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## Financial inclusion project for the residents of Sangam Vihar, Delhi | Impact of COVID-19

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### ABSTRACT

*Microfinance plays an important role in providing financial products and services to developing countries across the globe. The term Microfinance includes a large range of financial products and services which includes deposits, loans, money transfers, insurance, savings, micro-credit, etc. In a country like India, where most of the population lives in rural or semi-urban areas (more than 70 percent) and where a large part of the population (more than 60%) still depends on agriculture, microfinance is crucial for the poor and low-income groups. Microfinance becomes important in developing countries where a large section of society does not have access to banking and credit facilities. Microfinance does not only help with financial products, but it also plays an important role in the socio-economic improvement of society. In India, microfinance is dominated by Self Help Groups (SHGs)-Bank linkage program which is aimed at providing a cost-effective mechanism for financial products and services to the intended users. The challenges with Microfinance are the extent of coverage of all these programs. Some states in the country have more active SHGs to drive microfinance whereas other states have limited presence. In a state like Delhi, as per Bharat Microfinance Report 2019, there are 12 MFIs that have operations with a total of 48 branches. The outreach by Microfinance Institutes (MFI) in Delhi was 0.95 lakhs in 2019, which is less than 0.5% of the total population of Delhi. So, the state of Delhi is underserved by the MFIs. The recent impact of COVID-19 on the livelihood of poor people across the country was profound. The country imposed a complete lockdown from March 22, 2020, which caused a lot of hardship for all people. During the lockdown period, the people who suffered the worst were daily wage earners as they had no source of income. Most of the government effort during COVID-19 was focused on home isolating the people who tested positive and moving the critical patients to the hospital. The government provided medical kits and drugs for the patients who were under home isolation but there was no monetary compensation for people who lost employment. The double impact of COVID-19 and unemployment was visible on people living in the slums of Delhi. The motivation for this research project was to run an extensive financial inclusion survey in the slums of Delhi to identify the extent of financial inclusion coverage. Post the survey, the objective was to share the data with the MFIs and connect them with the residents who would qualify for a microloan. The second objective was to create an information portal for the residents of Delhi on various central and state government initiatives on financial inclusion. This information portal was designed to include details of various schemes and the requirements of opening bank accounts, applying for a PAN card and an Aadhaar card. This initiative was to improve the financial literacy of the residents of Delhi.*

**Keywords:** Microfinance, Microfinance Institution (MFI), Pradhan Mantri Jan Dhan Yojana, COVID-19 Home Isolation Program

### 1. DEFINITION OF KEY CONCEPTS

- 1. Microfinance:** Microfinance is defined as a cluster of financial services which include savings accounts, loans, insurance, money transfers and other banking services provided to that segment of the society which lack access to traditional financial services because of poverty. The area of Microfinance gained tremendous attention and gained importance for policymakers and academic researchers when Muhammad Yunus, the founder of Microcredit, received the Nobel Prize for Peace in 2006.
- 2. Microfinance Institutions (MFI):** The Micro Finance Institutions (MFIs) are one of the key delivery vehicle for microfinance. An MFI leverages Banks and other Financial Institutions to access financial resources and provide financial products and services to the poor.
- 3. Pradhan Mantri Jan Dhan Yojana:** On 15th August 2014, the Government initiated the National Mission for Financial Inclusion (NRFI), namely, the Pradhan Mantri Jan Dhan Yojana (PMJDY). PMJDY was conceived as a bold and innovative mission to provide universal banking services for every unbanked Indian household, thereby bridging the gap in the coverage of banking facilities and thus promoting financial inclusion. Other goals of PMJDY are: improve financial literacy, boost access to credit, provide insurance and launch a national pension facility. PMJDY is based on the guiding principles of banking the unbanked, securing the unsecured, funding the unfunded and serving the un-served and under-served. With a view to further

strengthening financial inclusion interventions in India, PMJDY has been extended with the focus on opening of accounts shifting from 'every Indian household' to 'every Indian unbanked adult'.

4. **COVID-19 home isolation program of Delhi Government:** This program from the Delhi Government is to take care of patients that have tested positive for COVID-19 and do not require hospitalization. Once a patient has been tested positive for COVID-19, a medical officer from the District administration asks them to follow Home Isolation, if the circumstances of the home are suitable. The health team under the supervision of the medical officer will visit the house with appropriate PPE, stamp the left hand of the patient, and get a certificate signed. They will take a photo of the certificate as a record and place a sticker of home isolation for the affected persons outside the residence. The conditions of home isolation include a separate and well-ventilated room with a separate toilet for the patient. A caregiver/ attendant should be available 24x7 for the patient. All vital parameters which include body temperature, pulse rate and SpO2 levels need to be monitored by the patient and reported back to the Delhi Government team daily. The period for home isolation is 17 days.

## 2. INTRODUCTION

The urban slums of Delhi are the places where COVID-19 has had the maximum impact. The impact of the virus has been high both from a health perspective and from an impact on livelihood. The impact on health has been significant because of the high population density in these areas and the lack of social distancing. Most of the houses are small and accommodate large families in 2-3 bedrooms. Lack of dedicated toilets add to the problem and makes home isolation a very difficult task. The other big impact of COVID-19 is lack of consistent work which makes it very difficult for the residents to meet their daily needs. The closure of factories and retail outlets added to the problem of unemployment.

The government has launched a number of schemes on financial inclusion under Pradhan Mantri Jan Dhan Yojana (<https://pmjdy.gov.in/>) but the impact of these schemes on the ground still needs to be verified. This research report attempts to survey the residents of Sangam Vihar, Delhi to understand the effectiveness of financial inclusion for these residents and check on the easy of availing microfinance loans to help them during the COVID time.

## 3. REVIEW OF LITERATURE

The section of review of literature can be divided into three areas. The first one is on Microfinance and Self-Help Groups (SHG). The second section covers COVID-19 and its impact on the informal sector in India.

### *Microfinance, Microfinance Institutes and Self-Help Groups*

*To argue that banking cannot be done with the poor because they do not have collateral is the same as arguing that men cannot fly because they do not have wings. — Muhammad Yunus*

Schreiner and Colombet (2001) define microfinance as *—the attempt to improve access to small deposits and small loans for poor households neglected by banks.* The field of microfinance refers to a broad range of financial products and services, like small loans, saving deposits, money transfers, and insurance to poor and low-income households and their microenterprises. Even though microfinance includes a broad range of services, globally the sector has been dominated by microcredit services, which includes giving small loans to the poor with or without collateral.

Sen (2008) mentions that the taskforce on Supportive Policy and Regulatory Framework for Microfinance defined microfinance as "the provision of thrift, saving, credit and financial services and products of very small amount to the poor's in rural, semi urban and urban areas for enabling them to raise their income level and improve their standard of living". This taskforce was constituted by NABARD.

### **Features of Microfinance**

1. Microfinance is considered an essential part of rural finance
2. Microfinance deals in small loans
3. Microfinance is focused towards the poor households
4. Considered an effective way for Poverty Alleviation Strategies
5. Plays an important role in helping small entrepreneur and thus help with self-employment opportunities
6. Microfinance is more service-oriented and less profit oriented
7. Even though the consumer segment is poor borrowers but defaults in repayment of loans are less as the consumers are simple and God-fearing

### **Role and Importance of Microfinance**

Various studies and reports show that microfinance plays a major contributor to financial inclusion. Similarly, research reports show that microfinance has helped remarkably in eradicating poverty in India (Bansal and Bansal, 2012) and other developing countries (Ebimobowei et al 2012). Reports show that people who have taken microfinance have been able to increase their income and hence the standard of living.

### **Impact of Microfinance is important from the following perspective,**

1. **Credit to Rural Poor:** Traditionally the rural sector depends on non-institutional agencies for their financial requirements. With microfinance, it has become possible to take institutionalized credit to the doorstep of poor. This has helped the poor become economically and socially sound.
2. **Poverty Alleviation and Economic Growth:** Microfinance has also helped the poor with employment opportunities. Availability of finance also helps improve the entrepreneurial skills of the under privileged and encourages them to exploit business

opportunities. Employment helps to improve income level which in turn reduces poverty. Microfinance also helps to stimulate demand in rural areas which help to increase the GDP.

3. **Women Empowerment:** A large percentage of SHGs (more than 50%) are formed by women. Access to funds have helped women with more security and have empowered them economically and socially.
4. **Improvement in Household Savings:** Microfinance develops saving habits among people which helps the poor to save and become bankable. The financial resources generated through savings and micro credit obtained from banks are utilized to provide loans and advances to its members.
5. **Development of Skills and Social Welfare:** Microfinance has helped the rural areas with entrepreneurship. SHGs also play an important role to encourage its members to set up business units. They receive training from supporting institutions and learn leadership qualities. With employment generation, the level of income of people increases. Increased income levels help people with better education, health, family welfare etc.

### **COVID-19 Impact on India**

According to the International Labor Organization, in India, more than 400 million informal workers may get pushed into deeper poverty due to COVID-19 outbreak and sectors such as hospitality and accommodation, retail and wholesale, business services, construction and industry have suffered drastic consequences with a decrease in production and loss of hours and employment figures. The condition of low-paid and low-skilled informal workers is very worrying in the low- and middle-income countries where industries and services employ a large proportion of these workers, who account for 61% of the global workforce or 2 billion people and lack social protection or a safety net.

As informal workers struggle to survive amid the current crisis, there is a good reason to believe that the post-crisis period will put additional pressure on the already fragile sector. The consequences of the COVID-19 outbreak for the informal economy will continue. Faced with a protracted crisis, the world economy is likely to depress demand for products and services from informal sector enterprises (Chandra Shekar and Mansoor, 2020).

### **The Informal Sector**

The informal economy is classified and can be defined in two parts (Chandra Shekar and Mansoor, 2020). The first one is informal employment, which refers to workers employed by formal, registered firms on a casual, day-wage basis, as well as subsistence actors such as self-employed workers. This includes individuals and entrepreneurs that might undertake piecework in their own premises, street vendors and most domestic workers. They lack protection for non-payment of wages, retrenchment without notice, and often work under limited occupational safety conditions with no sick pay and health insurance.

The second group involves informal sector enterprises, which engage in coordinated commercial activity, such as bazaar traders, restaurants, and manufacturing in small ad hoc factories. They may or may not have a discernible organisational structure, with operations (and employment) that grows or shrinks, depending upon the demand for the enterprises' outputs or services.

Informal enterprises are unable to seek (formal) credit and have limited access to social programs and public goods. Informal sector enterprises rarely invest in productivity-enhancing equipment, upgrade workers' skills, or achieve economies of scale, and tend to function on razor-thin margins. They have no recourse to legal protection should their customers renege on payment and can offer no form of security to their employees, pay no taxes, and ignore minimum wage regulations.

In developing countries, a large share of the population typically depends upon the informal economy. It is estimated that the informal sector represents 10-20% of global output in developed countries and more than a third of the global output of developing countries. The figures reported by the International Labor Organization (ILO) (2012) are of the same magnitude — 48% of non-agricultural employment in North Africa, 51% in Latin America, 65% in Asia, and 72% in Sub-Saharan Africa.

*The motivation for this research paper is to study the impact of financial inclusion on the slums of Delhi which mainly comprises of the informal sector in the city.*

## **4. RESEARCH OBJECTIVE**

1. Identify the population that is not part of the financial inclusion schemes of the central and state government based on sample survey.
2. Informative website on financial inclusion which will provide information on various government initiatives ([www.jan-dhan.in](http://www.jan-dhan.in))

## **5. RESEARCH DESIGN**

The research included the following aspects,

1. Survey of residents – A survey form was designed to collect data on the residents of Sangam Vihar. The unique thing about this data collection was that the survey was done on the COVID patients who were part of the home isolation program of the Directorate of Health Services, Government of NCT, Delhi.

This survey form collected data on the following,

- a. Demographics
- b. Medical History of the Respondent
- c. Living conditions and Dietary requirements
- d. Income, Bank Accounts and Credit

The form designed for the survey is attached in Appendix 1.

- The survey was executed by the team of Auxiliary Nurses and Midwives (ANM) and Asha workers of the Directorate of Health Services. This is the team that stays in touch with the patients who are under home isolation.
- As part of the survey, in the first phase, data was collected for 48 individuals. All these individuals are the residents of Sangam Vihar. All these residents were COVID-19 patients and were home isolated. The survey was done after they had completed home isolation and had tested negative. The second phase of the survey was extended to include data for 450 individuals. An analysis of the second phase and the observations on that, would be included in the subsequent research report.

## 6. ETHICAL CONSIDERATION

Ethics are norms to conduct research which distinguish between acceptable and unacceptable behavior. I will take permission from the Dr. Debashis Guha for the ethical protection of the research participants. Below diagram depicts few key considerations which I will follow to ensure ethical research. The generic ethical issues that would be kept in mind would include privacy of data that is collected from various organizations (government and private), voluntary nature of participation with the right to withdraw partially or completely from the process. Also, during overall research process, I will maintain honesty, respect for intellectual property, Legality, Integrity and objectivity. Any breach in ethical aspects, I will report to my supervisor immediately.

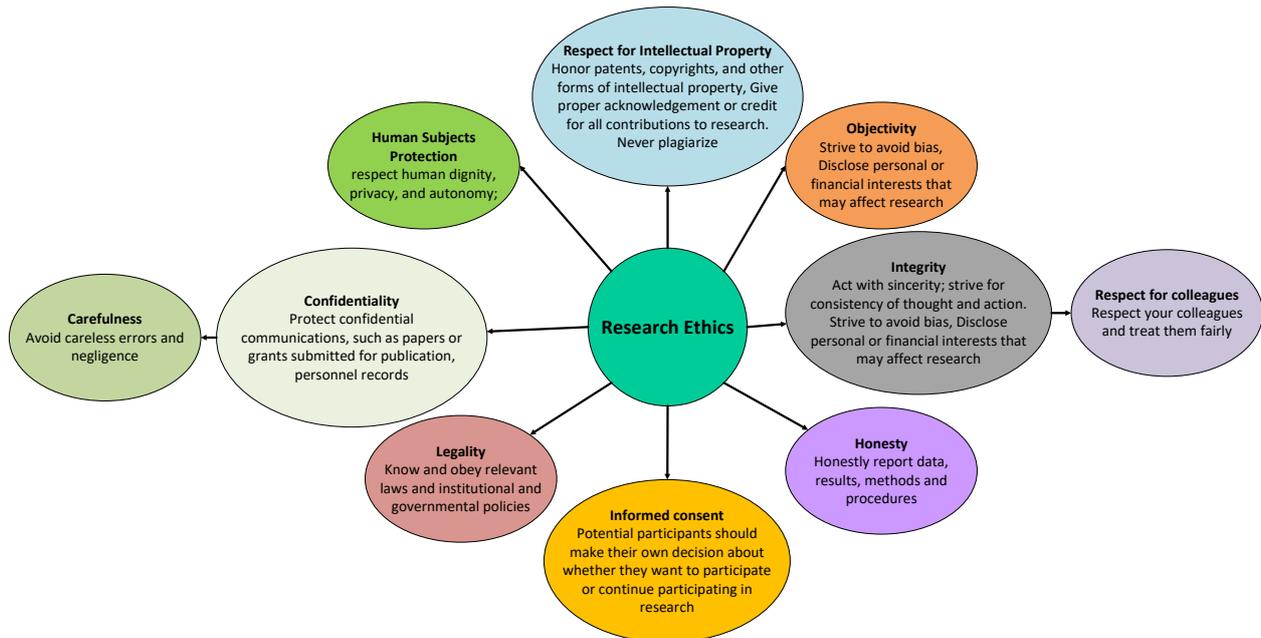


Fig. 1: Summary of research ethics

## 7. DATA ANALYSIS

A total of 48 completed forms were collected in the survey. This section provides a data analysis and also some insights that can be used for defining the next steps.

### Demographic Analysis of the Respondents

#### 1. Age distribution

Below pie chart shows the age distribution of the respondents. 60% of the respondents were less than 40 years in the survey.

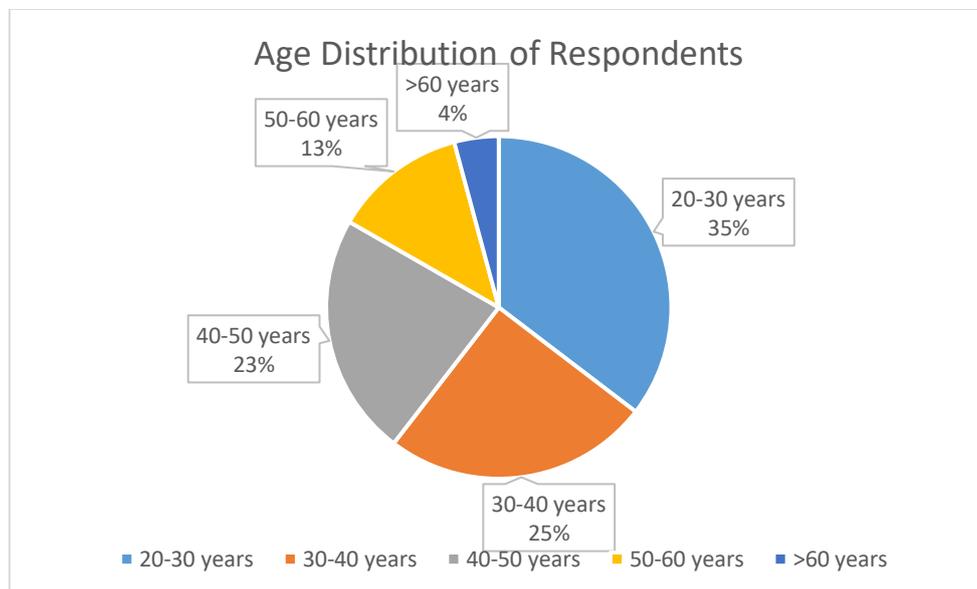
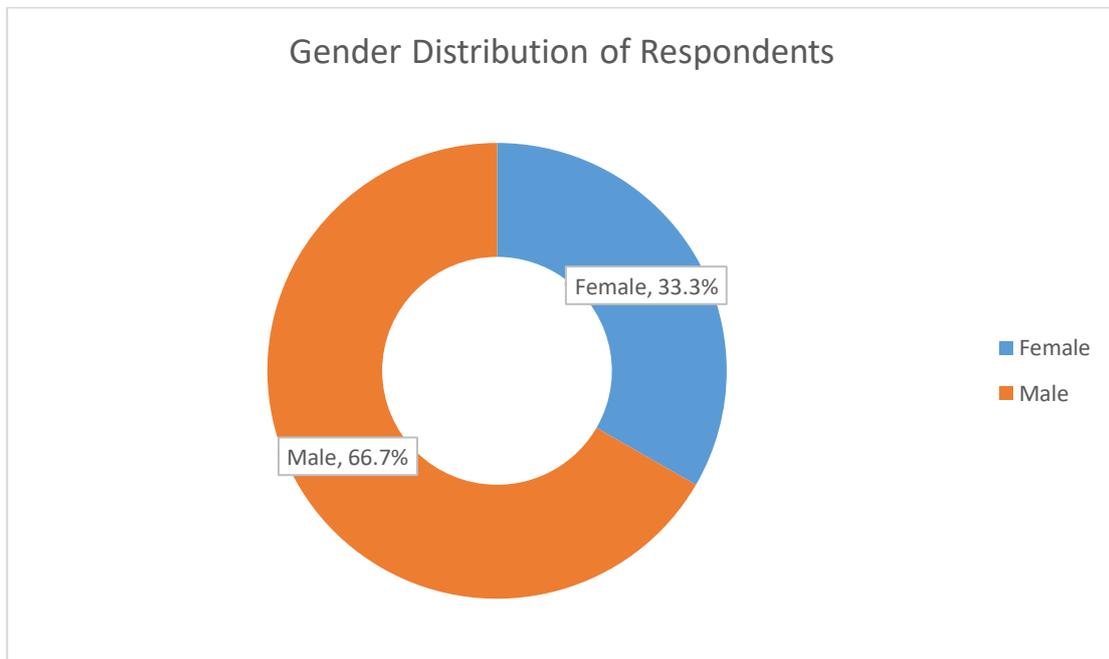


Fig. 2: Age Distribution

The age distribution pie chart shows that most of the respondents are less than 60 years of age. Only 4% of the respondents are more than 60 years of age. The reason for this skew in distribution is that home isolation is done only for respondents that have mild symptoms and no comorbidities. The more senior people might have required hospitalization during COVID-19.

**2. Gender distribution**

Out of the respondents, a majority were male. Since this survey focused only on those people who were affected with COVID-19, the sample that had been picked for the survey had more Male respondents.



**Fig. 3: Gender Distribution**

The gender distribution pie chart is more skewed towards males. The reason for this is that COVID-19 has a larger impact on male population than female population. (<https://www.thehindu.com/data/data-covid-19-has-affected-higher-share-of-men-in-india-difference-relatively-lesser-in-other-countries/article31561913.ece>)

**Income and Financial Analysis**

**1. Type of Employment**

The below table shows the nature of the employment for the respondents.

**Table 1: Type of Employment**

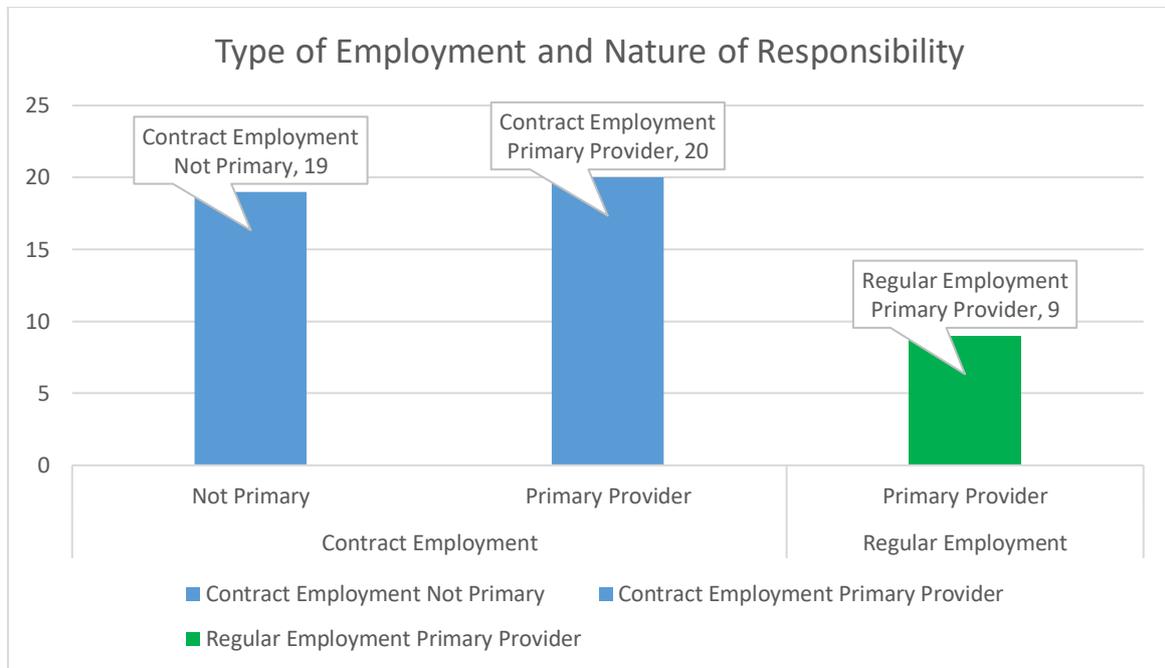
Nature of Employment	Count of Regular/ Contract
Contract Employment	39
Regular Employment	9
<b>Grand Total</b>	<b>48</b>

As shown in Table 1, out of the respondents that were surveyed, 81% were on Contract employment and only 19% had a Permanent/Regular employment.

The data was also analyzed to find out the nature of responsibility that the respondents had in their household. "Primary" responsibility means that the respondent was the main breadwinner for the family and "Not Primary" meant that the respondent played a support role to the main breadwinner in the family.

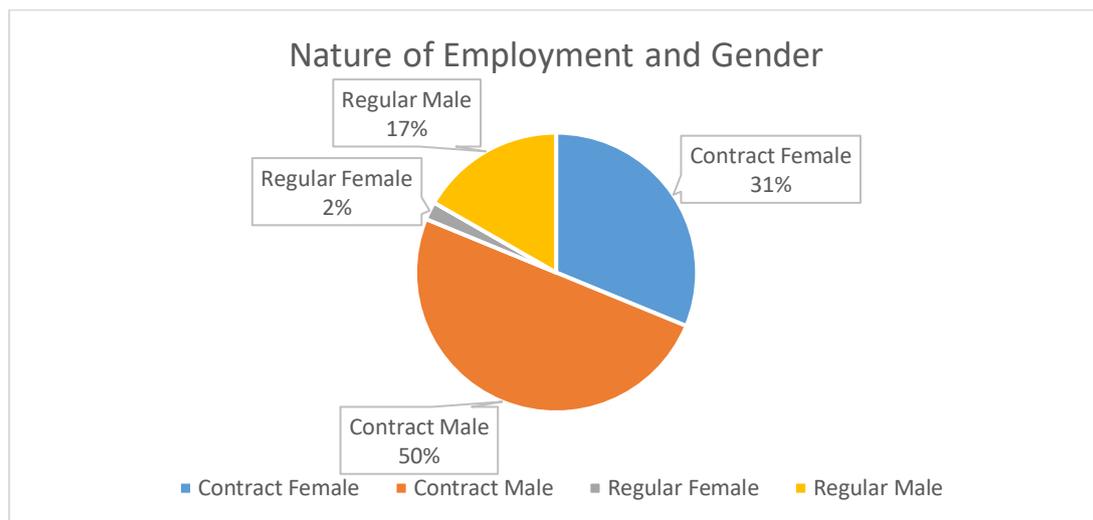
**Table 2: Type of Employment and Responsibility**

Nature of Employment	Count of Regular/ Contract
<b>Contract Employment</b>	<b>81%</b>
Not Primary	40%
Primary Provider	41%
<b>Regular Employment</b>	<b>19%</b>
Primary Provider	19%
<b>Grand Total</b>	<b>100%</b>



**Fig. 4: Employment and Primary Breadwinner**

The above table and chart shows that a majority of people surveyed were the primary breadwinner for their family. All the people who had Regular employment were the primary earning member of their family and more than 50% of the Contractual employees were the primary earning members.



**Fig. 5: Nature of Employment and Gender Distribution)**

**Table 3: Nature of Employment and Gender Distribution**

Nature of Employment and Gender Distribution	Percentage
<b>Contract</b>	<b>81%</b>
Female	31%
Male	50%
<b>Regular</b>	<b>19%</b>
Female	2%
Male	17%
<b>Grand Total</b>	<b>100%</b>

The above pie chart and table shows the nature of employment and gender distribution. For the people who have regular jobs, the majority is males (89%) and 11% are females. For the respondents that had contractual jobs, 38% are females and 62% are males.

**2. Nature of Accommodation**

The survey also captured the nature of the accommodation of the respondents. This data would be useful to draw co-relation with the loan data that these people would have taken.

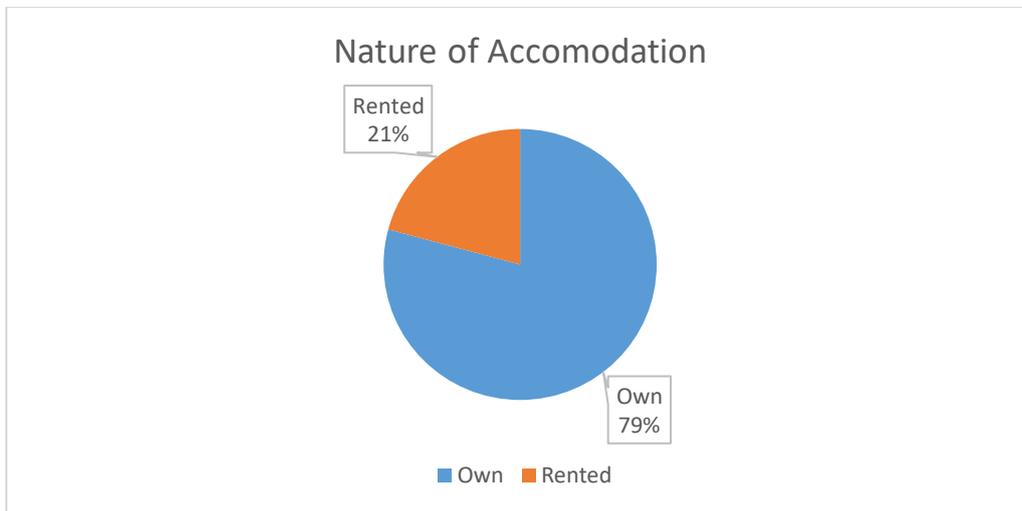


Fig. 6: Nature of Accommodation

Table 4: Nature of Accommodation and Type of Employment

Nature of Accommodation and Employment Status	Count of Regular/Contract
<b>Own</b>	<b>79%</b>
Contract Employment	65%
Regular Employment	15%
<b>Rented</b>	<b>21%</b>
Contract Employment	17%
Regular Employment	4%
<b>Grand Total</b>	<b>100%</b>

The data in Table 4 shows that even though a majority of respondents had contractual jobs, they lived in owned accommodation. Only 21% of the respondents were in rented accommodation. The percentage of respondents that had Regular jobs (4% of 21% and 15% of 79%) was roughly the same whether they stayed in own accommodation or rented accommodation.

### 3. Monthly Income

The data in Table 5 and Figure 6 shows the income distribution of the respondents.

Table 5: Income Distribution

Monthly Income of Respondents	Count of Earning per Month
<5,000	40%
5,000 - 7,500	2%
7,500 - 10,000	15%
>10,000	44%
<b>Grand Total</b>	<b>100%</b>

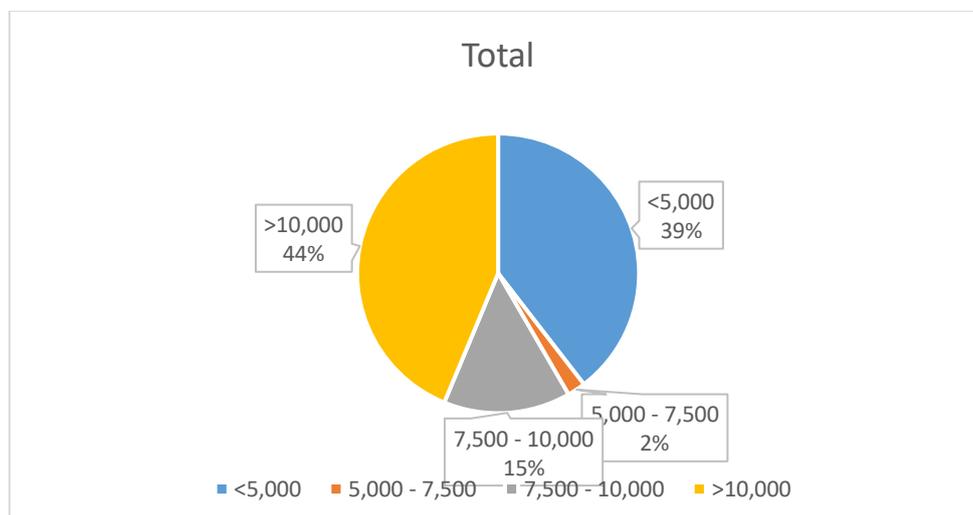


Fig. 7: Income Distribution

Most of the respondents are earning either above Rs. 10,000 per month or are earning below Rs. 5,000 a month. Let us take a look at the monthly income and the nature of employment of the respondents,

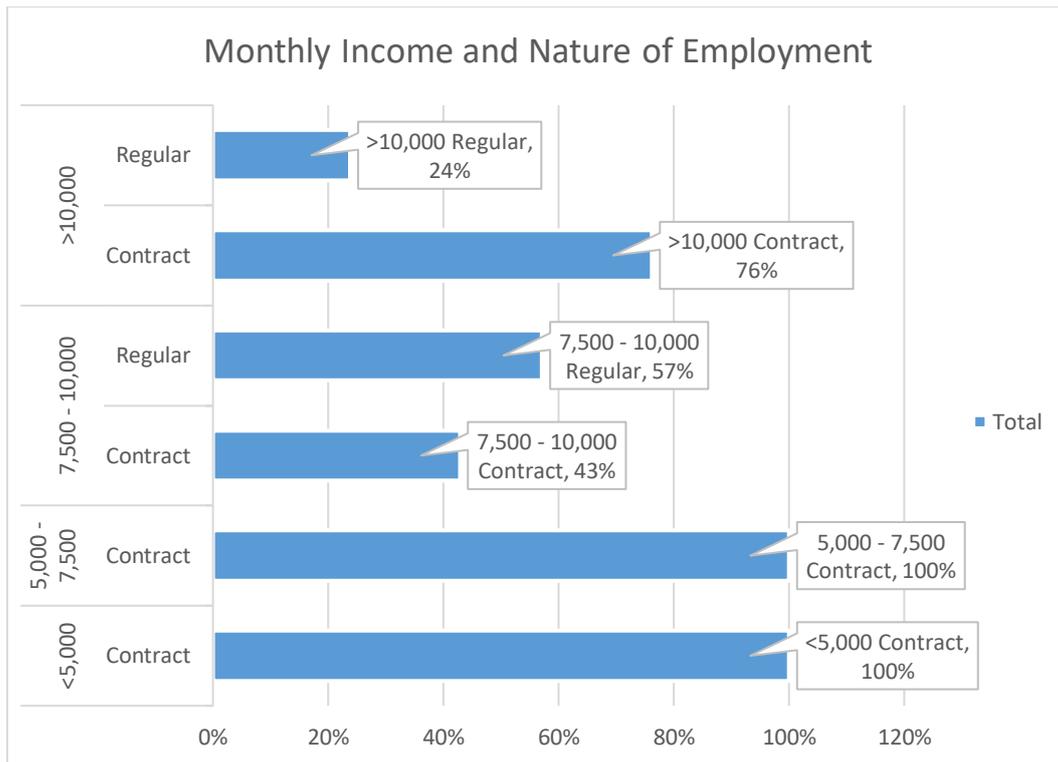


Fig. 8: Monthly Income and Nature of Employment

Table 6: Income Distribution and Nature of Employment

Income Distribution and Nature of Employment	Count of Earning per Month
<b>&lt;5,000</b>	<b>40%</b>
Contract	100%
<b>5,000 - 7,500</b>	<b>2%</b>
Contract	100%
<b>7,500 - 10,000</b>	<b>15%</b>
Contract	43%
Regular	57%
<b>&gt;10,000</b>	<b>44%</b>
Contract	76%
Regular	24%
<b>Grand Total</b>	<b>100%</b>

The data in table 6 and figure 7 shows that most of the respondents who had a regular job were in the higher monthly income bracket.

Table 7: Income Distribution and Nature of Employment

Nature of Employment and Income Distribution	Percentage
<b>Contract</b>	<b>81%</b>
<5,000	49%
5,000 - 7,500	3%
7,500 - 10,000	8%
>10,000	41%
<b>Regular</b>	<b>19%</b>
7,500 - 10,000	44%
>10,000	56%
<b>Grand Total</b>	<b>100%</b>

Table 7 is another way to represent the data in table 6. Most of the contract workers are in the lower income ranges compared to the regular workers.

The average income of contract workers comes out to Rs. 7,276 per month compared to Rs. 10,139 per month of the regular workers.

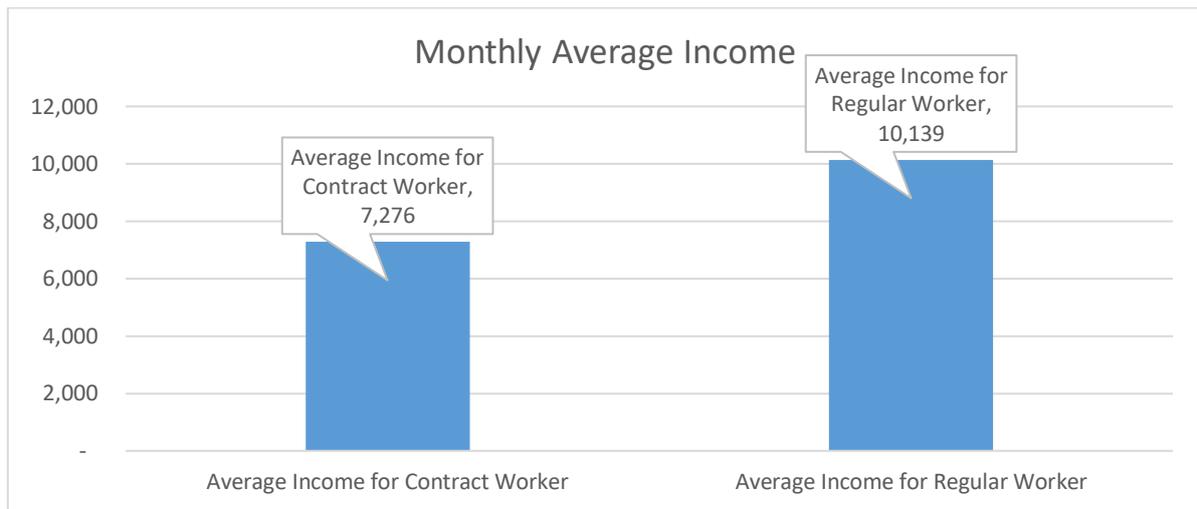


Fig. 9: Average Monthly Income

#### 4. Banks Accounts

Let us first analyze the data for bank accounts.

The data in Table 8 shows that a majority of respondents have bank accounts.

Table 8: Bank Accounts

Bank Account	Count of Bank Account
No	21%
Yes	79%
<b>Grand Total</b>	<b>100%</b>

The data in Table 9 shows that all the respondents that donot have a bank account are contract workers.

Table 9: Bank Accounts and Nature of Employment

Bank Account and Nature of Employment	Count of Bank Account
<b>No</b>	<b>21%</b>
Contract	21%
<b>Yes</b>	<b>79%</b>
Contract	60%
Regular	19%
<b>Grand Total</b>	<b>100%</b>

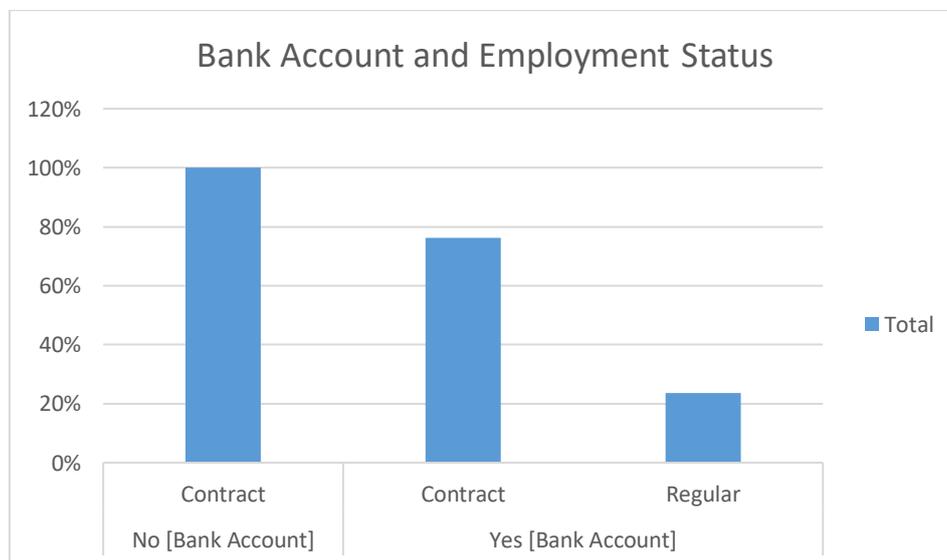


Fig. 10: Bank Account and Employment Status

The above figure 9 shows the relationship between respondents with bank accounts and their employment status. All the respondents that donot have a bank account are contractual workforce.

The data in Table 10 shows a relationship between bank account and monthly income of the respondents. All the respondents that donot have a bank account have an income of less than Rs. 5,000 per month.

**Table 10: Bank Accounts and Nature of Employment**

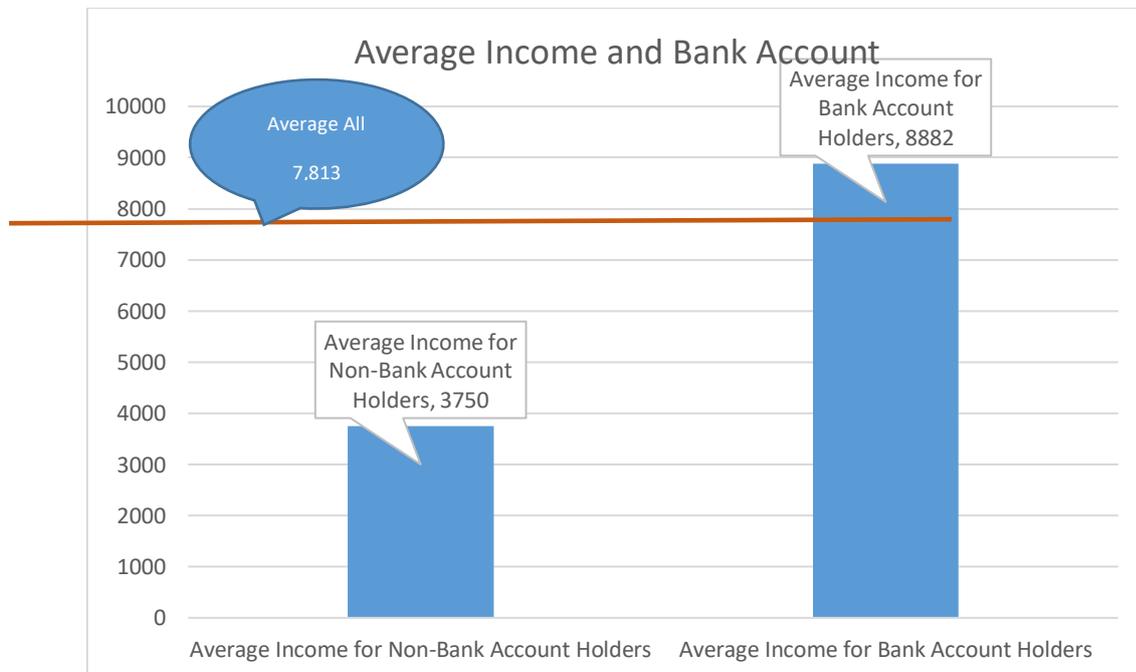
Bank Account and Monthly Income	Count of Bank Account
<b>No</b>	<b>21%</b>
<5,000	21%
<b>Yes</b>	<b>79%</b>
<5,000	19%
5,000 - 7,500	2%
7,500 - 10,000	15%
>10,000	44%
<b>Grand Total</b>	<b>100%</b>

The data in table 11 shows that out of the respondents that donot have a bank account, the division is 50%-50% between males and females. Out of the respondents that have a bank account, the percentage for males is higher than females.

**Table 11: Bank Accounts and Gender**

Bank Account and Gender	Percentage
<b>No [Bank Account]</b>	<b>21%</b>
Female	50%
Male	50%
<b>Yes [Bank Account]</b>	<b>79%</b>
Female	29%
Male	71%
<b>Grand Total</b>	<b>100%</b>

The data in figure 10 shows that the average income of bank account holders is more than that of non-bank account holders. The average income of all respondents is Rs. 7,813 per month.



**Fig. 11: Average Income and Bank Account**

**So the person who does not have a bank account is more likely to be a female, be a contractual worker and would be earning less than Rs. 5,000 per month.**

**5. Loans availed by the Respondents**

Now let us analyze the data on loans availed by the respondents.

The data in table 12 shows that very few respondents have availed loans either from the Banks or any other Lender.

**Table 12: Loans taken from Lenders**

Availed Loans	Count of Loan
No	85%
Yes	15%
<b>Grand Total</b>	<b>100%</b>

The data in table 13 shows that all the loans were availed by males. None of the female respondents availed of any loans.

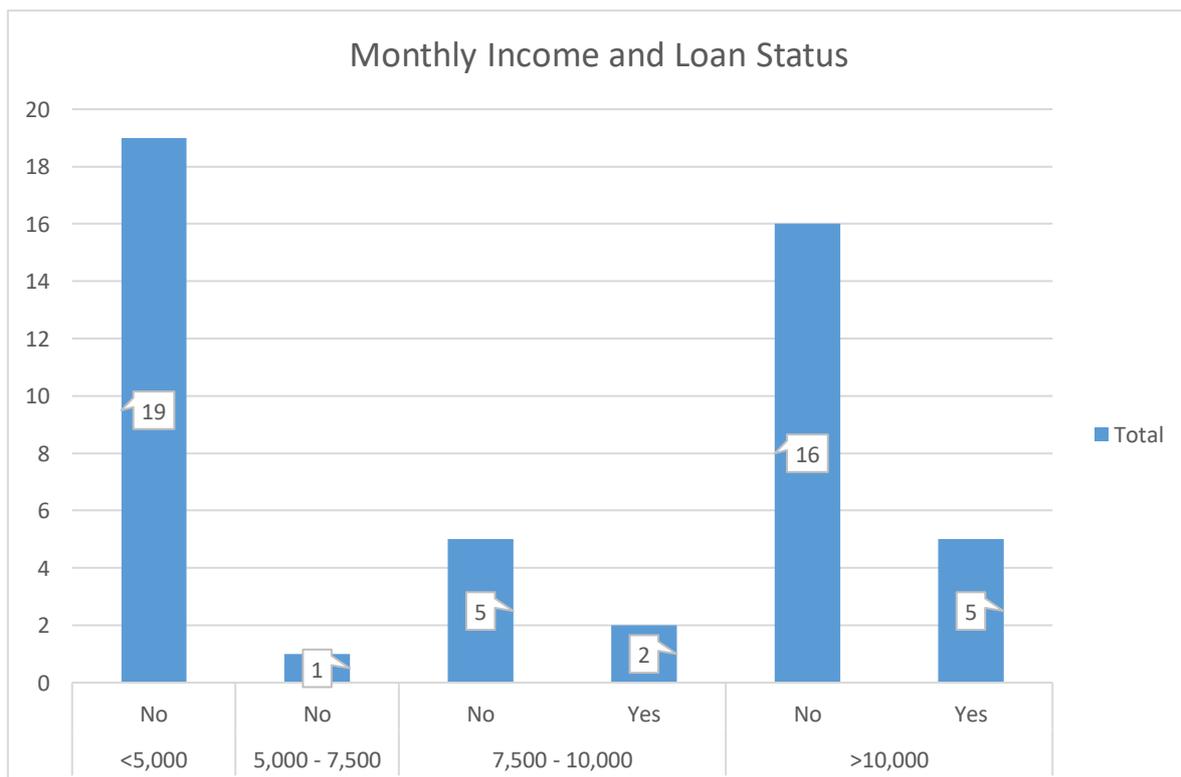
**Table 13: Loans and Gender**

Loan and Gender	Percentage
<b>Female</b>	<b>33%</b>
No	100%
<b>Male</b>	<b>67%</b>
No	78%
Yes	22%
<b>Grand Total</b>	<b>100%</b>

The data in table 14 and figure 10 shows that the people who had availed loans were from the higher income bracket. This would be true because they would be the ones who can afford paying back the loan amount.

**Table 14: Loans and Income Distribution**

Loan and Income Distribution	Count of Earning per Month [a/ b/ c/ d]
<b>No [Loan]</b>	<b>41</b>
<5,000	19
5,000 - 7,500	1
7,500 - 10,000	5
>10,000	16
<b>Yes [Loan]</b>	<b>7</b>
7,500 - 10,000	2
>10,000	5
<b>Grand Total</b>	<b>48</b>



**Fig. 12: Monthly Income and Loan Status**

Table 15: Detailed Loans Table

Form N	Age	Gender	Rented/ Own Accomodatio	Primary Earning Member at Hom	Regular/ Contral	Number of Depend	Earning per Month [a/ b/ c/	Bank Account	Support of Governme	Loan	Loan Amount	Loan Tenure [Years]	EMI	Purpose of the Loan
13	43	Male	Own	Yes	Regular	3	d	Yes	No	Yes	5,00,000	10	8,000	Home
20	31	Male	Own	Yes	Regular	3	c	Yes	No	Yes	1,00,000	3	5,000	Personal
21	42	Male	Own	Yes	Regular	3	d	Yes	No	Yes	3,00,000	3	11,000	Vehicle
24	42	Male	Own	Yes	Regular	3	d	Yes	No	Yes	2,00,000	3	9,000	Vehicle
26	55	Male	Own	Yes	Regular	6	d	Yes	Yes	Yes	2,50,000	3	10,000	Personal
36	35	Male	Own	Yes	Regular	3	d	Yes	No	Yes	2,00,000	2	12,000	Vehicle
42	53	Male	Own	Yes	Regular	3	c	Yes	No	Yes	2,00,000	5	3,800	Personal

The data in table 15 shows the details of those respondents who **had availed loans** from lenders.

- All these respondents are living in owned accommodation.
- All these respondents are having a regular income. None of them are on contractual jobs.
- All these respondents earn more than Rs. 7,500 per month.
- Most of the loans are vehicle loans and personal loans. These loans are of small amount and short duration.
- Only one respondent had availed loan for home finance.

## 8. CONCLUSION

### 1. Conclusion based on Survey Findings

The study was aimed to collect sample data from the residents of Sangam Vihar and to find the extent of coverage of these residents under the financial inclusion program of the central and state government.

As part of the survey analysis, the following conclusions can be drawn,

- A large number of respondents have bank accounts (79%). The percentage of people having a bank account is also consistent with the World Bank Findex Database (2017) which says that 80% of Indian's have a bank account in 2017 up from 53% in 2014. This has been possible due to Prime Minister's Jan Dhan scheme in which 355 million "zero balance" bank accounts were opened in 5 years. (<https://www.hindustantimes.com/business-news/55-of-all-new-bank-accounts-in-the-world-opened-from-india-says-world-bank-report/story-PWrbB2X8pbHHtP1DaMMaK.html>)
- Having a bank account is the first step in financial inclusion. A bank account helps build the credit history for a person and would help them avail credit and other financial products in the future.
- Even though a large number of people have bank accounts, only 15% of the respondents currently avail loan facility. The reason for this might be lack of availability of easy credit and micro loans. Also, all the borrowers were male and were from the higher income bracket in the sample. Out of the respondents that had availed the loan, only one respondent had availed it from the bank. Rest of them had taken loans from the un-organized sector and hence were paying very high interest rates.
- Out of the respondents, there are 21 people who earn more than Rs. 7,500 per month and have not availed of credit. These 44% of the respondents can be good potential borrowers for banks and financial institutes.
- A majority of respondents stay in owned houses which is good to keep the running expenses low during job uncertainties. Even though the survey did not gather data of other owned assets, but owning a house is a good indicator that the residents might own other assets which they can mortgage in case of an emergency. The ownership data does come out as a surprise because one would expect a large percentage of lower income respondents to be staying on rent. All the respondents who are staying on rent are from low income bracket in the survey.

### 2. Conclusion based on interaction with the Respondents

- One clear gap that came out in the discussions was lack of clarity on the government schemes under financial inclusion. Most of the respondents mentioned the difficulty in getting clear information on government programs for the poor.
- The respondents also mentioned that they would like an easy platform where they can connect with the Microfinance Institutions and share their details to avail easy and faster microfinance loans. Lack of such a platform and multiple changes on the financial inclusion scheme from the government makes things very difficult for them to understand and keep track.

As a next step for this project, an easy and mobile responsive application ([www.janb-dhan.in](http://www.janb-dhan.in)) which provides all information on various governments schemes and also help to connect with the various microfinance institutions. This application should be in vernacular language so that it is easy for the residents of each state to take benefit of the application.

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**Appendix 1**

**Financial Inclusion Survey Form**

**Aatmanirbhar Bharat: Financial Inclusion Survey for Residents of Delhi**

**Survey by: Shivang Kukreja (shivang.kukreja@gmail.com)**

**Form Number:** \_\_\_\_\_

<b>Name:</b> नाम:	
<b>Age:</b> आयु:	
<b>Gender:</b> लिंग:	
<b>Address:</b> पता:	

**Asha Worker Details (आशा कार्यकर्ता):**

**Medical history of the Patient (Home Isolation Cases) (चिकित्सा का इतिहास)**

Question (सवाल)	Answer (उत्तर)	Remark (अतिरिक्त जानकारी)
What was the duration for home isolation? (घर अलगाव की अवधि क्या थी?)		
During home isolation, did you receive the medicines from the Delhi government? (क्या आपको सरकार से दवाइयाँ मिलीं?)		
When you were home isolated, did you receive pulse oximeter from Delhi government? (क्या आपको सरकार से पल्स ऑक्सीमीटर प्राप्त हुआ?)		

**Living conditions and Diet (रहने की स्थिति और आहार)**

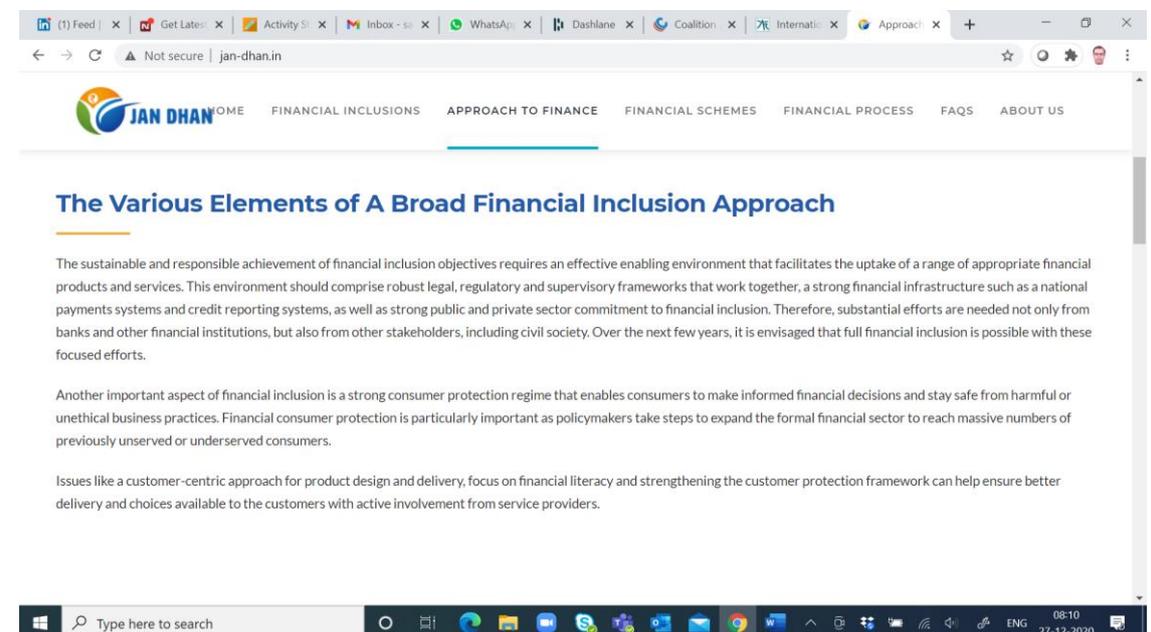
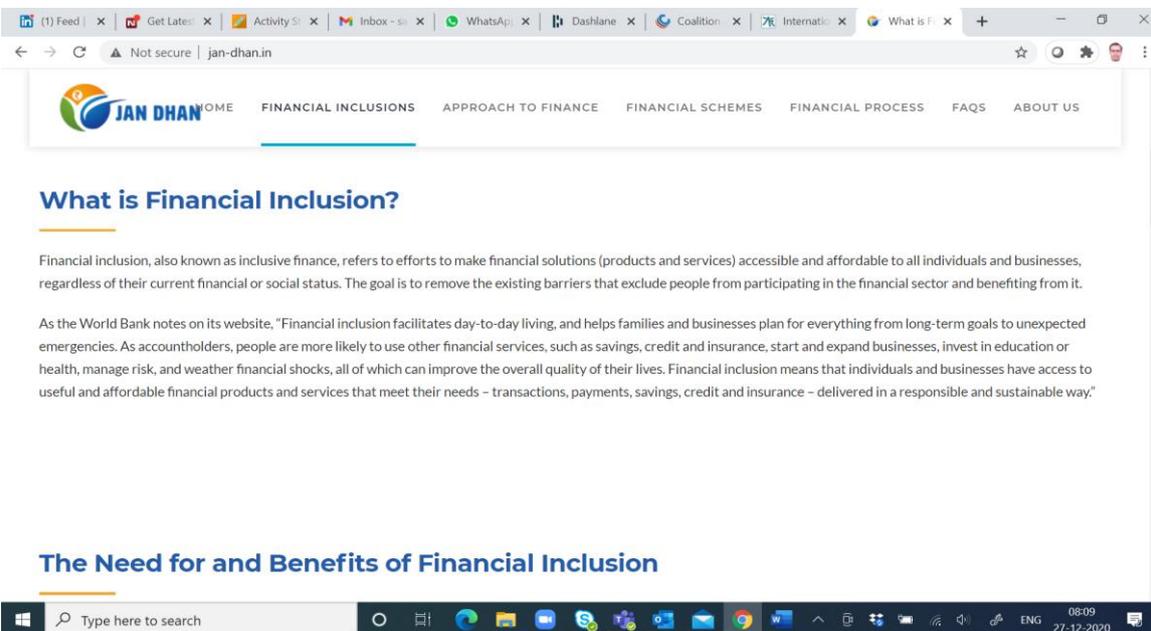
Question (सवाल)	Answer (उत्तर)	Remark (अतिरिक्त जानकारी)
Do you live in a rented house or your own? (किराए का घर या अपना)		
How many rooms are there in your house? (कमरों की संख्या)		
How many people stay in your house? (आपके घर में कितने लोग रहते हैं?)		
Does each room have an attached bathroom? (क्या प्रत्येक कमरे में एक संलग्न बाथरूम है?)		
If not, how many rooms share a common bathroom? (यदि नहीं, तो कितने कमरे एक आम बाथरूम साझा करते हैं?)		
Did you have a care giver to take care of your food requirements? (क्या आपके पास अपने भोजन की आवश्यकताओं का ख्याल रखने के लिए एक देखभाल दाता था?)		
Do your meals include dal, rice, chapatti and one vegetable? (क्या आपके भोजन में दाल, चावल, चपाती और एक सब्जी शामिल है?)		

**Income, Bank Accounts and Credit (आय, बैंक खाते और क्रेडिट)**

Question (सवाल)	Answer (उत्तर)	Remark (अतिरिक्त जानकारी)
Are you an earning member of your family? (क्या आप अपने परिवार के कमाऊ सदस्य हैं?)		
Are you a regular worker or a contractual worker? (क्या आप एक नियमित कर्मचारी या एक संविदा कर्मचारी हैं?)		
How many dependents do you have? (आपके पास कितने आश्रित हैं?)		
How much do you earn per month? a) Less than 5,000 b) 5,000 to 7,500 c) 7,500 to 10,000 d) More than 10,000 (आप प्रति माह कितना कमाते हैं?)		
Do you have a bank account? (क्या आपके पास एक बैंक खाता है?)		
If yes, do you get any support from the Government as part of any Central or State Government scheme? (यदि हाँ, तो क्या आपको केंद्र या राज्य सरकार की किसी योजना के हिस्से के रूप में सरकार से कोई सहायता मिलती है?)		
Do you borrow money or have you taken any loan? (क्या आप पैसे उधार लेते हैं या आपने कोई कर्ज लिया है?)		
Is the loan from a bank or financial institute? (बैंक या वित्तीय संस्थान से ऋण है)		
What is the amount you borrow? (आप कितनी राशि उधार लेते हैं?)		
What is the tenure you borrow money for? (आप किस अवधि के लिए धन उधार लेते हैं?)		
What is the monthly repayment amount that you have to do? (मासिक चुकौती राशि क्या है जो आपको करनी है?)		

Appendix 2

Jan-Dhan: Financial Inclusion Application ([www.jan-dhan.in](http://www.jan-dhan.in))



**Pradhan Mantri Jan Dhan Yojana (PMJDY)**

On 15th August 2014, the Government initiated the National Mission for Financial Inclusion (NRFI), namely, the Pradhan Mantri Jan Dhan Yojana (PMJDY). PMJDY was conceived as a bold and innovative mission to provide universal banking services for every unbanked Indian household, thereby bridging the gap in the coverage of banking facilities and thus promoting financial inclusion.

Other goals of PMJDY are: improve financial literacy, boost access to credit, provide insurance and launch a national pension facility.

PMJDY is based on the guiding principles of banking the unbanked, securing the unsecured, funding the unfunded and serving the un-served and under-served. With a view to further strengthening financial inclusion interventions in India, PMJDY has been extended with the focus on opening of accounts shifting from 'every Indian household' to 'every Indian unbanked adult'. To expand the reach of banking services under PMJDY, over 6 lakh villages were mapped into 1.59 lakh Sub Service Areas (SSAs), with each SSA typically comprising of 1,000 to 1,500 households. In the 1.26 lakh SSAs that did not have a bank branch, 'Bank Mitras' were deployed for branchless banking. Over time, the deposit base of PMJDY accounts has expanded. The Bank Mitra network has also strengthened and grown.

**Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)**

The PMJJBY is available to Indian citizens between the ages of 18 to 50 with a bank account and who give their consent to enable auto-debit. Aadhaar is the primary KYC (Know Your Customer) document for the bank account.

For each person, a life cover of Rs. 2 lakhs is provided. This renewable policy is valid for a one-year period stretching from 1st June of a year to 31st May of the next year. The premium is Rs. 330 per annum, to be auto-debited in one instalment from the subscriber's bank account on or before 31st May. The scheme is offered by Life Insurance Corporation of India (LIC) and other life insurers willing to offer the product on similar terms with necessary approvals and bank tie-ups. As on 31st March, 2019, banks reported a cumulative gross enrolment of over 5.91 crore under PMJJBY. A total of 1,45,763 claims were registered, of which 1,35,212 have been disbursed.

**Pradhan Mantri Suraksha Bima Yojana (PMSBY)**

Under PMSBY, a renewable one-year accidental death-cum-disability cover of Rs. 2 lakhs is offered to all subscribing bank account holders aged 18 to 70 years. The premium is just Rs. 12 per annum. Aadhaar is the primary KYC (Know Your Customer) document for the bank account.

The scheme is being offered by Public Sector General Insurance Companies or any other General Insurance Company willing to offer the product on similar terms with necessary approvals and bank tie-ups. As on 31st March, 2019, banks reported a cumulative gross enrolment of over 15.47 crores under PMSBY. A total of 40,749 claims were registered, of which 32,176 have been disbursed.

**Atal Pension Yojana (APY)**

To take care of the financial needs of Indian citizens in their golden years, a pension product named Atal Pension Yojana (APY) guaranteed by the Government of India was launched. Under APY, a subscriber in the age group of 18 to 40 years will receive a fixed monthly pension in the range of Rs. 1,000 to Rs. 5,000 after completing 60 years of age. The pension amount will vary, depending on the contributions made by the subscriber.

After the subscriber's death, the pension would be available to his or her spouse. After the spouse's death, the pension corpus, as accumulated at age 60 of the subscriber, would be returned to the subscriber's nominee. If the accumulated corpus based on contributions earns a lower than estimated return on investment and is inadequate to provide the minimum guaranteed pension, the Central Government would cover the inadequacy. Alternatively, if the returns on investment are higher, the subscribers would get enhanced pension benefits.

As on 31st March, 2019, 149.53 lakh subscribers have been enrolled under APY amounting to total pension wealth of Rs. 6,860.30 crores.

**Stand Up India Scheme: Women/SC/ST Borrowers & Entrepreneurs**

On 5th April 2016, the Government launched the Stand Up India Scheme. This scheme facilitates bank loans between Rs.10 lakhs and Rs.1 crore to at least one Scheduled Caste/ Scheduled Tribe (SC/ST) borrower and at least one woman borrower per bank branch for setting up greenfield enterprises in manufacturing, services or the trading sector. The scheme is being implemented through all Scheduled Commercial Banks and is expected to benefit at least 2.5 lakh borrowers. The main goal is to promote entrepreneurship among women, SC and ST categories, i.e. those people who usually face significant hurdles in life due to lack of advice/mentorship, and inadequate or delayed access to credit. To extend collateral free coverage, the Government has set up the Credit Guarantee Fund for Stand Up India (CGFSI). Apart from providing credit facility, this scheme also envisages extending handholding support to potential borrowers who might have a project in mind but lack the confidence or financial capability to actually start up the enterprise. A Credit Guarantee corpus fund of Rs.5000 crores, operated by the National Credit Guarantee Trustee Company Ltd. (NCGTC) was approved.

As on 31st March 2019, Rs. 16,085 crores had already been sanctioned in 72,983 accounts.

**Performance of PMJDY**

**Financial Processes for Consumers**

One reason for inadequate financial inclusion in India is a lack of financial literacy among Indians. For example, a lot of people don't know how to open a bank account or apply for a micro-loan. India can achieve nationwide financial inclusion only when its citizens decide to empower themselves. And having a functional bank account is the first step towards achieving this goal.

**A. How to open a savings bank account with any Indian bank**

**1. Get documentation**

These documents are must-haves to meet the Know Your Customer (KYC) requirements of banks.

**a. Get Aadhaar Card**

Aadhaar is a verifiable 12-digit identification number, unique to each Indian citizen and issued by the Unique Identification Authority of India, based on their biometric and

These documents are must-haves to meet the Know Your Customer (KYC) requirements of banks.

### a. Get Aadhaar Card

Aadhaar is a verifiable 12-digit identification number, unique to each Indian citizen and issued by the Unique Identification Authority of India, based on their biometric and demographic data. To open a bank account, the Aadhaar card has become the single valid proof of identity, residence and phone number. The first step is to apply for Aadhaar card, if one is not already available. For this, the following steps need to be followed:

#### i. Locate an Aadhaar Enrolment Center

Visit the nearest Aadhaar Enrolment Center by visiting the UIDAI website.

#### ii) Book an appointment at an Aadhaar Seva Kendra

This appointment can help a person enrol for a fresh Aadhaar card with their name, address, mobile number, email address, date of birth and biometric information. Any incorrect information can later stall the bank account opening process so it's critical that all information is verified before applying.

#### iii) Check Aadhaar status

The applicant can use their enrolment ID (EID) to check Aadhaar status. The EID is a 14-digit enrolment number, displayed on the top of the enrolment acknowledgement slip.

#### iv) Download Aadhaar

and link all transactions such as tax payments, returns of income and specified transactions of the PAN holder. It is mandatory to produce a PAN card when applying for a new bank account. Steps to procure a PAN card include:

### i. Apply Via a PAN Application Center

For any person wishing to obtain a PAN, the PAN application form (Form 49A/49AA), along with other related documents and prescribed fees, must be submitted at the PAN application centre. Indian citizens must apply for a PAN via Form 49A, and non-resident Indians and foreign companies must apply for a PAN via Form 49AA. Individual applicants need to affix two coloured photographs on the application form. Other prescribed documents to establish proof of identity, address and date of birth also need to be provided.

### ii. Apply online

A person can apply for a PAN card online by visiting the NSDL website and following 5 simple steps:

- Register by submitting Form 49A/49AA procured via the website.
- A token number will be generated for the applicant before filling the form.
- This temporary token number is sent to the applicant's e-mail ID and helps the applicant fill the application form.
- Review all details before final submission. Submit the form.
- The payment sum is decided depending on whether the applicant wishes to get a physical PAN card or an online version.

Both Aadhaar Card and PAN card are mandatory to open a bank account. Other additional documents that a person can provide includes:

- Voter's ID card
- Ration card

## 2. Open the bank account

Once you have all your documents ready, follow these four steps to open your account:

### a. Visit bank branch or apply online

To open a bank account, an account opening form is required, which the person can get by either visiting the bank's branch or logging onto their website. This form requires includes personal details such as the individual's name, permanent address, date of birth, the names of parents or spouse, etc. It requires their signature indicating their acceptance of the bank's terms and conditions.

### b. Submit documents of proof for KYC

All Indian banks are mandated by the Reserve Bank of India to open bank accounts only when certain documents are produced as proof of identity. For opening a new account, all customers need to submit mandatory documents such as Aadhaar Card or PAN Card, plus two recent photos of themselves. Other documents of proof will vary from one bank to another.

### c. Wait for the bank to assess documents

application. Once the MFI is convinced of the integrity of all submitted documents, they disburse the loan directly in the applicant's bank account.

## 5 Indian MFIs that provide micro loans

Note: In each of the below, the mentioned interest rates, fees and charges are subject to change and depend on the sole discretion of the MFI and RBI. GST and service tax shall be levied extra.

### 1. Bandhan Bank

Microloans - 2020	
Interest rate	17.95% onwards
Loan amount	Min. Rs. 1,000 & Max. Rs. 25,000
Processing Fee	Nil
Repayment Tenure	Up to 12 months
Doorstep facility	Available, under Dedicated Doorstep Service Center (DSC)

### 2. BSS Microfinance

## FAQs

**What is Financial Inclusion?**

Financial inclusion refers to efforts to make financial products and services accessible to all individuals and businesses within a country. It strives to remove the barriers that usually exclude people from participating in the formal financial ecosystem. It is also known as 'inclusive finance'.

**Why Financial Inclusion important for a country?**

**What are the main challenges of Financial Inclusion?**

**What are the 3 primary aspects of financial inclusion?**

**What are some schemes launched in India to promote financial inclusion in India?**

## The Team



### Shivang Kukreja

Co-Founder

Shivang Kukreja is a high school student with the Delhi Public School, RK Puram. His research in financial inclusion started with his volunteering work for COVID-19. As a volunteer with the Directorate of Health Services, Shivang realized that the COVID-19 patients needed more than healthcare support. These patients were from urban slums and the loss of livelihood had a bigger impact on their lives than the virus. Under the guidance of Dr. Debashis Guha of SP Jain School of Global Management, Shivang undertook a project on financial inclusion in the urban slums of Delhi.

Apart from this project, Shivang is an active community volunteer. He has been part of the Pulse Polio program of Delhi Government and has volunteered for NGOs and Corporates.

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