



Department of Rural Development and Panchayati Raj
Government of Karnataka

Final Report: Study on the Role of MGNREGA in Enhancing Financial Inclusion



*Photo source: The Hindu,
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Study commissioned by:

Director, NREGA,
Department of Rural Development and
Panchayati Raj
and conducted by:

Centre for Budget and Policy Studies





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Financial Inclusion**

FINAL REPORT

FEBRUARY 2013

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Acronyms and Abbreviations

Agri	Agricultural
ATM	Automated Teller Machine
B&W	Black and white
BC	Business Correspondent
BE	Budget Estimate
BF	Business Facilitator
BPL	Below Poverty Line
CB	Closing Balance
CBPS	Centre for Budget and Policy Studies
CITD-SIS	Center for International Trade and Development, School of International Studies
CSC	Common Service Centres
EBT	Electronic Benefit Transfer
EPW	Economic and Political Weekly
F	Female
FD	Fixed Deposit
FI	Financial Inclusion
FICCI	Federation of Indian Chambers of Commerce and Industry
GCC	General Purpose Credit Card
GDI	Gender-related Development Index
GDP	Gross Domestic Product
GP	Gram Panchayat
HDI	Human Development Index
HPI	Human Poverty Index
ICRIER	Indian Council for Research on International Economic Relations
IGNDP	National Disability Pension Scheme
IGNOAP	Indira Gandhi National Old Age Pension Scheme
IGNWP	Indira Gandhi National Widow Pension Scheme
KCC	Kisan Credit Card
KYC	Know Your Customer
M	Male
Max	Maximum
M-CRIL	Micro-Credit Ratings International Ltd.
MFI	Micro Finance Institutions
MGNREG	Mahatma Gandhi National Rural Employment Guarantee
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
Min	Minimum
MoF	Ministry of Finance
MoRD	Ministry of Rural Development
NABARD	National Bank for Agriculture and Rural Development
NAMPUS	Normalization, Symmetry (or Anonymity), Monotonicity, Proximity, Uniformity and Signaling

NCAER	National Council of Applied Economic Research
NGO	Non Governmental Organisation
NREGA	National Rural Employment Guarantee Act
NREGS	National Rural Employment Guarantee Scheme
NSSO	National Sample Survey Organisation or National Sample Survey Office
OB	Opening Balance
OTH	Other
PCO	Public Call Office
PDO	Panchayat Development Officer
PO or P.O.	Post Office
PUC	Pre University Course
RBI	Reserve Bank of India
RD	Recurring Deposit
RDPR	Rural Development and Panchayati Raj
RFAS	Rural Finance Access Survey
SC	Scheduled Caste
SHG	Self Help Group
SLBC	State Level Bankers' Committee
SSLC	Secondary School Leaving Certificate
SSP	Social Security Pension
SSY	Sandhya Suraksha Yojana
ST	Scheduled Tribe
UNDP	United Nations Development Programme
WB	World Bank

Executive Summary

The Government of India had mandated (in 2009) that wages to NREGGA workers be paid through banks and post offices with a two-fold objective – a) by ensuring transparency it would reduce the chances of embezzlement and fraud ; and b) in the process, the workers who are from poor and marginalized sections of society would be introduced to formal financial institutions and eventually access other financial services as well. The expectation, thus, was that payment of NERGA wages through banks would lead to greater financial inclusion of the poor and marginalized people.

Independent of the above initiative, both the government as also Reserve Bank of India have been trying since 2005 to give financial inclusion a push through various measures such as relaxing ‘know-your-customer’ (KYC) norms, opening ‘no-frills’ accounts and improving access to banks through business correspondents and business facilitators. While there are practically no studies on whether payment of wages under NREGA has led to higher financial inclusion, there are several studies on financial inclusion per se; and also several committees appointed by the Government of India have gone into this issue in great depth.

The definition of financial inclusion given by Dr Rangarajan Committee is now commonly accepted as the norm. Broadly financial inclusion occurs when an individual avails an array of financial services viz. receipt of transfer payments, savings (besides balance in the savings account, recurring deposits and fixed deposits), loans, insurance, short term credit (e.g. credit card, over draft) and remittance. Obviously, therefore, having a savings account is only a starting point for financial inclusion. Several studies have gone into the aspect of financial inclusion from the stand point of usage and constructed detailed indices to measure financial inclusion. Most of these studies have found that many of the ‘no-frills’ account have remained just savings accounts with account holders not accessing any other financial service from the banks.

Among the important reasons identified by these studies for the low financial inclusion are: a) the poor access (distance from the home); b) opportunity cost in terms of lost wages as bank transactions involved half a day to a whole day – and even if it took less time, if the worker does not join the work force in the morning along with others he loses the work for that day; c) insufficient funds to actually save; d) other easier and less daunting avenues for savings (SHGs) and taking loans (SHGs and other local sources including money lenders); e) perception that bank accounts are not meant for the poor and f) most importantly, lack of awareness about various services that can be availed from banks. On part of the supply side, banks have been also seen to be less than cooperative in that in their view this was a non profitable business. One study worked out that for a bank account to break even it should have

at least a balance of Rs 2430 with per capita transaction of Rs 13.40 and 13 transactions in a year. In case transactions are larger, the balance has to be larger.

The present study, commissioned by Department of Rural Development and Panchayati raj, Government of Karnataka, examined whether the payment of NREGA wages had resulted in a higher financial inclusion based on primary survey in two districts of Tumkur and Davanagere of Karnataka. In all 258 NREGA beneficiaries located in eight gram panchayats in four taluks (two each in each of the districts) were surveyed through a detailed interview. In addition, the study also accessed bank account data of the beneficiaries through core banking system facilitated by respective banks.

The findings of the study broadly corroborate earlier studies.

- a. A good number of beneficiaries with bank accounts had already a bank account before the government mandated wage payments to be paid through banks/P.O.s. And interestingly a majority of accounts opened after the notification was regular savings accounts rather than no-frills accounts.
- b. There is only one bank account per household. Although there are some households where female member holds the account, in a majority of cases wages of female members of the household get deposited in the account of the male. Even in cases where the account is in the name of the female member it is doubtful whether she is actually operating the account as 62 percent of women beneficiaries operate their accounts with some help from neighbor, relative, etc.
- c. Although a good half of the sample beneficiaries were accompanied by someone for opening an account in bank or post office, it is a positive sign that the other half were unaccompanied; particularly so when there was no difference among the social categories although a lower proportion of women ventured alone to visit bank / PO to open an account.
- d. The most disconcerting aspect was, however, that only about 38% of the sample beneficiaries transacted their business without depending on others; the remaining majority of 62% depended upon panchayat officials, neighbors, bank /PO officials, etc. for operating their accounts. While in itself it is not a matter of major concern, it points to a possibility of a third party (say contractors) operating the account on behalf of the workers. For instance, there was evidence that i) many NREGS beneficiaries did not have in their possession the job cards and passbooks; and ii) the beneficiaries were reportedly paid Rs. 100 per withdrawal by the contractor.
- e. As many studies on financial inclusion have pointed out, the transaction costs, explicit and implicit, involved seemed to be a key factor in low usage of bank accounts. It was found that 41% of the sample beneficiaries in both the districts had incurred transportation cost. A majority of the beneficiaries spent between

half a day to entire day to complete the transaction and consequently incurred loss of wages. Interestingly only 2 out of 237 beneficiaries used BC/BF services indicating a very poor penetration of these services in both the districts.

- f. For the poor whose daily needs are met from daily wages, receipt of wages on time is of utmost importance. The fact that less than 40 percent of beneficiaries had got their wages within stipulated period of 15 days is a matter for grave concern. This would also indirectly give raise to other malpractices where the contractors might make them payment on a daily basis in cash and the bank accounts are used more as a compliance with the Scheme requirements. This provides opportunities for other deviations to be also made.
- g. Awareness among NREGA beneficiaries of financial services that they could avail from banks and POs was rather poor with only about one-fourth of them being aware of possibility of taking loans or availing credit card. The poor awareness of benefits of having account with the bank / PO is reflected in only 10 people of the 258 sample beneficiaries availing loans with another 3 having general purpose credit cards. This reinforces the findings of several studies that very less has been achieved in terms of financial inclusion through the scheme.
- h. The low prevalence of bank loans should be seen in the context of need for loans. As many as 46 percent of beneficiaries incurred major expenditure in the preceding year – mostly owing to medical emergency and for agricultural inputs. Of them 74 percent obtained interest bearing loans; others either used their savings, sold some assets or were fortunate to get an interest free loan. Of these 74% (i.e. 80 respondents), only 15 had actually approached the bank for loan.
- i. From among the list of reasons given, two are three are worth noting. a) Interestingly, 85 percent of those who obtained loans from other sources reported not having furnished any collateral; b) If the purposes for which loan is required is seen, it is mostly medical emergency or agricultural inputs. In both the cases timeliness of loan becomes very important. Given the procedures involved in formal financial institutions, this requirement would not be met; c) small amounts of loan are required to be catered through overdrafts and credit cards, but have not happened.
- j. About 38 percent of respondent were members of self help groups. What is most encouraging is that a good three-fourths of them save Rs 10- Rs 100 on a weekly basis. A similar number of them have also availed loans from their SHG and a majority of them are repaying the loans regularly. It appears that the SHG-bank model seems to have a better effect on financial inclusion.
- k. The bank account data was made available by banks from their core banking system. It is seen that of the 100 accounts for which data is available, only 15 accounts showed that some financial services were utilized i.e. ten accounts had

loans, 3 had fixed deposits and 2 were issued kisan credit cards. This shows that financial inclusion did not take place.

To sum up, the findings of the study are by and large in line with what other studies have shown. The transaction costs of using a bank account, low levels of income as compared to compelling daily needs, inconvenient procedures and attendant delays in processing requests for loans, and so on discourage the poor and marginalized from effectively using banks for their financial needs. It is strongly felt that in the ultimate analysis the situation is exploited by the unscrupulous contractors and GP officials to subvert the system.

While it is understandable to expect that mandating payments through banks with consequent introduction of NREGA beneficiaries to formal financial institutions is laudable, it is a little far fetched to expect this to lead to financial inclusion in the absence of other necessary conditions for it. For this initiative to lead to financial inclusion, a great deal more needs to be done in terms of providing banking services through business correspondent / facilitator model. Considering the success of SHGs in promoting savings and also providing soft loans, it would be worth while to use this as the vehicle for financial inclusion.

1. Introduction

Financial inclusion, with a focus on rural areas, has been one of Reserve Bank of India's (RBI's) main priorities since 2005. The RBI's plan includes provision of banking services to habitations with a population of 2000 and above, as per 2001 census, by March 2012 (Strategy and Guidelines on Financial Inclusion, MoF, 21st October 2011). With this end in mind, in November 2005, the RBI asked banks to offer a basic banking 'no-frills' account with low or zero minimum balance and minimum charges to expand the outreach of such accounts to the low income groups. As of 2009, there were 3.3 crore no-frills accounts. The Business Correspondent (BC) model was launched, among other things, in order to extend the reach of banks to remote areas.

In wake of the RBI's efforts to ensure financial inclusion, the Ministry of Rural Development (MoRD) issued a circular on January 21, 2008 that mandated transfer of wage payments only to bank or post office accounts of Mahatma Gandhi National Rural Employment Guarantee Act¹ (MGNREGA) beneficiaries keeping in mind the objectives of transparency and financial inclusion. Schedule II, paragraph 31 of the Act was suitably amended on February 19, 2009 to state that *'the payment of wages shall be made through the individual or joint savings account of the workers in banks or post offices opened in accordance with the directions of the Central Government.'* This led to the omission of the provision of part payment in kind and payment on daily basis though not ruling out cash payments entirely. Since then, nearly ten crore bank/ post office accounts have been opened and around 80 per cent of MGNREGA payments have been made through this route. This has been hailed as the 'world's largest ever financial inclusion scheme.'

As the MGNREGA has mandated payments through formal financial institutions, it is expected to have resulted in enhanced financial inclusion of poor and marginalized sections of the society. The Department of Rural Development and Panchayat Raj, Government of Karnataka entrusted Centre for Budget and Policy Studies (CBPS), Bangalore the 'Study on the role of MGNREGA in enhancing Financial Inclusion'. The study aims at getting a detailed view of whether the MGNREGA has really resulted in enhanced financial inclusion for beneficiaries.

According to the agreement document on 'Terms of Reference for the Study on the Role of MGNREGA in enhancing financial inclusion', the objectives of the study were:

- Examine the extent of coverage of beneficiaries by financial institutions and the role of Business Correspondent/ Facilitator model;

¹ Earlier known as NREGA or National Rural Employment Guarantee Act.

- Examine the effectiveness of the system in terms of beneficiaries actually operating their accounts and whether they have been able to access other financial services as well;
- Cooperation of banks in opening no-frills accounts (as per RBI guidelines)
- Assess the role of middle men and private money lenders, if any, in the provision of financial services;
- Examine discrepancies (non-payment, less payment) in payments by banks/ P.O.s
- Assess the improvement, if any, in security of livelihood;
- Analyze gender and equity issues in financial inclusion; and
- Give recommendations for improvement.

2. What is Financial Inclusion?

Different studies have used different definitions of financial inclusion. Financial inclusion covers a wide array of services by the banking sector. The various financial services considered by Committee of Financial Inclusion (2008) chaired by Dr. C. Rangarajan include savings, loans, insurance, payments, remittance facilities and financial counseling/ advisory services by the formal financial system. A broad working definition of financial inclusion provided by this Committee is as follows, 'financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost' (ibid). According to a study by Mor and Ananth (2007) financial inclusion, at a minimum, can be interpreted to mean the ability of every individual to access financial services. While other studies (Leyshon and Thrift 1995; Sinclair 2001; Santiago, Gardener and Molyneux 2005; Mohan 2006; Leeladhar 2005; Thorat 2007, Sarma and Pais 2008) provide other definitions of financial inclusion, most of the recent Indian studies cite the definition used by the Rangarajan Committee. Apart from the Rangarajan Committee, various committees like the Vaidyanathan Committee, Thorat Committee, Raghuram Rajan Committee have been constituted by the Government of India to study various aspects of Financial Inclusion.

3. The link between Financial Inclusion and MGNREGA

That the social transfer payments/ employment guarantee schemes have the capacity to enhance financial inclusion of the poorest of the poor is generally accepted. However, it is necessary to understand the indicators that measure inclusion (conversely, exclusion) and the pre and post-MGNREGA levels of inclusion (exclusion). Although not having a post office (PO)/ bank account is the basic

indicator of exclusion, there is a possibility of being financially excluded despite having an account opened in one's name. Thus, an important consideration for the study will be the phase in which the Scheme was implemented in the districts, demand as well as supply of formal, institutional financial services and associated changes in socioeconomic status. Data on usage of bank accounts is often used as a proxy for financial inclusion because data on access to finance and its various dimensions are difficult to collect and extremely limited. Although the usage data may not tell the full story, they can illustrate many aspects of the multidimensional access problem. Rao (2007) is of the opinion that though the financial inclusion covers a wide array of services by the banking sector, one crucial area relates to borrowings from banks by the lower strata of the unorganized segment of the economy. Further, debt owed to institutional and non-institutional sources could be used as barometer of degree of financial inclusion in the two sectors. Thorat (2007) uses the percentage of adult population having bank accounts as a measure of financial inclusion in the payment system. Similarly he uses the percentage of adult population having loan account as a measure of financial inclusion in the formal credit market. Chattopadhyay (2011) uses an index of financial inclusion, which computes the degree of financial inclusion in different states across India - It was developed by calculating a dimension index for each dimension of financial inclusion (three dimensions were considered, banking penetration, availability of the banking services and usage of the banking system.) The index used in the study above draws heavily from the index developed by Sarma (2008). Both the methods mentioned above have been adopted from the methodology used by the United Nations Development Programme (UNDP) for constructing the Human Development Indicators.

Using the dimensional framework given by Basu (2006), our study could also look at analyzing whether financial inclusion under MGNREGA specifically addresses any particular dimension of the problem of access and the manner in which it does so.

The banking linked programs and BC model for financial inclusion are a fairly recent development as compared to the Micro Finance Institutions (MFI) and Self Help Group (SHG) movements. This opens up the possibility of an overlap between the two systems and the resulting levels of inclusion could be an outcome of the combined effect of the two. From the point of view of the study, it seems important to separate the effects of the two systems. In conclusion, it is crucial to take heed of the caveat by Zingales and Rajan (2004) that *'finance cannot create opportunities. It only makes it easier to exploit them'*; 'financial inclusion' has the potential of being a two-faced friend, helping the poor surface from poverty and, at the same time, being guilty of pushing them back in to the very same troughs.

4. Financial Inclusion – issues and perspectives

Studies have established the importance of overall financial development (access to credit, access to savings) for breaking the cycle of poverty. There is consensus that better access to finance plays a key role in inclusive growth and development. It has been found that in a typical developing economy in the Asia and Pacific region, the formal financial system at best serves no more than 20 to 30 percent of the population, and excludes 70 to 80 percent - the vast majority of whom are low-income households in rural areas (World Savings Bank Institute, 2000). According to the Banking Ombudsman of Karnataka State, 63 percent of the people in India do not have the benefit of banking facilities (Business Line 2006). The financially ‘excluded’ sections largely comprise marginal farmers, landless laborers, self-employed and unorganized sector enterprises, urban slum dwellers, ethnic minorities, migrants, and women. Most of the excluded people are concentrated in the North East, Eastern, and Central regions (Thorat, 2007).

At the same time Kamath, Mukerji and Sandstrom (2010) have shown that states that have the maximum access to sources of finance, or a good supply of finance, need not necessarily have a high demand for institutional finance. Apart from ensuring ‘access to financial services’, financial inclusion should also ensure that the service is being utilized appropriately resulting in a positive, visible change in the economic condition of a particular section of the society. The National Sample Survey Organisation (NSSO) data on rural indebtedness shows that the most important source of loan in terms of percentage of outstanding loan amount was banks (36 percent), followed by moneylenders (26 percent) (NSS 59th Round, 2003).

There is evidence that a vast majority of India’s rural poor still does not have access to formal finance. It has been indicated in the Rural Finance Access Survey (RFAS) 2003, a World Bank (WB) and National Council of Applied Economic Research (NCAER) collaboration, that rural banks serve primarily the needs of richer rural borrowers: around 66 per cent of large farmers have a deposit account; 44 percent have access to credit. Meanwhile, the rural poor face severe difficulties accessing savings and credit from the formal sector. Around 87 per cent of the poorest households surveyed (marginal farmers) did not have access to credit, and 71 percent did not have access to savings from a formal source. Access to formal credit is particularly a problem for the poor when trying to meet unforeseen expenditure and difficulty in accessing formal finance has resulted in a heavy reliance among poorer rural households on informal finance - mostly moneylenders and shop-keepers. Around 44 percent of the households surveyed by RFAS 2003 reported having borrowed informally at least once in the preceding 12 months; the interest charged on informal loans averaged 48 percent per year. Access to other financial services, such as insurance, also remains limited among the rural poor, even though many in this

segment would like access to insurance- over 82 per cent of households surveyed in RFAS 2003, had no insurance, and practically none of the poorest households surveyed had insurance (Basu, 2006).

The study by Basu systematically lists the financial needs of the rural poor and the various dimensions of the problem of access. The access problem can be summarized in the following manner - rural households demand access to safe, convenient, and appropriate deposit facilities; they demand access to credit at minimum transaction costs and at reasonable prices for a wide range of purposes; they demand access to payment and money transfer services; the demand for financial literacy services among low-income households is also vast. At the same time, the existence of informal markets indicates that there are important supply-side limitations in the formal financial system on the access to financial services for those at the lower end of the market.

The issue of financial inclusion is not a new one. Financial inclusion was embedded in Indian credit policies in the earlier decades also, albeit in a more implicit manner. Recent technological progress has changed the nature of banking in the country. However, access to such technological improvements is restricted to a few sections of society (Committee on Financial Inclusion, 2008). Some scholars are also of the view that banking policies emphasis till late was on providing credit rather than financial products and services including savings and insurance to the poor to meet their simple requirements (Ansari, 2007).

Financial inclusion among recipients of social transfers and employment guarantee schemes simplifies payment delivery. The benefits of this are that the cost of payment delivery is reduced for the government, there is an increase in convenience for the recipient, and this could reduce leakages in the system (Johnson, 2009). According to Johnson, recipients of social transfers like MGNREGA are often excluded by banks and self-excluded due to low financial literacy. This basically leads to the formation of a supply-side constraint emerging from two interrelated ideas that dominate the conventional view. First is that given low-income levels and lagging social development, there is little profit potential in the low end of the financial markets; hence, the conclusion that market-based solutions cannot lead to improved financial services for low-income people and that the private sector has no significant role in this market segment. Second, because this market consists of low-income people, it must be served through government programs and programs of charitable institutions including social-mission-oriented nongovernment organizations. (Basu, 2006).

5. Brief details of studies in Financial Inclusion

Several researchers have studied the financial inclusion from different perspectives. Given below are a few studies (some done in Karnataka) that provide useful insights relevant for the current study.

5.1 OPERATIONALIZATION OF ‘NO-FRILLS’ ACCOUNTS

Rai and Saha (2010) view financial inclusion as a two step process with opening no-frills accounts as being step one and actual usage of the accounts as being step two. They take the case of Karnataka and develop a tool to measure the usage of the no-frills accounts using an operationalization index. Computing the operationalization index is important because although all 29 districts in Karnataka have been declared as financially included, in reality most accounts have remained inoperative. Reasons cited for this include distance from bank branch, illiteracy, absence of passbooks and lack of interest of the customers.

Operationalization is viewed as the provision of five financial services viz.

- a. general purpose credit cards;
- b. over-draft in small amounts;
- c. other loan products;
- d. transactions in the savings accounts; and
- e. payment of NREGA wages and transfers in respect of other government schemes (like social security pensions)

In an ideal scenario all the five financial services should be accessed by every account to consider it as operational; however, in the study any account that has even one of these services is taken to be operational.

Data for this study was obtained from bank records, State Level Bankers’ Committee (SLBC) reports and primary data was collected with the help of questionnaires to take inputs from branches, and no-frills account holders; the sample districts (Kodagu, Shimoga and Ramanagaram) were chosen based on benchmark performance during the account opening phase. Accounts and account holders were randomly selected for scrutiny and interviews.

It was found that NREGA payments and deposit transactions accounted as the most significant factor for operationalization of accounts. Other financial services such as issue of general purpose credit card, credit and transactions in savings account were generally insignificant.

5.2 FINANCIAL INCLUSION IN GULBARGA: FINDING USAGE IN ACCESS

Keeping in mind the RBI directed financial inclusion project to provide every household with a no-frills bank account and the fact that Gulbarga district in

Karnataka (a developmentally backward district) was declared as 100 percent financially included, the study conducted by Ramji (2009) looks at how Below Poverty Line (BPL) households were identified as un-banked and how they got savings accounts and whether this led them to using that account and accessing other financial services. The study utilised primary survey data collected by way of surveys from BPL households and interviews with bank and RBI officials and was conducted in two taluks of Gulbarga district namely, Shorapur and Gulbarga blocks.

In Gulbarga district, the lead bank conducted promotional drives to inform prospective customers about new accounts being opened and simultaneously involved Non Governmental Organisations (NGOs) in the process of account opening, this included identification of households who were financially excluded, assisting households in completing the processes required for getting a no-frills bank account, submitting the completed forms at the bank and also delivering the passbooks back to the account holders.

Ramji's study (2009) points out inconsistencies in even the identification of households; at the beginning of the effort, those with post office savings accounts were considered financially included, by the end they were considered as financially excluded and accounts for them were also opened. A big hurdle in the entire process was the fact that banks did not consider these individuals/ households as prospective customers, the whole exercise was perceived to be non-profitable by banks; this also caused problems between the banks and the NGO, with the former rejecting many filled-in application forms stating the reason that many were earlier customers whose accounts had lapsed and were not really those who were financially excluded.

By the end of the financial inclusion drive, though the number of bank accounts in Gulbarga district almost doubled, it was found that many new accounts had been opened for those who already had other savings account and that those who were really financially excluded continued to be left out. Accounts were opened for receiving government payments (such as National Rural Employment Guarantee Scheme or NREGS²) and even those who did open new account were mostly unaware about the features of their bank accounts. The high opportunity costs involved in reaching the bank and waiting for their turn to access their account was a major deterrent for customers to transact on their account on a regular basis (which is considered to be an indicator of financial inclusion). The study also explored reasons why people did not open bank accounts and the most important reason that emerged was that they felt that their income was insufficient for saving money and therefore they had no need for a savings account. They did save on a more informal basis though and felt that they needed higher amounts for saving money in a bank account.

² This is now known as MGNREGS.

The study concludes that ‘access does not mean usage, and as such, opening bank accounts without accompanying training or marketing may simply result in additional costs for the bank without any benefits to the community.’

5.3 COST-BENEFIT AND USAGE BEHAVIOR ANALYSIS OF ‘NO-FRILLS’ ACCOUNTS

In order to achieve the mandate of 100 percent financial inclusion across the country, the RBI has taken many steps including directing banks to open no frills accounts for those financial excluded and allowed banks to follow relaxed Know Your Customer (KYC) norms for verification of these individuals. To further the cause, general purpose credit cards were also issued that allowed individuals to access credit for up to Rs 25,000. When there still remained a large number of individuals who were financially excluded, banks were urged to focus on 100 percent financial inclusion one district at a time and utilise the services of business correspondents/ facilitators and technology to ensure that banking services were made accessible to even the remotest areas. To streamline the disbursement of NREGS wages, wage payment for NREGS workers were also directed to be paid via bank accounts to reduce chances of corruption.

One such focused effort was conducted in the Cuddalore district of Tamil Nadu which was the district in the state that was said to have completed 100 percent financial inclusion in September 2007. Thyagarajan and Venkatesan (2008) conducted a study to measure the effectiveness of the financial inclusion project in Cuddalore wherein they looked at coverage of financial inclusion by geographical area and other categories; they also worked out the number of transactions at which the banks break-even for a given deposit and number of transactions. In order to measure the above, Thyagarajan and Venkatesan (2008) surveyed individuals to ascertain the reasons for their willingness or unwillingness to open zero or low minimum balance no frills accounts, the issues relating to using the accounts and so on. They also discussed with bank managers the issues in providing ‘no frill’ accounts.

Different banks adopted different strategies to open bank accounts - while the staff of some banks was directly involved, others had outsourced the work to an external agency, and some had intimated villagers in advance while others had involved the panchayat members in the process, resulting in different levels of engagement with the customers and responses to call for opening account. It was found that the banks that had outsourced the initiative had done poorly in persuading the poor to open accounts. Long distances of 15-20 km from the bank branches and resultant higher opportunity costs were among the important reasons for unwillingness on part of the poor to open bank accounts.

Of those who had opened accounts, only about 10 to 15 percent were actually using their accounts. Seventy-two percent of the accounts had zero or minimum balance. The reasons for this included actual distance from bank branch, high opportunity costs

(in terms of loss of wages) to access banking services, savings through other means (SHGs/ post offices), lack of sufficient money to save and most important of all, lack of knowledge that they could save in the account and not just get payments for government schemes. This was due to the fact that not all of them got pass books which meant that they were unaware about the balance, if any, in their accounts at any time. Where the banks utilized the services of panchayat president or counselors for opening new accounts, the understanding given was that the bank accounts enabled the account holders to avail a loan. They did not know that the bank accounts could be used for savings as well. On the other hand, the accounts that were being used showed increasing average balances and a positive trend of usage, no matter where they were located; one reason for this was found to be the utilization of technology interventions such as rural Automated Teller Machines (ATMs), smart cards, mobile phone banking, etc. as done by the Indian Bank.

On the supply side, there were concerns of bank managers regarding the lack of manpower, low capacity of the poor to save and a decline in profitability for the branch, resulting finally in reflection of their own performance in poor light. To understand whether the concern expressed by banks regarding profitability was genuine, the study calculated the costs incurred by the bank. It was found that these varied depending upon the strategy adopted by the bank and could include some or all of the following costs: survey cost, account opening cost, passbook cost, passbook distribution cost, outsourcing cost and miscellaneous costs. It was found that at an accounts balance of Rs 2,430, per transaction cost of Rs 13.40 and 13 transactions in a year, the bank would break even on that account. In case of larger number of transactions, the accounts would need to have larger balances.

In order for the 'no-frill' accounts to be sustainable, the deposits in the accounts have to be larger in keeping with the number of transactions. For the deposits to be sizeable, the poor need to be educated about the usage of bank account as a medium of savings. The banks on their part must find ways of reducing the transaction costs.

5.4 INDEX OF FINANCIAL INCLUSION

An inclusive financial system is very important as it, among other things, facilitates efficient allocation of productive resources and reduces the dependence of the poor upon informal sources of credit and thus improves their well-being. Given the importance of financial inclusion, there is an urgent need for a comprehensive tool to measure the extent of financial inclusion in the country or a state. Sarma (2008) has proposed such an index in a manner similar to the UNDP approach for calculating Human Development Index (HDI), Human Poverty Index (HPI), Gender-related Development Index (GDI), etc.

Some of the Indicators used to measure financial inclusion are:

- number of bank accounts per 1000 adult population;
- number of bank branches per million people;
- number of ATMs per million people;
- amount of bank credit and bank deposit to Gross domestic product (GDP); etc.

The shortcoming of the above indicators is that they fail to measure financial inclusion (FI) when they are used in isolation or singly. The index should capture many dimensions of the FI, easy to compute and be amenable for inter country comparison. In computing such an index of financial inclusion, Sarma (2008) looks at three dimensions of financial inclusion, namely, *accessibility, availability and usage of banking services*. Other relevant dimensions (i.e. affordability, timeliness and quality of financial services) have not been considered due to data constraints. The various indicators for each dimension are also considered not in isolation, but in relation to one another. These indicators include the number of bank accounts as a proportion of the total population for the ‘banking penetration’ dimension, the number of bank branches per 1,000 adult population for the ‘availability of banking services’ dimension, and the volume of credit and deposit as a proportion of the country’s GDP for calculating the ‘usage of the banking system’ dimension. For each dimension, first a dimension index is calculated and then the final index is computed as a measure of the distance from the ideal. This method satisfies many properties of a development index³ and is relevant because it does not assume that all dimensions are of equal importance. The minimum and maximum values have also been empirically determined instead of being pre-assumed as their values are not constant and change with time; therefore the index calculated is dynamic.

Data used was for the year 2004 and it was found that India ranked 31st among 55 countries on Sarma’s index for financial inclusion i.e. India falls within the low financial inclusion category; even when compared with 100 countries on two dimensions, India ranks 50th and once again falls within the low FI category. Though this index does not consider disparities in terms of geographical aspects (e.g. rural vs. urban), gender and aspects such as resident vs. non-resident accounts, it is nevertheless very relevant as it is a measure of the extent of financial inclusion.

5.5 A CASE STUDY OF FINANCIAL INCLUSION IN THREE DISTRICTS OF WEST BENGAL

The case study of financial inclusion in three districts of rural West Bengal, namely, Purba Midnapore, Birbhum and Murshidabad (Chattopadhyay, Financial inclusion: in India: A case-study of West Bengal, 2011), uses an index of financial inclusion similar to the one used by Sarma (2008). Chattopadhyay too uses various

³ These properties include normalization, symmetry (or anonymity), monotonicity, proximity, uniformity and signaling, or NAMPUS.

multidimensional indicators to measure financial inclusion that are simple to compute and can be compared across states and districts. He too considers the dimensions as banking penetration, availability of banking services with indicators that are suitable for the country/ district context and as per data availability. For each dimension an index was calculated for the period 2006-07 to 2009-10 and then the index of financial inclusion was been computed.

The results from Chattopadhyay's study (2011) show that though the state of West Bengal has declared all the districts as 100 percent financially included, on an overall level, the state lags very much behind other states; in fact except for all the southern states and Sikkim which have a high index of financial inclusion (i.e. 0.5 or more or medium index of financial inclusion (i.e. 0.3 to 0.5), all other eastern, north-eastern and central states have a low index of financial inclusion (i.e. between 0.0 and 0.3). Even within West Bengal, other than the district of Kolkata which has a high index of financial inclusion, all other districts in have a low index of financial inclusion. The results of the primary survey also indicate that both supply side and demand side gaps exist. Those who did not have bank accounts remained so because they did not have sufficient income to open one; moneylenders continued to prevail because they provided loans without collateral and without requiring specific reasons for taking a loan. Though banks existed and people did access credit and other facilities from these banks, distance from the nearest branch was a deterrent for many. In addition, there was glaring lack of financial literacy across the districts. Tapping institutions such as SHGs, MFIs and the BC model should be encouraged. The study suggested that a consolidated effort on the part of all stakeholders (regulators, banks and beneficiaries) is required to make financial inclusion a success.

5.6 SUMMING UP⁴

Ever since its inception, the NREGS has been fraught with criticisms of corruption. To counter these, various transparency measures were included in the scheme such as public scrutiny of muster rolls, public disbursement of wages, insistence upon maintenance of job cards of NREGS workers, as well as regular social audits. Notwithstanding these measures, the fact that the implementation agency (that maintained the attendance records and dues records) and payment agency (that made cash payments to the workers) were the same meant that there existed many opportunities for workers' wages to be diverted by others.

Payment of wages via the bank/ post office route was introduced so that an independent institution, which had no stake in the implementation of the scheme, would be involved with the payment of wages, which would reduce chances of

⁴ This section is based on Article '*NREGA Wage Payments: Can we bank on the Banks?*' by Anindita Adhikari and Kartika Bhatia in *Economic & Political Weekly* (January 2, 2010, Vol XLV No 1), which raises many unaddressed issues relating to the payments through banking system

embezzlement and fraud; additionally, helping financially including the un-banked and under-banked and bringing them into the fold of the formal banking system and inculcate in them the habit of saving.

However, various studies have shown that there are instances when banks/ post offices too have joined the vicious cycle that earlier included the contractor and gram panchayat officials. Though the banking system does allow for stricter monitoring, the system is not infallible.

The account opening process itself is haphazard and many workers are left out of the process. Few workers are aware that they are entitled to open no-frills accounts, they are uninformed about the fact that the account being opened are zero balance, no-frills accounts - many have paid money at the time of account opening and there are examples of this amount not reflecting in the account balance (i.e. was a bribe paid to open the account). Many times workers are either not present at the time of account opening or are accompanied by someone (usually the GP officials or contractors). There are also instances of women workers not being entertained by bank/ post office officials for opening singly operated accounts, they are instead encouraged to open a joint account with their spouses (with the spouse being the one who primarily transacts on the account) and are at times even paid through the accounts of their spouses - this goes clearly against the idea that women workers should be allowed the opportunity to collect and keep their own wages. There are cases when workers are not even aware of the fact that an account exists in their name; others are made to sign on withdrawal slips in bulk. Even at the time of transaction/ collection of wage payments, workers are mostly accompanied by the contractor/ Gram Panchayat (GP) officials; this is likely to further exploitation than reduce it. Though passbooks and withdrawal slips are frequently used, there are examples of the latter especially being misused for proxy withdrawals.

There are several downsides to bank payments:

- lack of a standard format for payment orders results in verification of these orders being near impossible at a later stage - as GPs tend to make payment orders for multiple worksites or multiple weeks together;
- there is no formal process to inform workers that the wages have been credited to their accounts;
- the instances of using account payee cheques further complicates the process, while issuing bearer's cheques results in payments being made to the wrong people or payments being generated for people who don't exist;
- since the payments are made by credit to beneficiaries bank accounts, public disclosure of the muster rolls and job cards, a key transparency requirement under NREGA is not fulfilled; and

- though most workers preferred having their own bank accounts, they were still unfamiliar with (and unaware about) about bank processes and therefore prey to unfriendly bank staff and easily deceived/ exploited by middlemen. The habit of saving was not well established in most areas surveyed. The extent of exploitation/ collusion/ deception depends upon the social context of the area. There is a need to employ strict guidelines and to ensure that they are adhered.

6. Sample Selection

The Department of Rural Development and Panchayati Raj (RDPR) indicated that the study should be carried out in Davanagere and Tumkur districts, in which MGNREGA was notified in Phase I (February 2005) and in Phase III (April 2008) of the implementation of the Act respectively.

The total area of Davanagere is 5,975.97 sq. km spread over six taluks of which two taluks are classified as Most Backward and another two as More Backward as per the Comprehensive Composite Development Index developed by the Nanjundappa Committee (2002). The total population of the district as per 2001 census was 17,90,952. The district is primarily agrarian and consists of 2,43,747 farm households. Majority of the farm households belong to marginal (43 percent) and small size (30 percent) categories. The normal rainfall of the district is 644 mm. Canals account for 53 per cent of total net area irrigated create a regional disparity within the district. The district was being served by 87 branches of commercial banks and 42 branches of regional rural banks besides a large number of credit cooperative societies, as of 2010. The socio economic background of the district provides strong case for the purposeful selection of the district.

The district of Tumkur occupies an area of 10,596 sq. km and had a population of 25,84,711 according to the 2001 census. It is spread across ten taluks of which five taluks are categorized as Most Backward and another three taluks as More Backward. The normal rainfall of this district is 585.0 mm. The land in the district under cultivation is 172,634 hectares. Dry land agriculture surpasses any other form of agriculture. About 1/3rd of income accrues from agriculture. The district was being served by 154 branches of commercial banks and 45 branches of regional rural banks besides a large number of credit cooperative societies, as of 2010.

As specified in the agreement document, a multi-stage cluster sampling technique was used for selecting two taluks in each district and two GPs in each taluk. The selection of the taluks was made on the basis of the classification of taluks in Karnataka provided in the Nanjundappa report. The report classified taluks as Forward, Backward, More Backward and Most Backward. See table 1 for the number of taluks belonging to each category as per the Nanjundappa report.

Table 1: Taluk classification in Davanagere and Tumkur as per Nanjundappa report

District	Number of taluks as per Nanjundappa report				Total Taluks in the district
	Forward taluks	Backward taluks	More backward taluks	Most backward taluks	
Davanagere	2	0	2	2	6
Tumkur	2	0	3	5	10

In Davanagere district, Davanagere taluk and Harihar taluk are the forward taluks, while Channagiri taluk and Harapanahalli taluk are the ‘most backward’ taluks. In Tumkur district, Tiptur taluk and Tumkur taluk are the forward taluks, while Gubbi taluk, Kunigal taluk, Madhugiri taluk, Pavagada taluk and Sira taluk are the ‘most backward’ taluks. Of these, one taluk each from the forward and ‘most backward’ categories were selected in each district for the purpose of this study. Among the forward and ‘most backward’ taluks, selection of taluks was done purposively i.e. of the chosen taluks, one was the place where the district headquarters was located and another was located away from the district headquarters.

Table 2: Taluks selected for the study

District	Selected forward taluk	Selected most backward taluk
Davanagere	Davanagere	Harapanahalli
Tumkur	Tumkur	Kunigal

In order to select two GPs to be surveyed within each selected taluk, for each district the percentage of total accounts used with respect to the total employment demanded in 2011-12⁵ was calculated for each taluk. In each taluk, one GP which had the highest and another GP with lowest percentage of total accounts used with respect to the total employment demanded were selected. The GPs selected for the study are given in table 3:

⁵ This data was extracted on 10 August 2012 from the reports on the Government of India website www.nrega.nic.in

Table 3: GPs selected for the study

District	Taluk	GP 1 (highest accounts used/ total employment demanded)	GP 2 (lowest accounts used/ total employment demanded)
Davanagere	Davanagere	Hadadi	Kakkaragolla
	Harapanahalli	Togarikatte	Telagi
Tumkur	Tumkur	Nidavalalu	Gulur ⁶
	Kunigal	Paduvagere	Kodavathi

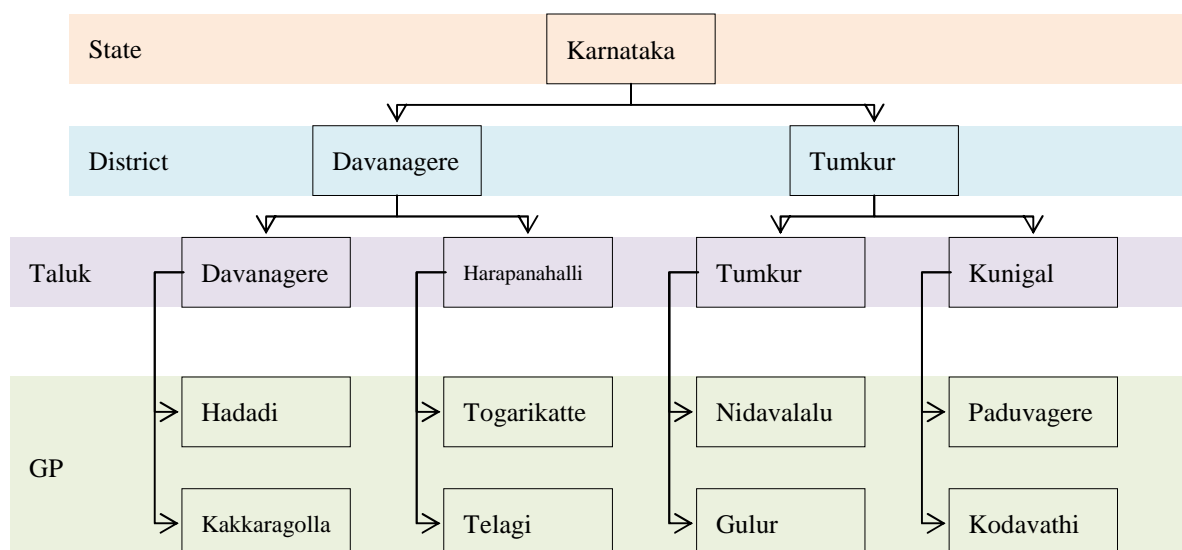
In each GP, 32 beneficiaries were randomly selected to include individuals from different socio economic categories (i.e. SC, ST, Other) based on their proportion in the total number of beneficiaries in the GP. Another consideration for selection of beneficiaries was to select them, as far as possible, from two villages in order to save the effort in commuting and time consumed. As per data available on the NREGA website, it was seen that certain villages did not have representation from all categories of the population (SC, ST and Other⁷). Therefore, 32 beneficiaries were selected from 2 villages which had a fair representation of all the categories of population. For example, if a taluk (as per data provided in on the NREGA website) had 10 percent SC representation in the total number of beneficiaries, then 3 SC beneficiaries (out of 32) were selected in the sample. In addition, to ensure that gender issues were also taken into consideration and come into focus, of the 32 beneficiaries to be interviewed in a GP, an attempt was made to select at least 16 women. In case the beneficiaries of a particular category are not available for any reason, the beneficiary from another category was interviewed instead so that the overall sample size did not change.

In order to do the selection of beneficiaries, the gram panchayat wise list of registered job cards (that registered a demand for work during 2011-12) were accessed online and the selection of beneficiaries was made in the following manner: the first job card was viewed and if the beneficiary was from the two chosen villages in the GP, the beneficiary was selected and noted under the category to which she/ he belonged. To ensure that women beneficiaries were also part of the sample, while viewing job cards which also display the beneficiary gender, every alternate beneficiary chosen for interviewing was a woman. If the beneficiary was not from the selected two villages, the next job card was seen. Once required number of beneficiaries in a particular category was selected, if another beneficiary job card belonging to the same category

⁶ The percentage of total accounts used with respect to the total employment demanded for 2011-12 was 0.00 for Doddanaravangala GP and 2.78 for Gulur GP; however Gulur was selected for the study because as per the data on the NREGA website, there were no active bank or post office accounts in Doddanaravangala GP.

⁷ This categorization is as per what is given on the NREGS website.

came up, then that job card/ beneficiary was ignored. This was done till all the beneficiaries from all categories were selected. This process was gone through until 32 beneficiaries were selected. To ensure as far as possible that all 32 beneficiaries from a GP are interviewed, an extra 20 percent, i.e. 6 beneficiaries, were selected for replacement of a beneficiary who may not be available for any reason - the 6 additional beneficiaries were also spread across all the categories of beneficiaries.



The jobs cards for the chosen beneficiaries were printed and taken along with the schedules to the village while interviewing. Parts of the schedule were pre-populated with the information in the job card and this was also verified with the muster roll at the GP level, information with the bank/ post office and during interviews with the actual beneficiary.

Canara Bank and the State Bank of Mysore are the lead banks in Davanagere district and Tumkur district respectively⁸. However, the allotted bank branch GP wise is provided in table 4.

⁸ As per the lead banks list on the RBI website.

Table 4: GP-wise list of Bank/ branch

Taluk	GP	Lead Bank	Allotted bank branch
Davanagere	Hadadi	Corporation Bank	Corporation Bank, Hadadi
	Kakkaragolla	Pragathi Grameena Bank	Pragathi Grameena Bank, Kakkaragolla
Harapanahalli	Togarikatte	State Bank of Mysore	State Bank of Mysore, Harapanahalli
	Telagi	Pragathi Grameena Bank	Pragathi Grameena Bank, Telagi
Tumkur	Nidavalalu	State Bank of India	State Bank of India, Tumkur
	Gulur	State Bank of Mysore	State Bank of Mysore, Gulur
Kunigal	Paduvagere	Canara Bank	Canara Bank, Amruthur
	Kodavathi	State Bank of Mysore	State Bank of Mysore, Yediyur

7.0 Survey Instruments

The initial survey of the literature and consultations provided the broad dimensions of evaluation to meet the stated objectives of the study. These dimensions were used to create a framework of questions and the schedules for survey.

The schedules were endorsed by the department and field tested in Bugudanahalli GP in Tumkur. Post the field testing, further changes, as required, were made and the schedules were finalized. Annexure A provides the various schedules that were finally used during the survey.

Field investigators were trained on the schedules and data to be collected. The comprehensive training covered: (i) aspects of data collection, and (ii) verifying documents and processes at the gram panchayats/ banks/ post offices. A mock session to fill-in the questionnaire was also undertaken as a part of this training session. Field investigators were in constant touch with their supervisors and the project co-ordination team in case of clarification/ issues that may have arisen at the field level.

In addition to collecting primary data through the survey instruments, the banking transaction data for beneficiaries was obtained from the respective banks through their core banking system.

8.0 Study Findings

The data collection was done from 3rd November to 10th November 2012 in both the districts. A team of eight people were involved in the data collection.

The study findings are organized as follows. Firstly the beneficiaries' socio economic profile is analyzed. This is followed by a detailed analysis of their financial inclusion

based on their responses to the survey as also by an examination of the bank accounts and the financial services availed by them.

8.1 SOCIO-ECONOMIC PROFILE OF SAMPLE BENEFICIARIES

Social Category

The composition of sample beneficiaries selected from the GPs with respect to social category (SC, ST and Other) as well as gender was similar to their composition among the registered workers in the GP.

Table 5: Composition of Sample Beneficiaries

Social Category	Davanagere			Tumkur			Both		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
SC	17	19	36	17	11	28	34	30	64
ST	14	21	35	7	11	18	21	32	53
Others	22	35	57	45	39	84	67	74	141
Total	53	75	128	69	61	130	122	136	258

The proportion of beneficiaries belonging to SC and ST category was higher in Davanagere while beneficiaries from ‘other’ category were higher in Tumkur. The number of female beneficiaries in Tumkur was more than that in Davanagere (Chart 2 & Table 5). The SC, ST and ‘other’ constituted 25 percent, 21 percent and 55 percent respectively of the total sample from both the districts. The sample beneficiaries were also classified based on their income status into BPL households or Non-BPL households. About 76 percent of the sample households were BPL.

Bank and Post Office accounts

Of the 258 sample beneficiaries in two districts, 145 beneficiaries had bank accounts while 113 had accounts in post offices. The proportion of beneficiaries with bank accounts was around 56 percent for the entire sample while it differed across the districts significantly.

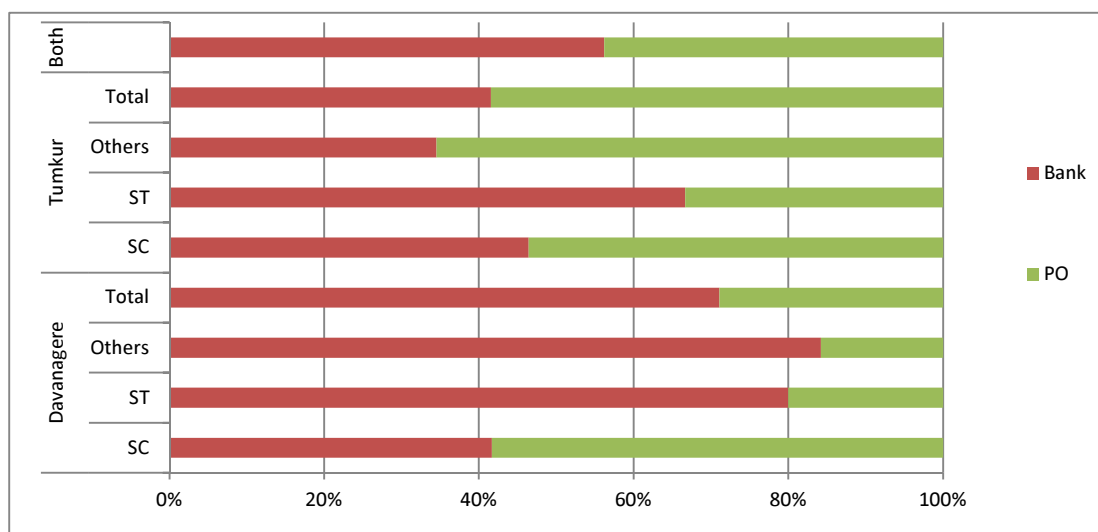
Table 6: Bank/ P.O. accounts by social category

Place of Account	Davanagere				Tumkur				Both
	SC	ST	Other	Total	SC	ST	Other	Total	
Bank	15	28	48	91	13	12	29	54	145
PO	21	7	9	37	15	6	55	76	113
Grand Total	36	35	57	128	28	18	84	130	258

In Davanagere the proportion of beneficiaries with bank accounts was around 71 percent while in Tumkur it was only about 42 percent. The difference was also found across the social categories in both the districts. Higher proportion of STs had bank accounts compared to SCs and ‘other’ category beneficiaries in both the districts (Table 6 and Chart 1). Lowest proportion of bank accounts was found among the

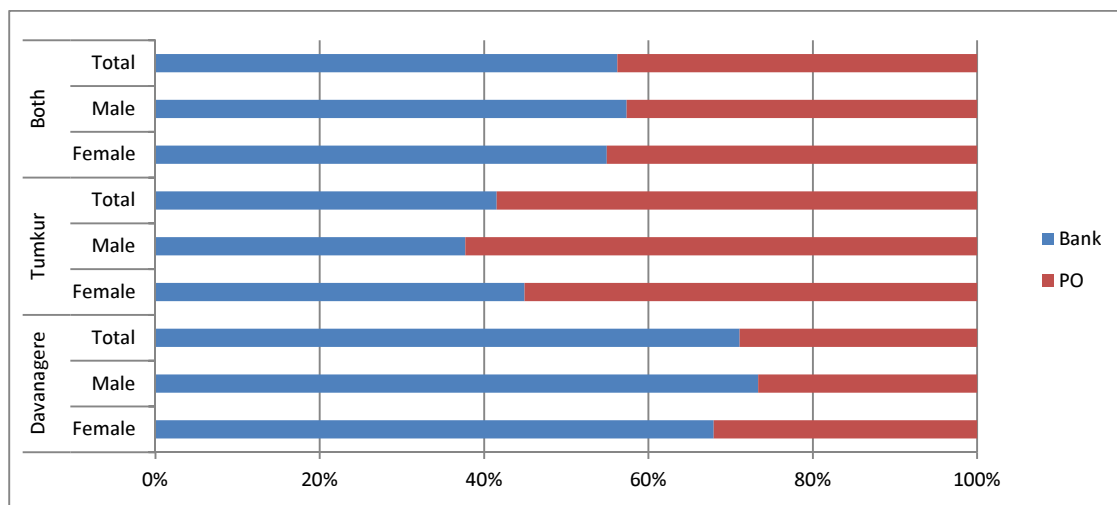
‘other’ category beneficiaries in Tumkur district while highest proportion of bank accounts was found among the STs in Davanagere district.

Chart 1 – Bank Accounts by Social Category



The number of bank accounts was higher among the male beneficiaries in the total sample while it was higher among female beneficiaries in Tumkur district (chart 2)

Chart 2 – Bank Accounts by Gender



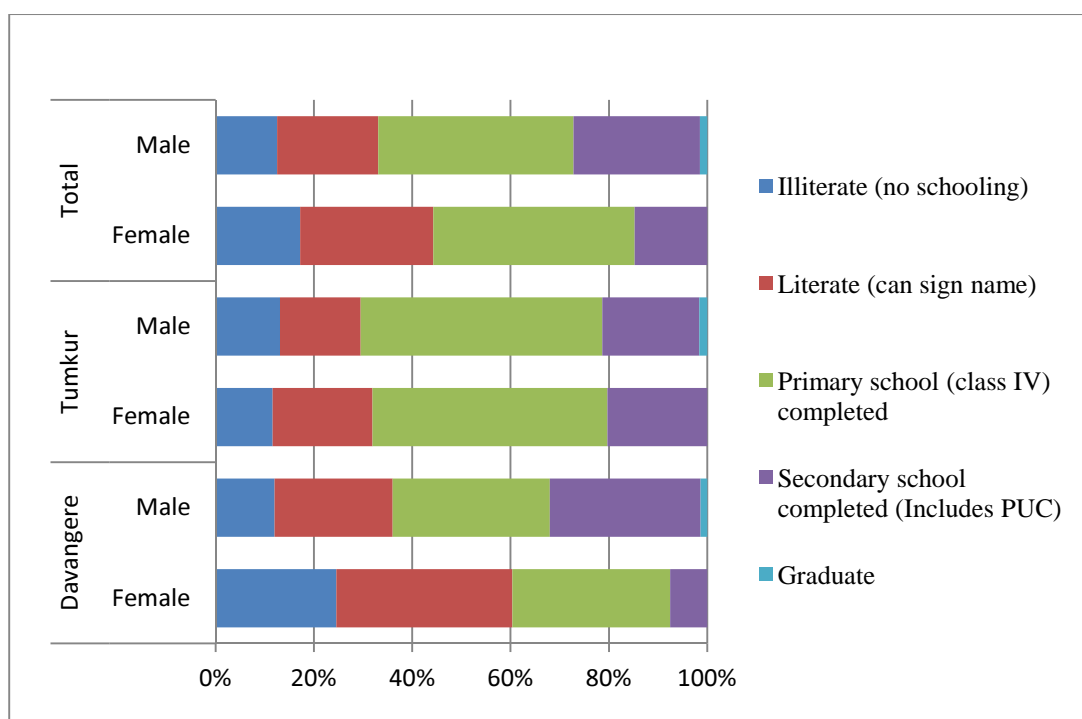
Education Levels

An analysis of education levels of the sample beneficiaries by gender as well as social category shows that 40 percent of entire sample from two districts had completed primary school education (Class IV) while 24 percent of them could barely sign their names. Secondary education was attained by 21 percent of the beneficiaries while only 2 beneficiaries out of 258 were graduates. (Table 7, chart 3)

Table 7: Education by Gender

Education	Davanagere		Tumkur		Both	
	Female	Male	Female	Male	No	Percent
Illiterate (no schooling)	13	9	8	8	38	15
Literate (can sign name)	19	18	14	10	61	24
Primary school (class IV) completed	17	24	33	30	104	40
Secondary school completed (Includes PUC)	4	23	14	12	53	21
Graduate	0	1	0	1	2	1
TOTAL	53	75	69	61	258	100

Chart 3: Education by Gender (in %)



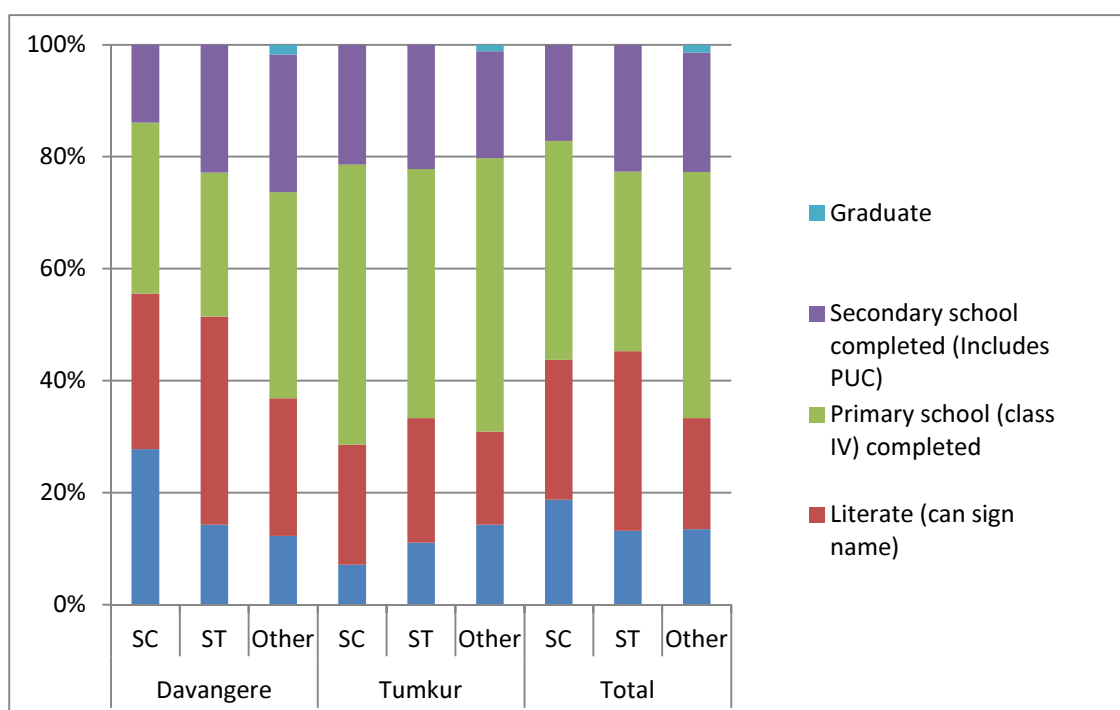
About 61 percent of the women beneficiaries were illiterate or could sign their names in Davanagere district compared to that of 32 percent of women beneficiaries under same category in Tumkur district. Of the entire sample, 56 percent of women and 67 percent of men had education of primary school and above. The education levels of men and women in the sample show marked difference in Davanagere district while it was almost same in Tumkur district. (Chart 3)

The number of beneficiaries who had completed the primary school education and above was lowest among SC category in Davanagere district at 45 percent while it was highest among the SC category in Tumkur district at 71 percent followed by 63 percent under the ‘other’ category in Davanagere district (table 8).

Table 8: Education by Social Category

Education	Davanagere			Tumkur			Both		
	SC	ST	Other	SC	ST	Other	SC	ST	Other
Illiterate (no schooling)	10	5	7	2	2	12	12	7	19
Literate (can sign name)	10	13	14	6	4	14	16	17	28
Primary school (class IV) completed	11	9	21	14	8	41	25	17	62
Secondary school completed (Includes PUC)	5	8	14	6	4	16	11	12	30
Graduate	0	0	1	0	0	1	0	0	2
TOTAL	36	35	57	28	18	84	64	53	141

Chart 4: Education by Social Category (in %)



Sources of Income

The sample beneficiaries were also asked about sources of their income. It was found that majority of beneficiaries had more than one source of income. Income from agricultural labour was the most prominent found among 90 percent of the all beneficiaries. Agriculture was the second important source of income with 46 percent of the beneficiaries. Casual labour was highest among the 'other' category in Tumkur district while it was highest among SCs in Davanagere district. (Table 9, 10)

Table 9: Sources of Income by Social Category

Sources of Income	Davanagere				Tumkur				Both
	SC	ST	Other	Total	SC	ST	Other	Total	
N =	36	35	57	128	28	18	84	130	258
Agricultural labour	33	30	51	114	27	15	75	117	231
Agriculture	15	9	23	47	10	9	53	72	119
Casual labour	7	4	4	15	10	9	46	65	80
Artisan	0	0	1	1	0	0	1	1	2
Others	0	3	1	4	0	0	1	1	5

Table 10: Sources of Income by Social Category (in %)

Sources of Income	Davanagere			Tumkur			Total			Both
	SC	ST	Other	SC	ST	Other	SC	ST	Other	
Agricultural labour	92	86	89	96	83	89	94	85	89	90
Agriculture	42	26	40	36	50	63	39	34	54	46
Casual labour	19	11	7	36	50	55	27	25	35	31
Artisan	0	0	2	0	0	1	0	0	1	1
Others (Construction)	0	9	2	0	0	1	0	6	1	2

Agricultural labour was found to be slightly higher among the BPL families while the income from agriculture was found to be higher among the non-BPL families. Again income from casual labor was found to be higher among BPL families and particularly in Tumkur. (Table 11)

Table 11: Sources of Income by BPL/ Non BPL Category (in %)

Sources of Income	Davanagere			Tumkur		
	BPL	Non-BPL	Total	BPL	Non-BPL	Total
Agricultural labour	90	87	89	92	85	90
Agriculture	26	73	37	49	73	55
Casual labour	13	7	12	61	18	50
Artisan	0	3	1	0	3	1
Others (construction)	3	3	3	0	3	1

Frequency of income receipts

The frequency of the receipt of income of the sample beneficiaries was analysed to understand their earning pattern. It was found that majority of the sample beneficiaries earned their income on a weekly basis. In Tumkur district it was seen that more beneficiaries earned income on a daily basis in keeping with greater number being engaged in casual labour. The earning pattern showed difference among the social categories in both the districts. Higher percent of SC and ST beneficiaries received weekly income in Davanagere while more SC and ST beneficiaries received daily income in Tumkur district. Higher percent of 'other' category beneficiaries had

monthly incomes as compared to SC and ST categories in both the districts. Higher percent of BPL households had daily income compared to non-BPL households in both the districts. Higher percent of non-BPL households had monthly income compared to BPL households in both the districts. Higher percent of non-BPL households had monthly income compared to BPL households in both the districts. (Table 12, charts 5 and 6)

Table 12: Frequency of Income of the Sample beneficiaries by social category

Frequency	Davanagere				Tumkur				Both
	SC	ST	Other	Total	SC	ST	Other	Total	
Daily	11	13	13	37	15	10	38	63	100
Weekly	19	18	34	71	12	6	30	48	119
Fortnightly	3	2	0	5	0	0	5	5	10
Monthly	3	2	9	14	1	2	8	11	25
Annual	0	0	1	1	0	0	3	3	4
Total	36	35	57	128	28	18	84	130	258

Chart 5: Frequency of Income by Social Category (in %)

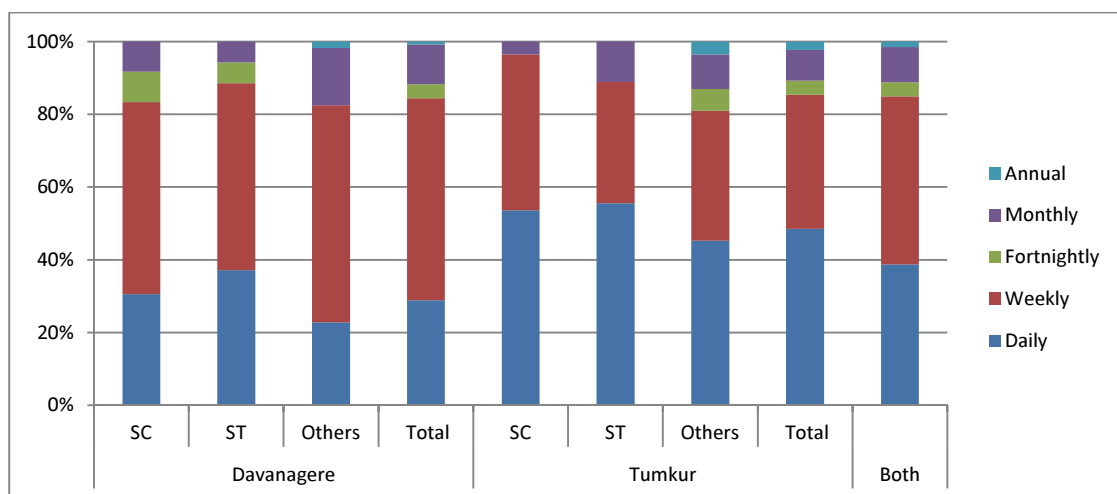
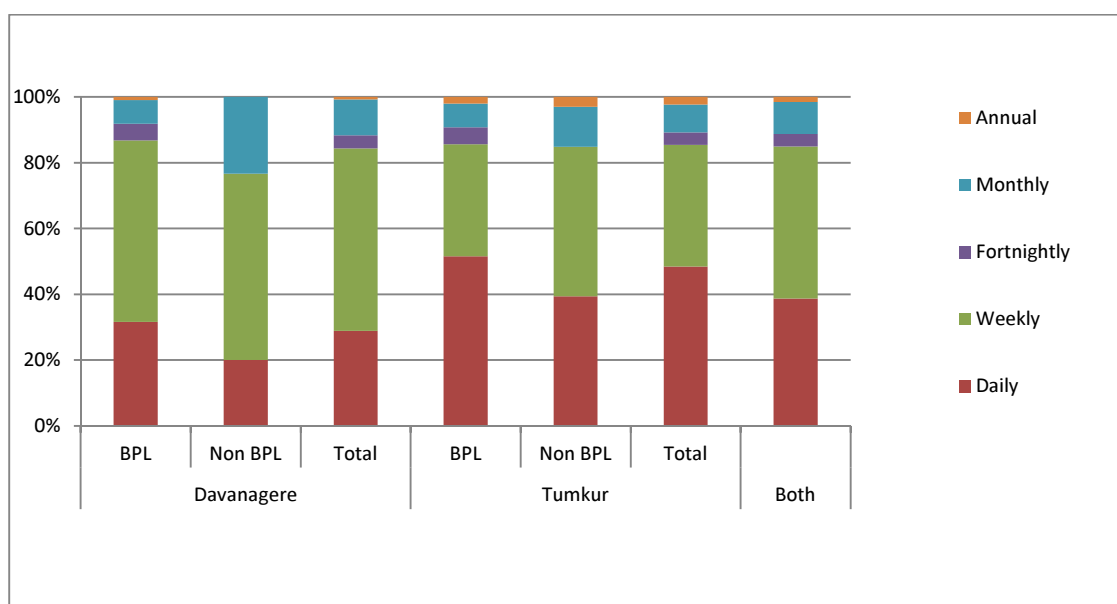


Chart 6: Frequency of Income by BPL/ Non BPL Category (in %)



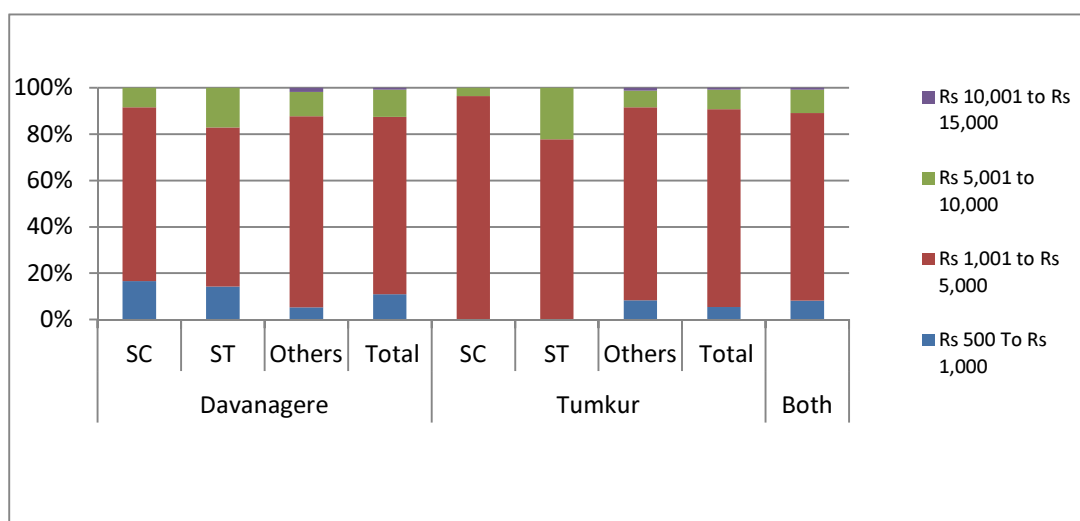
Monthly expenditure

Along with the sources and frequency of income, monthly expenditure and monthly income of the households of the sample beneficiaries were analyzed. It was found that majority of the sample households had monthly expenditures in the range of Rs 1,001 - Rs 5,000 constituting about 81 percent of the sample beneficiaries. Nineteen percent of the ST beneficiaries were incurring a monthly expenditure of Rs 5,001 - Rs 10,000. The SC and ST beneficiaries having the monthly expenditure of Rs 500 - Rs 1,000 accounted for 17 percent and 14 percent respectively in Davanagere while none of SC and ST households in Tumkur belonged to this category. (Table 13 and chart 7)

Table 13: Monthly Household expenditure by social Category

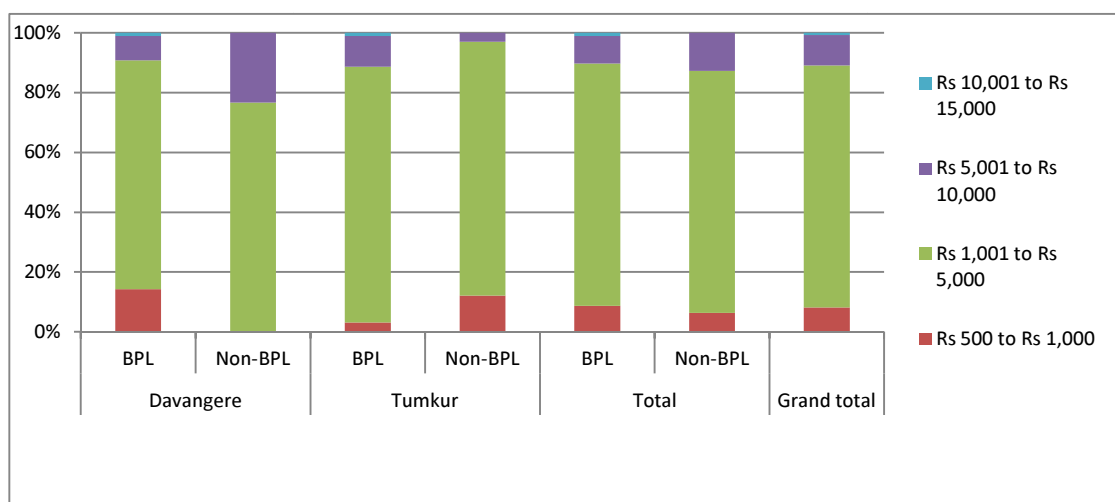
Monthly HH Expenditure (Rs)	Davanagere			Tumkur			Both			
	SC	ST	Other	SC	ST	Other	SC	ST	Other	Total
500 - 1,000	6	5	3	0	0	7	6	5	10	21
1001 - 5,000	27	24	47	27	14	70	54	38	117	209
5,001 – 10,000	3	6	6	1	4	6	4	10	12	26
10,001 – 15,000	0	0	1	0	0	1	0	0	2	2
All	36	35	57	28	18	84	64	53	141	258

Chart 7: Monthly Household Expenditure by Social Category (in %)



The BPL and non-BPL categories in the two districts showed little difference amongst them. The beneficiaries under the Rs 500 – 1,000 category were less under non-BPL category than in BPL category in both the districts. Only two beneficiaries belonging to ‘other’ category but were listed as BPL had monthly expenditure of Rs 10,001-15,000. (Chart 8)

Chart 8: Monthly household expenditure by poverty/ income category (in %)



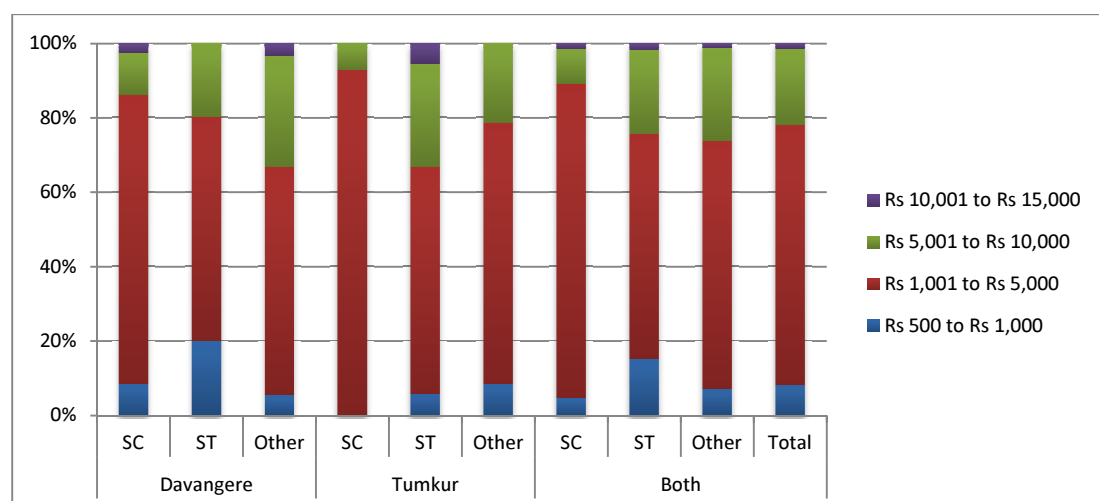
Monthly Income

The number of beneficiary households who had the monthly income between Rs 1,001 - Rs 5000 constituted for highest share followed by Rs 5,001 - 10,000 income category and Rs 500 – 1,000 income category (Table 14).

Table 14: Monthly Household income of the Sample beneficiaries by social Category

Monthly HH Income (Rs)	Davanagere			Tumkur			Both			
	SC	ST	Other	SC	ST	Other	SC	ST	Other	Total
500 - 1,000	3	7	3	0	1	7	3	8	10	21
1001 - 5000	28	21	35	26	11	59	54	32	94	180
5001 - 10,000	4	7	17	2	5	18	6	12	35	53
10001 - 15,000	1	0	2	0	1	0	1	1	2	4
TOTAL	36	35	57	28	18	84	64	53	141	258

Chart 9: Monthly Household Income by Social Category (in %)

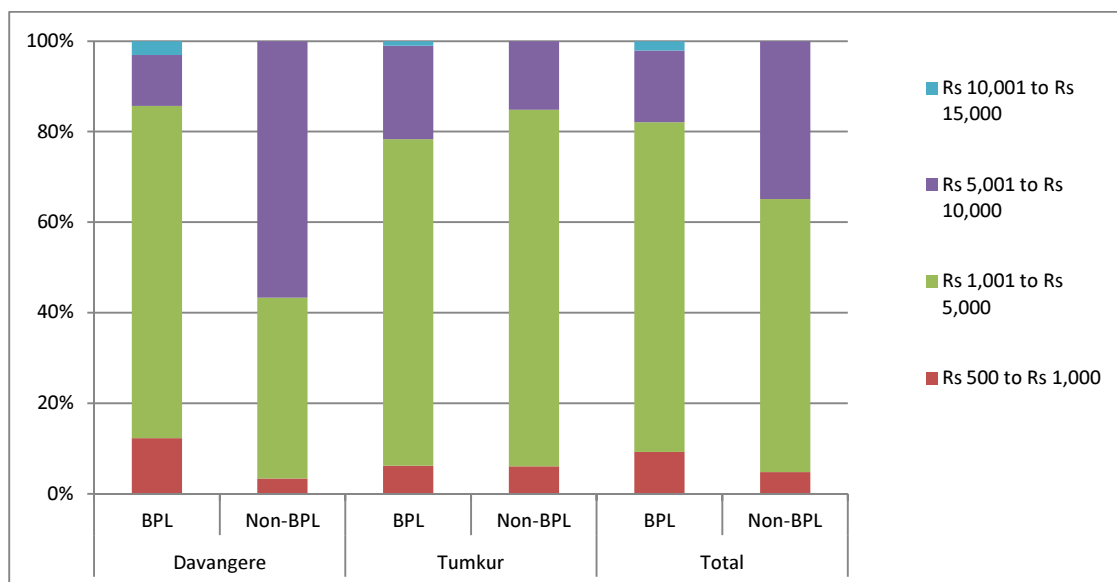


The number of beneficiary households in the income categories of Rs 5,001 - 10,000 and Rs 10,001 – 15,000 were higher than that of the number of households who had expenditure in these categories indicating that those with higher income and lower

expenditure which might possibly translate into savings/ investment. The number of beneficiary households under income category Rs 500 – 1,000 was higher among STs in Davanagere district constituting 20 percent of the ST households in the district. The proportion of beneficiary households who had monthly income of Rs 5,001 - 10,000 was highest among the ‘other’ category beneficiaries at 30 percent. The ST beneficiaries in the Tumkur district had 6 percent belonging to income category of Rs 10,001 - 15000 a month which was highest among all the social categories (Chart 9).

The difference between the BPL and non-BPL category beneficiaries had a pronounced difference in Davanagere district with higher proportion of beneficiaries in higher income categories in the non-BPL category. However, in Tumkur district, higher proportion of non-BPL beneficiaries was found to be in lower income categories than the BPL beneficiaries (Chart 10).

Chart 10: Monthly Household Income by BPL/ Non BPL Category (in %)



Asset ownership

The assets position of the sample beneficiary households was also analysed. It was found that 88 percent of the households had a television. While about half the beneficiaries had a bicycle, about a fifth of households owned a two wheeler. There were differences between the districts in terms of assets possessed. Nine beneficiaries including four belonging to SC category in Tumkur owned a four wheeler.

Ownership of immovable property i.e. non agricultural and agricultural land was also fairly high among the beneficiaries at 33 percent and 60 percent respectively. Expectedly, a high proportion of ‘other’ category beneficiaries owned agricultural and non agricultural land. (Table 15)

Table 15: Assets position by social category

Assets	Davanagere				Tumkur				Grand Total
	SC	ST	Other	Total	SC	ST	Other	Total	
N =	36	35	57	128	28	18	84	130	258
Radio	2	1	3	6	4	4	23	31	37
B&W TV	3	2	4	9	3	7	12	22	31
Color TV	25	28	35	88	17	9	55	81	169
Bicycle	21	14	21	56	11	12	54	77	133
Two Wheeler	4	7	7	18	5	5	28	38	56
4 wheeler	0	0	1	1	4	0	4	8	9
Non agricultural land	11	6	13	30	12	7	37	56	86
Agricultural land	17	16	34	67	16	11	61	88	155

Higher proportion of BPL households in both the districts had television sets compared to non-BPL households. On the other hand, a higher proportion of non-BPL beneficiaries owned agricultural land in both the districts. Two wheelers as well as non agricultural land was found to be possessed by higher proportion of the non-BPL households in Davanagere district while it was higher among the BPL households in Tumkur district (Table 16).

Table 16: Assets position by BPL/ Non BPL Category (in %)

Assets	Davanagere			Tumkur			Both
	BPL	Non BPL	Total	BPL	Non BPL	Total	
Radio	6	0	5	25	21	24	14
B&W TV	6	8	7	22	3	17	12
Color TV	67	58	69	63	61	62	66
Bicycle	43	37	44	58	64	59	52
Two Wheeler	10	21	14	30	27	29	22
4 wheeler	1	0	1	6	6	6	3
Non agricultural land	21	24	23	48	27	43	33
Agricultural land	42	68	52	62	85	68	60

The livestock possessed by the sample beneficiary households were analysed. Livestock was owned by only 52 percent of the sample beneficiaries in both the districts. The proportion was significantly higher in Tumkur district at 60 percent compared to Davanagere at 43 percent. Higher proportion of SC and ST beneficiaries possessed livestock in Davanagere while higher proportion of ‘other’ category beneficiaries possessed livestock in Tumkur district. (Table 17)

Table 17: Livestock possessed by the Sample beneficiaries social Category

Live stock	Davanagere				Tumkur				Both
	SC	ST	Other	Total	SC	ST	Other	Total	
N =	20	17	18	55	14	9	55	78	133
Percent	56	49	32	43	50	50	65	60	52
Total	36	35	57	128	28	18	84	130	258

Similarly higher proportion of BPL households possessed livestock in Davanagere district while it was higher proportion of non-BPL households who possessed livestock in Tumkur district (Table 18).

Table 18: Livestock possessed BPL/ Non BPL Category

Livestock	Davanagere			Tumkur			Grand Total
	BPL	Non-BPL	Total	BPL	Non-BPL	Total	
N =	45	10	55	57	21	78	133
Percent	46	33	43	59	64	60	52
Grand Total	98	30	128	97	33	130	258

The possession of cattle was highest followed by goats/ sheep and poultry. Cattle were possessed by higher number of 'other' category households while goats and poultry were possessed by higher number of SC households in Davanagere district. In Tumkur district 'other' category households possessed higher number of livestock (Table 19).

Table 19: Type of Livestock possessed by social Category

Live stock	Davanagere				Tumkur				Grand Total
	SC	ST	Other	Total	SC	ST	Other	Total	
Max No.	20	17	18	55	14	9	55	78	133
Goats/ Sheep	11	5	2	18	1	5	19	25	43
Cattle	17	11	18	46	13	8	53	74	120
Poultry	8	3	4	15	3	0	10	13	28

BPL category beneficiaries possessed the livestock in higher proportion than the non-BPL category in both the districts (Table 20).

Table 20: Type of Livestock possessed by BPL/ Non BPL Category

Livestock	Davanagere			Tumkur			Grand Total
	BPL	Non-BPL	Total	BPL	Non-BPL	Total	
Max No.	45	10	55	57	21	78	133
Goats/ Sheep	17	1	18	19	6	25	43
Cattle	37	9	46	53	21	74	120
Poultry	13	2	15	6	7	13	28

8.2 FINANCIAL INCLUSION – ACCESS AND USAGE OF BANK ACCOUNTS

The access and the usage of the financial services by the sample beneficiaries were analysed. The opening of an account, its operation, travel and transaction costs, rent seeking costs incurred and so on were analysed and are presented in the following paragraphs.

Account Opening

The beneficiaries were asked about the person who accompanied them for the purpose of opening of the account. The number of beneficiaries who opened the account accompanied by someone and alone is given in the Table 21. Twenty-one beneficiaries (about 8 percent of the sample) did not provide any response with respect to opening of the account as well as its usage/ access. These 21 sample beneficiaries have been analyzed separately. The number of sample beneficiaries who responded was 237 accounting for 92 percent of the total sample.

Higher percent of beneficiaries were accompanied by someone to open the account in Post office than opening in a bank in both the districts (Table 21).

Table 21: Accompanying person for opening of account in Bank and PO

	Davanagere			Tumkur			Both		
	Bank	PO	Total	Bank	PO	Total	Bank	PO	Total
Alone	44 (48)	10 (27)	54 (42)	25 (46)	30 (39)	55 (42)	69 (48)	40 (35)	109 (42)
Accompanied	44 (48)	19 (51)	63 (49)	25 (46)	40 (53)	65 (50)	69 (48)	59 (52)	128 (50)
No Response	3 (4)	8 (22)	11 (9)	4 (8)	6 (8)	10 (8)	7 (4)	14 (12)	21 (8)
Total	91 (100)	37 (100)	128 (100)	54 (100)	76 (100)	130 (100)	145 (100)	113 (100)	258 (100)

Figures in brackets indicate percentages

Higher percent of beneficiaries (54 percent) had opened their accounts accompanied by someone. There was a difference across the gender with a higher proportion of female beneficiaries being accompanied by someone for opening of the account in both the districts (Table 22)

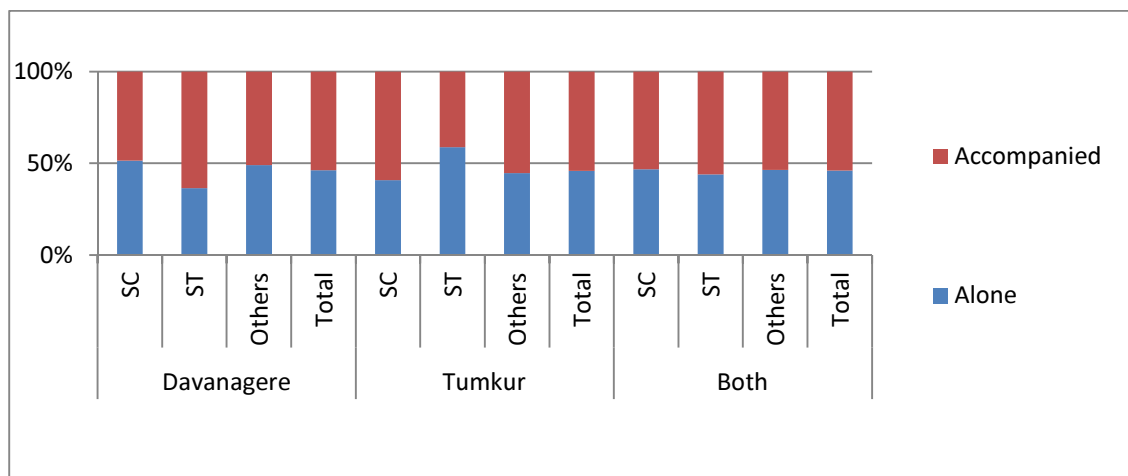
Table 22: Accompanying person for opening of account by gender

	Davanagere			Tumkur			Both		
	F	M	Total	F	M	Total	F	M	Total
Alone	14	40	54	25	30	55	39	70	109
Accompanied	29	34	63	37	28	65	66	62	128
Total	43	74	117	62	58	120	105	132	237

There was no marked difference across social categories in terms of being accompanied by someone for opening of the account. However, there were higher

percent of SC beneficiaries in Davanagere and ST beneficiaries in Tumkur who had gone alone for opening of the account (Chart 11).

Chart 11: Accompanying person for account opening by social category (in %)



With respect to the persons accompanying NREGA beneficiaries for opening the bank/ PO account, they were predominantly panchayat officials followed by neighbor and relatives (Table 23).

Table 23: Accompanying persons for opening of account by sample beneficiaries

Accompanying person	Davanagere	Tumkur	Total
Panchayat Officials	27	34	61
Neighbor	18	17	35
Relative	18	14	32
Total	63	65	128

Higher number of female beneficiaries was accompanied by relatives or neighbor while most male beneficiaries were accompanied by a panchayat official.

With respect to payment for the person who accompanied for account opening it was found that 4 of 128 beneficiaries had paid money for aiding in opening the account. Three persons belonging to SC/ ST and one person belonging to ‘other’ category had paid the help for account opening. Amount paid to help related to one case of bank account and three cases of post office accounts.

The information provided to the beneficiaries regarding the requirement of opening of account to get the MGNREGS wages credited to their account was analyzed with respect to sources of information. It was found that over 53 percent (125/ 237) of the beneficiaries obtained the information from the Bank/ Post office officials followed by panchayat members (42 percent), neighbors (13 percent) and others (SHG members, posters, NGOs, newspaper advertisements). It was found that about 33 beneficiaries had obtained information from more than one source (Table 24).

Table 24: Informants for opening of account by Social Category

Informants	Davanagere				Tumkur				Both
	SC	ST	Other	Total	SC	ST	Other	Total	
N =	33	33	51	117	27	17	76	120	237
Bank/ PO officials	23	17	22	62	16	7	40	63	125
Panchayat Members	14	10	23	47	14	5	34	53	100
Neighbors	1	5	7	13	3	3	12	18	31
Others	0	1	2	3	1	4	6	11	14

Generally speaking, female beneficiaries depended more on information from neighbors and others (Table 25).

Table 25: Informants for opening of account by sample beneficiaries by Gender

Informants	Davanagere			Tumkur			Both		
	F	M	Total	F	M	Total	F	M	Total
N =	43	74	117	62	58	120	105	132	237
Bank/ PO officials	21	41	62	34	29	63	55	70	125
Panchayat members	16	31	47	27	26	53	43	57	100
Neighbours	6	7	13	8	10	18	14	17	31
Others	2	1	3	7	4	11	9	5	14

The data on whether the informants of beneficiaries regarding the opening of account had explained the beneficiaries about the features and benefits of opening an account was analysed. It was found that only 81 percent of the beneficiaries in both the districts were told of the features and benefits of Bank/ PO account.

The information on features and benefits of the account provided to the beneficiaries were not found to be uniform across categories. On the whole it was seen that a majority of the beneficiaries who opened the account were given some idea of benefits accruing from having a bank/ PO account (Table 26). There was no marked difference in the information provided between male and female beneficiaries.

Table 26: Features and benefits of account explained by Social Category

District	SC	ST	Other	Total
Davanagere	31 (94)	22 (67)	42 (82)	95 (81)
Tumkur	19 (70)	14 (82)	64 (84)	97 (81)
Both	50 (83)	36 (72)	106 (83)	192 (81)

Figures in parentheses are percentages to the sample under respective categories (N=237).

Operating of the accounts by the sample beneficiaries were analyzed to understand as to what extent the beneficiaries have to depend on the others for transacting the business. It was found that about 38 percent of the sample beneficiaries did transact their business alone without depending on others (Table 27). Among the persons who are helping the beneficiaries, panchayat members were found to be most predominant followed by Bank/ PO officials, neighbors and BC organizations respectively.

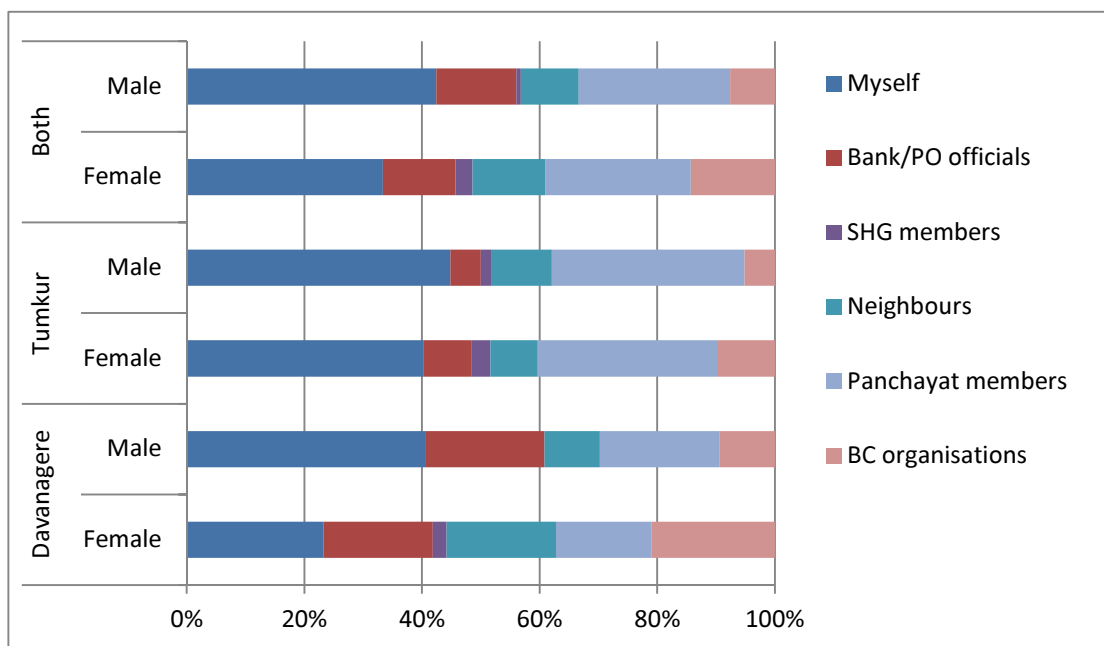
Table 27: Person aiding in operating the account

Aiding Person	Davanagere	Tumkur	Both
Myself (None)	40	51	91
Bank/ PO officials	23	8	31
SHG members	1	3	4
Neighbours	15	11	26
Panchayat members	22	38	60
BC organizations	16	9	25
Grand Total	117	120	237

The trend across the district was not same. Higher proportion of the beneficiaries operated their accounts on their own in Tumkur as compared to Davanagere district. The dependency on panchayat members was higher in Tumkur while the dependency of Bank/ PO officials and BC organisations was higher in Davanagere district.

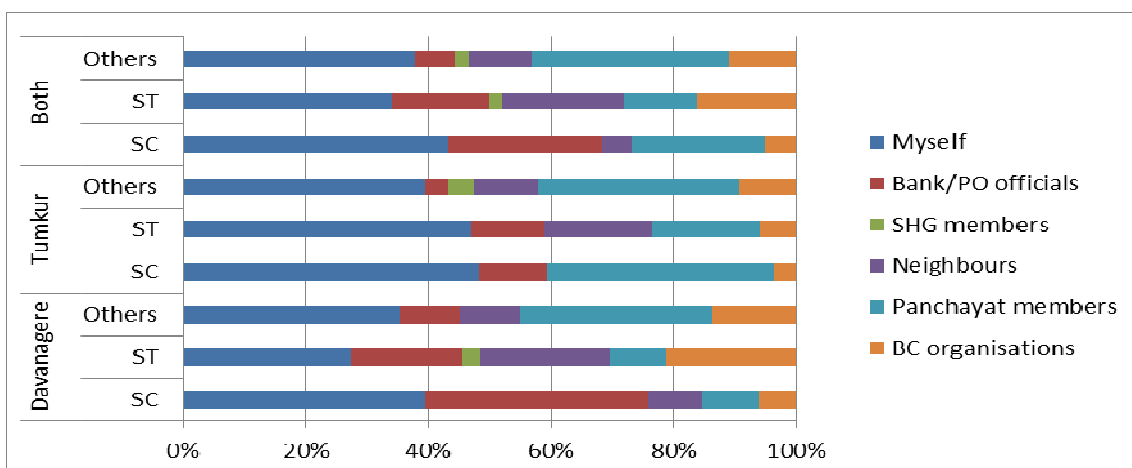
The proportion of female beneficiaries operating the accounts on their own was found to be less than that of the male beneficiaries in both the districts while higher proportion of the female beneficiaries were found to be dependent on neighbors and BC organisations than their male counterparts (Chart 12).

Chart 12: Persons aiding in operating the Account by gender (n %)



Among the social categories, it was found that the proportion of SCs operating their account on their own was higher than that of the STs and ‘other’ category beneficiaries. Even the proportion of beneficiaries who depended on the Bank/ PO Officials also followed a similar pattern. The proportion of beneficiaries who depended on the panchayat members for transacting in their accounts was found to be higher among the ‘other’ category beneficiaries.

Chart 13: Persons aiding in operating the Account by social category (in %)



However, with regard to payment for helping with the transactions on the account, it was found that 12 beneficiaries (5 percent) claimed that they had paid the person who assisted them in operating the account (Table 28). Here also it was mostly the ‘other’ category who reported paying the helpers who also happened to depend more on panchayat members than the others.

Table 28: Payment for person aiding in operating the account

Beneficiaries	Davanagere			Tumkur			Both
	F	M	Total	F	M	Total	
SC	1	0	1	0	0	0	1
ST	0	0	0	0	1	1	1
Other	1	0	1	3	6	9	10
Paid	2	0	2	3	7	10	12

The payment with regard to the helping in transactions was found to be higher in Post Office accounts than in Bank accounts which may possibly be due to the payment of wages to third party through filling up of the withdrawal forms by the helping person (Table 29).

Table 29: Payment for person aiding in operating the account in Bank and Post office

Payment to helper	Davanagere			Tumkur			Both
	F	M	Total	F	M	Total	
Bank	1	0	1	1	0	1	2
PO	1	0	1	2	7	9	10
Paid	2	0	2	3	7	10	12

Usage – Physical Access to Bank/ PO

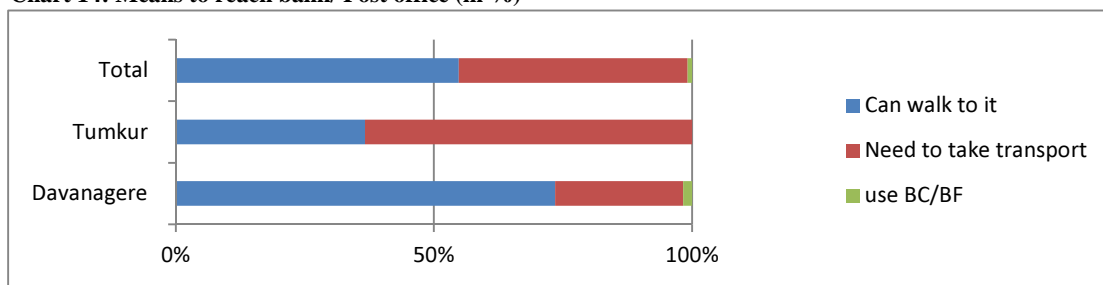
The access to the bank/ PO for transacting in the account was analyzed (Table 30). It was found that over 50 percent of the sample beneficiaries could walk to the bank/ PO. However, the trend was not uniform across the districts. Over 70 percent of the sample beneficiaries in Davanagere could walk to the Bank/ PO while only 40 percent

of the sample beneficiaries in Tumkur district could do so (Chart 17). The fact that over 70 percent of the beneficiaries in Davanagere had bank accounts while 50 had post office accounts also implies that bank are more accessible in Davanagere while PO are not in the reach for the beneficiaries in Tumkur. Only 2 out of 237 beneficiaries used BC/ BF services and that too in Davanagere district indicating a very poor penetration of these services in both the districts.

Table 30: Means to reach the Bank/ Post office

Means to reach Bank/ PO	Davanagere	Tumkur	Both
Can walk to it	86	44	130
Need to take transport	29	76	105
Use BC/ BF	2	0	2
Grand Total	117	120	237

Chart 14: Means to reach bank/ Post office (in %)



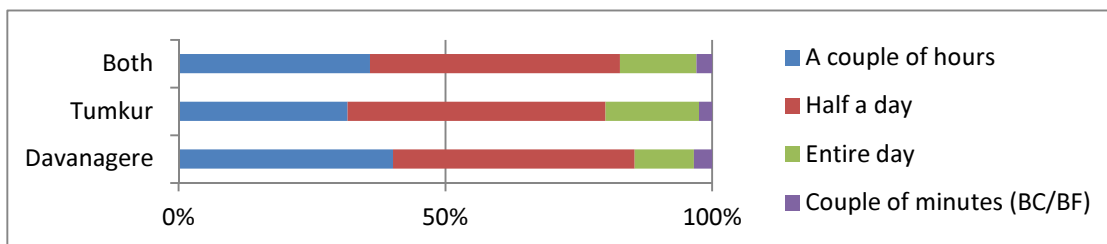
Usage – Transaction Costs

The time taken for transacting in the Bank/ PO was also analyzed. The time includes the time for reaching the bank/ PO as well as the time spent on transacting in the Bank/ PO. Majority of the beneficiaries spent between half a day to entire day to complete the transaction, while around 40 percent of the beneficiaries claimed they spent less than a couple of hours (Table 31 and Chart 15). It was surprising that 3 beneficiaries in Tumkur district had said the duration to be couple of minutes while there are no BC/ BF organizations which are operating in the sample area. This could also mean that postman may have played the role of BC which needs further verification.

Table 31: Time spent for transacting in Bank/ Post office

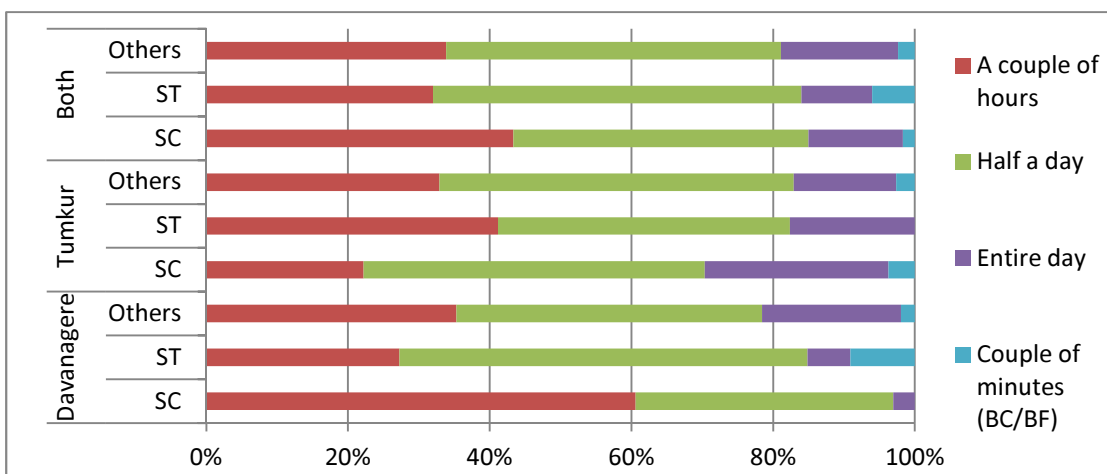
Time Duration	Davanagere	Tumkur	Both
A couple of hours	47	38	85
Half a day	53	58	111
Entire day	13	21	34
Couple of minutes (BC/ BF)	4	3	7
Grand Total	117	120	237

Chart 15: Time spent for transacting in Bank/ Post office



The time spent by the sample beneficiaries varied across the social category in both the districts. About 60 percent of the SC beneficiaries in Davanagere stated that they take only a couple of hours to complete their transactions in Bank/ P.O. which is highest among all the categories in both the districts while only about 22 percent of SC beneficiaries in Tumkur district completed the transactions in a couple of hours. The proportion of sample beneficiaries who spent entire day in doing the Bank/ PO transaction was highest among the SCs in Tumkur (Chart 16).

Chart 16: Time spent for transacting in Bank/ Post office by Social Category



Transportation cost incurred by sample beneficiaries was analyzed. Transportation cost adds up to the cost of transacting in the bank/ PO and it is the explicit cost incurred by the sample beneficiaries. It was found that 41 percent of the sample beneficiaries in both the districts had incurred transportation cost. However the proportion of sample beneficiaries who incurred transportation cost was much lower in Davanagere district at 21 percent while in Tumkur it was a higher 63 percent (Table 32). However, there was no significant difference across the gender in the two districts.

Table 32: Transportation cost incurred for transacting in Bank/ Post office

Category	Davanagere	Tumkur	Both
SC	10 (30)	13(48)	23(38)
ST	4(12)	13(76)	17(34)
Others	10 (20)	47(62)	57(45)
Total	24(21)	73(61)	97(41)

Figures in parentheses are percentages to the sample under respective categories (N=237)

Apart from the transportation cost, opportunity cost in terms of wages lost was analyzed. It reflects the cost of transacting in bank/ PO after including the transportation and rent seeking costs if any. It was found that 88 percent of the beneficiaries indicated that the operation of bank/ PO account involved loss of wages for that day, while the proportion was much higher in Tumkur than in Davanagere at 91 percent. The wage loss was found to be in higher proportion of sample among the female beneficiaries in both the districts. The loss would possibly be more if one imputes the cost of family labour at the household level (Table 33).

Table 33: Wage loss incurred for transacting in Bank/ Post office by gender

Wage loss Incurred	Davanagere	Tumkur	Both
Female	37 (86)	58(94)	95(90)
Male	62(84)	51(88)	113(86)
Total	99 (85)	109(91)	208(88)

Figures in parentheses are percentages to the sample under respective categories (N=237)

The wage loss of sample beneficiaries by social category revealed that wage loss was suffered by a higher proportion of beneficiaries belonging to 'other' category than among SC/ ST category. Higher proportion of SCs in Tumkur incurred wage loss while lowest proportion of wage loss was incurred by SCs in Davanagere district (Table 34).

Table 34: Wage loss for transacting in Bank/ Post office by Social category

Category	Davanagere	Tumkur	Both
SC	25 (76)	25(93)	50(83)
ST	27(82)	14(82)	41(82)
Others	47(92)	70(92)	117(92)
Total	99(85)	109(91)	208(88)

Figures in parentheses are percentages to the sample under respective categories (N=237)

With respect to utilisation of BC/ BF by the sample beneficiaries, 7 beneficiaries had responded for the time spent on the transaction as nil since they were using the BC/ BF services. However, there is possibly a misunderstanding about BC/ BF services as two beneficiaries from Tumkur who claimed to have availed BC/ BF services hold PO accounts.

NREGS Payments through Bank/ PO account

As it was mandated that the payment to the beneficiaries were to be done only through their accounts opened in bank/ PO, beneficiaries were asked to open the

account either in PO or in Bank following which their payments were made on to their accounts. The information that the money has come to their account is very crucial for the beneficiaries to go and withdraw cash as per their requirement. The source of this crucial information to the beneficiaries was analyzed. It was found that about 10 beneficiaries had information from two sources while 32 beneficiaries had obtained information from three sources. Sarpanch/ Secretary of gram panchayat were the chief source of information for the beneficiaries. Visit to the Bank/ PO and Bank/ PO officials informing the beneficiaries were the other two important sources of information to the beneficiaries. It was found that 3 beneficiaries informed that they have not worked under NREGS while one beneficiary did not know about the NREGS payment to the accounts (Table 35).

Table 35: NREGS payment information by different sources

Informants	Davanagere	Tumkur	Both
N =	117	120	237
Bank/ PO inform	18	12	30
Sarpanch/ Secretary	92	94	186
Visit Bank/ PO	13	46	59
Not worked	1	2	3
Don't Know	1	0	1
Grand Total	125	154	279

The time duration for getting the wages paid through the account after the beneficiary had worked under NREGS was analyzed. It was found that nearly 30 percent of the sample beneficiaries got their money within 15 days after the work. About 27 percent of the sample beneficiaries stated that the money received varied from work to work (Table 36). About 19 percent of the sample beneficiaries replied that they received the money one month after they had worked on the NREGS. Only 37 percent of the sample beneficiaries had got their payments within the stipulated 15 days after work. This also reflects upon the systemic inefficiencies which might be affecting the implementation of scheme. The errors in terms of entering wrong account numbers, wrong names and mismatch between the job card number and the account number can result in payment being delayed beyond a month as happened in 4 cases in the sample.

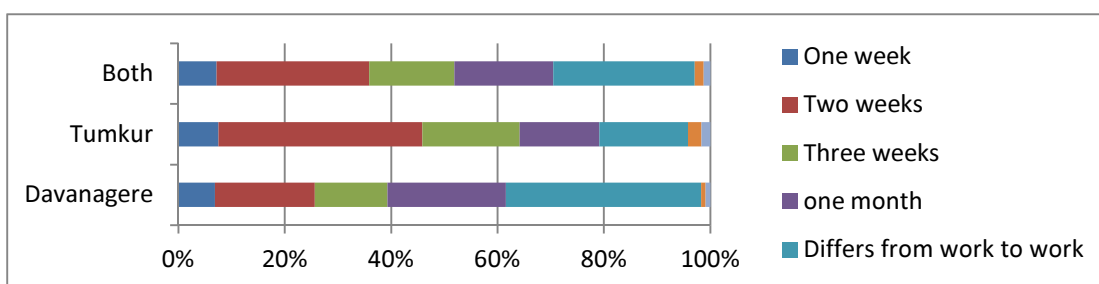
Table 36: NREGS payment duration

Payment time	Davanagere	Tumkur	Both
One week	8	9	17
Two weeks	22	46	68
Three weeks	16	22	38
One month	26	18	44
Differs from work to work	43	20	63
Other*	1	3	4
No response	1	2	3
Grand Total	117	120	237

*include more than one month to 4 months.

The pattern was not consistent across districts. Only about 25 percent of beneficiaries got the payment within the stipulated period in Davanagere while about 44 percent of the beneficiaries in Tumkur district had got the payment in the stipulated period (Chart 17). Given that the scheme was launched in Davanagere in first phase and also has a higher proportion (70 percent) of bank accounts while it was in launched second/ third phase in Tumkur district and has higher post office accounts the difference may point to issues with respect to data management and planning. However there was no significant difference across gender and social category in both the districts.

Chart 17: NREGS payment duration



Awareness about financial services offered by banks

The benefits of having the bank account as stated by the beneficiaries were analysed. It was found that 87 percent of the beneficiaries felt that bank accounts could be used for receiving payments from schemes such as MGNREGS, while 75 percent knew that they could also make deposits or savings through the bank account. About 22 percent and 28 percent of sample beneficiaries were aware of the benefits of availing small loans and transferring money as the benefits of having the bank account (Table 37).

Table 37: Benefits of having Bank account

Benefits of Bank A/C	Davanagere	Tumkur	Both
N =	117	120	237
Receive Payments	93	114	207 (87)
Make deposits/ savings	85	93	178 (75)
Avail small loans	39	12	51 (22)
Transfer money	42	24	66 (28)
GCC	5	3	8 (3)

*Figures in parenthesis indicate percentages

The awareness of the one or more of the above services among the beneficiaries were analyzed and it was found that 47 percent of the beneficiaries were aware of two services from the bank while 22 percent of the beneficiaries were aware of three services from bank. Only about 9 percent of the sample beneficiaries were aware of 4 of the 5 important services provided by the bank (Table 38).

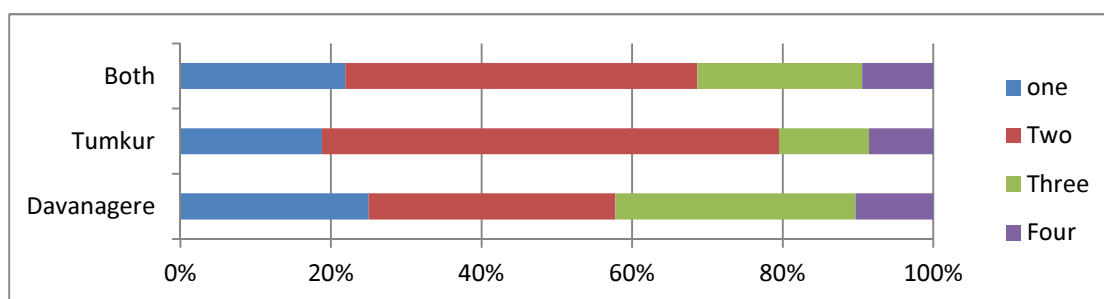
Table 38: Awareness of number of services that can be availed from Bank

No of services	Davanagere	Tumkur	Both
One	29	22	51 (22)
Two	38	71	109 (47)
Three	37	14	51 (22)
Four	12	10	22(9)
Grand Total	116	117	233

*Figures in parenthesis indicate percentages

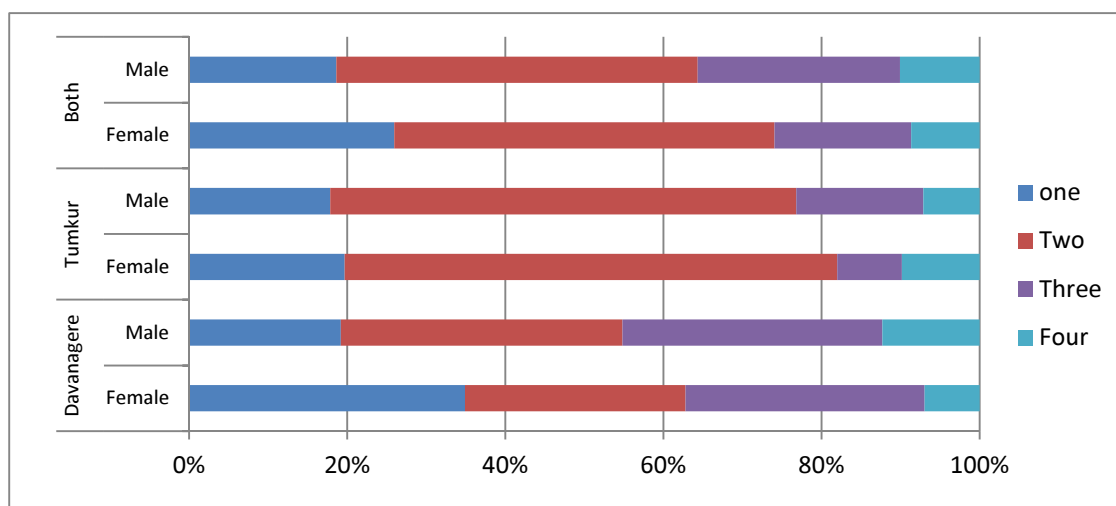
The awareness of the benefits of the bank account was analyzed for gender and social categories across the districts. It was found that about 42 percent of the sample beneficiaries were aware of three or more services offered by the bank in Davanagere, while in Tumkur only about 21 percent of the sample beneficiaries were aware of three or more services offered by the bank (Chart 18).

Chart 18: Awareness about number of services that can be availed from Bank by Districts



The proportion of beneficiaries who were aware of only one services by the bank were higher among female beneficiaries in both the districts and more so in Davanagere district (Chart 19).

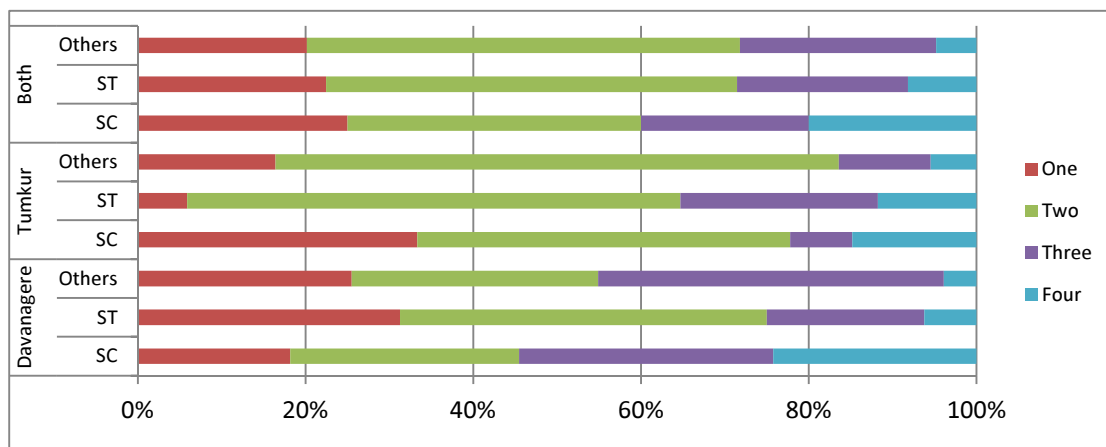
Chart 19: Awareness about number of services that can be availed from Bank by gender



The awareness of three or more services from the bank was highest among the SC beneficiaries in Davanagere district at about 45 percent while it was lowest among the ‘other’ category beneficiaries in Tumkur district at about 16 percent. The awareness

of 4 or more services from bank was lowest among the ‘other’ category beneficiaries compared to SC/ ST categories in both the districts (Chart 20).

Chart 20: Awareness about number of services that can be availed from Bank by Social Category



Sourcing of banks for loans

Unusually large expenditure such as on medical emergencies, agricultural inputs, weddings, etc. are met either from one’s savings or by taking a loan; in case of the poor generally it is the latter. Data of such major expenditure by the beneficiaries in the preceding year was sought to understand the sources of expenditure and usage of the banking services by them to meet those expenditure. It is seen that about 45 percent of the sample beneficiaries had incurred major expenditure in the previous year (Table 39).

Table 39: Major expenditure incurred by beneficiaries

	Davanagere	Tumkur	Both
Incurred Major Expenditure	42	66	108
Did not Incur Expenditure	75	54	129
Total	117	120	237

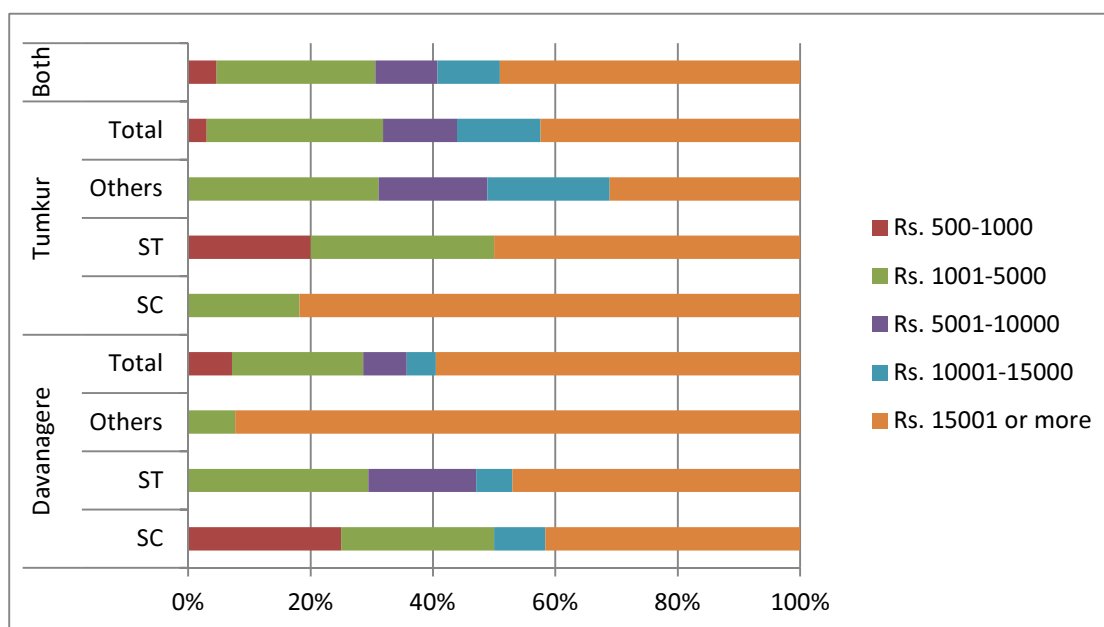
It was observed that few households incurred major expenditure for more than one reasons (Table 40). The medical emergency was the most common reason for incurring major expenditure by the sample beneficiaries followed by expenditure for agricultural inputs and weddings.

Table 40: Reasons for Major expenditure

Reasons for Major expenditure	Davanagere				Tumkur				Both
	SC	ST	Other	Total	SC	ST	Other	Total	
Medical emergency	10	10	7	27	4	5	21	30	57
Wedding	2	3	3	8		2	7	9	17
Loan repayment						2	1	3	3
Agriculture inputs	1	6	3	10	3	1	16	20	30
Others	2		2	4	5	2	1	8	12
Total	15	19	15	49	12	12	46	70	119
No of respondents	12	17	13	42	11	10	45	66	108

The amount of expenditure also varied across the districts and social categories. In a majority of cases the expenditure exceeded Rs 15,000 across all categories in both the districts (Chart 21). However, the proportion of the expenditure varied across categories. Nearly 90 percent beneficiaries belonging to 'other' category in Davanagere district had incurred expenditure over Rs 15,000, while lowest proportion was that of the 'other' category in Tumkur district at about 35 percent. The expenditure in the range of Rs 500 - Rs 1,000 was incurred only by the SC beneficiaries in Davanagere and ST beneficiaries in Tumkur district. Similarly the expenditures in the range of Rs 5,001-10,000 was found only with ST beneficiaries in Davanagere and 'other' category beneficiaries in Tumkur district.

Chart 21: Pattern of Major expenditure incurred across social categories



The sourcing of funds to meet these expenditures was analyzed to see the extent to which loan services from formal financial institutions were utilized. Of the 108 beneficiaries who had incurred expenditure in both the districts who accounted for about 35 percent of the sample beneficiaries, 80 (74 percent) had met the expenditure through an interest bearing loan (Table 41). This was followed by the beneficiaries

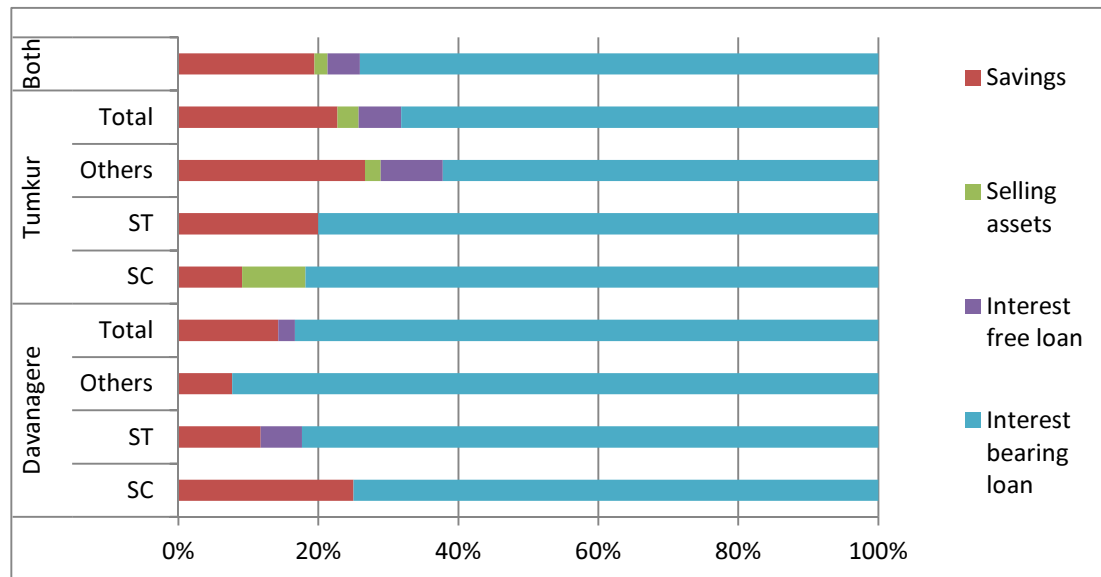
who had sourced the expenditure from their savings who accounted for about 20 percent.

Table 41: Sources of funds for major expenditure

Source of funds for Major expenditure	Davanagere				Tumkur				Both
	SC	ST	Other	Total	SC	ST	Other	Total	
Savings	3	2	1	6	1	2	12	15	21
Selling assets	0	0	0	0	1	0	1	2	2
Interest free loan	0	1	0	1	0	0	4	4	5
Interest bearing loan	9	14	12	35	9	8	28	45	80
Grand Total	12	17	13	42	11	10	45	66	108

The sourcing of major expenditure was not uniform across categories and districts. Higher proportion of beneficiaries who incurred expenditure sourced it from interest bearing loans which was about 81 percent in Davanagere district while about 66 percent in Tumkur district (Chart 22). The proportion of beneficiaries seeking an interest bearing loan to incur major expenditure was highest among ‘other’ category in Davanagere district followed by ST and SC beneficiaries respectively. In Tumkur district highest proportion of beneficiaries who sourced major expenditure from an interest bearing loan belonged to SC followed by ST and beneficiaries from ‘other’ category.

Chart 22: Pattern of sourcing the Major expenditure across social categories



The selling of assets to fund the expenditure was seen only among the sample beneficiaries in Tumkur district who belonged to SC and ‘other’ category while incidence of interest free loan was found among ST beneficiaries in Davanagere and ‘other’ category beneficiaries in Tumkur district.

The source of the loans taken by the sample beneficiaries was analyzed. It was found that local money lenders and banks were most important sources. The number of

loans sourced from local money lender was 34 while it was 31 from the banks (Table 42). This was followed by the loans from Self Help Groups (SHGs). As discussed earlier the number of loanees was only 85 and loans were 114 which meant that loans from more than one source were used by a borrower to fund the expenditure.

Table 42: Sources of loans by social categories

Source of Loan	Davanagere				Tumkur				Both
	SC	ST	Other	Total	SC	ST	Other	Total	
Bank	4	2	4	10	4	6	11	21	31
SHG	1	6	5	12	2	4	9	15	27
Local money lender	3	3	7	13	3	1	17	21	34
Land owner	2	2	0	4	1	0	2	3	7
Shop keeper	0	1	0	1	0	0	0	0	1
MFI	0	1	0	1	1	2	3	6	7
Others (friends, relatives etc)	0	1	0	1	1	2	3	6	7
Total	10	16	16	42	12	15	45	72	114

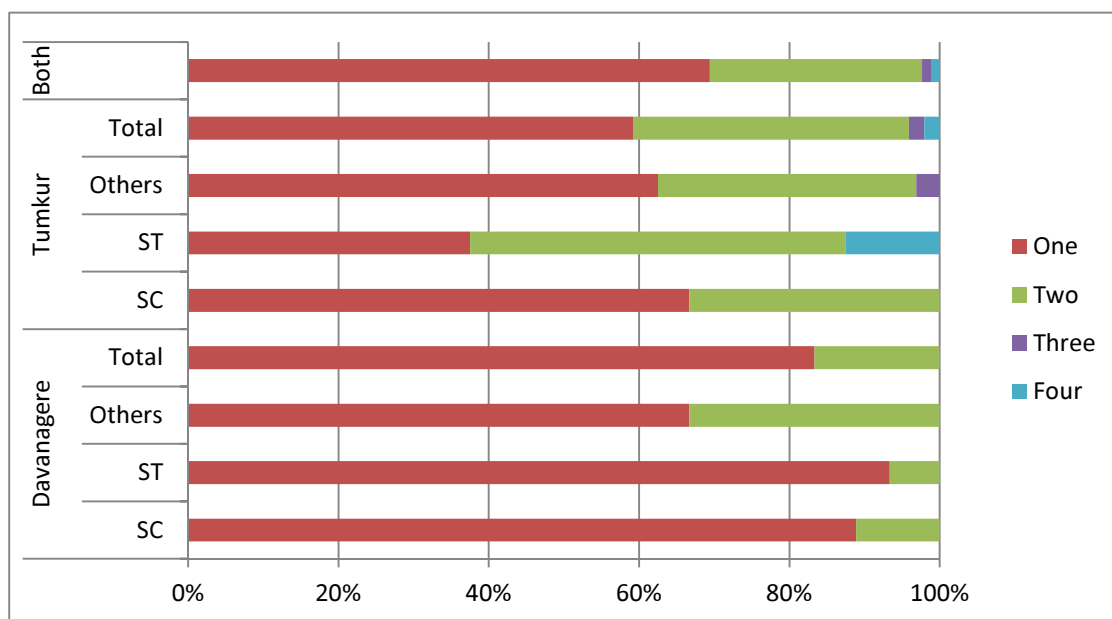
The number of loans obtained by the beneficiaries across social categories in the two districts was analyzed (Table 43). Most of the beneficiaries accounting for about 70 percent had only one loan while the others had more than one loan to fund the major expenditure.

Table 43: Number of loans obtained across social categories

Number of sources of loan	Davanagere				Tumkur				Both
	SC	ST	Other	Total	SC	ST	Other	Total	
One	8	14	8	30	6	3	20	29	59
Two	1	1	4	6	3	4	11	18	24
Three	0	0	0	0	0	0	1	1	1
Four	0	0	0	0	0	1	0	1	1
Grand Total	9	15	12	36	9	8	32	49	85

The proportion of beneficiaries who had only one loan was higher in Davanagere district at about 82 percent while in Tumkur district it was about 59 percent. The fact that only 42 percent of the sample beneficiaries had the bank accounts in Tumkur district may have contributed to the sourcing of expenditure from more than one source. The proportion of beneficiaries who had one loan was highest among STs in Davanagere district while it was lowest among the STs in Tumkur district. The proportion of beneficiaries who had 2 loans was highest among STs in Tumkur district while it was lowest among the STs in Davanagere district (Chart 25). Three and four loans were borrowed by one borrower each only in Tumkur district.

Chart 23: Number of Loans across social categories



The collateral provided for the bank loan was analysed and it was found that the collateral provided was largely the property documents (house and land adjacent to it) and agricultural land documents while for 3 loans the gold was offered as collateral (Table 44).

Table 44: Collateral provided for bank loans

Collateral	Davanagere				Tumkur				Both
	SC	ST	Other	Total	SC	ST	Other	Total	
Land/ Property Documents	4	0	0	4	2	6	9	17	21
Agricultural land documents	0	2	0	2	0	0	1	1	3
Gold	0	0	2	2	1	0	0	1	3
No Response	0	0	0	0	1	0	1	2	2
Grand Total	4	2	2	8	4	6	11	21	29

The sample beneficiaries who borrowed from other sources were probed for their reasons for not approaching a bank for loan. The results were analysed and it was found that 68 of 85 sample beneficiaries did not obtain a bank loan (Table 45). That only 15 out of 68 beneficiaries (22 percent) had approached bank for getting loan shows that a large proportion of the sample beneficiaries are depending upon the non-bank loan sources. This proportion varied significantly across categories and districts. In Davanagere none of the SC/ ST beneficiaries who borrowed loan from non bank sources had approached the bank and only 2 of the 28 ‘other’ category beneficiaries had approached bank for loans. In Tumkur slightly higher proportion of beneficiaries had approached bank in the first place for a loan.

Table 45: Loanees from Non-bank sources who had approached bank

Tried for loan from Bank	Davanagere				Tumkur				Both
	SC	ST	Other	Total	SC	ST	Other	Total	
Yes	0	0	2	2	1	3	9	13	15
No	5	13	8	26	5	3	19	27	53
Total	5	13	10	28	6	6	28	40	68
% of the loanees	56	87	83	78	67	75	88	82	80

The reasons for those who had approached the bank for a loan not getting the loan were analyzed (Table 46). Of the 15 who had approached the bank for getting the loan, it was found that 8 beneficiaries (about 55 percent) had already taken a loan earlier to the preceding year from banks and therefore did not get a loan again. Of the other 7 beneficiaries, three did not take the loan because of the available loan amount was inadequate, while two beneficiaries responded that they did not have the required collateral to pledge for the loan.

Table 46: Reasons for not getting the loans from bank

Reasons for not getting loan from bank	Davanagere		Tumkur				Both
	Other	Total	SC	ST	Other	Total	
The amount from bank would not have been enough	1	1	1	1	0	2	3
No Response	2	2	0	0	0	0	2
We have already one loan	0	0	0	2	6	8	8
We don't have land	0	0	0	0	2	2	2
Grand Total	3	3	1	3	8	12	15

Note: There are no SC and ST respondents who attempted for a loan and did not get it in Davanagere

The reasons given for not approaching the bank were analyzed and it was found that nearly one third of the beneficiaries did not find it necessary to approach a bank for funding a major expenditure (Table 47). This may be due to the fact that medical emergency was the chief cause for the major expenditure among the sample beneficiaries. Other reasons/ problems cited for not sourcing loans for major expenditures from the bank include: inability to provide collateral for the loan, meeting the bank requirement of timely repayments, multitude procedures to be fulfilled for applying for a loan, and increased time taken (in comparison to loans sourced from other sources) , not being able to get in short time were other reasons for not sourcing the major expenditure from bank.

Table 47: Reasons for not approaching the bank by the non bank loanees

Reasons for not approaching the bank	Davanagere				Tumkur				Both
	SC	ST	Other	Total	SC	ST	Other	Total	
Did not find it necessary	1	5	1	7	1	1	9	11	18
More Procedures	1	0	1	2	0	0	0	0	2
No land/ documents	1	3	1	5	2		3	5	10
Timely repayment is a problem	1	2	2	5	1	2	2	5	10
Private finance is quick	0	1	1	2	0	0	0	0	2
Cannot get in short time	0	1	0	1	0	0	0	0	1
Bank do not give loan to us (i.e. poor)	1	1	2	4	1	0	0	1	5
Loan amount is small	0	0	0	0	0	0	1	1	1
There is an old loan	0	0	0	0	0	0	2	2	2
Loan from SHG available	0	0	0	0	0	0	2	2	2
Grand Total	5	13	8	26	5	3	19	27	53

The beneficiaries who had obtained from non-bank sources were enquired for the collateral they had provided for getting the loan and it was found that only about 11 percent of the beneficiaries had provided collateral while the rest did not provide any collateral for getting the loan (Table 48). The fact that expenditure of types of medical emergency and seasonal agricultural operations need to be funded in time and sourcing of it has to be as quick as possible, informal sources become more convenient. Sourcing it without collateral is equally an added advantage for the beneficiaries.

Table 48: Collateral for the loan from Non bank sources

Collateral for loan	Davanagere				Tumkur				Both
	SC	ST	Other	Total	SC	ST	Other	Total	
Yes	1	0	1	2	0	0	5	5	7
No	4	13	8	25	5	6	22	33	58
No response	0	0	1	1	1	0	1	2	3
Grand Total	5	13	10	28	6	6	28	40	68

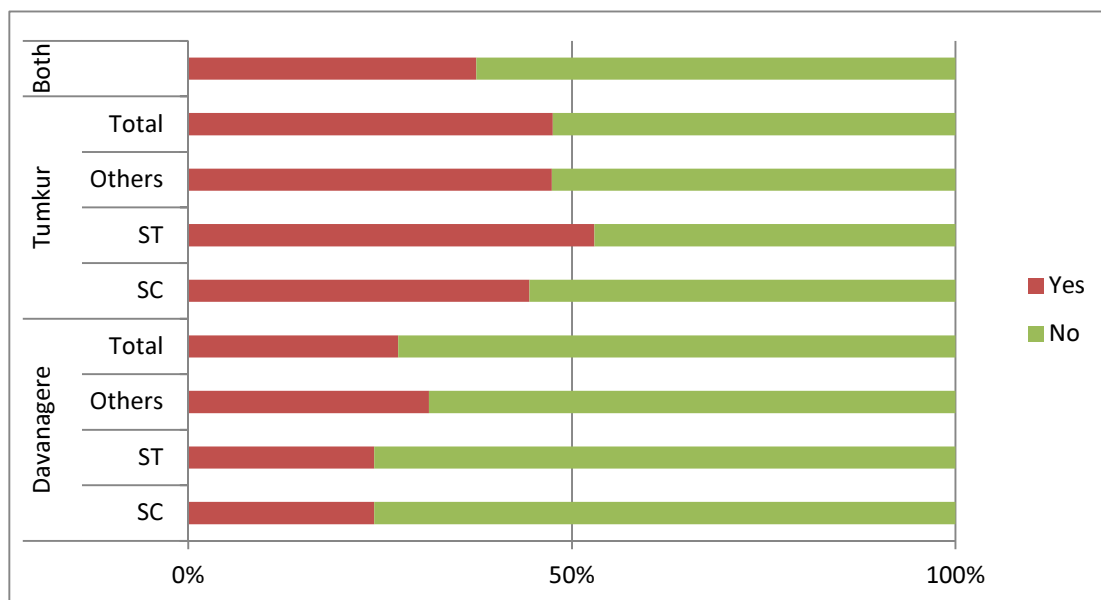
The membership with the SHG was also analysed to understand the implication of membership on the banking activities of the sample beneficiaries (Table 49 and chart 26). Around 38 percent of the sample beneficiaries had SHG membership.

Table 49: SHG membership among the sample beneficiaries by social category

SHG member	Davanagere				Tumkur				Both
	SC	ST	Other	Total	SC	ST	Other	Total	
Yes	8	8	16	32	12	9	36	57	89
No	25	25	35	85	15	8	40	63	148
Total	33	33	51	117	27	17	76	120	237

The SHG membership among the sample beneficiaries was lower in Davanagere at 28 percent while it was about 48 percent in Tumkur district. The SHG membership was highest among the STs in Tumkur district which had over 50 percent of the sample beneficiaries as SHG members while it was lowest among the SC/ ST beneficiaries in Davanagere district.

Chart 24: SHG Membership among sample beneficiaries across social categories



The amount of savings done by the sample beneficiaries were analyzed (Table 50). Nearly 78 percent of the savings were done weekly in the range of Rs 10-Rs 100. Nearly 12 percent of the beneficiaries had saved monthly amounts ranging from Rs 10 - Rs 100. Two beneficiaries have replied of doing the savings of over Rs 5,000 one of which was a monthly and other an annual one. One beneficiary did not respond.

Table 50: Amount and Frequency of savings in SHGs (N=89)

Frequency	Amount	Davanagere				Tumkur				Both
		SC	ST	Other	Total	SC	ST	Other	Total	
Tri-monthly	10	0	0	0	0	0	0	1	1	1
Weekly	10-100	6	5	11	22	9	8	30	47	69
	100-300	0	1	0	0	0	0	1	0	2
Monthly	10-100	1	2	3	6	3	0	2	5	11
	200-600	0	0	1	1	0	1	1	2	3
	5000	0	0	1	0	0	0	0	0	1
Yearly	7000	0	0	1	1	0	0	0	0	1
Total	-	7	8	17	30	12	9	35	55	88

The SHG members were enquired about availing the loan from SHG and the responses were analysed (Table 51). About 78 percent of the SHG members availed loan on the whole while 90 percent of the SHG members availed loan in Tumkur. All the SCs who were SHG members had availed loan. Highest proportion of members of STs availed loan in both the districts. About two thirds of the beneficiaries who had borrowed loan from SHGs said that they pay it regularly while the others did not (Table 52).

Table 51: Loans from SHGs by sample beneficiaries (N=89)

Availed loan	Davanagere				Tumkur				Both
	SC	ST	Other	Total	SC	ST	Other	Total	
Yes	4	7	9	20	12	7	30	49	69
No	4	1	7	12	0	2	6	8	20
Grand Total	8	8	16	32	12	9	36	57	89

Table 52: Repayment of Loans from SHGs by sample beneficiaries (N=69)

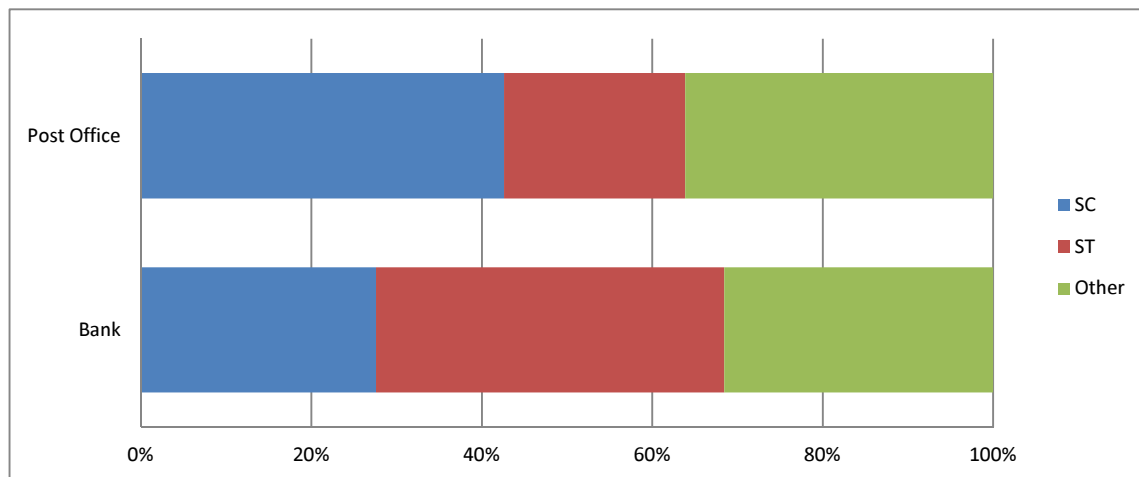
Repayment	Davanagere				Tumkur				Both
	SC	ST	Other	Total	SC	ST	Other	Total	
Regular	3	3	5	11	6	6	23	35	46
Irregular	1	4	4	9	6	1	7	14	23
Grand Total	4	7	9	20	12	7	30	49	69

8.3 FINANCIAL INCLUSION - ANALYSIS OF BANK ACCOUNT INFORMATION

In this study, by following the sampling plan (explained earlier) MGNREGA beneficiaries were pre-selected. Of the pre-selected beneficiaries, finally 258 beneficiaries were interviewed using Schedule IV. Of the 258 beneficiaries interviewed, the MGNREGA job cards (downloaded from the government website) did not provide the post office account information for 18 beneficiaries. A closer look at the 18 beneficiaries shows that 8 were female, while 10 were male; nine each belonged to the SC and 'other' social categories.

Amongst the remaining 240 beneficiaries, 145 (i.e. 60 percent) had bank accounts while 95 (i.e. 40 percent) had post office accounts; a break-up of these 240 beneficiaries as per their social category is shown in Chart 1 below.

Chart 25: Bank & P.O. accounts by social category



Of the 145 beneficiaries with bank accounts, the maximum accounts (134 in number) were with the Corporation Bank, Pragathi Gramin Bank, State Bank of Mysore and Vijaya Bank. The remaining 11 beneficiary accounts were with Canara Bank, Indian Overseas Bank, ING Vysya Bank, State Bank of India and Tungabhadra Grameena Bank with each bank having four accounts or less. For the purpose of this study, account details for 134 beneficiaries were sourced from the respective banks.

Account information for beneficiaries with post office accounts was not sourced because (a) post offices do not use a core banking system; and (b) post offices provide only a limited number of services that fall under the umbrella of financial inclusion, for instance, they do not offer credit/ loans facility, they do not offer health or general insurance options. As a result the study focused on gathering account information for chosen beneficiaries from various banks and did not source details from post offices.

Amongst the 95 beneficiaries who had accounts with post offices 47 (49 percent) were female, while 48 (51 percent) were male; twenty seven (28 percent) belonged to SC category while 13 (14 percent) belonged to ST category and 55 (38 percent) belonged to 'other' category.

While sourcing information for 134 beneficiaries from various banks there were several problems in accessing their bank account data due to the fact that the information provided on the beneficiary MGNREGA job cards (which had been downloaded from the MGNREGA website) was inadequate in some ways. To illustrate, (a) for many beneficiaries only the last 4 digits of their account numbers were mentioned on the job cards – locating the remaining initial digits of the account numbers was not always possible for the banks; (b) despite making attempts to search for beneficiary accounts on the banks' systems using the names and cross checking

with their job card numbers (mentioned on the job cards as well as recorded in the bank’s systems), many beneficiary accounts could not be located; (c) in many cases either the beneficiary account number, or the beneficiary name, or both would not match in the bank records and the data taken from beneficiary job cards. As a result there were 15 instances where beneficiary data did not match on both counts and data for only 119 beneficiary accounts was finally available.

Nine (60 percent) of the 15 beneficiaries whose data mismatched were female, while 6 (40 percent) were male; Seven (47 percent) of the 15 beneficiaries belonged to the SC social category while 2 (13 percent) belonged to the ST social category and the remaining 6 (40 percent) belonged to the social category ‘other’.

Amongst the 119 beneficiaries there were a further 19 for whom the banks’ did not provide any transaction related information; this further reduced our sample for analysis to 100 beneficiaries for whom we had complete information for most questions.

Of the 19 beneficiaries whose transaction information was not provided, 11 (58 percent) were female, while 8 (42 percent) were male; Five (26 percent) of the 19 belonged to SC category while 4 (21 percent) and 10 (53 percent) belonged to ST and ‘other’ categories respectively. The summary for this is given in the Tables 53 and 54 below:

Table 53: Analysis of bank account holders by gender

	Female	Male	Total
Sample number of beneficiaries interviewed	122	136	258
Number of beneficiaries with post office accounts	55	58	113
Number of beneficiaries with bank accounts	67	78	145
Less: Number of beneficiaries for whom account information was not collected	7	4	11
Less: Number of beneficiaries for whom data did not match - between bank records and MGNREGA job card information	9	6	15
Less: Number of beneficiaries for whom banks’ did not provide any transaction related information	11	8	19
Number of beneficiaries with bank accounts for whom account information was sourced and analysed	40	60	100

Table 54: Analysis of bank account holders by social category

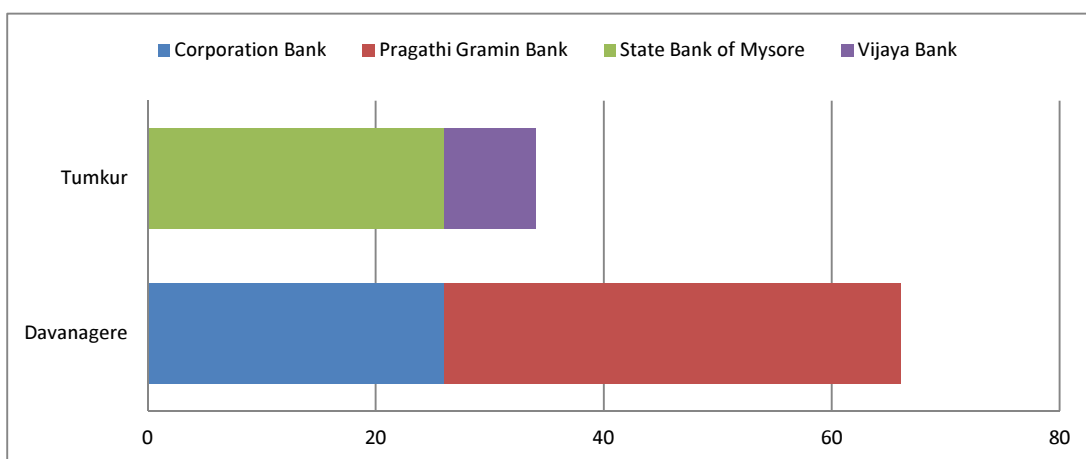
	SC	ST	Other	Total
Number of beneficiaries interviewed	64	53	141	258
Number of beneficiaries with post office accounts	36	13	64	113
Number of beneficiaries with bank accounts	28	40	77	145
Less: Number of beneficiaries for whom account information was not collected (Canara Bank, Indian Overseas Bank, ING Vysya Bank, State Bank of India and Tungabhadra Grameena Bank)	3	4	4	11
Less: Number of beneficiaries for whom data did not match - between bank records and MGNREGA job card information	7	2	6	15
Less: Number of beneficiaries for whom banks' did not provide any transaction related information	5	4	10	19
Number of beneficiaries with bank accounts for whom account information was sourced from Corporation Bank, Pragathi Gramin Bank, State Bank of Mysore and Vijaya Bank	13	30	57	100

The analysis of account information for the final 100 beneficiaries is presented below:

District vs. beneficiary accounts in various banks

Chart 26 shows that beneficiaries in Davanagere have accounts with Corporation Bank and Pragathi Gramin Bank, while beneficiaries in Tumkur have accounts with State Bank of Mysore and Vijaya Bank. Amongst this sample, Vijaya Bank has the least number of accounts (8) while Pragathi Gramin Bank has the maximum (40); both Corporation Bank and State Bank of Mysore have the same number of beneficiary accounts (26).

Chart 26: Analysis of bank accounts by banks and districts



Account holders by gender and social category

Forty percent of the 100 beneficiaries are females and the remaining 60 percent are males. Thirteen percent of the 100 beneficiaries belonged to the SC category, 30 percent to ST category and the remaining 57 percent belong to the 'other' category.

All beneficiary accounts in the sample (of 100) are individual accounts – there are none that have joint accounts. This could mean that females at least have access to bank services by way of a bank account (as 40 percent of the sample consists of females).

No-frills savings and regular savings accounts

As for the type of account, no-frills savings or regular savings, it is seen that 69 percent of the accounts are regular savings type accounts. Only 31 percent are no-frills savings type accounts. This could mean that banks (and indirectly gram panchayat officials too) are not insisting that no-frills type accounts be opened for NREGS beneficiaries. However the picture will become clearer when we also analyze these accounts with reference to the date of account opening.

Number of financial services availed from the bank

As per the Rangarajan Committee recommendations, financial inclusion will be holistically achieved when every individual accesses the whole range of financial services available; such as a no-frills savings account, being able to save using the bank account, utilize money transfer facilities, avail small loans and overdrafts, and sign on for micro insurance (life and non-life).

In order to assess whether the current sample of 100 beneficiaries can be considered financially included it was seen whether they meet the criteria for financial inclusion set by Rangarajan Committee.

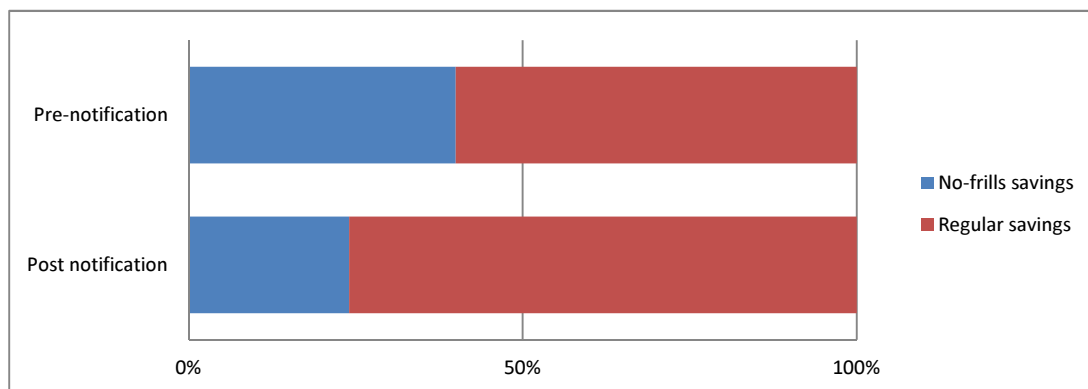
No-frills account

No-frills accounts were opened post notification (January 2008) by Ministry of Rural Development NREGA mandating payment of wages to NREGA beneficiaries through bank/ PO accounts. It is seen that a majority of accounts (60 percent) opened prior to notification were of regular savings bank accounts (Table 55 and Chart 27). Surprisingly, even after the notification and the government's direction to open no-frills accounts, a good 76 percent of the accounts continued to be regular savings accounts.

Table 55: Type of accounts pre and post notification

	No-frills savings account	Regular savings account	Total
Post notification	6	19	25
Pre-notification	20	30	50
Total	26	49	75

Chart 27: Account type with reference to GoI notification



As for beneficiaries accessing the other financial services offered by the banks (Table 56), it is seen that only 15 beneficiaries amongst the 100 have accessed services such as the general purpose credit card (GCC) or Kisan Credit Card (KCC), fixed deposit (FD) and loan. Services such as recurring deposit (RD), micro-insurance and overdrafts have not been availed by anyone.

Table 56: Financial Services availed by beneficiary account holders

	SC	ST	Other	Total
GCC or KCC	0	1	1	2
Fixed deposit (FD)	1	0	2	3
Recurring deposit (RD)	0	0	0	0
Availed Insurance	0	0	0	0
Availed overdraft	0	0	0	0
Availed loan	1	2	7	10
Total	2	3	10	15

Of the 10 beneficiaries who have taken loans from their bank, one beneficiary did not take/ withdraw the amount even though the jewel loan was sanctioned. An analysis of bank loans with reference to their other socio economic attributes shows the following.

- a. It is seen that 10 beneficiaries availed 17 loans. One beneficiary had taken 3 loans; 5 had taken 2 loans each and 4 had taken 1 loan each (of this last category, one beneficiary has applied for a loan and it has been sanctioned though the money was never withdrawn). Most common loan tenure was 12 months, though 7 beneficiaries had taken more than 12 months to repay their loans. Thirteen loans are currently ongoing, i.e. only 3 loans have been repaid in full till the date the data was collected from the bank.

- b. The loan amount varied from as little as Rs 15,000 for a jewel loan to as high as Rs 450,000 from a Kisan Credit Card.
- c. As for the gender distribution of beneficiaries who have availed the loans, it is seen that only 2 are female and that both have availed 2 loans each.
- d. As for the distribution of loanees among social category (Table 57), it is observed that only 2 belong to the SC/ ST categories, the remaining beneficiaries are from the 'other' category. It is beneficiaries from the 'other' category who have availed multiple loans.

Table 57: Loan accounts by social category

No. of loans availed	SC	ST	Other	Total
1 Loan	1	1	2	4
2 Loans	0	0	5	5
3 Loans	0	0	1	1
Total	1	1	8	10

- e. The distribution of beneficiaries who have availed loans between BPL or non-BPL category shows that the only beneficiary who has availed 3 loans belongs to the non-BPL category; all other beneficiaries belong to the BPL category.
- f. As for the education background of those who have availed loans, it is seen that they are all literate and the beneficiary who availed 3 loans had completed secondary school.
- g. Analysis of monthly household expenditure and monthly household income from all sources including NREGS shows that 9 beneficiaries fall within the same class of income/ expenditure between Rs 1,001 to Rs 5,000. Only 1 beneficiary who took 2 loans spends and/ or earns between Rs 10,001 to Rs 15,000.
- h. There does not seem to be a link between the type of assets owned and the number of loans taken.
- i. It was seen that the beneficiaries who availed loans were generally more aware about the financial services offered by the banks with most beneficiaries being aware of 4 benefits.
- j. Of the ten beneficiaries who availed loan from the banks, 5 beneficiaries were also a part of an SHG group.

The study also attempted to collect the following for the last 3 financial years (namely 2009-10 to 2011-12)

- number of deposits made
- number of withdrawals made
- the average monthly balance
- the highest balance
- the lowest balance

The study was hoping to find whether the bank accounts were being used as savings accounts or were merely being used to receive and withdraw money from the

accounts. In other words, whether there were any savings accruing from having bank accounts. However, due to the fact that data we received did not clearly provide the start date from which figures for deposits and withdrawals has been provided, we are unable to process the same and arrive at any conclusions.

Opening of bank accounts post notification

Ministry of Rural Development (MoRD) had issued a circular on January 21, 2008⁹ that mandated transfer of wage payments only to bank or post office accounts of MGNREGS beneficiaries keeping in mind the objectives of transparency and financial inclusion. As a result of this circular and the subsequent amendment of the MGNREG Act, part payments and payments made on a daily basis were stopped though cash payments were allowed till an account was opened for the MGNREGS beneficiary.

Of the 100, there were 25 beneficiaries for whom the account opening date was either not provided by the bank or an incorrect date was provided by the bank (e.g. account opening date of the year 1900) and as a result this level of analysis was conducted for only 75 beneficiaries.

Amongst the 75 accounts, 50 accounts (67 percent) were already opened prior to notification while 33 percent (25 accounts) were opened post notification.

Amongst the beneficiaries whose accounts were opened prior to notification, 38 percent were females and the remaining males. In the case of accounts opened post notification, 52 percent were females and the remaining males. (Table 58)

Table 58: Account opening post notification by gender

	Female	Male	Total
Post notification	13	12	25
Pre-notification	19	31	50
Total	32	43	75

Amongst the beneficiaries whose accounts were already opened prior to notification, 70 percent belonged to those from the ‘other’ category while 24 percent accounts belonged to the ST category and only 6 percent accounts belonged to those from the SC category. Amongst the accounts opened post notification 44 percent accounts belong to those from the ‘other’ category while 32 percent accounts belonged to the ST category beneficiaries and 24 percent accounts belonged to those from the SC category. (Table 59)

⁹ Though the Act (Schedule II, paragraph 31) was suitably amended only on February 19, 2009 and now states “the payment of wages shall be made through the individual or joint savings account of the workers in banks or post offices opened in accordance with the directions of the Central Government”.

Table 59: Accounting opening post notification by social category

	SC	ST	Other	Total
Post notification	6	8	11	25
Pre-notification	3	12	35	50
Total	9	20	46	75

Eighty four percent accounts already opened prior to notification belonged to the BPL category, while only 16 percent belonged to the non-BPL category. Post notification, 72 percent of the 25 sample beneficiaries belonged to the BPL category while only 28 percent belonged to the non-BPL category. (Table 60)

Table 60: Account opening post notification by income category

	BPL	Non-BPL	Total
Post notification	18	7	25
Pre-notification	42	8	50
Total	60	15	75

The two end categories i.e. illiterates and graduates have the least representation amongst both - individuals who had account prior to notification and individuals who got accounts post notification. The percentage of those who have completed primary school has increased post notification as compared to before. (Table 61)

Table 61: Accounting opening post notification by education levels

	Illiterate)	Literate (can sign name)	Primary school (class IV completed)	Secondary school completed (includes PUC)	Graduate	Total
Post notification	0	4	13	7	1	25
Pre-notification	4	22	12	11	1	50
Grand Total	4	26	25	18	2	75

8.4 INTERVIEWS WITH OTHER STAKEHOLDERS

GP officials

Gram Panchayat officials were interviewed to get the insight about their perceptions about financial inclusion and the banking activity in the Gram Panchayat area. The structured questionnaire looked into the issues of presence of SHGs, money lenders as well as the efforts made by the GP to towards enhancing the financial inclusion through MGNREGS payments to the beneficiary bank/ PO accounts.

SHGs were present in all the eight sample GPs in two districts while the money lenders existed in 6 of the 8 GPs (Table 62). As for the presence of the SHGs and money lenders, it was found that the SHG presence had remained fairly constant over years while the presence of money lenders had increased in Nidavalalu GP of Tumkur district.

Table 62: Number of SHGs and Money lenders in the Sample GPs

District	GP	SHGS	No. of Money lenders
Davanagere	Hadadi	33	4
	Kakkaragolla	45	10
	Togarikatte	25	4
	Telagi	50	0
	Total	153	18
Tumkur	Nidavalalu	20	10
	Gulur	34	100
	Paduvagere	30	0
	Kodavathi	35	10
	Total	119	120
Both	-	272	138

Regarding the MGNREGS wage payment, payment is being made through banks as well as post office accounts in all of the GPs except for Gulur GP in Tumkur which had completely moved to bank payments. Payment orders were generated fortnightly in 3 GPs while in the other 5 payment orders would be generated depending on the money available in the NREGS account. Only Hadadi and Telagi GPs in Davanagere and Gulur and Paduvagere GPs in Tumkur had **intimated** the MGNREGS payments on the notice board apart from responding to the enquiries by the beneficiaries at the GP office.

The GP officials generally agreed that paying the MGNREGS workers through their accounts was better because it was quicker, transparent and reduced handling of money. They were also aware of the advantages that accrue due to having bank accounts and identified savings, remittance and credit as the specific benefits.

All of the 8 GPs discussed the NREGS payments to bank/ post office accounts in grama sabha, while 6 GPs got officials to explain the bank account as well as to facilitate the account opening at GP office. Of the 8 GPs, 5 GPs distributed pamphlets as well as conducted campaign for opening of accounts.

Bank Officials

The bank officials of the sample GPs were interviewed to understand the inclusion process through the mandated payments to accounts of MGNREGS workers. The GPs of Nidavalalu and Kodavathi in Tumkur district did not have banks while the other 6 had banks in the GPs or close to them.

The number of accounts and no-frills accounts in the Banks at the GPs are given in the table below.

Table 63: Number of no-frills account in the Banks in Sample GPs

District	GP	Total Accounts	No-frills Accounts
Davanagere	Hadadi	9000	NA
	Kakkaragolla	5000	1000
	Telagi	16928	4000
	Togarikatte	25000	8000
	Total	55928	13000
Tumkur	Gulur	10579	5000
	Paduvagere	12072	778
	Total	22651	5778
Both		78579	18778

All the bank branches were handling the accounts of the MGNREGS beneficiaries, SSP beneficiaries, SC/ ST corporation scheme beneficiaries, Udyogini beneficiaries through electronic transfers to these accounts.

All the bank officials were aware of the benefits of having a bank account and by implication of the financial inclusion being sought by the government. Officials of two bank branches thought that NREGA workers were illiterate and did not know how to operate bank accounts and one bank branch official indicated that they were not profitable customers.

With respect of ability to pay the loans, four of them agreed that the MGNREGS beneficiaries have the capacity to repay the loans while the two disagreed in the matter. All the banks have worked with GP in opening the accounts of the MGNREGS beneficiaries. The services of BC/ BFs were provided by the banks in 2 GPs in Davanagere district. BCs provided the customers with the services of making a deposit, withdrawal from their account, Recurring Deposit and insurance.

Post Office Officials

The post offices served five of the eight GPs in the sample. The post offices handled the MGNREGS beneficiary accounts as well as the accounts of beneficiaries of Social Security Pensions from the Government.

Like their counterparts in banks, officials of POs were also aware of the advantages of having the savings account. The officials of post offices in Davanagere felt that the MGNREGS workers have the capacity to avail and repay loans; the officers in post offices in Tumkur district were of the view that beneficiaries only withdraw the amounts and are very poor to save, avail a loan and repay it.

Table 64: Number of savings bank accounts in the Post offices in the sample GPs

District	GP	No of Accounts
Davanagere	Hadadi	10185
	Togarikatte	1530
	Total	11715
Tumkur	Gulur	7771
	Paduvagere	1460
	Kodavathi	500
	Total	9731
Grand Total		21446

The services offered to the MGNREGS beneficiaries apart from operating the savings account are the postal RD, time deposits, rural postal life insurance and the money order services. The post offices of Hadadi, Togarikatte and Paduvagere had made efforts to make the MGNREGS beneficiaries understand the services of the post offices while the other two had not made such efforts.

9.0 Conclusions

Financial inclusion, which aims at providing financial products and services to the marginalized and the poor, has the potential of bringing about significant difference in their lives by helping them progress and integrate into the society. Access to credit at affordable cost, for instance, provides the poor with the means to improve their lot through investment in income generating assets or increasing productivity of already owned assets; and in any case it prevents them at least from falling into an inescapable debt trap which is inevitably the case when money is borrowed at very high interest rates informally from the local money lender.

The opening of a bank account which is of no-frills in nature and followed by provision of financial services like the general purpose credit cards, overdraft in small amounts, loan products apart from savings and withdrawals from the accounts are essential features of financial inclusion. The RBI has been monitoring the financial inclusion plan for all the commercial banks (public and private) since 2010 in terms of BC outlets opened, emergency credit (overdraft) provided, GCC/ KCC provided, etc.

The amendment to the MGNREG Act in 2009 stipulating that the wage payments be made to the accounts of the beneficiaries introduced a paradigm shift in the implementation of MGNREGS. Given the outlay on the scheme (BE 2012-13 Rs. 33000 crore) and considering that a substantial portion i.e. 60 percent of it goes into the pockets of the poor and marginalized, this intervention assumes great significance in terms of its potential to infuse financial inclusion process even to the remote places of the country. It was, thus, the expectation that mandating payment of wages to NREGS workers through the medium of formal financial institutions such as the banks and post offices would be the first step in their eventual financial inclusion.

While there have been many independent initiatives for financial inclusion spearheaded by the Union and the state governments and RBI, NREGS wage payments provided the right context and occasion to push financial inclusion with a single minded purpose. The present study explored the extent and depth of financial inclusion engendered by mandated NREGS payments through banks/ P.O.s through a detailed primary survey and analysis of bank account data of sample beneficiaries, which has been presented in the previous section. The broad conclusions of the study are presented in the following paragraphs.

The study was undertaken in two districts of Karnataka namely, Davanagere and Tumkur. The two districts depict different characteristics. Davanagere has 5 taluks of which 2 are dry and the other three have irrigation from Tunga canal. Its population has higher proportion of SC/ ST than that of the state average. Tumkur on the other hand is in dry zone and has a larger portion of coconut belt. Three taluks have Hemavathi River being fed to tanks on a regular basis. The higher proportion of plantation crops in Tumkur provides agricultural employment throughout the year unlike the field crops in Davanagere district.

Among the sample households the education levels were higher in Tumkur. The number of female beneficiaries was more in Tumkur. There were more bank accounts in Davanagere while in Tumkur post office accounts were predominant. Higher proportion of workers worked on a daily wage basis in Tumkur while it was weekly basis in Davanagere. The asset ownership was higher among the beneficiaries in Tumkur district. The number of BPL beneficiaries was almost same in both the districts at 77 percent. The awareness about the MGNREGS was higher in Davanagere than in Tumkur district. Given the lower asset ownership, lower levels of education coupled with higher proportion of SC/ ST, (also it was selected in I phase of the scheme) more number of people have availed the work and wages under the scheme in Davanagere.

Access - Account Opening

For the poor and marginalized, who are unfamiliar with formal financial institutions, the account opening process itself could be daunting. Although a good half of the sample beneficiaries were accompanied by someone for opening an account in a bank or post office, it is a positive sign that the other half were unaccompanied; particularly so when there is no difference among the social categories although a lower proportion of women ventured to visit bank/ PO to open an account. Interestingly, however, it is observed that of the 75 beneficiaries in whose case the account opening date was available 50 had already a bank account before the government mandated wage payments to be paid through banks/ P.O.s. And even more interesting is the fact that a majority of accounts opened after the notification were regular savings accounts rather than no-frills accounts. The interviews with the officials of gram panchayats

and corresponding banks and post offices showed that they all seemed to endorse and working towards the objective of financial inclusion.

Usage – Operating the account

Having a bank or post office account is one thing and being able (empowered) to operate it is another thing. The study found that only about 38 percent of the sample beneficiaries transacted their business alone without depending on others; the remaining majority of 62 percent depended upon panchayat officials, neighbors, bank/ PO officials, etc. for operating their accounts. This is, as a matter of fact, the weakest link and possible indicator of things not being what they appear to be.

During the survey, it was seen that the NREGS beneficiaries did not always have in their possession the job card and the passbooks. The number of such instances was significantly higher in Davanagere district than in Tumkur district. Job cards and passbooks were reportedly kept by the panchayat member or the contractor. There were about 4 cases, all in Davanagere district, where the beneficiaries reported that they did not work on NREGS works but wages were paid to their accounts. It was also reported that the beneficiaries were paid Rs. 100 per withdrawal by the contractor. Few beneficiaries were not able to distinguish the NREGS work from other GP work. There were hardly any boards at the worksites.

Agricultural wage is little higher than NREGS wage but not available throughout the year. Few communities (particularly ST) usually move out during certain periods to coffee estates in neighboring districts for work while their job cards are retained and used by the contractors; the beneficiaries are paid a token honorarium which works well for both the parties. Contractors often get these people to work in estates and also act as negotiators too. The secretary, bill collector and the other GP employees are aware of the entire processes but were reluctant to talk about it.

The NREGS has fewer takers in Tumkur district because of the lower wage rate compared to agricultural/ casual wage rate coupled with the requirement of wages on a daily basis. The awareness was also low and they seemed to be less concerned about the NREGS. This has helped the contractors to pitch, in albeit to a limited extent, get the work and convert it into person days as per the scheme. In Davanagere people seemed to be aware of this bogus process but seemed to have accepted it while in Tumkur they were not just aware or not concerned.

Seen from a gender perspective, there are two issues. Firstly, there being one bank account per household, wages of female members of the household also get deposited in the account of the male. Ideally, each worker should have a separate account so that her/ his wages are credited into her/ his individual account. This might have implications for banks in terms of number of accounts to be operated and the associated costs. Secondly, even in cases where the account is in the name of the

female member it is doubtful whether she is actually operating the account or has a say in withdrawing money from the account. It was observed that as many as 62 percent of women beneficiaries operate their accounts with some help from neighbors, relatives, etc.

Usage – transaction costs

One of the major concerns with respect to acceptance by the poor and marginalized of formal financial institutions is the transaction costs, explicit and implicit, involved. It was found that over 70 percent of the sample beneficiaries in Davanagere could walk to the Bank/ PO while only 40 percent of the sample beneficiaries in Tumkur district could do so. The fact that over 70 percent of the beneficiaries in Davanagere had bank accounts while 50 percent had post office accounts also implies that bank are more accessible in Davanagere while PO are not within the reach for the beneficiaries in Tumkur. Interestingly only 2 out of 237 beneficiaries used BC/ BF services and that too in Davanagere district indicating a very poor penetration of these services in both the districts.

Poor access of bank/ PO entails both explicit cost of transportation and opportunity cost of lost wages. It was found that 41 percent of the sample beneficiaries in both the districts had incurred transportation cost. However the proportion of sample beneficiaries who incurred transportation cost was much lower in Davanagere district at 21 percent while in Tumkur it was a higher 63 percent. A majority of the beneficiaries spent between half a day to an entire day to complete a transaction. The proportion of beneficiaries who had to spend half a day or whole day for a transaction was higher in Tumkur. Given that the accounts are in post offices and usually operated by single person unlike banks, and the longer distances to post offices explains this. Higher proportion of beneficiaries in Tumkur had loss of wages in order to get the wage payments from their accounts.

Delays in receipt of wages

The fact that less than 40 percent of beneficiaries had got their wages within stipulated period of 15 days is a matter for grave concern. Given that more people in Davanagere belong to SC/ ST categories and the scheme was launched in first phase coupled with higher bank accounts point towards the poor estimation of the demand of work as well as the delays in the processes required for the transferring the moneys to the workers' accounts. For the poor whose daily needs are met from daily wages, this could be a cause of major distress. This would also indirectly give raise to other malpractices where the contractors might make them payment on a daily basis in cash and the bank accounts are used more as a compliance with the Scheme requirements. This provides opportunities for other deviations to be also made.

Usage – availing of financial services

Awareness among NREGS beneficiaries of financial services that they could avail from banks and POs was rather poor with only about one-fourth of them being aware of possibility of taking loans or availing credit card. The poor awareness of benefits of having account with the bank/ PO is reflected in only 10 people of the 258 sample beneficiaries availing loans with another 3 having general purpose credit cards. This reinforces the findings of several studies that very less has been achieved in terms of financial inclusion through the scheme.

The low prevalence of bank loans should be seen in the context of need for loans. As many as 46 percent of beneficiaries incurred major expenditure in the preceding year – mostly owing to medical emergency and for agricultural inputs. Of them 74 percent obtained interest bearing loans; others either used their savings, sold some assets or were fortunate to get an interest free loan. Of these 74 percent (i.e. 80 respondents), only 15 had actually approached the bank for loan. The reasons given by those that did not approach the bank were as follows:

- a. More Procedures
- b. No land/ documents to offer as collateral
- c. Timely repayment is a problem
- d. Private finance is quick/ cannot get in short time
- e. Bank do not give loan to us (i.e. poor)
- f. Loan amount required was small
- g. There is an old loan
- h. Loan was availed from SHG

From among the list of reasons given, two or three are worth noting. a) Interestingly, 85 percent of those who obtained loans from other sources reported not having furnished any collateral; b) If the purposes for which loan is required is seen, it is mostly medical emergency or agricultural inputs. In both the cases timeliness of loan becomes very important. Given the procedures involved in formal financial institutions, this requirement would not be met; c) small amounts of loan are required to be catered through overdrafts and credit cards, but have not happened.

Self Help Groups

About 38 percent of respondent were members of self help groups. What is most encouraging is that a good three-fourths of them save Rs 10- Rs 100 on a weekly basis. A similar number of them have also availed loans from their SHG and a majority of them are repaying the loans regularly. It appears that the SHG-bank model seems to have a better effect on financial inclusion.

Bank Account Data

The bank account data was made available by banks from their core banking system. It is seen that of the 100 accounts for which data was available, only 15 accounts showed that some financial services were utilized i.e. ten accounts had loans, 3 had fixed deposits and 2 were issued Kisan credit cards. This shows that financial inclusion did not take place.

To sum up, the findings of the study are by and large in line with what other studies have shown. The transaction costs of using a bank account, low levels of income as compared to compelling daily needs, inconvenient procedures and attendant delays in processing requests for loans, and so on discourage the poor and marginalized from effectively using banks for their financial needs. It is strongly felt that in the ultimate analysis the situation is exploited by the unscrupulous contractors and GP officials to subvert the system.

While it is understandable to expect that mandating payments through banks with consequent introduction of NREGS beneficiaries to formal financial institutions is laudable, it is a little farfetched to expect this to lead to financial inclusion in the absence of other necessary conditions for it. For this initiative to lead to financial inclusion, a great deal more needs to be done in terms of providing banking services through business correspondent/ facilitator model. Considering the success of SHGs in promoting savings and also providing soft loans, it would be worthwhile to use this as the vehicle for financial inclusion.

**I. SCHEDULE FOR GRAM PANCHAYAT (GP) SECRETARY/
PANCHAYAT DEVELOPMENT OFFICER**

Notes to the surveyors:

- i. Use Schedule I to interview the GP Secretary or Panchayat Development Officer (PDO).
- ii. Wherever options are provided, select any one or multiple options as specified by **encircling** the correct options.
- iii. Always ask a question and wait for the response; do not tell the respondent the answer options, unless it has been specified that the options can be prompted.
- iv. Write in Kannada or English and block letters throughout.
 - v. Please follow the specific instructions, if any, provided for certain questions.
 - vi. Always complete filling each table before you move to the next.
 - vii. Spend an extra half hour in the evening coding the correct answers in the answer sheet.
- viii. Use a pen to fill in the survey form.
- ix. For other answers provided by the respondents, make separate notes (codes for these will be generated later).
- x. For answers that are ambiguous, write them in pencil while talking to the respondents. Make sure that your notes are legible.

Introduction: Namaskara! My name is _____ and I am working on behalf of the Centre for Budget and Policy Studies (CBPS). We are doing a study on the “Role of MGNREGA in enhancing Financial Inclusion” in selected Gram Panchayats of Tumkur and Davanagere districts. I am here for conducting the survey as a part of this study. I request you to spare 15 to 20 minutes of your time to complete this questionnaire and appreciate your cooperation.

Questionnaire number			
Name of interviewer			
Date of interview	DD	MM	YYYY
Start time of interview	Hours	Minute s	AM/ PM
Place of Interview	KARNATAKA state		
	district		
	taluk		
	gram panchayat		

1. What is your name? Sri./ Smt./ Kum. _____
2. What is your designation? _____
3. What is the current Agricultural wage rate in the GP? Rs _____
4. Self help groups (SHGs):
 - 4.1.1 Are there any self help groups (SHGs) present in the GP? (O any one)

Yes	1	
No	2	<i>Instruction for interviewer: If No option is selected, please proceed to Question 5.</i>
 - 4.1.2 How many self help groups (SHGs) are present in the GP? (Please specify the number) _____
 - 4.1.3 In your opinion, how has the utilization of such SHGs, by GP people, changed over the years? (O any one)

Decreased	1
Remained the same	2
Increased	3
Don't know	4
Cannot comment	5
5. Moneylenders:
 - 5.1.1 Are there any moneylenders present in the GP? (O any one)

Yes	1	
No	2	<i>Instruction for interviewer: If No option is selected, please proceed to Question 6.</i>
 - 5.1.2 How many moneylenders are present in the GP? (Please specify the number) _____

5.1.3 In your opinion, has the utilization of the services of such moneylenders, by GP people, changed over the years? (○ any one)

- Decreased 1
- Remained the same 2
- Increased 3
- Don't know 4
- Cannot comment 5

6. How is the wage payment to the MGNREGS workers made? (○ any one)

- Cash 1
- Bank 2
- Post Office 3
- Partly Bank and partly Post Office 4

7. When did the wage payment through Bank/ Post office to MGNREGS workers begin (please specify)?

- a. Date when Post Office payments began
- b. Date when Bank payments began

DD	MM	YYYY
DD	MM	YYYY

8. List the Names of the Post Office and/ or Bank(s) that operate in the area.

S. No.	Name of Post Office/ Bank	Address
a.	i.	ii.
b.	i.	ii.
c.	i.	ii.
d.	i.	ii.
e.	i.	ii.

9. When is the payment order generated? (○ any one)

- Weekly 1
- Fortnightly 2
- After the work is done (for each work) 3
- Depending upon the money in MGNREGS account 4
- Any other (please specify) 5 _____

10. Request to see the payment orders (PO) for any 5 recent MGNREGS works and write down the following information from each PO (if possible, collect a Xerox copy of the same).

S. No.	PO number	Date of generation of PO	State date of MGNREGS work	End date of MGNREGS work
a.	i.	ii. DD / MM / YYYY	iii. DD / MM / YYYY	iv. DD / MM / YYYY
b.	i.	ii. DD / MM / YYYY	iii. DD / MM / YYYY	iv. DD / MM / YYYY
c.	i.	ii. DD / MM / YYYY	iii. DD / MM / YYYY	iv. DD / MM / YYYY
d.	i.	ii. DD / MM / YYYY	iii. DD / MM / YYYY	iv. DD / MM / YYYY
e.	i.	ii. DD / MM / YYYY	iii. DD / MM / YYYY	iv. DD / MM / YYYY

11. How are the workers intimated about the payment? (O all that apply)

- Orally 1
 - Through notice board 2
 - At the work site 3
 - It is a fixed day/ date is known 4
 - At the GP office on enquiry 5
 - Any other (please specify) 6
-

12. Why do you think the Government has mandated MGNREGS payment through Post Offices/ Banks? (O all that apply)

- It is quick 1
 - Transparency is ensured 2
 - Money handling is reduced 3
 - Any other (please specify) 4
 - Don't know 5
-

13. What do you think are the advantages of using a Bank account? (O all that apply)

Instruction for interviewer: Please DO NOT prompt the respondent with the options – just O the options if the respondent mentions them.

- Savings 1
 - Loans/ credit 2
 - Insurance 3
 - Remittance (sending money to someone in another village/ town/ city) 4
 - Financial counseling/ advisory services 5
 - Any other (please specify) 6
-

14. How did the GP encourage MGNREGS workers to open Post Office/ Bank accounts for receiving wages? (O all that apply)

Instruction for interviewer: Please DO NOT prompt the respondent with the options – just O the options if the respondent mentions them.

- | | |
|--|----|
| Distributed pamphlets providing information | 1 |
| Conducted a campaign | 2 |
| Discussed in Grama Sabha | 3 |
| Informed at MGNREGS worksites | 4 |
| Assisted with form filling | 5 |
| Accompanied them to the Post Office/ Bank | 6 |
| Got the Post Office/ Bank officials to explain benefits of the account | 7 |
| Got Bank officials to the GP office to open accounts | 8 |
| Any other (please specify) | 9 |
| Not known | 10 |
-

15. How would you rate the efforts undertaken by the GP to make the move to payments through Post Office/ Bank accounts? (O any one)

- | | |
|--------------|---|
| Very poor | 1 |
| Poor | 2 |
| Satisfactory | 3 |
| Good | 4 |
| Very good | 5 |

16. How would you rate the efforts undertaken by the Post Offices/ Banks to help educate MGNREGS workers about the benefits of Post Office/ Bank accounts respectively? (O any one)

- | | |
|--------------|---|
| Very poor | 1 |
| Poor | 2 |
| Satisfactory | 3 |
| Good | 4 |
| Very good | 5 |

End time of interview

hours	minutes	AM/ PM
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Signature of interviewer

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II. SCHEDULE FOR BANK OFFICIALS

Notes to the surveyors:

- i. Use Schedule II to interview the Bank Officials (Bank Manager or any other senior branch official).
- ii. Wherever options are provided, select any one or multiple options as specified by **encircling** the correct options.
- iii. Always ask a question and wait for the response; do not tell the respondent the answer options, unless it has been specified that the options can be prompted.
- iv. Write in Kannada or English and block letters throughout.
 - v. Please follow the specific instructions, if any, provided for certain questions.
 - vi. Always complete filling each table before you move to the next.
 - vii. Spend an extra half hour in the evening coding the correct answers in the answer sheet.
- viii. Use a pen to fill in the survey form.
- ix. For other answers provided by the respondents, make separate notes (codes for these will be generated later).
- x. For answers that are ambiguous, write them in pencil while talking to the respondents. Make sure that your notes are legible.

Introduction: Namaskara! My name is _____ and I am working on behalf of the Centre for Budget and Policy Studies (CBPS). We are doing a study on the “Role of MGNREGA in enhancing Financial Inclusion” in selected Gram Panchayats of Tumkur and Davanagere districts. I am here for conducting the survey as a part of this study. I request you to spare 15 to 20 minutes of your time to complete this questionnaire and appreciate your cooperation.

Questionnaire number			
Name of interviewer			
Date of interview	DD	MM	YYYY
Start time of interview	Hours	Minute s	AM / PM
Place of Interview	KARNATAKA state		
	district		
	taluk		
	gram panchayat		

1. What is your name? Sri./ Smt./ Kum. _____

2. What is your designation? _____

3. What is the name of Bank where you work? _____

4. What is the address and contact information of the Bank branch where you work?

a. Address

--	--	--

b. Phone number(s)

(i)	(ii)	(iii)
-----	------	-------

c. Email address

--

5. How many accounts of each type does the Bank branch have? (Please specify)

- a. Total bank accounts _____
- b. No-Frills accounts _____

6. For which of the following Government schemes does the Bank receive payments in beneficiary accounts? (O all that apply)

Notes for interviewer:

- *The Social Security Pension schemes include Sandhya Suraksha Yojana (SSY), Indira Gandhi National Old Age Pension Scheme (IGNOAP), Indira Gandhi National Disability Pension Scheme (IGNDP) and Indira Gandhi National Widow Pension Scheme (IGNWP).*
- *Electronic Benefit Transfer allows payments to reach beneficiaries through bank accounts.*

MGNREGA	1
Social Security Pensions	2
Udyogini	3
SC/ ST Corporation	4
Other Electronic Benefit Transfers	5

7. What do you think are the advantages of using a Bank account? (O all that apply)
Note to interviewer: Please DO NOT prompt the respondent with the options – just O the options if the respondent mentions them.

Having a No-frills account	1
Savings	2
Loans/ credit	3
Insurance	4
Remittance (sending money to someone in another village/ town/ city)	5
Financial counseling/ advisory services	6
Any other (please specify)	7

8. What is your opinion about no-frills accounts holders? (O all that apply)
Note to interviewer: Please DO NOT prompt the respondent with the options – just O the options if the respondent mentions them.

They are different from other regular bank customers'	1
They can save and repay loans	2
They are illiterate and don't know anything about banking	3
They are too poor to save money	4
They only withdraw government payments	5
We serve them as we have to; they are not profitable customers'	6
Any other (please specify)	7

9. Do you think: 'No-frills account holders repay loans (i.e. they are credit worthy)'? (O all that apply)

Strongly agree	1
Agree	2
Undecided	3
Disagree	4
Strongly disagree	5

10. Which of the following services does your Bank offer to no-frills account holders? (O all that apply)

Recurring Deposit	1
Fixed Deposit	2
Loans	3
Kisan Credit Card (KCC)	4
General Purpose Credit Card (GCC)	5
Remittance/ Money Transfer (sending money to someone in another village/ town/ city)	6
Life Insurance	7
Health Insurance	8
General Insurance (crop, livestock, vehicle etc.)	9
Financial counseling/ advisory services	1 0
Any other (please specify)	1 1

11. a. What regular/ on-going initiatives are taken by the Bank to educate customers (especially those with no-frills accounts) about various financial products? (O all that apply)

Display posters in the Bank	1
Display posters at various locations in the GP	2
Conduct camps to educate people & inform about benefits of banking	3
Answer questions when asked by customer	4
Any other (please specify)	5

b. *Instruction to field investigator: Take a look around the Bank and observe whether the Bank has put up any posters/ notices to inform no-frills account holders? (O any one)*

Yes	1	<i>Instruction for interviewer: If Yes option is selected, please proceed to Question 11 c.</i>
No	2	<i>Instruction for interviewer: If No option is selected, please proceed to Question 12.</i>

c. *Instruction to field investigator: If the response to option b. is Yes, then please specify the kind of information put up by the Bank within their premises.*

12. What all efforts were made by the Bank when the Government mandated MGNREGS payment through bank accounts? (O all that apply)

NOTE: Please DO NOT prompt the respondent with the options – just O the options if the respondent mentions them.

Distributed pamphlets/ posters providing information	1
Prompted a discussion in the Grama Sabha	2
Conducted account opening camps at convenient locations	3
Worked along with GP officials to assist workers in account opening	4
Got the GP and Bank officials to explain benefits of the account	5
Any other (please specify)	6
Not known	7

13. How would you rate the efforts undertaken by the GP to make the move to payments through Bank accounts? (O any one)

Very poor	1
Poor	2
Satisfactory	3
Good	4
Very good	5

14. How would you rate the efforts undertaken by your Bank to help educate MGNREGS workers about the benefits of Post Office/ Bank accounts respectively? (O any one)

Very poor	1
Poor	2
Satisfactory	3
Good	4
Very good	5

Note to interviewer: If the Bank utilizes Business correspondent/ facilitator (BC/ BF) services, then answer the questions numbered 15 to 19, else skip them.

Definition: Business correspondent (BCs)/ business facilitators (BFs) are representatives of Banks who help provide banking and financial services to bank customers at the door step using technology.

15. a. Does the bank have its own business correspondent services? (O any one)

- | | | |
|-----|---|--|
| Yes | 1 | <i>Instruction for interviewer: If Yes option is selected, please proceed to Question 16.</i> |
| No | 2 | <i>Instruction for interviewer: If No option is selected, please proceed to Question 15 b.</i> |

b. If the answer to Option 15 a. is No, please specify the name of the company that provides business correspondent services to the Bank. _____

16. How many BCs/ BF's does the bank branch employ? (Please specify) _____

17. Which of the following have been taken on as BCs/ BF's by the Bank? (O all that apply)

- | | |
|---|----|
| Ex-servicemen | 1 |
| Retd. Bank employees | 2 |
| Retd. teachers | 3 |
| Retd. Govt. employees | 4 |
| Owners of 'kirana' shops | 5 |
| Owners of medical shops | 6 |
| Owners of Fair Price shops | 7 |
| PCO operators | 8 |
| Agents of Small Savings schemes of GoI/ Insurance | 9 |
| Companies | |
| Owners of Petrol Pumps | 10 |
| Authorized functionaries of well run SHGs | 11 |
| Individuals operating Common Service Centres (CSCs) | 12 |
| NGOs/ MFIs | 13 |
| Post Offices | 14 |

18. How often do the business correspondents/ facilitators visit a village in the GP? (O any one)

- BC is a fixed point and is always present during working hours 1
- BC is mobile and visits the GP Everyday 2
- BC is mobile and visits the GP Multiple times in a week 3
- BC is mobile and visits the GP Once a week 4

19. What all services do the BCs/ BF's provide on behalf of the Bank? (O all that apply)

- Withdrawal 1
- Deposit 2
- Recurring deposit 3
- Loan 4
- Insurance 5
- Remittance 6
- Educating about financial products and services 7
- Any other (please specify) 8

End time of interview

hours	minutes	AM/ PM

Signature of interviewer

--

III. SCHEDULE FOR POST OFFICE OFFICIALS

Notes to the surveyors:

- i. Use Schedule III to interview the Post Office Officials (Post Master or some other Senior Official at the Post Office).
- ii. Wherever options are provided, select any one or multiple options as specified by **encircling** the correct options.
- iii. Always ask a question and wait for the response; do not tell the respondent the answer options, unless it has been specified that the options can be prompted.
- iv. Write in Kannada or English and block letters throughout.
 - v. Please follow the specific instructions, if any, provided for certain questions.
 - vi. Always complete filling each table before you move to the next.
 - vii. Spend an extra half hour in the evening coding the correct answers in the answer sheet.
- viii. Use a pen to fill in the survey form.
- ix. For other answers provided by the respondents, make separate notes (codes for these will be generated later).
- x. For answers that are ambiguous, write them in pencil while talking to the respondents. Make sure that your notes are legible.
- xi. At the end of the interview, please make any additional notes/ observations on a separate piece of paper and submit that as well.

Introduction: Namaskara! My name is _____ and I am working on behalf of the Centre for Budget and Policy Studies (CBPS). We are doing a study on the “Role of MGNREGA in enhancing Financial Inclusion” in selected Gram Panchayats of Tumkur and Davanagere districts. I am here for conducting the survey as a part of this study. I request you to spare 15 to 20 minutes of your time to complete this questionnaire and appreciate your cooperation.

Questionnaire number			
Name of interviewer			
Date of interview	DD	MM	YYYY
Start time of interview	Hours	Minute s	AM / PM
Place of Interview	KARNATAKA state		
	district		
	taluk		
	gram panchayat		

1. What is your name? Sri./ Smt./ Kum. _____
2. What is your designation? _____
3. What is the name of Post Office where you work? _____
4. What is the address and contact information of the Post Office branch where you work?

a. Address			
b. Phone number(s)	(i)	(ii)	(iii)
c. Email address			

5. How many savings/ deposit accounts does the Post Office branch have? (Please specify the number) _____
6. For which of the following Government schemes does the Post Office receive payments in beneficiary accounts? (O all that apply)

Notes for interviewer:

- *The Social Security Pension schemes include Sandhya Suraksha Yojana (SSY), Indira Gandhi National Old Age Pension Scheme (IGNOAP), Indira Gandhi National Disability Pension Scheme (IGNDP) and Indira Gandhi National Widow Pension Scheme (IGNWP).*
- *Electronic Benefit Transfer allows payments to reach beneficiaries through bank accounts.*

MGNREGA	1
Social Security Pensions	2
Udyogini	3
SC/ ST Corporation	4
Other Electronic Benefit Transfers	5

7. What do you think are the advantages of using a savings account? (O all that apply)
Note to interviewer: Please DO NOT prompt the respondent with the options – just O the options if the respondent mentions them.

Having a Post Office/ Bank account	1
Savings	2
Loans/ credit	3
Insurance	4
Remittance/ Money Transfer (sending money to someone in another village/ town/ city)	5
Financial counseling/ advisory services	6
Any other (please specify)	7

8. What is your opinion about MGNREGA savings accounts holders? (O all that apply)
Note to interviewer: Please DO NOT prompt the respondent with the options – just O the options if the respondent mentions them.

They are different from other regular post office customers'	1
They can save and repay loans	2
They are illiterate and don't know anything about banking	3
They are too poor to save money	4
They only withdraw government payments	5
We serve them as we have to; they are not profitable customers'	6
Any other (please specify)	7

9. Which of the following services does your Post Office offer to MGNREGA account holders? (O all that apply)

Savings Bank account	1
Recurring Deposit account	2
Time Deposit	3
Rural Postal Life Insurance	4
Money Order	5
Financial counseling/ advisory services	6
Any other (please specify)	7

10. a. What regular/ on-going initiatives are taken by the Post Office to educate customers (especially the MGNREGA savings account holders) about various financial products? (O all that apply)

- | | |
|--|---|
| Display posters in the Post Office | 1 |
| Display posters at various locations in the GP | 2 |
| Conduct camps to educate people & inform about benefits of banking | 3 |
| Answer questions when asked by customer | 4 |
| Any other (please specify) | 5 |
-

b. *Instruction to field investigator: Take a look around the Post Office and observe whether the Post Office has put up any posters/ notices to inform MGNREGS savings account holders? (O any one)*

- | | | |
|-----|---|---|
| Yes | 1 | <i>Instruction for interviewer: If Yes option is selected, please proceed to Question 10 c.</i> |
| No | 2 | <i>Instruction for interviewer: If No option is selected, please proceed to Question 11.</i> |

c. *Instruction to field investigator: If the response to option 10 b. is Yes, then please specify the kind of information put up by the Post Office within their premises.*

11. What all efforts were made by the Post Office when the Government mandated MGNREGS payment through Post Office account/ Bank accounts? (O all that apply)
NOTE: Please DO NOT prompt the respondent with the options – just O the options if the respondent mentions them.

- | | |
|---|---|
| Distributed pamphlets/ posters providing information | 1 |
| Prompted a discussion in the Grama Sabha | 2 |
| Conducted account opening camps at convenient locations | 3 |
| Worked along with GP officials to assist workers in account opening | 4 |
| Got the GP and Bank officials to explain benefits of the account | 5 |
| Any other (please specify) | 6 |
| Not known | 7 |
-

12. How would you rate the efforts undertaken by the GP to make the move to payments through Post Office/ Bank accounts? (O any one)

- Very poor 1
- Poor 2
- Satisfactory 3
- Good 4
- Very good 5

13. How would you rate the efforts undertaken by your Post Office to help educate MGNREGS workers about the benefits of Post Office/ Bank accounts? (O any one)

- Very poor 1
- Poor 2
- Satisfactory 3
- Good 4
- Very good 5

End time of interview

hours	minutes	AM/ PM
Signature of interviewer		

IV. SCHEDULE FOR MGNREGA BENEFICIARIES

Notes to the surveyors:

- i. Use Schedule IV to interview the MGNREGA beneficiaries.
- ii. Wherever options are provided, select any one or multiple options as specified by **encircling** the correct options.
- iii. Always ask a question and wait for the response; do not tell the respondent the answer options, unless it has been specified that the options can be prompted.
- iv. Write in Kannada or English and block letters throughout.
- v. Please follow the specific instructions, if any, provided for certain questions.
- vi. Always complete filling each table before you move to the next.
- vii. Spend an extra half hour in the evening coding the correct answers in the answer sheet.
- viii. Use a pen to fill in the survey form.
- ix. For other answers provided by the respondents, make separate notes (codes for these will be generated later).
- x. For answers that are ambiguous, write them in pencil while talking to the respondents. Make sure that your notes are legible.
- xi. At the end of the interview, please make any additional notes/ observations on a separate piece of paper and submit that as well.

Introduction: Namaskara! My name is _____ and I am working on behalf of the Centre for Budget and Policy Studies (CBPS). We are doing a study on the “Role of MGNREGA in enhancing Financial Inclusion” in selected Gram Panchayats of Tumkur and Davanagere districts. I am here for conducting the survey as a part of this study. I request you to spare 15 to 20 minutes of your time to complete this questionnaire and appreciate your cooperation.

1.0 Pre-filled information about beneficiary

Instructions for section 1.0 : i. Use the print-out of the beneficiary job card given to you to pre-fill information in this section.
 ii. Also, check the pre-filled information with the beneficiary and make careful notes about any discrepancies (incorrect or missing information).

1. Name of NREGA beneficiary _____
2. NREGA job card number _____
3. Date of registration under NREGA _____
4. Number of household members registered for NREGA work (○ any one):

Female	1	_____
Male	2	_____
5. Village _____
6. Gram panchayat (GP) _____
7. Taluk _____
8. District _____
9. Age _____ years
10. Gender (○ any one)

Female	1	_____
Male	2	_____
11. Social category of respondent (○ any one)

Scheduled caste (SC)	1	_____
Scheduled Tribe (ST)	2	_____
Other	3	_____
12. Whether the respondent belongs to a BPL family (○ any one)

Yes	1	_____
No	2	_____
13. Bank account/ Post Office account details (please specify):
 - a. Account number _____
 - b. Name of the Bank/ Post Office _____
 - c. Address/ location of Bank/ Post Office _____
 - d. Account type (○ any one)

Single	1	_____
Joint	2	_____

**2.0 VISIT
INFORMATIO
N**

Questionnaire number			
Name of interviewer			
Date of interview	DD	MM	YYYY
Start time of interview	Hours	Minute s	AM / PM

3.0 BENEFICIARY SOCIO ECONOMIC PROFILE

14. Educational background (O any one and ask and note down the class/ grade till which studied)

- | | |
|-------------------------------------|---|
| Illiterate (no schooling) | 1 |
| Literate (can sign name) | 2 |
| Primary school (Class IV) completed | 3 |
| SSLC & PUC | 4 |
| Graduate | 5 |
| Post-graduate | 6 |
| Other (please specify) | 7 |
-

15. Sources of income (O all that apply)

- | | |
|-------------------------------|---|
| Agricultural labour | 1 |
| Agriculture (own cultivation) | 2 |
| Casual labour | 3 |
| Artisan / small trade | 4 |
| Other (please specify) | 5 |
-

16. Frequency of receipt of income for primary occupation (**O** any one and if any other answer, please note down)

Daily	1
Weekly	2
Fortnightly	3
Monthly	4

17. Approximate monthly household expenditure (**O** any one)

Rs 500 to Rs 1,000	1
Rs 1,001 to Rs 5,000	2
Rs 5,001 to Rs 10,000	3
Rs 10,001 to Rs 15,000	4

18. Approximate monthly household income from all sources including NREGA (**O** any one)

Rs 500 to Rs 1,000	1
Rs 1,001 to Rs 5,000	2
Rs 5,001 to Rs 10,000	3
Rs 10,001 to Rs 15,000	4

19. What all assets do you own?

a. Do you own a radio? (**O** any one)

Yes	1
No	2

b. Do you own a black & white television? (**O** any one)

Yes	1
No	2

c. Do you own a colour television? (**O** any one)

Yes	1
No	2

d. Do you own a bicycle? (**O** any one)

Yes	1
No	2

e. Do you own a 2 wheeler vehicle? (**O** any one)

Yes	1	<i>Instruction for interviewer: If Yes option is selected, please proceed to Question 19 f.</i>
No	2	<i>Instruction for interviewer: If No option is selected, please proceed to Question 19 g.</i>

f. How many 2 wheeler vehicles do you own? (Please specify their number)

g. Do you own a 4 wheeler vehicle? (○ any one)

Yes 1 *Instruction for interviewer: If Yes option is selected, please proceed to Question 19 h.*

No 2 *Instruction for interviewer: If No option is selected, please proceed to Question 19 i.*

h. How many 4 wheeler vehicles do you own? (Please specify their number)

i. Do you own any non-agricultural land? (○ any one)

Yes 1 *Instruction for interviewer: If Yes option is selected, please proceed to Question 19 j.*

No 2 *Instruction for interviewer: If No option is selected, please proceed to Question 19 k.*

j. How much non-agricultural land do you own? (Please specify in acres)

k. Do you own any agricultural land? (○ any one)

Yes 1 *Instruction for interviewer: If Yes option is selected, please proceed to Question 19 l.*

No 2 *Instruction for interviewer: If No option is selected, please proceed to Question 19 m.*

l. How much agricultural land do you own? (Please specify in acres)

m. Do you own any livestock? (○ any one)

Yes 1 *Instruction for interviewer: If Yes option is selected, please proceed to Question 19 n.*

No 2 *Instruction for interviewer: If No option is selected, please proceed to Question 20.*

n. How many livestock do you own? (Please specify their number in the table below.)

S. No.	Type of livestock owned	Number of such livestock owned
i	Goats/ Sheep	
ii	Pigs	
iii	Cattle	
iv	Poultry	

4.0 ACCESS TO AND USAGE OF FINANCIAL SERVICES

20. Account opening:

a. When you opened the Bank/ Post Office account, did you visit the Bank/ Post Office.... (O any one)

Alone 1 *Instruction for interviewer: If Alone option is selected, please proceed to Question 20 c.*

Along with someone 2 *Instruction for interviewer: If Along with someone option is selected, please proceed to Question 20 b.*

b. With whom did you visit the Bank/ Post Office? (O all that apply)

Village panchayat official 1

Neighbour 2

Bank official 3

Relative 4

Other person (please specify) 5 _____

c. Did you pay any money to someone while opening your Bank/ Post Office account? (O any one)

Yes 1 *Instruction for interviewer: If Yes option is selected, please proceed to Question 20 d.*

No 2 *Instruction for interviewer: If No option is selected, please proceed to Question 21.*

d. Whom did you pay to open the Bank/ Post Office account? (O all that apply)

The Bank 1

The person who helped with account opening 2

e. How much money did you pay this person for opening your Bank/ Post Office account? (Please specify) Rs _____

24. How long does it take you to visit the Bank/ Post Office and complete a transaction (e.g. withdraw money) (O any one)

- A couple of hours 1
- Half-a-day 2
- Entire day 3
- A few minutes as I use BC/ BF services 4

25. a. Do you incur any cost in visiting the bank/ post office? (O all that apply)

- Transportation cost 1
- Loss of wages 2
- Nothing as I use BC/ BF services 3

b. How much does it cost you to visit the bank?

S. No.	Type of cost incurred	Specify Amount in Rs
i	Transportation cost	
ii	Loss of wages	

26. a. Do you utilize BC/ BF services? (O any one)

- Yes 1
- No 2

b. What is the name of the BC/ BF whose services you avail? (Please specify)

c. What all services do you use from the BC/ BF? (O all that apply and do not prompt the options)

- Withdrawal 1
 - Deposit 2
 - Recurring deposit 3
 - Loan 4
 - Insurance 5
 - Remittance 6
 - Educating about financial products and services 7
 - Any other (please specify) 8
- _____

27. How do you get to know when the NREGA payment is credited to your account? (O all that apply)

- | | |
|--|---|
| The Bank/ Post Office informs me | 1 |
| Get to know from the Sarpanch, Secretary, etc. | 2 |
| Visit the Bank/ Post Office branch to find out | 3 |

28. How many days after the MGNREGA work is completed does your payment get credited to your account? (O any one)

- | | |
|---------------------------|---|
| One week | 1 |
| Two weeks | 2 |
| Three weeks | 3 |
| One month | 4 |
| Differs from work to work | 5 |
| Any other please specify | 6 |
-

29. Are you aware about the benefits of Bank accounts? What all do you think they can be used for? (O all that apply)

NOTE: Please DO NOT prompt the respondent with the options – just O the options if the respondent mentions them.

- | | |
|--|---|
| Receive payments from government (including NREGA) | 1 |
| Make deposits of savings | 2 |
| Avail small loans | 3 |
| Get a General Purpose Credit card | 4 |
| Remit/ Transfer money | 5 |

30. a. Did you incur any major expenditure related to a medical emergency or for meeting some social expenditure in the past one year? (O any one)

- | | | |
|-----|---|---|
| Yes | 1 | <i>Instruction for interviewer: If Yes option is selected, please proceed to Question 30 b.</i> |
| No | 2 | |

b. What were the reasons for this expenditure? (O all that apply)

- | | |
|--|---|
| Medical reasons | 1 |
| Wedding or other celebrations | 2 |
| Payment of loan | 3 |
| Agricultural inputs like fertilizers, seeds etc. | 4 |
| Any other (please specify) | 5 |
-

c. How much did you spend on this expenditure? (○ any one)

Rs 500 to Rs 1,000	1
Rs 1,001 to Rs 5,000	2
Rs 5,001 to Rs 10,000	3
Rs 10,001 to Rs 15,000	4
More than Rs 15,001	5

d. How did you meet this expenditure? (○ any one)

From my savings	1	
By selling some assets (cattle, jewelry, etc.)	2	<i>Instruction for interviewer: If By selling some assets option is selected, please proceed to Question 30 e.</i>
Through an interest-free loan	3	<i>Instruction for interviewer: If Through an interest-free loan option is selected, please proceed to Question 31.</i>
Through an interest-bearing loan	4	<i>Instruction for interviewer: If Through an interest-bearing loan option is selected, please proceed to Question 31.</i>

e. Please specify what asset you sold to meet the expenditure.

31. If you had taken a loan, which source did you get the loan from? (○ all that apply)

A Bank	1	<i>Instruction for interviewer: If Bank option is selected, please proceed to Question 32 a.</i>
SHG	2	<i>Instruction for interviewer: If either SHG/ Local moneylender/ Land owner/ Shop keeper/ Any Other option is selected, please proceed to Question 33.</i>
Local moneylender	3	
Land owner	4	
Shop keeper	5	
Any other e.g. MFI (please specify)	6	

32. a. For availing the loan from the Bank, did you pledge any collateral?
- | | | |
|-----|---|--|
| Yes | 1 | <i>Instruction for interviewer: If this option is selected, please proceed to Question 32 b.</i> |
| No | 2 | <i>Instruction for interviewer: If this option is selected, please proceed to Question 35.</i> |
- b. If you pledged collateral, please specify the type of collateral that you pledged.
-
33. If you had obtained the loan from sources other than a Bank:
- a. Did you first try to get the loan from your Bank? (O any one)
- | | | |
|-----|---|---|
| Yes | 1 | <i>Instruction for interviewer: If Yes option is selected, please proceed to Question 33 b.</i> |
| No | 2 | <i>Instruction for interviewer: If No option is selected, please proceed to Question 33 c.</i> |
- b. What were the reason(s) for not getting the loan from the Bank? (please specify)
-
- c. Please specify the reason(s) why you did not avail a loan from your Bank?
-
34. a. If you had availed a loan from other sources (other than the Bank), did you pledge any collateral?
- | | | |
|-----|---|--|
| Yes | 1 | <i>Instruction for interviewer: If this option is selected, please proceed to Question 34 b.</i> |
| No | 2 | <i>Instruction for interviewer: If this option is selected, please proceed to Question 34 c.</i> |
- b. If you pledged collateral, please specify the type of collateral that you pledged.
-
- c. Did you agree to supply free labour in exchange for the loan?
- | | |
|-----|---|
| Yes | 1 |
| No | 2 |

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