

WORKING PAPER, NO: 568

**Financial Inclusion after PMJDY:
A Case Study of Gubbi Taluk, Tumkur**

Charan Singh

*Economics and Social Science
Indian Institute of Management Bangalore
Bannerghatta Road, Bangalore-560076
Ph: 080-26993818
charansingh@iimb.ac.in*

Gopal Naik

*Economics and Social Science
Indian Institute of Management Bangalore
Bannerghatta Road, Bangalore-560076
Ph: 080-26993266
gopaln@iimb.ac.in*

Year of Publication – March 2018

Financial Inclusion after PMJDY – A Case Study of Gubbi Taluk, Tumkur¹

Abstract

Pradhan Mantri Jan-Dhan Yojana (PMJDY) was introduced in August 2014 and has achieved record success in terms of ensuring almost 100 percent household coverage. The study attempts to examine the success of PMJDY in six Gram Panchayats of Gubbi. The study finds that new accounts have been opened by women, small and marginal farmers, and rural people with no formal education. The properly run, Common Service Centres have served an important purpose of facilitating financial services to rural population. Interestingly, demonetisation did not have any long term impact on the behaviour of users nor bankers but money lenders improved their services. The other financial schemes of the government pertaining to pension, insurance and social security have yet to make an inroad into rural sector. However, digitalization of the economy needs to be carefully addressed because many respondents were not comfortable in using online, internet, ATM and mobile banking.

Keywords: Banks, common service centres, business correspondents, demonetization, farmers, financial Inclusion, financial literacy, money lenders, non-farmers, PMJDY, RuPay card, self-help groups.

¹ The authors would like to thank Shivakumara Reddy K for extensive research work in data collection, data formation, and data presentation. The authors also thank Ajay Pai, Sanjay H N, Nethravathi Dhannur, Somya Soti, Rhea Reddy, and Jafar Baig for research assistance.

Financial inclusion promotes economic development. An efficient financial system in a country includes well developed commercial banks. The country's structure of financial system plays a crucial role in smooth and efficient functioning of the economy as well. A financial system involves set of multiple segments and is associated with institutions, agents, practices and markets. Financial development through a network of banking institutions helps to mobilize savings and investment in the economy for productive purposes.

The Government of India along with the Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) has been making concerted efforts to enhance financial inclusion in India. These measures include expansion of formal financial services, licensing new banks, increasing number of branches of banks, increasing banking outlets, extension of ATM services, promoting SHGs-Bank linkage, encouraging Micro Finance Institutions (MFIs), use of Business Facilitators and Correspondents, easing of 'Know-your - customer' norms, electronic benefits transfer, use of mobile technology, opening of 'no-frill accounts' and emphasis on financial literacy. Other measures to support financial inclusion include opening customer service centers, credit counselling centers, and offering kisan credit card, national pension scheme, and national insurance scheme.

Financial inclusion is a process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups in particular, at an affordable cost, in a fair and transparent manner, by regulated, mainstream institutional players (GOI, 2008). The objective of financial inclusion is to transform the lives of vulnerable people, mainly poor, by providing them access to banking finance and enabling them to generate stable income (Reddy, 2017). Financial Inclusion helps vulnerable segments of the society and is concerned with financial needs of people requiring financial services like saving accounts, credit on easy terms, insurance, asset-leasing, and pensions.

In fact, contrary to general belief, historically, India is a pioneer in financial inclusion. The Cooperative Credit Societies Act, 1904 gave an impetus to cooperative movement in India (Roy, 2011).² The objective of cooperative banks was to extend banking facilities, mainly availability of credit on easy terms compared to money lenders who were well know to charge high rates of interest. In India, financial inclusion exercise explicitly started with

²More than a century later, cooperative banks continue to flourish. In March 2016, there were 1,574 Urban and 93,913 Rural Cooperative banks in India.

nationalization of State Bank of India in 1955. In 1967, there emerged a debate on social banking and consequently 14 private sector banks were nationalised in 1969 to serve unbanked population, mainly weaker sections of society as well as rural areas. Financial inclusion promotes savings, particularly in rural areas and it brings vulnerable groups into formal banking services. The concept of priority sector lending became important by 1974 which implied directed lending to unbanked areas, and in 1980, eight more private banks were nationalised to extend banking in rural and remote areas. Since then, there has been considerable reorientation of bank lending to accelerate process of development, especially of the priority sector, which had not previously received sufficient attention.

In the previous decades, few initiatives were undertaken as discussed above, but formal thrust came from 2008 after adoption of recommendations of Report of the Committee on Financial Inclusion (GOI, 2008). RBI's cautious policy on financial inclusion had been to ensure a balance between equity and efficiency as well as ensuring financial health of banks and preserving their lending capacities. RBI had adopted a bank-led approach and has been neutral to the use of technology by individual banks. With the aim of making door step banking facilities available to the unbanked population, RBI during 2010-2013, identified villages with a population of more than 2,000 and allotted them to different banks for extending coverage through various modes of banking like branch banking, BC, ATMs, mobile vans etc. Consequently, according to the RBI, in January 2013, banking facility had reached more than two lakh villages with nearly 80 per cent out-reach through business correspondents, and nearly 10 crore savings bank deposit accounts, including erstwhile no-frill accounts, were opened during 2010 to 2012. In the second phase starting from 2013, close to 5 lakh unbanked villages with population lower than 2,000 were similarly allotted to various banks.

On August 15, 2014, Pradhan Mantri Jan Dhan Yojana (PMJDY) was announced which was launched on August 28, 2014. PMJDY is a comprehensive financial inclusion plan to provide banking services to all households in the country with a strong focus on the use of technology. It was realized that exclusion from the banking system excludes people from all benefits that come from a modern financial system. Hence, with this Mission, households will not only have bank accounts with indigenous RuPay Cards but will also gain access to credit for economic activity and to insurance and pension services for their social security. The main features of PMJDY include Rs. 5,000 overdraft facility for Aadhar-linked accounts and a RuPay debit card with inbuilt Rs. 1 lakh accident insurance cover. In addition, for accounts opened between

August 15, 2014 and January 26, 2015, a Life Insurance cover of Rupees 30,000 is available to the eligible beneficiaries. Additionally, one of the salient features of PMJDY was that after remaining active for 6 months, the account holder will become eligible for an overdraft of up to Rs 5,000. In recent years, after launch of PMJDY in August 2014, the reach of banking sector has been extended to nearly 95 percent of households. As on June 2016, 4,52,151 such villages have been provided banking services as of June 2016, with majority being covered through BCs.

The aim of this study is to understand the success of PMJDY. The strategy was to undertake a follow-up survey, a type of longitudinal study, on the same set of Grama Panchayats, where we had earlier conducted interviews in late 2013 and early 2014, before the launch of PMJDY.

The specific objectives are -

- a. To examine the success, reach and usage of accounts opened under PMJDY,
- b. To study the usage of RuPay Card,
- c. To study how different institutional arrangements are improving access to credit and cost of credit with focus on common service centers,
- d. To estimate cost of borrowing money across different sources and whether PMJDY has helped in reducing it, and
- e. To collect feedback from beneficiaries of PMJDY on expectations from PMJDY.

The study is organized in the following ten sections. A review of select studies is briefly presented in Section II. In Section III, context and methodology of current study is discussed. The success, reach and usage of accounts opened under PMJDY are discussed in Section IV. Section V is dedicated to the discussion on RuPay cards. In Section VI, the utility of common service centres is presented in detail. In Section VII, general literacy level of other financial schemes like insurance, pension and social security has been discussed. Demonetisation had significant impact on daily life in India during November and December 2016. The impact is analysed and examined in Section VIII of the study. An attempt has been made in Section IX to understand whether PMJDY has led to change in cost of borrowing for the farmers and non-farmers. Finally, conclusion and recommendations are presented in Section X.

Section II: Review of Select Studies

In the context of India, several studies have been conducted on issues related to banking the unbanked population. A brief review of literature of a few select studies is presented in the following analysis.

Tulasi et al. (2017) examined causes of involuntary exclusion from formal financial services and proposed solutions to them. A primary survey was conducted in slums of Delhi to elicit information on financial activities of locals. The study found that there was a demand side issue as these households did not make enough savings and were indifferent to formal and informal institutions when it came to borrowing. Authors suggested improving earning standards and devising tailored and targeted inclusion policies at sub-regional levels.

Schueth and Moler (2017) studied impact of demonetization on financial inclusion using a panel survey of 1,600 individuals before and after announcement of PMJDY in the states of Gujarat, Madhya Pradesh, and Rajasthan. The study found increased bank account registrations and active use of those accounts. It also observed that demonetization increased utilization of various financial services overcoming longstanding demographic barriers.

Günther (2017) used pan-India data from a survey of 135,147 individuals and another 16,000 households before and after the introduction of the PMJDY to understand trends in financial inclusion. The surveys were conducted in four lowest income states in India during 2013-15. The analysis indicated that PMJDY had significantly increased likelihood of previously unbanked population owning an account. But the author also noted a less substantial effect on the most marginalized segment of the people and large regional differences.

Ranade (2017) attempted to draw attention to the potential of fintech and its impact on financial services. He discussed the role of information management and its potential use coupled with the Jan Dhan-Aadhaar-Mobile phones (JAM) infrastructure that can give a big push to financial inclusion. The author also recommended caution in terms of privacy and ownership of data that would be generated in the process.

Bhanot and Bapat (2016) studied financial inclusion while incorporating the contribution of SHG-bank linkage programme thereby highlighting multiplier effect of Self-help groups (SHGs). Financial inclusion was evaluated based on data on branch penetration, credit penetration and deposit penetration collected during 2000-12. The authors concluded that in

rural areas, branch penetration had stagnated, but credit and deposit penetration had improved with a promising improvement due to SHG-bank linkage programme.

Mukhopadhyay (2016) pointed out asymmetry in evaluating financial inclusion from supply side and demand side variables. The author used data from a pan-India survey of a representative adult population, to compute a financial inclusion index for 22 states capturing demand-side information. The author found differential access to bank credit between poor and non-poor in most of states and that non-poor persons were more likely to save in a bank compared to poor. Also, to save money, keeping it at home and in chit funds was preferred even in non-poor states. He noted that merely giving access to financial services may not help achieve satisfactory results as actual usage of these services was not guaranteed.

Ghosh and Vinod (2017) used All India Debt and Investment Survey data (2013) to analyse access to and use of cash loans by households and relevance of gender. The authors found that female headed households were less inclined to access formal modes of finance and more inclined to access informal finance. Women faced restraints due to both demand and supply factors that impeded their access to and use of formal financial services.

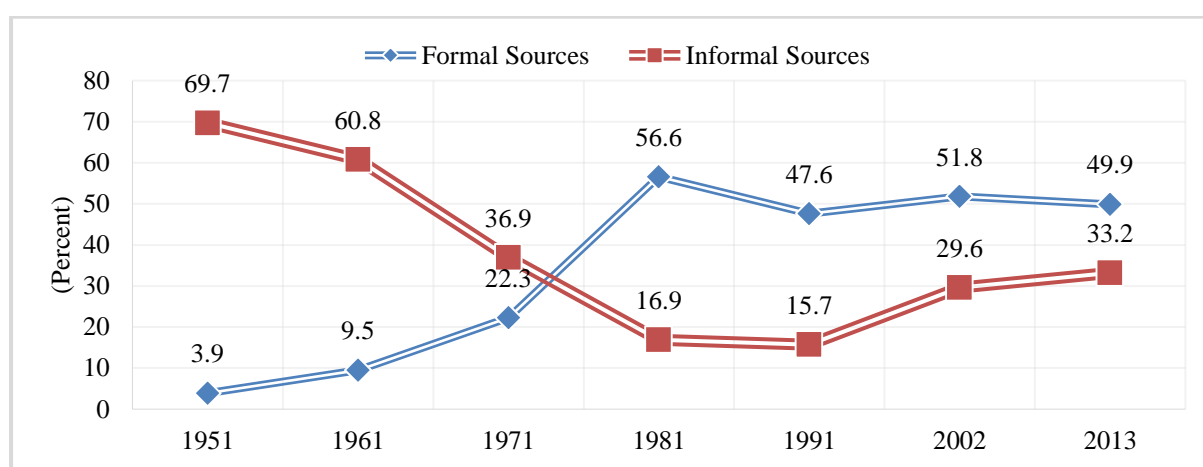
The report by IFMR (2017) discussed results of case studies focusing on digital literacy and in-depth quantitative surveys, and focus group discussions with consumers and service providers. The results drew attention to shift in challenge of digital finance from willingness and ability to its access and regular usage. There was a need to systematically develop local ecosystem to bring more users to accept digital finance. Further, digital financial data generated by low-income consumers can be used to discern patterns in payments, savings, credit which can help service providers design targeted financial products catering to diverse and specific segments of society. But these potentials remained untapped as digital finance ecosystem was yet to be scaled up beyond urban financially integrated individuals.

Section III: Context and Methodology of Current Study

Financial inclusion provides easy credit and protects vulnerable groups from exploitation by money lenders. The efforts made by the Government and the RBI resulted in branch expansion, but money lenders continued to play an important role. The number of banking offices in India, on the eve of establishment of the RBI in 1935, were 946. In March 1969, when banks were nationalized there were only 1,833 rural and 3,342 semi urban bank offices out of total 8,262

offices. Of these, there were 160 branches of Imperial Bank, 98 of exchange banks and 688 of Indian joint stock banks. This implied one bank branch for 3 lakhs of population. In such situations, money lenders were doing substantial business and continued to play an important role in rural areas, even after nationalisation, because bank branches were few and located far away. The spread of branch network after nationalisation was extensive rising from 8,262 in 1969 to 1,25,857 in 2015 but despite government's efforts to expand banking penetration and extend credit, share of professional money lenders in rural credit started increasing after 1991 (Chart 1).

Chart 1: Institutional and Non-Institutional Rural Credit



Note: Informal Sources: Consists of Money Lenders, Formal Sources: Consists only of Co-op. Society/bank and Commercial bank incl. RRBs.

Source: All India Debt and Investment Survey, Various Issues, NSSO.

In India, banking penetration has been low despite efforts made by the RBI and Government. The main aim of government effort under financial inclusion is to extend credit to rural and vulnerable segment of society. In 2011, according to census, only about 58.7 percent of people in India were availing credit from formal, institutional sources (Table 1).

Table 1: Availing of Banking Services in India

(in percentage)		
Region	2001	2011
Rural	30.1	54.4
Urban	49.5	67.8
Total	35.5	58.7

Source: PMJDY Report, GOI, August 2014.

Special efforts by the Government

To ensure a banking account in every household, the Prime Minister, on August 15, 2014 announced the need for concerted efforts. PMJDY, envisages universal access to banking facilities with at least one basic banking account for every household, need-based credit, remittances facility, and insurance and pension to the excluded, mainly weaker sections and low-income groups so as to provide financial services to larger segments of society.

Consequently, as on February 21, 2018, total number of accounts opened under PMJDY were 31.14 crore, and 23.51 crore of RuPay Cards had also been issued to beneficiaries. In rural areas, 18.28 crore of bank accounts were opened while 12.85 crore bank accounts were opened in urban areas. In this effort, the contribution of public sector banks was significantly larger than private sector and regional rural banks (Table 2).

Table 2: Accounts opened under PMJDY - Bank-wise

(As on February 21, 2018) (Rs. Crore)

Bank Category	Total	Rural/ semi-urban	Urban/ metro	RuPay cards issued	Balance Amount in Accounts
Public Sector Bank	25.15	13.47	11.68	18.93	59,949.30
Regional Rural Bank	5.00	4.22	0.78	3.65	12632.74
Private Banks	0.99	0.60	0.39	0.92	2176.20
Total	31.14	18.28	12.85	23.51	74758.24

Source: MoF, GOI.

In Karnataka, 1.16 crore accounts were opened until February 21, 2018 of which 66.06 lakh are in rural areas and 49.70 lakh in urban/metro areas (Table 3). The average amount of balance under these accounts in Karnataka is Rs. 2,211.2 as compared with the national average of Rs. 2,388.4 for all-India.

Table 3: Accounts Opened under PMJDY - Karnataka and India

(As on February 21, 2018)

State	Total	Rural/ Semi-urban	Urban/ Metro	RuPay cards issued to beneficiaries	Balance Amount in accounts (Rs. crore)
Karnataka	1,15,75,434	66,05,695	49,69,739	92,53,238	2,564.45
India	31,13,78,576	18,28,43,835	12,85,34,741	23,50,65,583	74,758.24

Source: MoF, GOI.

In many districts of Karnataka, 100 percent coverage of households having accounts has been achieved. In Tumkur, every household has an account under PMJDY (Table 4).

Table 4: District-wise PMJDY Accounts in Karnataka – Household Coverage

(As on February 21, 2018)

District Name	Allotted Wards	Wards Survey Done	Household Coverage in Percentage
Bagalkot	429	429	99.98
Bangalore	350	350	100.00
Bangalore Rural	295	295	100.00
Belgaum	830	830	99.95
Bellary	487	487	100.00
Bidar	276	276	100.00
Chamarajanagar	234	234	100.00
Chikkaballapura	340	340	100.00
Chikmagalur	396	396	100.00
Chitradurga	441	441	100.00
Dakshina Kannada	383	383	100.00
Davanagere	346	346	100.00
Dharwad	224	224	99.67
Gadag	320	320	99.80
Gulbarga	472	472	100.00
Hassan	476	476	100.00
Haveri	385	385	99.83
Kodagu	178	178	100.00
Kolar	356	356	100.00
Koppal	369	369	99.86
Mandya	444	444	100.00
Mysore	434	434	100.00
Raichur	375	375	100.00
Ramanagara	268	268	100.00
Shimoga	469	469	100.00
Tumkur	518	518	100.00
Udupi	282	282	100.00
Uttara Kannada	649	649	100.00
Yadgir	224	224	100.00

Source: PMJDY, GOI. <https://pmjdy.gov.in/statewise-statistics>

Summary of Previous Research in Gubbi – Singh and Naik (2017)

Empirical Literature –Rural Karnataka– Singh and Naik (2017) had earlier completed a study in Gubbi Taluk, a rural area in Karnataka.³ The objective of study, based on survey undertaken in 2013 and early 2014, was to examine - a) extent of accounts created/opened, b) extent of usage of accounts, c) extent of ease of transaction, d) extent of relationship with financial institutions, e) extent to which expenditure/ investments have been facilitated, and f) to identify further measures, if any, to be taken to provide greater access to non-banked rural population.

The major findings of Singh and Naik (2017), analysing farmers and non-farmers separately, were - (a) though 96 percent of farmers had a bank account, only 55 percent of farmers availed loans from banking system; (b) total sum of loans availed from banks had increased; however, loans from money lenders had also increased over time; (c) Money lenders were located closer, have had a longer interaction span, and had grown in prominence over time; (d) majority of loans taken by farmers were for production purposes, and more than half of surplus money was invested for productive purposes. In case of non-farmers - (a) only 54 percent had a bank account and only 10 percent had availed loans from banks; (b) percentage of non-farmers availing loans from money lenders did not vary much even when the individual had taken a loan from a bank; (c) majority of non-farmers' loans were for consumption purposes although the results suggested that a lower percentage of non-farmers sought a loan from formal institutions.

Singh and Naik (2017) made the following key recommendations – (a) to increase financial literacy, there was need to extensively use electronic and print media, especially in vernacular language; (b) there was a need to educate and sensitize bank officials to financial inclusion who think of rural posting as ‘punishment’ posting; (c) the level of literacy of Business Correspondents (BCs) themselves needs to be raised through extensive training which should also be standardized; (d) setting up a robust telecommunication network in rural areas so that connectivity of handsets is continuous and not disrupted, to help bring in more banking transactions through BCs; (e) uniform and standardized handsets, distributed across the country to ease technology-related challenges faced by BCs; and (f) requirement for need based innovative products for rural sector and poor people, such as demand-oriented savings, credit

³ Singh and Naik (2017), available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2973741.

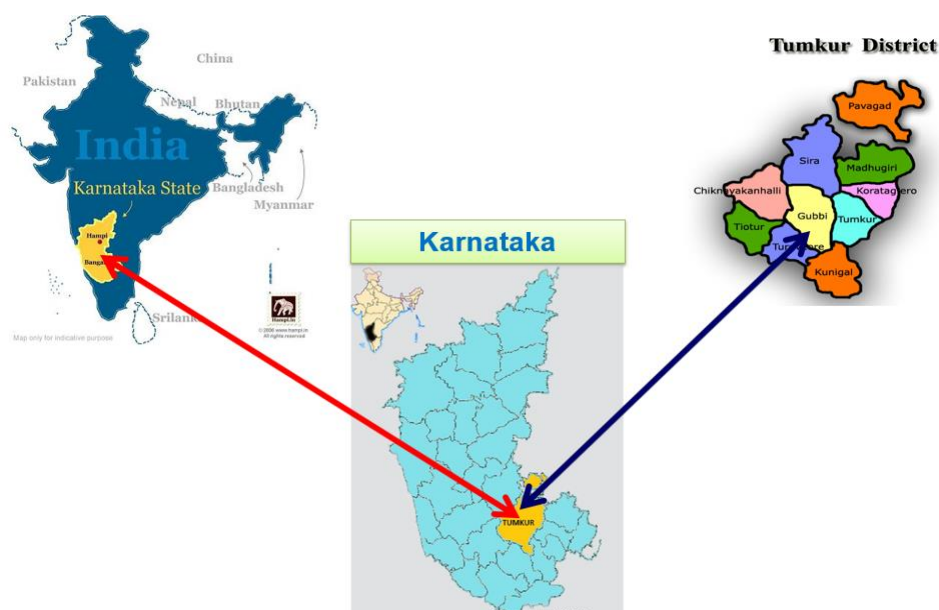
and remittance products that are customized to the lifestyle pattern and income streams in the rural sector.

Present Study

To understand the success of PMJDY, the present study focused on analysing the pattern of new accounts opened in different categories of farmers (ranging from small to large farmers), and gender distribution (males and females) of new accounts opened by people with different educational qualifications (no formal education to graduation and above). Therefore, the study focused on distribution of new accounts after launch of PMJDY as compared with new accounts opened before PMJDY.

The random sampling of six Gram panchayats was done in Gubbi during June to August 2017. The farmers and non-farmers in the sample were randomly chosen from gram panchayats namely Hosakere, Kodagihally, Kondli, Koppa, Nallur, and Nittur in Gubbi (Map 1).

Map 1: Map of Gubbi Taluk - Field Survey Are



Source: Source: www.mapsofindia.com

Questionnaire survey method was used to obtain necessary data through a randomly chosen sample of 209 individuals, of which 150 were farmers and 59 were non-farmers in the Gubbi Taluk, Tumkur district (Table 5).

Table 5: Sample Size – Gram Panchayats

(in Nos.)

	Hosakere	Kodagihally	Kondli	Koppa	Nallur	Nittur	Total
Farmers	21	27	33	30	21	18	150
Non-farmers	9	13	7	9	8	13	59
Total	30	40	40	39	29	31	209

Source: Field Survey Data.

In the current study, we interviewed more male farmers and female non-farmers. Over all, respondents included 52.6 percent of males and 47.4 percent of females (Table 6, Annex 1 to 3).

Table 6: Gender of Respondents* - in sample

(in percentage)

Gender	Farmers	Non-farmers	Total
Male	60.0	33.9	52.6
Female	40.0	66.1	47.4
Percentage	100	100	100
Total Numbers	150	59	209

Note: *Not necessarily head of household.

In terms of educational qualification, 44.7 per cent of farmers were matriculate and 2 per cent were atleast graduates. In case of non-farmers, 50.8 per cent were matriculates and 11.9 per cent were atleast graduates. Most of farmers and non-farmers had studied up to matriculation level, and only 24.0 per cent farmers and 16.9 per cent non-farmers had no formal education (Table 7).

Table 7: Educational level of Respondents in Sample

(in percentage)

Education	Farmers	Non-farmers	Total
No formal education	24.0	16.9	22.0
Education below matriculation	27.3	16.9	24.4
Matriculation/ Higher Secondary	44.7	50.8	46.4
Other Technical Course	2.0	3.4	2.4
Graduation and above	2.0	11.9	4.8
Percentage	100	100	100
Total Numbers	150	59	209

In the sample, most of the farmers (60.0 per cent) and non-farmers (72.9 per cent) were having 3 to 5 members in a family. The family size of farmers, in general, was larger than that of non-farmers. In the sample, 85.3 per cent of farmers were below poverty line while only 8.7 per cent of farmers were above the poverty line. In the case of non-farmers, 76.3 per cent of respondents were below poverty line while 13.6 per cent were above poverty line (Table 8).

Table 8: Household details of Farmers and Non-farmers

(in percentage)

	Farmers	Non-farmers
Total number of family members		
up to 2 Members	15.3	20.3
3 to 5 Members	60.0	72.9
6 Members & above	24.7	6.8
Do you have a Ration card?		
No Card	1.3	5.1
AAV Card (Antyodaya Anna Yojana)	4.7	5.1
BPL Card (Below Poverty Line)	85.3	76.3
APL Card (Above Poverty Line)	8.7	13.6
Total Numbers	150	59
Percentage	100	100

In most cases, applicable to both farmers and non-farmers, only one member had opened a PMJDY account in the family. In the case of 28.7 per cent of farmer households, atleast one family member had a PMJDY account while in case of non-farmers, this was 50.8 per cent. It is interesting to note that, despite efforts by the Government, 25.3 per cent of farmers and 22.0 per cent of non-farmers had not opened a PMJDY account (Table 9).

Table 9: Opening of PMJDY account in a Household

(in percentage)

Members per HHs	Farmers	Non-farmers
0 Member	25.3	22.0
1 Member	28.7	50.8
2 Members	24.7	20.3
3 Members	12.7	6.8
4 & > Members	8.7	0.0
Total Numbers	150	59
Percentage	100	100

In the sample of farmers, that we interviewed, 60.0 per cent were males and 40.0 per cent were females. Examining the sample of farmers from the size of their holdings, 76 farmers out of sample of 150 land less than 2.49 acre. The nuclear family is more associated with marginal, small and semi-medium farmers.⁴ In the case of medium and large farmers, 50.0 per cent of households had a joint family.⁵ The size of the family, in terms of family members, is generally large in case of medium and large farmers with 41.7 per cent of household having 6 members or more (Table 10).

Table 10: General family details of the Farmers

(in percentage)

	Marginal Farmer (Less than 2.49 Acres)	Small Farmer (2.50 to 5.00 Acres)	Semi-medium Farmer (5.01 to 10.00 Acres)	Medium and Large Farmer (10.01 and more Acres)	Total Farmers
Gender					
Male	61.8	53.7	66.7	58.3	60.0
Female	38.2	46.3	33.3	41.7	40.0
Household type					
Nuclear Family	80.3	78.0	90.5	50.0	78.7
Joint Family	19.7	22.0	9.5	50.0	21.3
Total number of family members					
up to 2 Members	18.4	9.8	19.0	8.3	15.3
3 to 5 Members	60.5	56.1	71.4	50.0	60.0
6 Members & above	21.1	34.1	9.5	41.7	24.7
Total Numbers	76	41	21	12	150
Percentage	100	100	100	100	100

Section IV: The Success, Reach and Usage of Accounts Opened under PMJDY

The scheme of PMJDY is making an impact in terms of preferences for opening a new account. Before PMJDY, more than 50 percent of farmers and non-farmers had general savings account (GSA) but after launch of PMJDY scheme, less people are preferring to open GSAs. These GSAs were generally opened directly in banks but after PMJDY, BC/BFs are playing an increasingly important role (Table 11).

⁴ Marginal Farmer is having land less than 2.49 acres. Small farmer is having land between 2.50 and 5.00 acres. Semi-medium farmer has land ranging between 5.01 to 10.0 acres. Medium and large farmer is having land which is more than 10.01 acres.

Table 11: Respondents having General Savings Account

(in percentage)

General a/c	Farmers		Non-Farmers	
	Before	After	Before	After
Do you have general savings account?				
Yes	50.7	20.0	62.7	16.9
No	49.3	80.0	37.3	83.1
Total Numbers	150	150	59	59
If Yes, where				
Bank	94.7	96.7	97.3	100.0
Business Correspondents / Facilitators (BCs / BFs)	5.3	6.7	2.7	20.0
Total Number of Yes	76	30	37	10

Note: Multiple responses, therefore, total may not add to 100 percent.

The awareness of the PMJDY is also lacking amongst farmers and non-farmers with 22.0 per cent farmers and 18.6 per cent non-farmers not being aware of the scheme. In spreading the awareness, banks and BCs/BFs have played an important role. As would be expected, awareness amongst males is higher than females. In the case of farmers, SHG's have also played an important role in increasing awareness (Table 12).

Table 12: Awareness of PMJDY amongst Respondents

(in percentage)

	Farmers	Non-farmers
Are you aware of PMJDY?		
Yes	78.0	81.4
No	22.0	18.6
Percentage	100	100
Total Numbers	150	59
If Yes, how? (only Yes)		
News Paper/Magazine	7.7	6.3
TV/Radio	6.0	12.5
Panchyat	14.5	10.4
Friends / Relatives	24.8	27.1
Bank	39.3	37.5
SHGs	21.4	16.7
MFIs	1.7	0.0
Post Office	0.0	0.0
NBFCs	0.0	0.0
Money Lenders	0.0	0.0
Dealers/ Mandi Merchants	0.0	0.0
BCs / BFs	39.3	45.8
Total Number of Yes	117	48

Note: Multiple responses, therefore, total may not add to 100 percent.

As part of PMJDY, more females have opened an account. It is interesting to note that, given launching of PMJDY, and increased awareness, more number of females are opening general savings accounts as well as PMJDY accounts, as compared to males. Earlier, before PMJDY, the number of females opening an account were significantly lower than males. Thus, PMJDY has made a difference.

Women seem to be more financially literate in all the panchayats except Koppa where the presence of SHGs was weak. SHGs proved out to be important source of information and spreading awareness amongst women.

The awareness of female respondents is influenced by TV/Radio, panchayats, friends/relatives, banks, SHGs and BCs/BFs. The role of BCs/BFs is significant in case of females, both farmers and non-farmers (Table 13).

Table 13: General Savings Account before and after PMJDY accounts - Gender
(in percentage)

Gender	General Savings a/c		Opened PMJDY a/c	Total Numbers
	Before	After		
Farmers				
Male	58.9	14.4	57.8	90
Female	38.3	28.3	66.7	60
Total	50.7	20.0	61.3	150
Non-farmers				
Male	75.0	15.0	50.0	20
Female	56.4	17.9	61.5	39
Total	62.7	16.9	57.6	59

Note: Multiple responses, therefore, total may not add to 100 percent.

PMJDY has led to increased opening of accounts of farmers and non-farmers with no formal education. Similarly, people with lower education, including matriculation, have benefitted from PMJDY, in terms of opening accounts (Table 14). The respondents, with educational qualification of graduation, having GSAs accounts earlier, have also opted for PMJDY.

Table 14: General Savings Account before and after PMJDY – Education of Respondents
(in percentage)

Education	General Savings Account		Opened PMJDY a/c	Total Numbers
	Before	After		
Farmers				
No formal education	41.7	16.7	61.1	36
Education below matriculation (1-7)	46.3	24.4	63.4	41
Matriculation/ Higher secondary (8-12)	56.7	20.9	59.7	67
Other Technical course (Diploma)	33.3	0.0	66.7	3
Graduation and above	100.0	0.0	66.7	3
Total	50.7	20.0	61.3	150
Non-farmers				
No formal education	40.0	20.0	50.0	10
Education below matriculation (1-7)	50.0	20.0	50.0	10
Matriculation/ Higher secondary (8-12)	63.3	20.0	60.0	30
Other Technical course (Diploma)	100.0	0.0	100.0	2
Graduation and above	100.0	0.0	57.1	7
Total	62.7	16.9	57.6	59

Note: Multiple responses, therefore, total may not add to 100 percent.

BC/BFs have been more than banks successful in spreading banking behaviour, and opening of PMJDY accounts. While more than 60 percent of both farmers and non-farmers opened their bank accounts with BCs, there was a major challenge observed in respect to their lack of proper functioning and accountability. The banks have also been playing an important role in PMJDY, with opening of accounts of 37.0 per cent of farmers and 38.2 per cent of non-farmers. In the survey, it was also reported that nearly 18 per cent of general savings accounts, of both farmers and non-farmers, were converted into PMJDY accounts dispelling the general impression that many PMJDY accounts are erstwhile no-frill accounts (Table 15).

Table 15: Source of PMJDY account opening

(in percentage)

	Farmers	Non-farmers
Opening a PMJDY account		
Bank	37.0	38.2
Business Correspondent / Facilitator (BCs / BFs)	63.0	61.8
General savings account and PMJDY account		
Not connected	76.1	79.4
General savings account converted into PMJDY account	18.5	17.7
Don't know	5.4	2.9
Percentage	100	100
Total Number of PMJDY a/c opened	92	34

In view of the services offered by BC/BFs, who were generally closer to home and saving time from travel, female respondents preferred to open PMJDY accounts with BCs/BFs, irrespective of respondent being a farmer or non-farmer. In case of males, more GSAs were converted into PMJDY, as compared with accounts of female respondents (Table 16).

There were instances of people linked to more than one SHG and in some instances people had multiple PMJDY accounts.

Table 16: PMJDY Account – Gender

(in percentage)

	Farmers		Non-farmers	
	Male	Female	Male	Female
Opening a PMJDY account				
Bank	42.7	27.5	50.0	33.3
Business Correspondent / Facilitator (BCs / BFs)	55.8	72.5	50.0	66.7
General savings account and PMJDY account				
Not connected	69.2	85.0	80.0	79.2
General savings account converted into PMJDY account	23.1	12.5	20.0	16.7
Don't know	7.7	2.5	0.0	4.1
Percentage	100	100	100	100
Total Number of PMJDY a/c opened	52	40	10	24

The operations in PMJDY accounts have been a concern. Irrespective of gender, nearly one-quarter of farmers and about one-third of non-farmers do not operate PMJDY account. Of the remaining population, the operations in PMJDY are distinctly different between farmers and non-farmers. In case of farmers, most transactions are conducted once in a month or once in two months. While in the case of male non-farmers, preferred frequency of transaction is once in a fortnight or once in a year and female non-farmers prefer to operate a bank account once in a month or once in two months (Table 17). Overall financial literacy was poor but women demonstrated impressive growth. Even some of the BCs agreed that women were more actively availing banking services.

Table 17: Frequency of operating PMJDY account

(in percentage)

	Farmers				Non-farmers			
	Deposit		Withdraw		Deposit		Withdraw	
	Male	Female	Male	Female	Male	Female	Male	Female
No use	26.9	25.0	28.8	25.0	30.0	29.2	30.0	33.3
Once in Week	9.6	12.5	9.6	5.0	10.0	8.3	10.0	8.3
Once in 15 days	9.6	7.5	7.7	5.0	30.0	12.5	30.0	12.5
Once in Month	30.8	25.0	28.8	32.5	0.0	25.0	10.0	25.0
Once in 2 Months	15.4	12.5	15.4	15.0	10.0	16.7	0.0	12.5
Once in a Year	7.7	15.0	9.6	15.0	20.0	8.3	20.0	8.3
Very rare (> 1 Year)	0.0	2.5	0.0	2.5	0.0	0.0	0.0	0.0
Percentage	100	100	100	100	100	100	100	100
Total Numbers	52	40	52	40	10	24	10	24

There is also a pattern in deposits and withdrawals. In the case of farmers, PMJDY has been used for both deposits and withdrawals. In most cases, deposits are generally done once in a month and sometimes once in two months. Similar is the pattern for withdrawals. In the case of non-farmers, deposits and withdrawals are more frequent, once in a fortnight or once a month. However, the area of concern is that nearly two-fifth of farmers and non-farmers either do not use the accounts or use it just about once a year (Table 18).

Table 18: Frequency of operating PMJDY account – Deposit and Withdrawal
(in percentage)

Operating of PMJDY a/c	Farmers		Non-farmers	
	Deposit	Withdraw	Deposit	Withdraw
No use	26.1	27.2	29.4	32.4
Once in Week	10.9	7.6	8.8	8.8
Once in 15 days	8.7	6.5	17.6	17.6
Once in Month	28.3	30.4	17.6	20.6
Once in 2 Months	14.1	15.2	14.7	8.8
Once in a Year	10.9	12.0	11.8	11.8
Very rare (> 1 Year)	1.1	1.1	0.0	0.0
Percentage	100	100	100	100
Total Numbers	92	92	34	34

The success of PMJDY can be gauged from the fact that 67.1 per cent of marginal farmers have opened PMJDY accounts. In fact, PMJDY accounts are popular with all segments of farmers, including medium and large farmers. As can be expected, after launch of PMJDY, farmers have not been interested in opening GSAs, as the trend in Table 19 reveals.

Table 19: General savings and PMJDY Account – Size of Farmers' land holdings
(in percentage)

Farmers	General Savings Account		Opened PMJDY a/c	Total Number
	Before	After		
Marginal Farmer (Less than 2.49 Acres)	43.4	26.3	67.1	76
Small Farmer (2.50 to 5.00 Acres)	58.5	19.5	56.1	41
Semi-medium Farmer (5.01 to 10.00 Acres)	61.9	9.5	47.6	21
Medium and Large Farmer (10.01 and more Acres)	50.0	0.0	66.7	12
Total	50.7	20.0	61.3	150

Note: Multiple responses, therefore, total may not add to 100 percent.

The awareness of PMJDY has been spread by BC's/BFs in most cases, especially for marginal, medium and large farmers. The banks played a more dominant role in case of small and medium farmers. SHGs, panchayats, TV/radio and newspaper/magazines also play an important role in raising awareness of PMJDY (Table 20).

Table 20: Awareness of PMJDY – Farmers – size of land holdings

(in percentage)

	Marginal Farmer (Less than 2.49 Acres)	Small Farmer (2.50 to 5.00 Acres)	Semi-medium Farmer (5.01 to 10.00 Acres)	Medium and Large Farmer (10.01 and more Acres)	Total Farmers
Are you aware of PMJDY?					
Yes	81.6	70.7	76.2	83.3	78.0
No	18.4	29.3	23.8	16.7	22.0
Total Number	76	41	21	12	150
If Yes, how? (only Yes)					
News Paper/Magazine	9.7	3.4	12.5	0.0	7.7
TV/Radio	6.5	3.4	12.5	0.0	6.0
Panchyat	12.9	17.2	25.0	0.0	14.5
Friends / Relatives	24.2	27.6	31.3	10.0	24.8
Bank	37.1	34.5	68.8	20.0	39.3
SHGs	14.5	27.6	37.5	20.0	21.4
MFIs	1.6	0.0	0.0	10.0	1.7
Post Office	0.0	0.0	0.0	0.0	0.0
NBFCs	0.0	0.0	0.0	0.0	0.0
Money Lenders	0.0	0.0	0.0	0.0	0.0
Dealers/ Mandi Merchants	0.0	0.0	0.0	0.0	0.0
BCs / BFs	46.8	31.0	18.8	50.0	39.3
Total Number of Yes	62	29	16	10	117

Note: Multiple responses, therefore, total may not add to 100 percent.

BCs/BFs are at the forefront of opening PMJDY accounts in the case of most farmers except semi-medium farmers where banks play a more prominent role. In the case of semi-medium farmers, where most accounts have been opened by banks directly, the general savings account have also been converted into PMJDY accounts (Table 21).

Table 21: Source of PMJDY Account Farmers – size of land holdings

(in percentage)

	Marginal Farmer (Less than 2.49 Acres)	Small Farmer (2.50 to 5.00 Acres)	Semi- medium Farmer (5.01 to 10.00 Acres)	Medium and Large Farmer (10.01 and more Acres)	Total Farmers
Opening a PMJDY account					
Bank	33.3	34.8	60.0	37.5	37.00
Business Correspondent / Facilitator (BCs / BFs)	66.7	65.2	40.0	62.5	63.00
General savings account and PMJDY account					
Not Connected	72.6	91.4	60.0	75.0	76.1
General savings account converted into PMJDY account	23.5	4.3	30.0	12.5	18.5
Don't know	3.9	4.3	10.0	12.5	5.4
Total Number of PMJDY a/c opened	51	23	10	8	92

To open PMJDY account, on an average, nearly 15.2 per cent of farmers paid service charge but 26.1 per cent of small farmers paid service charges.⁶ As expected, large, medium and semi-medium farmers generally received cheque book under PMJDY. In fact, many farmers across the spectrum were not even aware of the procedure of getting cheque books issued under PMJDY (Table 22).

⁶ Anecdotal evidence collected from Kuppam (Andhra Pradesh) suggests that some account holders paid Rs. 1,000 for opening a PMJDY account. The account holders justified it by saying that they would get Rs. 5,000 immediately (referring to overdraft) while bankers justified it by saying that they incurred higher cost for multiple travels to remote villages to open these accounts.

Table 22: Few important details of PMJDY account - Farmers

(in percentage)

Response - Yes	Marginal Farmer (Less than 2.49 Acres)	Small Farmer (2.50 to 5.00 Acres)	Semi-medium Farmer (5.01 to 10.00 Acres)	Medium and Large Farmer (10.01 and more Acres)	Total Farmers
Did you give any service charges to open PMJDY account?	11.8	26.1	10.0	12.5	15.2
Did you receive a cheque book under your PMJDY account?	5.9	0.0	10.0	12.5	5.4
Are you aware of the procedure of cheque books issued under PMJDY?	23.5	17.4	10.0	37.5	21.7
Total Numbers	51	23	10	8	92

Note: Multiple responses, therefore, total may not add to 100 percent.

The contribution of PMJDY in opening of new accounts, for both, females, and people with no formal education, is considered a success. Amongst the farmers, 73.3 per cent of female respondents with no formal education opened PMJDY account. Similarly, amongst non-farmers, 50.0 per cent of males and females, without any formal education, opened PMJDY account. These figures are remarkable when compared with statistics of general savings accounts before launch of PMJDY (Table 23).

Table 23: Opening of General Savings Account and PMJDY account?

(in percentage)

	No formal education	Education below matriculation (1-7)	Matriculation / Higher secondary (8-12)	Other Technical Course (Diploma)	Graduation and above	Total
Farmers - PMJDY account						
Male	52.4	55.6	60.0	66.7	66.7	57.8
Female	73.3	69.6	59.1	-	-	66.7
Total Male Number	21	18	45	3	3	90
Total Female Number	15	23	22	-	-	60
Farmers General Savings Account - Before PMJDY						
Male	42.9	66.7	62.2	33.3	100.0	58.9
Female	40.0	30.4	45.5	-	-	38.3
Total Male Number	21	18	45	3	3	90
Total Female Number	15	23	22	-	-	60
Non-farmers - PMJDY account						
Male	50.0	50.0	53.8	100.0	0.0	50.0
Female	50.0	50.0	64.7	100.0	80.0	61.5
Total Male Number	2	2	13	1	2	20
Total Female Number	8	8	17	1	5	39
Non-farmers General Savings Account - Before PMJDY						
Male	50.0	50.0	76.9	100.0	100.0	75.0
Female	37.5	50.0	52.9	100.0	100.0	56.4
Total Male Number	2	2	13	1	2	20
Total Female Number	8	8	17	1	5	39

Note: Multiple responses, therefore, total may not add to 100 percent.

In view of the above success in opening of PMJDY accounts, 30 per cent of farmers, and 18.6 per cent of non-farmers consider PMJDY, a very high success story while less than one per cent of farmers and none of non-farmers consider it as a complete failure. This perception is widespread, irrespective of gender or size of the family (Table 24 and 25). However, it is interesting to note that nuclear families in case of farmers and non-farmers, consider it a bigger success than those from joint family.

Table 24: General Perception of success of PMJDY – Farmers and Non-Farmers

(in percentage)

	Farmers	Non-farmers
Complete failure	0.7	0.0
Very low success	16.7	18.6
Average success	52.7	62.7
Very high/ complete success	30.0	18.6
Total Numbers	150	59
Percentage	100	100

The non-farmers considered PMJDY as successful with none of the respondents, male or female, opting for the choice of 'complete failure'. 75.0 per cent of male non-farmers and 84.6 per cent of female non-farmers consider PMJDY as an average or very high/complete success. In the case of farmers, 82.2 per cent of males and 83.3 per cent of females consider it a high success (Table 25).

Table 25: General Perception of success of PMJDY – Gender and Family Size

(in percentage)

Gender	Farmers		Non-farmers	
	Male	Female	Male	Female
Complete failure	0.0	1.7	0.0	0.0
Very low success	17.8	15.0	25.0	15.4
Average success	51.1	55.0	65.0	61.5
Very high/ complete success	31.1	28.3	10.0	23.1
Total Numbers	90	60	20	39
Percentage	100	100	100	100
Size of Family	Nuclear Family	Joint Family	Nuclear Family	Joint Family
Complete failure	0.0	3.1	0.0	0.0
Very low success	16.9	15.6	18.0	22.2
Average success	54.2	46.9	68.0	33.3
Very high/ complete success	28.8	34.4	14.0	44.4
Total Numbers	118	32	50	9
Percentage	100	100	100	100

Section V: RuPay Cards

RuPay Card (RC) is a unique domestic debit card initiated by National Payment Corporation of India. RC can be used in all ATMs for the purpose of cash withdrawal and Point of Sale machines for online transactions in the country. The RDC can be issued to any account holder. Accidental insurance cover is Rs.1 lakh which is extended without payment of premium by the beneficiary.

The PMJDY has a provision of RuPay Cards. In Karnataka, of the 1.16 crore PMJDY accounts opened since 2014, only 0.9 crore RuPay Cards have been issued. In the sample, few farmers (42.0 per cent) and non-farmers (44.1 per cent) were aware of the RuPay Cards, and even much lesser percentage of respondents were aware of accidental insurance services associated with RuPay card (Table 26).

Table 26: Awareness of RuPay Card

Yes	(in percentage)	
	Farmers	Non-farmers
Are you aware of RuPay Card?	42.0	44.1
Are you aware that RuPay card provides you accidental insurance cover up to Rs.1.00 lakh without any charge to the customer.	10.0	13.6
Total Numbers	150	59

Note: Multiple responses, therefore, total may not add to 100 percent.

However, it is interesting to note that more females were aware about RuPay cards and accidental insurance services through the RuPay card than male respondents, amongst both, farmers and non-farmers (Table 27).

Table 27: Awareness of RuPay Card – Gender-wise

Yes	(in percentage)			
	Farmers		Non-farmers	
	Male	Female	Male	Female
Are you aware of RuPay Card?	40.0	45.0	40.0	46.2
Are you aware that RuPay card provides you accidental insurance cover upto Rs.1.00 lakh without any charge to the customer.	7.8	13.3	5.0	17.9
Total Numbers	90	60	20	39

Note: Multiple responses, therefore, total may not add to 100 percent.

The ownership pattern of RuPay card reflected lack of awareness, amongst farmers and non-farmers - 68.7 per cent of farmers and 67.8 per cent of non-farmers did not have a RuPay card (Table 28).

Table 28: Availing of RuPay card

(in percentage)

	Farmers	Non-farmers
Yes	31.3	32.2
No	68.7	67.8
Total Numbers	150	59
Percentage	100	100

In case of farmers, males possessed RuPay Cards. In case of non-farmers, situation was other way, with more males possessing RuPay Cards. However, comparatively, as the awareness of RuPay card is more amongst non-farmers, nearly 44.4 per cent of females in the joint families are holding RPPay cards as compared with 25 per cent females amongst farmer households (Table 29).

Table 29: Possession of RuPay card – Gender and Family Size

(in percentage)

Gender	Farmers		Non-farmers	
	Male	Female	Male	Female
Yes	25.6	40.0	40.0	28.2
No	74.4	60.0	60.0	71.8
Total Numbers	90	60	20	39
Types of Family	Nuclear Family	Joint Family	Nuclear Family	Joint Family
Yes	33.1	25.0	30.0	44.4
No	66.9	75.0	70.0	55.6
Total Numbers	118	32	50	9
Percentage	100	100	100	100

BCs/BFs play an important role in creating awareness while banks are prominent in the case of non-farmers (Table 30).

Table 30: Source of awareness of RuPay Card

(in percentage)

	Farmers	Non-farmers
News Paper/Magazine	3.2	7.7
TV/Radio	3.2	0.0
Panchyat	4.8	3.8
Friends / Relatives	15.9	15.4
Bank	39.7	53.8
SHG	20.6	15.4
MFIs	1.6	0.0
Post Office	1.6	0.0
NBFCs	0.0	0.0
Money Lenders	0.0	0.0
Dealers/ Mandi Merchants	0.0	0.0
BCs / BFs	49.2	26.9
Total Numbers	63	26

Note: Multiple responses, therefore, total may not add to 100 percent.

In the case of females, especially farmer households, BCs/BFs and SHGs were playing a significant role, while in the case of non-farmer households, even banks played a significant role. The role of TV/radio was not very significant for both farmers and non-farmers while newspaper and magazine were important source for non-farmer males (Table 31).

Table 31: Source of awareness of RuPay Card - Genderwise

(in percentage)

	Farmers		Non-farmers	
	Male	Female	Male	Female
News Paper/Magazine	5.6	0.0	25.0	0.0
TV/Radio	2.8	3.7	0.0	0.0
Panchyat	5.6	3.7	12.5	0.0
Friends / Relatives	22.2	7.4	25.0	11.1
Bank	55.6	18.5	62.5	50.0
SHG	8.3	37.0	12.5	16.7
MFIs	2.8	0.0	0.0	0.0
Post Office	0.0	3.7	0.0	0.0
NBFCs	0.0	0.0	0.0	0.0
Money Lenders	0.0	0.0	0.0	0.0
Dealers/ Mandi Merchants	0.0	0.0	0.0	0.0
BCs / BFs	41.7	59.3	25.0	27.8
Total Numbers	36	27	8	18

Note: Multiple responses, therefore, total may not add to 100 percent.

The RuPay card does not have much utility for farmers, as 51.1 per cent observed that they had not used it so far. Amongst the farmers, it was mainly female respondents who had not used the card yet (62.5 per cent). Comparatively, only 26.3 per cent of non-farmers had not used the RuPay card and the non-usage was evenly distributed between the genders (Table 32).

Table 32: Use of RuPay Card - Genderwise

(in percentage)

Purpose	Farmers			Non-farmers		
	Male	Female	Total	Male	Female	Total
Purchase	4.3	0.0	2.1	0.0	0.0	0.0
Transfer amount	8.7	4.2	6.4	12.5	9.1	10.5
Withdrawal	43.5	33.3	38.3	75.0	63.6	68.4
Not used yet	39.1	62.5	51.1	25.0	27.3	26.3
Total Numbers	23	24	47	8	11	19

Note: Multiple responses, therefore, total may not add to 100 percent.

The RuPay card was generally used for the purpose of withdrawal by both male and female respondents, farmers or non-farmers (Table 33). However, the overall usage of RuPay Card was limited. Amongst farmers, 85.1 per cent observed that they had not used it for deposits and 53.2 per cent had not used for withdrawals. The usage was relatively more extensive in case of non-farmers. The frequency of usage was again a limiting factor. Amongst the usage, farmers used it mainly for withdrawal once in a month (21.3 per cent) while 58.0 per cent of non-farmers used it extensively for withdrawals between once in a fortnight to once in two months. Analysing, genderwise distribution of usage, amongst farmers, more than 80 per cent of male and female respondents said that RuPay card was not used for deposits. The usage was mixed irrespective of gender (Table 34). The male farmers used it more for deposits once a month, while female respondents used it once in a year. Comparatively, RuPay card is used more by farmers for withdrawals. Similar pattern in usage was noted in case of non-farmers.

Table 33: Frequency of usage of RuPay card – Deposits and Withdrawals

(in percentage)

	Farmers		Non-farmers	
	Deposit	Withdrawal	Deposit	Withdrawal
No use	85.1	53.2	68.4	31.6
Once in Week	0.0	4.3	0.0	0.0
Once in 15 Days	0.0	0.0	5.3	21.1
Once in Month	6.4	21.3	5.3	15.8
Once in 2 Months	0.0	12.8	10.5	21.1
Once in a Year	8.5	6.4	10.5	5.3
Very rare (>1 Year)	0.0	2.1	0.0	5.3
Total Numbers	47	47	19	19
Percentage	100	100	100	100

Table 34: If Yes, Frequency of usage of RuPay card - Genderwise

(in percentage)

	Deposit		Withdraw	
	Male	Female	Male	Female
Farmers				
No use	82.6	87.5	39.1	66.7
Once in Week	0.0	0.0	4.3	4.2
Once in Month	13.0	0.0	26.1	16.7
Once in 2 Months	0.0	0.0	21.7	4.2
Once in a Year	4.3	12.5	4.3	8.3
Very rare (>1 Year)	0.0	0.0	4.3	0.0
Total Numbers	23	24	23	24
Percentage	100	100	100	100
Non-farmers				
No use	75.0	63.6	37.5	27.3
Once in 15 Days	0.0	9.1	12.5	27.3
Once in Month	12.5	0.0	12.5	18.2
Once in 2 Months	0.0	18.2	25.0	18.2
Once in a Year	12.5	9.1	0.0	9.1
Very rare (>1 Year)	0.0	0.0	12.5	0.0
Total Numbers	8	11	8	11
Percentage	100	100	100	100

The awareness of RuPay Card and its features increased with level of education. The awareness was as high as 100 per cent for non-farmers and 66.7 per cent for farmers, having graduated with a technical course.

Section VI: Common Service Centres

Common Services Centers (CSC) mainly work as service access points in villages of India for the greater expansion of various electronic services. These CSCs are helping rural people for easy access to necessary financial information without difficulty. CSCs are serving as change agents working for promotion of rural entrepreneurship and building-up of rural skills and livelihoods. CSCs are providing various facilities like government to citizen services, financial inclusion, educational, digital literacy programmes, skills development programmes and agricultural services. In Karnataka, especially in the geographical area of our study, many CSCs are also providing banking services like opening account, facility to deposits/ withdraw, pension distribution, micro-credit, and facilitation of Kisan Credit Cards, loan recovery and processing of loan for agriculture- related purchases under the category of financial inclusion (Annex 4).

The awareness of CSC is significantly more amongst farmers (64.0 per cent) as compared with non-farmers (49.2 per cent). The farmers (54.0 per cent) and non-farmers (42.4 per cent) observed that CSCs were helping them with financial literacy. CSCs are generally closer to homes of farmers and non-farmers and therefore useful in providing services to the people. (Table 35).

Table 35: General information about CSCs

	(in percentage)	
	Farmers	Non-farmers
Are you aware of Common Service Centres (CSCs)?	64.0	49.2
Is Common Service Centre (CSCs) helping you in financial literacy?	54.0	42.4
Is the CSC near to your home?	50.7	52.5
Total Numbers	150	59

Note: Multiple responses, therefore, total may not add to 100 percent.

In the case of farmers, females (70.0 per cent) were more aware of CSC's than males (60.0 per cent). The female farmers (63.3 per cent) observed that they benefitted from CSCs in improving their financial literacy. Similarly, in case of non-farmers, more females (51.3 per cent) were aware of CSCs compared with males (45.0 per cent), but 45.0 per cent of male non-farmers observed that they benefitted from CSCs in terms of financial literacy as compared with 41.0 per cent of female non-farmers (Table 36).

Table 36: General information about CSCs - Genderwise

(in percentage)

Yes	Farmers		Non-farmers	
	Male	Female	Male	Female
Are you aware of Common Service Centres (CSCs)?	60.0	70.0	45.0	51.3
Is Common Service Centre (CSCs) helping you in financial literacy?	47.8	63.3	45.0	41.0
Is the CSC near to your home?	53.3	46.7	40.0	59.0
Total Numbers	90	60	20	39

Note: Multiple responses, therefore, total may not add to 100 percent.

In general, CSCs helped rural people extensively through expert advice, interaction with bankers and providing place for SHGs. The farmers observed that CSCs helped in interaction with bankers (23.3 per cent), SHGs (20.0 per cent) and with expert advice (16.7 per cent). The non-farmers indicated that CSCs are helpful in interaction with SHGs (25.4 per cent) and bankers (15.3 per cent) (Table 37).

Table 37: Common Service Centre and Financial Literacy

(in percentage)

	Farmers	Non-farmers
Notice on board	7.3	6.8
Expert advice	16.7	8.5
Bankers come and visit	23.3	15.3
Pamphlets are available	0.0	3.4
Newspaper /Magazines/Articles available	2.7	3.4
TV/Radio advertisements	2.7	5.1
Panchayat	7.3	3.4
SHGs	20.0	25.4
MFI	0.7	1.7
NBFCs	0.7	1.7
Total Numbers	150	59

Note: Multiple responses, therefore, total may not add to 100 percent.

In the case of farmers, male (25.0 per cent) farmers benefitted from expert advice (22.2 per cent) and female farmers through visits of bankers (31.7 per cent) and SHGs (25.0 per cent). In the case of non-farmers, males and females, both observed that they benefit from banker's visits and with SHGs. The MFIs, NBFCs and Panchayats also serve the population through CSCs (Table 38). The other services at CSCs which benefit the rural population are notice on board, availability of newspapers/magazines, and TV/Radio advertisements.

Table 38: CSC and financial literacy - Genderwise

(in percentage)

Gender – only if indicated as Yes	Farmers		Non-farmers	
	Male	Female	Male	Female
Notice on board	11.1	1.7	5.0	7.7
Expert advice	22.2	8.3	5.0	10.3
Bankers come and visit	17.8	31.7	20.0	12.8
Pamphlets are available	0.0	0.0	0.0	5.1
Newspaper/Magazines/Articles available	3.3	1.7	5.0	2.6
TV/Radio advertisements	2.2	3.3	5.0	5.1
Panchayat	6.7	8.3	0.0	5.1
SHGs	16.7	25.0	25.0	25.6
MFIs	1.1	0.0	0.0	2.6
Post Office	0.0	0.0	0.0	0.0
NBFCs	0.0	1.7	0.0	2.6
Total Numbers	90	60	20	39

Note: Multiple responses, therefore, total may not add to 100 percent.

The average distance to walk to CSCs was 2.5 kms but in the sample, some farmers were staying as far away as 15 kms while non-farmers were 10 kms away (Table 39).

Table 39: Location of CSCs

(in Kms)

	Mean	Minimum	Maximum	N
Farmers – Total	2.5	0.00	15.00	150
Non-farmers – Total	2.5	0.1	10.0	59

The CSCs were successfully providing banking facilities to both farmers and non-farmers, along with services of BCs/BFs/Bank Mitras, as well as ATM. Other facilities like insurance and pension advice was also provided at CSCs. The financial facilities and advice, including that on insurance and pension, was being sought by both, male and female farmers and non-farmers alike, at CSCs. The female respondents were extensively availing banking facilities at

CSCs and interestingly, even advice on insurance and pension, especially non-farmers (Table 40).

Table 40: Availability of financial facilities at CSCs - Genderwise

(in percentage)

Yes	Farmers			Non-farmers		
	Male	Female	Total	Male	Female	Total
ATMs	27.8	10.0	20.7	45.0	25.6	32.2
Banks	68.9	63.3	66.7	80.0	56.4	64.4
BCs/BFs/ Bank Mitras	42.2	56.7	48.0	45.0	41.0	42.4
Insurance Advice	22.2	13.3	18.7	10.0	28.2	22.0
Pension Advice	17.8	6.7	13.3	5.0	17.9	13.6
Total Numbers	90	60	150	20	39	59

Note: Multiple responses, therefore, total may not add to 100 percent.

The feedback and inputs provided by the farmers on the performance of BCs/BFs at CSCs is encouraging with nearly half of farmers, mainly females, being satisfied with their services. It is interesting to note that female farmers consistently rated the performance higher because of the proximity of the BCs/BFs. In the case of non-farmers, nearly two-third of respondents were satisfied with the performance of BCs/BFs though male respondents seem more satisfied than female respondents (Table 41).

Table 41: Feedback on work of BCs/BFs at CSCs

(in percentage)

Yes	Farmers			Non-farmers		
	Male	Female	Total	Male	Female	Total
Are BCs/BFs working efficiently?	46.7	55.0	50.0	45.0	38.5	40.7
They cover transaction regularly	47.8	56.7	51.3	45.0	41.0	42.4
They are available whenever you need them	47.8	53.3	50.0	45.0	41.0	42.4
The transaction are promptly done	47.8	56.7	51.3	45.0	41.0	42.4
The advice you seek is provided - Satisfied	47.8	60.0	52.7	45.0	38.5	40.7
Total Numbers	90	60	150	20	39	59

Note: Multiple responses, therefore, total may not add to 100 percent.

The respondents, irrespective of farmers and non-farmers with higher level of education, like technical course and graduation were more appreciative of working of BCs/BFs than respondents with 'no' formal education or that below matriculation (Table 42).

Table 42: Efficiency level of CSCs / BCs/BFs

(in percentage)

Yes	No formal education	Education below matriculation (1-7)	Matriculation / Higher Secondary (8-12)	Other Technical course (Diploma)	Graduation and above	Total
Farmers						
Are BCs/BFs working efficiently?	41.7	48.8	53.7	66.7	66.7	50.0
They cover transaction regularly	41.7	51.2	55.2	66.7	66.7	51.3
They are available whenever you need them	41.7	48.8	53.7	66.7	66.7	50.0
The transaction are promptly done	41.7	51.2	55.2	66.7	66.7	51.3
The advice you seek is provided - Satisfied	41.7	53.7	56.7	66.7	66.7	52.7
Total Numbers	36	41	67	3	3	150
Non-farmers						
Are BCs/BFs working efficiently?	30.0	30.0	43.3	100.0	42.9	40.7
They cover transaction regularly	30.0	30.0	43.3	100.0	57.1	42.4
They are available whenever you need them	30.0	30.0	43.3	100.0	57.1	42.4
The transaction are promptly done	30.0	30.0	43.3	100.0	57.1	42.4
The advice you seek is provided - Satisfied	30.0	30.0	40.0	100.0	57.1	40.7
Total Numbers	10	10	30	2	7	59

Note: Multiple responses, therefore, total may not add to 100 percent.

In the sample, many respondents had been using various facilities at CSCs. The users of these facilities were asked whether the BCs/BFs were working efficiently. The general feedback from various users of different facilities at CSCs was in the affirmity that BCs are working efficiently (Table 43).

Table 43: General Perception of availability of facility at CSCs - working of BCs/BFs
(in row wise percentage)

Respondents using the following Facilities at CSCs	Yes	No	Don't know	Total Percentage	Total Number
Farmers – Are BCs/BFs working efficiently					
ATMs	80.6	3.2	16.1	100	31
Banks	73.0	6.0	21.0	100	100
BCs/BFs/ Bank Mitras	91.7	6.9	1.4	100	72
Insurance Advice	100.0	0.0	0.0	100	28
Pension Advice	100.0	0.0	0.0	100	20
Total Numbers	75	24	51	100	150
Non-farmers – Are BCs/BFs working efficiently					
ATMs	47.4	0.0	52.6	100	19
Banks	63.2	2.6	34.2	100	38
BCs/BFs/ Bank Mitras	88.0	8.0	4.0	100	25
Insurance Advice	92.3	7.7	0.0	100	13
Pension Advice	100.0	0.0	0.0	100	8
Total Numbers	24	17	18	100	59

The CSCs, and BCs/BMs have been successful in creating awareness of various financial instruments in rural areas. In the sample, in case of farmers and non-farmers, they have been successful in creating awareness of savings banks account but to a lesser extent on insurance and pension schemes. In the sample, 60.0 per cent of female farmers and 43.6 per cent of female non-farmers observed that CSs/BCs/BMs are helpful in creating awareness of banking facilities like savings account (Table 44).

Table 44: Are CSCs/BCs/BMs helping in creating awareness of?

(in percentage)

Yes	Farmers			Non-farmers		
	Male	Female	Total	Male	Female	Total
Savings account	43.3	60.0	50.0	45.0	43.6	44.1
Insurance schemes	6.7	6.7	6.7	5.0	20.5	15.3
Pension Schemes	2.2	3.3	2.7	0.0	5.1	3.4
Debt Counselling	5.6	3.3	4.7	0.0	2.6	1.7
Rules and procedures of PMJDY	5.6	3.3	4.7	0.0	0.0	0.0
Total Numbers	90	60	150	20	39	59

Note: Multiple responses, therefore, total may not add to 100 percent.

To improve financial literacy, respondents were asked to make suggestions. The respondents suggested that financial intermediaries should adopt various techniques to spread financial literacy like organising camps and street dramas. The material distributed for financial literacy should be in local language. An overwhelming number of respondents (63.3 per cent of farmers and 78.0 per cent of non-farmers) suggested that SHGs should also be used to spread financial literacy. Some respondents felt that BCs/CSCs/BM need to be adequately trained for spreading financial literacy (Table 45).

Table 45: Suggestions to improve financial literacy

(in percentage)

Yes	Farmers			Non-farmers		
	Male	Female	Total	Male	Female	Total
Camps	61.1	55.0	58.7	65.0	71.8	69.5
Street drama	51.1	71.7	59.3	60.0	56.4	57.6
Use of local language	24.4	51.7	35.3	25.0	41.0	35.6
Through Grama Panchayats	51.1	55.0	52.7	65.0	48.7	54.2
Through SHGs	47.8	86.7	63.3	60.0	87.2	78.0
Through Banks	38.9	40.0	39.3	45.0	38.5	40.7
TV/Radio/News Paper/Pamphlet	27.8	48.3	36.0	45.0	46.2	45.8
CSCs/BCs/BMs need proper training	20.0	38.3	27.3	35.0	28.2	30.5
Others	12.2	5.0	9.3	5.0	7.7	6.8
Total Numbers	90	60	150	20	39	59

Note: Multiple responses, therefore, total may not add to 100 percent.

Section VII: General Literacy of other Financial Schemes like Insurance, Pension and Mudra

To enhance financial inclusion, the government mooted following three social security schemes – Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Atal Pension Yojana (APY). The objective was to serve the goal of financial inclusion by achieving penetration of insurance deep down to weaker sections of the society and ensuring their or their family's financial security. PMSBY covers accidental death insurance for people in the age group of 18 to 70 years with bank account linked to their Aadhar card at an annual premium of just Rs. 12. While in case of accidental death and full disability the risk coverage is Rs. 2 lakh, for partial disability it is Rs. 1 lakh.

The Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) provides one year life insurance coverage for death due to any reason and is available to people in the age group of 18 to 50 years (life cover upto age 55) having a savings bank account. The risk coverage for this term insurance scheme commenced from June 1, 2015 and it has the flexibility of renewing subscription annually. Life cover of Rs. 2 lakhs is available for one year period at an annual premium of Rs.330 per member. The insurance provided covers only mortality with no investment component and is offered and administered by LIC and other Indian private Life Insurance companies.

With the aim of encouraging workers in unorganized sector to save for their retirement, Government of India introduced Atal Pension Yojana (APY) in June 2015, an account linked pension scheme for individuals between the age of 18 and 40 years. Based on monthly contribution of a set amount to National Pension System (NPS), which will be debited directly from the account, the subscriber is guaranteed a monthly pension between Rs.1000 and Rs.5000 released to the account, from the age of 60 years. Also, to encourage subscription, government offered to co-contribute 50 percent of the total contribution or Rs. 1000 per annum, whichever is lower to eligible early subscribers for a period of 5 years.

As an extension of PMJDY, the Government also announced Pradhan Mantri MUDRA Yojana (PMMY) in April 2015. The scheme aims to bring income generating micro enterprise units under the formal banking system and provide loans for their development. The banks and other eligible financial intermediaries can lend to the eligible enterprises up to Rs. 10 lakh. Any Indian citizen with a non-farm income generating activity can approach the eligible institutions for such loans.

The general awareness of other financial schemes like insurance, pension and Mudra Yojana was low amongst farmers and non-farmers. The awareness of accidental insurance scheme was higher than life Insurance, Mudra and Pension schemes amongst both categories of respondents, irrespective of gender (Table 46). In our interaction, we found that in Nittur a large number of people were looking for loans for businesses that they were running, yet not just there but also in other panchayats, majority of the respondents were unaware of various other schemes like PMSBY, PMJJBY, APY and PMMY.

Overall, other than PMJDY, just PMSBY turned out to be slightly more popular in Gubbi. Financial inclusion, thus, remains a challenge in terms of spreading awareness about various schemes other than PMJDY that the beneficiaries are also entitled to.

Table 46: Awareness of Insurance, Pension and other financial schemes

(in percentage)

Awareness	Farmers - Yes			Non-farmers – Yes		
	Male	Female	Total	Male	Female	Total
Pradhan Mantri Suraksha Bima Yojana Insurance Scheme	37.8	25.0	32.7	50.0	30.8	37.3
Pradhan Mantri Jeevan Jyoti Bima Yojana	22.2	10.0	17.3	20.0	17.9	18.6
Pradhan Mantri Mudra Yojana	6.7	1.7	4.7	15.0	12.8	13.6
Atal Pension Yojana	10.0	5.0	8.0	10.0	23.1	18.6
Total Numbers	90	60	150	20	39	59

Note: Multiple responses, therefore, total may not add to 100 percent.

In view of the above mentioned lack of awareness of financial schemes, the subscription to all the four was also low (Table 47).

Table 47: Family Members subscribing to Financial Schemes

(in percentage)

Farmers - Total				
Members – in Nos.	PMSBY	PMJJBY	APY	PMMY
0	83.3	94.0	94.7	99.3
1	9.3	3.3	4.0	0.7
2	7.3	2.7	1.3	0.0
3	0.0	0.0	0.0	0.0
4	0.0	0.0	0.0	0.0
Total Numbers	150	150	150	150
Non-farmers – Total				
0	76.3	93.2	96.6	93.2
1	18.6	6.8	3.4	6.8
2	0.0	0.0	0.0	0.0
3	1.7	0.0	0.0	0.0
4	3.4	0.0	0.0	0.0
Total Numbers	59	59	0.0	59
Percentage	100	100	100	100

Note: PMSBY - Pradhan Mantri Suraksha Bima Yojana, PMJJBY - Pradhan Mantri Jeevan Jyoti Bima Yojana, APY - Atal Pension Yojana, PMMY - Pradhan Mantri Mudra Yojana.

Seeking general feedback from respondents, the overwhelming input was to strengthen the services and facilities of bank accounts and BCs, CSCs, and RuPay Card (Table 48).

Table 48: Suggestion to Strengthen Services and Facilities

(in percentage)

	Farmers (150)			Non-farmers (59)		
	Yes	No	Don't know	Yes	No	Don't know
Bank Accounts	77.3	14.0	8.7	84.7	11.9	3.4
Business Correspondences (BCs)	70.7	13.3	16.0	74.6	6.8	18.6
Business Facilitators (BFs)	32.7	11.3	56.0	40.7	5.1	54.2
Service at KIOSK banking	58.7	12.0	29.3	64.4	8.5	27.1
CSCs	66.0	14.7	19.3	67.8	10.2	22.0
RuPay Card	67.3	5.3	27.3	72.9	10.2	16.9
Pradhan Mantri Suraksha Bima Yojana (PMSBY)	50.0	7.3	42.7	52.5	6.8	40.7
Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)	42.0	6.7	51.3	47.5	3.4	49.2
Pradhan Mantri Mudra Yojana (PMMY)	37.3	4.7	58.0	40.7	3.4	55.9
Atal Pension Yojana (APY)	36.7	6.7	56.7	44.1	3.4	52.5

The respondents, both farmers and non-farmers, need help in availing banking and financial services. This became apparent in case of services based on technology. In case of farmers, 94.0 per cent needed help to operate ATMs or online banking. Non-farmers, comparatively but only marginally, were in a better position at handling banking services on their own than farmers but did face similar levels of difficulties with digital services and mobile banking (Table 49).

Table 49: Self-reliance in using basic banking services

(in percentage)

Yes	Farmers (150)		Non-farmers (59)	
	Yes, I can handle myself	No, I need someone help	Yes, I can handle myself	No, I need someone help
Procedure of opening new account	38.7	61.3	62.7	37.3
Filling the bank account opening forms	40.0	60.0	64.4	35.6
Deposits and withdrawal procedure	41.3	58.7	62.7	37.3
Checking of amount balance in your account	41.3	58.7	61.0	39.0
Using ATM card	27.3	72.7	45.8	54.2
Using pass word of ATM card	26.0	74.0	44.1	55.9
Using Mobile banking	6.0	94.0	13.6	86.4
Understanding the clips/display/photos or procedure of mobile banking	14.0	86.0	23.7	76.3
Using or awareness of POS / HHMs / Swiping machine	6.7	93.3	20.3	79.7
Using or awareness of internet / online banking	6.0	94.0	16.9	83.1

Largely, problems of farmers accentuated as they were unable to make use of even the basic banking services on their own. For instance, in Nallur the BC pointed out how difficult it was for her to work efficiently in a place where most of the villagers were reluctant to deposit their money, or couldn't remember their security codes/ passwords. Not surprisingly, almost 90-95 percent of the farmers struggled with/in using ATM cards, POS, online and mobile banking on their own. Though not as much as farmers, even 80 percent of non-farmers couldn't use these banking services on their own. So, it was starkly clear that use of digital money required assistance.

In the sample, most of the respondents were willing to take training for basic banking services with women demonstrating greater enthusiasm (Table 50).

Table 50: Training for Banking Services

(in percentage)

Response - Yes	Farmers (150)		Non-farmers (59)	
	Male	Female	Male	Female
Procedure of opening new account	48.9	78.3	45.0	64.1
Filling the bank account opening forms	50.0	78.3	45.0	64.1
Deposits and withdrawal procedure	50.0	76.7	45.0	64.1
Checking of amount balance in your account	50.0	78.3	45.0	66.7
Using ATM card	54.4	63.3	45.0	64.1
Using pass word of ATM card	53.3	61.7	45.0	61.5
Using Mobile banking	62.2	43.3	70.0	66.7
Understanding the clips/display/ photos or procedure of mobile banking	56.7	48.3	65.0	66.7
Using or awareness of POS / HHMs / Swiping machine	64.4	45.0	60.0	69.2
Using or awareness of internet / online banking	57.8	35.0	70.0	59.0
Total Numbers	90	60	20	39

Note: Multiple responses, therefore, total may not add to 100 percent.

In case of availing financial and banking services, it was encouraging that even those respondents with no formal education were benefitting from these services (Tables 51 and 52).

Table 51: Availing of Financial Programmes - Farmers

(in percentage)

Response - Yes	No formal education	Education below matriculation (1-7)	Matriculation / Higher Secondary (8-12)	Other Technical course (Diploma)	Graduation and above	Total Availed
Did you open PMJDY account?	61.1	63.4	59.7	66.7	66.7	61.3
Do you have a RuPay card?	25.0	26.8	37.3	33.3	33.3	31.3
Are you accessing credit from other institutional lenders?	63.9	53.7	61.2	0.0	100.0	59.3
Are you accessing credit from Non-institutional lenders?	22.2	19.5	28.4	0.0	33.3	24.0
Is Common Service Centre (CSCs) helping you in financial literacy?	44.4	48.8	61.2	66.7	66.7	54.0
ATMs - at CSCs	16.7	22.0	20.9	33.3	33.3	20.7
Banks - at CSCs	52.8	63.4	74.6	66.7	100.0	66.7
BCs/BFs/ Bank Mitras - at CSCs	33.3	51.2	53.7	33.3	66.7	48.0
Insurance Advice - at CSCs	13.9	14.6	22.4	33.3	33.3	18.7
Pension Advice - at CSCs	13.9	9.8	13.4	33.3	33.3	13.3
Did you avail PMSBY?	11.1	9.8	19.4	0.0	0.0	14.0
Did you avail PMJJBY?	8.3	0.0	6.0	0.0	0.0	4.7
Did you avail loans from PMMY?	2.8	0.0	0.0	0.0	0.0	0.7
Did you avail APY?	2.8	2.4	6.0	0.0	0.0	4.0
Total Numbers	36	41	67	3	3	150

Note: Multiple responses, therefore, total may not add to 100 percent.

Table 52: Availing of Financial Programmes - Non-farmers

(in percentage)

Response - Yes	No formal education	Education below matriculation (1-7)	Matriculation / Higher Secondary (8-12)	Other Technical course (Diploma)	Graduation and above	Total Availed
Did you open PMJDY account?	50.0	50.0	60.0	100.0	57.1	57.6
Do you have a RuPay card?	30.0	20.0	33.3	100.0	28.6	32.2
Are you accessing credit from other institutional lenders?	60.0	60.0	66.7	100.0	28.6	61.0
Are you accessing credit from Non-institutional lenders?	10.0	10.0	6.7	0.0	14.3	8.5
Is Common Service Centre (CSCs) helping you in financial literacy?	30.0	40.0	43.3	100.0	42.9	42.4
ATMs - at CSCs	20.0	20.0	33.3	50.0	57.1	32.2
Banks - at CSCs	50.0	40.0	73.3	100.0	71.4	64.4
BCs/BFs/ Bank Mitras - at CSCs	20.0	30.0	46.7	100.0	57.1	42.4
Insurance Advice - at CSCs	20.0	0.0	20.0	50.0	57.1	22.0
Pension Advice - at CSCs	20.0	0.0	10.0	50.0	28.6	13.6
Did you avail PMSBY?	0.0	20.0	16.7	50.0	42.9	18.6
Did you avail PMJJBY?	0.0	0.0	6.7	50.0	14.3	6.8
Did you avail loans from PMMY?	20.0	0.0	3.3	50.0	0.0	6.8
Did you avail APY?	0.0	0.0	3.3	50.0	0.0	3.4
Total Number	10	10	30	2	7	59

Note: Multiple responses, therefore, total may not add to 100 percent.

Section VIII: Impact of Demonetization

In the survey exercise, we were interested in examining the impact of demonetization on rate of interest and on general availability of financial services in the area. Demonetization, announced on November 8, 2016, with twin objective of curbing unaccounted money and cross-border financial of terrorism, could impact normal behaviour due to the sudden note ban. Its effect on the rural and urban lifestyle was varied given the difference in the intensity and volume of cash usage (especially the high denomination notes) in rural and urban areas. The survey undertaken in Gubbi was also directed to focus on the impact brought in by demonetisation in terms of accelerating the process of financial inclusion in rural areas during the period. The extent to which demonetization was able to push for the agenda of adopting formalisation and digitalization and thereby greater financial inclusiveness in the economy required understanding the viewpoint of rural people and how they were eventually affected by it.

Although majority of respondents, both farmers and non-farmers, observed no change in role of Banks and SHGs after demonetization, they did agree, interestingly, that the role of money lenders improved mildly since demonetization. (Table 53).

Table 53: Demonetization and its impact on the role of Banks/SHGs/MLs

(in percentage)

Response	Farmers			Non-farmers		
	Bank	Self Help Groups	Money Lenders	Bank	Self Help Groups	Money Lenders
Decreased very strongly	1.3	1.3	2.0	3.4	0.0	0.0
Decreased mildly	12.7	6.7	9.3	23.7	6.8	11.9
Same, No changes	56.0	49.3	20.7	50.8	50.8	16.9
Improved very strongly	3.3	18.7	11.3	0.0	18.6	6.8
Improved mildly	14.7	10.7	43.3	11.9	10.2	54.2
Don't know	12.0	13.3	13.3	10.2	13.6	10.2
Total Numbers	150	150	150	59	59	59
Percentage	100	100	100	100	100	100

In fact, money lenders had ample of cash at their disposal during the period of demonetization and turned out to be an easier source for exchanging notes and meeting cash requirements (Table 54). There were numerous anecdotes where we were told that the rate of interest charged by money lender shot up from usual 3.0 per cent per month to 5.0 per cent per month, as the rural market did not have liquidity generally provided by banks, MFIs or SHGs.

Table 54: Availability of funds after demonetization

(in percentage)

During Nov. to Dec. 2016	Farmers	Non-farmers
Banks		
Yes	23.3	16.9
No	59.3	71.2
Don't know	17.3	11.9
Self-help Groups (SHGs)		
Yes	21.3	30.5
No	56.7	49.2
Don't know	22.0	20.3
Money Lenders (MLs)		
Yes	33.3	37.3
No	56.0	50.8
Don't know	10.7	11.9
Percentage	100	100
Total Numbers	150	59

Overall there was positive support to demonetization. However, we came across certain instances that remained a concern. During the survey, in Nittur we came across a couple who runs a tailoring shop and were approached by someone to deposit some money on their behalf to the bank account and withdraw later to return the money. Furthermore, in Nallur there was a consensus that the money lenders got new notes really early and demanded repayment of loans in new notes. A couple of respondents shared their criticism also. One pregnant lady at the time had to face a lot of issues to withdraw cash, and visited the bank thrice before receiving the cash. Another man (recent graduate) felt that a lot of time and energy was wasted and much more productive work could have been done. Some shop owners in S. Kodagehalli complained about facing the brunt of note ban as they had to accept credit sales. Most villagers who went to exchange or deposit notes stood in line for an average of 2-3 days. Despite all this, the general consensus was that demonetization served its purpose and that “both the rich and the poor stood together in queues” to get the new notes (Annex 5).

Section IX: PMJDY and Cost of Borrowing

In general, farmers prefer to avail credit from institutional lenders in comparison to non-institutional lenders, irrespective of the size of their holding (Table 55).

Table 55: Accessing credit – Farmers

(in percentage)

Yes	Marginal Farmer (Less than 2.49 Acres)	Small Farmer (2.50 to 5.00 Acres)	Semi-medium Farmer (5.01 to 10.00 Acres)	Medium and Large Farmer (10.01 and more Acres)	Total Farmers
Institutional lenders	55.3	61.0	76.2	50.0	59.3
Non-institutional lenders	22.4	26.8	28.6	16.7	24.0
Total Number	76	41	21	12	150

Note: Multiple responses, therefore, total may not add to 100 percent.

In a genderwise analysis, male and female farmers preferred to borrow from institutional lenders (Table 56).

Table 56: Accessing credit - Farmers - Genderwise

(in percentage)

Yes	Male	Female	Total Farmers
Institutional lenders	57.8	61.7	59.3
Non-institutional lenders	30.0	15.0	24.0
Total	90	60	150

Note: Multiple responses, therefore, total may not add to 100 percent.

It is revealing that SHGs are playing an important role in rural finance. In the case of marginal and small farmers, role of SHGs is significant while in the case of semi-medium and large farmers, banks play a significant role. MFIs continue to play a role though not very significant in the case of farm credit. The role of money lenders is small and that of mandi merchants is insignificant. Family, friends and relatives continue to play a role in rural finance (Table 57).

Table 57: Accessing credit – Size of Farmers Landholdings

(in percentage)

Lenders	Marginal Farmer (Less than 2.49 Acres)	Small Farmer (2.50 to 5.00 Acres)	Semi-medium Farmer (5.01 to 10.00 Acres)	Medium and Large Farmer (10.01 and more Acres)	Total Farmers
Institutional					
Bank	9.2	19.5	47.6	25.0	18.7
MFIs	6.6	12.2	9.5	16.7	9.3
SHGs	42.1	39.0	38.1	16.7	38.7
NBFCs	0.0	0.0	0.0	0.0	0.0
Total Number	76	41	21	12	150
Non-institutional					
Moneylenders	6.6	12.2	9.5	8.3	8.7
Mandi Merchants	0.0	2.4	0.0	0.0	0.7
Family and Relatives	10.5	9.8	4.8	8.3	9.3
Friends	7.9	9.8	14.3	0.0	8.7
Total Number	76	41	21	12	150

Note: Multiple responses, therefore, total may not add to 100 percent.

The role of SHGs was prominent for female respondents while male respondents preferred banks and money lenders (Table 58).

Table 58: Accessing credit – Farmers - Gender

(in percentage)

Institutions	Male	Female	Total Farmers
Institutional			
Banks	27.8	5.0	18.7
MFIs	11.1	6.7	9.3
SHGs	27.8	55.0	38.7
NBFCs	0.0	0.0	0.0
Non-institutional			
Moneylenders - MLs	13.3	1.7	8.7
Mandi Merchants (MMs)	1.1	0.0	0.7
Family and Relatives	7.8	11.7	9.3
Friends	11.1	5.0	8.7
Total Number	90	60	150

Note: Multiple responses, therefore, total may not add to 100 percent.

In the case of non-farmers, the preference to borrow from institutional lender is significantly higher than non-institutional lenders (Table 59).

Table 59: Accessing credit – Non-farmers

(in percentage)

Yes	Male	Female	Total
Institutional lenders	65.0	59.0	61.0
Non-institutional lenders	10.0	7.7	8.5
Total	20	30	59

Note: Multiple responses, therefore, total may not add to 100 percent.

Amongst the institutional lenders, non-farmers especially females have borrowed significantly from SHGs while the share of money lenders is low. Family and relatives also play a role, though insignificantly, but higher than moneylender. In our sample mandi merchants and friends did not have any role in providing credit to non-farmers (Table 60).

Table 60: Accessing credit – Non-farmers

(in percentage)

Institutions	Male	Female	Total
Institution			
Banks	35.0	0.0	11.9
MFIs	5.0	5.1	5.1
SHGs	40.0	51.3	47.5
NBFCs	0.0	2.6	1.7
Non-institution			
Moneylenders	5.0	2.6	3.4
Mandi Merchants	0.0	0.0	0.0
Family and Relatives	5.0	5.1	5.1
Friends	0.0	0.0	0.0
Total Number	20	39	59

Note: Multiple responses, therefore, total may not add to 100 percent.

The amount of loan and the interest charged by different financial institutions in the geographical area of our study is presented in Table – 61. The institutions that were active in the region were banks, MFIs, SHGs and money lenders.

The financial institutions have been mainly lending for one year though there was evidence of limited number of loans extended for two, three and even four years (Annex 6, 7, 8 and 9).

In the case of farmers, the amount of loan extended by banks for one year ranged between the minimum of Rs. 30,000 to Rs.3 lakh before PMJDY. After PMJDY, the range widened from Rs. 10,000 to Rs. 3 lakh. As expected, range of rate of interest narrowed from 2.5 per cent to 16.0 per cent before PMJDY to 4.0 per cent and 14.0 per cent after PMJDY.

The loan extended by MFIs was lower in amount ranging between Rs. 15,000 and Rs.30,000 before PMJDY and between Rs.10,000 and Rs.50,000 after PMJDY. The rate of interest had ranged between 12.0 and 36.0 per cent before PMJDY and between 4.0 and 24.0 per cent after PMJDY.

The SHGs, as already discussed earlier, have become prominent in rural finance in recent years. The trend was clear after PMJDY. The amount of loans ranged between Rs. 5,000 and Rs.50,000 before PMJDY to Rs.10,000 and Rs.1 lakh after PMJDY. The range of rate of interest also widened over the period. In the years before PMJDY the rate of interest ranged between 12.0 to 24.0 per cent while after PMJDY range has widened to a band of 5.0 per cent to 33.0 per cent.

The role of money lender has not changed since launch of PMJDY. The amount of loans ranged between Rs. 25,000 and Rs.45,000 before PMJDY and between Rs.10,000 to Rs. 2.5 lakh after PMJDY. The range of rate of interest has also widened from 24.0 to 60.0 per cent before PMJDY to 14.0 and 120.0 per cent after PMJDY.

In the case of non-farmers the role of self-help groups has increased significantly after PMJDY while that of money lender has declined sharply (Table 61). In the case of non-farmers, role of banks has improved after PMJDY in terms of loan applications. In fact, rate of interest that banks were charging had also changed from 8.0 per cent charged earlier than PMJDY to a range of 4.0 per cent to 16.66 per cent after PMJDY.

Table 61: One Years Loan Amount and Interest Rate

	Before				After			
	Mean	Minimum	Maximum	N	Mean	Minimum	Maximum	N
Farmers - Loan Amount (in Rs.)								
Institutional								
Bank	105000	30000	300000	4	145714	10000	300000	7
MFIs	25000	15000	30000	3	25625	10000	50000	8
SHGs	24167	5000	50000	6	34200	10000	100000	25
Non-Institutional								
Money Lenders	32500	25000	45000	4	79375	10000	250000	8
Farmers - Interest Rate (per annum)								
Institutional								
Bank	7.25	2.50	16.00	4	7.86	4.00	14.00	7
MFIs	24.00	12.00	36.00	3	14.25	4.00	24.00	8
SHGs	19.33	12.00	24.00	6	17.72	5.00	33.00	25
Non-Institutional								
Money Lenders	39.00	24.00	60.00	4	48.25	14.00	120.00	8
Non-farmers - Loan Amount (in Rs.)								
Institutional								
Bank	60000	60000	60000	1	47500	30000	100000	4
MFIs								
SHGs	10000	10000	10000	1	41615	5000	250000	13
Non-Institutional								
Money Lenders	10000	10000	10000	1	215000	30000	400000	2
Non-farmers - Interest Rate (per annum)								
Institutional								
Bank	8.00	8.00	8.00	1	8.17	4.00	16.66	4
MFIs								
SHGs	12.00	12.00	12.00	1	15.67	11.00	24.00	13
Non-Institutional								
Money Lenders	36.00	36.00	36.00	1	78.00	36.00	120.00	2

In the case of farmers, launch of PMJDY has helped the rural sector with larger number of BCs and BFs available to the banking sector. This has reduced the commuting time to avail financial services from the banking system. However, the time taken for process of application has not declined, on average, after launch of PMJDY. The travel cost has not changed, nor the frequency of travel. We asked the respondents, if the bribes were offered for consideration of loans. The response was in affirmative and the amount of bribe ranged between 'nil' and Rs.12,000⁷ after PMJDY (Table 62).

⁷ Against housing loan of Rs.75,000.

Table 62: Cost of Loans – Farmers[#]

	Travel Cost* (Amount in Rs.)	Distance (in Kms)	Commuting time (Minutes)	Time taken in process (in days)	Bribe (Amount in Rs.)	Others** (Amount in Rs.)
Bank - Before PMJDY						
Mean	885	17.73	60.77	26	1923	0
Minimum	0	1.00	5.00	5	0	0
Maximum	5000	60.00	240.00	60	15000	0
N	13	13	13	13	13	13
Bank - After PMJDY						
Mean	989	7.27	29.67	57	1735	0
Minimum	0	0.50	5.00	2	0	0
Maximum	5000	15.00	60.00	365	12000***	0
N	15	15	15	15	15	15
SHGs - Before PMJDY						
Mean	58	2.50	17.50	27	0	71
Minimum	0	0.10	2.00	1	0	0
Maximum	400	10.00	80.00	90	0	1000
N	14	14	14	14	14	14
SHGs - After PMJDY						
Mean	57	6.01	31.02	33	0	0
Minimum	0	0.10	1.00	1	0	0
Maximum	500	30.00	180.00	180	0	0
N	52	52	52	52	52	52
Money Lenders - Before PMJDY						
Mean	0	0.63	3.25	6	0	0
Minimum	0	0.20	2.00	4	0	0
Maximum	0	1.50	7.00	10	0	0
N	4	4	4	4	4	4
Money Lenders - After PMJDY						
Mean	12	1.63	8.44	8	0	0
Minimum	0	0.20	2.00	1	0	0
Maximum	84	5.00	20.00	15	0	0
N	9	9	9	9	9	9

*Multiple visits, ** Other includes tea, snacks, lunch, etc., ***This is against a loan amount of nearly Rs.75,000 which was a subsidy amount by the Government.

[#]There are different respondents at different times, before and after PMJDY. The respondent who took loan before PMJDY was launched, might not have availed loan after launch of PMJDY.

In the case of non-farmers, there was no bribe amount but there is no significant difference between loan costs, before and after launch of PMJDY (Table 63).

Table 63: Cost of Loans – Non-farmers[#]

	Travel Cost* (Amount in Rs.)	Distance (in Kms)	Commuting time (Minutes)	Time taken in process (in days)	Bribe (Amount in Rs.)	Others** (Amount in Rs.)
Bank - Before PMJDY						
Mean	24	5.33	16.67	5	0	0
Minimum	0	1.00	5.00	0	0	0
Maximum	72	12.00	30.00	10	0	0
N	3	3	3	3	3	3
Bank - After PMJDY						
Mean	135	11.20	68.00	11	0	0
Minimum	0	1.00	10.00	3	0	0
Maximum	500	30.00	240.00	20	0	0
N	5	5	5	5	5	5
SHGs - Before PMJDY						
Mean	0	.69	5.50	8	0	0
Minimum	0	.25	2.00	6	0	0
Maximum	0	1.00	10.00	10	0	0
N	4	4	4	4	4	4
SHGs - After PMJDY						
Mean	58	5.99	24.85	23	0	0
Minimum	0	0.10	1.00	3	0	0
Maximum	1000	30.00	240.00	90	0	0
N	26	26	26	26	26	26
Money Lenders - Before PMJDY						
Mean	0	0.25	10.00	2	0	0
Minimum	0	0.25	10.00	2	0	0
Maximum	0	0.25	10.00	2	0	0
N	1	1	1	1	1	1
Money Lenders - After PMJDY						
Mean	33	5.17	12.33	12	0	0
Minimum	0	0.50	2.00	10	0	0
Maximum	100	12.00	30.00	15	0	0
N	3	3	3	3	3	3

*Multiple visits, ** Other includes tea, snacks, lunch, etc.,

[#]There are different respondents at different times, before and after PMJDY. The respondent who took loan before PMJDY was launched, might not have availed loan after launch of PMJDY.

Section X: Conclusions and Recommendations

The results of the survey are very revealing. PMJDY programme has been broadly successful as a financial inclusion strategy, especially for women, in the rural area. Many women have joined banking sector and opened a PMJDY account. Similarly, respondents who do not have formal education as well as these with few years of education have been able to open PMJDY accounts. There is a general lack of awareness of these financial schemes, but banks, SHGs and BCs have played an increasingly important role in opening of PMJDY accounts.

It is interesting note that money lenders continue to be important financial intermediaries but SHGs have consolidated their position and are increasingly extending credit in rural areas. The role of SHGs has been more significant than money lenders in recent years, after launch of PMJDY accounts.

The new financial schemes such as insurance, pension and MUDRA have not been successful in penetrating rural sector, and were not popular with farmers and non-farmers. The use of new facilities under the PMJDY account as well as usage of RuPay card was still not extensive and sufficiently large. The digitization of economy could be a challenge as nearly 90 percent of respondents observed that they require help in operating ATMs and undertaking internet banking.

Common Service Centers, efficiently run, have played a significant role in extending financial inclusion in the geographical area of our survey. The CSCs have served as a platform for BCs/BFs to open new accounts for the unbanked. CSCs have also provided advice on insurance and financial schemes, thereby, helping in extending financial literacy amongst the farmers and non-farmers. The proximity of CSCs has helped in extending banking accounts to women and people with no formal education in rural areas. The feedback on relevance of CSCs has been encouraging.

The impact of TV, radio, magazines and newspapers have been positive in terms of financial literacy. The respondents made suggestions for improvement in financial literacy. The use of vernacular media and techniques like drama, street plays could help in advancing financial inclusion.

Development in IT is very crucial in extending financial services in the unbanked or rural areas. Technological issues like frequent machine breakdowns and lack of connectivity, negatively impacts the confidence of customers in formal banking. The problems with hand-held devices

continue to deter financial inclusion. There is a need for facilities like biometric-enabled and multi-lingual hand-held devices which can provide confidence in rural masses. Technological innovations like integrated machines that have the functionality of cash withdrawals and deposits; facility of scanning documents to facilitate new account opening and loan disbursements; and voice commands and narration for available facilities; could further help increase banking penetration.

The instruments offered under financial inclusion also need consideration. There is a significant difference in socio-economic background of people living in rural India and therefore there is a need for flexibility in financial schemes designed for different segments of the unbanked population. Illustratively, standard instruments that are offered by commercial banks are mainly designed for salaried segments of society like recurring deposit schemes would need to differ in rural areas depending on pattern/frequency of income, based on the cycle of agriculture production. Hence the instruments should be more customized to needs of local demography and sources of livelihood.

References

- Bhanot, D. and V. Bapat, (2016), Multiplier Effect of Self-help Groups, *Economic and Political Weekly*, Vol. LI, No. 33.
- Ghosh, S. and D. Vinod, (2016), Furthering the Financial Inclusion Agenda in India: How Important Is Gender?, *Economic and Political Weekly*, Vol. LI, No. 12.
- Government of India (2008), Committee on Financial Inclusion, (Chairman: Dr. C. Rangarajan).
- Government of India (2014), Pradhan Mantri Jan-Dhan Yojana- A National Mission on Financial Inclusion, August.
- Government of India (2016), Annual Report 2015-16, Common Services Centers (CSC) Scheme, Ministry of Electronics and Information Technology.
- Gunther, M. K., (2017), The Progress of Financial Inclusion in India: Insights from Multiple Waves of Survey Data, Centre for Advanced Financial Research and Learning, RBI, Mumbai.
- J P Morgan, (2017), Digital Financial Inclusion and Consumer Capabilities in India: A handbook for financial service providers, IFMR, Chennai, September 2017.
- Mukhopadhyay, J. P., (2016), Financial Inclusion in India: A Demand-side Approach, *Economic and Political Weekly*, Vol. LI, No. 46.
- NABARD, (2016-17), Annual Report. Mumbai.
- Ranade, A., (2017), Role of 'Fintech' in Financial Inclusion and New Business Models, *Economic and Political Weekly*, Vol. LII, No. 12.
- Reddy, Y. V., (2017), *Advice and Dissent*, Harper Business.
- Reserve Bank of India, (2016), Report on Trend and Progress of Banking in India 2015-16, December.
- Roy, T, (2011), *The Economic History of India: 1857-1947*, Oxford University Press, New Delhi.
- RuPay Product Manual, (2016), National Payments Corporation of India, New Delhi, September.
- Schueth, S and A. Moler, (2017), The Effects of Demonetization on Financial Inclusion in India, *Financial Inclusion Insights (FII)*, Research for Global Development, InterMedia, Washington.
- Singh, C. and G. Naik, (2017), Financial Inclusion in India: A Case Study of Gubbi, IIMB Working Paper No. 549, May.
- Singh, C., (2017), Financial Inclusion of the Disabled, IIMB Working Paper No. 556, August.
- Singh. C and S. K. Reddy, (2018), *Facilitating Financial Inclusion*, Yojan, Bengaluru, pp. 24-29, January.

Tulasi, G., R. Golait, M. Sethi, and S. Goel, (2017), Involuntary Exclusion and the Formal Financial Sector, *Economic and Political Weekly*, Vol. LII, No. 36.

Annex - 1**Types of Occupation of Farmers and Non-farmers**

(in percentage)

	Farmer	Non-farmer
Own Agriculture and allied Activities	75.3	-
Agriculture Labour	9.4	-
Own Business	-	37.3
Non-Agriculture Labour	-	11.9
Government Employee	-	6.8
Pvt. Salaried Employee	-	6.8
Daily Wage Earner	-	10.2
Housewife / Student/Un-employee	15.3	27.1
Total Numbers	150	59
Percentage	100	100

Annex - 2**Annual Average income of the respondent and family including respondent**

	Farmers		Non-farmers	
	Respondent	Family including Respondent	Respondent	Family including Respondent
Male				
Mean	43,156	66,333	89,500	1,02,100
Minimum	0*	1,000	0*	5,000
Maximum	10,00,000	10,00,000	3,00,000	3,00,000
N	90	90	20	20
Female				
Mean	9,842	41,671	34,436	96,795
Minimum	0*	5,000	0*	5,000
Maximum	50,000	3,00,000	2,40,000	3,60,000
N	60	60	39	39
Total				
Mean	29,830	56,469	53,102	98,593
Minimum	0*	1,000	0*	5,000
Maximum	10,00,000	10,00,000	3,00,000	3,60,000
N	150	150	59	59

Note: *Zero (0) income = Housewife, students, unemployed persons.

Annex - 3

Assets Holdings of Respondents

(in percentage)

	Farmers			Non-farmers		
	Male	Female	Total	Male	Female	Total
House	95.6	96.7	96.0	95.0	89.7	91.5
Shop	10.0	3.3	7.3	45.0	25.6	32.2
Other Buildings	1.1	0.0	0.7	0.0	2.6	1.7
Livestock	51.1	38.3	46.0	25.0	35.9	32.2
Cycle	54.4	36.7	47.3	50.0	46.2	47.5
Bullock-cart	1.1	3.3	2.0	0.0	0.0	0.0
Motor Bike	53.3	50.0	52.0	75.0	38.5	50.8
Refrigerator	3.3	1.7	2.7	5.0	10.3	8.5
TV	78.9	76.7	78.0	90.0	64.1	72.9
Mobile Telephone	84.4	95.0	88.7	90.0	84.6	86.4
Computer	1.1	1.7	1.3	0.0	0.0	0.0
Internet connection in Mobile/Computer	7.8	1.7	5.3	15.0	12.8	13.6
Any Other Vehicle	1.1	0.0	0.7	10.0	2.6	5.1
Others	0.0	0.0	0.0	10.0	2.6	5.1
Total Numbers	90	60	150	20	39	59

Note: Multiple responses, therefore, total may not add to 100 percent.

Annex - 4

Common Service Centres

- ❖ The CSC is a strategic cornerstone of the National e-Governance Plan (NeGP), approved by the Government in May 2006, as part of its commitment in the National Common Minimum Programme to introduce e-governance on a massive scale.
- ❖ Initiative for Development Foundation (IDF), an NGO is working under SBI in Gubbi Taluk.
- ❖ In our sample, CSPs were in following four grama panchayats.
- ❖ Since 2014, IDF is working as a SBI kiosk and offering mini banking services.

GPs	CSPs/BCs Running by IDF	CSCs Running by IDF	No. of BCs working	Micro-ATM Facility	ATMs are Working	POS Device Facility	POs Device Working	Online Services
Koppa	Yes	No	1	Yes	Yes	No	No	Yes
Kondli	Yes	No	1	Yes	Yes	No	No	Yes
Hosakere	Yes	No	1	Yes	Yes	No	No	Yes
Nittur	Yes	No	1	Yes	Yes	No	No	Yes

Annex - 5

General Perception

(row wise percentage)

	Farmers			Non-farmers		
	Bad	Good	Total Number	Bad	Good	Total Number
Gender						
Male	25.6	74.4	90	40.0	60.0	20
Female	25.0	75.0	60	28.2	71.8	39
Education						
No formal education	27.8	72.2	36	20.0	80.0	10
Education below matriculation (1-7)	17.1	82.9	41	30.0	70.0	10
Matriculation/ Higher secondary (8-12)	31.3	68.7	67	36.7	63.3	30
Other Technical course (Diploma)	0.0	100.0	3	50.0	50.0	2
Graduation and above	0.0	100.0	3	28.6	71.4	7
Types of Farmer						
Marginal Farmer (Less than 2.49 Acres)	26.3	73.7	76	-	-	-
Small Farmer (2.50 to 5.00 Acres)	31.7	68.3	41	-	-	-
Semi-medium Farmer (5.01 to 10.00 Acres)	19.0	81.0	21	-	-	-
Medium and Large Farmer (10.01 and more Acres)	8.3	91.7	12	-	-	-
Total Percentage	25.3	74.7	150	32.2	67.8	59

Annex - 6

Loan Amount of Institutions and Non-Institutions - Farmers (in Rs.)

	Before				After			
	Mean	Minimum	Maximum	N	Mean	Minimum	Maximum	N
	For One Year							
Institutional								
Bank	105000	30000	300000	4	145714	10000	300000	7
MFIs	25000	15000	30000	3	25625	10000	50000	8
SHGs	24167	5000	50000	6	34200	10000	100000	25
Non-Institutional								
Money Lenders	32500	25000	45000	4	79375	10000	250000	8
	For Two Years							
Institutional								
Bank	-	-	-	-	105000	60000	150000	2
MFIs	-	-	-	-	45833	10000	100000	6
SHGs	167000	18000	600000	4	32400	5000	100000	25
Non-Institutional								
Money Lenders	-	-	-	-	-	-	-	-
	For Three Years							
Institutional								
Bank	250000	200000	300000	2	106000	106000	106000	1
MFIs	-	-	-	-	-	-	-	-
SHGs	42667	22000	56000	3	42250	3000	80000	8
Non-Institutional								
Money Lenders	-	-	-	-	-	-	-	-
	For Four Years							
Institutional								
Bank	133286	49000	400000	7	74400	27000	110000	5
MFIs	-	-	-	-	-	-	-	-
SHGs	35000	35000	35000	1	40000	40000	40000	1
Non-Institutional								
Money Lenders	-	-	-	-	24000	24000	24000	1

Annex - 7

Loan Amount of Institutions and Non-Institutions - Non-farmers - (in Rs.)

	Before				After			
	Mean	Minimum	Maximum	N	Mean	Minimum	Maximum	N
	For One Year							
Institutional								
Bank	60000	60000	60000	1	47500	30000	100000	4
MFIs	-	-	-	-	-	-	-	-
SHGs	10000	10000	10000	1	41615	5000	250000	13
Non-Institutional								
Money Lenders	10000	10000	10000	1	215000	30000	400000	2
	For Two Year							
Institutional								
Bank	-	-	-	-	-	-	-	-
MFIs	-	-	-	-	35000	25000	50000	3
SHGs	17500	10000	25000	2	48417	25000	100000	12
Non-Institutional								
Money Lenders	-	-	-	-	100000	100000	100000	1
	For Three Year							
Institutional								
Bank	75000	75000	75000	1	-	-	-	-
MFIs	-	-	-	-	-	-	-	-
SHGs	-	-	-	-	57500	50000	65000	2
Non-Institutional								
Money Lenders	-	-	-	-	-	-	-	-
	For Four Year							
Institutional								
Bank	49000	49000	49000	1	30000	30000	30000	1
MFIs	-	-	-	-	-	-	-	-
SHGs	50000	50000	50000	1	-	-	-	-
Non-Institutional								
Money Lenders	-	-	-	-	-	-	-	-

Annex - 8

Interest Rate of Institutions and Non-Institutions – Farmers

(per annum)

	Before				After			
	Mean	Minimum	Maximum	N	Mean	Minimum	Maximum	N
	For One Year							
Institutional								
Bank	7.25	2.50	16.00	4	7.86	4.00	14.00	7
MFIs	24.00	12.00	36.00	3	14.25	4.00	24.00	8
SHGs	19.33	12.00	24.00	6	17.72	5.00	33.00	25
Non-Institutional								
Money Lenders	39.00	24.00	60.00	4	48.25	14.00	120.00	8
	For Two Years							
Institutional								
Bank	-	-	-	-	7.50	7.00	8.00	2
MFIs	-	-	-	-	19.33	4.00	24.00	6
SHGs	22.50	18.00	24.00	4	19.36	10.00	30.00	25
Non-Institutional								
Money Lenders	-	-	-	-	-	-	-	-
	For Three Years							
Institutional								
Bank	6.00	4.00	8.00	2	7.00	7.00	7.00	1
MFIs	-	-	-	-	-	-	-	-
SHGs	14.67	8.00	24.00	3	22.00	12.00	36.00	8
Non-Institutional								
Money Lenders	-	-	-	-	-	-	-	-
	For Four Years							
Institutional								
Bank	7.57	4.00	13.00	7	6.40	4.00	7.00	5
MFIs	-	-	-	-	-	-	-	-
SHGs	18.00	18.00	18.00	1	24.00	24.00	24.00	1
Non-Institutional								
Money Lenders	-	-	-	-	30.00	30.00	30.00	1

Annex - 9

Interest Rate of Institutions and Non-Institutions - Non-farmers

(per annum)

	Before				After			
	Mean	Minimum	Maximum	N	Mean	Minimum	Maximum	N
	For One Year							
Institutional								
Bank	8.00	8.00	8.00	1	8.17	4.00	16.66	4
MFIs	-	-	-	-	-	-	-	-
SHGs	12.00	12.00	12.00	1	15.67	11.00	24.00	13
Non-Institutional								
Money Lenders	36.00	36.00	36.00	1	78.00	36.00	120.00	2
	For Two Years							
Institutional								
Bank	-	-	-	-	-	-	-	-
MFIs	-	-	-	-	20.00	18.00	24.00	3
SHGs	24.00	24.00	24.00	2	18.42	10.00	24.00	12
Non-Institutional								
Money Lenders	-	-	-	-	60.00	60.00	60.00	1
	For Three Years							
Institutional								
Bank	7.00	7.00	7.00	1	-	-	-	-
MFIs	-	-	-	-	-	-	-	-
SHGs	-	-	-	-	21.00	18.00	24.00	2
Non-Institutional								
Money Lenders	-	-	-	-	-	-	-	-
	For Four Years							
Institutional								
Bank	8.00	8.00	8.00	1	18.00	18.00	18.00	1
MFIs	-	-	-	-	-	-	-	-
SHGs	12.00	12.00	12.00	1	-	-	-	-
Non-Institutional								
Money Lenders	-	-	-	-	-	-	-	-