

A study on “Financial inclusion among the unorganized workers in the State of Mizoram, India”.

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Abstract: Planning Commission (2009) defined Financial Inclusion as universal access to a wide range of financial services e.g. savings, credit, insurance, pension and financial literacy to the disadvantaged section of society at a reasonable cost. The rationale behind it being securing better standard of living and income for all. With regard to financial Inclusion, the North east Region has been lacking behind the rest of the states in India. In fact, recognizing the special requirement of the region and the need for government intervention, North East India has been recognized as Special category Region. To ensure Financial Inclusion, various initiatives has been taken by Reserve Bank of India and Government of India and has been implemented all over the country. This study focus on the performance of Financial Inclusion Schemes like Pradhan Mantri Jan-DhanYojana (PMJDY), PradhanMantri Jeevan JyotiBimaYojana (PMJJBY), Pradhan Mantri Suraksha BimaYojana (PMSBY), and Atal Pension Yojana (APY) in Mizoram. The study attempts to bring to light the awareness level of these schemes among the lower income section of the society in the State of Mizoram. The study thus, aim to highlight the impact of these schemes on ensuring Financial Inclusion in the State. Three district namely Aizawl, Kolasib and Serchhip were covered. The study found that these schemes indeed have a positive impact among the poor especially with regard to Financial Inclusion, however, there is a need to create more awareness so that the objectives of these schemes materializes in the State.

Key words: Financial Inclusion, PMJDY, PMJJBY, PMBSY, APY

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I. INTRODUCTION

Planning Commission (2009) defined Financial Inclusion as universal access to a wide range of financial services e.g. savings, credit, insurance, pension and financial literacy to the disadvantaged section of society at a reasonable cost. The rationale behind it being securing better standard of living and income for all. Inclusive financing or Financial inclusion is the delivery of financial services at reasonable costs to vast sections of low income population with the provision of equal opportunities. GOI (2008) defines Financial inclusion 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.

Index of financial inclusion prepared by credit rating agency CRISIL measures the inclusiveness of financial services and products among population, this index is based on three dimensions, which are as

- a. Financial Accessibility
- b. Financial Availability
- c. Usage of Financial Services

These dimensions used to measure depth and access of financial services and financial products to people of that particular area. Value of index of financial inclusion is between zero to 1, where zero stands for no access to financial services or very low level of financial inclusion. Value between 0 to 0.30 stands for medium value means average access to financial services and where value is one that shows high level of financial inclusion. Mizoram belongs to Low Level of Financial Inclusion Value (Below .30) along with West Bengal, Gujarat, Utter Pradesh, Tripura, Odisha, Rajasthan, Bihar, Assam, Nagaland, Manipur, and Meghalaya

Some schemes launched by Government of India to promote financial inclusion are-

A) PMJDY (Pradhan Mantri Jan Dhan Yojana) - The main features of this scheme are

a. The slogan of the scheme is “MeraKhata – BhagyaVidhaata”

b. The scheme provided Rs 5,000 overdraft facility for Aadhar – linked accounts and RuPay Debit Card for all account holders

c. An accident insurance cover of up to Rs. 1 Lakh is also provided.

B) Pradhan Mantri Suraksha BimaYojana - The main features of this scheme are

- a. For personal accident insurance
- b. Age group: 18-70 years
- c. Sum assured: Rs 2 lakh, while premium: Rs 12 per annum
- C) Pradhan Mantri Jeevan Jyoti Bima Yojana - The main features of this scheme are
 - a. For life insurance
 - b. Age group: 18-50 years
 - c. Sum assured: Rs 2 lakh, while premium: Rs 330 per annum
- D) Atal Pension Yojana - The main features of this scheme are
 - a. For pension purpose
 - b. Age group: 18-40 years
 - c. Fixed pension: Rs 1000-5000 per month at age of 60 years.

II. OBJECTIVES OF THE STUDY:

- To highlight the performance of Financial Inclusion Schemes in Mizoram
- To investigate the level of awareness about Financial Inclusion Schemes in Mizoram

III. METHODOLOGY:

The research design is exploratory and descriptive in nature. Both primary and secondary data were collected for the study. Sample size consist of 150 respondents. Purposive sampling method was used for 135 respondents where data and information were collected through semi- structured interview schedule and discussions. Details from banks were again collected through structured interview schedule from 15 bank officials. The schedule include questions relating to the general information of banking habits, awareness level and the benefits of PMJDY, PMJJY, PMSBY, APY Scheme. The study area was confined to 3 district of Mizoram viz Aizawl, Serchhip and Kolasib. The data analysis is done by using simple percentage analysis.

IV. MAJOR FINDINGS FROM SECONDARY DATA:

Status of PMJDY scheme in North East India:

PMJDY Beneficiaries as on 05.07.2017

State	Beneficiaries at rural/semi urban centre bank branches	Beneficiaries at urban /metro centre bank branches	Total beneficiaries	Balance in beneficiaries account (in crores)	No. of RuPay cards issued to beneficiaries
Assam	9088370	2996766	12085136	2456.02	9304346
Tripura	573993	228774	802767	611.65	704468
Manipur	336037	412436	748473	166.06	661357
Meghalaya	331311	67100	398411	208.06	217760
Mizoram	110689	179525	290214	56.92	98755
Nagaland	111859	109970	221829	37.08	176599
Arunachal Pradesh	130564	88187	218751	64.58	174112
Sikkim	70935	20747	91682	29.37	68770

Source: Ministry of Finance, Govt. of India. www.pmjdy.gov.in

The table shows the progress of North Eastern States under PMJDY scheme. Assam tops the list with Sikkim at the bottom. Mizoram comes fifth after Assam, Tripura, Manipur and Meghalaya.

Status of Social Security Schemes under different banks in Mizoram:

Under the financial inclusion schemes only Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal Pension Yojana (APY) are considered in this study.

MIZORAM COOPERATIVE APEX BANK (MCAB) : Enrollment no. as of june 2017

PMJDY		PMJJBY		PMSBY		APY
2015-2016	2015-june 2017	2015-2016	2015-june 2017	2015-2016	2015-june 2017	2015-june 2017
11720	14306	1301	2730	1840	3813	NIL

Source: MCAB Record(Personal Interview)

The table shows that there has been an increase in the number of enrollment under PMJDY,PMJJBY and PMSBY. However, APY scheme has not been disbursed. MCAB have 15 branches and 9 financial literacy centres. 182 Financial Literacy camps(FLC) had been organized by MCAB till March 2017 in 182 villages.

MIZORAM RURAL BANK(MRB): Enrollment no. as of 22.03.2017

PMJDY		PMJJBY		PMSBY		APY	
2015-2016	2015-March 2017	2015-2016	2015-March 2017	2015-2016	2015-March 2017	2015-2016	2015-March 2017
NA	206176	14850	35003	31,449	66539	483	1061

Source: MRB record (Personal Interview)

The table shows that MRB has been performing very well in enrollment under all the schemes. So far 282 villages had been covered and 211 FLC had been organized by MRB. However, they do not have Financial Literacy Centers.

STATE BANK OF INDIA(SBI):Enrollment no. as of 31.03.2017

PMJDY	PMJJBY	PMSBY	APY
40681	24123	36878	216

Source: SBI record (Personal Interview)

SBI have 43 branches all over Mizoram. The number of FLC held till June 2017 was 50 covering 50 villages.

Performance of Banks:

- MRB has the highest number of enrollment in the State. 282 villages had been covered and 211 FLC had been organized by MRB.
- SBI has the second largest number of enrollment in the state. The number of FLC held till June 2017 was 50 covering 50 villages
- MCAB has the third highest number of enrollment in the State. 182 Financial Literacy camps(FLC) had been organized by MCAB till March 2017 in 182 villages.
- The enrollment under APY is relatively less when compared to other schemes. In fact, MCAB did not have a single APY account under it.
- The participation of private banks are negligible in the State.

I. Major Findings from primary data:

Socio-demographic Profile of respondents:

Table 1: Socio-demographic Profile of respondents

Age	No.of respondents in percentage
Below 30 years	34.8%
30 years – 50 years	46.7%
Above 50 years	1.5%
Gender	No. of respondents in percentage
Male	43%
Female	57%
Marital Status	No. of respondents in percentage
Married	60%
Unmarried	40%
Educational Qualification	No. of respondents in percentage
Below High School	54.1%
Above High School	45.9%
Occupation of respondents	No. of respondents in percentage
Daily wage earners	60.7%
Contractual labourers	17.0%
Vendors	12.6%
Self-employed	9.6%
Monthly Income of Respondents	No. of respondents in percentage
Below Rs.10,000	68.1%
Rs.10,000-Rs.20,000	28.1%
Rs.20,000-Rs.30,000	0.7%
Above Rs.30,000	3%

Source: Primary data

- 34.8% respondents are below 30 years, 46.7% are between 30 years to 50 years and 1.5% are above 50 years.
- 43% respondents are Male and 57% are Female.
- 54.1% respondents are below HSLC and 45.9% are above HSLC.
- 60.7% are Daily wage earners, 17.0% respondents are contractual labourers, 12.6% are Vendors and 9.6% are self employed.
- 60% respondents are married and 40% are unmarried.
- The income of 68.1% respondents are below Rs.10,000, 28.1% respondents are between Rs.10,000 and Rs.20,000, 0.7% respondents are between Rs.20,001 and Rs.30,000 and 3% are above Rs.30,000.

Table 2: Awareness of Schemes:

Awareness of schemes	
Aware	56.3%
Not aware	43.7%
Age of those aware	No. in percentage
Below 30 years	40.4%
30 years to 50 years	58.7%
Above 50 years	0.9%
Occupation of those unaware	No. in percentage
Daily wage earners	70%
Vendors	14.2%
Contractual govt. employees	12.7%
Self employed	3.1%
Educational qualification of those unaware	No. in percentage
Below High School	57.1%
Above High School	42.9%
Source of awareness	No. in percentage
Media	42.5%
Banks	30.6%
Friends and relatives	26.9%

Source: Primary Data

- 53.3% are aware of the scheme and 45.7% are not aware of the scheme. Out of those unaware of the scheme 84.1% belongs to those with income below 10,000 per month (family income)
- Out of those unaware of the schemes, 70% are daily wage earners, 14.2% are vendors, 12.7% are contractual Govt. employees and 3.1% are self employed
- Out of those unaware of the schemes, 57.1% have educational qualification below HSLC
- Out of those who are aware of the schemes, 40.4% are below 30 years, 58.7% are between the age 30 years to 50 years and 0.9% are 50 years and above.
- The main source of awareness for majority of them is the media (42.5%) followed by banks (30.6%) and friends and relatives (26.9%).
- All respondents have bank account and are seeded with Aadhaar

Table 3: Enrollment under the Schemes

Enrollment under scheme	No. in percentage
PMJJBY	8.1%
PMSBY	1.5%
Both PMJJBY and PMSBY	5.9%
APY	2.5%
Not enrolled under any scheme	82%

Source: Primary data

- 73.3% of respondents do not have insurance policy, 8.1% have LIC insurance, 8.1% have PMJJBY insurance, 1.5% have PMSBY insurance, 3% have LIC and PMJJBY insurance and 5.9% have PMJJBY and PMSBY insurance. 2.5% are enrolled under APY
- 82% are not enrolled under any schemes

☐ 58.5% of respondents are not aware of any FLC, 1.5% are aware of MCAB conducting FLC, 28.1% are aware of MRB conducting FLC, 3% are aware of SBI conducting FLC, 11 respondents know Other NGO conducting FLC and 1 respondent knows MRB and SBI conducting FLC in their locality.

☐ 80% of respondents had not attended FLC, 7.4% attend FLC 1 time, 7.4% attend FLC 2 times and 5.2% attend FLC more than 2 times.

II. Inferences from data findings:

- The study shows that the performance of RRBs in the State is the highest with regard to enrollment under the social security schemes. 211 FLC had been organized by MRB. This shows that the FLC do have a positive impact on the number of enrollments.

- The participation of private sector banks in Mizoram is negligible.

- The study shows Bank coverage is still very poor in the Districts, non-existence of ATM booths in rural areas is also a problem.

- The use of banking facilities like ATM cards, cheques, DD, loan, and other schemes are still very low.

- The study shows that the awareness level of financial Inclusion schemes is very low, 56.3% of the respondents claim to have no knowledge of the schemes.

- Media plays an important role in creating awareness of financial Inclusion schemes.

- The number of respondents that have insurance policy have increased from 8.1% to 18.5% after the introduction of the schemes by banks.

- All the respondents have no pension plans yet only 2.5% of them are enrolled under APY scheme.

III. Suggestions and conclusion:

- It is suggested that more bank branches should be opened especially in remote areas and installation of more ATM booths.

- The awareness level of the social security schemes is rather low in the study area. It is therefore suggested that due importance should be given to mobilisation and spreading awareness.

- The use of banking facilities is poor which calls for a more aggressive financial literacy campaign.

- The study also suggests that bank should organize proper training and plan a coordinated campaign in partnership with NGOs to educate customers about the various schemes of financial inclusion.

It can be concluded that PMJDY scheme is playing a great role by ensuring mass participation of people and providing them low cost financial services and banking facilities, however there is need to impart financial knowledge and awareness among people about benefits of banks and basic banking facilities. Banks have to open more branches in the rural areas and banking outlets in remote areas along with ATM. Banks in Mizoram especially the private sector banks need to make more efforts to achieve the objectives of Financial Inclusion Schemes by opening new accounts and ensuring less and less financial exclusion on continue basis.

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