradesh, information on insurance schemes on health and cattle were limited compared to information provided about life insurance. Meanwhile in the other four states, there was no information provided on any insurance except life insurance. Here too, in terms of both content coverage and consequent awareness enhancement of all insurance products, certain informal programmes in Rajasthan outperformed the other states.

Interestingly, **though about 80-90 % of the respondents claimed an increased awareness of insurance terms like premium, benefits on maturity and more, only 20-30 % of the programmes covered these aspects. This means that the knowledge of detailed features of insurance was low. This brings out a clear gap in the training module – formal or informal – on insurance.**

CHAPTER –V

FINANCIAL LITERACY FROM SUPPLY SIDE

This part of the study, through secondary data (meetings with service providers, FLCCs, government agencies etc.) through specific templates captured the Names of the Programmes, Institutions/service providers, Duration of the programme, Content, Pedagogy applied, Effectiveness of the programme and Impact.

The state-wise information is tabulated as follows;

SDTable-1Bihar

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
1	Financial Inclusion through Financial Literacy (Sponsored by: UNDP; Trainer: ISMW)	NABARD	To connect the excluded with the formal banking system in order to help them obtain an understanding of the financial services available and equipping them with the confidence to make informed financial decisions.	One day	**Savings**: Opening of bank account **Credit** **Insurance**	• Lectures • Skits • Quiz Films	Informal way	-	State-level workshop
2	Financial Literacy	Reserve Bank of India	To connect the excluded with the formal banking system in order to help them obtain an understanding of the financial services available and equipping them with the confidence to make informed financial decisions.	-??	**Savings**: Opening of bank account **Credit**	• Lecture • Films • Books	Informal way	**Financial Inclusion:** 100%: 3 villages (Jehanabad, Banka, Samastipur); Above 80%: 2 villages (Nalanda, Gaya); 60% - 79%: 1 village (Gaya) Less than 50%: 1 village: (E.Champaran) **Credit Linkage:** Above 80% : 3 villages (Jehanabad, Nalanda,Banka); 60-79%: 2 villages (Samstipur,Bhojpur) Less than 60%: 2 villages (Gaya, E.Champaran)	http://www.rbi.org.in/financialeducation/BasicBanking.aspx
3	SHG capacity building	Women Development Corporation	Promoting socio-economic development and empowerment of women	2 days	SHG-managed government schemes like Mukhyamantri Naari Shakti Yozna, Deep Pariyoznaa and more	• Lecture • Role Play • Interactive • Games • Flash Charts	Continuous		

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
4	SHG Capacity Building	Nidan Micro Finance Foundation (NMFF)	To provide a range of high quality and affordable financial services in a sustainable manner to the women of poor and low-income families through self-help groups, for their socio-economic empowerment.	One day	SHG-managed government schemes like NREGA	• Role Plays • Lectures • Interactive	Continuous		
5	SHG Capacity Building	Bihar Rural Livelihood Promotion Society	• Improving rural livelihoods and enhancing social and economic empowerment of the rural poor. • Developing organisations of the rural poor and producers to enable them to access and better negotiate services, credit and assets from public and private sector agencies and financial institutions. • Investing in capacity building of public and private service providers. • Playing a catalytic role in promoting development of microfinance and agribusiness sectors.	2-3 days	• **Group management:** importance of regular meetings, leadership issues, conflict mitigation, cohesiveness in a group and its importance, need and importance of creating norms • **Financial management:** importance of group savings, making of group lending norms, importance of bookkeeping, introduction to different forms of funds available - community investment fund bank linkage and other FIs, importance of regular and timely repayment schedule, rotation of funds available • **Micro-credit planning:** The need and importance of micro-credit plans 1st phase prioritisation plan	• Stories • Lectures • Films • Counselling • Group exercises • Role plays • Games • Exposure visits	Continuous		

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
					of member taking loan and 2nd phase rotation method), SHG profiling, SHG member-wise profiling, SHG member income and expenditure, • **Village organisation (VO):** Need for VO formation, objectives of VO, VO constitution building process, VO members' roles and responsibilities •**Bookkeeping**: Importance of bookkeeping and the bookkeeper's role,				

In Bihar, the structured programmes have not been done. ISMW had conducted ToT for NGOs officials who were implementing UNDP financial literacy programmes. RBI has taken a major initiative on financial inclusion in Bihar in which some element of literacy programme was also conducted.

The major SHG capacity building programmes in the state is observed in WDC promoted groups, SHGs promoted by Bihar Rural Livelihood Promotion Society and Nidan Micro-Finance Foundation. The focus was mainly on the capacity building of SHGs in savings and credit along with group processes.

It is evident that financial literacy drive has been limited to SHG capacity building and few structured programmes has been conducted or are in place as a drive towards total financial inclusion district. But there has been no agency anchoring the financial literacy drive in state. Women Development Corporation is one agency which has a state wide presence and it can be a lead agency in the state. Collaboration of WDC and NABARD on the financial literacy front could be an ideal strategy for rolling out financial literacy programme in the state in a structured manner.

SDTable-2 Chhattisgarh

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
1	Financial Literacy Programme	Evangelical Social Action Forum (ESAF)	• To equip and train staff to deliver financial literacy • To impart basic financial knowledge to SHG members	1 Day (3 hours)	Importance of savings, calculation of interest, importance of receipts, book keeping especially passbook reading and A/C register maintenance	• Lecture • • Role plays	The programme will be delivered once every quarter	Not applicable	It is in an initial stage. Currently, they have finished training for their staff in 10 branches. In the next stage, the training will be organised for their Federation members
2	Dena Bank formal Credit Counselling Centres – Dena Mitra	Dena Bank (lead bank in Mahasamund and Dhamtari district of Chhattisgarh	• To educate people and prevent them from entering a debt trap. • To create public awareness about financial planning. • To help individuals achieve long-term goals through investments, asset allocation, risk management and retirement planning. • To provide guidance for opening bank accounts and induce people to save. • To offer a viable task-specific, advisory ad hoc intermediary service between the borrower and the bank concerned. • To provide people with support to solve their current financial problems. • To create awareness about the costs of misusing credit, as it improves financial management and develops realistic spending plans. • To advice distressed clients to gain access to the structured financial system, including banking.	(4 hours per day)	**Savings**: Raising awareness about the bank's 15 savings products **Credit**: Raising awareness about the bank's nine products **Insurance**: Raising awareness about LIC, and other insurance products	• Lectures • Interaction	-	-	in the programme was implemented from May 2007 to 2009

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
			• To help borrowers decide the quantum of loans they can avail, based on their income profile and cash flow. • To provide counselling to the borrowers in a financial crisis • To provide technical guidance about rural lending. • To educate rural and urban beneficiaries about the benefits of timely repayment of banks loans. • To raise awareness about the benefits of having the account with the bank i.e. financial inclusion. • To coordinate with various government departments on solving problems related to them. • To facilitate training programmes for rural clients in coordination with various agencies for skills up-gradation and use of modern technologies in agriculture and small & micro-service enterprises. • To guide rural entrepreneurs to establish links with market outlets for better sales. • To educate people on the proper usage and pitfalls of debit and credit cards, in order to avoid wasteful spending.						
3	SHG and microfinance programme by Sakhi credit cooperative (informal programme)	Sakhi Credit Cooperative Society Maryadit	• To employ rural, poor, tribal and less- literate and illiterate women in income-generating activities. • To provide small-scale loans on easy instalments and accessible interest rates. • To deposit savings of women beneficiaries.	4 hours per day (2 days)	**Savings**: About bank and saving schemes, documents required for bank account **Credit**:	• Role plays • NABARD film, • Focus-group discussions • Interaction • Lectures • Games	Continuous process	Formed 800 SHGs	

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
			• To develop entrepreneurship and skills among rural women beneficiaries. • To provide marketing support to women entrepreneurs. • Develop and encourage the practice of savings among rural and poor women. • Develop spirit of cooperation among them. • Development of cooperative federation. • Linkage with cooperative.		Process of loan taking, documents required for loan processing **Insurance**: Health insurance, accident insurance, livestock insurance, enterprise insurance **Investment:** Fixed deposit, recurring deposit, monthly deposit, property (house, land, livestock)				
4	SHG and microfinance programme by SROUT (informal programme)	SROUT, Korba	• To enhance the saving habit and increase saving at the SHG level. • To employ rural, poor, tribal and less- literate and illiterate women in income-generating activities. • To provide smallscale loans on easy instalments and accessible interest rates. • To develop entrepreneurship and skills among rural women. • To provide marketing support to women entrepreneurs. • Develop and encourage the practice of savings among rural and poor women. • To provide credit facility for activates. • To create linkages with banks.	4 hours per day	**Saving:** About bank and saving schemes, documents required for bank account **Credit:** Process of loan taking, documents required for loan processing, how to utilise amount and how to repay the loan	• Role plays • NABARD film, • Focus-group discussions • Interaction • Lectures • Games	Continuous process	Formed 210 SHGs	

There is no formal programme which is being currently run in Chhattisgarh. The process has already started through the ToT of the people who would be undertaking the training. The literacy would be rolled out in the near future.

The longest programme of financial literacy in the state is FLCC conducted by Dena Bank through the Dena Mitra Centres. Mostly conducted for a day, it covered aspects of savings, credit and insurance. The lecture and interactive methods were generally used, which again is one of the least preferred options given the participants (primary data).

The SHG Capacity building programme run by two different institutions aimed at savings and credit among the SHGs. However, one of the programmes also focused on investment and insurance. Again, the programmes conducted for the SHGs are more on the process of formation and building awareness of various financial products.

The structured literacy programme has just been started in the state of Chhattisgarh and is in the process of being rolled out. Most of the informal programmes of financial literacy were done through FLCC and SHG Capacity Building process, which is often quite informative and useful. But in the former, the awareness is mostly through camp and workshop mode, which is mostly focused on disseminating information about bank product and services.

There is a need to build the capacity of NGOs about fully fledged financial literacy programme customized to state nuances and diversity. The training of trainers material has already been developed by ISMW but actual programme is yet to begin. Indeed, there is no single agency in the state driving the programmes of financial literacy. NABARD can take the lead role in the same and take the experiences of NABARD in UP and MP. Otherwise, it is limited to only SHGs which is grossly inadequate, given low intensity of SHG programme in the state.

SDTable-3 Jharkhand

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
1	Financial literacy programme	Reserve Bank of India	Financial inclusion through financial literacy	2-3 hours in one day	RBI Awareness, Currency Management, No Frill account, Deposit Insurance Scheme, Savings Account, FD & Current account, Loan process and schemes	• Lecture • Story books	-	8,000	The training was mostly conducted through banks. However data on the quality of the programme is not available.
2	FL Credit Counselling Centre	Abhay Credit Counselling Centre, Bank of India, Gumla district	• Advising on gaining access to the structured financial system including banking. • Creating awareness among the public about financial management. • Counselling distressed beneficiaries to help them meet their repayment obligations and enabling debt resolution. • Helping in rehabilitation of borrowers in a friendly and timely manner.	5 hours on 3 days a week	Clarification on all financial issues	Interactive sessions	Continuous support	8,108	On Wednesdays and Fridays, the counsellor accompanies the sponsoring bank's LDM on his visits to neighbouring villages for meeting with SHGs, Farmer Clubs, etc. in order to spread awareness on credit counselling services as well as the 'Abhay' centre'.
3	RUDSETI (skills development)	PNB	• To motivate and develop confidence in unemployed youth. • To identify, orient, train, counsel and assist young people to take up self-employment by providing them with all possible assistance. • To promote rural	Short course on skills development	Skills development on embroidery, doll making, etc.	• Practical exposure • Lecture	Facilitated bank loans	4,122	Enable an improvement in income

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
			entrepreneurship. • To enhance the effectiveness of poverty alleviation and self-employment schemes of the government and the bank. • To promote counselling and project consultancy services. • To train village-level workers to work in rural development. • To take up research and development in rural entrepreneurship and rural development.						
4	SHG capacity building	Sahiyogi Mahila Kendra (Sarai Kela)	To empower women and create an environment for equal opportunity and provide income-generating activities	4 hours for 3 days	**Savings**: Importance of savings, how to save, where to save and how much to save, benefits of savings **Credit**: sources of credit, available financial products, information about their interest rates and instalments	• Role plays • Lecture • Games	Continuous process	3,750	Facilitated empowerment
5	SHG capacity building	Krishi Gram Vikas Kendra	To contribute in achieving the millennium development goals in areas of our operation.	One day	• SHG management • Bookkeeping	• Role plays • Lecture • Games	Continuous process	4,000	
6	SHG capacity building	Nav Bharat Jagruthi Kendra	To establish a progressive, peaceful, and just society based on the values of equality, fraternity and mutual help.	One day	• SHG management • Bookkeeping	• Role plays • Lecture • Games	Continuous process	30,000	

There is no structured formal programme found to be done in the state of Jharkhand. Most of the financial literacy programmes have been conducted in semi-structured manner.

The RBI has been supporting financial inclusion in the state through financial literacy programmes conducted through banks. The content and training material used for such programmes have been well designed by RBI and is being used by the implementing banks. Again the duration is quite small for in-depth and adequate coverage of various topics mentioned.

While RUDISETI mandate was different, it also facilitated bank linkage for prospective entrepreneurs and to that extent it catalyzed financial inclusion process.

There are also several SHG Capacity building programmes being run by various NGOs, which has had an impact on their knowledge about savings and credit as well as it use. The duration of the training programmes to SHGs also varied across NGOs but the pedagogy is almost similar.

NABARD could be anchor agency in the state for rolling out the financial literacy in the state. However, this has to be anchored within NABARD so that a structured and customized programme can be developed to be rolled out in the state. It is important that lessons from literacy programme in other states, especially those developed for Uttar Pradesh could be useful.

SDTable-4Madhya Pradesh

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
1	SEWA – formal financial literacy for poor women (Sponsored by: Citi Foundation and ISMW under its Citi Centre for Financial Literacy (CCFL) and National Alliance for Financial Literacy (NAFil) programme)	SEWA, Indore	• To generate awareness and spread knowledge on financial literacy amongst women from socially and economically backward communities. • To enhance a habit of saving and increase savings in cooperatives.	4 hours per day	• **Budgeting & planning:** Financial planning for poor households, cash flow, income and expenditure, source of income and heads of expenses **Savings:** Raising awareness about required bank documents, Bachat ke Prakar, and the importance of savings **Credit:** Process of taking loans, types of document need, how to repay loan, how to utilise the loan amount **Insurance:** Housing insurance, health insurance, accident insurance, livestock insurance, enterprise insurance, self-insurance, child insurance **Investment**: Fixed deposit, investing in gold, mutual funds, property	• Street Plays • Group Discussion • Individual Counselling • Games • Films • Posters	Continuous feedback	Very effective for savings mobilisation among poor women	Initiated from May 2006

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
					Others: Training on livelihood activities				
2	RBI – formalfinancial literacy - Platinum Jubilee Year initiative	RBI, Bhopal	Financial education to society	3 full days in one location	Bankers talk about the savings and credit services of banks and the processes to access them. They also organise a drive to open bank accounts following the training.	• Pamphlets, • Story-telling through comic books like Paisa ka Ped (Tree of Money)	Informal way	-	Instead of a block-level campaign, it might be better to organise the training at the Panchayat level.
3	Cent Sahyog – Formal Financial Literacy-Cum-Counselling Centre (FLCC) at Ratlam	Central Bank of India	• Advising individuals about gaining access to formal financial system • Creating awareness about better debt management • Counselling to meet repayment obligations • Helping in drawing up a repayment plan by coordinating with the bank for farmers who have defaulted • Helping in rehabilitation of borrowers in distress	3 hours per day	**Credit:** Raising awareness about the processed involved in taking loans, types of documents needed, repaying loans, and utilising loanamount productively.	• Group Meeting • Focus-group discussions • Individual Counselling • Films	Informal way	-	Planning to improve the quality of the programme by including training on savings and insurance.

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
4	Financial Literacy for poor (Technical services by: Access Development Services; financially supported by: ISMW)	VAMA	Spreading Financial Literacy amongst the poor, especially women, by building their financial awareness, knowledge and skills to enable them to manage their financial matters, thereby making them financially self-reliant.	2 hours per day (programme conducted for 6 months)	• **General**: Gender sensitisation, family visioning, analysis of finances, fundamental of financial planning, budgeting, promote savings , debt management, service availability and opportunity analysis • **Budgeting & Planning** Baseline cum bench marking parameter, data analysis and report preparation, manual development and printing, on-going learning documentation, capacity-building on SHG management training, gender and leadership development, establishment of financial literacy centres, honorarium to extension workers, interpersonal exposure, creative development, communication for financial literacy, fixed and recurring expenses, contingency expenses **Savings:** Micro savings as per organisation curriculum **Credit:** Micro credits as per organisation curriculum	• Road shows • Nukkad natak (street plays) • Focus-group discussions • Films • Role plays • Group work	-	6000 participants were trained from village, semi-urban and urban areas. Yes. future chances to turn in to FI.	Programme conducted for 6 months at Gwalior

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
5	AES – Formal Financial Literacy for Poor Women (Technical services by: Access Development Services; financially supported by: ISMW)	Anupama Education Society	Spreading Financial Literacy amongst the poor, especially women by building their financial awareness, knowledge and skills to enable them to manage their financial matters and thereby making them financially self-reliant.	2 hours per day (programme conducted for 6 months)	**General**: Gender sensitisation, family visioning, analysis of finances, fundamental of financial planning, budgeting, promote Savings , Debt management, Service availability and opportunity analysis **Budgeting & Planning** Baseline cum bench marking parameter, Data analysis and report preparation, Manual development and printing, On-going learning documentation, Capacity building on SHG management training, Gender and leadership development, Establishment of financial literacy centres, Honorarium to extension workers, Inter personal exposure Creative development communication for financial literacy, Fixed and recurring expenses, Contingency expenses	• Road shows • Nukkad natak (street plays) • Focus-group discussions • Films • Role plays • Group work	Survey had done for knowing the effectiveness	6000 participants were trained from villages and urban areas. Survey showed a 20 to 30 % increase in household budgets and savings mobilisation.	-

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
					Saving Micro savings as per organization curriculum **Credit** Micro Credits as per organization curriculum **Insurance** Micro Insurance as per organizationcurriculum				
6	SHG Capacity Building (informal programme)	Parath Samithi	Holistic development of the under-privileged and backward sections of the society through building their capacity and providing financial assistance.	One hour a day	On-going learning documentation on Capacity building on SHG management training, gender and leadership development, managing administrative expenses (stationery expenses), fixed and recurring expenses, contingency expenses	• Role Plays • Lecture	Continuous process	-	-
7	PNB Farmers' Training Centres in Vidisa (formal programme)	PNB Farmers' Welfare Trust	Welfare of farmers without any profit motive for the Bank	2 to 3 hours per day	Raising awareness of processes involved in taking loans, types of documents needed, repaying loans, productively utilising loan amount, how to utilise the Kisan Credit Card.	• Group meetings, • Focus-group discussions • Individual counselling, • Films	Informal way	The level of Farmers awareness was increased	Campaign (400 to 500 attended a single campaign)

It seems that in MP, a mix of both formal and informal approach is being used. The structured programmes conducted in MP were done by SEWA, Anupama Education Society and some structured programmes were offered by the Reserve Bank of India. The latter was implemented by banks which only dealt with their products and services and organized camps for opening of bank accounts.

The informal programmes include SHG capacity building which is more focused around operations of SHGs. The overall understanding of financial institutions and their products therefore is not covered under such capacity building exercise.

The attempt of PNB Farmers trust was only limited to process of obtaining credit in banks and its management. Hence, the understanding was again limited to one aspect of financial services rather than the whole gamut. So is the case with Central Bank of India which has been involved in giving inputs in credit, but is planning to include other services such as savings and insurance.

Thus in Madhya Pradesh, there has been a two way approach to financial literacy with a few structured programmes being offered by three different agencies and focused approach of the banks for credit only. But RBI is also working with banks for financial inclusion with some element of training of the customers. Even in MP, the formal financial literacy drive has been initiated by ISMW but the outreach is quite limited. Some of the banks also are engaged in financial literacy to the extent of marketing their product and services.

Given the tribal dominated districts in Madhya Pradesh, more efforts to make customized training programmes and their rolling out is necessary for enhanced financial literacy and inclusion. As a strategy, there could be more than one institution anchoring such programmes in regions of the state, as MP is quite a large state. NABARD has to lead the financial literacy drive through both technical inputs and possible funding of programmes.

SDT-5Odisha

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
1	Financial Inclusion through Financial Literacy (Sponsored by NABARD)	Harijan Adivasi Mangal Samiti	To strengthen the economic conditions of the women through SHGs with the support of income-generating activities.	2 hours per day	• **Financial Independence** Financial planning, encourage saving, increase income through productive borrowing, reduce avoidable expenses, increase savings, save regularly, maintain financial discipline, reduce past debts, begin investing, build assets, attain financial independence • **Where to save?** Structure of India's financial sector, operational aspects of banking, different small savings deposit accounts, how to open a bank account, different aspect of a bank account, no-frill accounts • **Loans & Advances** How to get bank loan, documents required & other formalities, priority-sector lending-banks obligations, different government. schemes	• Stories • Games • Chart	Immediate feedback taken from participants	Not measured	• Training was conducted over the months of January and February 2010 • Planning to conduct a quarterly two-hour workshop
2	Financial Inclusion through Financial Literacy (Sponsored by NABARD)	ORIDA	To enable an understanding for the need of savings and increased awareness of sources of credit.	4 hours per day for 2 days	**Savings:** How to save, concepts in savings **Where to save?** (Different small savings deposit accounts , How to open a bank account , Different aspect of a	• Flash Charts • Stories • Games • Posters	Immediate feedback taken from participants	Not measured	• Training was conducted over the months of January and February 2010 • Planning to conduct one day in each month

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
					bank account) **Borrowings** (Pre and Post Borrowing Factors, reducing vs. flat rate of interest, borrowing for productive purposes				
3	Financial Inclusion through Financial Literacy (Sponsored by NABARD)	ADARSA	To improve the economic status of beneficiaries	4 hours per day over three days	**Financial Planning** Make a financial plan, start saving, save regularly **Budgeting & Planning** Preparing a financial plan, preparing a budget) **Savings:** How to save, concepts in savings, purpose-wise saving **Where to save?** Different small savings deposit accounts, how to open a bank account, different aspects of a bank account **Borrowings:** When, how and why a person borrows, from whom, options available for borrowing **Loans:** How to get bank loan, documents required and other formalities	• Flash Charts • Stories • Games • Posters	Immediate feedback	The customers applying for loans increased	• Training was conducted over the months of January and February 2010 • It was suggested that training programme be conducted in the presence of bank officers

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
4	SHG Capacity Building	Netaji Jubak Sangha (NYS)	To improve the economic status of beneficiaries	6 hours per day	**Savings:** How to save, concepts in savings, purpose-wise saving **Where to save?** Different small savings deposit accounts, how to open a bank account, different aspects of a bank account **Borrowings:** Borrowing for productive purposes, options available for borrowing	• Flash Charts • Stories • Street Plays • Games • Posters	Immediate feedback taken from participants	Impact can see directly in literate people. In directly can see from illiterate	• Training planned at SHG members leisure • Programme should be repeated for illiterate beneficiaries.
5	Financial Inclusion through Financial Literacy (Sponsored by NABARD in collaboration with ISMW)	Centre for Youth and Social Development	• Understand the concept and role of financial literacy for financial inclusion • Effect attitudinal changes to deal with money and personal finance • Acquire knowledge about various financial services and products • Raise awareness about the role of banking correspondents (BC) and banking facilitators (BF) • Understand the principles of adult learning and acquiring skills for participatory training methodologies	8 hours per day over 2 days	• **Financial Independence:** Financial planning, encourage saving, increase income through productive borrowing, reduce avoidable expenses, increase savings, save regularly, maintain financial discipline, reduce past debts, begin investing, build assets, attain financial independence • **Adult Learning Principles:** Respect, affirmation (reinforcement), relevance, dialogue, engagement (team work), immediacy, 20/40/80 rule, thinking, feeling and acting, safety, accountability • **Budgeting & Planning:** Uses of budgets, preparing a financial plan, preparing a budget, active Vs. passive income	• Interactive sessions • Presentations • Games • Group discussions • Case work • Storytelling • Brain storming • Question-answer sessions • Films • Role plays	Immediate feedback taken from participants	Through repeated programmes, significant changes had occurred	Training is happening in a continuous process

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
					Savings: How to save, concepts in savings. saver vs. spender, purpose-wise saving, deciding your goals, relationship between income, expenses and savings, power of compounding **Investments:** Attributes of investment-safety, liquidity, returns, mitigating Risk **Where to save?** Structure of India's financial sector, operational aspects of banking, different small savings deposit accounts, how to open a bank account, different aspects of a bank account, no-frill accounts) **Borrowings:** When, how and why we borrow, from whom, pre and post borrowing factors, reducing vs. flat rate of interest. borrowing for productive purpose, options available for borrowings, attributes of borrowing, four 'R's of borrowing - right source, rate of interest, risk factor, and repayment schedule and terms **Loan & Advances:** How to get bank loan, document required to process a loan and other formalities, priority-sector lending banks obligations, different government schemes - KCC, GCC, remittance/ money				

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
					transfer **Insurance:** 3 ways of tackling risk, products, pensions				

In Odisha, two types of programmes have been observed; one is a NABARD sponsored programme and other conducted by the NGO and SHG capacity building programmes. While there are differences in the programmes offered by different organisations, these were mostly focused on savings and credit. In one of the programmes, insurance was also covered. In the SHG capacity building programme, similar to other states, the focus was mostly on savings and borrowings.

It is evident that in the NABARD sponsored programme, there is an attempt to do repeat programmes while one of the organisations, is attempting to give inputs on a continuous basis.

Thus in Odisha, some semi-structured programmes are being offered which is being supported by NABARD as well as SHG capacity building programmes of individual organisations. ISMW has been involved in design of the programme and also conducting ToT and is not directly involved in training.

While the SHG Bank linkage programme is well entrenched and is working in the state of Odisha, the process can be further strengthened through provision of structured inputs on financial literacy. This will enable to give greater outreach and can help increase financial inclusion.

Since NABARD is actively involved in financial literacy in the state, the current programme of ISMW can be further customized to roll out the financial literacy programme with help of NABARD. Thus, it will act a lead agency for financial literacy in the state.

SDTable-6Rajasthan

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
1	UNDP Financial Literacy Programme (Trainer: ISMW; Facilitator: RMoL)	Cecoedecon	• To create awareness, educate and inform the target group of various financial services, products available in the market, investments and risk mitigation tools, government policies and financial institutions. Providing ways to improve financial education and literacy standards through the development of common financial literacy principles. Development of decision making process to set and implement financial goals. Ability to relate financial decisions to personal and	2 days (5 hours per day)	**Budgeting & Planning:** Household income and expenditure planning; small savings; avoidable expenses reduction, smart spending, **Savings**: Smart savings, Schemes of the bank, types and modes of accounts, bank account operations; importance of savings; enhancing savings; use of savings for productive purposes; investment of savings **Credit**: Importance of credit from formal sources; sources of loans for BPL, SC/ST families; types of loans; modalities of loans; repayment methods; return on investment	• Stories • Lectures • Films • Counselling • Group-exercises • Games • Role play • Flash Charts • Pictures • Brochures	Continuous monitoring and evaluation	Women beneficiaries have gained fairly good knowledge of banking operations after the training. Now they are able to open accounts for themselves. A federation of SHGs promoted by Cecoedecon (Saathin) has registered almost 10 times increase in membership after the training, as a result of the	It is Government driven initiative through RMOL and supported by UNDP. The other important feature is that the SHG members were given the training who had some prior exposure to financial transactions. Does build a case for providing training to SHGs for higher outreach and greater impact. Duration is too short for coverage of all the topics in detail.

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
			societal consequences. Describe the role of planning and maintaining a balanced budget. Understand credit uses and costs and the impact of credit on money management.		**Insurance**: Types of insurance schemes, institutions that provide insurance, process of availing insurance, modes of claiming insurance, what to insure, etc. **Others**: Gender issues, SHG and organisation; pension			awareness, and all groups have bank accounts. Defunct SHGs were revived and misuse of resources was reduced to a great extent.	
2	RBI-supported Financial Inclusion through Financial Literacy	State Bank of Bikaner and Jaipur	• To achieve financial inclusion in maximum number of villages. • Help create awareness among rural people for employment generation and financial inclusion.	1 day	**Budgeting & Planning;** Household income and expenditure planning; small savings; avoidable expenses reduction. **Savings**: Schemes of the bank, types and modes of accounts, bank account operations; importance of savings; enhancing savings; use of savings for productive purposes; investment of savings **Credit**: Importance of credit from formal sources; sources of loans for BPL, SC/ST families; types of loans; modalities of loans; repayment methods; return on investment **Others**: Identifying a fake currency notes	• Stories, • Lectures, • Films, • Counselling • • Group–exercises Games	• Continuous monitoring and evaluations • Handholding	Impact is not measured	It is a single day programme where the focus is more on savings and credit in a camp mode. Hence, it is less comprehensive. The short duration also lead to problems in retention.

There are some NGOs like PEDO in Dungarpur and IBTADA in Alwar, who are running micro-finance operations and also involved in training of the SHG and their Federations in micro-finance. These training programmes are quite comprehensive and the aim is towards financial inclusion. But it is limited to services required by their SHGs and possible linkages that could be built around them. These do not deal with the entire gamut of services required by the poor such as budgeting and insurance.

The capacity building is an integral part of their micro-finance programme. However, both these institutions have been sourced to provide training on SHGs in the state and are very comprehensive about it.

The only structured financial literacy programme running in the state of Rajasthan is the UNDP supported financial literacy programme being managed by Rajasthan Mission on Livelihoods. The initiative by Government of Rajasthan is laudable but the outreach is quite limited. There is a need for more local level institutions to participate in the financial literacy drive on an ongoing basis. For the same, funds need to be allocated. Secondly, there has to be monitoring agencies for rolling out the programme as well as maintaining the quality of the programme.

The RBI supported financial literacy programme in the state is also being implemented by the SBBJ in 9 districts where they are Lead Bank. According to the officials of the Lead Bank Cell in the bank that it has been running such programmes through Farmers Clubs, etc. and distributing material and pamphlets to participants. Again, there is an element of improvisation done in various programmes in absence of a structured approach. The lacunae are that it is still credit focused and do not aim at basic level financial literacy but gives an idea of the institutional services, especially those of the banks.

Thus financial literacy campaign is only limited to one structured programme while the other programmes are either semi-structured (SHG Capacity Building- a more process orientation) or impromptu in nature (Lead Bank Promoted programmes). The coverage is quite low in comparison to demand and hence there is a need to build a more comprehensive plan and its roll out for greater financial literacy and inclusion.

SDTable-7Uttar Pradesh

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
1	Financial Literacy for Poor Women (Sponsored by UNDP through ISMW) – Dec. 2009 to 15 Feb 2010	Mahila Prabhodini Foundation	• To build awareness for financial planning or thinking about life-cycle needs. • To build knowledge about basic financial concepts; enable financialdecisions based on inform choices, risk options and returns. • Create demandfor financial services. • To build basic financial skills, such as preparing budgets or plans or availing of financial services. • Proper and productive use of credit, and timely repayment. • Scaling up.	9 hours (i.e., 3 hours per day)	• **Financial Planning** for life-cycle needs, financial decisions, components of Financial Planning, planner vs. non-planner, current status vs. planned status, fungibles of money **Savings:** How to Save, concepts in savings, saver vs. spender, purpose-wise savings, deciding goals, savings services, relationship between income/expenses and savings, power of compounding. **Borrowing:** When, how and why to borrow and from whom; pre and post borrowing factors, reducing vs. flat-rate of interest, borrowing for productive purposes, options available for	• Flash charts • Videos • Games • Role Play • Pictorial Booklet • Budget Book • Street Plays	Hand holding support up to FI (up to 3.5 months project period). Now also, facilitating to community. But, if fund allocates, they will support in effective manner	It raised the level of awareness and empowered BPL women. **Achievements:** • 936 savings bank (no frill) accounts opened. • Additional 1418 applications submitted for new savings (no frill) bank accounts. • **658** applications submitted for life insurance (Jana Shree	The programme fared better in Jaunpur district than in Mirzapur and Sant Rabidas districts. This was due to the higher levels of cooperation between the Banksin Jaunpur, Knowledge about no-frill accounts was observed to be low among bankers.

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
					borrowing, how much debt should one incur and attributes of borrowing. **Spending**: Define consumption: need vs. want, avoid wants and spend judiciously on needs, managing big-ticket expenses, creating a needs account. **Investment**: Investment and budgeting, capital formation, financial planning, budgeting, active vs. passive income, Continued investing, mitigating risk (insurance), financial independence. **Financial products and services including Government schemes**: Information about formal financial services, providers, and product available in the area; operational procedures, form filling, account opening, operation KYC, pass book, nominating, grievance redressal mechanisms; Central and state government schemes and initiatives, interventions by other agencies for the poor			Bima). • 224 applications collected for pension under government social security scheme. • Rs.8,600 since deposited in 161savings bank accounts	

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
					and disadvantaged groups in the area; social security, rights and responsibilities.				
2	NABRD-UNDP Collaboration project on Financial Literacy - two weeks between Dec 2009 to Jan 2010	NABARD (through local NGOs)	Financial inclusion through financial literacy	1 or 2 days per village	• What is FL • Information on five components of FL • Why and how FL is useful? • Importance of savings, loaning, remittance, budgeting and a lesser focus on insurance • Operational knowledge on opening a bank account, loaning, remittance • How to identify Rs.500 and Rs. 1000 currency notes	• Two videos (Ganga-Jamuna and Raju –ka-phed) • Nukkad natak / puppet show / street play • Lectures • Quiz for students of various schools, colleges and villagers • Wall painting • Block-level meetings for bankers and NGOs	No. But, it found in Agra, Baharach, districts. But, in all district, as a part of Village Development Programme, FI is taking part.	• Officers told it is less time to see the impact. • As the programme was piloted in different parts of Uttar Pradesh, it reached a wider range of communities, such as those belonging to the tribal belt and minority areas. In Baharaich district, the programme also covered the un-revenue tribal adhivasi village in Bichaiah.	• In Agra, an NGO initiated the opening of a Credit Counselling Centre. • In Baharaich, the NGO contributed a lot to empower the tribal community. • The state office does not maintain any type of reporting mechanism.
3	NABARD – VDP Programme (Selected NGOs and Liaison with all Govt. Programmes like DRDA, WATSAN, KVIC, Social Welfare,	NABARD	To make a model village through convergence with various government institutions.	On-going	• Conducted PRA in all 5 villages • Raising awareness about all government schemes • Conducting meetings • Organising trainings • Financial literacy: covering all topics as stated in the aforementioned NABARD programme	• Interaction • Lectures • Films • Puppet Show • Quiz for schools and colleges • Block-level meeting for NGOs and bankers	Handholding support	It could not be measured in short term.	Pilot project for Integrated Development of back ward block (PPID).

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
	Health, Education etc.)								
4	SAARATHI – Financial Literacy Credit Counselling Centre (Initiated on 8 Jan 2010)	Bank of Baroda	Financial inclusion through financial literacy	On-going	• How to open a bank account • Operational knowledge of FL services • Raising awareness of the procedures involved in applying for a loan, savings and insurance schemes • Raising awareness on government schemes • Identification of Rs.500 and Rs. 1000 currency notes	• Pamphlet distribution to all banks • RBI – Raju ka phed booklets		It could not be measured in the short term.	• Here, women have become increasingly involved in decision making. • Rajeev Gandhi Mahila Vikas Pariyojana (RGMVP) is working. • The programme is holistic as it provides both skills training for women and FL training
5	Financial Literacy Credit Counselling Centre (Initiated on 15 Jan 2010)	Union Bank of India	Financial inclusion through financial literacy	On-going	• How to open a bank account • Operational knowledge of FL services • Raising awareness of procedures for applying for loans, savings and insurance schemes • Raising awareness of government schemes • Identification of Rs.500 and Rs. 1000 currency notes	• Inter action (direct) • Phone call • Planning to print and distribute pamphlets		It could not be measured in the short term.	According to RBI rules, a retired person was hired.

S. No.	Name of the programme	Name of the institution	Objectives	Duration	Content	Pedagogy	Effectiveness	Impact	Remarks
6	Financial Counselling through Financial Literacy (Initiated in Jul 2007)	Disha	Providing free Financial Literacy to low and medium-income families	It varies from state to state.	• Financial education (on investments, savings, etc.) • Credit counselling • Debt management	• Walk-in service (direct interaction) • -Caller (Phone Call) • SMS • E-mail	It varies from client to client	In a three-month period, a branch provides services on an average to 50 walk-in clients, 250 callers, 100 SMS and 15 emails	Disha is part of ICICI Bank's trusteeship services.

In Uttar Pradesh, mixed financial literacy programmes are being implemented.

The first is UNDP supported financial literacy programme being implemented by ISMW. This is on similar lines to all the UNDP programmes in other states.

Efforts have been taken towards Formal Financial Literacy programmes by UNDP in partnership with NABARD and ISMW.

UNDP partnered with NABARD to implement a pilot project on financial literacy in 14 districts of Uttar Pradesh. Facilitated by ISMW, the project included a state-level training programme for district officials and NGO heads of all districts. Following this, NABARD and local partners also facilitated block-level workshops for NGOs, RRBs, bankers and government departments like DRDA, etc.

The programme implemented by ISMW in Uttar Pradesh, was aimed to deliver services to;

a. 2400 women to change their attitude towards financial matters; raise their awareness about the financial services and develop their personal financial management skills and operational knowledge to avail the many financial services.

b. 800 women to avail at least one or more financial services.

This project was piloted in three districts reaching a total of 2,776 beneficiaries.

PDTable-28Geographical Spread of UNDP-ISMW financial literacy programme

District	Blocks	Villages	No. of beneficiaries
Jaunpur	2	17	750
Mirzapur	1	8	1034
Sant Ravidas Nagar	1	1	992
Total: 3 districts	4	26	2776

Except for insurance, all other relevant aspects are being covered in the programme. The other structured programme is by Disha Financial Counselling, supported by ICICI and is using technology such as SMS, email, phone calls and walk-in inputs as per the query.

FLCCs of Union Bank of India and Bank of Baroda are also being implemented and these are mostly concentrating on banking products and services. Union Bank of India is also having a toll free number which provides inputs to customer's queries.

Thus in UP, a more varied approach to financial literacy has been observed, including use of technology. The coverage of districts is more, primarily because of the initiative of NABARD. FLCCs also seemed to be playing a critical role in financial literacy in the state.

It is very evident that the financial literacy drive has been initiated in 2010 and has been successful on a pilot basis.

The demand for such services is far more than the current level of operations. Hence there also need to be clear strategy for an identified anchor institution/s to scale up the existing financial literacy programmes in the state. The task is very daunting, given the size of the state, high percentage of poverty and lack of ground level institutional support.

Gender related Study

Though the Financial Literacy programme is aimed at a common universe of financially excluded, with the high presence of women SHGs and Institutions catering to them, a majority of the beneficiaries for the programmes as also the respondents would be women.

The following details should make an interesting study of the gender details in relation to the programmes and studies on hand.

PDTable-29Head of the Family

Particulars	Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Raja-sthan		Uttar Pradesh		All India	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Head of the family (%)	38	78	22	78	35	71	26	63	20	83	25	75	32	75	29	76
Respondents	744	158	235	65	600	275	875	30	463	244	706	183	706	353	4329	1308

The Male is still dominant in a family with an all India percentage of 76 while the women are hardly one-third of this figure. This gives scope for further empowerment through various programmes including Financial Literacy Programmes.

PDTable-30Financial Decision-maker of the House

Particulars	Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Raja-sthan		Uttar Pradesh		All India	
	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
Self (%)	28	66	17	75	15	49	19	40	16	48	18	49	27	58	21	55
Spouse (%)	36	10	35	11	17	15	24	20	42	19	22	14	25	3	27	12
Both (%)	29	9	46	6	59	16	46	10	33	27	42	20	32	15	41	17
Others (%)	7	14	2	8	9	19	11	30	8	6	18	17	16	24	11	17
Respondents	***744***	***158***	***235***	***65***	***600***	***275***	***875***	***30***	***463***	***244***	***706***	***183***	***706***	***353***	***4329***	***1308***

From the table (PDTable-30) above, the sum of the two rows of decision makers – self and both – adds to an average of about 60 % female respondents who have participated in financial decision-making. A particularly high percentage of female respondents (around 53%) was observed to have been involved in taking financial decisions in the states of Chhattisgarh and Jharkhand. This is primarily because of the respondents from tribal regions where women are more empowered.

When comparing the figures of female versus male respondents in each of the states, it has been observed that collective financial decision-making is higher (almost double) where females have undergone the training programme as compared to males. This effectively brings out the fact that, female respondents who had undergone a financial literacy programme were more empowered in financial decision-making as compared to those who had not undergone any training.

PDTable-31Empowerment of women who attended Informal or Formal Programmes of Financial Literacy

Women Category	Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Raja-sthan		Uttar Pradesh		All India	
	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
Yes I feel empowered (%)	62	61	74	0	58	0	67	65	55	53	71	51	60	73	63	62
Already involved in decision making (%)	11	24	9	0	19	0	11	11	19	18	13	14	19	6	14	12
Total Female Participants	641	82	220	0	529	0	332	501	154	309	318	287	329	369	2523	1548

PDTable-32Women who felt empowered after attending a Financial Literacy Programme

Women Category	Bihar	Chhattis-garh	Jhar-khand	Madhya Pradesh	Odisha	Raja-sthan	Uttar Pradesh	All India
Yes I feel empowered (%)	62	74	58	66	54	61	67	63
Already involved in decision making (%)	12	9	19	11	18	13	12	14
Total Females	***723***	***220***	***529***	***833***	***463***	***605***	***698***	***4071***

The inference from the above two tables is that whether the women attended Formal or Informal financial Literacy Programme (63% vs 62%) they feel empowered, which emphasises the need for the Financial Literacy Programmes and especially for the women.

Perceptions from the initiatives in the select states

PDTable-33Study on Tools (Pedagogy) used by the Financial Literacy Programmes(Except Respondents all in percentage)

Tools (Pedagogy)	Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Raja-sthan		Uttar Pradesh		All India	
	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
Videos	7	37	16	0	7	0	2	8	3	7	10	8	22	68	9	28
Street Plays	23	54	37	0	6	0	18	31	7	43	6	7	12	64	15	42
Role Plays	3	2	22	0	3	0	3	20	25	23	6	9	2	24	7	19
Stories	22	28	7	0	20	0	30	46	32	55	31	72	13	51	22	52
Posters	7	28	22	0	8	0	16	32	24	34	43	66	35	65	20	47
Songs	9	29	17	0	7	0	13	38	7	23	23	44	10	43	12	36
Flash Charts	9	5	2	0	8	0	3	17	3	11	25	39	6	24	9	20
Lectures	89	93	93	0	75	0	88	81	45	40	75	80	84	69	80	69
Games	7	0	0	0	17	0	15	30	6	14	15	31	5	26	10	23
Exposure Visits	4	0	0	0	15	0	2	2	22	8	6	3	2	8	7	5
Respondents	***699***	***138***	***270***	***0***	***671***	***0***	***341***	***517***	***216***	***491***	***460***	***310***	***416***	***624***	***3073***	***2080***

The above table reveals that formal programmes used a varied range of methods as compared to the informal programmes. Besides lectures, using stories and posters is a popular approach in the formal programmes. In general, **lectures were used invariably in all states by both formal and informal programmes. For informal programmes, posters and songs were more popular methods.**

Duration

PDTable-34 Period of Financial Literacy Programmes &Attendance(Except Respondents all in percentage)

Days	Bihar		Chhattisgarh		Jharkhand		Madhya Pradesh		Odisha		Rajasthan		Uttar Pradesh		All India	
	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
< 3	73	92	86	0	93	0	54	51	71	84	94	95	46	63	76	72
>3-7	25	8	11	0	6	0	35	10	17	7	5	3	31	24	18	12
>7-14	1	0	3	0	1	0	4	7	4	2	0	1	6	2	2	3
>14-30	1	0	0	0	0	0	2	21	3	1	0	0	1	1	1	6
Others	0	0	0	0	0	0	5	10	5	6	1	1	16	10	3	7
Respondents	699	138	270	0	671	0	341	517	216	491	460	310	416	624	3073	2080

The programme duration was generally less than 3 days. Only in the case of Madhya Pradesh and Uttar Pradesh, it was observed that a higher percentage underwent training for a period of 14-30 days. This can be attributed to the fact that ISMW had launched the pilot of its formal programme in M.P. and hence a lot of experimental camps and awareness sessions were held and since last 5 years, their programmes have been going on in various parts on an ongoing basis. In Uttar Pradesh, the ISMW programme was spaced over a longer period and hence such a response was observed.

PDTable-35Opinions on the Duration of the Programmes (Except Respondents all in percentage)

Duration	Bihar		Chhattis-garh		Jhar-khand		Madhya Pradesh		Odisha		Raja-sthan		Uttar Pradesh		All India	
	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
Too Short	26	33	21	0	28	0	11	18	63	62	17	23	26	43	26	38
Adequate	72	64	76	0	67	0	82	73	25	36	77	75	54	49	67	57
Lengthy	1	0	1	0	1	0	5	6	5	1	1	1	5	3	2	3
Do not know	1	3	2	0	3	0	3	3	7	1	5	1	15	5	5	3
Respondents	699	138	270	0	671	0	341	517	216	491	460	310	416	624	3073	2080

Although 60% of the respondents found the programme duration to be adequate, about a third of the respondents opined that the duration was short. This response stems from the fact that the participants wanted repeat programmes and also they wanted further detailed inputs, especially on savings and loans.

It is obvious that such FLPs have generated demand for further knowledge on financial matters among the participants. They are mostly looking for short-duration intermittent programmes, which will enable them to re-capitulate and also learn new concepts at their own pace of understanding and retaining the learnings.

Satisfaction from the Financial Literacy Programmes

PDTable-36Levels of satisfaction derived by the attendees of the FLPs(Except Respondents all in percentage)

Level of Satisfaction	Bihar		Chhattis-garh		Jharkhand		Madhya Pradesh		Odisha		Rajasthan		Uttar Pradesh		All India	
	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F	IF	F
Full	73	62	56	0	60	0	78	70	39	27	67	77	55	67	63	60
Some Extent	21	19	29	0	36	0	19	20	57	67	29	18	36	28	30	33
Not Satisfied	6	19	15	0	4	0	4	9	4	6	4	5	9	5	6	7
Respondents	***699***	***138***	***270***	0	***671***	0	***341***	***517***	***216***	***491***	***460***	***310***	***416***	***624***	***3073***	***2080***

Excepting in Odisha the satisfaction levels for attending the Financial Literacy Programmes and the benefits derived from therein seems to be good and high.

A majority of respondents, especially from Odisha, said that the content covered was too short and a correspondingly high majority remarked that they were only satisfied to some extent. These figures clearly indicate that the programme in Odisha covered much lesser content and didn't provide in depth knowledge on financial literacy which explains the low levels of satisfaction.

This also points out the lacunae in the formal and informal programmes conducted in Odisha. The formal ISMW programme was delivered in a much contracted form and the respondents in Odisha were already linked to SHGs before their attending a formal or informal programme. Their levels of awareness being relatively higher, they aspired for more and detailed knowledge about FL and were not contended with what was actually delivered.

In terms of "Not satisfied" we see a particularly high percentage of 19% in formal programmes of Bihar. This is also validated by the data on savings and credit where the content covered on these and the consequent awareness enhancement was low in formal programme respondents of Bihar.

Some of the programmes covered appeared to lack depth, was more focused towards financial inclusion than literacy, giving reason to the dissatisfaction.

One may also observe that in Uttar Pradesh, a high percentage of respondents marked their formal programme as too short (43%) and still a high percentage say that they were “fully satisfied” from the programme (67%). The reason being the formal programme there was pretty effective and hence a lot of people though satisfied by what was covered currently in the programme, were enthusiastic about learning more and hence half of them remarked that the programme was too short and other half as adequate.

PDTable-37Desire / Willingness for attending a follow-up programme

Particulars	Bihar	Chhattis-garh	Jhar-khand	Madhya Pradesh	Odisha	Raja-sthan	Uttar Pradesh	All India
Informal (%)	94	96	88	98	84	90	95	92
Formal (%)	93	0	0	95	70	91	95	88
Total (%)	94	96	88	96	74	90	95	91
Participants in informal training programmes	699	270	671	341	216	460	416	3073
Participants in formal training programmes	138	0	0	517	491	310	624	2080
Respondents	***837***	***270***	***671***	***858***	***707***	***770***	***1040***	***5153***

The table above clearly indicates the demand and interest among respondents to gain knowledge on various aspects of financial services and products and their willingness to attend another FL programme.

The only anomaly is Odisha data. The ISMW formal programme was conducted in Rajasthan, U.P., M.P. and Odisha, out of which only Odisha shows a negative tendency to attend another programme. The reason for this can be two-fold; First, the level of literacy in respondents from Odisha was much higher. Only 25.6 % respondents were illiterate as compared to an average of 50% in other states. So, they were better off in terms of financial literacy than their counterparts in other states. Second, the ISMW programme in Odisha was not conducted to its full capacity as in other states. The whole ISMW module was not covered in Odisha and only parts of it were taught.

Considering the higher level of literacy, people had higher expectations from a FL programme which were obviously not met in this programme and hence people are disinterested to attend any other programme. Also, the respondents in Odisha were better informed prior to undergoing the FLP in question. Their level of awareness was higher due to prior SHG linkage and hence, through a FLP they expected detailed knowledge of financial concepts rather than a superficial coverage.

CHAPTER –VI

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)& FINANCIAL LITERACY

The journey of empowerment, as noted earlier in the report, starts at literacy level, graduates to education, acquires and uses technology to become capable and empowered. The advent of technology is so fast that there is an imminent and felt need for all to be engulfed into it to acquire knowledge and use the technology for benefit and comfort.

In the context of financial inclusion, technology plays a vital role. Activities such as Credit Cards, Smart Cards, ATMs (Automatic Teller Machine or Any Time Money or All Time Money and so on), Internet transactions, Mobile banking etc., Community Radio, e-Health are becoming the order of the day pushing theold conventional banking methods to the back seat.

After identifying the urgent necessity for Financial Literacy as an immediate way forward towards the financial inclusion, it is only natural that the next, or in some cases simultaneous,step of imparting sufficient technological capabilities to the deserving needy / underprivileged poor.The trigger for this is the vast scope technology holds not only in respect of financial inclusion but also in health and well-being, knowledge, job opportunities through rural BPOs and more.

UNDP, in an attempt to purvey knowledge across, has again initiated several steps towards this end, as also a couple of e-discussions titled “Enhancing outreach of microfinance and use of Information Kiosks-Referrals; Advice” and “Information and Guidance Centres for Rural Poor including particularly Vulnerable Tribal Groups-Experiences; Examples” through its Microfinance Community-Solution Exchange.

It has also associated with IIM, Ahmedabad and commissioned a study titled “Facilitating ICT Enabled Financial Inclusion in India”

This portion of the report would capture the important findings and learnings from the above activities.

As per the 2011 census, 72.2% of the population lives in rural areas of about 638,000 villages and the remaining 27.8% lives in more than 5,100 towns and over 380 urban agglomerations.

Information and Communication Technology (ICT) is one of the rapid development technological fields in the global society. Among the developing countries, India reached a significant position in development of ICTs. Particularly in the field of education its development is tremendous. There is no doubt in the near future's development will be based on ICT.

However, benefits of ICT are not reaching the expected level in the rural areas as the rural population still live with minimum level of ICT facilities; especially the poorest of the poor, with whom illiteracy also is a challenge. Both Central and State Governments, as also aid agencies and NGOs are allocating huge amount for the development of ICT and rural education[11].

According to India 2006; a reference annual, India has about 593643villages and more than 72% of the Indian population live in alienated rural areas whoearn their livelihood from agriculture. Most of the villages are lacking proper ICTinfrastructure.A wide rural urban disparity, which is further aggravatedon the regional basis, has created an acute divide in variety of social and economicactivities including education with the presentliteracy rate hovering around 65% leaving 35% illiterates. Latest world development indicators show that in information society indicators, i.e.,computer, Internet, radio, television, newspapers etc. India is far behind USA and Japanand even some other Asian countries[12].

Under these circumstances, there is a good scope and role that ICT can play in India in the financial inclusion or for that matter in social inclusion of the needy.

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[11] Article titled "ICT-Enabled Rural Education in India" by Niraj Kumar Roy of Chandragupt Institute of Management, Patna, India. Extracted on 15th November, 2012 from http://www.ijiet.org/papers/196-T044.pdf

[12] Article titled "ICT Enabled Development and Digital Divide: An Indian Perspective" by Rajender Singh Bist. Extracted on 15th November, 2012 from http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan046517.pdf

There are three broad and fundamental roles for ICT[13] in the development of people.

1) Accessing Information and Knowledge
2) Reducing Transaction Costs and most importantly
3) Connectivity raising the empowerment of people.

To explain, some broad examples of the ICT enabled services are e-Commerce, e-Entertainment, e-Governance, e-Health, e-Infotainment and e-learning. Explaining those relevant to this report

- Access to vast educational content for improving literacy.
- Access to information on rights and responsibilities for citizen empowerment.
- Efficient disbursement of wages under various government schemes, loans, pensions and maintenance of authentic person and property records.
- Efficient services for health care, education and disaster mitigation.
- Entertainment through broadcasting, through Television and Community Radio
- Government interfaces for filing tax, billings, statutory record collection, etc. to empower citizens with information leading to transparency.
- Help entrepreneurs in gainful employment and improve their economic condition.
- Help farmers with value based information to improve their productivity and provide timely information to traders, artisans, fisherman etc.
- News delivery, which helps, integrates people in diverse groups and at different places.
- Serve the physically disabled and disadvantaged to enable them take advantages of what technologies have to offer[14].

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[13]ISG Staff Working Paper titled "Why National Strategies are needed for ICT-enabled Development" by Nagy K. Hanna, Senior Adviser, ISGIA. Extracted on 15th November, 2012 from http://www.google.co.in/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=2&cad=rja&ved=0CEMQFjAB&url=http%3A%2F%2Fwww.ehealthstrategies.com%2Ffiles%2Fnational_strategies.doc&ei=PfelUOyUNs7IrQfM4IHQDQ&usg=AFQjCNFiFBVAymFw6tLsSpjoFqmqkVKwbA&sig2=P_ksizZFX7bJo55qot8r-g

[14] Article titled "ICT Enabled Development and Digital Divide: An Indian Perspective" by Rajender Singh Bist. Extracted on 15th November, 2012 from http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan046517.pdf

The relevant and wide ranges of technologies available to address these services include:

Internet, e-mail, browsing, multimedia, wireless loops, cable TV, Direct-to-Home (DTH) TV & Community Radio for infotainment and internet access, Language computing technologies, access devices, network security, open source and shareware software, digital libraries, speech recognition, text-to-speech, smart cards, optical fibers, satellite connectivity, powerful and affordable computing devices and platforms, server farms and kiosks etc.

The e-discussion on the use of ICT based Kiosks has yielded a mine of data and information. The kiosks are established with the support of NGOs or MFIs or exclusive ICT development organisations and can be franchised to rural entrepreneurs.

Financial Inclusion and ICT based Kiosk Model

It has been found that the kiosk model has several positive features, specifically:

- Facilitates clients for information and communication
- Availability of financing options from a single source-kiosk
- Appropriate linkage between livelihoods and microfinance services
- Minimizes the disbursement, management and monitoring costs by using local human resources and maximizes the use of existing infrastructure (i.e. information Kiosks)
- Promotes sustainable MF and livelihood systems by building the management capacities of kiosk owners at the grassroots
- Provides an in built monitoring mechanism
- Can be easily replicated
- Suitable for banks and financial agencies as the risks are shared with kiosk owners, and the repayment rate is high (generally 100%)
- Enhances livelihood options by establishing kiosks, providing access to MF services and making business information available to the poor

The relevance of kiosk model in mountain areas, have been related by two successful experiments by NGOs in Uttarakhand one where the NGO helped link farmers with banks for microfinance and another where the NGO set up a network for marketing of local products, procuring inputs, and conducting technology transfers using information technology.

These experiments successfully convincethe need of kiosk model and especially in mountain regions, as there are gaps existing in the financial services as

- Limited interventions due to low population density in hilly regions;
- Vulnerable and disabled poor needing hand holding support for finance and livelihoods and;
- Remoteness of villages from banks branches.

Highlighting the importance of the model in context of microfinance services to artisans**,** it is envisaged that through this model, artisans could access short-term loans at a short notice and information on new designs, the cost of raw materials and markets.

While it is generally felt that the kiosk model had excellent scope for extending several inclusive services, two key questions regarding the sustainability of the model arise, i.e., What happens if some of the franchisees break away from the arrangement, leaving loan outstanding and/or unsupervised, and what will be the arrangements for any possible loan loss and about its recourse?

A suggestion to mitigate the apprehension could be for the kiosks to work with formal banking institutions under the RBI's **Business Correspondent** (BC) model. Clarifying the legal position regarding BCs, members informed that BCs are agents of banks and cannot carry out lending on their own. Banks use correspondents to put through transactions on their behalf including cash transactions.

Another important way of establishing kiosks could be the**Common Service Centers** (CSCs). It is suggested that linking the model of mobile payment services with kiosks or CSCs as these centers can act as a conduit or transaction points. These centres could be used to impart knowledge, support microfinance activities and facilitate payments of MGNREGA amount to the beneficiary's account creating more transparency and efficiency.

Services to be rolled out in the Common Service Centres (CSCs)

- Providing an opportunity for development of the marginalized sections of the community
- Providing information and opportunities for income enhancement/generation
- Providing other services required by the community and linked to the usage of the ICT infrastructure
- Providing e-governance services within easy reach and thereby saving consumer's costs on distant and repeated travel
- Providing critical information on available government developmental programmes, beneficiary criteria and present beneficiary list to bring in transparency and efficiency in the programmes
- Providing the platform for e-communication
- Providing avenues for e-marketing and e-shopping

While the intentions have been noble the creation of these CSCs though going on are not in a uniform speed and leaving scope for further growth.

To help ensure speed up the creation of CSCs with better infrastructure and for exchange of data and other types of information between two or more locations, separated by significant geographical distances, the Department of IT in Government of India is implementing an approved Scheme known as State Wide Area Network (SWAN) Scheme, envisaged to create such a connectivity in each State / UT, to bring speed, efficiency, reliability and accountability in overall system of Government-to-Government (G2G) functioning.

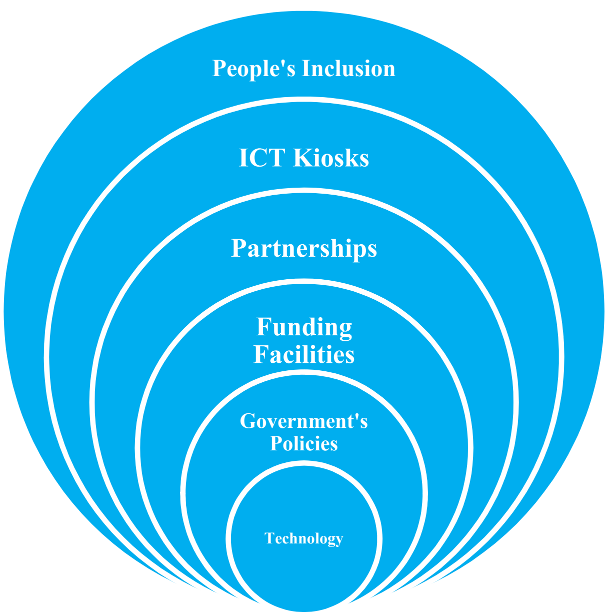
When fully implemented, SWAN would work as a converged backbone network for voice, video and data communications across each State / UT. SWAN is designed to cater to the governance information and communication requirements of all the State / UT Departments. When fully implemented, SWANs across the country are expected to cover at least 50000 departmental offices through 1 million (10 lacs) route kilometers of communication links and is hoped to better the lot of the kiosks.

However, meantime, with such facilities and proven kiosk models of "Drishtee" and Hand in Hand's "Citizen Centres"the ICTKiosk model could be a very useful link for promoting financial and social inclusion, provided the interests of the poor on the 'demand side' and funding agencies at the 'supply side' are not at risk.

ICT centres like M. S. Swaminathan Research Foundation's "Village Information Centres" of Pondicherry, Telecentres like "Village Resource Centre" of ISRO can also be studied and the methods applied for a better ICT connectivity in the service of the disadvantaged needy / under privileged poor, extending support for Livelihoods, Financial Services, Government Schemes and other developmental areas such as education and health.

Organisations such as 'airjaldi' (empowering communities through wireless network), 'Desicrew Solutions' with rural BPOs, Digital Empowerment Foundation, 'ict4d' and 'NGO Varta' are working towards the use of ICT in the inclusion of the excluded.

Figure-6 The overall Kiosk operations encompassing all aspects for Inclusion



Given the importance, as discussed above, the Information and Communication Technology (ICT) is increasingly being seen as a facilitator for making FI initiatives penetrate into remote locations. ICT enabled FI ecosystem has many stakeholders such as Government, banks, intermediaries, users etc.

These ecosystem stakeholders are looking for new technologies and up gradation in existing technologies to ease off the existing concerns. Further, there is a requirement of an evaluation framework that can be used by banks or investors to judge the capability and capacity of a player to launch an ICT enabled FI initiative.

To satisfy this requirement, NABARD and UNDP have collaborated with IIM Ahmedabad with an objective to find the important parameters on which a FI project can be evaluated. The plan included significant amount of secondary research, stakeholder identification, consultation, conducting workshops etc. The process brought to notice major issues, solutions to technology barriers, regulatory and end-user concerns of regulators, customers, banks, NBFCs, technology platform providers, IT service providers, micro-finance institutions as well as business facilitators.

The broad objectives of this supply oriented study than of demand are;

- Evaluate the current status of IT enables FI initiatives in India
- Identify the major issues and challenges faced by ICT enabled FI initiatives based on NABARD presentations by 11 commercial banks
- Identify demand side drivers and inhibitors of such initiatives with additional information on prospects in terms of technology for future initiatives
- Identify the parameters for evaluating technology enabled FI initiatives on the basis of Business, Technology and Citizen.
- Providing recommendations that can act as precautionary guidelines while evaluating future technology initiatives.
- Develop a methodology for designing an effective evaluation framework upon which all prospective FI initiatives can be evaluated to test its feasibility, level of maturity, usage and cost effectiveness.

The study comprised of two workshops and a series of activities as a part of pre-workshop and post-workshop consultation.

The objective of the first workshop was to provide a common and neutral platform to the FI stakeholders for discussing the underlying issues and challenges related to ICT enabled FI initiatives.

The issues identified during the discussions in the workshop are:

I) Business Related Issues:

a) A fit between the Business Model, business Process and technology Model is lacking.
b) Operational efficiency is not there, business models are weak
c) Financial literacy and demand creation exercises - a challenge

II) Scalability

a) While there are many pilots, scalability is an issue.

III) Technological Issues

a) Lack of standards in intra-banking operations
b) Security issue
c) Reach
d) Authentication is a challenge due to lack of connectivity
e) Technology costs should be shared

IV) Organizational Issues

a) Training challenges to use mobile phones.
b) Profiling of clients
c) Getting BCs with ability to market.
d) Demand, supply and skill sets
e) BC should be from the village and should be doing some commercial activity and available at least for 5 working days.

V) Identification Issues:

a) KYC is a major issue.

b) UID ensures identity not address

VI) Citizen Issues

a) Psychological comfort level is missing in mobile banking

b) Cost effectiveness for a villager

VII) Viability Issues

Four entities are involved – bank, technology provider, data centre and the agent. The remuneration should be sufficient at each level so as to keep the motivation high

The scope of the second workshop was to review the available and upcoming technologies and possible ecosystems based on these technologies that can cater the objective of financial inclusion to the bottom of the pyramid.

The current technology alternatives in FI in India were identified as follows:

1) *ATM (Automated Teller Machine)* – Making financial transactions possible on authorization of the transaction by the card issuer or other authorizing institution via the communication network.

2) *Kiosks* - Self operated machine technology that provides the customers with banking features like cheque/cash deposit, internet banking, non-cash ATM transaction, teller enquiries.

3) *Micro-ATM* – A device design and system architecture influenced by the design of debit/credit card processing on point-of-service (POS) terminals, combined with authentication services that UIDAI would provide, to support transactions like deposit, withdrawal, funds transfer and balance enquiry etc.

4) *Mobile Financial Services (MFS)* - Using mobile platform to provide financial services on the mobile handsets using SMS, Unstructured Supplementary Services Delivery, WAp/GPRS, phone based applications, SIM based applications, Near Field Communications, mobile wallet, amongst others.

The existing architecture of various technology enabled FI initiatives in India asalso the global examples of technology enabled FI initiatives and their architecture were described for countries like UK, Brazil, South Africa, Kenya, China and India.

In order to ensure that the technology fits the needs of various players of the ecosystem including the end-users of the service, it becomes very critical to evaluate the existing technologies on different dimensions based and map the same with the local context. The various dimensions mentioned in different literature are:

- *Portability* – easily supports applications across heterogeneous platforms, programming languages & variety of compilers
- *Flexibility* – to support a growing range of multimedia data-types, traffic patterns, and end-to-end quality of service requirements
- *Extensibility* – to support successions of quick updates and additions to take advantage of new requirements and emerging markets
- *Predictability & Efficiency* – to provide low latency to delay-sensitive real-time applications & high performance to bandwidth intensive ones
- *Reliability* – to ensure that applications are robust, fault tolerant, and highly available
- *Quality* – to ensure performance
- *Speed* – to enable quick development and delivery of business critical applications
- *Scalability* – to ensure that the system is scalable at state and national level of initiatives
- *Security* – to ensure safe financial transactions
- *Financial Viability* – to see whether the technology make the business financially viable
- *Organizational Capability* – to check whether the organization have adequate skills to handle the technology spread

- *Simplicity and Usability*: The applications must be user friendly with little or no learning curve to the customer. The customer must also be able to personalize the application to suit his or her convenience.

- *Universality*: Payment service must provide for transactions between one customer to another customer (C2C), or from a business to a customer (B2C) or between businesses (B2B). The coverage should include domestic, regional and global environments. Payments must be possible in terms of both low value micro-payments and high value macro-payments.

- *Interoperability:* Development should be based on standards and open technologies that allow one implemented system to interact with other systems.

- *Security, Privacy and Trust:* The transactions and use of this platform should be secure, should not violate the customer privacy and trust.

- *Cost:* The technology enabled channels for accessing financial services including payments and remittances should not be costlier than the existing payment mechanisms to the extent possible.

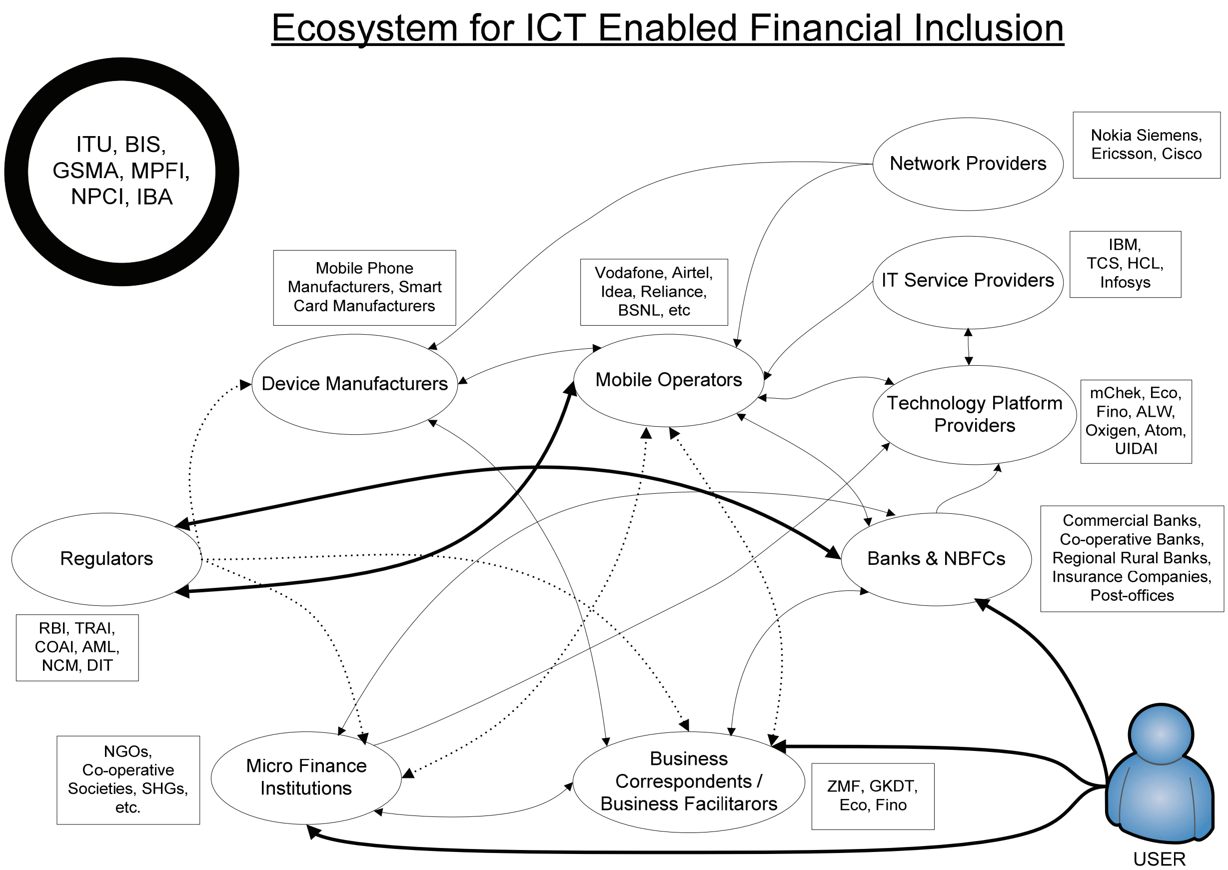
- *Speed:* The speed at which financial transactions are executed must be acceptable to customers and merchants.

- *Remittances*: To become widely accepted the financial service (especially payments and remittances) must be available globally, word-wide.

With such interesting prospects like SWAN on the anvil, and with a national tele-density of 908.35 (Mn) it becomes natural to make use of the technology towards financial inclusion for the benefit of the poor.

The entities involved in the FI ecosystem can play an important role in creating awareness of these FI initiatives, educating the customers about their usage and how they can benefit from these. Such an ecosystem includes financial organizations, technology providers, telecom service providers, network providers, regulators and associations.

The ecosystem for technology enabled financial inclusion constitutes of various entities that includes financial organizations, technology providers, telecom service providers, regulators and associations. The entire array of the entities included in the ecosystem and their linkages has been depicted in the following figure-7.



The secondary research, pre-workshop consultations, post-workshop consultations, workshop sessions and data collected from web application etc. resulted in identification of various issues for ICT enabled FI initiatives in the area of business, policy and technology and helped in identifying the issues faced by ICT enabled FI initiatives from multiple perspectives and bring previously unknown issues to the fore.

The issues are divided into Business Issues, Policy Issues, Technological issues, Citizen centric issues etc. These add to the challenges and issues previously identified by commercial banks participating in NABARD's experience sharing initiative which are as follows:

PDTable-38NABARD's workshop with commercial Banks

BANK	CHALLENGES OR ISSUES IDENTIFIED
State Bank of India	• Low coverage of rural areas by banks, ATMs • Need for technology and scale up
Indian Bank	• Multiple vendors and technologies involved • Changing Technology trends • Vendor selection and valuation of vendor • Negotiation and Fixation of Commercials • Proper data storage and retrieval framework • Operation through third party switches
Bank of India	• Lack of credit access to farmer households • Need for innovative solutions like Smart Devices for insurance premiums, mutual funds and utility payments.
Punjab National Bank	• Extending Banking to the unbanked villages • Empowering the under privileged with the technology enabled solution • Reduce the transaction cost and provide affordable credit • Provide seamless transactions through the delivery channels • Technology driven business models
Andhra Bank	• High maintenance costs for accounts • Small ticket size of transaction • Illiteracy and use of vernacular product & service pricing • Trust and acceptance • Lack of electricity and poor telecommunications

Adding to the above, issues such as lack of fit between business model, process, scalability which fall under Business Issues, lack of standards in banking operations, security issues etc. which fall under technology issues and psychological issues such as meeting KYC standards, user comfort etc. are further detailed in subsequent sections which cover the issues and challenges faced by stakeholders in ICT enabled FI initiatives at a broader level.

Specific Business Issues

There are multiple underlying challenges of ICT enabled FI in terms of business and policy issues:

PDTable-39 Business Issues

SR.NO.	BUSINESS ISSUES
1	Lack of a fit between the business model, business process and technology model
2	Deficiency of effective, viable and sustainable business models
3	Financial literacy and demand creation exercises - a challenge
4	The top of the pyramid to the bottom of the pyramid transaction prospective
5	The services need to have a customer centric approach
6	Target of regulatory bodies to explore better avenues than banks for FI initiatives
7	Mobile payments that can go beyond banks and can transact the virtual money.
8	Pursue active account users
9	Need of a viable value chain to provide service
10	Lack of awareness of these FI initiatives amongst consumers is a big concern
11	Targeted approach to convert only accounts to active accounts
12	Finding reliable BCs, with the ability to market
13	Acceptability of BCs as the third party by customers and bank employees
14	Ensuring setting up of active CSCs
15	Security concerns for the handling of the cash at field level
16	Cost effectiveness for a villager
17	Sufficient remuneration for the parties involved to keep up the motivations level

1) Lack of a fit between the business model, business process and technology model

There are gaps within the existing business models, led out business processes and the technology models that are currently being chosen for rolling out of the ICT enabled FI initiatives. Various stakeholders including the banks, telecom operators and technology service providers feel that these gaps in the business and technology domain heavily contribute towards the difference in the intended / expected outcomes and realized outcomes of the ICT enabled FI initiatives.

2) Deficiency of effective, viable and sustainable business models

Deficiency of effective, viable and sustainable business models have been realized by different stakeholders of FI initiatives. Therefore there is an essential requirement to carry out research and innovation in this area. The ecosystem players have realized that lack of operational efficiency at various levels including the grass root levels where the services are actually delivered, acts as a barrier towards effective implementation of ICT enabled FI initiatives.

3) Financial literacy and demand creation exercises - a challenge

Generating adequate demand and making people aware about various aspects about banking and financial services play a critical role in ensuring adoption and usage of the offered financial services. Financial literacy among the population also ensures that people are aware about various pro and cons of the services and hence can take care about their interests while availing such services. However, conducting exercises to spread financial literacy and generate demand would need resources and there are disagreements among the players of the FI ecosystem about the responsibility of such initiatives. Though the players of the ecosystem agree to the fact that such exercises are very important, they argue that as the ICT enabled FI initiatives and their related business models are not profitable / viable for them at the first place, conducting financial literacy exercise would add an extra burden.

4) The top of the pyramid to the bottom of the pyramid transaction prospective

A critical area of exploration in terms of FI is the nature and volume of transitions from the top of the pyramid populace to the bottom of pyramid population. Such transactions are not considered under the purview of FI today. But these transactions like paying of wages, incentives and other benefits can be included in the FI initiative as profitable business prospect.

5) The services need to have a customer centric approach

The providers of financial services need to focus more on the customers and their needs rather than the technology. Instead of developing the technology and then trying on customers, it is better to know the customers and their needs and their level of comfort with the technology and then develop models accordingly to achieve satisfactory results.

6) Target of regulatory bodies to explore better avenues than banks for FI initiatives

Bank in itself can not address the issue of financial inclusion on its own hence regulatory bodies needs to look beyond the banks and explore better avenues for the same. The Regional Rural Banks (RRBs), Self Help Groups (SHGs), the cooperative societies, Micro finance institutions (MFIs), etc can prove to be a helping hand in this case. In fact the banks can also utilize the service of the NGOs, SHGs, MFIs and other correspondents to reach out to the unbanked sections to promote and distribute their services.

7) Mobile payments that can go beyond banks and can transact the virtual money.

It is critical for the country to evolve from actual money transactions to virtual money. Mobile can be used as a viable platform to go beyond the realms of a bank and transact in virtual money eliminating the need for real money transactions, hence extending the spread and each of FI.

8) Pursue active account users

The fallacy of providing the bank account to the customer for financial inclusion cannot continue anymore, if the customer does not execute transactions through it. Once the account is being made, it needs to be in working condition more often. If the account remains inactive for a longer period, then it can be cancelled. The point is to pursue active account users, which in a way will contribute to the development of this initiative.

9) Need of a viable value chain to provide service

As of today the FI structure is not a well-defined one. As expressed before the Fi initiatives are done at pilot level and hence there is a large discrepancy in the FI value chain. It is critical to consolidate the various value chain models followed throughout the country and create a viable and effective structure that is sustainable and effective.

10) Lack of awareness of these FI initiatives amongst consumers is a big concern

The leading concern of the policymakers is the lack of awareness of these FI initiatives amongst the rural areas. Even some of the urban areas lack a proper understanding of such initiatives. Therefore, it becomes imperative for all the stakeholders of the ecosystem to give proper education to the customers about these initiatives, the technological solutions for these and the benefits to them.

11) Targeted approach to convert "Only Accounts"into "Active Accounts"

To make through the objective of financial Inclusion, the policymakers started with the account opening process of the people falling in the lower strata of the society. However the biggest concern is that these accounts need to be made active, for which these people need to realize the benefits of financial inclusion. Therefore the policymakers should adopt a targeted approach to encourage these people to move beyond just having a savings or a current account and use the FI initiatives as much as possible. There should be a regular term of the customers/clients with the banks and the resources should be channelized on a routine basis.

12) Getting reliable BCs

The major challenge for banks is to find business correspondents (BCs) that they can rely on since BCs will be their point of contact with the customers. . BCs interacting with the customers at the last mile play a crucial role in marketing the services effectively, which is a critical matter in ensuring that the services are adopted and used by people. However, getting hold of BCs who have appropriate capabilities and skills in marketing of the services is a challenge for the banks.

13) Acceptability of BCs by customers and bank employees

Business correspondents have to pass through the initial phase of gaining acceptability of the customer and the employee which is negative most of the times. Bank employees have a traditional way of dealing with transactions and the introduction of third party between them and the end consumer is not readily accepted by them. There is also a reputational risk of banks involved in trusting the wrong BCs.

14) Ensuring setting up of active CSCs

The setting up of the Common Science Centers (CSCs) and ensuring to make them active is also a major challenge for the banks. CSCs were envisioned as the front-end delivery channels for delivering government services to the rural citizens in the remotest corners of the country. Lack of connectivity is major hurdle in the rollout of CSCs, which needs to be taken care of. The slow rollout of these CSCs is also because of the poor IT infrastructure of the states along with a poor governance mechanism and lack of a proper institutional framework for ensuring successful rollout.

15) Security concerns for handling cash at field level

The ecosystem players, especially the banks are primarily concerned about the security of cash in the field. Cash is being exchanged between various parties at the actual point of transaction. Therefore, having the right measures of security and safety is the prime concern. One of the solutions for this can be digitalization of money which saves time and effort of the parties involved.

16) Cost effectiveness for a villager

The ecosystem players of ICT enabled FI initiatives also realize that the offered services through the technology channel would be cost effective for the villagers in the first case. The FI ecosystem players feel that the cost to the customers can be looked at in two ways: first as an absolute cost, and second as a relative cost of the offered services to the customer. For example, an absolute cost of ` 100 for a transaction can be considered to be steep, while if the same amount is compared to the cost the villager currently needs to pay for accessing the available banking and financial services may be justifiable.

17) Sufficient incentivisation for the parties involved to keep up the motivations level

The remuneration at each level of service providers to the customers that include banks and financial institutions, technology providers, regulators, and agents and many more, should be sufficient enough so that their motivation towards these initiatives remains high over the entire programme.

PDTable-40 Policy Issues

SR. NO.	POLICY ISSUES
1	The area of regulations should include Microfinance facilities in the form of NGOs, SHGs, MFIs, Credit Cooperative Societies, Post Offices etc.
2	Regulatory bottlenecks in the form of KYC and other restrictions
3	Lack of standard structure for KYC norms across the financial institutions and different sets of customers
4	Lack of coordination between multiple agencies which lags right now
5	Increased costs and operational risks in cash handling in all BC transactions
6	Receivers of BC services are mostly illiterate people and susceptible to misguidance
7	Getting a BC from the same village where services needs to be provided and having him work for 5 days a week is a challenge
8	KYC norms must be observed by the promoting banks for all BC clients
9	Recording the transactions undertaken through BCs in the books of the bank
10	Defining the radius within which BCs can service clients
11	Banks pay a (undefined) commission to BCs though BCs/banks are not allowed to charge the end-user a service charge for any BC
12	Training challenges to use mobile phones
13	Meeting the KYC norms by the beneficiaries of these initiatives is a major challenge

1) The area of regulations should include Microfinance facilities in the form of NGOs, SHGs, MFIs, Credit Cooperative Societies, and Post Offices etc.

The reach, spread and credibility of non-profit organizations and non-governmental organization is the largest and deepest into the rural areas of India. Hence it becomes vital to involve such organizations like the NGOs, SHGs and other such micro-financing institutions in the FI initiatives.

2) Regulatory bottlenecks in the form of KYC and other restrictions

There exist issues of dissatisfaction amongst the customers and also indifference towards the banking system. In addition to this, regulatory bottlenecks like KYC and limits on particular transactions are posing an extra baggage over them. Then, there is the concern of "having a bank account V/s using the bank account", which needs to be addressed by the regulatory reformers to improve the adoption of FI initiatives by the customers.

3) Lack of standard structure for KYC norms across the financial institutions and different set of customers

Every other institute that provides financial services to the customers follows a different KYC norm which is typical to only that institution. This creates confusion and increases the hassle for the customer. It is critical to bring standardization in the KYC norms followed throughout the country hence bringing unanimity to the process. Furthermore, the KYC norms change as per the economic, social and geographical state of the customer. These differences need to be re-evaluated and standardized further for clarity and transparency to the customer.

4) Lack of coordination between multiple agencies which lags right now

There are a number of agencies involved in taking up these financial initiatives to the rural areas. Therefore, coordination is required between them to run this process smoothly and avoid any hindrances because of the incompatibilities between them. Also, there is a requirement of a standard norm for dispute resolution to be in place, in case a dispute arises between them.

5) Increased costs and operational risks in cash handling in all BC transactions

As almost all BC transactions are cash based, the flow of cash with BCs has been highlighted as the biggest issue. Besides the logistics of handling large volumes of cash, it leads to increased costs and added operational risks. These assume greater importance in the context of the North Eastern region of the country, on account of higher security risks, vast and difficult terrain and poor connectivity.

6) Receivers of BC services are mostly illiterate people and susceptible to misguidance

Beneficiaries of BC services are mostly illiterate and susceptible to misguidance. Further, at times, clients tend to perceive the BCs themselves as banks and as not functioning on behalf of the banks. Lack of proper financial education of the clientele was a barrier to the effective utilization of the banking facility provided to the clients through the BC model.

7) Getting a BC from the same village where services needs to be provided and having him work for 5 days a week is a challenge

There are further policy level constraints in selection of a BC who would provide services to the customers. The ecosystem players mention that, getting a BC from the same village where he/she need to provide services and also involved in some commercial activity and ready to provide the FI services at least for 5 working days a week becomes a challenge.

8) Know Your Customer (KYC) norms must be observed by the promoting banks for all BC clients

Collecting the required documents for KYC process was a little difficult, as they did not have proper ID cards and address proofs. Though government has made the KYC process simpler by allowing the BCs to open accounts on the basis of comments of village heads or *Sarpanchs*, the BCs don't find it so simple to open accounts in villages and hence they rushed to urban markets.

9) Recording the transactions undertaken through BCs in the books of the bank

The rule earlier included all transactions undertaken through BCs to be recorded in the books of the bank by the end of working day. For card-based accounts, the requirement of daily reporting norm was an impediment. Given that the area of operation of BCs predominantly extends to rural areas with erratic connectivity, it becomes difficult to complete the settlements within the prescribed timeframe. Another big issue was cash management of netting deposits and withdrawals and lack of insurance cover of cash in the transit.

10) Defining the radius within which BCs can service clients

Earlier, the restriction was that BCs can service clients only within a 30 km radius from the bank branch and in case of urban areas the radius should not be more than 10 km. Restricting the operation area further to 15/30 km in rural as well 5 km in urban areas were a further damper as it put the tech savvy private sector banks at a disadvantage. They did not have many rural branches, which put them in a disadvantage as their effort to use technology in servicing the remote areas through the state wide organizations were put to rest. They slowly get concentrated more on the urban sectors in select cities.

11) Banks pay a (undefined) commission to BC's though BC's/banks are not allowed to charge the end-user a service charge for any BC transactions

BCs are barred from collecting any fees from the clients except commissions or service charges by the bank. Also, banks cannot hike interest beyond the prime lending rates. In the absence of the value added services that could have been bunched together, the incentive was clearly lacking.

12) Training challenges to use mobile phones

Despite several on-going efforts in familiarizing mobile technology, for different types of channels and different financial institutes as well as service providers, the end users are expected to learn the new technologies as well as interfaces for these transactions. Moreover, majority of the mobile phones still support either English or a select few Indian languages. Also, the awareness of mobile phone usage, albeit on the increase, is still not a social given. That would lead to a substantial need for coming up with awareness building and training needs for using the mobile phones for such financial transactions, be it the BCs or the end user banking customers.

13) Meeting the KYC norms by the beneficiaries of these initiatives is a major challenge

Most of these people either do not have proper identity documents or address proof that is mandatory for accessing the financial services extended. Despite the initiation of a Unique Identity (UID) programme by the government of India in order to resolve this issue,concerns have been raised that the UID programme can ensure identity of the individuals, but does not provide any address proof of the resident, resulting in the KYC norms still being considered a major challenge towards FI.

ICT Related Issues

Technology, in all, should be accessible, convenient and low cost, which is what the demand side would be looking for. But there are some issues which are listed below:

PDTable-41 ICT Issues

SR. NO.	ICT ISSUES
1	Lack of connectivity, leading to authentication problems
2	Data availability and data integrity
3	Interoperability and accessibility
4	Data collection, storage and retrieval
5	Security issue
6	Inaccuracies in opening an account
7	Lack of standards in intra-banking operations
8	Reachability at the last mile
9	Technology costs should be shared
10	Requirement of a single proven model
11	Need of big companies in this arena
12	Behavioral issues of consumers

1) Lack of connectivity, leading to authentication problems

During the financial transactions, authentication of the account holder making the transaction becomes a very important aspect for ensuring security to the transactions. One very effective way of conducting such authentication is to conduct checks of user credentials through an online system. However, given the fact that many areas are still not connected through mobile or Internet connectivity putting such online authentication systems in place remains a challenge for the ecosystem players.

2) Data availability and data integrity

While doing the financial transactions through these technologies, data should be readily available so that minimum time is taken to process it. Also the technological system should be such that data is accurate, complete and authorized, thereby leading to completion of the transaction.

3) Interoperability and accessibility

Since multiple vendors and technologies will be involved, interoperability will be a major issue to concentrate on. The technology should be such that it is interoperable with the technology platforms available and other systems. Accessibility poses to be a major challenge in ICT because of the reach to remote areas. The technology framework should be easy to understand, to access and to use[15].

4) Data collection, storage and retrieval

Data useful to the entities in the ecosystem should be collected and stored in a common system that can be shared with the other entities. The system framework should be such that data can be retrieved any time by the authorized participant easily.

5) Security issue

Ensuring highest level of security for the offered services against fraud, data theft and other related threats, from time to time requires allocation of resources from all concerned. Lack of unified security standards for the available technologies and gap in knowledge and skills contribute to the challenge in handling security issues.

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[15]http://www.centre-for-microfinance.com/wp-content/uploads/2011/07/PNB-PUNE.ppt

5) Inaccuracies in opening an account

One of the other concerns is that while opening an account, errors may arise in the information provided by the customers in remote villages because of the language problems or uncertainty of the information. Also, once account is opened, a verification process should also be done to check the account details and customers should be encouraged to keep the account active.

6) Lack of standards in intra-banking operations

Interoperability among the available technology alternatives poses a great challenge in ensuring that the ICT enabled financial services are available to the customers across different geographies and delivery channels. This will create a problem if there are different standards for different entities involved in the ecosystem. Therefore efforts are required to form a single set of policies and standards that will be followed all over the ecosystem.

7) Reachability at the last mile

Financial inclusion initiatives are expected to extend services to the unbanked and under-banked population spread across the country including various remote locations. Many such remote areas are still not connected either through mobile or Internet connectivity. Moreover, the physical connectivity to such areas through roads is also very poor. This poses a challenge for the FI ecosystem players to be able to reach the customer.

8) Technology costs should be shared

There are costs associated with implementation as well as maintenance of the technologies that are used for ICT enabled FI initiatives. The FI ecosystem players realize that the cost of such technology implementation needs to be shared among various entities in order to make the business model viable for each of these entities.

9) Requirement of a single proven model

A single business model needs to be developed to provide all the financial services so that it brings in consistency over these initiatives. This requires efforts in the direction of research and experimentation in terms of technology.

10) Need of big companies in this arena

To make the ICT enabled FI initiatives popular among the lower strata of the society; big companies need to make a presence in this field. These big players will bring in the trust factor of the villagers and hence there is a higher probability of people turning up to these initiatives.

11) Behavioral issues of consumers

In spite of the government and service providers making such keen efforts, there is a possibility that the financially excluded people are not ready to accept the technology enabled solutions. This is where technology is lagging behind. It needs to build the trust, reach out to them and be of utility value to them.

Technology, though, is a major facilitator of FI initiatives, but if the above issues are not corrected, it may turn out to be a blockage.

Despite all the issues technology has, it also offers immense opportunities for growth not only just in information and communication but in all-round inclusion.

The important thing is to harness and harvest the good effects despite challenges and impediments and attire the goal of a Total inclusion of this young country.

CHAPTER -VII

FINDINGS,CONCLUSION AND RECOMMENDATIONS

The various studies undertaken have resulted in interesting findings and given scope for several remedial actions to enable the financial inclusion a success of which the Financial Literacy Programme combined with ICT plays a vital role, that has been adequately said, realized and accepted.

There are two major aspects of financial inclusion from the angle of supply and demand where gaps exist in the present system.

PDTable-42 Gaps in Financial Inclusion from Supply and Demand Dimension

Supply	Demand
Equality in servicing the clients	Financial Literacy
Designing of appropriate products and services based on demand and not merely on supply capabilities	Knowledge of Products and Services
Regular and prompt delivery of products and services and not sporadically	Credit Counselling
Suitable distributors-Banks, Financial institutions	Credit absorption / utilization capacity
Ensuring proper utilization of services rendered	Regular transactions / repayments
Improving quality of services periodically taking stock of demand	Client Protection

The third and most important dimension to the financial inclusion spectrum is the products and services available to the target sector.

PDTable-43 Availability of Products and Services

Products	Services
Savings	Rendering Financial Literacy/counselling
Credit	Remittances
Insurance	Consumer Protection
Pensions	Credit absorption / utilization capacity
Ensuring proper utilization of services rendered	Regular transactions / repayments
Improving quality of services periodically taking stock of demand	Transparency (Featured service) The purpose of opening an account, the terms & conditions should be clarified amply

Findings

PDTable-44 Comparing various stages of Financial Inclusion in India

Stage	Financial Services	Physical Infra-structure	ICT Infra-structure	Demographic Characteristics (Like Literacy level, Technology Readiness, etc.)	Financial Wellbeing
1	Nil	Low	Low	Low	Low
2	Nil to informal	Low to Medium	Low	Low	Low
3	Informal, MFI, SHG	Low to Medium	Low to Medium	Low to Medium	Low to Medium
4	No-Frill Account/Informal Sources/MFI	Medium to High	Low to Medium	Medium	Medium
5	MFI + Loan + Insurance	High	Medium	Medium	Medium
6	Single/Multiple Bank Accounts + Loan + Insurance	High	High	Medium	High
7	Multiple Bank Accounts + Loan + Insurance + Credit/Debit Cards + Internet Banking + Stock Trading	High	High	High	High

Sample of Respondents:

The sample primarily consists of women (70%) who had undergone financial literacy programmes. Moreover, the majority of the respondents belonged to unbanked and poor classes, who have less access to financial institutions and their services. These were mainly from Scheduled Castes, Scheduled Tribes and minority (80%) categories.

This poses a question that biasness towards women for financial literacy programmes may not be the right approach to financial inclusion. The reason is twofold. First, mostly the financial decision making is taken by the men and second, they do transact more outside, including financial institutions. For making poor households financially included, equal importance should be given to training of men on financial literacy and this could lead to a greater impact.

Content Covered:

There are several aspects to coverage of content in the both types of programmes and is enumerated below:

1. Topics Covered:

Barring a few exceptions, the formal programmes, across all states, were found that literacy programmes have focused on four aspects, viz., budgeting, savings, credit and insurance. In the informal programmes, the imparted knowledge was highly focused. While FLCCs in their half-day workshops, seminars and walk-in-interviews, dealt mostly with banking products, the MFIs were highly focused on loans. On the other hand, SHG capacity building programmes focused mainly on savings and credit and sometimes on budgeting and insurance.

***2. Depth of content*:**

Within each of the topics, knowledge was imparted on financial institutions providing services and sometimes on the products offered. While recall and understanding of such aspects were high across all the states, thereby, indicating the thrust on these aspects in the formal training programmes. On the other hand, based on institution, training content in informal programmes was more focused on their core area i.e., in case of MFI, only focused on credit and less content on insurance

However, the more interesting feature on depth is that coverage of complex products and their features for a higher understanding in the same was lacking across both formal and informal programmes. For example, knowledge about Fixed Deposits (FD), Recurring Deposits (RD) and no-frill accounts was much less than ordinary savings accounts and similar trend is seen for both credit and insurance. In the latter two, knowledge imparted on technical features of product like mortgage, premium, maturity, etc. was lower and the retention was much less.

This indicates that there is scope of making the programmes more comprehensive and in-depth knowledge of technical features can be incorporated in the future programmes.

Uniformity & Standardisation of content:

1. Pedagogy:

Across both formal and informal programmes in all the states, lecture method was used profusely to impart training programmes and the recall of the same was highest. However, the use of different methodologies was higher in the formal programmes than in the informal ones, in almost all states. In the formal programmes, videos, street plays, role play, stories, charts and posters were used (recall more than 40%). In the informal programmes, it was more of stories, songs, posters and charts. The tools used in SHG capacity building programmes has been reflected in the informal programmes.

While lecture method seems to be mostly used to impart knowledge, it is also true that audio-visual medium of training can supplement the training process and makes it more effective.

***Perception*:**

The perception about the various programmes was also captured on the satisfaction including adequacy, duration, and requirement of further training, etc. This would reflect the need for such training programmes and how these could be further customized.

1. Satisfaction from the programme:

While 70% of the respondents from formal training programmes were fully satisfied, it was a bit lower for those who underwent some form of training in the informal ones. Moreover, on an average, about 30% of the respondents were either not fully satisfied or dissatisfied. Hence, there is a case for looking into duration and content of the programmes as per the need of the customers. One obvious reason for higher level of dissatisfaction among trainees of informal programmes could be that they are more exposed to financial transactions (MFIs and SHGs) and have the urge to know more about the same.

***2. Duration*:**

Except in MP, the duration of the programme across all the states, was for less than three days. While 70% of the respondents opined that duration was adequate, about 30% of them also indicated that the programme was too short. In fact, in the states where the formal programmes were relatively more appreciated, duration was found to be less than adequate. This leads to two major inferences. One, people were looking for another round of programmes, expressing dissatisfaction on the current level of knowledge imparted and second, too many things were clubbed into the training programme for them to comprehend. The former is another indication of demand (as in UP, Bihar and Rajasthan).

***3. Willingness to attend another programme*:**

Except for Odisha, both in the case of formal and informal programmes, the willingness to attend another programme was high (> 90%). It reflects two things, namely, there is demand and interest created through such programmes and households do want more about financial services. This is true for people who have responded as having full satisfaction from the programme that has concluded.

However, there is a perceived gap in satisfaction level of about one-fourth of the respondents, some of whom also indicated to undergo future training programmes. This indicates that these persons also found the programmes to be effective and want to know further and perhaps in depth. This is particularly true for Odisha state.

The demand for repeat programmes could also be because of not only duration but also for lack of comprehension and retention as also not a fully satisfactory content.

4. Formal vis a vis informal programmes

Except for Chhattisgarh and Jharkhand, there has been attempt to promote structured formal training programmes in the rest of the states. In the former two states, the process has just started. Some of the findings when the comparison is being done are given below:

1. Duration of formal programmes was higher (about 3 days) comparing to informal (1/2 to 1 day) ones.

2. Varied methods were used in the formal training programmes compared to informal ones.

3. Many of the participants in the formal training programmes were members of SHGs, who may have undergone some training beforehand

4. The content covered was higher for formal programmes than the informal ones across each state

5. In terms of knowledge retention and awareness of the participants, the trainees of the informal programmes were at par with their formal counterparts, if not more in some aspects. This is possibly due to more practical exposure to financial transactions in SHGs and MFIs. However, the formal programme participants had more knowledge about bank products and services than informal participants.

6. The repeat programmes were more in the informal category, especially in the SHG capacity building than in formal ones. In fact in UP and Bihar, the mandate was beyond financial literacy in formal programmes and the process of opening of bank accounts, etc. was also facilitated. In these states, willingness for further training is higher.

Analysis across states

1. There has been a striking difference observed in ISMW conducted formal programmes in states of Rajasthan, UP, MP, Bihar and Odisha. In UP and MP, there were elements of handholding for opening of accounts, coupled with some repeat programmes, especially in MP and use of more community trainers. Even though the programme in Odisha and Rajasthan was good, it terms of its effectiveness, it is lower than MP and UP because of the reasons outlined.

2. Informal programmes in Rajasthan have shown better results in all aspects than informal programmes in other states. The informal programmes considered were mostly SHG capacity building programmes and this could be attributed to the supporting organizations, like PEDO and IBTADA in Rajasthan which are recognized for their work in micro-finance operations and building SHG and their Federations. They are also known to be good training institutions by NABARD in their respective districts.

3. Despite linkages with banks and SHGs has been demonstrated after the FLP programme in all states, still households borrow from moneylenders indicating that the credit demand is not being met from former sources.

4. In Bihar, the RBI programme aimed at financial inclusion and followed up linkage with banks. But the phenomenon of taking loans from moneylenders exist and procedural knowledge about opening and operating the accounts is low. This also indicates that financial inclusion without adequate knowledge back up may not be that effective than what has been observed in UP where adequate inputs on the same were imparted.

Conclusions

Ensuring competent, timely and unrestrained access to public goods and services is the quintessence of an open and efficient society. As financial products and services, especially the banking services, are considered as public goods and services, making available these services to the entire population without any type of discrimination, is the foremost need of the inclusive system.

Reserve Bank of India has directed that all branches of banks across the country should ensure financial inclusion in villages with over 2,000 people, by March, 2012, by harnessing low cost technology and by innovating low cost business models.

It has approved Financial Inclusion Plans to be rolled out by banks over a period of three years. RBI has also directed to include criteria regarding Financial Literacy and Inclusion in performance evaluation of the staff.

Yet, when desired results have not emanated, we need to introspect whether this is happening in reality, and if yes, to what extent and if not why and what are the gaps and what is the scope for the improvement which forms part of the core for this discussion.

Under the present scenario, we have to, however, reluctantly say, that not enough is being done to mitigate the problems of the excluded needy and that still there are several obstacles in reaching out to the urban poor[16].

Some of the major obstacles / gaps are;

Coverage

Despite having some data, much of the Urban Poor are yet to be financially included.

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[16] Rashmi Chawla's (Customer Service Manager from a Leading Bank) Blog titled "What are the obstacles in generating financial inclusion for Urban Poor?"-extracted on 8th November, 2012 from http://toostep.com/idea/what-are-the-obstacles-in-generating-financial-inclusion-for

The banks' and other financial institutions' lack-lustre interest in their support

Despite the hue and cry for the total financial inclusion created in the past seven years, the real inclusion is by and large seems to be limited to opening no-frills accounts in banks. Many of the banks' staff seem to be of the opinion that just opening no-frills accounts to fulfill their targets would absolve them from all the financial inclusion obligations. Nothing could be more wrong than this. No-frills accounts are important, but under the current status they do not seem to be serving any purpose.

It is estimated that so far out of the no-frills accounts that have been opened hardly 11% are operated at least twice. This shows that the activity is undertaken to fulfill an "unwanted" obligation rather reluctantly. One of the major issues in this aspect are that the financial institutions hardly seem to be in a mood to empower the poor with proper information on to the purpose of opening an account or on how to use to accounts in future too.

One of the major excuses the institutions seem to be taking cover of is lack of KYC information. Despite making this norm a much simpler activity banks still seem to be reluctant to fulfill this important obligation in a qualitative manner.

Of course in some of the places, now the MGNREGA work is being routed through the banks.

Nil / Inadequate publicity in comparison with Other Financial Products& Services offered

How many banks are financial institutions have advertised or published any information about the need for total inclusion to the disadvantaged needy, which not only is an important but also a noble cause? Aren't we compelled to draw the conclusions that the priorities of the banks seem to be skewed while they direct so much of their attention and also resources towards loss making propositions?

Lack of Customisation of services

How many financial products and services have so far been customized to suit the needs and demand of the disadvantaged needy? Are the products being designed on perception of need and convenience of supply? India being a country of diverse cultures and practices and the needs vary from geography to geography, the providers should consciously move away from the "One-size-fits-all[17]" tendency and try to innovate products and services that would be suitable to the segment.

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[17] Presentation on "Financial Inclusion of the Urban Poor" by Ms. V. Gayathri, CEO, Labournet& Mr. RathishBalakrishnan, Director, Sattva at the India Urban Conference, 2011 – extracted on 8th November, 2011 from http://iuc2011.in/sites/default/files/presentations/Financial-inclusion-for-the-urban-poor.pdf

Poor / Inadequate Capacity Building Exercises?

How many financial institutions are finding time and inclination to educate the disadvantaged needy on the importance of accessing the spectrum of financial services?

There are several NGO-MFIs which are trying their best to extend Financial Literacy Programmes but due to several constraints, the major one being financial support, these are limited and pale in comparison with the actual need. Moreover, the financial literacy programmes are also not uniform, in content and delivery.

Operational Bottlenecks

KYC norms and forms are taken as the most convenient bottleneck in the financial inclusion exercises. Related bottle necks are varied interpretations of norms and guidelines, in the same organization across different branches etc.

Inadequate networking to link the excluded into the mainstream activities

It would be good if a global network involving all the stakeholders concerned viz.,, Central and State Governments, Regulators like RBI, IRDA, SEBI, PFRDA, and FIs like NABARD,NHB, National Savings Institute, Banks, other institutions like UIDAI, Insurance Companies, Mutual Funds and other indigenous financial institutions, and NGOs can be expeditiously formed.

This network should work together in a sequential schedule of linking up between capacity building, financial literacy, product knowledge and extension of various services, consumer protection and grievance addressing and redressal, which in the present scenario seems to be quite weak and not really up to date to the desired extent.

Mentality of neglecting the disadvantaged / poor (Feudal to Poor approach)

Let us consciously / conscientiously say how much respect or even attention is being extended to the disadvantaged needy / poor when they visit the financial institutions / banks. Just because they cannot bring in adequate quantity of business the quality of customer service towards them suffers drastically. Is it not the time for the disadvantaged needy / poor who are also the sovereign citizens of this great country be treated as equals? By not doing this, are we not excluding them socially as well?

More frequent Regulatory Supervision

The regulators should periodically supervise the implementation of the policies by the stakeholders concerned; especially the providers and the supervision should not be spaced out distantly. It should be more frequent and also effective in that the providers will extend their services more conscientiously and qualitatively. Presently the inclusive activities seem to be undertaken as a reluctant obligation which itself is not inclusive in nature.

Regulatory Challenges

[18]Market response, better stakeholder coordination, difficulty in obtaining reliable data, national identity documents and systems (for KYC requirement), provider and consumer understanding and client protection. As the graduation towards technology based financial inclusion (Internet and mobile banking) takes place, security concerns also pose challenges.

Mental blocks and fear complexion on part of the disadvantaged needy

If all the above issues are connected from the supply side, there are also issues from the demand side. Mostly ignorance and fear complexion on part of the disadvantaged needy / poor due to pre-conceived notions, mental blocks and also in some case due to past unsavoury experiences.

Taking technology to the masses

Though entered the foray only recently, the penetration of telecom services in India seem to be at a much faster pace and deeper than the financial services which are at least a couple of centuries old. It would, hence, augur well to design simple technology and take the same to the people first in the urban areas and steadily to percolate to rural areas thus putting at rest several of the objections and obstacles that crop up in the financial inclusion.

Having spoken of the deficiencies/gaps so far, we need to examine suitable ways out to attain our goal of financial inclusion. The strategies could be

World Bank suggests 6 components of strategies[19] to attain financial inclusion, viz.,

1) **Stock taking**: Data and diagnostics (In our case some headway has already been done and action to put financial inclusion in place is taken. However, a relook needs to be taken whether the entire target segment has been covered. Aadhar could help in due course of time)
2) **Targets and Objectives**: These also have been spelt out to a large extent with timelines
3) **Strategy Building or Revision**: Strategy has been to cover through Banking sector. Now a study has to be undertaken to see whether desired results have been attained and if not strategies should be re-looked and revised. Here networking would certainly play an important role

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18Centre for Financial Inclusion (Accion) Publications 12-Survey Repot "Opportunities and Obstacles to Financial Inclusion' by Anita Gardeva & Elisabeth Rhyne, July 2011-extracted on 10th November, 2012 fromhttp://centerforfinancialinclusionblog.files.wordpress.com/2011/07/opportunities-and-obstacles-to-financial-inclusion_110708_final.pdf

19 The World Bank's "Financial Inclusion Strategies" of June, 2012-extracted on 11th November, 2012 from http://siteresources.worldbank.org/EXTFINANCIALSECTOR/Resources/282884-1339624653091/8703882-1339624678024/8703850-1339624695396/FI-Strategies-ReferenceFramework-FINAL.pdf

4) **Public Sector Actions**: Policies, Regulation and Financial Infrastructure. It is becoming evident that despite policies and regulations are in place to some extent, financial infrastructure does not appear to be structured enough to reach the target segment

5) **Private sector actions**: Apart from roping in the NGO sector is this the time to rope in private sector also through Corporate Social Responsibility discharging in this regard?

6) **Progress Monitoring**: The need of the hour seems to be monitoring and evaluation continuously rather than frequently and taking remedial action.

In the words of Shri V. Leeladhar, Deputy Governor, Reserve Bank of India during his commemorative lecture at Fedbank Hormis Memorial Foundation, Ernakulum during 2005[20]

"It is becoming increasingly apparent that addressing financial exclusion will require a holistic approach …………in creating awareness about financial products, education, and advice on money management, debt counseling, savings and affordable credit.

The banks would have to evolve specific strategies to expand the outreach of their services in order to promote financial inclusion.

Banks should give wide publicity to the facility of no frills account. Technology can be a very valuable tool in providing access to banking products in remote areas. ATMs cash dispensing machines can be modified suitably to make them user friendly for people who are illiterate, less educated or do not know English.

….banks need to redesign their business strategies to incorporate specific plans to promote financial inclusion of low income group treating it both a business opportunity as well as a corporate social responsibility. They have to make use of all available resources including technology and expertise available with them as well as the MFIs and NGOs.

It may appear in the first instance that taking banking to the sections constituting "the bottom of the pyramid", may not be profitable but it should always be remembered that even the relatively low margins on high volumes can be a very profitable proposition.

Financial inclusion can emerge as commercial profitable business. ……. the banks (and other financial institutions) should be prepared to think outside the box!"

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[20] Extracted on 11th November, 2012 from http://www.bis.org/review/r051214e.pdf

The learnings from the studies undertaken by UNDP-NABARD by and large echo the above thoughts.

Conclusions and Recommendations from the Assessment Study of Design and Delivery of Financial Literacy among the poor across the Seven UN Focus States:

Recommendations

Strategy to be followed in Financial Literacy Programmes

The following strategy is recommended for both enhanced financial literacy and financial inclusion in these states as well as for the country. These are

1. Mass based approach:

The focus should shift from SHG centric financial literacy programmes to a mass based approach to include more financially excluded households.

2. Use of more SHG and NABARD Platform:

The structured form of programme can be delivered through SHGs and NABARD platform, which will help in higher outreach than a few programmes which are being conducted. While SHGs are more focused on credit and bank linkages in their capacity building programmes, the structured programme can broaden the knowledge of members in other services and about institutions. The resources of NABARD could be used to conduct financial literacy programmes on a greater scale using a more structured approach.

3. Staggered approach to financial literacy training should be adopted:

Given the literacy level of the participants, it would be more appropriate to conduct the same training in a phased manner for higher effectiveness. This is also a feedback from the field and also is reflected in the low absorption by the current participants.

4. Complementing Financial Literacy and Financial Inclusion:

The effectiveness of financial literacy programme can be higher when coupled with financial inclusion programme as exhibited in some states as well as in the informal cases (SHGs and MFIs). On the other hand, either financial inclusion or literacy programmedoes not serve the purpose.

In the former, the members remain inactive after a point of time while in only literacy programmes there are sometimes problem of access and lack of practical exposure.

5. Use of combination of lecture cum audio-visual methods:

This is again linked to literacy level of the participants. While it is useful to give concepts through lectures, it would be more prudent to develop content using audio-visual methods, where both participation and attention is higher.

6. Monitoring and Follow-up to financial literacy programmes:

It is also recommended that monitoring of the quality of the programme during training and follow-up, in the form of summarized re-collection of training and helping them in opening accounts. The latter is observed in the informal programmes such SHG capacity building and MFIs

7. Use of local or community trainers:

Preferably, the use of local trainers can be suggested for making the training programmes more effective as has been exhibited in the results in UP. This is because the training could be given in local dialect and participants feel more at ease.

For Policy Makers, the following recommendations are suggested:

1. Promote the concept of financial literacy as an integral part of financial inclusion:

This policy when implemented will give better results not only in inclusion but enhanced frequent usage in future. Second, it would catalyse the process in banks towards an integrated approach rather than financial inclusion only.

For UNDP, the following recommendations are being made to support the financial literacy programme:

1. Development of a more comprehensive and staggered financial literacy programme:

The comprehensiveness of programmes can be done through introduction of technicalities of financial services in the training. This is beyond the knowledge of products and institutions. This might help in better decision making by individual households. The phasing of programmes should be tried and developed. For both of these, it can involve the current financial literacy service providers and specialized institutions such as IFMR, The Livelihood School, IRMAs.

2. Carrying out Pilots on the new Programmes:

The pilots of the new curriculum and its phasing should be done to understand the additional cost incurred as well as its effectiveness in order to develop a more pragmatic scaling up strategy. This can be done in existing two states such as Rajasthan and Uttar Pradesh

3. Support the capacity building initiatives or training of trainers:

This is a key to effectiveness of financial literacy training programmes. Even with the current programme, the element of monitoring the quality of the existing programmes can be supported by UNDP for building a process which can be adopted

For Training Institutions, the following recommendations are suggested:

1. Development of more in-depth programmes:

The current programmes focus on raising general awareness but is sometimes inadequate for building the necessary confidence to deal with institutions and their complex products and services, particularly in savings and insurance. The technical aspects of financial services should be emphasized and covered in the programme.

2. Hand-holding and Monitoring during and post training:

Since the most effective mode is ToT, there is need for developing a process of monitoring of programmes, at least in the initial stages so that dilution of programmes is reduced. Hand-holding of the staff at the grass root is highly desirable for improving the effectiveness of financial literacy programmes

Helping in design of programmes as an inclusive part of SHG Capacity Building and NABARD programmes: The training institutions can also be involved in designing the mentioned programmes so that outreach could be higher and more effective.

For Implementers, the following recommendations are suggested:

1. Recommend local people for ToT:

The NGOs or any other implementing agency should find out appropriate personnel for ToT with some background of working in financial institution or a MFI and he/she should be conversant with local dialect.

2. Handholding the trainees after programme:

The key to the success of financial literacy programmes is not only generation of awareness but also sustained demonstration of financial inclusion. This should be adopted as a strategy and with possible incentives to the trainers.

The above-mentioned combinations of approach to financial literacy and inclusion would involve time, manpower and monetary resources. The extent to which this could be done has to be further examined for a more detailed manner for formulating a revised financial literacy programme.

On ICT and Financial Literacy

So far, organizations such as banks, regulators etc., faced constraints in evaluating any IT enabled Financial Inclusion initiatives in terms of assessing feasibility to launch such initiatives, capability of vendors to provide and maintain such initiatives, long term sustainability and customer acceptance etc. This can only be addressed by having a mechanism through which one can evaluate the ICT enabled FI initiative on various dimensions such as business model, technology features, user friendliness etc. The research conducted as part of this study, consultations with important stakeholders and workshops helped in designing such a framework that can be used as web application.

Such a tool will help the evaluator rate different dimensions of the project, get an overall score and understand whether the initiative contributes towards effective financial inclusion. An evaluator can also compare the score obtained for a project with a score of successful project that can be used as benchmark and understand how beneficial the new project is.

Hence it is advised to use the tool with evaluation framework for existing and current projects to gain more information on the issues to be addressed from a dimension perspective.

But having such a tool is not enough to judge the viability and sustainability of the initiative proposed. One would also need to look at how the project can be supported by technology that is cost-effective, deployable, scalable, impactful, implementable and easy for consumers to interact with. Hence prospecting of technology is critical.

It is therefore suggested that NABARD should have a formal process for technology prospecting through its IT innovation network to ensure identification and selection of proper technologies, which may enable FI initiatives in the country.

Also important is the prospecting of ecosystem in which the project is expected to be executed. A robust and cohesive ecosystem is needed for sustainable project which is possible only if the stakeholders have incentive to promote and commit their resources to the project.

For that to happen there needs to be widespread revisions at policy level after understanding the strength of ecosystem. For e.g. limitations on area of operations, commissions, KYC compliance etc. on banks, BCs etc. deter them from focusing on strengthening such initiatives.

Hence there needs to be a relook into the policies that restrict the operations in FI initiatives of banks, BCs etc., once the entities of the ecosystem, their needs, capabilities, offers, expectations, seriousness, future plans for strengthening the project etc. are analyzed.

This would ensure that the important areas that impact the FI project's success are addressed which are Effectiveness, Feasibility and Sustainability. Once these conditions are met, the project can be judged as an effective ICT enabled FI initiative that can address the issue of financial exclusion in India.

Summarising Recommendations

The studies and the e-discussions have confirmed the perception that in the journey from illiteracy to empowerment and client protection "Financial Literacy plays an important and efficient tool towards Financial Inclusion and Client Protection"

While a good job is being done at present given the diversity of the country's geography, cultures and psyche of the people there always could be scope for development.

The following are some suggestions to take forward Financial Literacy as an integral and vital part of the Financial Inclusion Process:

People should have an urge to know aboutand urge to access financial services. Thisis a primary driver of demand for anyproduct or service. This is as well may bethe reason for the success of mobilepenetration in India.

Hence it is importantto understand how any FLP can createsuch urge or desire for financial services.

Banks at the Macro Level may be making well-meaning policies and strategizing.

But banks at the Micro Level in the rural areas must look at the opportunity at thebottom of the pyramid andmove into financial inclusion ina big way.

Financial Literacy programmes and interventionsmay look simple but definitely requiregreat expertise of well experienced and empathising resourceagencies. Mechanical repetition by those whohave received some stand-alone training mayhave adverse impact on the programme.

FinancialLiteracy programmes and projects should thereforebe undertaken and administered with a holisticapproach in close coordination and cooperation of all stakeholders of the FL / FI programmes including the beneficiaries so that programmes and content could be created in a uniform, standard but regional requirement way for better delivery, retention and impact. Similarly there should be knowledge and experience sharing among all stakeholders for standardizing and learning lessons.

When different programmes are being imparted in different geographies impact should be measured as impacting can be a good indicator of the efficacy of a programme.

It is not justified to suggest or advise the poorto save out of MGNREGA payments but weshould allow the poor to spend the money asper their profligacy. The institutions in the rural areas usually arereported to mobilize savings in the rural areasand extend loans to rich in the cities.

The beneficiaries of the FL / FI programmes should be taught to be embedded into their minds the formula of savings that is INCOME (Less) SAVINGS = EXPENSES.
If thesavings by the poor do not result in investingsuch savings for the development in theirareas, then there is no reason why the poorshould save.

It appears that Allahabad Grameen Bank printed Calendars with FL as themeand with inputs to farmers. Thisoffers an interesting communicationoption to promote FL, as householdsfrequently look at or refer to the Calendarevery month of the year.

If each of theGrameen Banks in the country can use a portion of the budgets allocated for FL (only reasonable spend and not wholly for the calendars) imagine the reach of FL / FI across the target universe.

Most of the staff of rural branches of banks seem to be reluctant to open no-frill accounts for the poor for the simple reason that these accounts do not have cash balances left in them and only a lot of drudgery need to be undertaken. As no-frill accounts are mandated, the bank staffs create excuses to clients saying that somebody is on leave, or they are undergoing auditing or any other reason that the poor clients find it a dis-incentive to keep on visiting the banks for opening accounts and losing their daily wages in the process.

Rural branches of many banks work like Post Offices with one or twopersons manning the bank branch and providing multiplebanking services. Average age of bank employees is more than50 years and they are reported to be having problem in workingwith latest technologies.

In some remote rural areas, where thebank branch staff would have to get back to their place ofresidence, they are always under pressure to close their day'swork by the time they have to catch the bus to travel back homein the evening.

Policy makers and regulators need to take a call on this and rectify the situation as early as possible

The FM Radio, 94.3 covers area within 60 km. radius is being usedto spread messages about FL. Sound bites like GM RBI, EDNABARD and CGM NABARD are being used. This is contractedto be broadcast 10 times a day and 2 to 3 days a week over a threemonth period.Float Van or Theme based van is used cover an about 60 to 70villages. The van is used as a base to spread messages using audiovisuals,street play, quiz programme etc. This was done for about 15 to20 days in October. Pamphlets were distributed by 94.3 FM Radiothrough the van.

This is a classic example of using ICT towards Financial Inclusion. This experience could be replicated in other geographies towards an accelerated Financial Inclusion. Usage of Mobiles, Community Radios and ICT Kiosks innovatively, to reach out to the poor should be encouraged.

Many of the Migrant labourers find it difficult to send in their earnings to their families in their native places in the absence of a viable remittance system for them. Many of them have to necessarily rely on "Hawala" type of money transfers apart from services of Post Offices.

The Financial Inclusion Programme should very clearly find a way to resolve this uncertain Remittance issues.

Despite all the formal systems of financial services, even today, the poor man needs to approach only the money-lender as all the formal systems have failed him.

If the system cannot eliminate money-lenders why can't the system assign a role for the money-lender in the Financial Inclusion Programme?

Post offices are everywhere in the country. Similarly Courier offices are budding everywhere.

There should be concerted efforts to bring these institutions also into Financial Inclusion mission.

Financial Inclusion is not a one-shot programme but a continuum. This could require much attention and hand-holding on part of all the stake-holders especially the training agencies.

Need-based hand-holding to the beneficiaries should be factored as a process of the FL and FI.

Despite our age old practice of savings and withering many economic shocks by our country with a strong saving support, India still has been ranked 23rd among 28 countries surveyed[21]*where it was found that only 35% of the surveyed universe were saving.*

This gives immense scope for the efforts, towards financial inclusion to continue, of which Financial Literacy becomes vital and pivotal.

Africa is one place where mobile technology is being used rapidly.

Dr. Mihasonirina Andrianaivo, an economist in the Regulatory Affairs Division of France Telecom in Paris, wrote for Africa Finance Forum[22] that "*Between 2008 and 2010, financial services via mobile phones were launched in 16 African countries (and more recently in Burundi, Botswana and Zimbabwe), enabling people who would not be reached profitably with traditional branch-based financial services to have access to financial services by other means. Therefore, the increasing development of ICT and mobile phones help fill the financial infrastructure gap that has been acute in African countries".*

Earlier, she along with Kangni Kpodar[23] wrote, in "ICT, Financial Inclusion, and Growth: Evidence from African Countries"that "*financial inclusion could be one of the channels through which mobile phone diffusion contributes to growth. Using a standard growth model and the System GMM estimator to address endogeneity issues, the results of the estimations reveal that ICT development (captured by the penetration rates of mobile and fixed telephone and communication costs) contribute to economic growth in Africa. In addition, financial inclusion, measured by the number of deposits and loans per head, is conducive to economic growth and appears to be one of the channels of transmission from mobile phone development to growth. More importantly, the interaction between mobile phone penetration and financial inclusion is found positive and significant in the growth regression*".

We should study these pro-active measures to understand how we can use the same here too.

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[21]VISA International Financial Literacy Barometer 2012-Extracted on 6th November, 2012 from http://www.practicalmoneyskills.com/summit2012/decks/bodnar.pdf

[22]"ICT, Financial Inclusion and Economic Growth in Africa" by Mihasonirina Andrianaivo-Extracted on 15th Nov.,'12 fromhttp://aff.mfw4a.org/index.php?id=147&tx_t3blog_pi1%5BblogList%5D%5BshowUid%5D=191&tx_t3blog_pi1%5BblogList%5D%5Byear%5D=2011&tx_t3blog_pi1%5BblogList%5D%5Bmonth%5D=10&tx_t3blog_pi1%5BblogList%5D%5Bday%5D=10&cHash=0712f87160e56ea9d363772df2e99c47

[23] IMF Working Paper WP/11/73 "ICT, Financial Inclusion, and Growth: Evidence from African Countries by *Mihasonirina Andrianaivo and Kangni Kpodar*-Extracted on 15th Nov., '12 fromhttp://www.imf.org/external/pubs/ft/wp/2011/wp1173.pdf

In India, financial literacy could now be only for the disadvantaged needy / underprivileged / poor but this is a continuous process where all citizens of the country should be periodically educated, which would become a certain tool to pave for the economic growth and the strength of the country.

Glossary of Figures and Tables

Figures

(Fig.1 to 6 Hemantha Kumar PamarthyFig. 7 –Courtesy – Study Report titled *"Facilitating ICT enabled Financial Inclusion in India"* by Prof. Rajanish Dass, Indian Institute of Management, Ahmedabad, Gujarat, India for UNDP-NABARD)

Tables

General Data Tables

Primary Data Tables

(Source courtesy: Report titled *"Conducting an Assessment Study of design and delivery of Financial Literacy among poor across 7 UN Focus States"* by BASICS Limited, Hyderabad, Andhra Pradesh, India for UNDP)

PDT-8 Management of Household Budgeting after FLP on Budgeting

PDT-9 Awareness on Various Financial Institutions for Savings

PDT-10 Content covered on Savings Institutions in FLP

PDT-11 Usage Enhancement in Institutions after FLP

PDT-12 Usage Enhancement in Products after FLP

PDT-13 Content coverage on Saving Accounts and the effectiveness

PDT-14 Usage of Various Saving Products

PDT-15 Knowledge of opening & operating an a/c (through FLP)

PDT-16 Awareness of Savings A/c Procedures

PDT-17 Awareness of Various Financial Institutions for Credit

PDT-18 Content Covered on Credit Institutions and awareness of respondents

PDT-19 Knowledge of Loan Procurement

PDT-20 Awareness of different loan features

PDT-21 Content Covered on different features of loans awareness of Respondents post FLP

PDT-22 Sources of Loans Taken after FLP

PDT-23 Awareness of different loan products

PDT-24 Content covered on various loan products in FLP

PDT-25 Awareness of different Insurance products

PDT-26 Content covered & awareness on various Insurance types

PDT-27 Content covered in FLP on Insurance features

PDT-28 Geographical Spread of UNDP-ISMW financial literacy programme

PDT-29 Head of the Family

PDT-30 Financial Decision-maker of the House

PDT-31 Empowerment of women who attended Informal or Formal Programmes of Financial Literacy

PDT-32 Women who felt empowered after attending a Financial Literacy Programme

PDT-33 Study on Tools (Pedagogy) used by the Financial Literacy Programmes

PDT-34 Period of Financial Literacy Programmes & Attendance

PDT-35 Opinions on the Duration of the Programmes

PDT-36 Levels of satisfaction derived by the attendees of the FLPs

PDT-37 Desire / Willingness for attending a follow-up programme

PDT-38 NABARD's workshop with commercial Banks

PDT-39 Business Issues

PDT-40 Policy Issues

PDT-41 ICT Issues

PDT-42 Gaps in Financial Inclusion from Supply and Demand Dimension

PDT-43 Availability of Products and Services

PDT-44 Comparing various stages of Financial Inclusion in India

Secondary Data Tables

(Source courtesy: Report titled *"Conducting an Assessment Study of design and delivery of Financial Literacy among poor across 7 UN Focus States"* by BASICS Limited, Hyderabad, Andhra Pradesh, India for UNDP)

SDT-18 Bihar

SDT-2 Chhattisgarh

SDT-3 Jharkhand

SDT-4 Madhya Pradesh

SDT-5 Odisha

SDT-6 Rajasthan

SDT-7 Uttar Pradesh

Annexure -1

The major trainers of the Financial Literacy Programmes under the study

Formal	Informal
Anupama Society	Women Dev. Corpn.(WDC)
BCT NGO	MFIs
ISMW	Nidaan
NABARD	(Bihar Rural Livelihoods Project) BRLP
Reserve Bank of India	Sakhi Co-operative
SEWA-Cooperative	(Social Revival Group of Urban, Rural & Tribal) SROUT
UNDP	Dena Bank's FLCC
Vama Society	(Nav Bharat Jagruti Kendra) NBJK
	(Lok Prema) LP
	Tribal Development Society
	(Integrated Development Foundation) IDF
	Alternative for India Development
	SBI Village Meetings
	(Tata Steel Rural Development Society) TSRDS
	(Sahiyogi Mahila Kendra) SMK
	Pradan
	(Karra Society for Rural Action) KSRA
	(Krishi Gram Vikas Kendra) KGVK
	Vikas Bharti
	Jan Jagran Kendra
	Lupin and Setin (corporates' CSR?)
	Dhan Foundation
	Central Bank of India's FLCC
	Punjab National Bank's FLCC
	Rural Development and Self Employed Training Institute (RUDSETI)
	Centre for Youth and Social Development (CYSD)

	Harijan Adivasi Mangal Samiti
	Orissa Rural Infrastructure Development Association
	Association for Development and Research Socio-Economic Association (ADARSA)
	Netaji Jubak Sangha
	Swarnajayanti Gram Swarozgar Yojana (SGSY)
	Aruna Seva Samsthan
	Swayam Krushi Sangham (SKS)
	Bank of Baroda's FLCC
	Ibtada
	People's Education and Development Organisation (PEDO)
	Pushtikar Laghu Vyaparik Samstha
	Samaj Seva Samstha
	United Commercial Bank (UCO)' FLCC
	State Bank of Bikaner & Jaipur's FLCC
	Krishi Sahayta
	Life Insurance Corporation
	Village Development Plan (VDP) with NABARD
	Bal Chetana Trust
	Development Alternatives
	NEED MFI
	Rajiv Gandhi Trust Pariyojna
	Cashpor MFI