

Kathalbari, Dhalai

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Financial Literacy Camp - Expanding the Outreach of Financial Services in Kathalbari

Community Participation in FLC

In 2007, RBI launched a financial literacy project to bring banking knowledge to the common man, educate them the basics of money and advantage of saving with banks. The objective of the project was to disseminate information on general banking, for various target groups such as school, college students, women, rural and urban poor and senior citizens.

Accordingly, the Swaniti team visited Kathalbari VC. As part of intervention, the team organized a Financial Literacy Camp in the village. The focused was to involve the community and

“Financial Inclusion is not just about opening bank accounts. It is important to avail the various bank facilities that one gets after opening the account and Financial Literacy Programmes are important.”

- Mr. Swaraj Bhattacharyya, AM (LDO)-RBI, Agartala

In 2008, the Rangarajan Committee defined Financial Inclusion(FI) as a process to ensure access to affordable financial services and credit facilities, as required by the vulnerable groups in society. Today, financial inclusion has acquired the dimension of a broader national development policy goal. This is reflected by the launch of the Pradhan Mantri Jan Dhan Yojana (PMJDY) and further attempts to link Aadhar Card number to the bank account of an individual so as to enable direct benefits transfer. Under the PMJDY, the GoI seeks to provide a bank account to each household and ensure access to banking facilities through a well-established network of bank branches. This is an attempt to address the situation wherein **approximately 42 percent households do not have access to banking services** (as per the Census 2011). While opening a bank account is indeed the first step, financial inclusion can only be achieved by increasing the awareness among the people through well-planned and targeted campaigns. One such avenue to do the same is conducting Financial Literacy Camps.

Status of Financial Institutions and Bank Accounts in Kathalbari - A Needs Assessment

Former Governor of Reserve Bank of India, Dr. Subbarao once mentioned: *“Financial Literacy stimulates the demand side – making people aware of what they can and should demand. Financial Inclusion acts from supply side – providing in the financial markets what people demand. Financial Literacy and education should be developed hand in hand with improving access to financial services.”*

Under the PMJDY, the Government of India seeks to not only expand the overall banking network across the country but also leverage the well-developed infrastructure of the Unique Identification Authority of India (UIDAI) and the National Payments Corporation of India (NPCI) to ensure access to financial services. Since the launch of the scheme, a total of **25.78 crore bank accounts have been opened across the country**. With the opening of a bank account, each household gains access to banking and credit facilities. Not just that, the PMJDY accords priority to financial literacy and a standardized financial literacy material has been prepared in vernacular language to create awareness about the scheme.

When Swaniti Initiative started working with Mr. Jitendra Chaudhury, the Hon’ble MP representing Tripura East in the Lok Sabha, for developing Kathalbari Village Committee (VC) as an Adarsh Gram, he stressed upon the importance of community empowerment and the need to strengthen the delivery mechanism of existing government schemes. He emphasized on the fact that Kathalbari has two bank branches but people in the village are not completely aware about the benefits and services available through the banking network. Accordingly, he requested the team to study the financial ecosystem in the VC and prepare a roadmap for addressing the identified gaps.



Almost 95 percent of the HH’s have bank accounts through MGNREGS and Old age pension. At present, 182 families in the VC are covered under Pradhan Mantri Suraksha



Around 96 HHs have availed Kisan Credit Loan from TSCB. Almost all the HH’s have defaulted and this is reflected in poor rate of repayment in Kathalbari. 15 SHG are linked

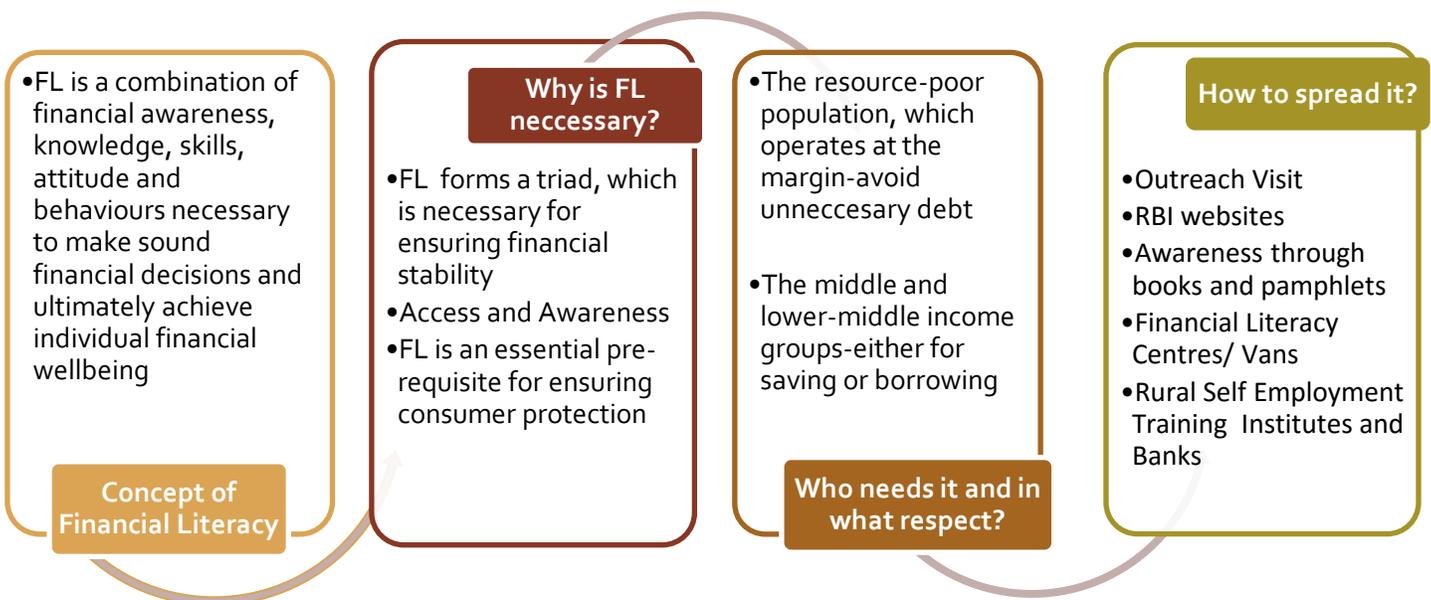


Two bank branches - Tripura Gramin Bank and Tripura State Cooperative Bank - are situated in Jawahar Nagar. There is no ATM Machine in Kathalbari and the nearest ATM is 12 kms

As part of the same, the team identified financial inclusion as a priority area. The idea was to not just ensure universal coverage of households under the PMJDY but also to educate the villagers about the benefits available under the scheme as well as make them financially aware. Moreover, no Financial Literacy Camp had been organized in the past couple of years in the VC and interaction with different stakeholders highlighted the **poor status of repayment of loans, limited coverage of insurance and a lack**

of general awareness about banking services. It was in this context that the team discussed the possibility of organizing a series of FLCs in Kathalbari with the Lead Bank of the district, the United Bank of India.

The Importance of a Financial Literacy Camp in Kathalbari



As an on-going process of converting Kathalbari VC to an 'Adarsh Gram', it was essential to take necessary intervention that would accelerate the development process catering to the needs of the community. Providing the community an optimum financial assistance is one such desired intervention under Adarsh Gram. The first step to provide financial assistance starts with educating them and therefore, it was important to conduct a FLC camp in Kathalbari. In a financial literacy programme, the focus is on the individual. Individuals get empowered, who get access to the world of financial knowledge, skill to undertake banking and other financial transaction. Individuals are capable of identifying, and using appropriate financial products and services to build and preserve their assets over time. Better-informed people can take greater responsibilities on financial matters. With integrating into overall process of financial inclusion, financial literacy can be a harbinger of change in a community. It was important to create awareness among the community members about the process of availing loan. A high default rate exists in Kathalbari. 182 farmers have availed loan under Kisan Credit Card (KCC) but none have returned the amount. While interacting with the community, farmers mentioned that either they don't earn enough to repay it or they are unaware about the process of repayment. Bank Officials are in huge

dilemma and they quarterly conduct recovery camps to inform people to repay the loan across habitations.

Financial Literacy Camp in Kathalbari – Path towards creating Financial Inclusion

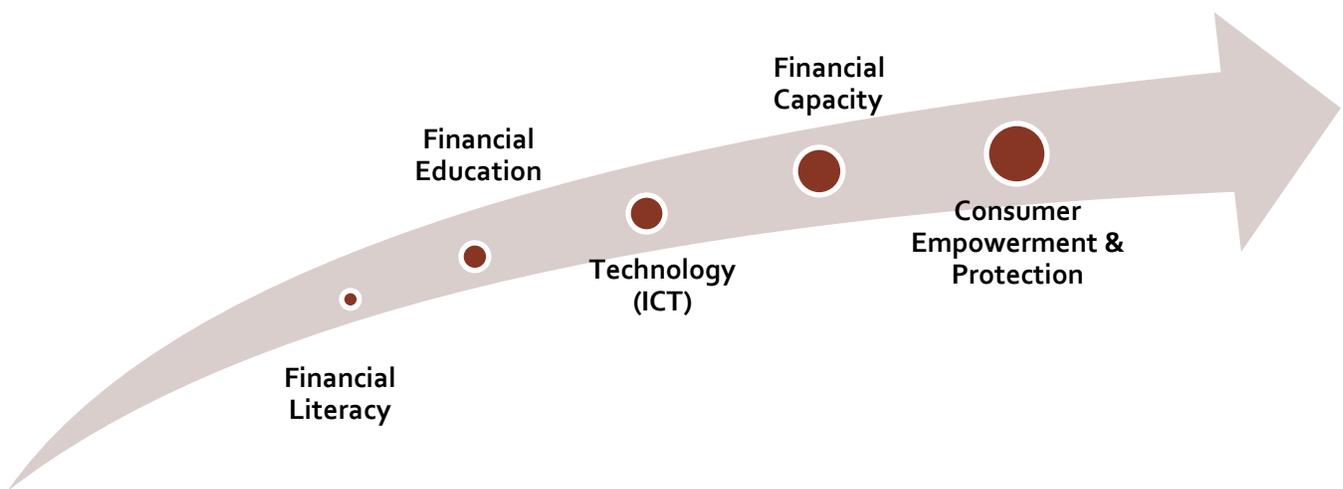
A FLC is conducted over three phases, which are spread over a period of three months. The FLC comprises of three sessions of minimum two hours each plus a visit to ensure timely delivery of cards. In Kathalbari VC, the Swaniti team in collaboration with BM of TSCB, LDM of UBI, Mr. Mohit Deb Varma, DDM of NABARD, Mr. Amit Das, Director of RSETI, Mr. Swapan Barma and AM (LDO) of RBI, Mr. Swaraj Bhattacharyya organised first session of FLC at Community Hall in Satyaram Chaudhury Para on 28th September 2016. The team worked with the PRI members of the VC to announce the session over a period of one week in the run up to the FLC and ensure that maximum number of villagers could learn about the various financial services.

On the day of the FLC, around 200 villagers attended the FLC and this included 90 students from Satyaram Chaudhury Higher Secondary School. The session was mainly focused on creating awareness on financial concepts, personal finance and management of money amongst the people. Topics covered were financial planning, budgeting, savings, how to maintain financial diary, advantages of savings with banks, the concept of Business correspondent, difference between formal and informal sources of borrowing, purpose and cost of borrowing, different types of borrowing etc. Each official addressed the audience and spoke about the importance of availing various banking assistance and benefits.

Just after the session, a quiz was organised and people were accordingly awarded for correct answers to the questions, which were related to discussion conducted in the session. At the end of the session, BM requested the people to open bank accounts for those who do not have one, as it was important to be financially included. He informed the audience about zero account balance and process of enrolment of opening account. The session ended with a speech delivered by Vice-chairman thanking the officials, Additional Zonal Development Officer and the Swaniti Team for organising FLC.

The Way Forward – Achieving 100% Financial Literacy

FI is expanding services in form of banking networks and financial support at an affordable cost to certain disadvantaged segment, providing them with a financial cushion to survive in situations of financial crisis and provide social empowerment. It is important to achieve complete financial inclusion especially in the interiors of Kathalbari. With the successful completion of Phase I of the programme, it is essential to outline forthcoming interventions that would help achieve this target. An important step would be frame the process through the given below model:



The ultimate aim of this process is to provide financial assistance and consumer empowerment and protection to the habitants of Kathalbari VC. The ultimatum of financial literacy as seen from above diagram is just not limited to achieving financial inclusion but consumer empowerment and protection, which will eventually lead to a better sustainable society. Simultaneously, this form of empowerment for villagers can act as a centre of gravity if it is given a strategic profile that can enable it to act as a catalyst for the advancement of growth in community and their contribution to the household welfare.

Annexure A: Pictures of First Session of Financial Literacy Camp conducted in Kathalbari VC



Villagers including the students from Satyaram Chaudhury Higher Secondary School attending the Financial Literacy Camp in Kathalbari



Bank Officials along with Additional ZDO and Headmaster of Satyaram Chaudhury Higher Secondary School addressing the audience in FLC on 28th September in Kathalbari VC