

Impact Assessment of RuPay Card on Weaker and Marginalized Sections in Bihar and Uttar Pradesh

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| | |
|---|-------|
| Acknowledgement | 1 |
| Executive Summary | 5-19 |
| Chapter 1: Introduction | 20-26 |
| Chapter 2: Objectives, Data and Methodology | 27-37 |
| 2.1 Objective of the Impact Assessment Study | |
| 2.2 Research Methodology used in the Study | |
| 2.3 Description of Study Area and Sample size | |
| 2.4 Study Tools | |
| Chapter 3: PMJDY Account Opening and Receipt of RuPay Card | 38-53 |
| 3.1 Profile of Respondents | |
| 3.1.1 Gender distribution of the Respondents | |
| 3.1.2 Age distribution of Respondents | |
| 3.1.3 Educational Status of Respondents | |
| 3.1.4 Occupation details of Respondents | |
| 3.1.5 Social Category of Respondents | |
| 3.2 Year of opening PMJDY Bank Account | |
| 3.3 Receipt of RuPay debit card | |
| 3.4 Year of receipt of RuPay debit card | |
| Chapter 4: Current Possession and use of RuPay debit card | 54-67 |
| 4.1 Possession of RuPay card | |
| 4.1.1 Percentage of Adolescent girls & Women possessing RuPay card | |
| 4.2 Reason for not having RuPay debit card | |
| 4.3 Usage of RuPay card | |
| 4.3.1 Percentage of adolescent girls & women using RuPay card | |
| 4.4 Reason for non-usage of RuPay Card | |
| 4.5 Frequency of Usage of RuPay Card | |
| 4.6 Use of RuPay card | |
| Chapter 5: RuPay Card: Activation, Awareness on uses and Overdraft facility | 68-99 |
| 5.1 RuPay Card Activation | |
| 5.1.1 Awareness generation camps | |
| 5.1.2 Participation in Awareness generation camp | |
| 5.1.3 Information received in Awareness generation camps | |
| 5.1.4 Training on Activation & Use of RuPay card | |
| 5.1.5 Training Provider | |

- 5.1.6 Usefulness of Training
- 5.1.7 Problem faced in Activation of RuPay Card
- 5.1.8 Kind of problems faced in activation of the card
- 5.1.9 Medium of card activation
- 5.1.10 Independent card use

5.2 Awareness on uses of RuPay card

- 5.2.1 Knowledge of use of RuPay card
- 5.2.2 Awareness on Uses of RuPay Card
- 5.2.3 Knowledge of financial benefits of RuPay Card
- 5.2.4 Awareness on Types of Financial Benefits of RuPay Card
- 5.2.5 Knowledge of RuPay card being Indian
- 5.2.6 Ease of use of RuPay card
- 5.2.7 Problems faced in using RuPay card

5.3 Overdraft facility

- 5.3.1 Knowledge of overdraft facility
- 5.3.2 Use of overdraft facility
- 5.3.3 Reason for not taking overdraft
- 5.3.4 Amount of Overdraft taken
- 5.3.5 Frequency of overdraft
- 5.3.6 Usefulness of overdraft facility

Chapter 6: Role of Customer Service Points (CSP)

100-110

- 6.1 Satisfaction with CSP
- 6.2 Reason for not being satisfied with CSP
- 6.3 Distance of nearby CSP from Village
- 6.4 Availability of shops with PoS machines in villages

Chapter 7: Shift in behavioural trends in Banking Practices and Linkages with Government schemes

111-125

7.1 Shift in Behavioral Trends in Banking Practices

- 7.1.1 Better access to Banking services
- 7.1.2 Use of RuPay Card over cash
- 7.1.3 Reason for choosing cashless methods over cash transactions
- 7.1.4 Increase in frequency of banking
- 7.1.5 Change in savings in bank account
- 7.1.6 Account Balance

7.2 Linkage of RuPay card with government schemes

7.2.1 RuPay Kisan Card (RKC)

- 7.2.1.1 Awareness of RuPay Kisan Card
- 7.2.1.2 Awareness on Benefits of RuPay Kisan Card
- 7.2.1.3 Awareness of Types of Financial Benefits of RuPay Kisan Card
- 7.2.1.4 Possession of RuPay Kisan card

| | |
|--|---------|
| | |
| Chapter 8: SWOT Analysis of RuPay Card | 126-127 |
| Chapter 9: Recommendations | 128-131 |
| List of Abbreviations | 132 |
| List of Charts | 133-134 |
| List of Tables | 135 |
| Annex 1-2 | 136-137 |

Executive Summary

This study is an attempt to document the role of the RuPay card in increasing the access to formal banking services among formerly unbanked rural populace. It analyses the shift from conservative cash payment methods to cashless methods and captures evidence of progress in financial inclusion of the most vulnerable and socio-economically weak sections of the society. Further, it also documents popular awareness, perception and feedback about the benefits of the RuPay card and the constraints in access.

The broad objectives of the study were to:

- Study the existing status, changing process and shift from traditional payment method to cashless payment method as a result of issue of RuPay Card.
- Assess the level of awareness about the RuPay Card and its benefits among different segments of the society.
- Assess the constraints in procuring RuPay Card for citizens.
- Assess the level of utilization of RuPay Card by the cardholders.
- Study the role of Customer Service Point (CSP).

- Examine the role and utility of RuPay Card in achieving the financial inclusion goals and linkages with schemes like PMJDY, Kisan Card, etc.

Background:

The region selected for the study is rural and primarily has an agrarian economy. Their socio-economic profile shows a large concentration of marginalized and vulnerable groups with a poor educational background.

A large section of the respondents had been outside the ambit of formal banking services till the commencement of the Pradhan Mantri Jan Dhan Yojana (PMJDY). As they did not have an access to formal institutions for saving and credit for a long time, their saving behaviour has been limited to keeping cash in the house or with local money lenders.

Since most of them belong to low-income groups with very low asset endowments as collateral, they fall into exploitative cycles of debt from informal sources (money-lenders) during emergencies. After the introduction of PMJDY and RuPay Cards, many active users, got the opportunity to gradually escape from this situation for the first time.

The major findings of the study along with the recommendations are summarized below:

Profile of the Respondents:

A majority of the respondents' hail from marginalized social groups - SC, ST, OBC and are minorities with a poor educational background.

The gender distribution of the respondents shows a higher proportion of adolescent girls and women PMJDY account holders who are using the RuPay card to make transactions. This is the first step towards their financial autonomy which will eventually snowball into reducing the gender gap that is prevalent in other sectors like education and employment.

Teenagers and youth form a large segment of the PMJDY account holders and RuPay card users owing to their comfort level with technology. Financial inclusion of teenagers and women is a huge leap towards their autonomy, but financial literacy is still a challenge that needs to be addressed to channel this development in the right direction.

This study is an attempt to document the role of the RuPay card in increasing the access to formal banking services among formerly unbanked rural populace. It also aims to analyze the shift from conservative cash payment methods to cashless methods, and capture evidence of progress in financial inclusion of the

most vulnerable and socio-economically weak sections of the society. Further, popular awareness, perception and feedback about the benefits of the RuPay card and the constraints in using it were also collected.

Major Findings (Bihar):

- A majority of the respondents belong to the economically weak and marginalized communities. Only 4% of the respondents belong to the general category.
- The educational status of the respondents is very poor. This is a major drawback that is affecting the use of PMJDY account and RuPay card. 46% of the respondents are either illiterate or have studied till the primary level.
- **Financial Inclusion of Women:** 57% of the PMJDY account holders are women. Non-working housewives constitute 39% of the PMJDY account holders. Although, the operation of the accounts on a regular basis remains a challenge, women are making financial decisions regarding account operations and are withdrawing money.
- **Financial Inclusion of Teens / Youth:** PMJDY has included teens in the digital banking system, thus ensuring a behavioural change at an early age. 25% of the respondents are in the age group of 15-20 years.

Major Findings (Uttar Pradesh):

- Majority of the respondents belong to the economically weak and marginalized communities. **While only 24% of the respondents belong to the general category.**
- Educational status of the respondents is very poor. This is a major drawback which is affecting the use of PMJDY account and RuPay card. **Close to 40% of the respondents are either illiterate or have studied till the primary level.**
- **Financial Inclusion of Women:** 61% of the PMJDY account holders are women. Non-working housewives constitute 47% of the PMJDY account holders. Although, the operation of the accounts on a regular basis remains a challenge, women are making financial decisions regarding account operations and are withdrawing money.
- **Financial Inclusion of Teen / Youth:** PMJDY has included teens in the digital banking system, thus ensuring a behavioural change at an early age. 14% of the respondents are in the age group of 15-20 years.

PMJDY Account Opening and Receipt of RuPay Card

The study captured data on the proportion of respondents who opened a PMJDY account in a given year and the time lapse between account opening and issuance of the RuPay card since the inception of the programme in 2014. The FGDs revealed that barring a few cases where the banks failed to dispatch the cards, mostly low awareness about the cards benefits, ignorance and apprehensions regarding its misuse restricted them from availing the RuPay card.

Major Findings (Bihar):

- Majority of the PMJDY account holders (66%) received RuPay debit card along with PMJDY account opening.
- Those who did not receive the card, they either did not take it intentionally as they are ignorant about its benefits or they are apprehensive of it being misused.
- A few also reported that they were being asked to pay to get the card.
- Non dispatch of RuPay cards from banks and in a few cases people not taking the cards from the banks.

Major Findings (Uttar Pradesh):

- Majority of the PMJDY account holders (77%) received RuPay debit card along with PMJDY account opening.
- Those who did not receive the card, they either did not take it intentionally as they are ignorant about its benefits or they are apprehensive of it being misused.
- A few also reported that they were being asked to pay to get the card.
- Non dispatch of RuPay cards from banks and in a few cases people not taking the cards from the banks.

Current Possession and Use of RuPay Card:

Another important aspect of the study was determining the proportion of the respondents who actually possess the RuPay card at the time of the study and whether they use it on a regular basis.

Active use is a critical component in furthering healthy financial behaviour and reaching the advantages of the scheme to this section.

A special emphasis was given to collating this data for adolescent girls and women as their financial freedom is the cornerstone for future self-sufficiency and empowerment.

Further, data on the frequency with which the card is used, pattern of usage, and specific causes and barriers to possessing or utilizing the card was also collated.

Major Findings (Bihar):

- 85% of PMJDY account holders have RuPay debit card. Percentage of respondents having RuPay debit card increased from 66% to 85% between time of opening of PMJDY account and the survey period.
- Out of the 85% of respondents currently in possession of RuPay debit card, 60% are using the card.
- Among the 40% of respondents who are not using the card, the card is not activated in case of 58% of the respondents.
- Out of the 60% of respondents who are using the card, 31% have not operated the RuPay debit card in last one month.
- Out of the 53% of respondents who used the RuPay card, 89% of them used the card for cash withdrawal.

Major Findings (Uttar Pradesh):

- 65% of PMJDY account holders have RuPay debit card. The percentage of respondents having RuPay debit card decreased from 77% to 65% between time of opening of PMJDY account and the survey period.
- Among the 51% of respondents who are not using the card, the card is not activated in case of 27% of the respondents.
- Out of the 42% of respondents who used the RuPay debit card, 59% of them used the card for cash withdrawal.

RuPay Card: Activation, Awareness on uses and Overdraft facility

Change is an incremental process often surrounded by misgivings for people undergoing it. Acceptance, adoption and internalization of a new technology among people who have been hitherto alienated from it is a huge change which requires careful change management and hinges on comprehensive awareness generation and training programmes.

RuPay Card Activation

The study endeavoured to find out the level of participation in the awareness generation and training programmes and if their content and quality were effective in capacity building of the respondents to activate and ultimately operate the RuPay card independently. It was discovered that in a majority of the cases no awareness generation camps were held in the villages and even then the participation rate was extremely low.

Additionally, data on the information received on PMJDY and RuPay Card, the training provider, medium of card activation, the nature of problems faced in activating the card as well as perceptions on usefulness of these programmes was also collected.

Awareness on uses of RuPay card

The RuPay card is the key to unlocking the benefits of PMJDY as it facilitates the sustained operation of opened bank accounts and thus it serves the goal of financial inclusion. The study showed that within a short span of time from the receipt of the RuPay card a majority of the respondents have become aware that it can be used for cash withdrawal. Although very few are aware of the financial benefits such as accidental insurance cover and merchant offers, and a sizeable section are unable to operate the card, still the common perception is that the card is easy to use.

Overdraft facility

The overdraft facility is an emergency fund for vulnerable borrowers who often resort to taking loans from informal and exploitative credit institutions and lead their lives in relentless cycles of debt. Evaluating the knowledge and use of this facility among the respondents was a critical component of the study as it allows the socio-economically weaker groups to build a credit history and sets the stage for larger institutionalized loans.

It was found that knowledge and actual availing of overdraft was relatively low. Several respondents mentioned that did not need to use it,

a few were ineligible for it and a few were unaware of the terms of repayment hence avoided availing it. A large proportion of the respondents felt that the overdraft facility was beneficial for them.

Major Findings (Bihar):

- In case of 75% of the respondents, awareness generation camps on PMJDY or RuPay card were not held in their village.
- Out of 631 respondents, who were aware of awareness camps, only 13% participated in the camp.
- Out of 2275 respondents, who received RuPay Card, only 4% received training/instruction on activation and use of RuPay debit card.
- The training/instruction on activation and use of RuPay debit card was mostly provided by bank personnel & CSPs.
- Out of the 4% of respondents who received training, 81% of them feel that the training was useful.
- Out of all the card holders, 24% of the respondents faced problems in activation of the RuPay card.
- There is apprehension in using the card due to fear of losing money. Out of the 24% of respondents who faced problems in card activation, 43% of them have not activated the card due to this reason.
- Respondents took help from banks, CSPs and friends/relatives to activate the RuPay card.
- Out of total 1315 respondents, who use the RuPay Card, 75% are able to use the card on their own.
- More than half of the respondents (57%) are aware of the uses of RuPay debit card.
- Out of 57% respondents (1287), who knows about the use of RuPay Card, majority (97%) know that the card is used for withdrawing money.
- Only 35% of the respondents are aware of the financial benefits of RuPay debit card.
- 75% of the respondents (out of 802 respondents (35%), who are aware of financial benefits of RuPay Card) are aware that there is an accidental insurance cover of Rs.1 lakh
- 37% of the respondents are aware of the fact that RuPay is a domestic card.
- 81% of the respondents (out of 1315 respondents, who uses RuPay Card) feel that RuPay debit card is easy to use.
- Out of 19% respondents, who do not find easy to use the RuPay Card, 76% have no knowledge of how to use the card.
- Awareness levels towards the overdraft facility in PMJDY account is extremely low. 88% of respondents are not aware of the overdraft facility in their PMJDY account.

- Out of total 301 respondents, who were aware of overdraft facility, only 37% of the total respondents have taken overdraft facility.
- Majority of the respondents have taken an overdraft amount of less than Rs.2000.
- Nearly 33% of the respondents who have taken overdraft facility, have taken it only once.
- 71% of the respondents who have availed the overdraft facility, feel that the overdraft facility is useful.

Major Findings (UP):

- In case of 40% of the respondents, awareness generation camps on PMJDY or RuPay card were not held in their village.
- Out of 1464 respondents, who were aware of awareness camps, 55% participated in the camp.
- Out of 2246 respondents, who have received RuPay Card, 57% have received training/instruction on activation and use of RuPay debit card.
- The training/instruction on activation and use of RuPay debit card was mostly provided by bank personnel & CSPs.
- Out of the 57% of respondents who received training, 76% of them feel that the training was useful.
- Out of all the card holders, 54% of the respondents faced problems in activation of the RuPay card.
- There is apprehension in using the card due to fear of losing money. Out of the 54% respondents who faced problems in card activation, 29% of the respondents have not activated the card due this reason.
- Respondents took help from banks, CSPs and friends/relatives to activate the RuPay card.
- Out of total 950 respondents, who use the RuPay Card, 79% are able to use the card on their own.
- More than half of the respondents (51%) are aware of the uses of RuPay debit card.
- Out of 57% respondents (1151), who knows about the use of RuPay Card, majority (74%) know that the card is used for withdrawing money.
- 31% are aware of the financial benefits of RuPay debit card.
- 60% of the respondents (out of 690 respondents (31%), who are aware of financial benefits of RuPay Card) are aware that there is an accidental insurance cover of Rs.1 lakh
- 42% of the respondents are aware of the fact that RuPay is a domestic card.
- 63% respondents (out of 950 respondents, who uses RuPay Card) feel that RuPay debit card is easy to use.
- Out of 37% respondents, who do not find easy to use the RuPay Card, 17% have no knowledge of how to use the card.

- Awareness levels towards the overdraft facility in PMJDY account is extremely low. 80% of respondents are not aware of the overdraft facility in their PMJDY account.
- Out of total 497 respondents, who were aware of overdraft facility, only 22% have taken overdraft facility.
- Majority of the respondents have taken an overdraft amount of less than Rs.2000.
- Nearly 35% of the respondents who have taken overdraft facility, have taken it only once.
- 94% of the respondents who have availed the overdraft facility, feel that the overdraft facility is useful.

Role of Customer Service Points (CSP):

The Customer Service Points (CSPs) play a key role in extending the outreach of banking services to the remotest regions where the physical infrastructure for banking was hitherto unavailable. A detailed investigation of the role of the CSPs and their functioning was done during the study. A huge section of the respondents expressed overall satisfaction with the functioning of the CSP in their locality. A small proportion, who expressed dissatisfaction, brought up concerns such as lack of liquidity in the CSPs, dysfunctional machines, uncooperative staff and the outlet being often closed.

Major Findings (Bihar):

- Customer Service Points are functioning properly and living up to the expectations of the respondents at large. 64% of the respondents are satisfied with the services provided by the CSPs.
- Cash availability, CSP's working hours, network issues, payment of extra fees and non-cooperation of CSP personnel are some the issues which are hindering use of CSPs. Out of 30% respondents, who were dissatisfied with the services of CSPs, 39% reported that there is a problem of cash availability in the CSP.
- The mandate of PMJDY scheme to provide banking facilities within 5 km radius of a village has been achieved successfully. 98% of the respondents mentioned that there is a CSP within a distance of 5 km from the village.
- 70% of the respondents reported that there are no shops with PoS machine in their village.

Major Findings (UP):

- Customer Service Points are functioning properly and living up to the expectations of the respondents at large. 70% of the respondents are satisfied with the services provided by the CSPs.

- Cash availability, CSP's working hours, network issues, payment of extra fees and non-cooperation of CSP personnel are some the issues which are hindering use of CSPs. Out of 30% respondents, who were dissatisfied with the services of CSPs, 70% reported that there is a problem of cash availability in the CSP.
- The mandate of PMJDY scheme to provide banking facilities within 5 km radius of a village has been achieved successfully. 87% of the respondents mentioned that there is a CSP within a distance of 5 km from the village.
- 56% of the respondents reported that there are no shops with PoS machine in their village.

Shift in behavioural trends in Banking Practices - and Linkages with Government schemes

The PMJDY programme brought banking services to the doorstep of the most under-privileged sections of the society in the remotest regions of the country. It is expected that by availing these services people's financial behaviour would undergo a change over time. An important component of the study was to assess people's perception on access to banking services and the resulting change in financial behaviour in terms of transition from conventional

payment methods to cashless transactions, reasons for doing so, change in frequency of banking—if any, and shift in saving behaviour. Respondents show a slow but gradual change in behaviour in terms of using RuPay card to withdraw cash from CSPs rather than going to banks. Though RuPay card has also been linked to schemes such as KCC and PMMY, awareness levels towards the cards, possession and use is very low. It is critical that the financial awareness and literacy programs help people become awareness of these linkages with RuPay card as well.

Major Findings (Bihar):

- 87% of the respondents feel that banking services are now closer to them.
- Out of 1315 respondents, who use RuPay Card, 57% use RuPay card now instead of cash transactions
- 93% of the respondents, who use RuPay card instead of cash transaction, feel that online transactions save them time
- 50% of the respondents reported an increase in the frequency of banking after they started using RuPay debit card.
- 49% of the respondents reported that they are saving more money in their bank account now.

- 77% of the respondents have less than Rs.5000 in their PMJDY account
- 9% of the respondents are aware of the RuPay Kisan Card.
- Only 7% of the respondents are aware of the benefits of RKC. Among the farmers, 31% are aware of the benefits of the card.
- Only 2% of the respondents and 4% of the farmers are aware that the card is used to withdraw the loan.
- Only 2% of the respondents and 4% of the farmers know that it can be used to withdraw credit anytime based on need.

Major Findings (Uttar Pradesh):

- 76% of the respondents feel that banking services are now closer to them.
- Out of 950 respondents, who use RuPay Card, 63% use RuPay card now instead of cash transactions.
- 72% of the respondents, who use RuPay card instead of cash transaction, feel that online transactions saves them time, 56% think that it is an easier option and 51% think that it saves transportation cost.
- 70% of the respondents reported an increase in the frequency of banking after they started using RuPay debit card.
- 66% of the respondents reported that they are saving more money in their bank account now.

- 36% of the respondents have less than Rs.5000 in their PMJDY account.
- 7% of the respondents are aware of the RuPay Kisan Card.
- Only 7% of the respondents are aware of the benefits of RKC. Among the farmers, 26% are aware of the benefits of the card.
- Only 4% of the respondents and 12% of the farmers are aware that the card is used to withdraw the loan.
- Only 2% of the respondents and 8% of the farmers know that it can be used to withdraw credit anytime based on need.

Conclusion and Recommendations

The study reveals that the selected regions have made reasonable progress towards financial inclusion to ensure that the benefits of development are distributed equitably, especially among the poor and vulnerable sections of the society but this is yet an emerging trend.

Still, the road to complete financial inclusion is long and arduous and the momentum generated by PMJDY, agent-based branchless banking and the RuPay Card are the key to financial access in previously unbanked areas. This needs to be judiciously sustained in order to continue to move forward.

Though RuPay card has also been linked to schemes such as KCC and PMMY, awareness levels towards the cards, possession and use is very low. It is critical that the financial awareness and literacy programs help people become aware of these linkages with RuPay card as well.

Awareness, education, financial literacy and behavioural change were the key areas which need to be strengthened. This was the consolidated view of the senior banks officials who were consulted during the study for the overall improvement of the RuPay card scheme.

1. Financial Literacy

Financial Literacy is a combination of financial awareness, knowledge, skills, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being.

The awareness level and education of the stakeholders is the key in the successful adoption of the RuPay card, as the primary medium to facilitate transactions via the agency of CSPs, ATMs, and electronic platforms. In the context of increasing and diversifying the usage of RuPay cards, it becomes even more critical that the respondents acquire the know-how of card activation, method of usage, types of usage, and multiple benefits associated with it.

The selected regions are typically characterized by low literacy levels, low financial literacy, low awareness about PMJDY & RuPay cards (RuPay debit card, RKC and RuPay Mudra card, low know-how of overdraft facility, Direct Benefit Transfer and other banking facilities linked with PMJDY account. After PMJDY was launched in 2014, awareness generation and financial literacy camps were held systematically across the country. The memory of these efforts seems to have faded in the minds of the people over time and they merely recall these camps as account opening drives. It is critical that continuous refresher courses are held in the coming year to sustain the current momentum as the RuPay card base continues to expand.

A few recommendations to maximize the impact of awareness generation and increase the financial literacy levels are enumerated below:

a. Awareness generation camps: With only 25% of people in Bihar and 60% of respondents in Uttar Pradesh reporting that awareness camps were conducted in their village, and the fact that they recall these camps as account opening drives only, it is evident that lapse of time has blurred the information received then. In such a scenario, it becomes imperative that awareness programs are organized.

The frequency of the camps should be increased with a system of follow-up for reinforcement and retention of knowledge.

b. Financial Literacy Programs: As evident from the data, the RuPay card base has expanded substantially with 85% possession rate in Bihar and 65% possession rate in Uttar Pradesh. But as far as the level of usage is concerned, it still hovers around 60% in Bihar and 65% in Uttar Pradesh. Financial literacy is the key to making successful use of the financial services unlocked by the RuPay card. Thus, a comprehensive financial education programme run in collaboration by Financial Literacy Centres (FLCs), rural banks, and CSPs could enable the card holders to navigate the new financial landscape efficiently.

This programme should aim at capacity building for financial planning, healthy saving habits and understanding of financial products and credit facilities. Another critical component of the programme could focus on counselling and change management for newly inducted people in the banking arena.

c. Financial Behavioural Change: With a rapid increase in the RuPay card base, more and more people are able to bypass traditional entry points of physical bank branches and are coming into the ambit of formal banking in the selected regions.

The increase has been rapid in a very short time. The frequency of banking and the amount of savings in the account have also shown a small increase.

Despite this development in access, cash oriented financial practices are still preferred by many (43% in Bihar and 37% in Uttar Pradesh) over cashless methods. Individual barriers such as apprehensions about use of the card, low awareness levels and poor educational status combined with poor socio-economic status are largely responsible for limited use of cashless methods for transactions.

In this scenario, financial education to promote financial literacy and thus bring about a change in the financial behaviour becomes very critical.

The following recommendations are being made to facilitate the shift to healthy financial behaviour:

- A comprehensive financial education programme implemented by FLCs, rural banks and CSPs, one component of which could be counseling and change management to allay apprehensions or hesitation towards use of technology in banking.
- Tailor behaviour change programmes based on in-depth study of income flow, expenditure, savings, and borrowing behaviour of the target population.

2. Empowering Women and Adolescent Girls

Gender is a critical dimension in financial inclusion. The introduction of RuPay card has supported the inclusion of adolescent girls & women across the country. The study revealed that a majority of the account holders in possession of RuPay card are women and that several of them are coming out of their homes to independently operate their card by visiting CSPs to withdraw cash. This process has enabled them to make financial decisions on their own, and is a huge step towards women's financial autonomy.

Despite this development, most RuPay card holders have a poor educational status and low financial literacy which can be overcome with targeted interventions focused on awareness generation, financial literacy and financial behavioural change programs on a sustained basis for the adolescent girls and women. A concerted effort towards making women financially aware & literate and inculcating healthy financial behaviour will empower women to form an independent financial identity and aid them in accessing formal credit for productive income-generating activities, thus giving them financial autonomy.

3. Financial Independence of Adolescents

The study found that a fair proportion of teenagers (between 15-19 yrs) have opened accounts under PMJDY. These youngsters are able to navigate the internet and electronic platform with great ease. The teens are more likely to use digital banking options than the adults because of their awareness & higher probability of acceptance of new technologies and their ease with using mobile phones. Inclusion at an early age also ensures behavioural changes such as saving for higher education and crises, mindful spending, awareness about schemes and products, diversifying sustainable livelihood opportunities in the future, and employing technology (such as RuPay Card) for all transactions which will eventually build their financial capital and is required for transitioning from a cash-oriented economy to a digital cashless one.

With a large proportion of representation in the overall population of the country, there is an immense opportunity to further bring teens in to financial inclusion programmes very early in their life.

A special thrust on making them financially literate is emergent so that they can keep pace with the various digital economic drives and benefit from them.

4. Customer Service Point (CSPs)

The Customer Service Points has been able to bridge the financial exclusion gap across the country by providing all banking solutions close to the doorstep of the consumers. The study shows us that 98% of the CSPs in Bihar and 87% of the CSPs in Uttar Pradesh are within a distance of 5 km.

A crucial role of the CSP is also facilitating awareness & financial literacy among the customers in its catchment area on a regular basis and to bring those who are still out of the ambit of the financial inclusion program.

The CSPs undertook the awareness and financial education in villages initially after opening the CSPs but now the focus is to cater to the needs of the existing customers than looking for more inclusions.

Certain CSPs are facing coordination problems with banks with regard to regular availability of cash. The CSPs also expressed their inability to help customers who have not received RuPay card till now. Coordination issues with banks needs to be resolved for smooth functioning of the CSPs.

Security issues are being faced by the CSP personnel who bring cash from banks on almost daily basis. Incidences of attack (shooting) on CSP personnel carrying cash have been periodically reported and these incidences may rise in the future unless there are inbuilt mechanism in the program to address it.

CSPs are changing the lives of lakhs of women who are associated in the program as CSP In-charge or CSP personnel. Women are independently operating CSPs on a full time basis. Efforts should be made to include more women as CSP In-charge and CSP personnel.

INTRODUCTION

The Indian economy is growing with a focus on the achievement of sustainable development goals and the thrust is on maximum participation from all sections of the society, especially the weak and the marginalized in remote rural areas. Activities of modern economy are significantly influenced by the functions and services of banks and the banking sector constitutes the core of a robust economic system. In this context it is notable that rural economy is the backbone of the Indian economy and the access to banking services is a critical factor in capital formation and achieving comprehensive growth. This growth includes expansion of financial services, growth of financial institutions and an increase in per capita amount of financial services and institutions. It is considered as a prerequisite for empowerment, employment, economic growth, poverty reduction, and social cohesion (NAFIS, 2016-17)[1].

1.1 Need for Financial Inclusion

Indian rural households are overpoweringly dependent on agriculture as the primary source of livelihood.

Majority of them are small or marginal farmers and the weakest sections are landless.

The financial needs of India's rural poor reflect the volatile, uncertain, and irregular income streams and expenditure patterns of these households. (APJR, 2013, Volume 2) [2]. Seasonal sale of agricultural produce and intermittent wage labour are the main sources of income. Shocks, trends and seasonality define the vulnerability context of the rural poor and the varying degrees of exposure to these occurrences undermines livelihoods and escalates poverty.

Further, meager assets and disempowering institutions and processes weaken their resilience to tackle eventualities and devise strategies to secure their livelihoods. The risks often centre on meteorological factors such as rainfall and temperature trends, crop loss due to pest attacks and loss of livestock. Other risks include change in health status and mortality, on-going food scarcity, and conflicts. Institutions and processes play a critical role in enabling and shaping livelihoods by influencing

[1] NABARD All India Rural Financial Inclusion Survey(NAFIS) 2016-17

https://www.nabard.org/auth/writereaddata/tender/1608180417NABARD-Repo-16_Web_P.pdf

[2] NABARD All India Rural Financial Inclusion Survey(NAFIS) 2016-17

https://www.nabard.org/auth/writereaddata/tender/1608180417NABARD-Repo-16_Web_P.pdf

the access to assets and vulnerability to shocks. This includes both formal and informal membership organizations as well as the norms and customs that govern land tenure, credit, insurance, and markets. All these determine the terms of access to opportunities, production and exchange and subsequently livelihood outcomes.

Since the weakest and marginalized sections of the rural society have the poorest asset endowments, they have absolutely no collaterals when faced with crises. Such sections are not able to access formal and reliable credit sources and thus are dependent on non-institutional sources for high value investments. (NAFIS, 2016-17)[3]. The non-institutional sources mainly comprise of the local money lenders, friends and relatives. The terms of repayment are often exploitative and the borrowers are trapped in a cycle of debt that further pushes them in to destitution.

1.2 Role of Banks

As the incomes of the rural poor tend to be small, irregular, and unreliable, and they have few collaterals to absorb the shocks and risks they face, they need the full armory of intermediating modes—saving up for

future spending, taking advances against future savings, and building cash reserves that can be called on at any time. They need a wide range of financial services—from small advances to tide over consumption needs to loans for investment purposes to long-term savings that help them manage life-cycle needs (APJR, 2013, Volume 2)[4].

In this background, access to banking services provides the marginalized sections with an opportunity to realize their economic goals and improve their financial position by providing a wide range of financial services, thereby contributing to overall growth of the economy. To this end, the Government of India along with the Reserve bank of India (RBI) has been making rigorous efforts to bring hitherto unbanked sections in the remotest rural areas under the ambit of formal banking services. The different policy initiatives taken up by the RBI and Government over the past six decades to provide inclusive financial growth are:

- Nationalization of Banks
- Regional Rural Banks
- Prescription of priority sector targets

[3] 3NABARD All India Rural Financial Inclusion Survey (NAFIS) 2016-17

https://www.nabard.org/auth/writereaddata/tender/1608180417NABARD-Repo-16_Web_P.pdf

[4] 4S., Dileep & Rao, G.V. Kesava (2013). A Study on Indian Rural Banking Industry-Issues and Challenges, Asia Pacific Journal of Research, Volume 2, Issue 4.

<http://apjor.com/files/1372132807.pdf>

- Lending to weaker sections at concessional rates
- Introduction of Lead Bank Scheme
- Service Area Approach
- Self Help Groups (SHGs) -Bank linkage programme
- Relaxation in branch licensing norms
- Setting up of Rural Self Employment Training Institutes (RSETI) /Financial Literacy Centre (FLC)
- Appointment of Dr. C. Rangarajan Committee
- Engaging Banking Facilitators /Banking Correspondents

Despite these efforts, till 2008 approximately 185 million —potentially bankable people were not using formal banking services because of reasons like poor access or usage. (APJOR, 2013, Volume 25) [5]. Further, 60 per cent of the rural and urban population did not have a functional bank account according to the Mor Committee Report on Comprehensive Financial Services for Small Business and Low Income Households submitted in 2014.

According to Chakrabarty K.C (2009 (APJOR, 2013, Volume 26)[6], access to financial products is constrained by several factors which include:

lack of awareness about the financial products, unaffordable products, high transaction costs, and products which are not convenient, inflexible, not customised and of low quality.

1.3 Financial Inclusion

Financial inclusion is the process of warranting access to financial services and appropriate credit facilities for the weak and marginalized sections of the country through a comprehensive network of financial institutions and low-cost services at the doorstep. Financial inclusion can be understood as an important cornerstone of economic development. It is critical that for improving the financial condition of economically weaker sections of society, initiatives towards financial inclusion are indispensable.

The Committee on Financial Inclusion (Chairman: C. Rangarajan, 2008)[7] 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”.

[5] S., Dileep & Rao, G.V. Kesava (2013). A Study on Indian Rural Banking Industry-Issues and Challenges, Asia Pacific Journal of Research, Volume 2, Issue 4.
<http://apjor.com/files/1372132807.pdf>

[6] Chakrabarty, KC: Financial inclusion and banks – issues and perspectives, (2011)[1].
<https://www.bis.org/review/r111018b.pdf>

[7] The Committee on Financial Inclusion (Chairman: C. Rangarajan), (2008).
<https://www.rbi.org.in/scripts/PublicationsView.aspx?id=10494>

The OECD/INFE [8] has defined financial inclusion as follows: 'The process of promoting affordable, timely and adequate access to regulated financial products and services and broadening their use by all segments of society through the implementation of tailored, existing and innovative approaches including financial awareness and education, with a view to promote financial well being as well as economic and social inclusion.'

Through financial inclusion, the resource base of Indian financial system can be enhanced as it promotes a culture of savings amongst large segment or rural population. Provision of financial services to low income groups helps them to protect their financial wealth and use it during critical circumstances. Easy access to formal credit will protect the vulnerable sections of society from getting trapped in exploitative cycles of debt.

1.4 Goals of Financial Inclusion

The primary goals of Financial Inclusion as enumerated by the Mor Committee[9] on Comprehensive Financial Services for Small Business and Low Income Households submitted in 2014 are:

1. Universal Electronic Bank Account:
2. Ubiquitous Access to Payment Services and Deposit Products at Reasonable Charges
3. Sufficient Access to Affordable Formal Credit
4. Universal Access to a Range of Deposit and Investment Products at Reasonable Charges
5. Universal Access to a Range of Insurance and Risk Management Products at Reasonable Charges
6. Right to Suitability (Each low-income household and small-business would have a legally protected right to be offered only —suitable financial services).

Fulfillment of these goals will enable people from lower income groups to stabilize their livelihood and improve their standards of living. Further, it will increase the financial resource base through motivating all individuals to have a bank account and thus inculcating the habit of saving. Additionally, the disbursement of cash under several schemes will become quick and transparent via direct transfers in the accounts of the beneficiaries.

[8] Financial literacy and inclusion, Results of OECD/INFE Survey Across Countries and by Gender, (2013). https://www.oecd.org/daf/fin/financial-education/TrustFund2013_OECD_INFE_Fin_Lit_and_Incl_SurveyResults_by_Country_and_Gender.pdf

[9] The Mor Committee Report on Comprehensive Financial Services for Small Business and Low Income Households (2014).

<https://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/CFS070114RFL.pdf>

1.5 Financial Literacy

Mere access to financial services does not translate into financial inclusion unless awareness and education about financial services is inculcated among the consumers, especially among those who are vulnerable to persistent downward financial pressures due to limited understanding of personal finance.

According to RBI, financial literacy can broadly be defined as “providing familiarity with and understanding of financial market products, especially rewards and risks, in order for making informed choices”. Financial literacy is critical as it benefits not only the consumers, but also the financial system and the economy by creating a demand for financial products and services. Thus, financial inclusion and financial literacy are twin pillars. While financial inclusion acts from supply side providing the financial market/services that people need, financial literacy stimulates the demand side- making people aware of what they can demand.

1.6 The Pradhan Mantri Jan Dhan Yojana (PMJDY) and RuPay

The Pradhan Mantri Jan Dhan Yojana (PMJDY)[10] launched in 2014 is a financial inclusion program that is aimed at bringing this hitherto unbanked section of the society into the ambit of formal banking services.

The program is structured to eliminate financial untouchability and aiding the poorest of the poor to escape the vicious circle of poverty.

With the aim to universalize banking, the scheme adopts an integrated approach to cover all rural and urban households in the country by extending banking facilities in each sub-service area consisting of 1000 – 1500 households such that facility is available to all within a reasonable distance.

Key features of PMJDY account:

- One banking account for every household
- RuPay Debit card to operate the account with in-built Rs 1 lakh personal accident insurance cover
- Life insurance cover of Rs.30,000
- Zero balance account
- Interest on deposit
- Easy Transfer of money across India
- Rs. 10,000 overdraft facility for Adhar linked accounts
- Direct Benefit Transfer of government schemes
- Access to various pension and insurance products
- Financial literacy

As on March 31, 2019, there were 35.27 crore bank accounts opened under PMJDY and deposits in the PMJDY bank accounts was 96,107 crore (RBI).

[10] <https://www.pmjdy.gov.in/>

RuPay Card - Key to Financial Inclusion

The RuPay card, an indigenous domestic debit card introduced by National Payment Corporation of India (NPCI)[11] which is given to every PMJDY account holder, is the second critical step towards financial inclusion as it is the key which unlocks the banking services via the agency of electronic platforms, ATMs and PoS machines.

This will help rural people in the remotest regions of India to by pass the conventional process of branch banking and cheque clearing by shifting to card payments and electronic transactions. As on march 31, 2019, the total number of RuPay debit cards issued to PMJDY account holders was 27.91 crores. (RBI)[12]

Key features of RuPay card:

- 1.Lower cost and affordability.
- 2.Customized product offering.
- 3.Protection of information related to consumers.
- 4.Electronic product options to untapped/unexplored consumer segment.
- 5.Inter-operability between payment channels and products:
- 6.Issuing Banks: At present RuPay has collaborated with almost 1100 international, regional and local banks across the country.
- 7.Accidental Insurance for RuPay ATM cardholders of Rs 1 lakh.

1.7 Linkages of RuPay with Government Schemes

The RuPay card has been linked to other govrnment schemes besides PMJDY like the Kisan Credit Card (KCC)[13] scheme and Pradhan Mantri Mudra Yojna (PMMY). The customers are given RuPay Kisan card and RuPay Mudra card to operate the loan. The objective of linking these cards is to extend the benfits of the RuPay card to these sections of the population.

RuPay Kisan Card (RKC)[14]

Kisan Credit Card (KCC) scheme aims at providing need-based and timely credit support to the farmers for their cultivation needs as well as non-farm activities in a cost effective manner.

Farmers under this scheme are issued a RuPay Kisan Card (RKC) on their account. The card enables the farmers to withdraw cash as per their requirements from any ATM/PoS rather than going to branch. The card comes with majority of the RuPay debit card features.

[11] <https://www.rupay.co.in/>

[12] 12Reserve Bank of India (RBI) Reports

[13] <https://www.rupay.co.in/rupay-kisan-card-credit>

[14] <https://www.sbi.co.in/portal/web/agriculture-banking/kcc>



Interaction with RuPaY Card holders in Hardoi, Uttar Pradesh

Financial Inclusion of Women

Economic development of a society is incomplete without the inclusion and participation of women in the entire process.

Besides poor educational status, financial literacy is low among the PMJDY account holders and the RuPay card holders, especially among the adolescent girls & women.

It is heartening to see that a large proportion of women are covered under the scheme but the operation of these accounts on a regular basis still remains a major hurdle. This can be achieved through focused awareness generation, financial literacy and financial behavioural change programs on a sustained basis.

Financial literacy will empower women to form an independent financial identity and aid them in accessing formal credit for productive income-generating activities thus giving them financial autonomy.

Financial Inclusion and Autonomy of Teenagers

Traditionally, management of household finances has been the domain of the older members, and teenagers have had very little autonomy or say in these matters. As compared to the adults, the proportion of teens with bank accounts in the rural areas was negligible as very few financial inclusion programs had the eligibility age of 10 years & above for opening and operating an account.

The PMJDY and RuPay Card Scheme have brought a substantial proportion of teenagers under the ambit of banking and the financial inclusion process. The teens are more likely to use digital banking options than the adults because of their awareness & higher probability of acceptance of new technologies and their ease with using mobile phones. Inclusion at an early age also ensures behavioural changes such as saving for higher education and crises, mindful spending, awareness about schemes and products, diversifying sustainable livelihood opportunities in the future, and employing technology (such as RuPay Card) for all transactions which will eventually build their financial capital and is required for transitioning from a cash-oriented economy to a digital cashless one.

With a large proportion of representation in the overall population of the country, there is an immense opportunity to further bring the teens in to financial inclusion programmes very early in their life. A special thrust on making them financially literate is emergent so that they can keep pace with the various digital economic drives and benefit from them.

Objectives, Data and Methodology

2.1 Objective of the Impact Assessment Study

The study was undertaken to understand the impact of RuPay card on weaker and marginalized sections in Bihar and Uttar Pradesh. The study documented the uses of current payment made by the people, achievement of financial inclusion and progress towards the less-cash economy and also collected feedback from people for the improvement of the scheme.

Objectives

The broad objectives of the study were to:

1. Study the existing status, changing process and shift from traditional payment method to cashless payment method as a result of issue of RuPay Card.
2. Assess the level of awareness about the RuPay Card and its benefits among different segments of the society.
3. Assess the constraints in access to RuPay Card for citizens.
4. Assess the level of utilization of RuPay Card by the cardholders.
5. Study the role of Customer Service Point (CSP).
6. Examine the role and utility of RuPay Card in achieving the financial inclusion goals and linkages with schemes like PMJDY, Kisan Card, etc.

2.2. Research Methodology used in the Study

Sequential Mixed method combining Qualitative and Quantitative methods was undertaken in this study. The following tools were used in the study:

1. Secondary information
2. A pilot survey of 100 households from 50 villages
3. Focussed group discussions based on a semi structure interview schedule. Each such FGDs went on for 30-45 minutes followed by a Content analysis and Coding of major factors were done. Here the unit of analysis is Villagers
4. Interview Schedule with some major stakeholders who were involved in the process of distributing Rupay Cards followed by a Content analysis and Coding of major factors for analysis.
5. A survey based on quantitative methodology to collect data was undertaken. Here the unit of analysis is Villagers. Descriptive statistics was used to analyze the data.

A pilot survey is conducted to build an instrument for quantitative survey data collection. Both Qualitative and Quantitative methods are used in order to cross check the validity of the responses.

2.2.1. Sample Frame and Criteria of Sample Selection:

This study is based on the two states UP and Bihar which have low per capita income below the Indian average. Financial Inclusion is therefore vital to make an economic impact on the lives of people in these two states. However it was difficult to cover the states entirely due to time and costs constraints. Thus we have selected representative districts of Bihar and UP as a Sample Frame. Four such districts both in Bihar and UP have been selected for the study based on two criteria to evaluate the impact of Rupay card. These are

- Proportion of people availing Banking services as per Census 2011 (refer Annexure 2)
- Remoteness of districts from major cities and largely rural in nature.

In each state two districts are selected which have either less or equal proportion than that of State proportion of people availing banking facility and the other two districts have higher proportion than the State proportion of availing Banking services. Four districts in each state also follow the second criteria with low proximity to major cities of the respective two states. People in the districts which have major cities or near major cities possess better banking habits than their counterparts in remote villages.

Thus introduction of Rupay card in the lives of people with weak banking habits is likely to create greater difference in availing banking facilities.

The study team engaged with different sections of communities to assess the impact of RuPay card and to understand the scheme of things in a comprehensive way. For the purpose of the study, only those villages were considered that had PMJDY account holders. This approach had to be taken because there were several villages where no one possessed RuPay Cards or there were very few cardholders. Again, there were pockets where clusters of villages had respondents with RuPay card.

2.2.2 Sampling Method

For Pilot study 100 respondents from 50 villages were chosen through a snowball sampling method as potential respondents having PMJDY accounts. For Focussed Group Discussions and the survey, villages were selected through convenient and purposive sampling to identify the potential villagers holding PMJDY accounts. The villagers were selected through simple random sampling from a pool of potential villagers with PMJDY account in the selected village.

2.2.3. Criteria for Selecting Interviewees for the Qualitative Study

The study team engaged with different sections of communities to assess the impact of RuPay card and to understand the scheme of things in a comprehensive way. For the purpose of the study, only those villages were considered that had PMJDY account holders, hence the sampling was non-probabilistic and purposive sampling was under taken. This approach had to be taken because there were several villages where no one possessed RuPay Cards or there were very few cardholders. Again, there were pockets where clusters of villages had respondents with RuPay card. Thus, the villages were picked selectively for the study.

2.2.4. Engagement with Key Stakeholders

One of the key stakeholders, the bank officials, was identified at the state, district, and block levels. Similarly, bank officials at the village level banks were also identified.

The criterion for selecting these officials was that they have served in rural banks after the commencement of PMJDY (2014 onward). The team engaged in detailed consultations with them to develop an understanding of the PMJDY program, RuPay Card and associated schemes such as RuPay Kisan Card.

The consultations also threw light on other significant aspects pertaining to operations and management. This information was also used to structure the interview schedule for the respondents.

Further, these officials hailed from different banks such as State Bank of India, Bank of Baroda, Canara Bank and so on to get diverse views. The officials expressed that they want to stay anonymous such that they could talk freely. The officials also mentioned the challenges faced in implementation of the PMJDY and RuPay Card scheme and various operational challenges on the supply side and issues on the demand side.

Table 1: Stakeholders

| Stakeholders | No. |
|--------------------------|-----|
| State Level Officials | 2 |
| District Level Officials | 7 |
| Block Level Officials | 12 |
| CSPs | 42 |

Another key stakeholder in the financial inclusion program is the CSP. Thus, CSP in-charges were consulted to understand the overall picture at the grass root level in their functioning and interactions with the customers.

2.2.5 Tools Development and Pilot Testing

The information collected from these consultations and secondary research was collated to develop the structured interview schedule for the survey. The survey approach was used to produce quantitative details of the studied population. Information generated from secondary research under different study objectives and from consultations with key stakeholders was applied to construct relevant questions under different heads. First the larger research questions were written down, material pertaining to each objective was distilled, and the questions were mapped accordingly.

A skip pattern was introduced in the schedule wherein a series of questions are associated with a conditional response. For example, if a respondent had not attended any of the awareness generation camps, then the associated questions around awareness generation camps were not posed to that respondent.

Once the first draft of the schedule was prepared, it was piloted with a sample of approximately 100 respondents covering 50 villages in Bihar & Uttar Pradesh to pinpoint problem areas, reduce respondent burden, determine whether or not respondents are interpreting questions correctly, ensuring that the

order of questions is not influencing the way a respondent answers, and judging the amount of time it takes to complete individual items in the survey as well as the full survey. The feedback garnered from the field was used for reflection and revision of the schedule.

2.2.6 Quality Assurance Measures for the Study

To ensure error-free data, following measures has been taken:

- The entire study is conducted under the supervision of senior experienced professionals.
- All the research investigators went through in-depth training session for the app and tools and were allowed to conduct the final study only when they had all clarity.
- All data are collected through mobile app. The captured data was always scrutinized at the central dashboard on daily basis for each surveyor.
- The consultants accompanied the research investigator on the field to deal with queries/clarifications regarding the study.

2.3. Description of Study Area and Sample Size

2.3.1 Study Area and Sample Size - Bihar

The study was conducted in 4 districts namely, Vaishali, Supaul, Muzaffarpur and Samastipur covering 7 blocks and 55 villages

Table 2: Study Area and Sample Size -Bihar

| Village | No. of Respondents | No. of FGDs Conducted | No. of FGD Participants |
|------------------|--------------------|-----------------------|-------------------------|
| Keotsa | 16 | 2 | 21 |
| Ladaura | 31 | 2 | 17 |
| Bahbal Bazar | 31 | 2 | 16 |
| Basdeo Chhapra | 24 | 1 | 8 |
| Dharampur | 31 | 2 | 16 |
| Gangi Chhapra | 22 | 2 | 18 |
| Mahdaya | 37 | 2 | 16 |
| Methunapur | 54 | Nil | 0 |
| Minapur | 74 | 2 | 16 |
| Mustafaganj | 41 | 2 | 17 |
| Puraina | 10 | 3 | 26 |
| Raghopur | 25 | 2 | 17 |
| Surjan Pakri | 26 | 2 | 18 |
| Manika Harkishun | 34 | 2 | 22 |
| Mushari | 85 | 2 | 17 |
| Prahaladpur | 60 | 1 | 9 |
| Bishanpur Bande | 29 | 2 | 19 |
| Chakabdul Gani | 80 | 1 | 9 |
| Chaknur | 78 | 2 | 16 |
| Chandopatti | 29 | 2 | 20 |
| Dadhia belar | 51 | Nil | 0 |
| Garuara | 20 | 3 | 25 |
| Jagdishpur Rani | 18 | 3 | 24 |
| Rahimpur Rudauli | 24 | 3 | 24 |

| | | | |
|---------------------|-------------|------------|------------|
| Rahmatpur | 44 | 1 | 8 |
| Rampur Dudhpura | 48 | Nil | 0 |
| Salempur Dasraha | 60 | 2 | 16 |
| Shambhu Patti | 22 | 2 | 18 |
| Singhia khurd | 10 | 3 | 27 |
| Taldashraha | 78 | 1 | 11 |
| Lat Basepura | 52 | 2 | 21 |
| Musapur | 43 | 2 | 19 |
| Banaili Patti | 85 | 2 | 18 |
| Bauraha | 38 | 2 | 19 |
| Bhagwanpur | 41 | 2 | 21 |
| Koskapur | 87 | 1 | 10 |
| Parmanandpur | 46 | 2 | 17 |
| Piprahinag | 21 | 2 | 25 |
| Baikunthpur | 88 | 2 | 19 |
| Bakarpur | 27 | 3 | 26 |
| Bakhri Barahi | 58 | 2 | 16 |
| Belkunda | 14 | 3 | 25 |
| Berai | 41 | 2 | 17 |
| Bhalui | 104 | 2 | 16 |
| Birna Lakhan Sen | 41 | 2 | 19 |
| Fatehpur Fulwariya | 58 | Nil | 0 |
| Gaushpur Bariyarpur | 44 | 1 | 9 |
| Majhepur Alipur | 40 | 2 | 18 |
| Matiyara | 41 | 1 | 8 |
| Narayanpur Buzurg | 89 | 2 | 17 |
| Pachain Mobark | 95 | 2 | 18 |
| Raja Pakar | 89 | 2 | 19 |
| Rampur Dilawar | 13 | 3 | 27 |
| Rampur Ratnagar | 104 | 2 | 16 |
| Sarsai | 22 | 3 | 28 |
| | 2573 | 103 | 919 |

A total of 2573 respondents who have PMJDY accounts were selected for the study.

2.3.2 Study Area and Sample Size – Uttar Pradesh

The study was conducted in four districts namely, Ambedkar Nagar, Balrampur, Hardoi and Shahjahanpur covering 19 blocks and 94 villages.

Table 3: Study Area and Sample size – Uttar Pradesh

| Village | No. of Respondents | No. of FGDs Conducted | No. of FGD Participants |
|------------------------|--------------------|-----------------------|-------------------------|
| Chakia | 35 | 1 | 8 |
| Goori Barah | 41 | 1 | 8 |
| Mundehra | 77 | 1 | 8 |
| Ratna | 173 | 1 | 9 |
| Kedru Pur | 39 | 1 | 9 |
| Padumpur Nasiruddinpur | 20 | 1 | 10 |
| Khutena | 19 | 2 | 18 |
| Mahadev misr | 52 | 1 | 8 |
| Mirzapur | 13 | 2 | 17 |
| Sisai | 44 | Nil | 0 |
| Charangahiya | 17 | 1 | 8 |
| Chhapiya | 8 | 2 | 17 |
| Mankaura | 10 | 1 | 10 |
| Padrauna | 21 | 1 | 9 |
| Ratanpur | 39 | Nil | 0 |
| Azam Deeh | 13 | 1 | 10 |
| Bargadwa Saif | 8 | 1 | 8 |
| Vishunpur | 30 | Nil | 0 |
| Achalpur Chaudhari | 15 | 2 | 16 |
| Ahirauli Bujurg | 19 | 2 | 17 |
| Kirtapur | 30 | 1 | 8 |
| Vijaypur Grint | 11 | 2 | 19 |
| Agaya Khurd | 52 | 1 | 8 |
| Chawai | 23 | 1 | 8 |
| Deoria Mubarakpur | 11 | 2 | 18 |
| Gidhaur | 14 | 1 | 10 |
| Sahdeia | 13 | 2 | 17 |
| Visambherpur | 25 | 1 | 10 |
| Bardahwa | 15 | 2 | 19 |
| Bhawanipur Kalan | 15 | 2 | 17 |
| Dandav | 35 | 1 | 8 |
| Davipatan | 30 | 1 | 8 |
| Jahandih | 21 | 2 | 16 |
| Jainagra | 20 | 2 | 17 |
| Laukahwa | 16 | 2 | 16 |

| | | | |
|--------------------|-----|-----|----|
| Mohanpur | 29 | 2 | 17 |
| Mudila | 45 | 1 | 8 |
| Narayanpur | 23 | 1 | 8 |
| Niboriya | 13 | 2 | 16 |
| Paraspur | 10 | 2 | 17 |
| Seo Charan Dih | 40 | 1 | 9 |
| Sudarshan Jote | 44 | 1 | 8 |
| Thakurpur | 14 | 2 | 18 |
| Imiliya Banghusara | 11 | 2 | 17 |
| Nagaria | 15 | 1 | 8 |
| Sakdaria | 13 | 2 | 16 |
| Basen | 29 | 1 | 8 |
| Kot | 20 | 1 | 8 |
| Baheriya | 19 | 1 | 9 |
| Bhamroli | 11 | 1 | 9 |
| Chatiha | 26 | Nil | 0 |
| Kashipur | 12 | 2 | 18 |
| Mawai Brahman | 32 | Nil | 0 |
| Korigawan | 18 | 1 | 9 |
| Lalpur | 16 | 1 | 10 |
| Madrawan | 20 | 1 | 8 |
| Bhusehra | 21 | 1 | 8 |
| Chandrampur | 13 | 2 | 19 |
| Harpalpur | 39 | Nil | 0 |
| Kakra | 33 | 1 | 8 |
| Nandkhera | 29 | Nil | 0 |
| kamipur | 23 | 1 | 9 |
| Mahry | 167 | 2 | 16 |
| Pratappur | 12 | 2 | 17 |
| Atiya | 35 | Nil | 0 |
| Naumalikpur | 10 | 2 | 18 |
| Rahimpur | 10 | 2 | 17 |
| Sahijana | 12 | 1 | 8 |
| Shuklapur Bhagat | 73 | 1 | 8 |
| Beriya Najeerpur | 31 | 1 | 8 |
| Bhagwant nagar | 14 | 2 | 17 |
| Bhithi nevada | 13 | 1 | 11 |
| Harai Pipri | 13 | 2 | 18 |
| Jarauna | 10 | 2 | 19 |
| Nedura | 27 | Nil | 0 |
| Raigain | 12 | 1 | 10 |
| Sarehjoo | 10 | 1 | 9 |
| Begamganj | 22 | 1 | 8 |
| Bibipur | 9 | 2 | 17 |

| | | | |
|---------------|-------------|------------|------------|
| Gausa donga | 40 | Nil | 0 |
| Gogawan Jot | 24 | 1 | 8 |
| Gogawan Umray | 32 | 1 | 8 |
| Jamkura | 8 | 2 | 17 |
| Kurna Timruk | 14 | 1 | 9 |
| Bhureli | 24 | 1 | 9 |
| Bilhari | 42 | Nil | 0 |
| Firozpur | 17 | 1 | 8 |
| Husainpur | 16 | 1 | 9 |
| Jauhana | 15 | 1 | 9 |
| Kamalpur | 24 | 1 | 8 |
| Lakhoha | 16 | 1 | 10 |
| Mansoorpur | 10 | 2 | 16 |
| Paliya patti | 46 | Nil | 0 |
| Rudarpur | 8 | 2 | 17 |
| | 2458 | 114 | 983 |

A total of 2458 respondents who have PMJDY accounts were selected for the study.

2.4 Study Tools

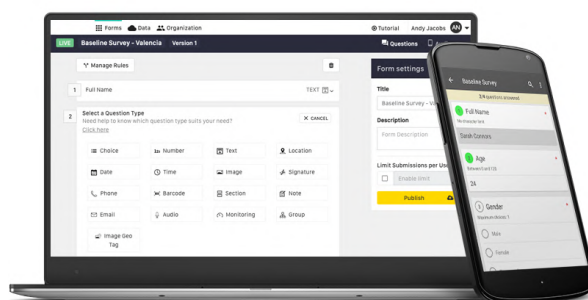
i) Secondary Information: The study has gathered relevant secondary data from online journals, bulletins, conference proceedings, and websites. Each of the six objectives was studied individually and the significant information was extracted.

ii) Household Impact Assessment Survey: Household surveys were conducted with PMJDY account holders to assess the possession & use of RuPay debit cards, level of awareness among account holders, card activation details, changes in banking practice.

iii) Focused Group Discussion (FGD): Focused Group Discussions were done to generate significant qualitative data from an assortment of stakeholders in a short time to gain a deeper understanding of the village level perceptions of needs. Focused Group Discussions (FGD) were undertaken with PMJDY account holders, RuPay card holders and CSP personnel. A total of 103 FGDs were undertaken in all the districts and blocks covering more than 900 respondents in Bihar. In Uttar Pradesh, 114 FGDs were undertaken covering more than 900 respondents.

RuPay Card Impact Assessment Survey Mobile Application

A mobile application platform was developed to conduct the study. The questionnaire was fed into the application and the investigators used the app to undertake the survey. The application has real time data entry. Besides the questionnaire, the application has a provision to take pictures of each respondent.



Once the questionnaire is fed into the application, one can invite multiple number of investigators through his / her mobile numbers. The real time data that is captured can be monitored at dashboard level by filtering any users / investigators through his / her mobile numbers and name.

Each question that is fed into the application can be made mandatory and the investigator can't change the format without permission from the central dashboard level.

In the study, pilot testing was carried out through the app for the feasibility at the field level. All the surveyors were trained to use the application prior to the study.

Challenges Faced in Data Collection:

As mentioned before, there were several villages where people did not have RuPay cards. Thus, those pockets where people did have them were identified first. Further, a majority of the PMJDY account holders could not identify the programme by name or the RuPay card either.

Thus, the team members had to ask them to show them the documents sent to them by the bank and then verify if it was a PMJDY account in the first place. It was only after physical verification of the papers that the interview were conducted.



An investigator undertaking the survey through “Survey App” in his mobile

PMJDY Account Opening and Receipt of RuPay Card

The study captured data on the profile of respondents who have PMJDY accounts by gender, age, educational status, social category and occupation. Further data about year of opening the PMJDY account, receipt of RuPay card with account opening and year of receipt of the card were also collected.

3.1 Profile of Respondents

3.1.1 Gender Distribution of the Respondents

Gender is a critical dimension in financial inclusion. PMJDY has supported the inclusion of adolescent girls & women across the country. Of the 34 crore beneficiaries banked as on April 18, 2018, more than half (18 crore) are women.

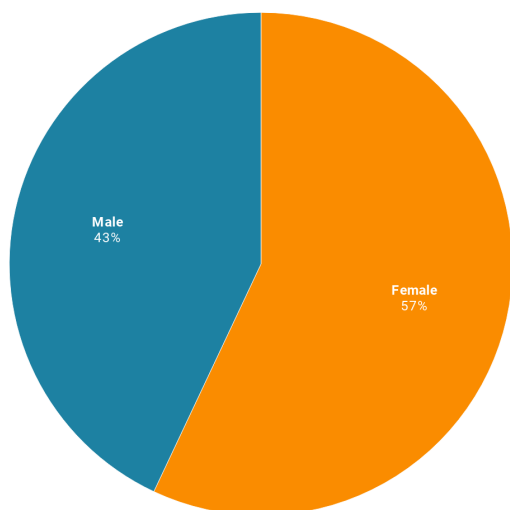
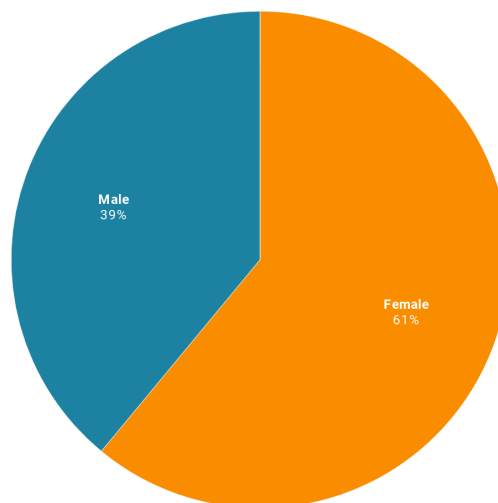
A concerted effort towards making women financially literate and inculcating healthy financial behaviour will make this critical development sustainable in the long run. The study collected data on the gender distribution of the PMJDY account holders. The findings are summarized in the charts.

The data shows that more than half of the respondents are adolescent girls & women. Out of total 2573 respondents in Bihar and 2458 in UP, 57% and 61% are women respondents respectively.

Tying back to one of the criteria in our sampling methodology, which requires the respondent should have an account under PMJDY, this ratio is indicative of how the PMJDY scheme coupled with RuPay has brought a large proportion of adolescent girls & women across the country within the ambit of banking services.

Table 4: Gender Distribution

| Gender | Bihar | Uttar Pradesh | Total |
|--------------------|-------------|---------------|-------------|
| Female | 1470 | 1504 | 2974 |
| Male | 1103 | 954 | 2057 |
| Grand Total | 2573 | 2458 | 5031 |

Chart 1: Gender Distribution (Bihar)**Chart 2: Gender Distribution (UP)**

During the Focus Group Discussion (FGD) with women, it was shared that several women are coming out of their homes to independently operate their PMJDY accounts by visiting CSPs to withdraw cash. This is motivating their peers as they are becoming aware of the benefits and are gradually accompanying them.

This process has enabled them to make financial decisions, no matter how small, and is a huge step towards women's financial autonomy.

3.1.2 Age Distribution of Respondents

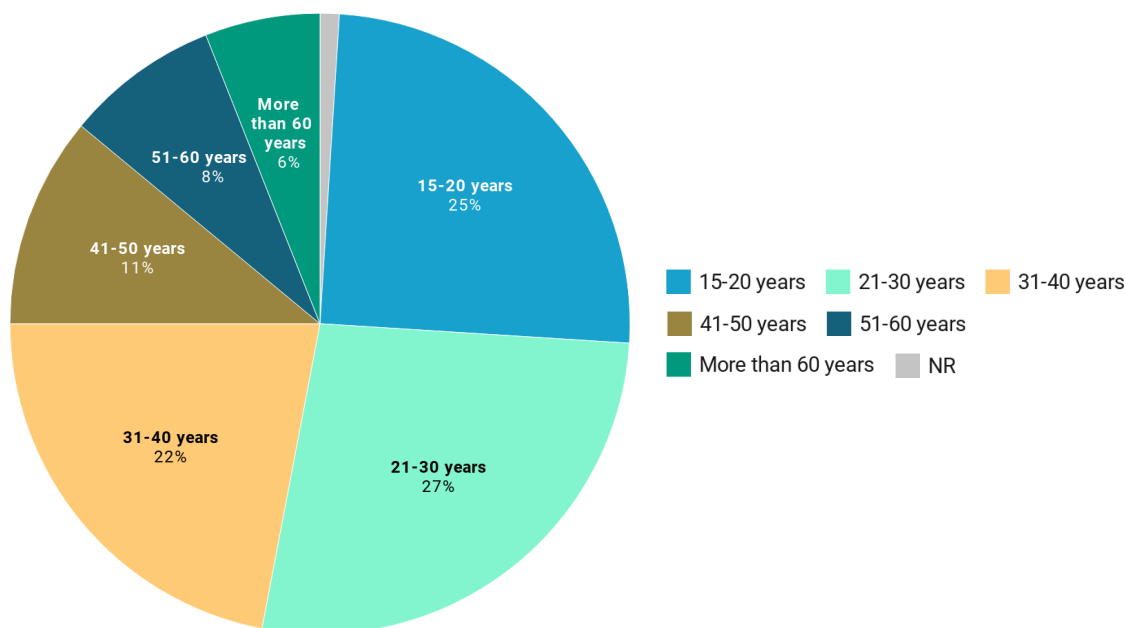
The age profile of the respondents was studied under the survey to identify the age category which has the largest proportion of PMJDY account holders. The age range of the respondents is between 15 years and above 60 years. The chart below shows this distribution by age.

Table 5: Age Distribution

| Age Group | Bihar | Uttar Pradesh | Total |
|--------------------|-------------|---------------|-------------|
| 15-20 years | 656 | 340 | 996 |
| 21-30 years | 682 | 771 | 1453 |
| 31-40 years | 560 | 692 | 1252 |
| 41-50 years | 294 | 398 | 692 |
| 51-60 years | 211 | 187 | 398 |
| More than 60 years | 157 | 65 | 222 |
| NR | 13 | 4 | 18 |
| Grand Total | 2573 | 2458 | 5031 |

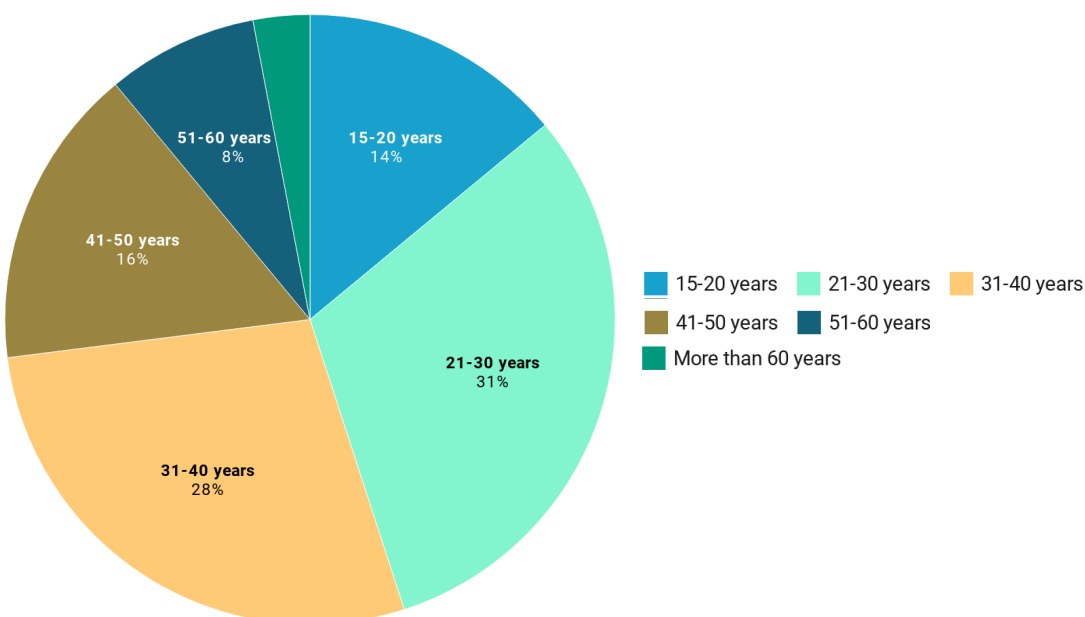
Bihar: 25% of the respondents are in the age group of 15-20 years, 27% between 21-30 years, 22% from 31-40 years, 11% from 41-50 years, 8% from 51-60 years and 6% are more than 60 years old. 1% respondents did not reveal their age.

Chart 3: Age Distribution (Bihar)



Uttar Pradesh: 14% of the respondents are in the age group of 15-20 years, 31% between 21-30 years, 28% from 31-40 years, 16% from 41-50 years, 8% from 51-60 years and 3% are more than 60 years old. Notably, the maximum concentration of account holders (59%) is seen between the ages of 21 to 40 years.

Chart 4: Age Distribution (UP)



A subtle change in financial behavior is seen across the age groups which is most prominent among the youth. The proportion of people using their RuPay card to withdraw money and make cashless transactions is slowly but gradually increasing.

It is encouraging to observe that a fair proportion of teenagers (between 15-19 yrs) have opened accounts under PMJDY.



A young boy submitting biometrics data to open an account in Harpur Hardas village, Vaisahali, Bihar

3.1.3 Educational Status of Respondents

A poor educational status reflects vulnerability, low-awareness, and a diminished capacity to keep pace with development. Education is clearly an enabling factor in enhancing people's capacity to access information about the existing financial inclusion programmes, banking services & products as well as availing technology for making transactions. Thus this component of human capital is critical in harnessing opportunities. The education profile of the respondents in the selected region is summarized in the chart below.

The data shows that the average educational background of the respondents is very poor.

Table 6: Education Status

| Education | Bihar | Uttar Pradesh | Total |
|--------------------|-------------|---------------|-------------|
| Illiterate | 694 | 674 | 1368 |
| Primary | 495 | 286 | 781 |
| Upper Primary | 514 | 398 | 912 |
| High School | 450 | 459 | 909 |
| Sr. Secondary | 279 | 339 | 618 |
| Diploma/ITI | 4 | 5 | 9 |
| UG | 122 | 271 | 393 |
| PG | 7 | 26 | 33 |
| NR | 8 | 0 | 8 |
| Grand Total | 2573 | 2458 | 5031 |

Bihar: Out of all the respondents, 27% are Illiterate, 19% have studied till the primary school level, 20% are studying in middle school, 18% have completed (or are pursuing) high school, 11% of respondents have completed (or are pursuing) higher secondary, and 5% have completed their graduation. However, there were no Post Graduates among the respondents.

Uttar Pradesh: Out of all the respondents, 27% are Illiterate, 12% have studied till the primary school level, 16% are studying in middle school, 19% have completed (or are pursuing) high school, 14% of respondents have completed (or are pursuing) higher secondary, and 11% have completed their graduation. About 1% of the respondents have completed their Post Graduation.

Chart 5: Education Status (Bihar)

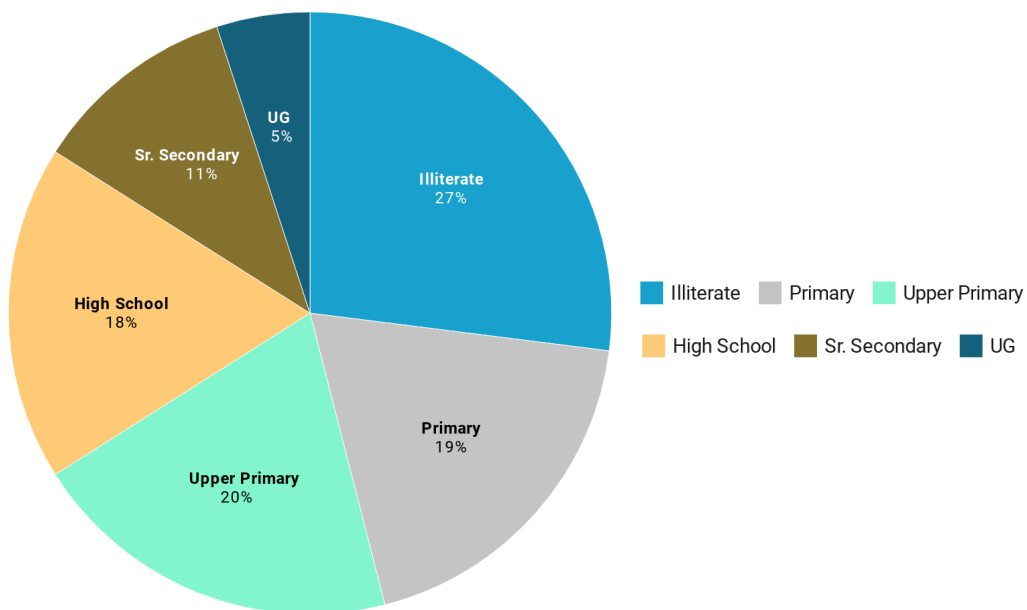
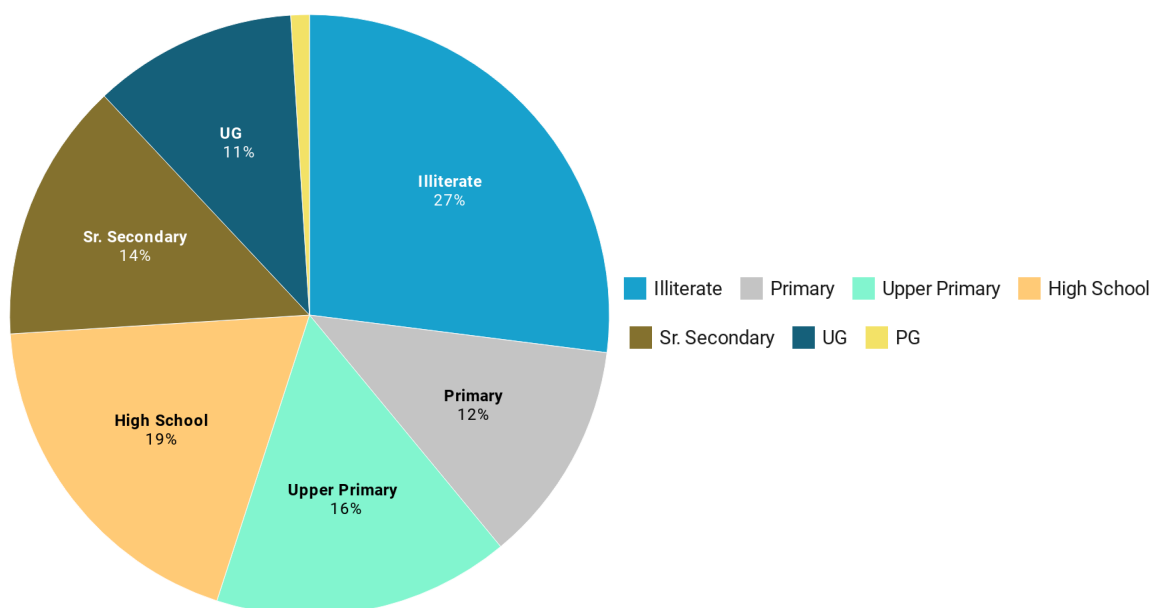


Chart 6: Education Status (UP)



3.1.4 Occupational Profile of Respondents

The occupation profile of the respondents is a window into the likelihood of people with a given occupation being in the ambit of banking in the region. The data shows that despite the region being largely agrarian, only 20% of the respondents in Bihar and 25% of the respondents in Uttar Pradesh, who have an account under PMJDY, are farmers or agricultural labourers.



A housewife with RuPay card in Fatehpur Phulwaris village, Vaishali district

Table 7: Occupation of Respondents

| Occupation | Bihar | Uttar Pradesh | Total |
|------------------------|-------------|---------------|-------------|
| Farmer | 163 | 260 | 423 |
| Agricultural Labourer | 357 | 342 | 699 |
| Casual Labourer | 98 | 56 | 154 |
| Shopkeeper/Businessman | 211 | 97 | 308 |
| Govt. Job | 9 | 27 | 36 |
| Retired | 1 | 2 | 3 |
| Housewife | 988 | 1162 | 2150 |
| Student | 627 | 349 | 976 |
| Unemployed | 119 | 163 | 282 |
| Grand Total | 2573 | 2458 | 5031 |

Bihar: 39% of the respondents are housewives, 24% are students, 8% each are shopkeepers/small traders & unemployed, and 4% are casual labourer.

Uttar Pradesh: 47% of the respondents are housewives, 14% are students, 14% are agricultural labourers, 7% are unemployed, 11% are farmers, 4% are shopkeepers/small traders, 2% are casual labourer and 1% in government service.

Chart 7: Occupation Details of the Respondents (Bihar)

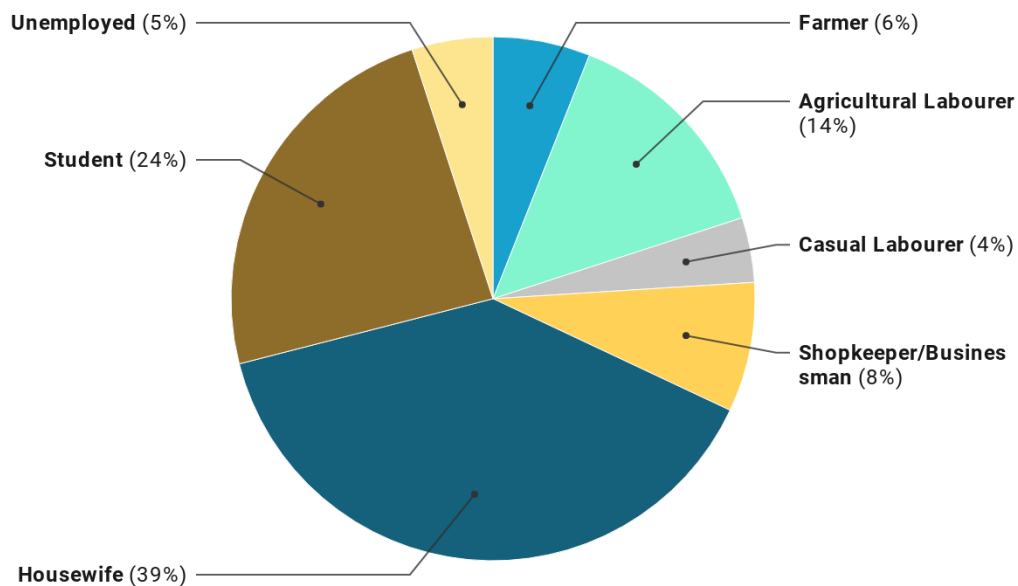
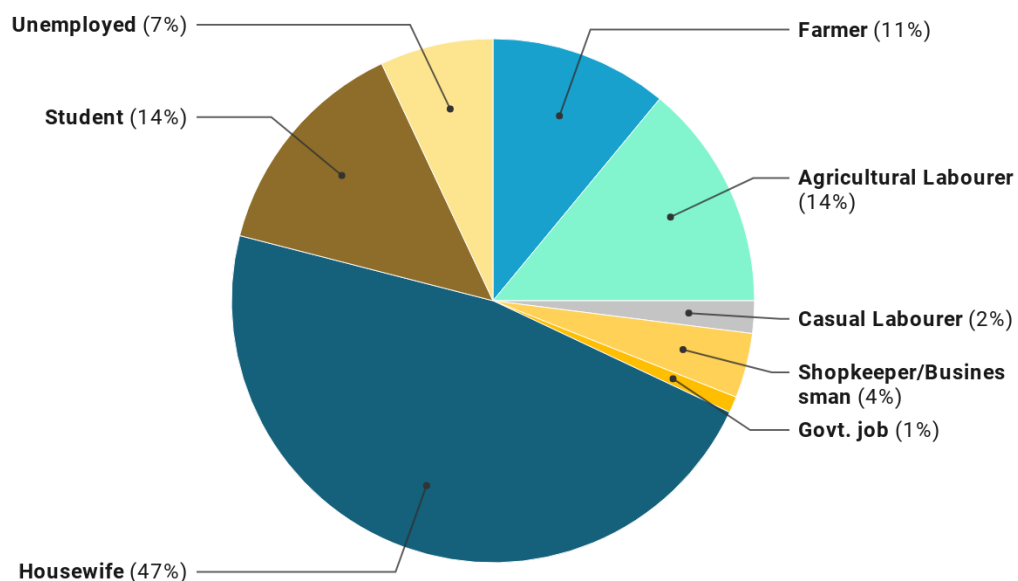


Chart 8: Occupation Details of the Respondents (UP)



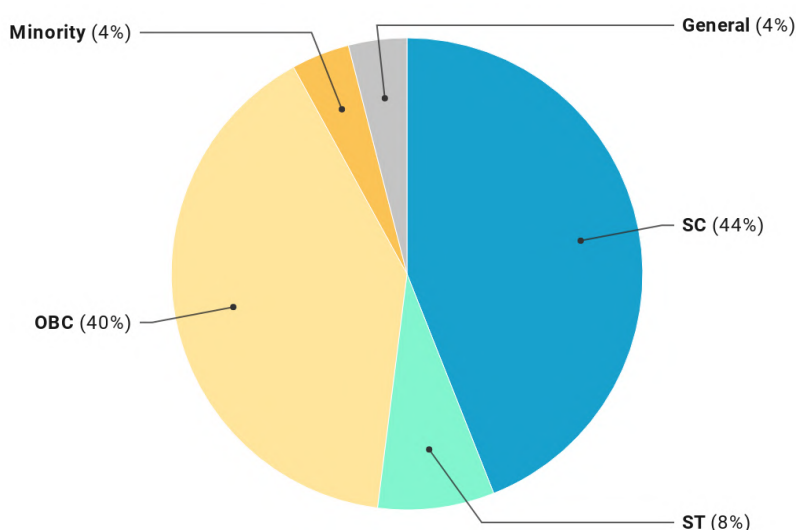
3.1.5 Social Category of Respondents

A majority of the respondents belong to the economically weak and marginalized communities. The social profile of the respondents is summarized in the chart below.

Table 8: Social Category of Respondents

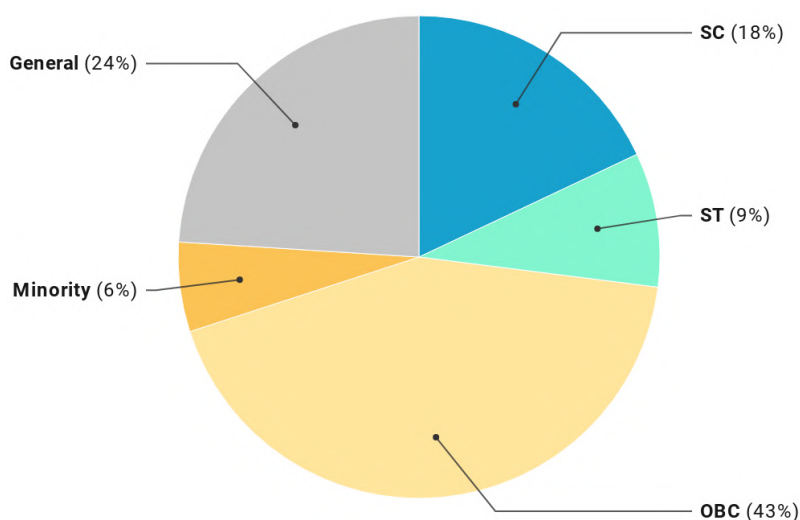
| Social Category | Bihar | Uttar Pradesh | Total |
|--------------------|-------------|---------------|-------------|
| SC | 1138 | 442 | 1580 |
| ST | 205 | 225 | 430 |
| OBC | 1015 | 1056 | 2071 |
| Minority | 106 | 155 | 261 |
| General | 109 | 580 | 689 |
| Grand Total | 2473 | 2458 | 5031 |

Chart 9: Social Category of Respondents (Bihar)



Bihar: Out of the total respondents, 44% are Scheduled Caste, 40% are OBC, 8% are Schedule Tribe, 4% belong to the minority community and 4% belong to the general category.

Chart 10: Social Category of Respondents (UP)



Uttar Pradesh: Out of the total respondents, 43% are OBC, 18% are Scheduled Caste, 9% are Schedule Tribe, 6% belong to the minority community and 24% belong to the general category.

3.2 Year of Opening PMJDY Account

As a part of the study, data was collated from the respondents year when their PMJDY account was opened. The chart below shows the proportion of respondents who opened an account in a given year since the inception of the programme.

PMJDY was launched on August 15, 2014 and the bank accounts have been opened from the same year.

Bihar: 16% of the accounts were opened in 2014, 24% in 2015, 20% in 2016, 22% in 2017, 16% in 2018, and 2% in 2019.

Uttar Pradesh: 38% of the accounts were opened in 2014, 32% in 2015, 14% in 2016, 11% in 2017, 4% in 2018 and 1% in 2019.

Table 9: Year of Opening PMJDY Account

| Year | Bihar | Uttar Pradesh | Total |
|--------------------|-------------|---------------|-------------|
| 2014 | 412 | 931 | 1343 |
| 2015 | 613 | 782 | 1395 |
| 2016 | 514 | 345 | 859 |
| 2017 | 566 | 276 | 842 |
| 2018 | 414 | 109 | 523 |
| 2019 | 54 | 15 | 69 |
| Grand Total | 2573 | 2496 | 5069 |

Chart 11: Year of Opening of PMJDY A/C (Bihar)

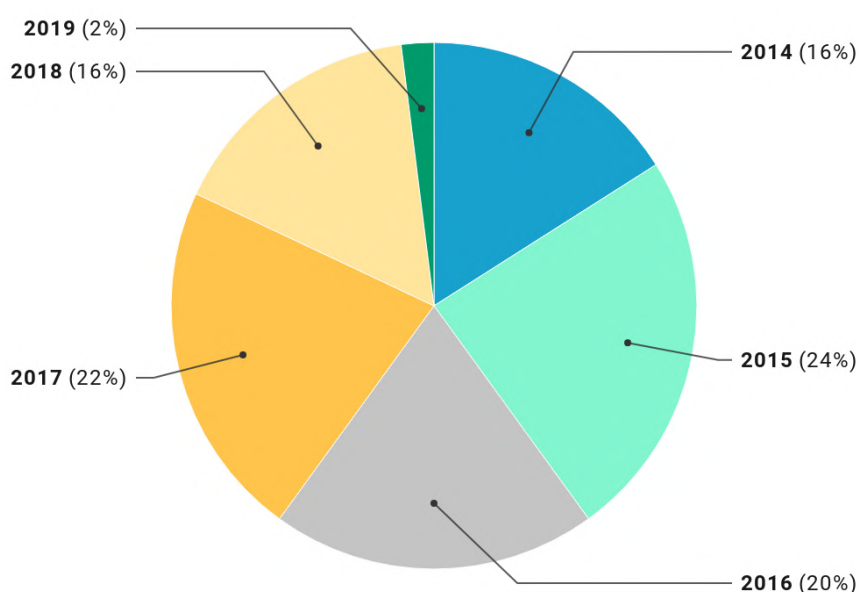
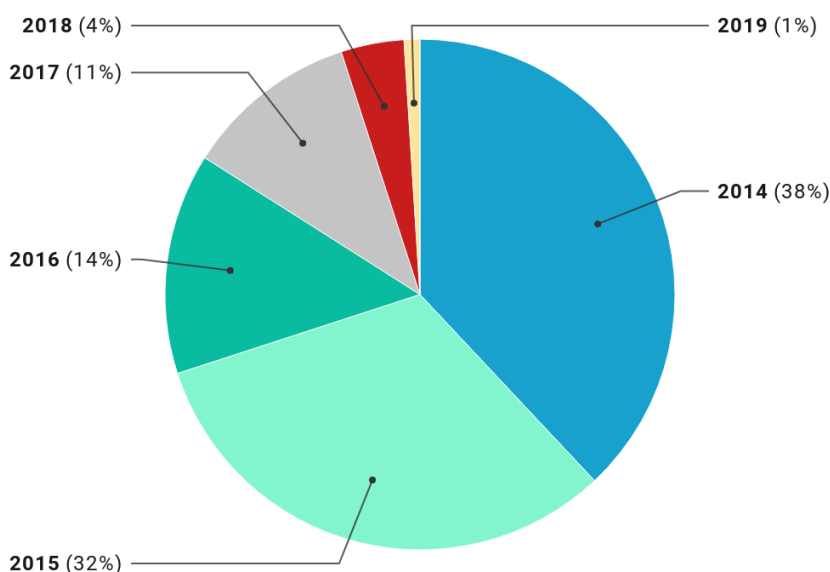


Chart 12: Year of Opening of PMJDY A/C (UP)



3.3 Receipt of RuPay Debit Card with PMJDY Account Opening

All account holders are eligible for a RuPay debit card under PMJDY. The RuPay card is the key to unlocking the basic banking services under the scheme as it can be used at all ATMs, POS terminals and e-commerce websites. Data was collected on whether the respondents received their RuPay cards when they opened their PMJDY accounts. The findings are summarized in the chart below.

Bihar: A majority of the PMJDY account holders (66%) received the RuPay debit card along with or within a short period of PMJDY account opening.

Uttar Pradesh: A majority of the PMJDY account holders (77%) received the RuPay debit card along with or within a short period of PMJDY account opening.

Table 10: Receipt of RuPay Debit Card with PMJDY Account Opening

| Response | Bihar | Uttar Pradesh | Total |
|--------------|-------|---------------|-------|
| Not Received | 884 | 574 | 1458 |
| Received | 1689 | 1884 | 3573 |
| Grand Total | 2573 | 2458 | 5031 |

Chart 13: Receipt of RuPay Debit Card with PMJDY Account (Bihar)

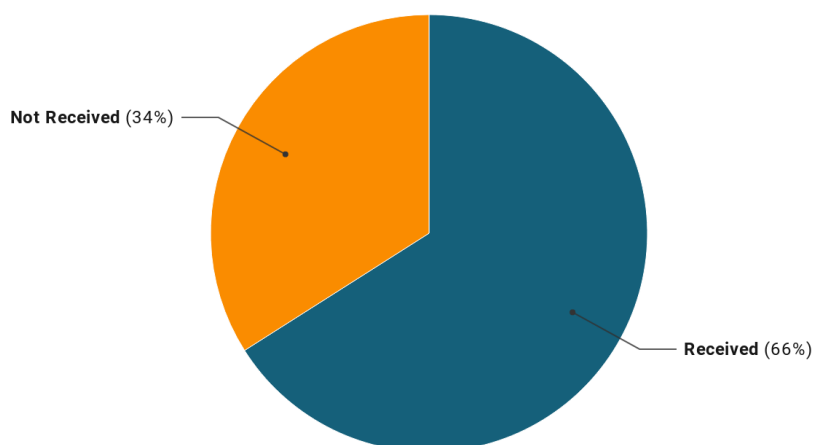
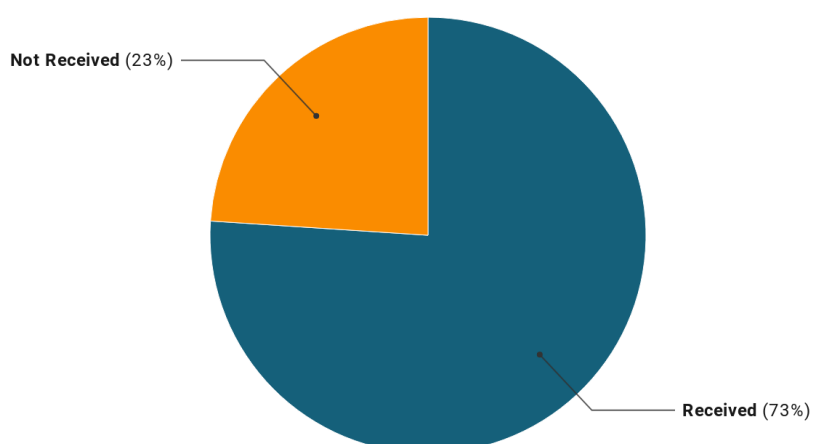


Chart 14: Receipt of RuPay Debit Card with PMJDY Account (UP)



Reasons for Non-receipt of RuPay Card

The Focus Group Discussions (FGD) with the respondents revealed that even though the respondents have PMJDY accounts, a proportion of them have either not received the RuPay card or have refrained from availing it from the bank/CSP. Discussions also revealed about not having awareness of its uses among few of them and they are anxious about it being misused. Besides in few cases it is also reported about middlemen asking them to pay up to avail the card. A few banks have also failed to dispatch the cards.

3.4 Year of Receipt of RuPay Debit Card

The chart below summarizes the year in which the respondents received the RuPay debit card. A small backlog is seen in each year when compared to the corresponding year of account opening.

The PMJDY account holders started getting the RuPay debit card mainly from 2014.

Bihar: 13% of respondents received the card in 2014, 20% each in 2015, 2016 & 2017, 18% in 2018 and 9% in 2019. 11% respondents revealed that they did not receive the RuPay Card.

Uttar Pradesh: 32% of respondents received the card in 2014, 29% in 2015, 14% in 2016, 9% in 2017, 6% in 2018 and 1% 2019. 9% respondents revealed that they did not receive the RuPay Card.

Table 11: Year of Receipt of RuPay Debit Card

| Year | Bihar | Uttar Pradesh | Total |
|--------------------|-------------|---------------|-------------|
| 2014 | 289 | 777 | 1066 |
| 2015 | 455 | 722 | 1177 |
| 2016 | 464 | 354 | 818 |
| 2017 | 507 | 215 | 722 |
| 2018 | 389 | 145 | 534 |
| 2019 | 170 | 25 | 195 |
| NR | 1 | 8 | 9 |
| Did not get | 298 | 212 | 510 |
| Grand Total | 2573 | 2458 | 5031 |

Chart 15: Year of Receipt of RuPay Debit Card (Bihar)

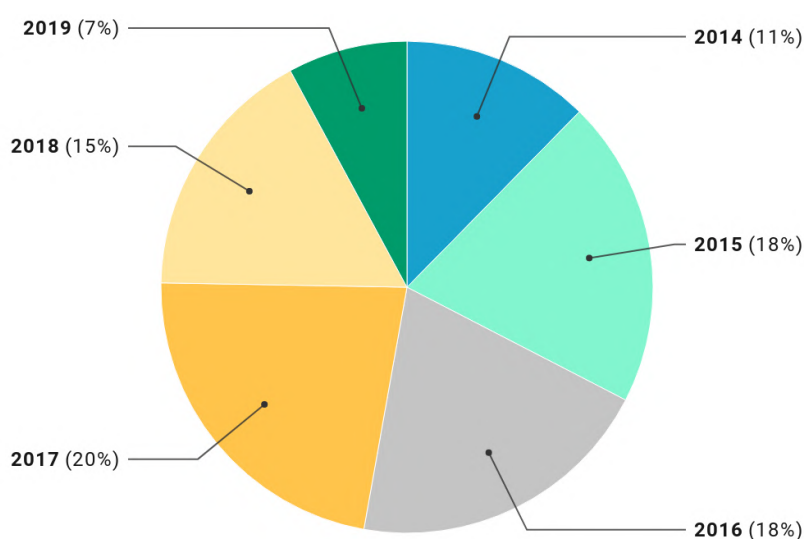
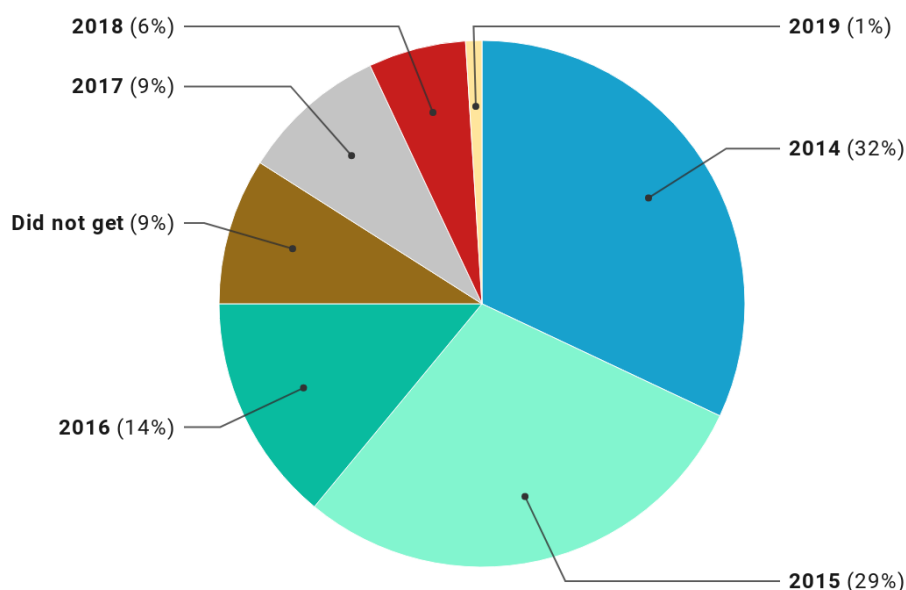


Chart 16: Year of Receipt of RuPay Debit Card (UP)



Major Findings (Bihar)

- A majority of the respondents belong to the economically weak and marginalized communities. Only 4% of the respondents belong to the general category.
- Educational status of the respondents is very poor. This is a major drawback which is affecting the use of PMJDY account and RuPay card. 46% of the total respondents are either illiterate or have studied up to primary level.
- **Financial Inclusion of Women:** 57% of the PMJDY account holders are women. Non-working housewives constitute 39% of the PMJDY account holders. Although, operation of the accounts on a regular balance remains a challenge, women are making financial decisions regarding operating the account and withdrawing money.
- **Financial Inclusion of Teens / Youth:** PMJDY has included teens in the digital banking system, thus ensuring behavioural change at an early age. 25% of the respondents are in the age group of 15-20 years.
- Majority of the PMJDY account holders (66%) received RuPay debit card along with PMJDY account opening.
- Of those who did not receive the card, they either did not take it intentionally as they are ignorant about its benefits or they are apprehensive of it being misused.
- Non dispatch of RuPay cards from banks and in a few cases people not taking the cards from the banks.

Major Findings (Uttar Pradesh)

- A majority of the respondents belong to the economically weak and marginalized communities. Only 24% of the respondents belong to the general category.
- Educational status of the respondents is very poor. This is a major drawback which is affecting the use of PMJDY account and RuPay card. Close to 40% of the respondents are either illiterate or have studied till primary level.
- **Financial Inclusion of Women:** 61% of the PMJDY account holders are women. Non-working housewives constitute 47% of the PMJDY account holders. Although, operation of the accounts on a regular balance remains a challenge, women are making financial decisions regarding operating the account and withdrawing money.
- **Financial Inclusion of Teen / Youth:** PMJDY has included teens in the digital banking system, thus ensuring behavioural change at an early age. 14% of the respondents are in the age group of 15-20 years.
- Majority of the PMJDY account holders (77%) received RuPay debit card along with PMJDY account opening.
- Of those who did not receive the card, they either did not take it intentionally as they are ignorant about its benefits or they are apprehensive of it being misused.
- Non dispatch of RuPay cards from banks and in a few cases people not taking the cards from the banks.



Interacting with Women RuPay Card Holders

Current Possession and Use of RuPay Debit Card

The study collected data on the current possession of the RuPay card by the selected respondents. Further, data on other aspects such as reasons for non-possession, frequency of usage and types of usage was also collated.

4.1 Possession of RuPay card at the time of study

A considerable time has passed since several of the respondents opened their PMJDY accounts and received RuPay cards. The study collected data to determine if the respondents still possessed their cards or if new RuPay cards were issued after some time lapse from PMJDY account opening. The findings are summarized in the chart below.

Table 12: Possession of RuPay card

| Response | Bihar | Uttar Pradesh | Total |
|--------------------|-------------|---------------|-------------|
| Yes | 2179 | 1596 | 3775 |
| No | 94 | 643 | 737 |
| Did not get | 298 | 212 | 510 |
| NR | 2 | 7 | 9 |
| Grand Total | 2573 | 2458 | 5031 |

Bihar: The percentage of PMJDY account holders having RuPay debit card at the time of the survey was 85%. The percentage of respondents having RuPay debit card increased from 66% to 85% between the time of opening of PMJDY account and the survey period.

Chart 17: Possession of RuPay Card (Bihar)

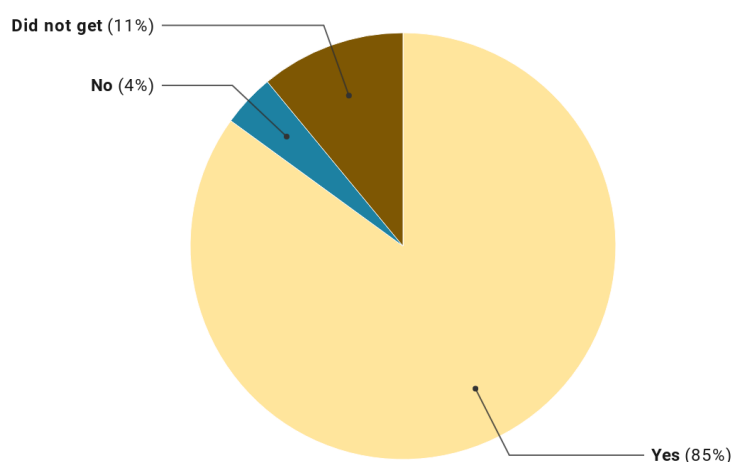
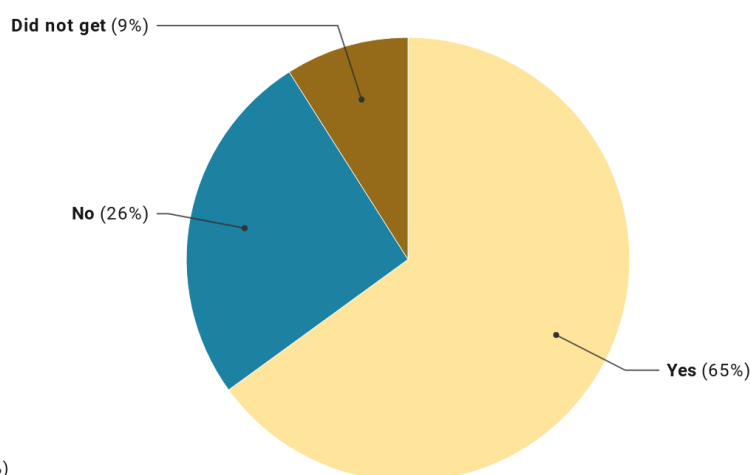


Chart 18: Possession of RuPay Card (UP)



Uttar Pradesh: The percentage of PMJDY account holders having RuPay debit card at the time of the survey was 65%. The percentage of respondents having RuPay debit card decreased from 77% to 65% between the time of opening of PMJDY account and the survey period.

4.1.1 Possession of RuPay Card by Male and Female Respondents

It has been emphasized before that financial inclusion of women is critical for the holistic development of the society. Possession of the RuPay card is instrumental in unlocking access to the same.

The data on the proportion of adolescent girls and women who possess these cards is summarized in the chart below.

Bihar: Out of total 2573 respondents, 2179 (85%) have RuPay Card at the time of the study. The study revealed that out of total 1470 female and 1103 male respondents, 1207 (82%) female and 972 (88%) male currently possessed the RuPay Card.

Uttar Pradesh: Out of total 2458 respondents, 1596 (65%) have RuPay Card at the time of the study. The study revealed that out of total 1504 female and 954 male respondents, 905 (60%) female and 691 (72%) male currently possessed the RuPay Card.

Table 13: Possession of RuPay Debit Card (Female Respondents)

| Response | Bihar | Uttar Pradesh | Total |
|--------------------------|-------|---------------|-------|
| Total Possession | 1207 | 905 | 2112 |
| Total Female Respondents | 1470 | 1504 | 2974 |

Table 14: Possession of RuPay Debit Card (Male Respondents)

| Response | Bihar | Uttar Pradesh | Total |
|------------------------|-------|---------------|-------|
| Total Possession | 972 | 691 | 1663 |
| Total Male Respondents | 1103 | 954 | 2057 |

Chart 19: Possession of RuPay Card (Female Respondents)

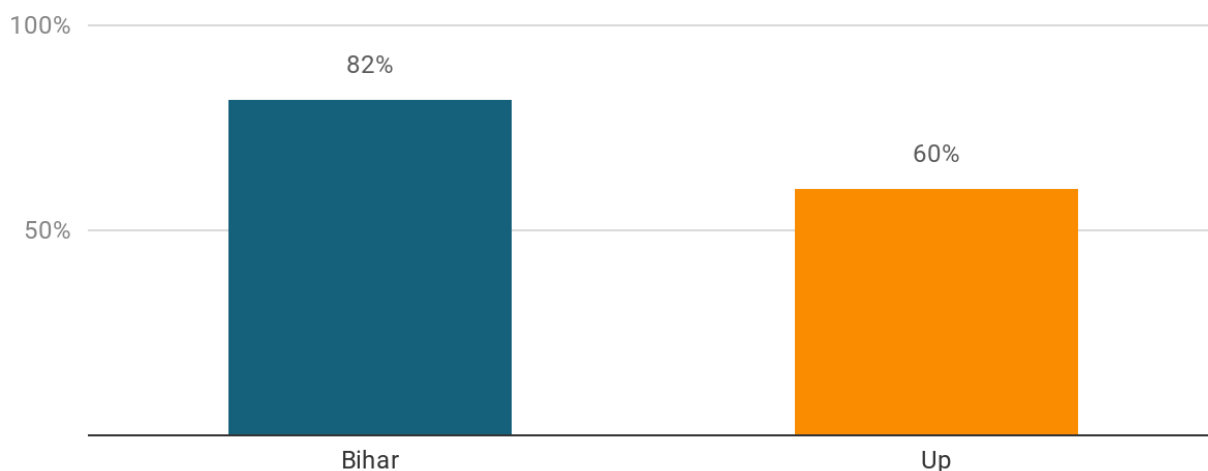
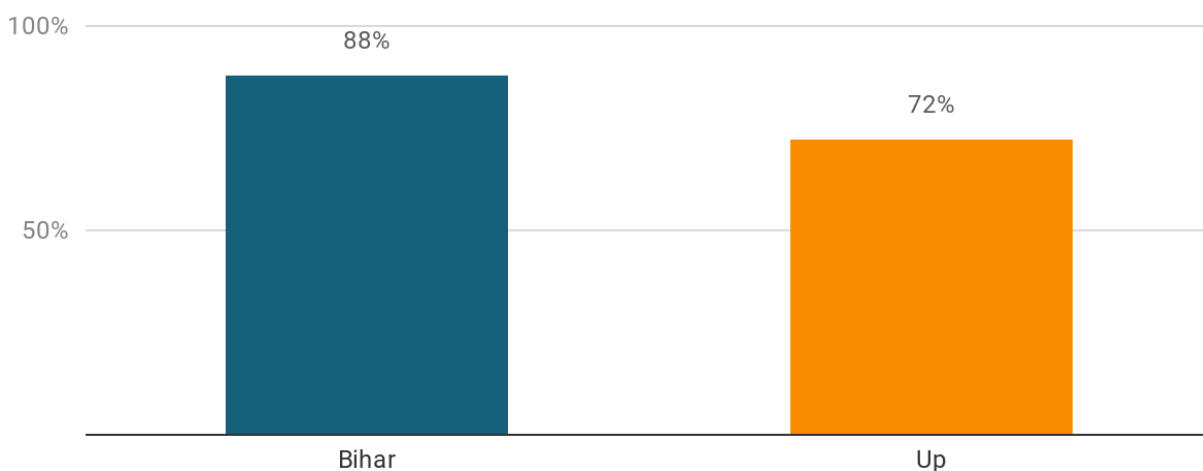


Chart 20: Possession of RuPay Card (Male Respondents)



4.2 Reason for non-possession of RuPay debit card

The study also tried to identify the reasons behind why the respondents did not have a RuPay debit card in spite of having a PMJDY account. Most of the reasons cited by the respondents were self-created barriers while very few were institutional in nature.

Bihar: Out of the 394 respondents (15%) who do not have RuPay debit card, 76% of them did not apply for the card, 21% have lost the card, 2% were out of station.

Uttar Pradesh: Out of the 862 respondents (35%) who do not have RuPay debit card, 20% of them did not share the reason for not having the card. 41% have lost the card, 23% did not apply for the card, 12% were out of station and 4% were not eligible for the card.

Table 15: Reason for Non- possession of RuPay Debit Card

| Reason | Bihar | Uttar Pradesh | Total |
|--|------------|---------------|-------------|
| Did not apply for Rupay Card | 298 | 197 | 495 |
| Not Eligible | 2 | 35 | 37 |
| Out of station when Rupay Card was given | 9 | 105 | 114 |
| Lost Card | 81 | 352 | 433 |
| No Response | 4 | 173 | 177 |
| Grand Total | 394 | 862 | 1256 |

Chart 21: Reason for Non-possession of RuPay debit card (Bihar)

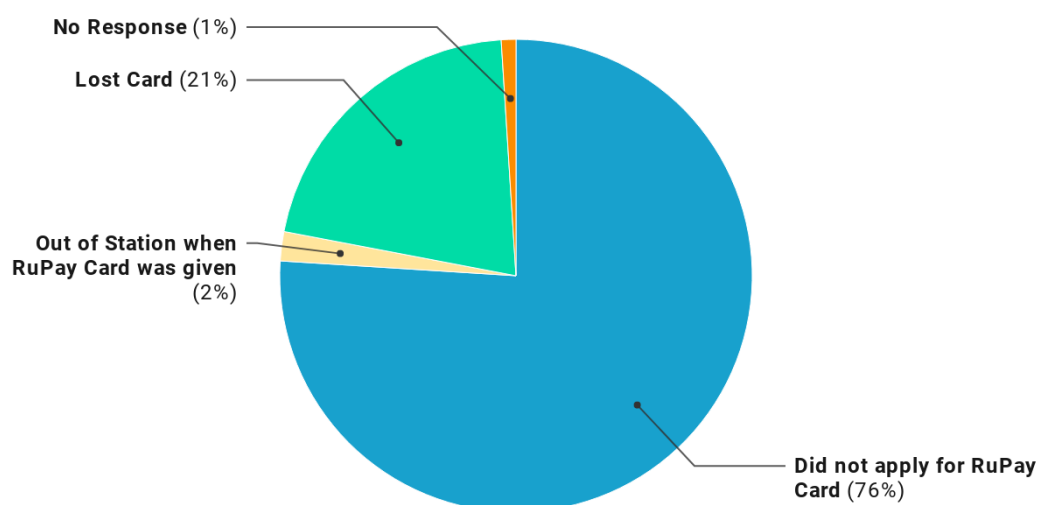
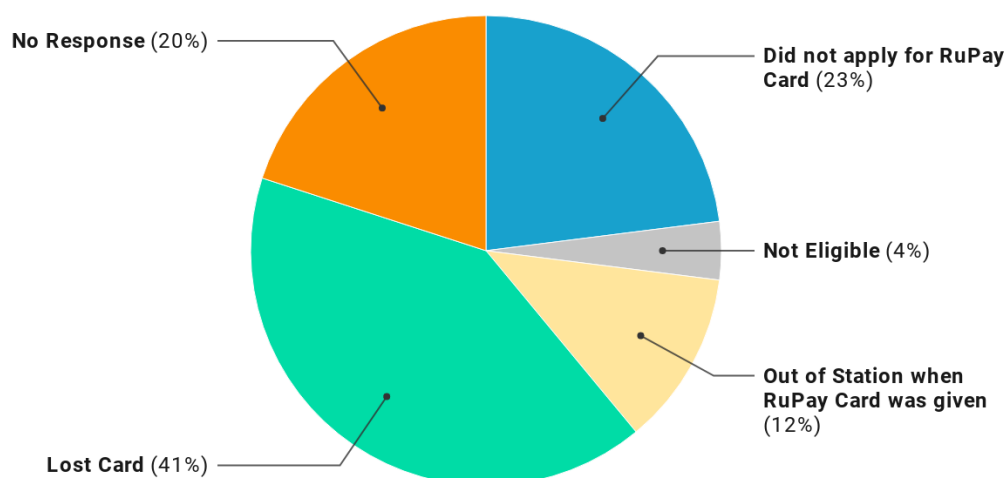


Chart 22: Reason for Non-possession of RuPay debit card (UP)



4.3 Usage of RuPay card

Considering that fact that a majority of the respondents are first generation card users and close to half of them have started using the RuPay debit card, is an indicator of the reach & acceptance of the scheme by the people. The graph below summarizes the data on usage of the RuPay card.

Table 16: Usage of RuPay Card

| Response | Bihar | Uttar Pradesh | Total |
|-------------|-------|---------------|-------|
| Yes | 1313 | 943 | 2256 |
| No | 866 | 1296 | 2162 |
| No Response | 2 | 7 | 9 |
| Grand Total | 2181 | 2246 | 4427 |

Bihar: Out of 2179 respondents (85%), who have PMJDY account along with RuPay debit card, more than half (60%) of them are using the card at present.

Uttar Pradesh: Out of 1596 respondents (65%), who possessed RuPay debit card, only 42% of them are using the card at present.

Chart 23: Usage of RuPay Card (Bihar)

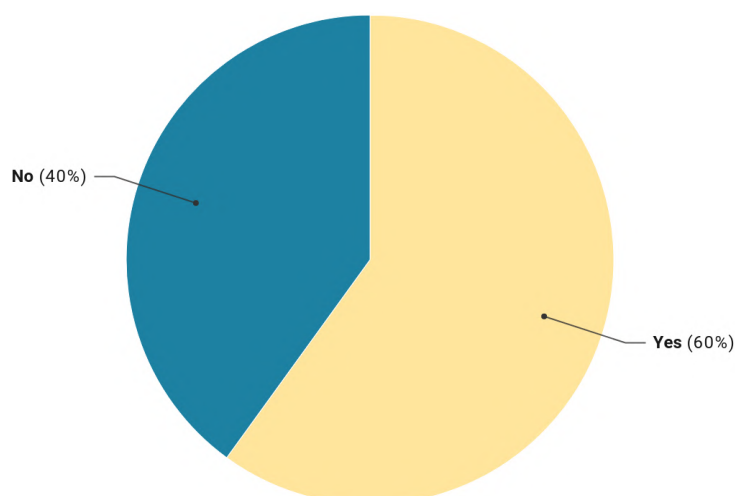
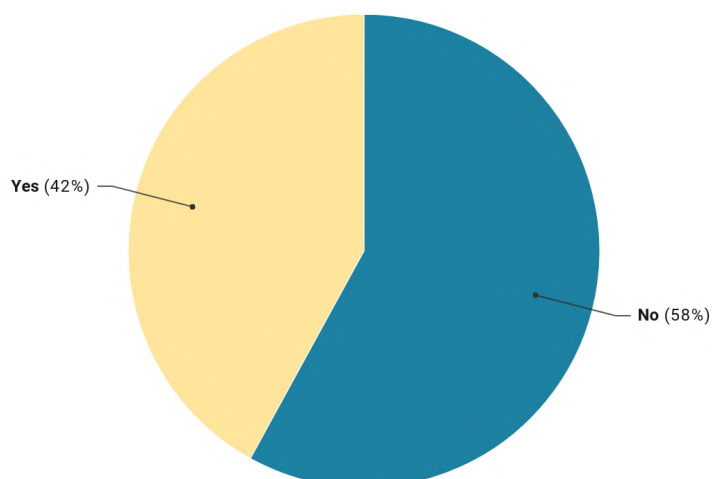


Chart 24: Usage of RuPay Card (UP)



4.3.1 Use of RuPay Card by Male and Female Respondents

Notably, women outstrip the males in the usage of RuPay cards, even though they are not largely engaged in any economic activities and mostly attend to domestic duties. The chart below summarizes this finding.

Bihar: The study shows that out of total 1207 female respondents and 972 male respondents, who possessed the RuPay Card,

678 females (56%) and 635 males (65%) are using the card for financial transactions.

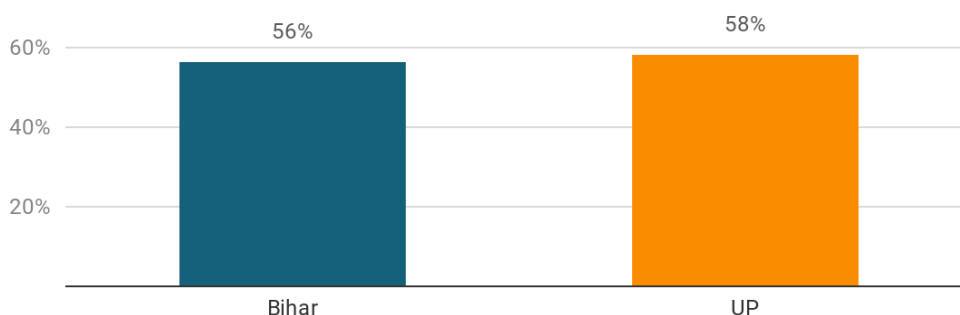
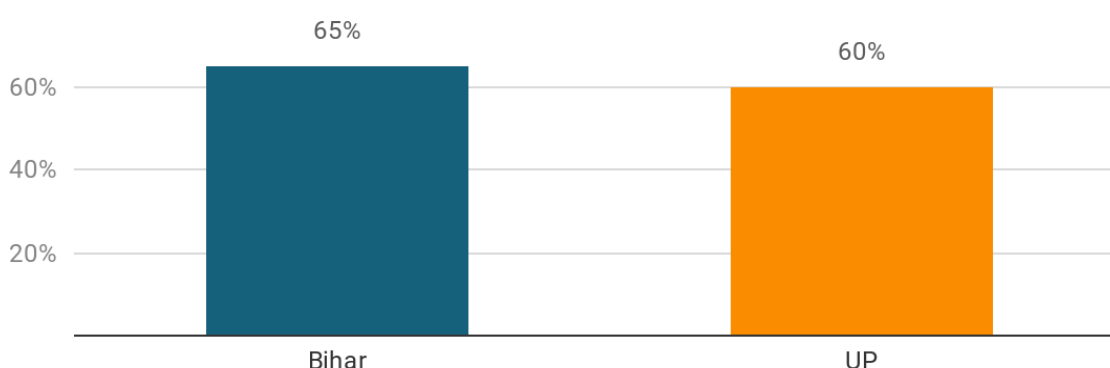
Uttar Pradesh: The study shows that out of total 905 female respondents and 691 male respondents, who possessed the RuPay Card, 525 females (58%) and 418 males (60%) are using the card for financial transactions.

Table 17: Usage of RuPay Debit Card (Female Respondents)

| Response | Bihar | Uttar Pradesh | Total |
|--|-------|---------------|-------|
| Use of Card by Female Respondents | 678 | 525 | 1203 |
| Possession of Card by Female Respondents | 1207 | 905 | 2112 |

Table 18: Usage of RuPay Debit Card (Male Respondents)

| Response | Bihar | Uttar Pradesh | Total |
|--|-------|---------------|-------|
| Use of Card by Male Respondents | 635 | 418 | 1053 |
| Possession of Card by Male Respondents | 972 | 691 | 1663 |

Chart 25: Usage of RuPay Debit Card (Female Respondents)**Chart 26: Usage of RuPay Debit Card (Male Respondents)**

4.4 Reason for Non- usage of RuPay Card

Another area of investigation in the study was to understand the hurdles in active usage of the RuPay card even after possession. The chart below summarizes the findings.

Card activation emerged as one of the major concerns that needs to be addressed for successful implementation of the program.

A large section of the respondents who are not using the card do not know how to activate it. Other main factor, limiting card use is the lack of knowledge about online transactions, fear of loss of money and absence of CSP in close vicinity .So, a section of respondents still prefer going to banks to avail financial services.

Table 19: Reason for Non- usage of RuPay Card (Multiple Responses)

| Reason | Bihar | Uttar Pradesh | Total |
|---|-------|---------------|-------|
| No nearby CSP | 3 | 130 | 133 |
| Have Visa/Master Card | 2 | 67 | 69 |
| Go to Bank for Deposit/withdraw | 164 | 91 | 255 |
| Don't know how to do online transaction | 146 | 203 | 349 |
| Fear of online transaction | 121 | 152 | 273 |
| RuPay Debit card is not active | 505 | 356 | 861 |
| No saving amount in the account | 83 | 72 | 155 |
| Other | 32 | 92 | 124 |

Bihar: Out of 866 respondents (40%) who are not using the RuPay debit card, 58% of them are not using it as their cards are not activated, 4% do not have a valid reason for not using the card, 19% prefer going to the banks rather than using the card, 17% do not know how to do online transaction, 14% have fear of losing money in online transactions, 10% are not using the card as they do not have any balance in their accounts. None of the respondents are using any other card like visa/MasterCard.

Uttar Pradesh: Out of 1296 respondents (58%) who are not using the RuPay debit card, 27% of them are not using it as their cards are not activated, 16% do not know how to do online transaction, 10% are not able to use it as there are no nearby CSPs, 12% have fear of losing money in online transactions, 7% prefer going to the banks rather than using the card, 7% do not have a valid reason for not using the card, 5% of the respondents have alternate cards like visa / master card and 6% are not using the card as they do not have any balance in their accounts.

Chart 27: Reason for Non-usage (Multiple Responses) - Bihar

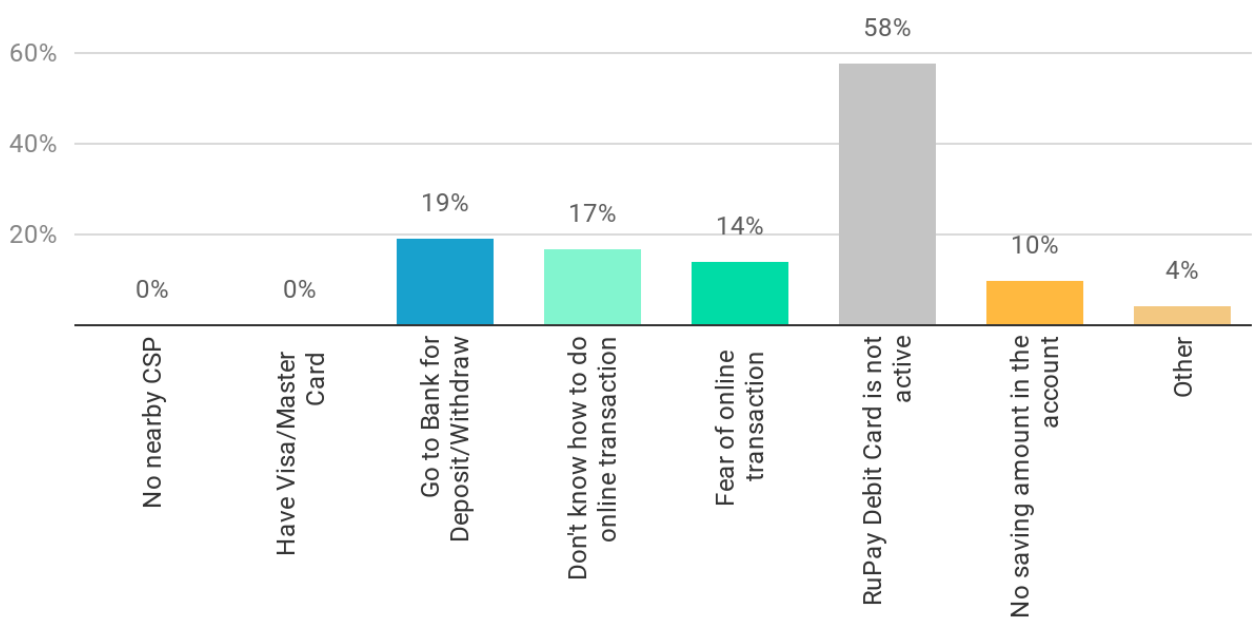
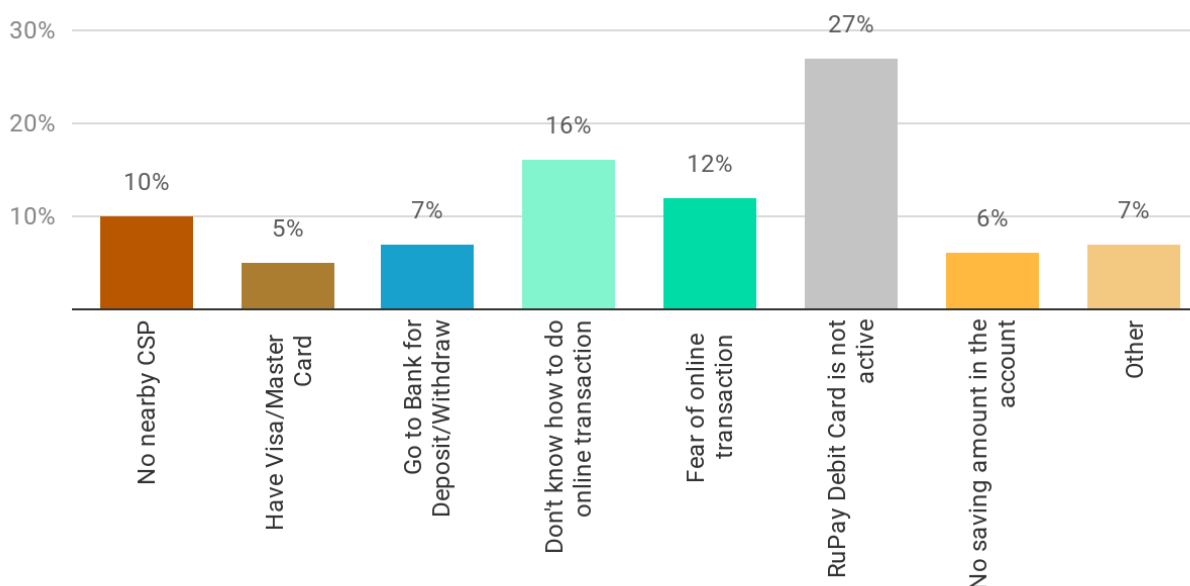


Chart 28: Reason for Non-usage (Multiple Responses) - (UP)



4.5 Frequency of Usage of RuPay Card

Data on frequency of usage over the past one month was collected to determine the level of activity on the RuPay card which is an indicator of acceptance by the respondents and tags them as active or inactive cardholders. The findings are summarized in the chart below.

Bihar: Out of the 1313 respondents (60%) who are using the card, 906 (69%) have operated the RuPay Card in last one month. Out of these 906 respondents, 41% used the card once in last one month, 21% used twice, 5% thrice, 1% each used four, five and more than five times.

Uttar Pradesh: Out of 943 respondents (42%), who are using the card, 555 respondents (59%) have operated the card in last one month. Out of these 555 respondents, 24% used the card once in last one month, 20% used twice, 9% thrice, 4% four times and 1% each used five and more than five times.

Apart from the reasons cited before for non-usage, the FGD also revealed that low income and savings were a critical variable influencing the card usage rate.

Table 20: Frequency of Usage of RuPay Card in Last One Month

| Frequency | Bihar | Uttar Pradesh | Total |
|----------------------|-------------|---------------|-------------|
| Once | 531 | 226 | 757 |
| Twice | 267 | 191 | 458 |
| Thrice | 66 | 89 | 155 |
| Four times | 18 | 35 | 53 |
| Five times | 15 | 7 | 22 |
| More than five times | 9 | 7 | 16 |
| NR | 393 | 395 | 788 |
| Grand Total | 1299 | 950 | 2249 |

Chart 29: Frequency of Usage of RuPay Card in Last One Month (Bihar)

Once (41%) Twice (21%) Thrice (5%)
 Four times (1%) Five times (1%)
 More than Five times (1%) NR (30%)

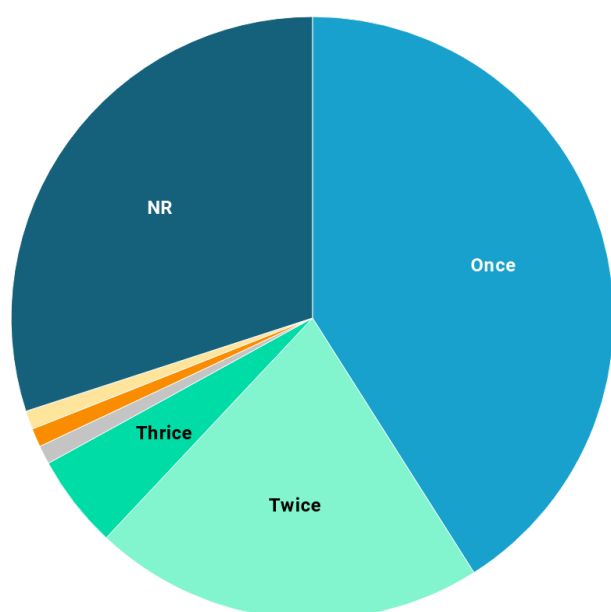
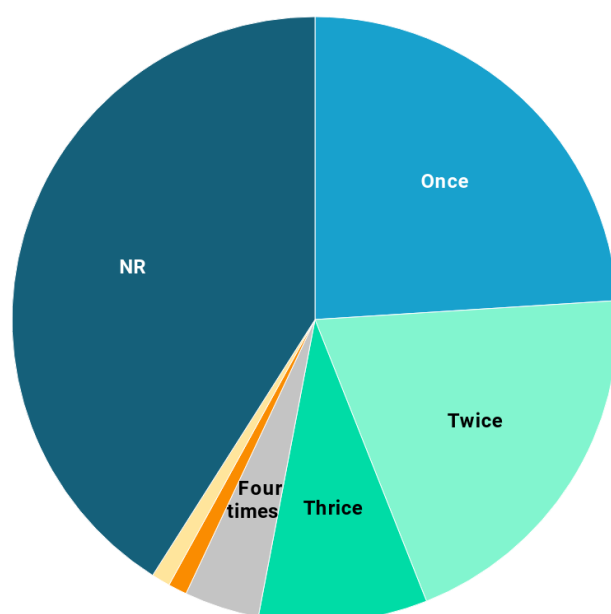


Chart 30: Frequency of Usage of RuPay Card in Last One Month (UP)

Once (24%) Twice (20%) Thrice (9%)
 Four times (4%) Five times (1%)
 More than five times (1%) NR (41%)



4.6 Use of RuPay card

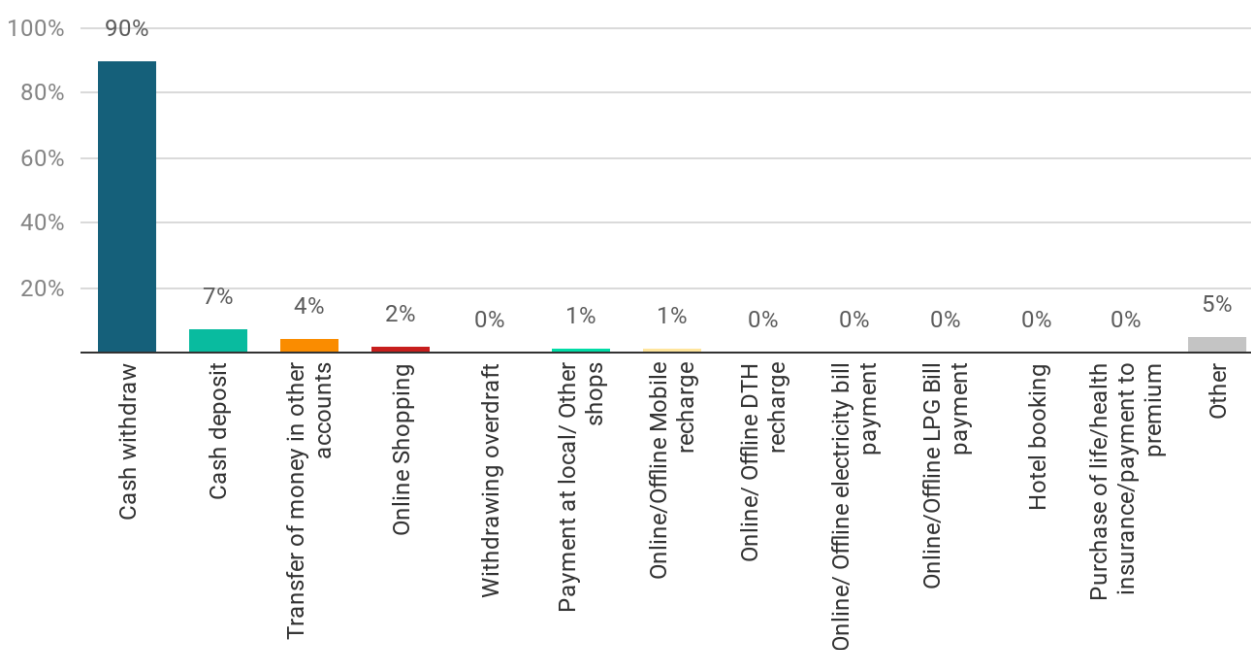
The study also attempted to elicit the pattern of usage of the RuPay card by the selected respondents to identify the extent to which the cards potential is being tapped by the respondents. The findings are summarized in the chart below.

One of the primary uses of any debit card is easy and quick cash withdrawal. The usage pattern among the respondents also shows that a majority of them use the RuPay debit card for cash withdrawals.

Table 21: Use of RuPay Card (Multiple Responses)

| Use | Bihar | Uttar Pradesh | Total |
|--|-------|---------------|-------|
| Cash withdraw | 1180 | 554 | 1734 |
| Cash deposit | 87 | 195 | 282 |
| Transfer of money in other account | 51 | 148 | 199 |
| Online Shopping | 31 | 171 | 202 |
| Withdrawing overdraft | 1 | 55 | 56 |
| Payment at local/ Other shops | 9 | 55 | 64 |
| Online/Offline Mobile recharge | 14 | 9 | 23 |
| Online/ Offline DTH recharge | 3 | 9 | 12 |
| Online/ Offline electricity bill payment | 2 | 2 | 4 |
| Online/Offline LPG Bill payment | 0 | 3 | 3 |
| Hotel booking | 0 | 4 | 4 |
| Purchase of life/health insurance/payment to premium | 0 | 4 | 4 |
| Other | 64 | 9 | 73 |

Chart 31: Use of RuPay Card (Multiple Responses) in (Bihar)



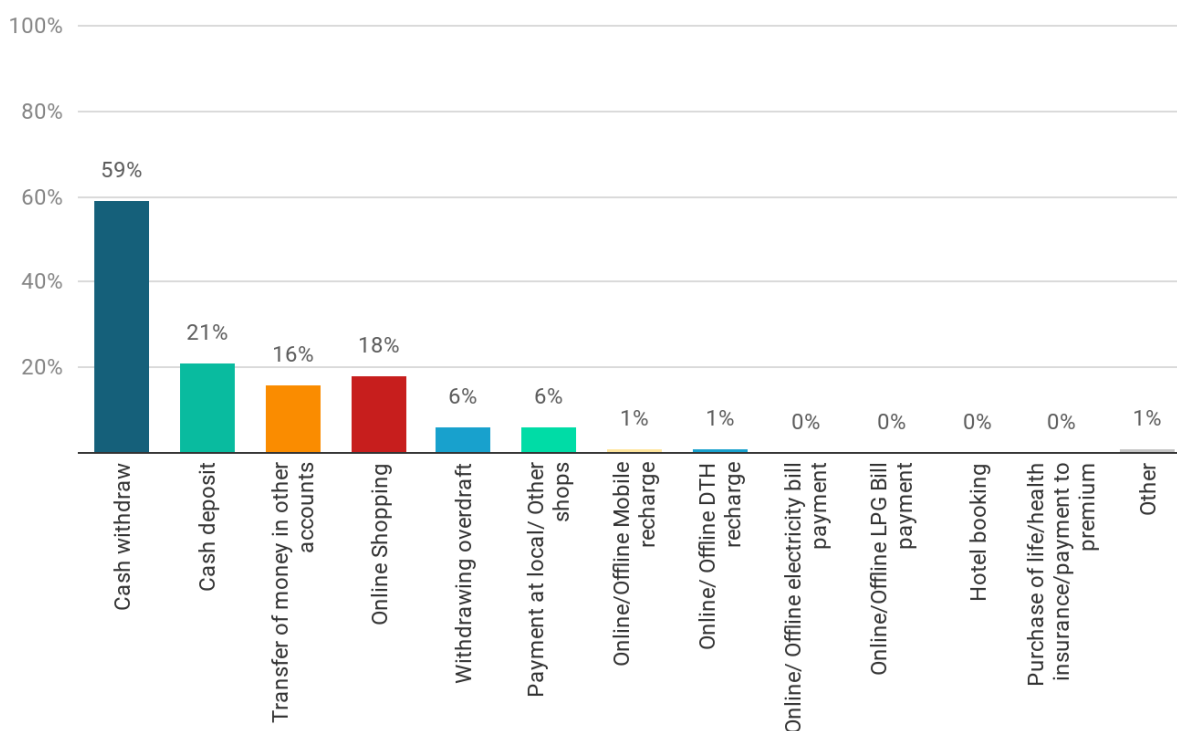
Bihar: Out of the 60% of respondents who use the RuPay card, 90% of them used the card for cash withdrawal, 7% used the card for cash deposit, 4% used it to transfer money in other accounts, 2% used it for online shopping and 1% each for payment at local shops and mobile recharge.

Uttar Pradesh: Out of the 42% of respondents who used the RuPay debit card, 59% of them used the card for cash withdrawal, 21% used the card for cash deposit,

16% used the card to transfer money in other accounts, 18% used it for online shopping, 6% each for withdrawing overdraft and payment at local shops and 1% each for mobile recharge and DTH recharge.

The FGD further revealed that the respondents do not know how to do online transactions hence refrain from buying any products online. Usage for online shopping is primarily done by younger respondents. On an average, withdrawals remain the primary use of the cards.

Chart 32: Use of RuPay Card (Multiple Responses) in (UP)





Woman withdrawing cash from Birna lakhansen CSP

Major Findings (Bihar):

- 85% of PMJDY account holders have RuPay debit card. Percentage of respondents having RuPay debit card increased from 66% to 85% between time of opening of PMJDY account and the survey period.
- Among the 40% of respondents who are not using the card, the card is not activated in case of 58% of the respondents.
- Out of the 60% of respondents who used the RuPay card, 90% of them used the card for cash withdrawal.

Major Findings (UP):

- 65% of PMJDY account holders have RuPay debit card. Percentage of respondents having RuPay debit card decreased from 77% to 65% between time of opening of PMJDY account and the survey period.
- Among 58% of respondents who are not using the card, it has not been activated in 27% of cases.
- Out of the 42% of respondents who used the RuPay card, 59% of them used the card for cash withdrawal.

RuPay Card: Activation, Awareness on Uses and Overdraft Facility

The study captured data on activation of RuPay card which hinges on the awareness levels of the respondents, along with the knowledge about the diverse uses of the card, including the overdraft facility. Data was collected on various aspects of the awareness generation camps such as attendance, information received, training on activation and use, perceived utility of the training along with the kind of problems faced in activation of the card, the medium of card activation and independent use of card. Further, knowledge and awareness about the various uses of the card, financial benefits associated with it, and perceptions on ease of use and problems faced in usage were dimensions on which data was collated.

In depth data was captured on the overdraft facility in terms of knowledge and use of the facility, reasons for not availing it, amount and frequency of overdraft, and the perceptions on its utility.

5.1 RuPay Card Activation

5.1.1 Awareness Generation Camps

The success of introducing any technology depends primarily on the awareness and education levels of the users. Awareness generation including behavioural change initiatives puts an impetus on the acceptance levels of the users and change in their mind set to accommodate the new tool in their daily lives. Awareness generation camps were not held in majority of the villages.

Table 22: Awareness Generation Camps

| Response | Bihar | Uttar Pradesh | Total |
|--------------------|-------------|---------------|-------------|
| Organized | 631 | 1464 | 2095 |
| Not Organized | 1942 | 994 | 2936 |
| Grand Total | 2573 | 2458 | 5031 |

Bihar: 75% of respondents mentioned that awareness generation or training camps/programs were not held in their village on PMJDY or RuPay card. Only 25% of respondents mentioned that such camps were organized.

Uttar Pradesh: 60% of respondents mentioned that awareness generation or training camps/programs were held on PMJDY or RuPay card in their village. 40% of respondents mentioned that such events were not held in the village.

Villagers mentioned during FGDs that bank account opening drives were held few years back (around 2014-15) but they do not remember that it was for PMJDY scheme. Discussion with CSP In-charges and CSP personnel also revealed that awareness generation camps were initially held after the launch of PMJDY but since it was a one-time program, the information faded away soon from the memory of the people and the efforts were directed more towards new account openings rather than making people aware and educated about the schemes itself.

Chart 33: Awareness Generation Camp (Bihar)

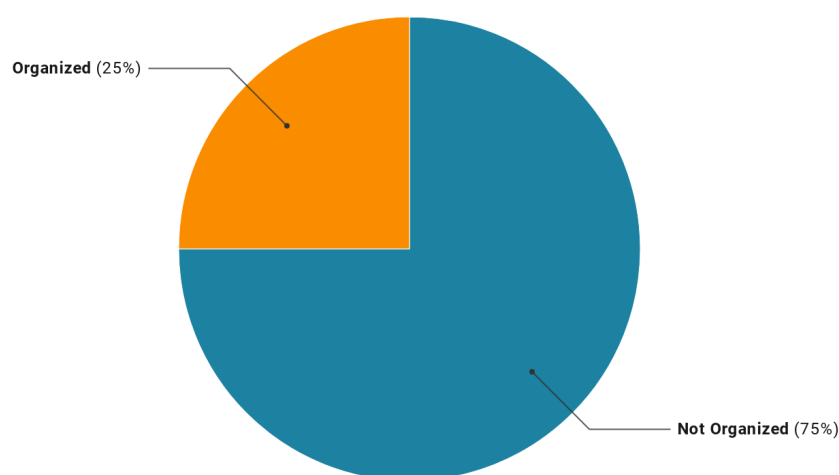
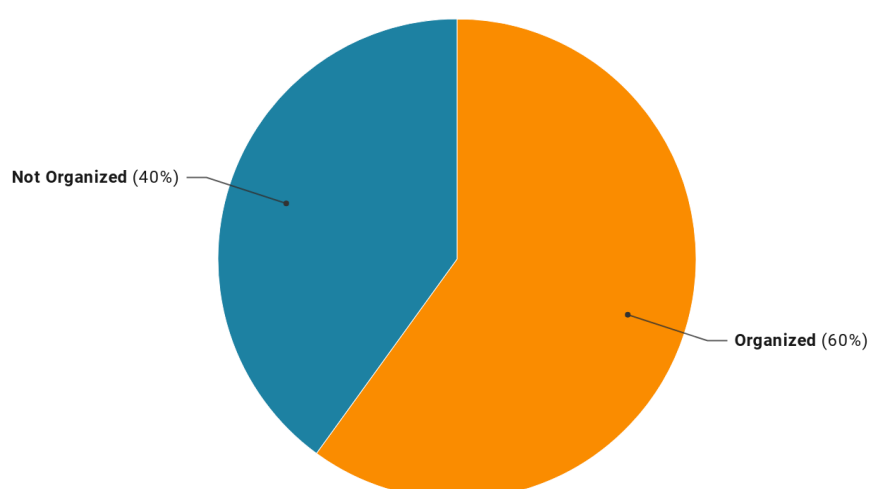


Chart 34: Awareness Generation Camp (UP)



5.1.2 Participation in Awareness Generation Camp

People's participation in awareness generation and training camps is essential in bringing them on-board and ensuring effective implementation of the programme. In the context of increasing and diversifying the usage of RuPay cards, it becomes even more critical that the respondents acquire the know-how of card activation, method of usage, types of usage, and multiple benefits associated with it. Such a comprehensive exposure can only come from active involvement in training and awareness generation campaigns. The chart below summarizes the proportion of respondents who participated in these camps.

The FGD revealed that they remember an account opening drive but do not remember that a comprehensive knowledge of the scheme and its benefits along with use of the RuPay card was given.

5.1.3 Information Received in Awareness Generation Camps

Awareness generation camps are targeted towards a specific set of outcomes which would eventually promote the goals of the programme. The quality of information received and the way it is communicated decides whether these outcomes are met. Data collected on whether the respondents who participated in these camps received information on PMJDY and RuPay card is summarized in the chart below.

Table 23: Participation in Awareness Generation Camp

| Response | Bihar | Uttar Pradesh | Total |
|------------------|-------|---------------|-------|
| Participated | 80 | 806 | 886 |
| Not Participated | 551 | 658 | 1209 |
| Grand Total | 631 | 1464 | 2095 |

Bihar: 631 respondents (25%) were aware of the awareness camp for PMJDY or RuPay Card; out of these only 13% had participated in the awareness camp.

Uttar Pradesh: 1464 respondents (60%) were aware of the awareness camp for PMJDY or RuPay Card; out of these 55% had participated in the awareness camp.

Bihar: Out of the 13% respondents who participated in awareness generation camps, 5% did not receive any information regarding PMJDY or RuPay card.

Uttar Pradesh: Out of the 55% respondents who participated in awareness generation camps, 2% did not receive any information regarding PMJDY or RuPay card. 98% of respondents received information in these camps.

Table 24: Information Received in Awareness Generation Camps

| Response | Bihar | Uttar Pradesh | Total |
|--------------------|-----------|---------------|------------|
| Received | 76 | 792 | 868 |
| Not Received | 4 | 14 | 18 |
| Grand Total | 80 | 806 | 886 |

5.1.4 Training on Activation & Use of RuPay Card

Although the card base in this region has expanded considerably, extensive usage of the RuPay card still remains a challenge. The first stumbling block is card activation which is technical in nature. Moreover, the card PIN becomes invalid after 45 days if the card is not activated within this period. Further, swiping the card and inputting the PIN to make transactions is another critical knowledge required for increasing active usage. Thus, comprehensive training for activation and use becomes imperative. The chart below summarizes the proportion of the respondents who received training on activation and use of the RuPay card.

The data show that the know-how on activation and use of RuPay debit card is very low.

Bihar: Only 4% of the respondents have received training/instruction on activation and use of RuPay debit card. This is a major setback as the card holders were not properly oriented about the use of RuPay card.

Uttar Pradesh: More than half of the respondents (57%) have received training/instruction on activation and use of RuPay debit card.

Table 25: Training on Activation & Use of RuPay Card

| Response | Bihar | Uttar Pradesh | Total |
|--------------------|-------------|---------------|-------------|
| Received | 100 | 1289 | 1389 |
| Not Received | 2175 | 957 | 3132 |
| Grand Total | 2275 | 2246 | 4521 |

Chart 35: Training on Activation and use of RuPay Card (Bihar)

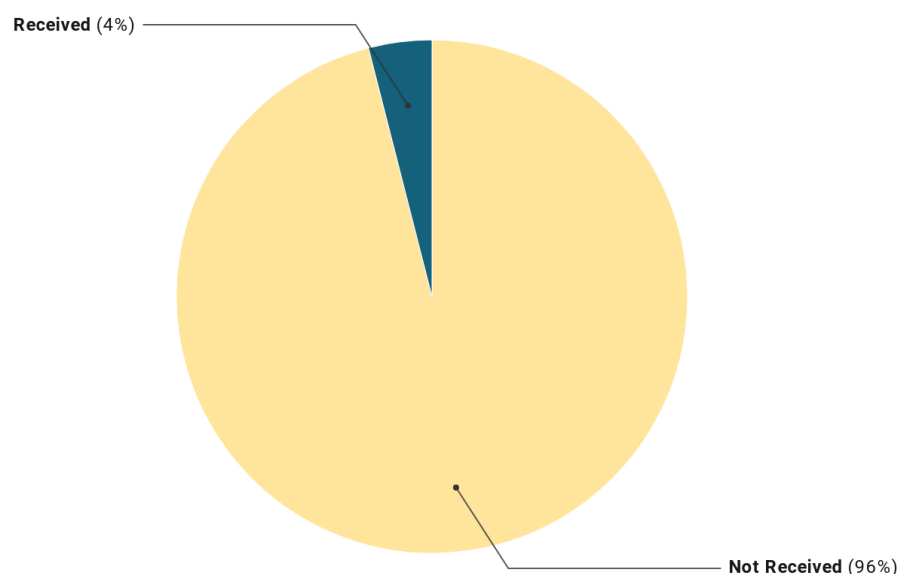
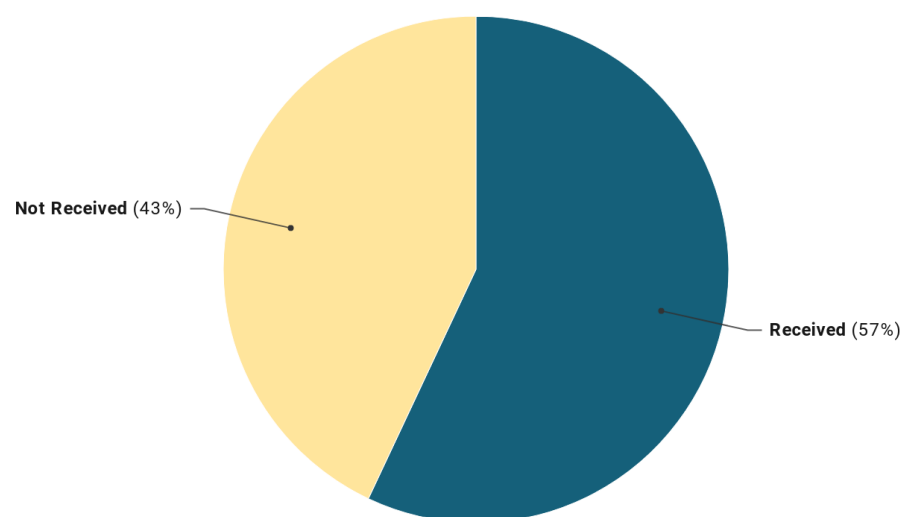


Chart 36: Training on Activation and use of RuPay Card (UP)



5.1.5 Training Provider

Rural banks in close reach of the respondents provide training on activation and usage of the RuPay card. Additionally, Customer Service Points are meant to provide a wide range of banking services in the vicinity of the customers.

Thus, banks and CSPs together play a crucial role in educating the customers for activation and proper use of the card. Friends and relatives who are already fluent with usage also are a good source of information and training.

Table 26: Training Provider

| Training Provider | Bihar | Uttar Pradesh | Total |
|--------------------|------------|---------------|-------------|
| Bank | 50 | 419 | 469 |
| CSP | 25 | 501 | 526 |
| Friend/Villager | 4 | 182 | 186 |
| Other | 13 | 187 | 200 |
| NR | 8 | 0 | 8 |
| Grand Total | 100 | 1289 | 1389 |

Bihar: Out of the 4% of respondents who received training/instruction on activation and use of RuPay card, 50% of them received it from bank personnel, 25% from Customer Support Point (CSP) and 4% from friends & relatives.

Uttar Pradesh: Out of the 57% respondents who received training/instruction on activation and use of RuPay card, 39% received it from Customer Support Point (CSP), 32% respondents from bank personnel, 14% from friends & relatives and 15% from other sources.

Bihar: Out of the 4% of overall respondents who received the training, 81% feel that the training/instruction that they received on activation and use of RuPay debit card was useful.

Uttar Pradesh: Out of the 57% of overall respondents who received the training, 76% feel that the training/instruction that they received on activation and use of RuPay debit card was useful.

5.1.6 Usefulness of Training

The effectiveness of a training program hinges on the quality of content as well as how it considers the context of the target audience. The chart below summarizes the perception of the respondents on whether they found the training programme useful.

Table 27: Usefulness of Training

| Response | Bihar | Uttar Pradesh | Total |
|--------------------|------------|---------------|-------------|
| Useful | 81 | 977 | 1058 |
| Not Useful | 19 | 312 | 331 |
| Grand Total | 100 | 1289 | 1389 |

5.1.7 Problem Faced in Activation of RuPay Card

Low awareness levels coupled with poor educational status is proving to be a major stumbling block in achieving the desired outcomes of the program. Moreover, awareness generation camps were not held in majority of the villages and thus a large section of the respondents face problems in activating the RuPay card as they do not know the procedure.

Markedly, a majority of the respondents are first-generation card-holders, too.

Bihar: Out of 2275 card holders, 552 respondents (24%) faced problems in activation of the RuPay card where as 1723 (76%) did not face any trouble.

Uttar Pradesh: Out of 2246 card holders, 1202 respondents (54%) faced problems in activation of the RuPay card.

Table 28: Problem faced in Activation of RuPay Card

| Response | Bihar | Uttar Pradesh | Total |
|-------------|-------|---------------|-------|
| Yes | 552 | 1202 | 1754 |
| No | 1723 | 1044 | 2767 |
| Grand Total | 2275 | 2246 | 4521 |

Chart 37: Faced Problem in Card Activation (Bihar)

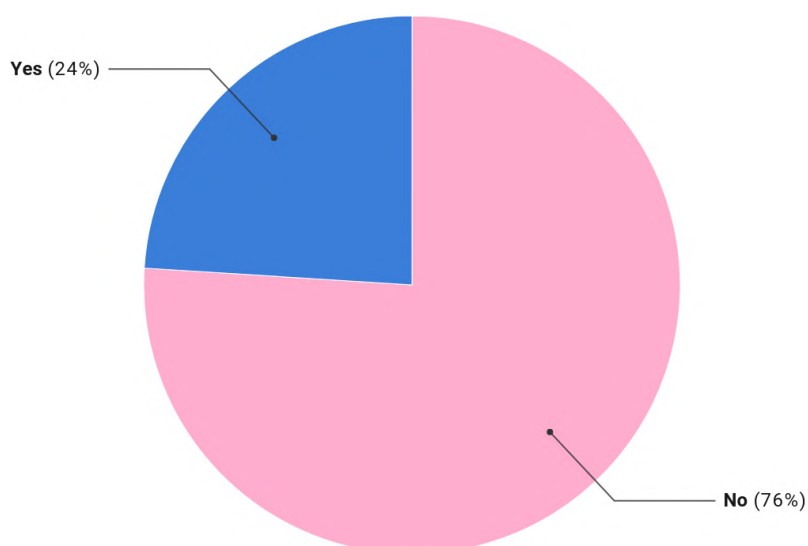
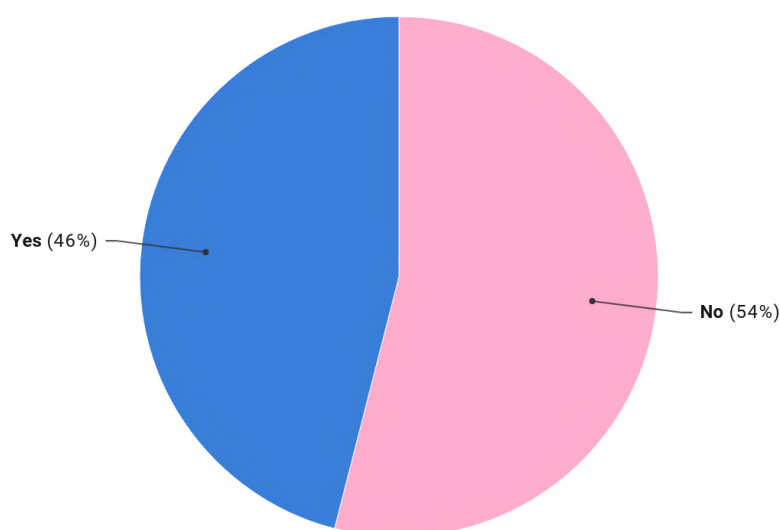


Chart 38: Faced Problem in Card Activation (UP)



5.1.8 Kind of Problems Faced in Activation of RuPay Card

Data was collated on the specific issues faced in activating the cards to gain a broad understanding of the barriers at the first level. The findings are summarized in the chart below.

A spectrum of problems is faced by the respondents in activating the RuPay debit card.

Table 29: Kind of Problems Faced in Activation of RuPay Card (Multiple Responses)

| Problem | Bihar | Uttar Pradesh | Total |
|--|-------|---------------|-------|
| No nearby CSP/ATM | 33 | 203 | 236 |
| Put it at home as do not know what to do with it | 53 | 549 | 602 |
| Did not get Pin of the Card | 110 | 228 | 338 |
| Lost Pin No. | 51 | 127 | 178 |
| Fear of using it | 239 | 343 | 582 |
| Other | 112 | 98 | 210 |

Bihar: Out of those 24% respondents who faced problems in card activation, 43% respondents have not activated the card due to fear of losing money through card use, 20% did not get the PIN, 10% kept the card at home as they do not know what to do with it, 6% of the respondents could not activate the card as there was no nearby CSP and 9% lost the PIN.

Uttar Pradesh: Out of the 54% respondents who faced problems in card activation, 46% kept the card at home as they do not know what to do with it, 29% of the respondents have not activated the card due to fear of losing money through card use, 19% did not get the PIN and for 17% there were no nearby CSP and 11% lost the PIN.

Chart 39: Kind of Problems Faced in Activation of RuPay Card (Multiple Responses) - Bihar

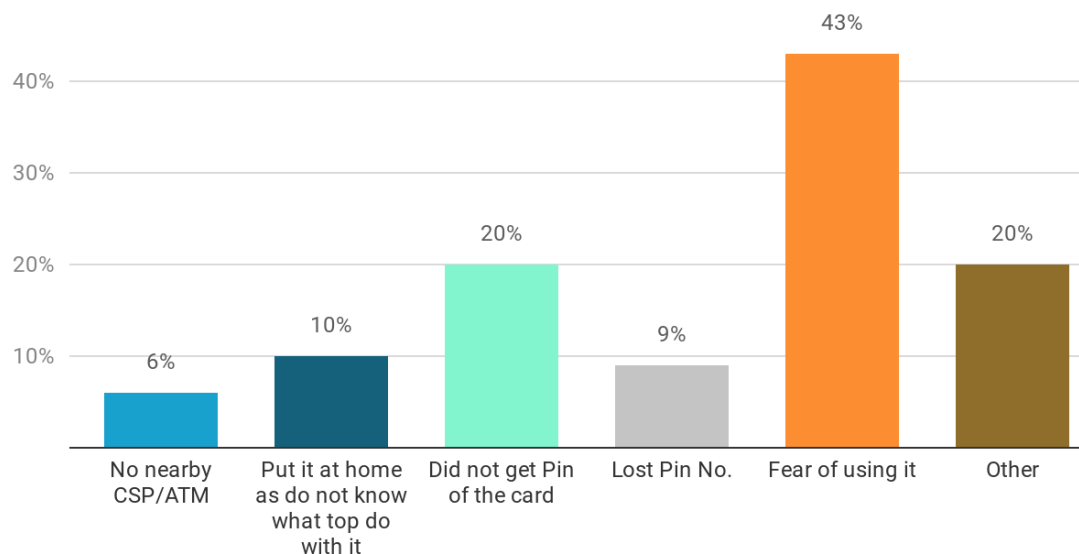
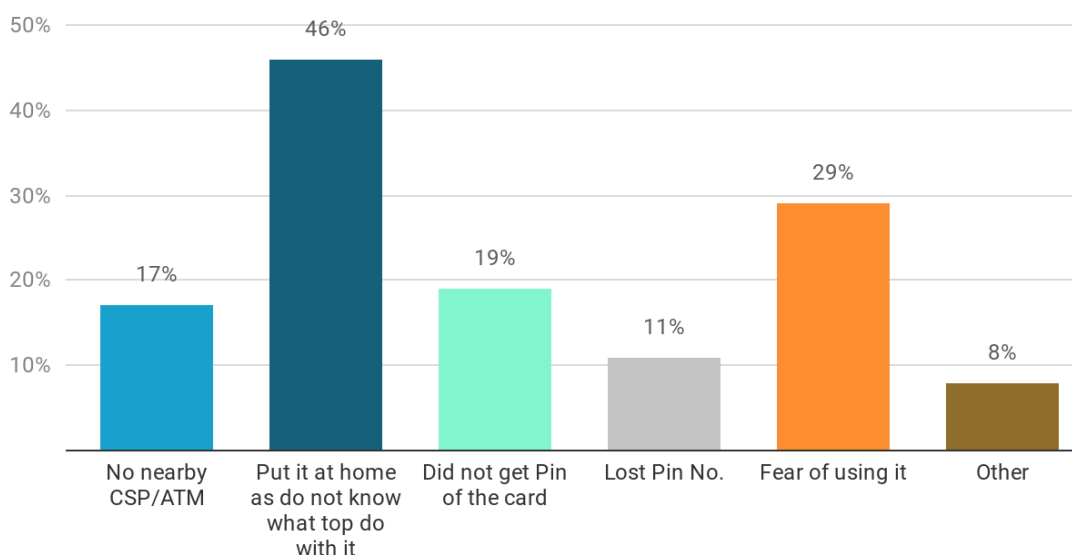


Chart 40: Kind of Problems Faced in Activation of RuPay Card (Multiple Responses) - UP



It is evident from the data that most of the limiting factors are arising at the individual level in the form of apprehension towards a new technology and lack of knowledge and awareness about usage. A part of it is also institutional in the form of non-receipt of PIN.

5.1.9 Medium of Card Activation

The study attempted to capture the medium the respondents channeled to activate their cards. This data is summarized in the chart below.

Respondents have taken help from the available resources like CSP, bank and friend/neighbour in their vicinity to get their card activated.

Bihar: 24% of the RuPay Card holders, who faced problem in card activation, got assistance from from different sources. 46% respondents could get their card activated through friend's/relative's help, 30% with the help of CSP, 21% visited

their respective banks to get the card activated and 9% took help from other sources to activate their card.

Uttar Pradesh: 54% of the RuPay Card holders, who faced problem in card activation, got assistance from from different sources. 42% respondents could get their card activated through friend's/relative's help, 54% with the help of CSP, 33% visited their respective banks to get the card activated and 10% took help from other sources to activate their card.

Table 30: Medium of Card Activation (Multiple Responses)

| Medium | Bihar | Uttar Pradesh | Total |
|---------------------------|-------|---------------|-------|
| With the help of CSP | 168 | 654 | 822 |
| Visited the Bank | 114 | 402 | 516 |
| Help from friend/villager | 253 | 504 | 757 |
| Other | 52 | 122 | 174 |

Chart 41: Medium of Card Activation (Multiple Responses) - Bihar

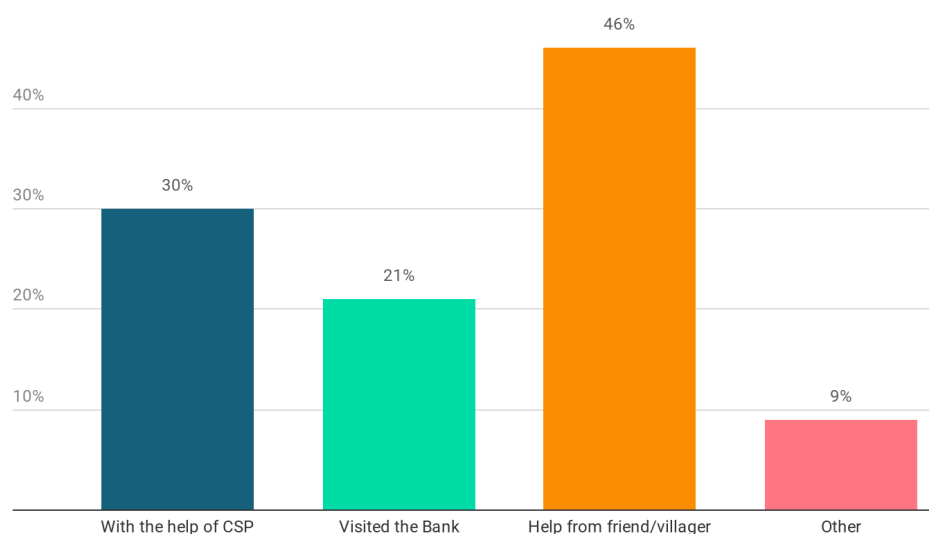
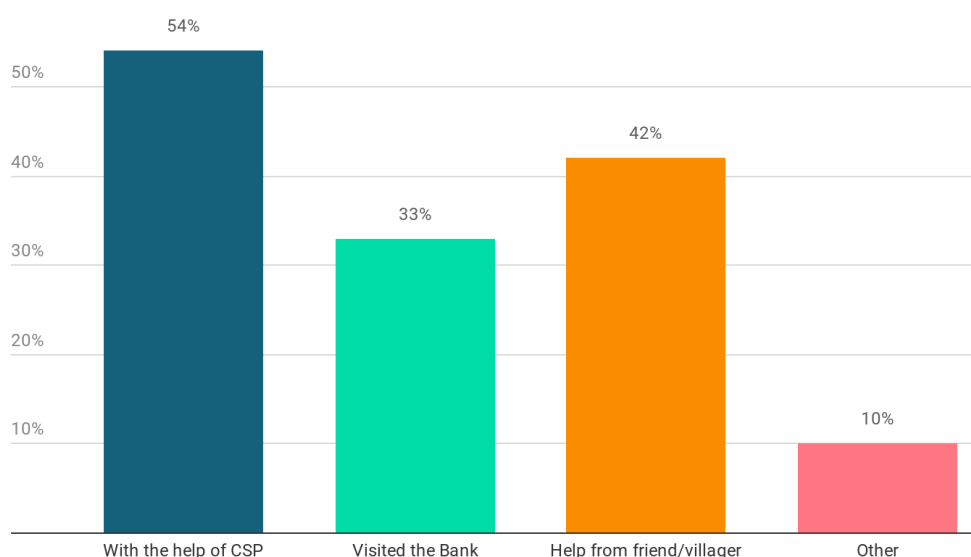


Chart 42: Medium of Card Activation (Multiple Responses) - UP



5.1.10 Independent Card Use

The independent use of the card is a critical indicator of capacity building and the first step towards sustainability of RuPay card in the long run. The data on independent use of RuPay card is summarized in the chart below.

It's very encouraging to note that a large section of the card users can now use the card independently without someone's help.

Considering their weak socio-economic background, low awareness & educational levels and the fact that majority are first generation card users, it is remarkable that such a large section of respondents have equipped themselves to keep pace with the financial inclusion program.

Table 31: Independent use of RuPay Card

| Response | Bihar | Uttar Pradesh | Total |
|-------------|-------|---------------|-------|
| Yes | 987 | 753 | 1740 |
| No | 328 | 197 | 525 |
| Grand Total | 1315 | 950 | 2265 |

Bihar: Out of the 60% of respondents who are using the card, 75% of them can use RuPay debit card on their own.

Uttar Pradesh: Out of the 42% of respondents who are using the card, 79% of the respondents can use the RuPay debit card on their own.

This is a huge step forward for all these respondents who were out of the ambit of digital economy.

Chart 43: Independent use of Rupay Card (Bihar)

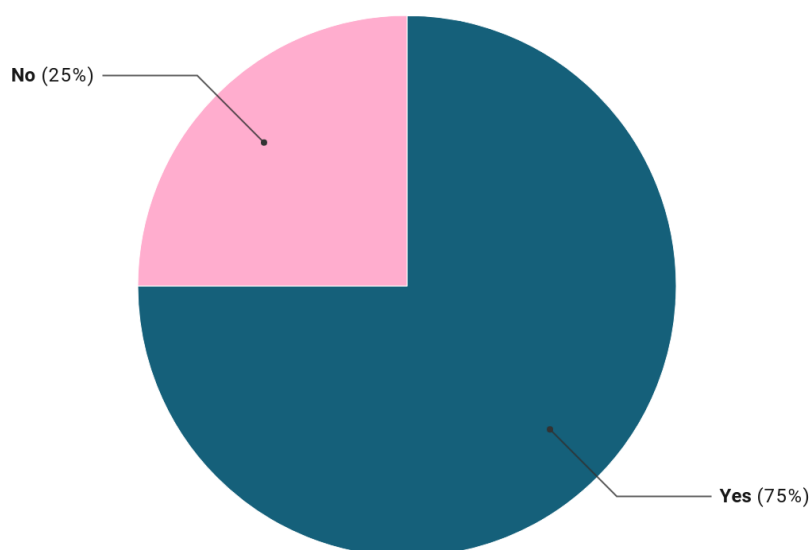
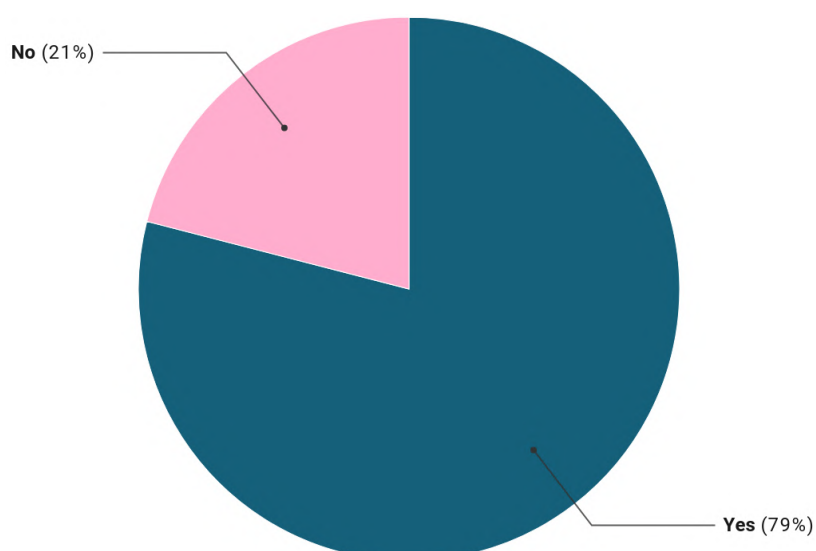


Chart 44: Independent use of Rupay Card (UP)



5.2 Awareness on Uses of RuPay Card

5.2.1 Knowledge of use of RuPay Card

As emphasized before, the RuPay Card is the key in PMJDY to bring the marginalized and socio-economically weak sections of the society dwelling in the remotest regions of rural India in the sphere of formal banking. The RuPay card facilitates sustained usage of opened bank accounts and thus serves the goal of financial inclusion. While cash withdrawal may seem its most obvious use, it opens the doors to a spectrum of services which are otherwise unavailable to people without access to banks.

The chart below summarizes the proportion of respondents who have the knowledge that the RuPay card has multiple uses.

Bihar: The data show that more than half of the respondents (53%) are aware of the uses of RuPay debit card

Uttar Pradesh: The data show that more than half of the respondents (52%) are aware of the uses of RuPay debit card.

This is also because nearly a similar percentage of respondents are using the card.

Table 32: Knowledge of Use of RuPay Card

| Response | Bihar | Uttar Pradesh | Total |
|-------------|-------|---------------|-------|
| Yes | 1287 | 1151 | 2438 |
| No | 988 | 1095 | 2083 |
| Grand Total | 2275 | 2246 | 4521 |

Chart 45: Knowledge on use of RuPay Card (Bihar)

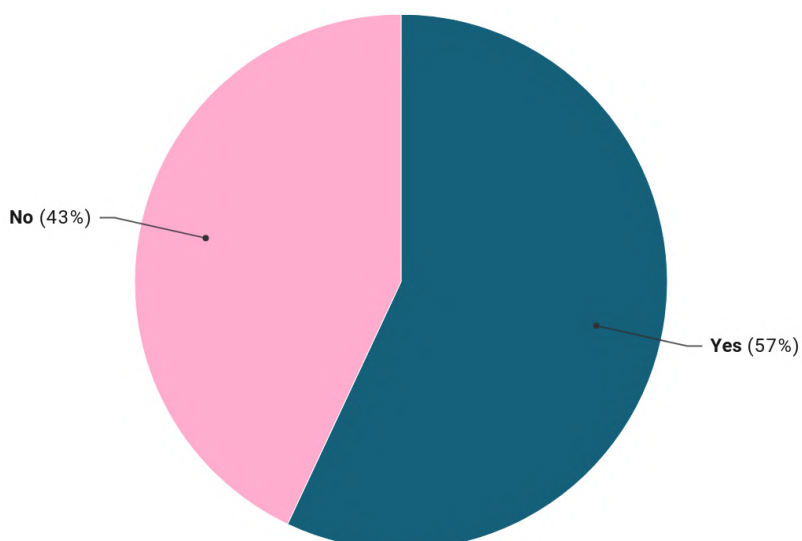
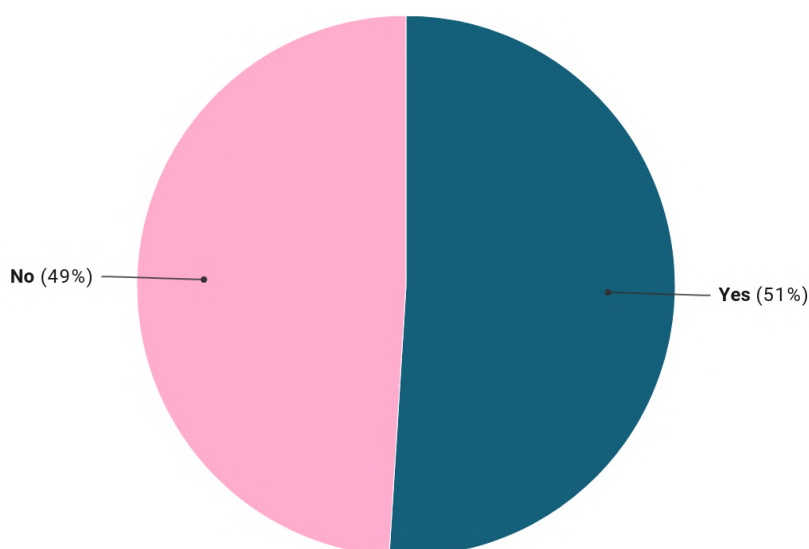


Chart 46: Knowledge on use of RuPay Card (UP)



5.2.2 Awareness on Uses of RuPay Card

The study attempted to record the awareness of the respondents vis-à-vis types of uses of the RuPay card. The findings are summarized in the chart below.

One of the primary and obvious uses of debit card being cash withdrawal, a majority of the respondents too know that the card can be used to withdraw cash.

Table 33: Uses of RuPay Card (Multiple Responses)

| Usage | Bihar | Uttar Pradesh | Total |
|--|-------|---------------|-------|
| Cash withdraw | 1246 | 851 | 2097 |
| Cash deposit | 276 | 543 | 819 |
| Transfer of money in other account | 182 | 437 | 619 |
| Online Shopping | 158 | 510 | 668 |
| Withdrawing overdraft | 17 | 212 | 229 |
| Payment at local/ Other shops | 50 | 233 | 283 |
| Online/Offline Mobile recharge | 44 | 135 | 179 |
| Online/ Offline DTH recharge | 23 | 112 | 135 |
| Online/ Offline electricity bill payment | 27 | 90 | 117 |
| Online/Offline LPG Bill payment | 14 | 89 | 103 |
| Booking of Train ticket | 19 | 38 | 57 |
| Hotel booking | 13 | 23 | 36 |
| Other | 44 | 22 | 66 |

Bihar: Out of 57% respondents, who were aware of use of RuPay Card, majority of the respondents (97%) know that the card is used for withdrawing cash. 17% of the respondents know that the card can be used for depositing cash, 11% know it is used for transferring money in other accounts, 9% know it can be used for online shopping, 3% of each know that the card can be used for payment in local shops & for mobile recharge, 2% know it can be used for paying electricity bills and 1% each know that it can be used for payment of gas bills, booking of train tickets, hotel booking.

Uttar Pradesh: Out of 51% respondents, who were aware of use of RuPay Card, majority of the respondents (74%) know that the card is used for withdrawing cash. 47% of respondents know that the card can be used for depositing cash, 44% know it can be used for online shopping, 38% know it is used for transferring money in other accounts, 20% know that the card can be used for payment in local shops, 18% to withdraw overdraft, 12% for mobile recharge, 10% know it can be used for DTH recharge, 8% for paying electricity bills and 3% know can be used booking of train tickets, 2% for hotel booking and 8% for payment of gas bills.

Chart 47: Awareness on Uses of RuPay Card (Multiple Responses) - Bihar

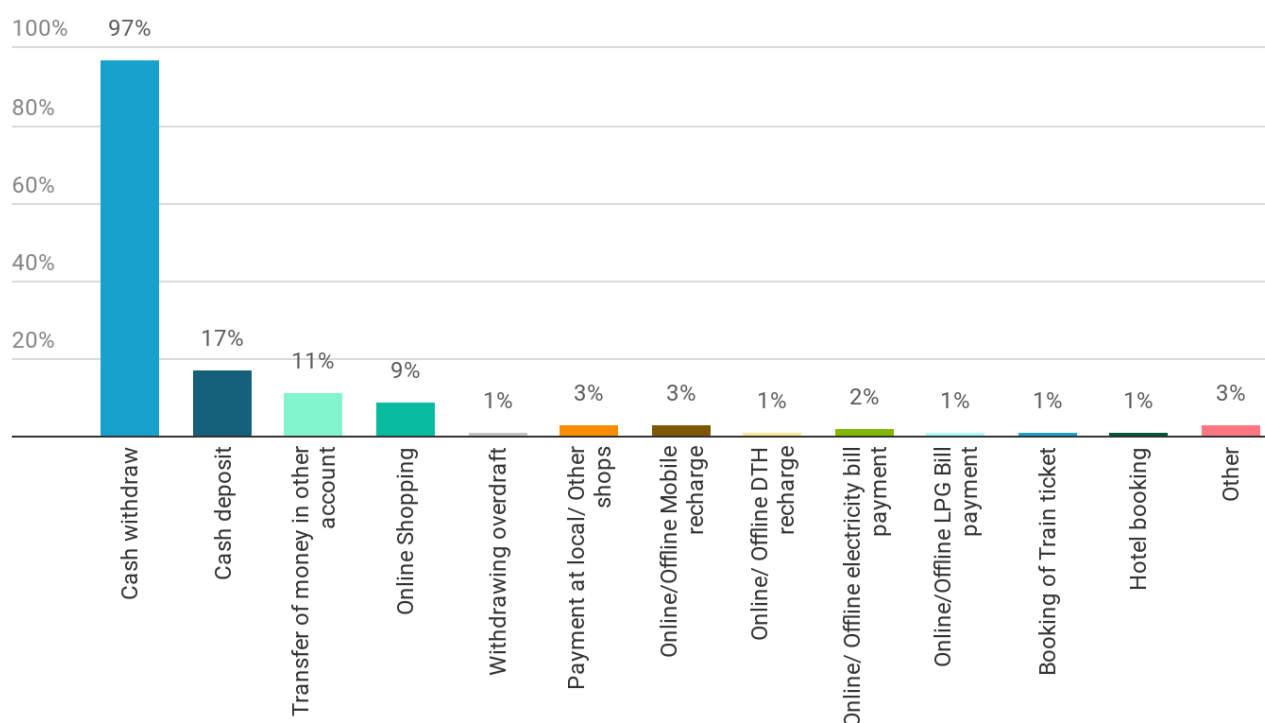
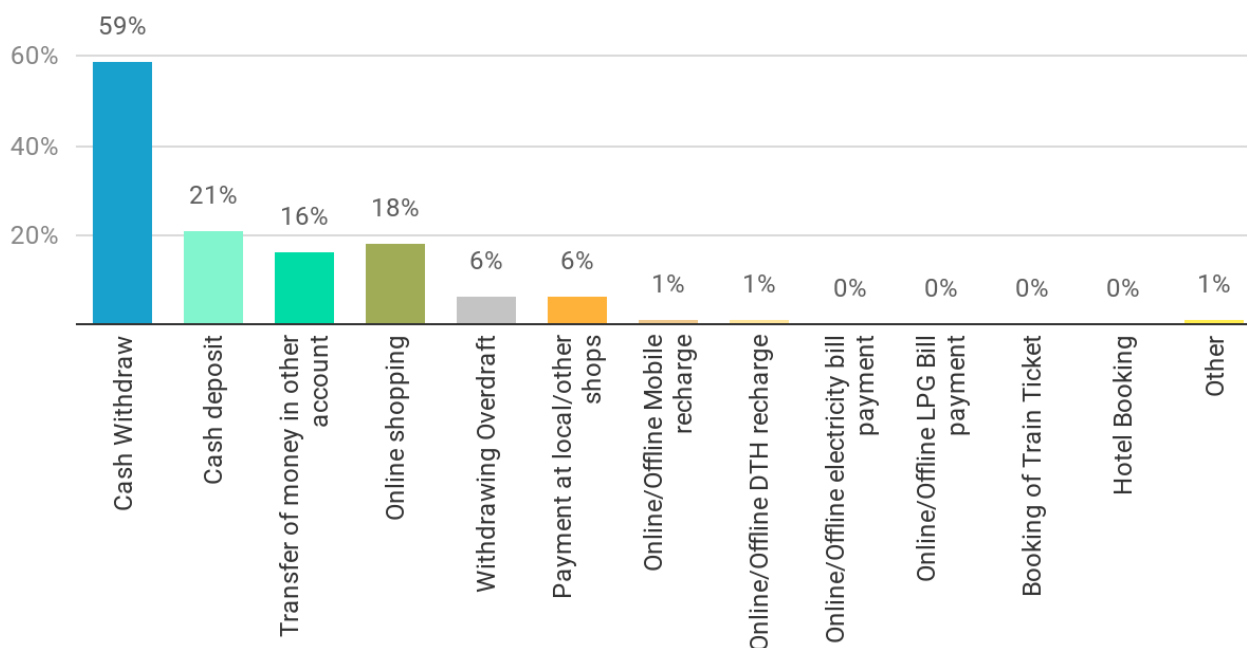


Chart 48: Awareness on Uses of RuPay Card (Multiple Responses) - UP



5.2.3 Knowledge on Financial Benefits of RuPay Card

The RuPay card comes with several financial benefits such as a comprehensive accidental insurance cover, low transaction fees, and a variety of merchant (such as Paytm) offers. Data was collated on whether the respondents have knowledge of such benefits and it is summarized in the charts.

The data show that the awareness regarding these benefits is low among the respondents.

Bihar: Out of total 2275 respondents, who received RuPay Card, only 35% of the respondents are aware of the financial benefits of RuPay debit card.

Uttar Pradesh: Out of total 2246 respondents, who received RuPay Card, only 31% are aware of the financial benefits of RuPay debit card.

Table 34: Knowledge on Financial Benefits of RuPay Card

| Response | Bihar | Uttar Pradesh | Total |
|--------------------|-------------|---------------|-------------|
| Aware | 802 | 690 | 1492 |
| Not Aware | 1473 | 1556 | 3029 |
| Grand Total | 2275 | 2246 | 4521 |

Chart 49: Knowledge on Financial Benefits of RuPay Card (Bihar)

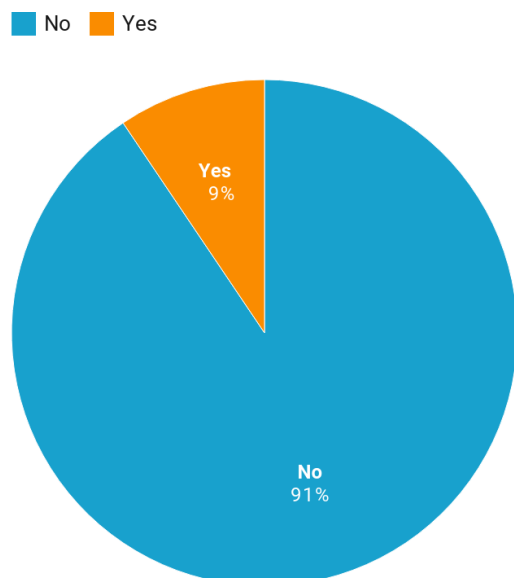
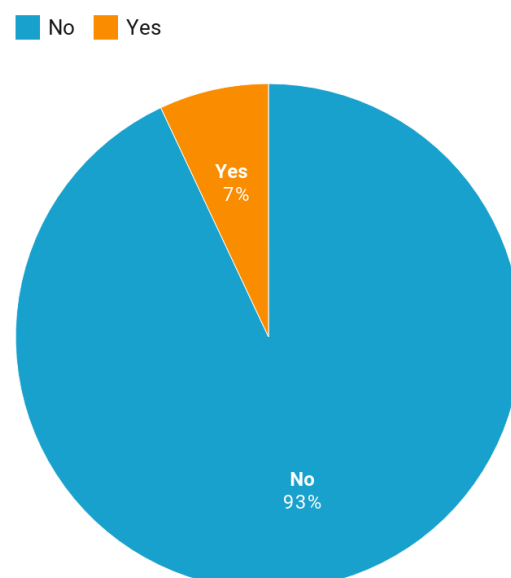


Chart 50: Knowledge on Financial Benefits of RuPay Card (UP)



5.2.4 Awareness of Types of Financial Benefits of RuPay Card

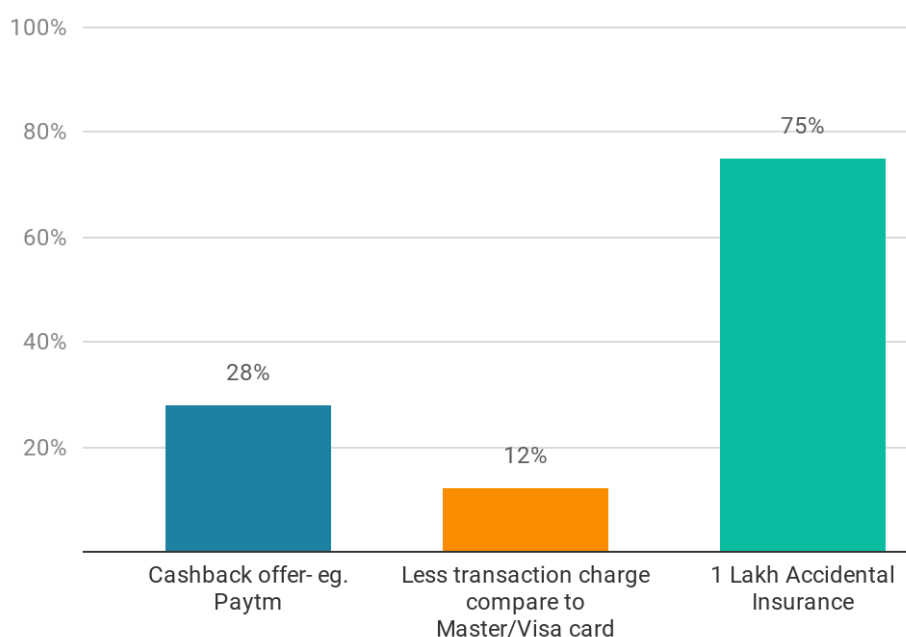
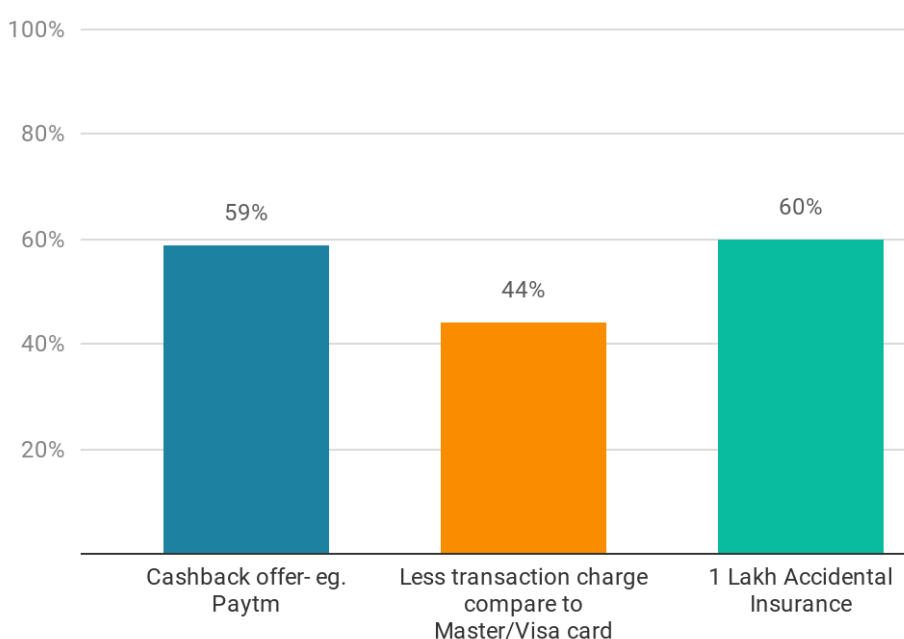
The study captured data on awareness of the respondents about specific types of financial benefits of RuPay cards. The findings are summarized in the chart below.

Bihar: Out of the 35% respondents who are aware of the financial benefits of the RuPay card, a large section of the respondents (75%) are aware of the fact that there is an accidental insurance cover of Rs.1 lakh. 28% of the respondents know that there are cash back offers and 12% know that the transaction charges are less than Visa/ MasterCard.

Uttar Pradesh: Out of the 31% respondents who are aware of the financial benefits of RuPay card, a large section of the respondents (59%) are aware of the fact there are cash back offers, 60% of the respondents know that there is an accidental insurance cover of Rs.1 lakh. And 44% know that the transaction charges are less than a Visa/ MasterCard.

Table 35: Awareness of Financial Benefits (Multiple Responses)

| Response | Bihar | Uttar Pradesh | Total |
|--|-------|---------------|-------|
| Cash back offer, e.g. PayTm | 227 | 405 | 632 |
| Less transaction charges compare to Master/Visa Card | 96 | 302 | 398 |
| One lakh accidental insurance | 605 | 412 | 1017 |

Chart 51: Awareness of Financial Benefits (Multiple Responses) - Bihar**Chart 52: Awareness of Financial Benefits (Multiple Responses) - UP**

5.2.5 Knowledge of RuPay Card Being Indian

RuPay is an indigenous domestic debit card introduced by National Payment Corporation of India (NPCI). Data was collected to gauge the proportion of respondents who are aware that RuPay is India's domestic card service. The findings are summarized in the chart below.

Bihar: The data show that a large section of the respondents are not aware that RuPay is an Indian card. 38% of the respondents are acquainted with the fact that RuPay is a domestic card.

Uttar Pradesh: The data shows that a large section of the respondents are not aware that RuPay is an Indian card. 61% of the respondents are acquainted with the fact that RuPay is a domestic card.

Table 36: Knowledge that RuPay Card is Indian

| Response | Bihar | Uttar Pradesh | Total |
|-------------|-------|---------------|-------|
| Aware | 852 | 945 | 1797 |
| Not Aware | 1423 | 1207 | 2630 |
| No Response | 0 | 94 | 94 |
| Grand Total | 2275 | 2246 | 4521 |

Chart 53: Knowledge that RuPay Card is Indian (Bihar)

Not Aware (63%) Aware (37%)

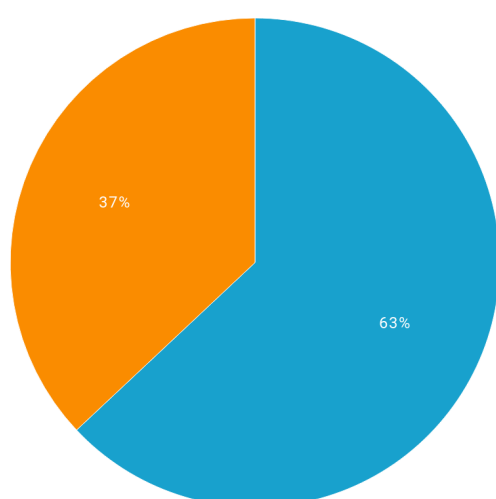
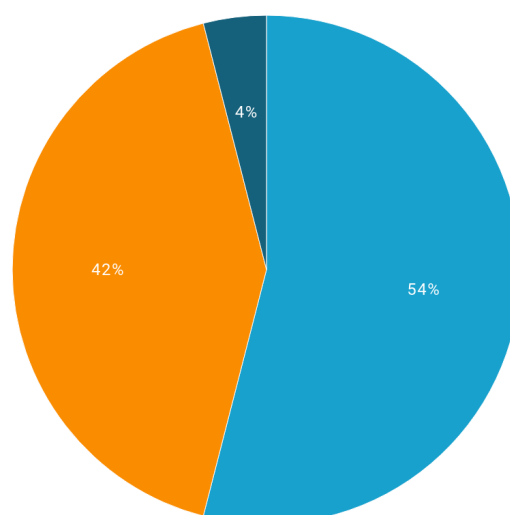


Chart 54: Knowledge that RuPay Card is Indian (UP)

Not Aware (54%) Aware (42%) No Response (4%)



5.2.6 Ease of use of RuPay card

The distinguishing feature of the RuPay card is that it is very easy to activate and use but it still poses a challenge for first-time card users who are new to technology and are apprehensive of making a mistake and losing money in the bargain.

The respondents who are using their RuPay cards, find it easy to operate.

Bihar: The data shows that 81% of the respondents using the card feel that it is easy to use.

Uttar Pradesh: The data shows that 63% of the respondents using the card feel that RuPay debit card is easy to use.

Table 37: Ease of use of RuPay card

| Response | Bihar | Uttar Pradesh | Total |
|-----------------|-------|---------------|-------|
| Easy to use | 1069 | 602 | 1671 |
| Not Easy to use | 246 | 348 | 594 |
| Grand Total | 1315 | 950 | 2265 |

Chart 55: Ease of Use of RuPay Card (Bihar)

■ Easy to use ■ Not easy to use

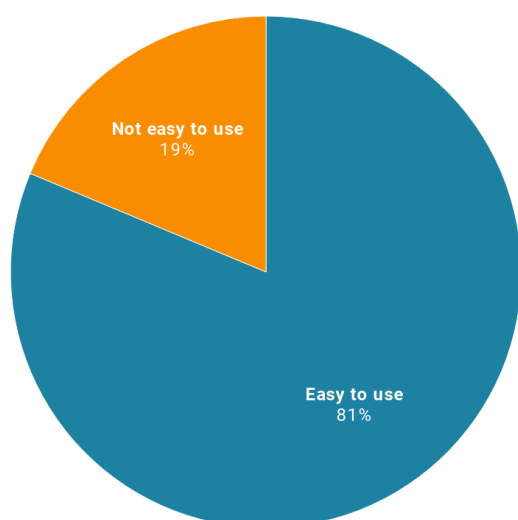
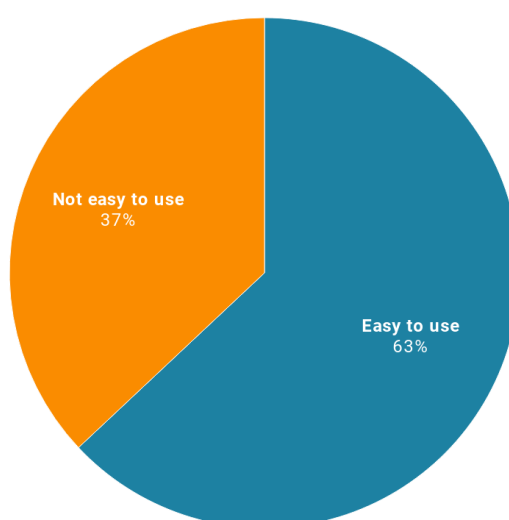


Chart 56: Ease of Use of RuPay card (UP)

■ Easy to use ■ Not easy to use



5.2.7 Problems Faced in Using RuPay Card

The study attempted to dig deep into the barriers in using the RuPay card on a regular basis. The chart below summarizes these findings.

Respondents face a variety of problems while using the RuPay debit card.

Bihar: Out of 19% respondents, who do not find RuPay Card easy to use, 76% have no knowledge of how to use the card, 19% reported that cash is not available in the CSPs, 16% reported that the card does not work properly and 7% reported that CSP/ATM was out of order.

Uttar Pradesh: Out of 37% respondents, who do not find RuPay Card easy to use, 17% have no knowledge of how to use the card, 18% reported that cash is not available in the CSPs, 53% reported that the card does not work properly, 13% reported that there is no nearby CSP and 14% reported that CSP/ATM was out of order.

It is evident from the data that CSPs play a crucial role in enabling the respondents to avail the facilities of the RuPay card. Thus, it is important that they remain functional and have enough stock of cash.

Table 38: Problems Faced in using RuPay card (Multiple Responses)

| Problem | Bihar | Uttar Pradesh | Total |
|--|-------|---------------|-------|
| Most of time money not available with CSP/in ATM | 46 | 62 | 108 |
| No nearby CSP/ATM | 4 | 44 | 48 |
| CSP/ATM are mostly out of service | 18 | 48 | 66 |
| Card not function properly | 40 | 184 | 224 |
| No knowledge how to use the card | 187 | 60 | 247 |
| Other | 47 | 6 | 53 |

Chart 57: Problem Faced in using RuPay Card (Multiple Responses) - Bihar

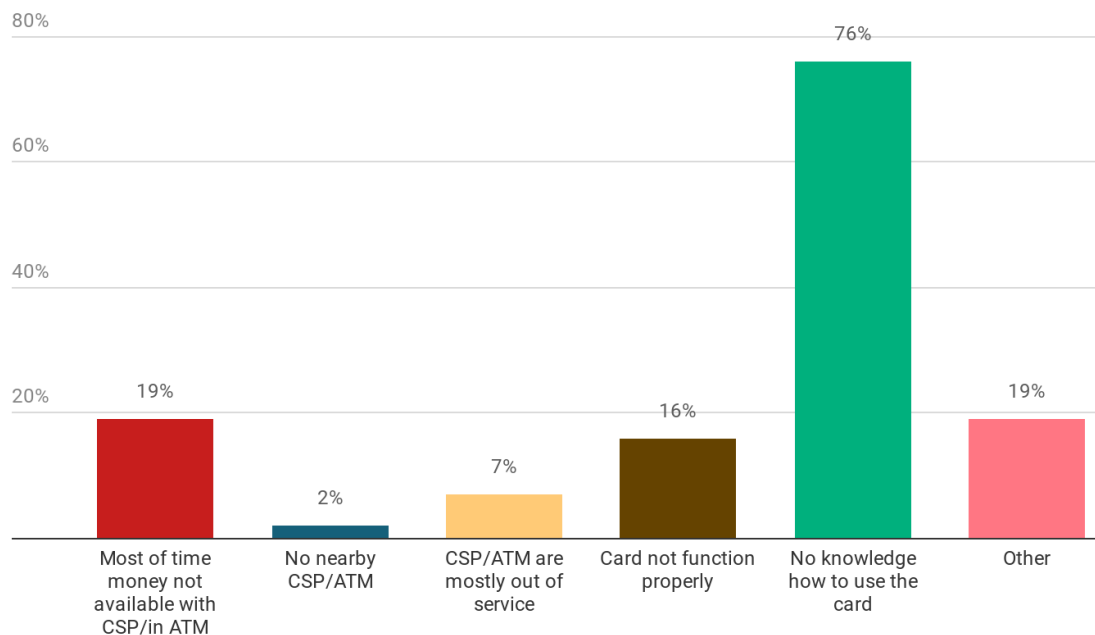
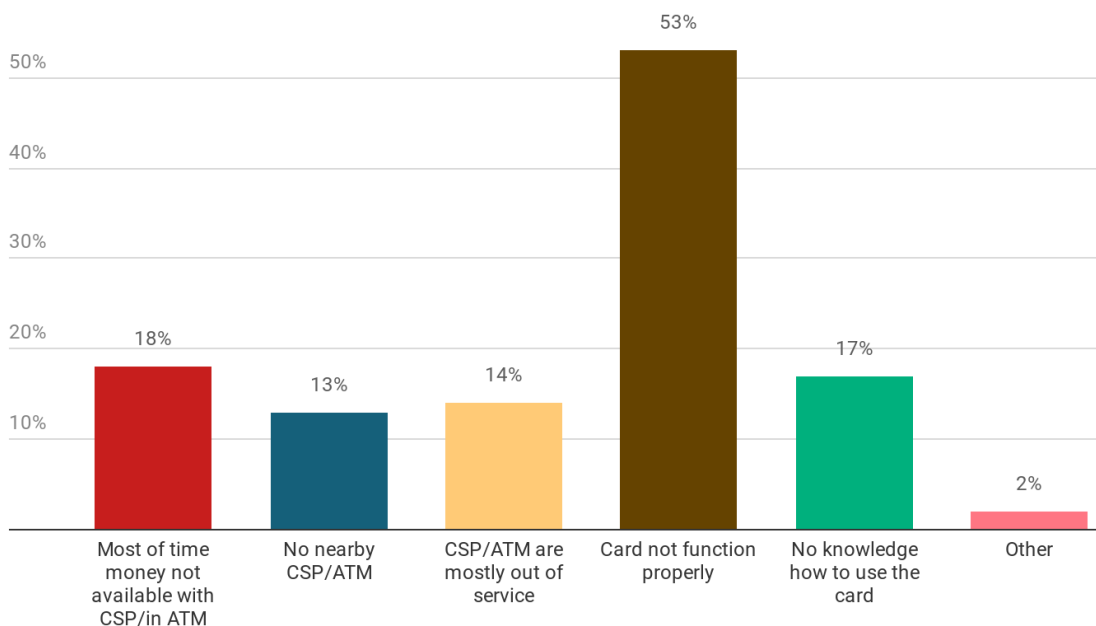


Chart 58: Problem Faced in using RuPay Card (Multiple Responses) - UP



Individual barriers such as inability to use the card, and as revealed in the FGD, a deep-seated apprehension towards using the card, stem from low literacy levels, alienation from technology, and a need for enabling scaffolds in the form of comprehensive training and on-going support.

5.3 Overdraft Facility

The overdraft facility has been integrated in the PMJDY scheme under which the account holder is allowed to withdraw money from their account even when they have zero balance in their account. The overdraft facility was initially Rs.5,000 and has now been increased to Rs.10,000 per household. One member of the family is eligible for the facility which can be used after six months of account opening and with satisfying banking transactions.

5.3.1 Knowledge of overdraft facility

The overdraft facility is an exigency fund for vulnerable debtors who often resort to borrowing from informal and exploitative credit institutions and lead their lives in unrelenting cycles of debt. The amount is enough to meet some of their emergency cash requirements such as health shocks and agricultural requirements. Operating the account on a regular basis to repay, deposit, or withdraw, allows the weaker sections to create a credit history and paves the path for larger institutionalized loans. Thus, knowledge about this facility is critical as access to formal credit is an important component of financial inclusion and the overdraft facility works in a gradual and systematic way to ensure the same. The data on proportion of the respondents who are aware of the overdraft facility is summarized in the chart below.

Table 39: Knowledge of Overdraft Facility

| Response | Bihar | Uttar Pradesh | Total |
|--------------------|-------------|---------------|-------------|
| Aware | 301 | 497 | 798 |
| Not Aware | 2272 | 1961 | 4233 |
| Grand Total | 2573 | 2458 | 5031 |

Awareness levels towards the overdraft facility in PMJDY account is extremely low.

Bihar: 88% of the respondents are not aware of the overdraft facility in their PMJDY account.

Uttar Pradesh: 80% of the respondents are not aware of the overdraft facility in their PMJDY account.

During the FGDs, the respondents were explained in detail about the overdraft facility and were asked whether they were aware of this facility but most respondents reported in the negative.

Chart 59: Knowledge of Overdraft Facility (Bihar)

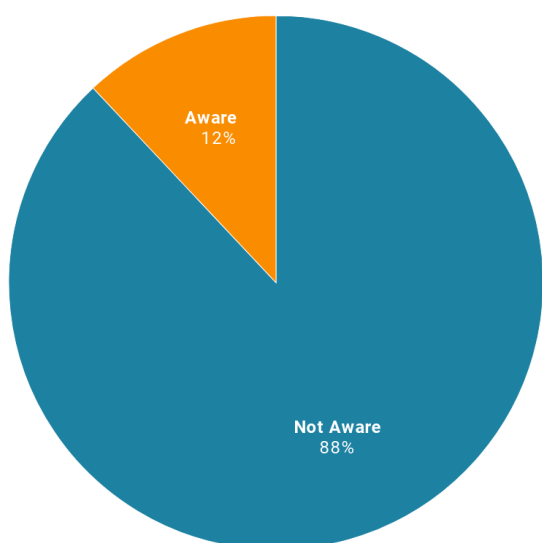
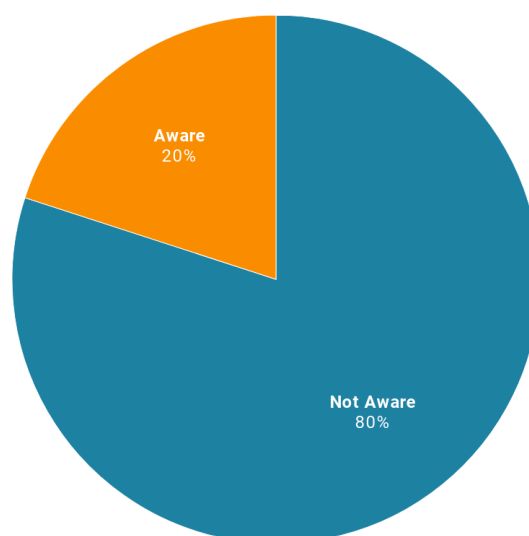


Chart 60: Knowledge of Overdraft Facility (UP)



5.3.2 Use of Overdraft facility

As mentioned before, use of the overdraft facility for managing shocks and emergencies without resorting to local moneylenders, and building a substantial credit history for future credit are important steps towards financial inclusion and empowerment. Data was collected on the proportion of the respondents who have actually used the overdraft facility. The findings are summarized in the chart below.

A very small proportion of the respondents have availed of the overdraft facility.

Bihar: Out of the 12% respondents who are aware of the overdraft facility, 37% have availed of overdraft from their PMJDY account.

Uttar Pradesh: Out of the 20% respondents who are aware of the overdraft facility, 22% have availed of overdraft from their PMJDY account.

Table 40: Use of Overdraft Facility

| Response | Bihar | Uttar Pradesh | Total |
|-------------|-------|---------------|-------|
| Yes | 112 | 107 | 219 |
| No | 189 | 390 | 579 |
| Grand Total | 301 | 497 | 798 |

Chart 61: Usage of Overdraft Facility out of those who were aware about it (Bihar)

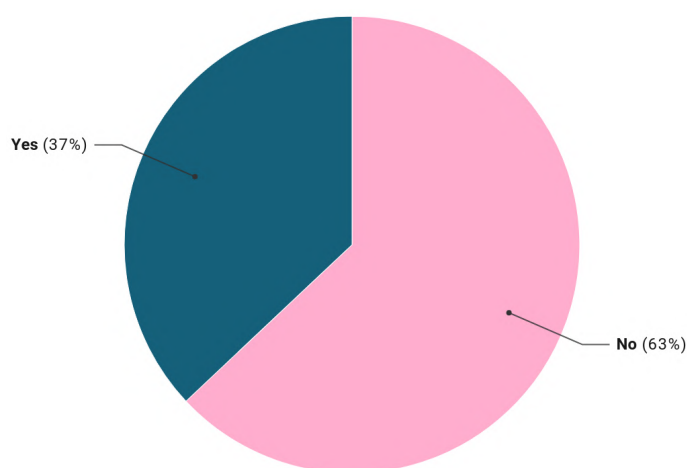
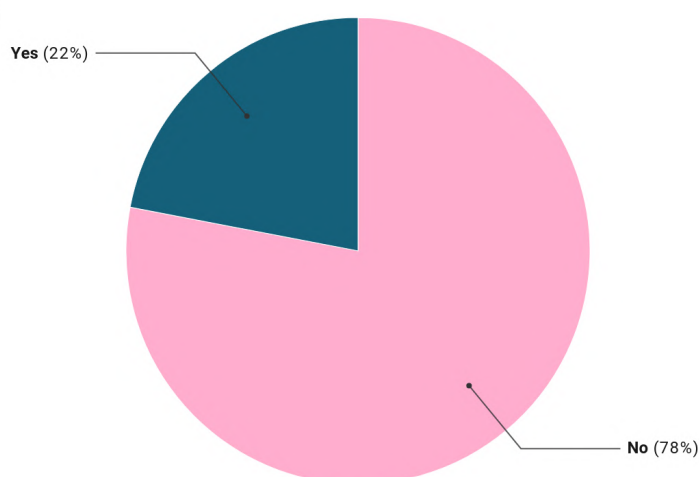


Chart 62: Usage of Overdraft Facility out of those who were aware about it (UP)



5.3.3 Reason for not taking overdraft

The study collated the reasons behind not availing the overdraft facility. The findings are summarized in the chart below.

Table 41: Reason for not Taking Overdraft (Multiple Response)

| Reason | Bihar | Uttar Pradesh | Total |
|--------------------------------------|-------|---------------|-------|
| No need | 151 | 314 | 465 |
| Account is not eligible for the same | 3 | 11 | 14 |
| Problem in Repayment | 19 | 33 | 52 |
| Other | 18 | 50 | 68 |

Bihar: Out of the 12% respondents who are aware of the overdraft facility, they have different reasons for not taking an overdraft. Out of them, 80% respondents mentioned that they have not taken an overdraft as they do not require it. 10% have not taken it as they think it will be difficult to repay the amount. 2% of the respondents mentioned that they have not availed the facility because they are not eligible.

Uttar Pradesh: Out of the 20% of the respondents who are aware of the overdraft facility, they have different reasons for not taking an overdraft. Of them, 81% respondents mentioned that they have not taken an overdraft as they do not require it. 8% have not taken it as they think it will be difficult to repay the amount. 3% of the respondents mentioned that they have not availed the facility because they are not eligible.

Chart 63: Reason for not taking Overdraft out of those who were aware of it (Multiple Response) - Bihar

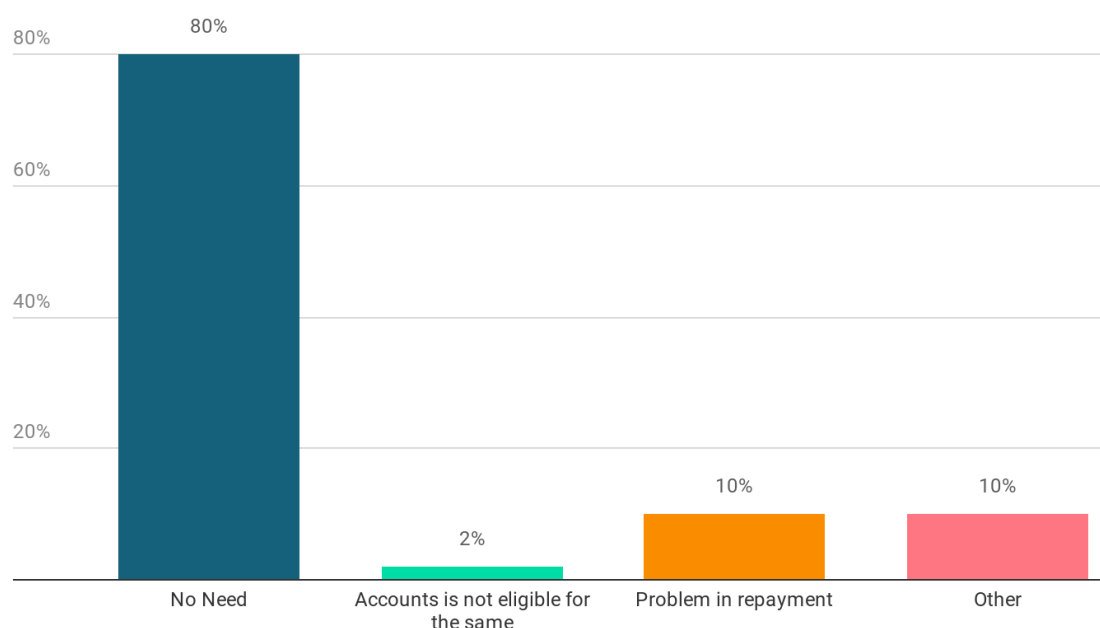
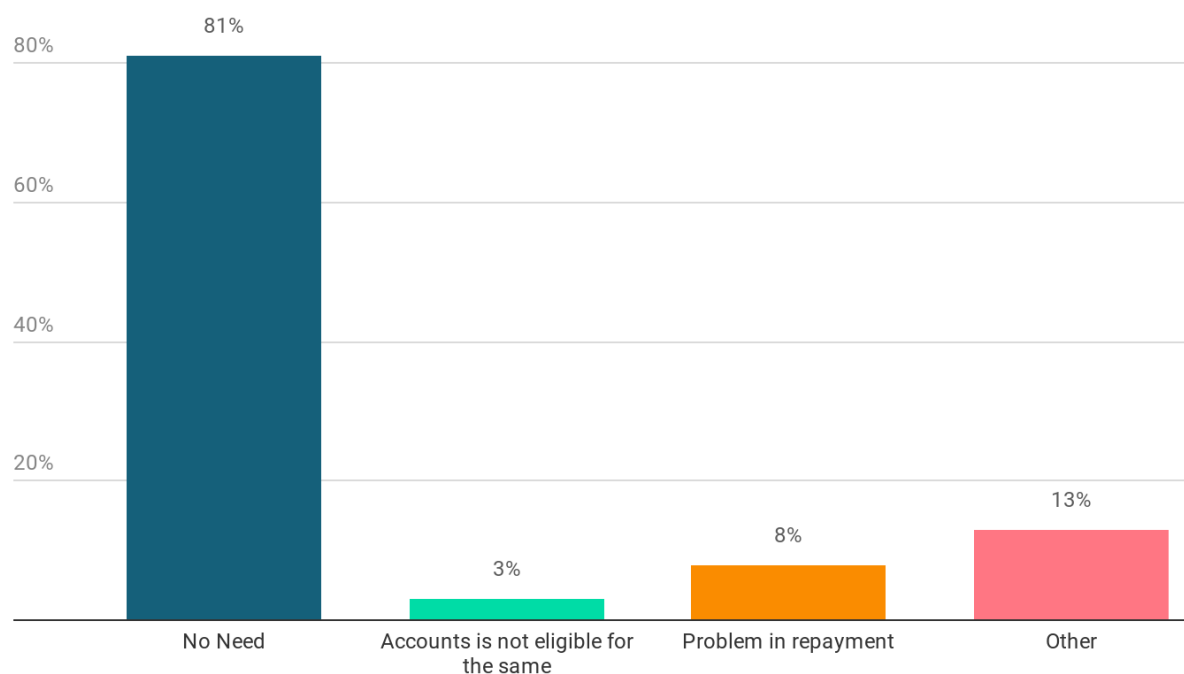


Chart 64: Reason for not taking Overdraft out of those who were aware of it (Multiple Response) - UP



The FGD revealed that the respondents do not have a good idea of the terms of repayment, the interest rate, and the period over which it has to be settled.

5.3.4 Amount of Overdraft taken

The study also attempted to capture the amount of overdraft availed by the respondents. The findings are summarized in the chart below.

Table 42: Amount of Overdraft Taken

| Amount | Bihar | Uttar Pradesh | Total |
|--------------------|------------|---------------|------------|
| Less than 2000 | 91 | 44 | 135 |
| 2000 – 4000 | 9 | 14 | 23 |
| 4000- 6000 | 1 | 17 | 18 |
| 6000 -8000 | 0 | 1 | 1 |
| 8000-10000 | 0 | 22 | 22 |
| NR | 11 | 9 | 21 |
| Grand Total | 112 | 107 | 219 |

Bihar: Out of the 112 respondents who have taken overdraft facility, 81% have taken less than Rs.2000, 8% have taken an amount between Rs.2000 - 4000, 1% have taken an amount between Rs.4000-6000 and 10% prefer not to share the information.

Uttar Pradesh: Out of the 107 respondents who have taken overdraft facility, 41% have taken less than Rs.2000, 13% have taken an amount between Rs.2000 - 4000, 16% have taken an amount between Rs.4000-6000 and 21% have taken an amount between Rs. 8000 - 10000, and 1% have taken an overdraft amount between Rs. 6000 - 8000.

5.3.5 Frequency of Overdraft

Data was collected on the frequency with which overdraft is availed by the selected respondents. The findings are summarized in the chart below.

Bihar: Out of 112 respondents who have taken overdraft facility, 31% of them have taken it only once, 54% have taken it twice and 1% of the respondents have taken it thrice.

Uttar Pradesh: Out of 107 respondents who have taken overdraft facility, 35% of the respondents have taken it only once, 28% have taken it twice and 12% of the respondents have taken it thrice, 11% have taken it four times and 3% have taken it for more than 4 times.

Table 43: Frequency of Overdraft

| Frequency | Bihar | Uttar Pradesh | Total |
|----------------------|------------|---------------|------------|
| Once | 35 | 37 | 75 |
| Twice | 60 | 30 | 90 |
| Thrice | 1 | 13 | 14 |
| Four times | 0 | 12 | 12 |
| More than four times | 0 | 3 | 3 |
| NR | 16 | 12 | 29 |
| Grand Total | 112 | 107 | 223 |

5.3.6 Usefulness of Overdraft Facility

The respondents' perception on whether the overdraft facility is beneficial was also collected. The summary of the findings is presented in the chart below.

Bihar: Though a very small section of respondents (112) have availed the overdraft facility, out of those, 92% respondents find the overdraft facility useful.

Uttar Pradesh: Though a very small section of respondents (107) have availed the overdraft facility, out of those, 94% respondents feel that the overdraft facility is useful.

During the FGDs, these respondents mentioned that they usually turned to a relative, friends or local money lenders for exigencies but with this facility they are able to avoid that and manage their loans better.

Table 44: Usefulness of Overdraft Facility

| Response | Bihar | Uttar Pradesh | Total |
|--------------------|------------|---------------|------------|
| Useful | 103 | 101 | 264 |
| Not useful | 1 | 4 | 38 |
| NR | 8 | 2 | 35 |
| Grand Total | 112 | 107 | 337 |

Major Findings (Bihar) :

- In case of 75% of the respondents, awareness generation camps on PMJDY or RuPay card were not held in their village.
- Out of 631 respondents, who were aware of awareness camps, only 13% participated in the camp.
- Out of 2275 respondents, who received RuPay Card, only 4% have received training/instruction on activation and use of RuPay debit card.
- The training/ instruction on activation and use of RuPay debit card was mostly provided by bank personnel & CSPs.
- Out of the 4% respondents who received training, 81% of them feel that the training was useful.
- Out of all the card holders, 24% of the respondents faced problems in activation of the RuPay card.
- There is apprehension in using the card due to fear of losing money. Out of the 24% respondents who faced problems in card activation, 43% of them have not activated the card due to this reason.
- Respondents took help from banks, CSPs and friends/relatives to activate the RuPay card.
- Out of total 1315 respondents, who use the RuPay Card, 75% are able to use the card on their own.
- More than half of the respondents (57%) are aware of the uses of RuPay debit card.
- Out of 57% respondents (1287), who knows about the use of RuPay Card, majority of respondents (97%) know that the card is used for withdrawing money.
- Only 35% of the respondents are aware of the financial benefits of RuPay debit card.
- 75% of the respondents (out of 802 respondents (35%), who are aware of financial benefits of RuPay Card) are aware that there is an accidental insurance cover of Rs.1 lakh.
- 37% of the respondents are aware of the fact that RuPay is a domestic card.
- 81% of the respondents (out of 1315 respondents, who uses RuPay Card) feel that RuPay debit card is easy to use.
- Out of 19% respondents, who do not find easy to use the RuPay Card, 76% have no knowledge of how to use the card.
- Awareness levels towards the overdraft facility in PMJDY account is extremely low. 88% of respondents are not aware of the overdraft facility in their PMJDY account.
- Out of total 301 respondents, who were aware of overdraft facility, only 37% have used the overdraft facility.
- Majority of the respondents have taken an overdraft amount of less than Rs.2000.

- Nearly 31% of the respondents who have taken overdraft facility, have taken it only once.
- 92% of the respondents who have availed the overdraft facility, feel that the overdraft facility is useful.

Major Findings (UP) :

- In case of 40% of the respondents, awareness generation camps on PMJDY or RuPay card were not held in their village.
- Out of 1464 respondents, who were aware of awareness camps, 55% participated in the camp.
- Out of 2246 respondents, who have received RuPay Card, 57% have received training/instruction on activation and use of RuPay debit card.
- The training/instruction on activation and use of RuPay debit card was mostly provided by bank personnel & CSPs.
- Out of the 57% respondents who received training, 76% of them feel that the training was useful.
- Out of all the card holders, half (54%) of the respondents faced problems in activation of the RuPay card.
- There is apprehension in using the card due to fear of losing money. Out of the 54% of respondents who faced problems in card activation, 29% of them have not activated the card due to this reason
- Respondents took help from banks, CSPs and friends/relatives to activate the RuPay card.
- Out of total 950 respondents, who use the RuPay Card, 79% are able to use the card on their own.
- More than half of the respondents (51%) are aware of the uses of RuPay debit card.
- Out of 57% respondents (1151), who knows about the use of RuPay Card, majority of respondents (74%) know that the card is used for withdrawing money.
- 31% the respondents are aware of the financial benefits of RuPay debit card.
- 60% of the respondents (out of 690 respondents (31%), who are aware of financial benefits of RuPay Card) are aware that there is an accidental insurance cover of Rs.1 lakh.
- 42% of the respondents are aware of the fact that RuPay is a domestic card.
- 63% of the respondents (out of 950 respondents, who uses RuPay Card) feel that RuPay debit card is easy to use.
- Out of 37% respondents, who do not find easy to use the RuPay Card, 17% have no knowledge of how to use the card.

- Awareness levels towards the overdraft facility in PMJDY account is extremely low. 80% of respondents are not aware of the overdraft facility in their PMJDY account.
- Out of total 497 respondents, who were aware of overdraft facility, only 22% have used the overdraft facility.
- Majority of the respondents have taken an overdraft amount of less than Rs.2000.
- Nearly 35% of the respondents who have used the overdraft facility, have taken it only once.
- 94% of the respondents who have availed the overdraft facility, feel that the overdraft facility is useful.

Role of Customer Service Points (CSP)

Customer Service Point is the lifeline for the successful implementation of PMJDY and RuPay card. A CSP is a banking outlet run through an outsourced agency for carrying out transactions and sourcing of business, mainly for operating PMJDY account. The CSP agent is also known as Bank Mitra.

The CSP represents the bank concerned and enables a bank to expand its outreach and offers a range of banking services at low cost, particularly where setting up a brick and mortar branch is not viable.

A crucial role of the CSP is facilitating financial literacy among the customers in its catchment area by orienting them on the usage and benefits of RuPay debit card to make transactions and informing them of available schemes and financial instruments from which they can benefit.

6.1 Satisfaction with services provided by CSP

Customer satisfaction is a reflection of the efficiency with which the CSPs are delivering their responsibilities. Data was collected on perceived satisfaction of the respondents with the CSPs in their locality. The findings are summarized in the chart below.

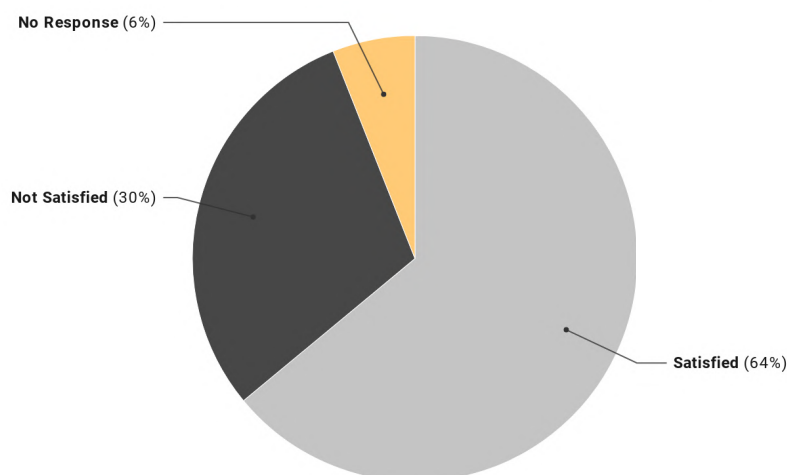
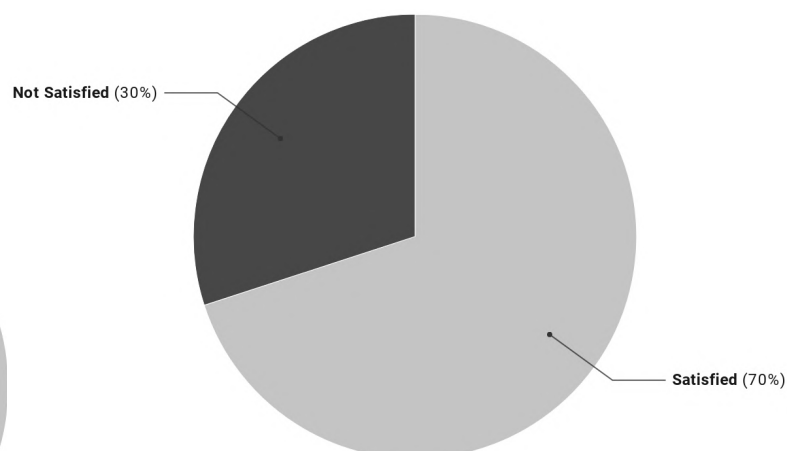
The data shows that the Customer Service Points have been able to fulfill the expectations of the respondents to a large extent.

Bihar: 64% of the respondents are satisfied with the services provided by the CSPs.

Uttar Pradesh: 70% of respondents are satisfied with the services provided by the CSPs.

Table 45: Satisfied with CSP

| Response | Bihar | Uttar Pradesh | Total |
|--------------------|-------------|---------------|-------------|
| Satisfied | 1643 | 1709 | 3352 |
| Not Satisfied | 766 | 749 | 1515 |
| NR | 164 | 0 | 164 |
| Grand Total | 2573 | 2458 | 5031 |

Chart 65: Satisfied with CSP (Bihar)**Chart 66: Satisfied with CSP (UP)**

6.2 Reason for not being Satisfied with CSP

Since the CSP plays such a critical role in service delivery and capacity building at the grass root level, it is very important to understand the reasons for dissatisfaction with its performance. Hence, the study collated data on the issues faced by the respondents with the CSP. The findings are summarized in the chart below.

Though respondents have a good opinion on the CSPs functioning, there are issues like cash availability, CSP's working hours, network issues, payment of extra fees and non-cooperation of CSP personnel which is affecting the optimal performance of the CSPs.

Table 46: Problem Faced with CSP (Multiple Responses)

| Problem | Bihar | Uttar Pradesh | Total |
|---|-------|---------------|-------|
| Most of time money not available with CSP | 300 | 522 | 822 |
| Most of time CSP is out of order | 76 | 283 | 359 |
| Mostly closed | 153 | 168 | 321 |
| Staff is not cooperative | 78 | 84 | 162 |
| Additional fee has to pay | 143 | 85 | 228 |
| Other | 176 | 32 | 208 |

Bihar: Out of the 30% of respondents who are dissatisfied with the functioning of the CSP, 39% reported that there is a problem of cash availability in the CSP, 19% reported that they had to pay additional fees, 20% of them mentioned that it is mostly closed, 10% reported that CSP staff is not cooperative and 10% mentioned that there are occasions when they have found the CSP out of order.

Uttar Pradesh: Out of the 30% of respondents who are dissatisfied with the functioning of the CSP, 70% reported that there is a problem of cash availability in the CSP, 22% mentioned that it is mostly closed, 38% mentioned that there are occasions when they have found that the CSP was out of order, 11% each reported that they had to pay additional fees and CSP staff is not cooperative.

Chart 67: Problem faced with CSP (Multiple Responses) - Bihar

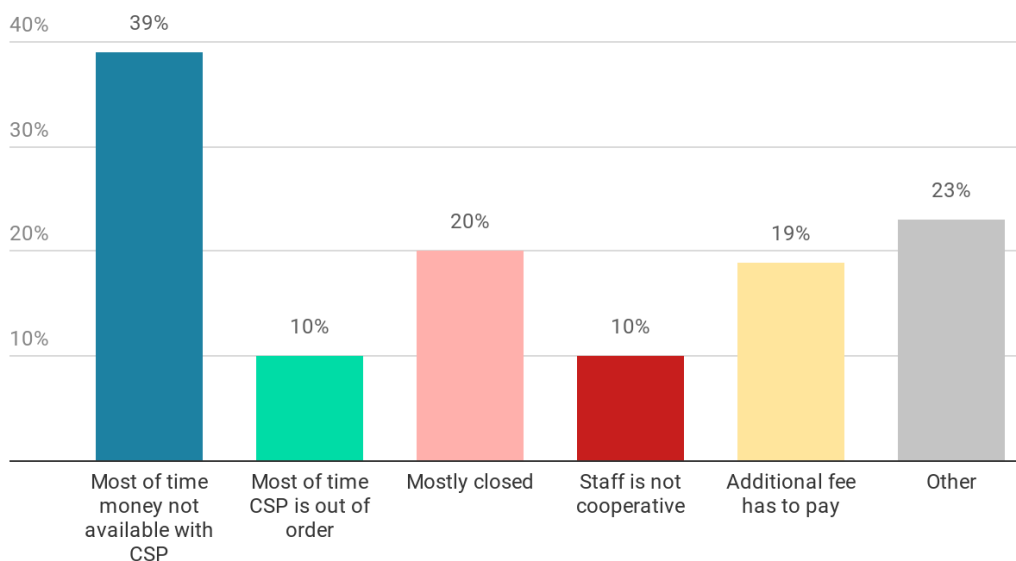
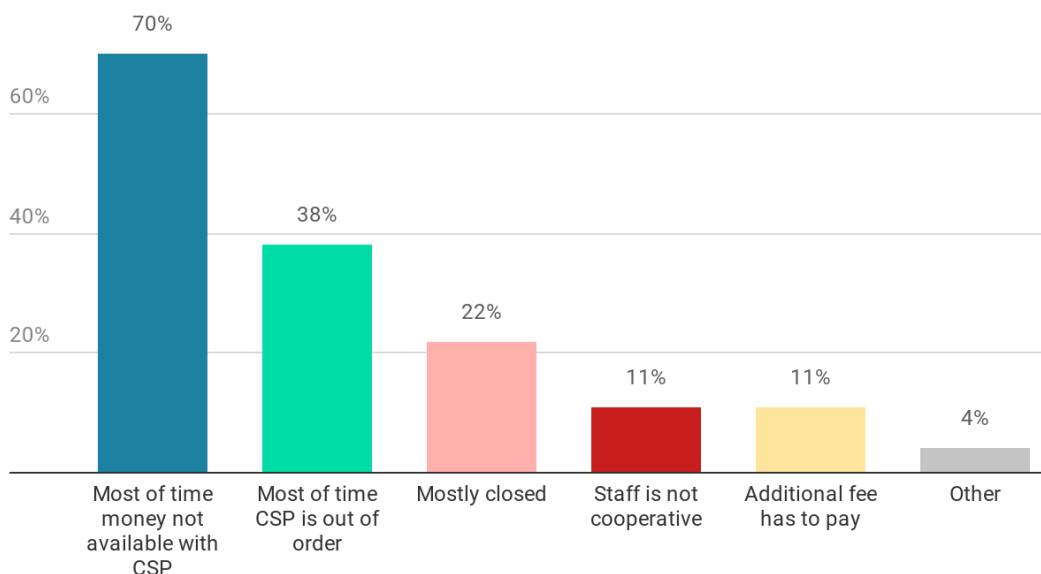
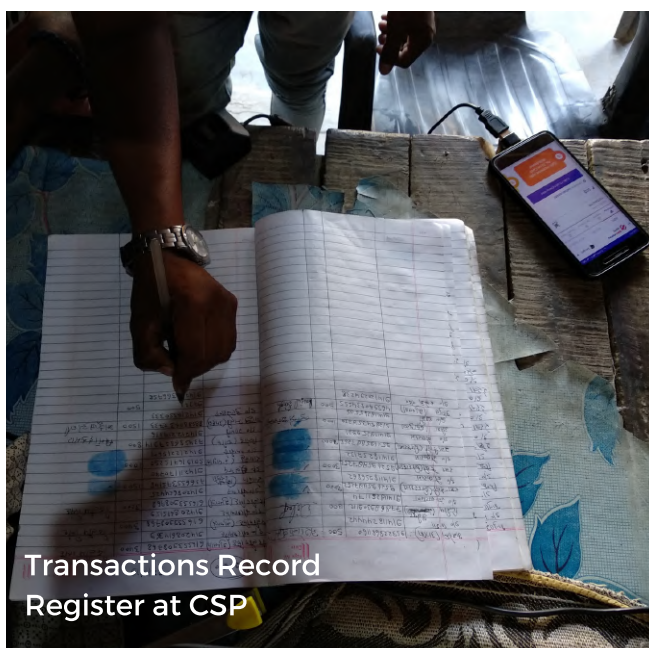


Chart 68: Problem faced with CSP (Multiple Responses) - UP





Village: Harpur Hardas

Associated Bank: SBI



Mr. Manish Kumar may seem young at 34 years, but he is an experienced Bank Mitra personnel managing the CSP in Harpur Hardas village in Rajapakar block of Vaishali district in Bihar since 2015. He is a Post Graduate and hails from the Scheduled Caste community.

"My CSP covers 7-8 villages in a catchment area of 5 km radius," shares Mr. Kumar.

His CSP timings are from 10.00 am to 6.00 pm daily and the average transaction amounts to

around Rs. 4 lakh. "I have not faced any network connectivity or server issues," he adds.

He articulates some of the issues faced by him as a Bank Mitra.

"As I mentioned, the daily cash requirement is around 4 lakhs and it is a recurring hurdle because I have to coordinate with the bank to procure it and often there isn't enough cash. It becomes very difficult for me to explain to the customers why this is so," shares Mr. Kumar.

He mentioned that the distribution of RuPay cards is another issue faced by him. A lot of PMJDY accounts are opened by him but the cards have not been disbursed by the banks. He has tried to follow-up on these cases but it has not yielded satisfactory results.

Manish Kumar continues, "Additionally, most of my customers are low on awareness and hence are apprehensive about activating and using their RuPay cards. Since they can't use their cards independently, they have trust issues with online banking options. "

One of Mr. Kumar's major concerns is the security of the CSP. "When cash is transferred to banks or ATMs, it is heavily guarded but in case of the CSP and the personnel managing it there is no such security. Recently a CSP staff was shot at by miscreants. Similar cases have been reported by the local media here."

Mr. Manish Kumar feels that mechanisms to tackle security issues should be inbuilt in the programme.

6.3 Distance of nearby CSP from Village

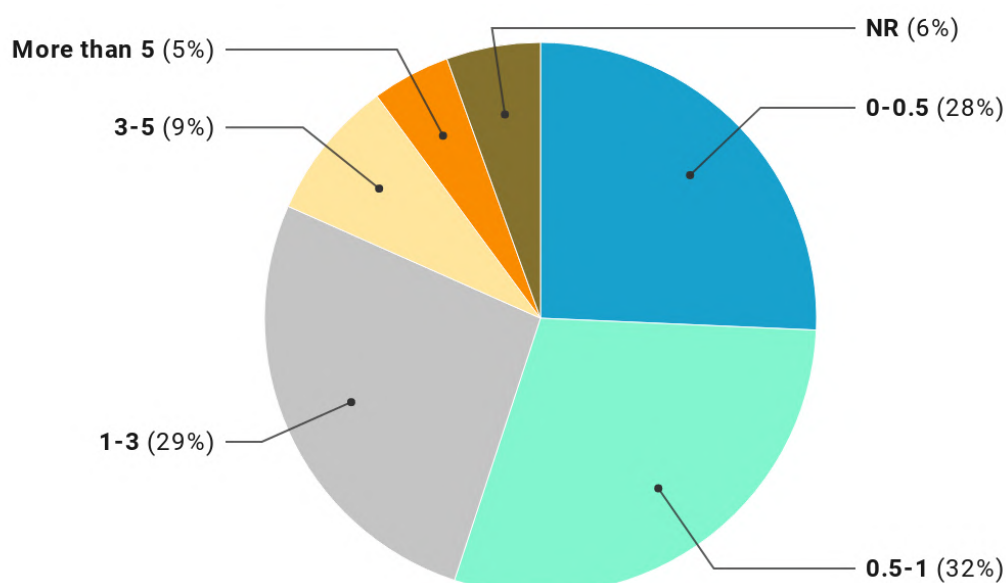
The prerequisite to access and use of any services is directly related to the proximity to the users. Banking services have been envisaged within a radius of 5 km from the village under the PMJDY scheme. The Customer Service Points have been allocated locations accordingly and have increased access for people substantially.

Table 47: Distance of Nearby CSP from the Village

| Distance (Km.) | Bihar | Uttar Pradesh | Total |
|--------------------|-------------|---------------|-------------|
| 0 - 0.5 | 732 | 521 | 1253 |
| 0.5 – 1 | 826 | 321 | 1147 |
| 1 – 3 | 749 | 969 | 1718 |
| 3 – 5 | 222 | 339 | 561 |
| More than 5 km | 23 | 295 | 318 |
| NR | 21 | 13 | 34 |
| Grand Total | 2573 | 2458 | 5031 |

Bihar: 98% of the respondents mentioned that there is a CSP within a distance of 5 km from the village. 28% of the respondents mentioned that CSPs are with a distance of below 0.5 km, 32% said that CSP is located within 0.5-1 km, 29% reported a distance of 1-3 km and 9% 3-5 km.

Chart 69: Distance of nearby CSP from village (Bihar)

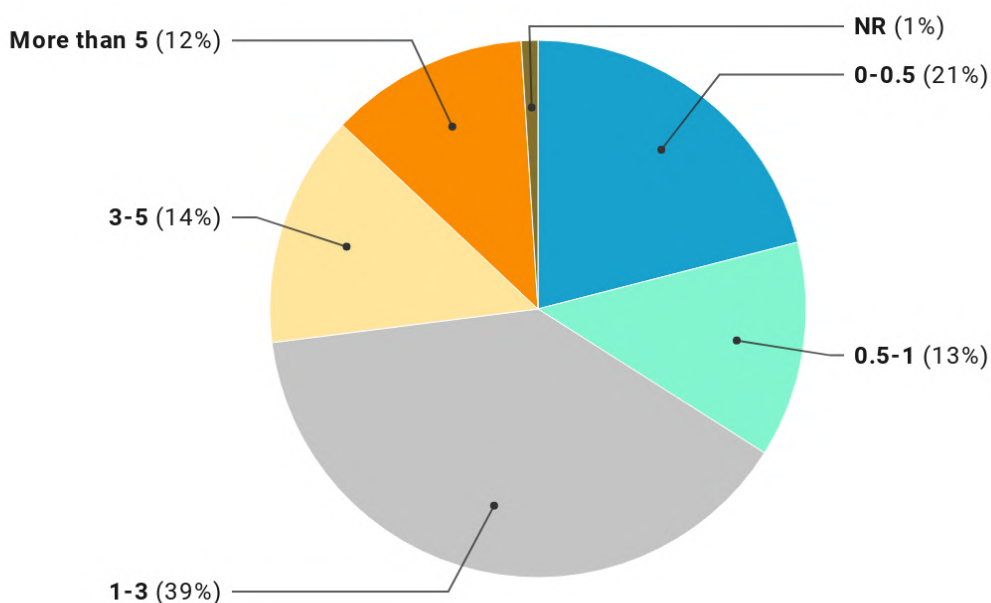


Uttar Pradesh: 87% of the respondents mentioned that there is a CSP within a distance of 5 kms from the village. 21% of the respondents mentioned that CSPs are with a distance of below 0.5 km, 13% said that CSP is located within 0.5-1 km, 39% reported a distance of 1-3 km and 14% 3-5 km.



Customers at Fatehpur Phulwaria village CSP

Chart 70: Distance of nearby CSP from village (UP)



6.4 Availability of shops with PoS machines in villages

The infrastructure required for optimal use of the RuPay card is still very limited. Lack of PoS machines in shops is limiting the card use to a large extent. The card use will be more regular if they are able to use it in the shops.

Bihar: 70% of the respondents reported that there are no shops with PoS machine in their village.

12% of the respondents said there is 1 shop with PoS machine, 12% said there are 2 shops, 2% each said there are 3,4 & 5 shops with PoS machines.

Uttar Pradesh: 56% of the respondents reported that there are no shops with PoS machine in their village. 6% of the respondents said there is 1 shop with PoS machine, 28% said there are 2 shops, 3% said there are 3 shops, 2% and 4% said that there are 4 shops and 5 shops respectively with PoS machine.

Table 48: Number of Shops with PoS Machine

| Shops | Bihar | Uttar Pradesh | Total |
|--------------------|--------------|----------------------|--------------|
| No Shop | 1788 | 1381 | 3169 |
| 1 Shop | 297 | 138 | 435 |
| 2 Shops | 314 | 684 | 998 |
| 3 Shops | 58 | 64 | 122 |
| 4 Shops | 63 | 47 | 110 |
| 5 Shops | 53 | 107 | 160 |
| 6 Shops | 0 | 8 | 8 |
| 8 Shops | 0 | 29 | 29 |
| Grand Total | 2573 | 2458 | 5031 |

Chart 71: Number of shops with PoS machine (Bihar)

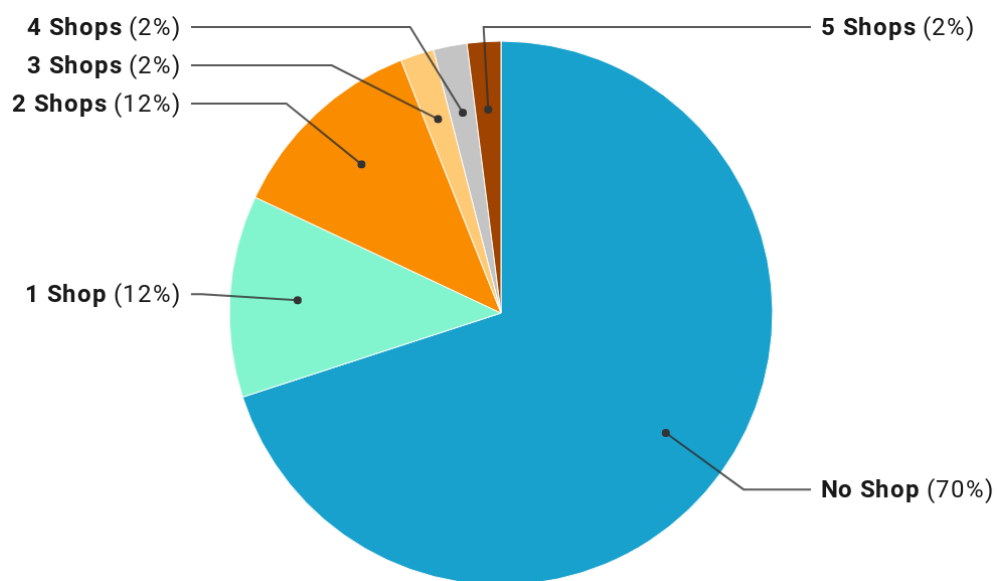
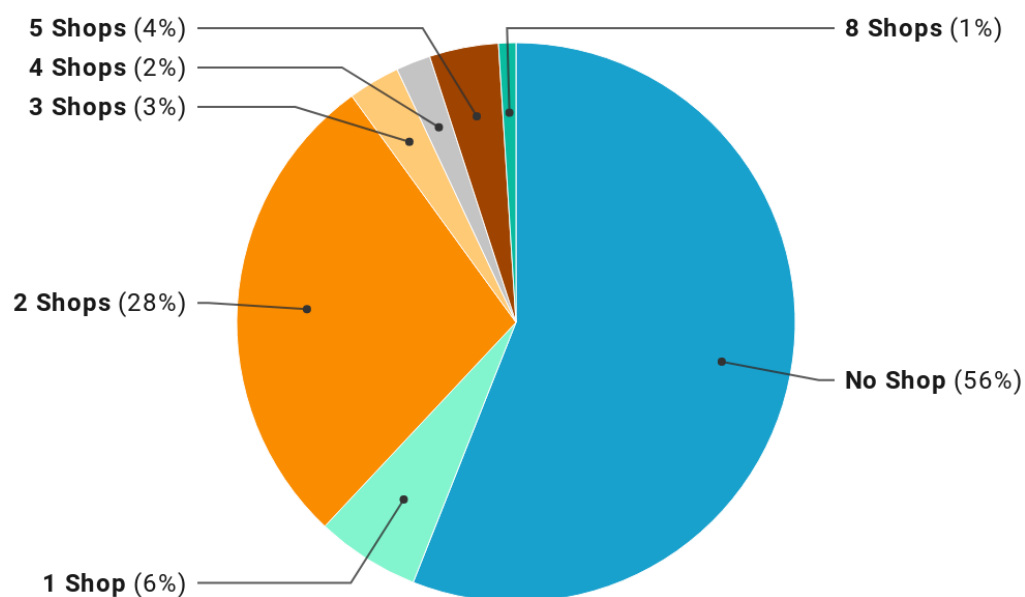


Chart 72: Number of shops with PoS machine (UP)



PMJDY Empowering Women Through CSPs

Associated Bank: IDFC



Ms. Soni Kumari talks to us animatedly and confidently. She is a graduate and heads the Tulsi Gram Sangathan CSP in Fatehpur Phulwaris village of Rajapakar block, Vaishali district. It is hard to believe that she was a shy housewife until last year, steeped in domestic chores, rarely venturing out of her homestead.

The dramatic transformation came about when she opened a PMJDY account and then got to know of the CSP/Bank Mitra scheme from her bank.

Seeing other CSPs opening in the area, she seized the opportunity and opened a CSP in 2018. Needless to say, she hasn't looked back ever since.

Ms Soni Kumari has every reason to be proud because as a Bank Mitra she has visited the nearby villages and facilitated the opening of hundreds of bank accounts in the area. She has been making concerted efforts to motivate women to open accounts under PMJDY.

"I never forget that I am a Scheduled Caste", says Ms. Soni Kumari. With a strong commitment to give back to her community, she has ensured that women from her own and other marginalized social groups make the best use of the opportunity and has actively helped them open bank accounts.

She adds more about women empowerment, "More women should come forward and start their own CSPs as it becomes much easier for adolescent girls and women to approach them than approaching a male member". She also stresses that every CSP should have women representatives.

Ms. Soni Kumari also mentioned that many PMJDY account holders are yet to receive the RuPay debit card and that the bulk of RuPay cards are lying with the banks. In certain cases, it is the bank that is not giving away the cards and, in some cases, the people are not taking the card as they are not aware of it and are not equipped to activate & use the RuPay card. Coordination with the associated bank is an issue that needs to be addressed.

Ms. Soni Kumari manages all administrative and financial matters related to the successful functioning of the CSP with remarkable efficiency. She also visits banks regularly for coordination. Her CSP covers five to seven in a catchment area of 3 km radius and caters to the banking needs of 2000 people. On an average, she manages around 40-50 transactions per day between 8.00 am - 5.00 pm. She mentioned that she has not faced any network connectivity or server issues to date.

Ms. Soni Kumari is a glowing example of how financial inclusion empowers women. Today, she has carved out her own identity and is an inspiration to all the women around her. She is respected in her area and everyone knows her as the CSP in-charge or Bank Mitra.

Major Findings (Bihar) :

- Customer Service Points are functioning properly and living up to the expectations of the respondents at large. 64% of the respondents are satisfied with the services provided by the CSPs.
- Cash availability, CSP's working hours, network issues, payment of extra fees and non-cooperation of CSP personnel are some the issues which are hindering use of CSPs. Out of 30% respondents, who were dissatisfied with the services of CSPs, 39% reported that there is a problem of cash availability in the CSP.
- The mandate of PMJDY scheme to provide banking facilities within 5 km radius of a village has been achieved successfully. 98% of the respondents mentioned that there is a CSP within a distance of 5 km from the village.
- 70% of the respondents reported that there are no shops with PoS machine in their village.

Major Findings (UP) :

- Customer Service Points are functioning properly and living up to the expectations of the respondents at large. 70% of the respondents are satisfied with the services provided by the CSPs.
- Cash availability, CSP's working hours, network issues, payment of extra fees and non-cooperation of CSP personnel are some the issues which are hindering use of CSPs. Out of 30% respondents, who were dissatisfied with the services of CSPs, 70% reported that there is a problem of cash availability in the CSP.
- The mandate of PMJDY scheme to provide banking facilities within 5 km radius of a village has been achieved successfully. 87% of the respondents mentioned that there is a CSP within a distance of 5 km from the village.
- 56% of the respondents reported that there are no shops with PoS machine in their village.

Shift in Behavioral Trends in Banking Practices and Linkages with Government schemes

7.1 Shift in Behavioral Trends in Banking Practices

The PMJDY programme brought banking services to the doorstep of the most under-privileged sections of the society in the remotest regions of the country. It is expected that by availing these services people's financial behaviour would undergo a change over time. The study documented the change in behaviour in terms of using RuPay card to withdraw cash from CSPs rather than going to banks, the respondent's perception of banking services, change in frequency of banking and savings.

Though RuPay card has also been linked to schemes such as the KCC and PMMY. The study looked into the aspects of awareness, card possession and ease of use of these cards.

7.1.1 Better Access to Banking Services

Access to banking services was very limited prior to introduction of the PMJDY scheme. The scheme has already made promising inroads, especially in rural India, by bringing banking services closer to the door steps of the poor and thus has opened up opportunities for crores of households to reap its benefits. The study attempted to gauge the perception of the respondents on improvement in access to banking services in the region. The findings are summarized in the chart below. Presence of CSPs in close proximity has made banking services accessible.

Bihar: 87% of the respondents feel that they have better access to banking services.

Table 49: Better Access to Banking services

| Response | Bihar | Uttar Pradesh | Total |
|--------------------|-------------|---------------|-------------|
| Yes | 2246 | 1875 | 4121 |
| No | 327 | 583 | 910 |
| Grand Total | 2573 | 2458 | 5031 |

Uttar Pradesh: 76% of the respondents feel that they have better access to banking services.

Chart 73: Better Access to Banking Services (Bihar)

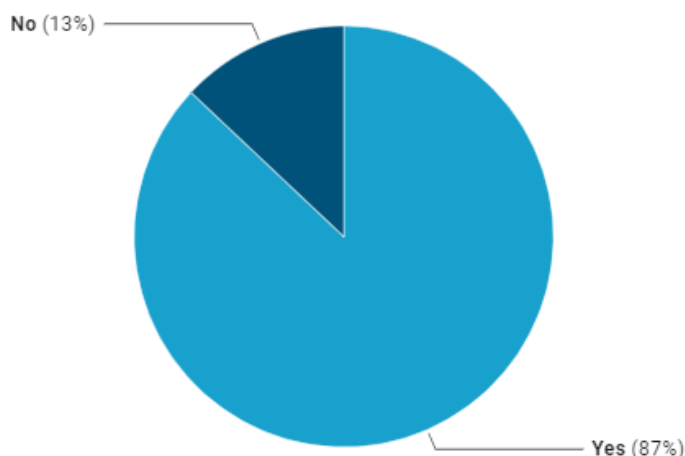
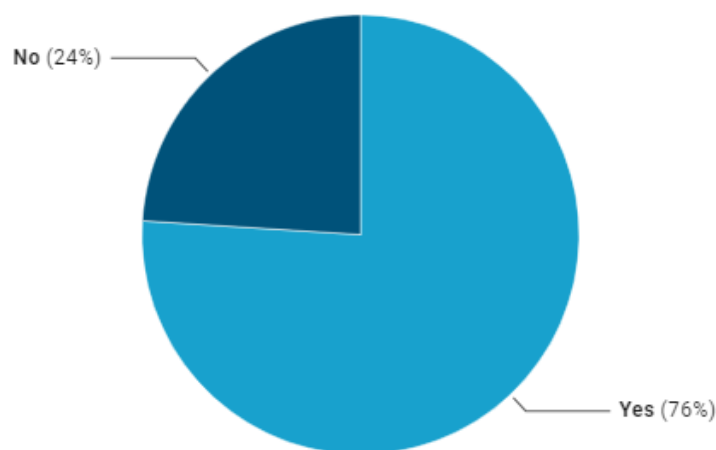


Chart 74: Better Access to Banking Services (UP)



7.1.2 Use of RuPay Card over cash

Cash oriented financial practices are still preferred by many over cashless methods. Apprehensions about the use of the card, low awareness levels and poor educational status combined with poor socio-economic status are largely responsible for limited use of cashless methods for transactions. The chart below summarizes the proportion of people who prefer cashless transactions over cash transactions.

Table 50: Use of RuPay Card Over Cash

| Response | Bihar | Uttar Pradesh | Total |
|--------------------|-------------|---------------|-------------|
| Yes | 749 | 599 | 1348 |
| No | 566 | 351 | 917 |
| Grand Total | 1315 | 950 | 2265 |

Bihar: Out of 1315 respondents, who use RuPay Card, 57% use RuPay card now instead of cash transactions. 43% continues to prefer cash over card in their regular dealings.

Uttar Pradesh: Out of 950 respondents, who use RuPay Card, 63% use RuPay card now. 37% of the respondents continues to prefer cash over card in their regular dealings.

Chart 75: Use of RuPay Card Over Cash (Bihar)

Yes No

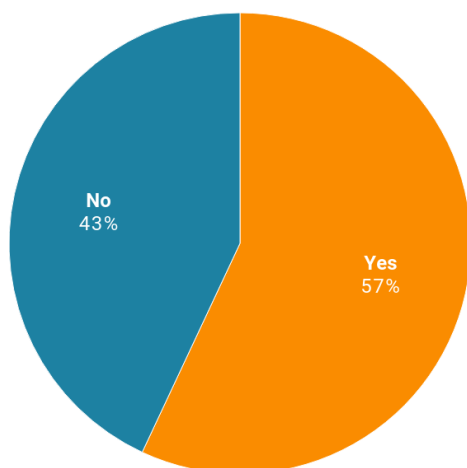
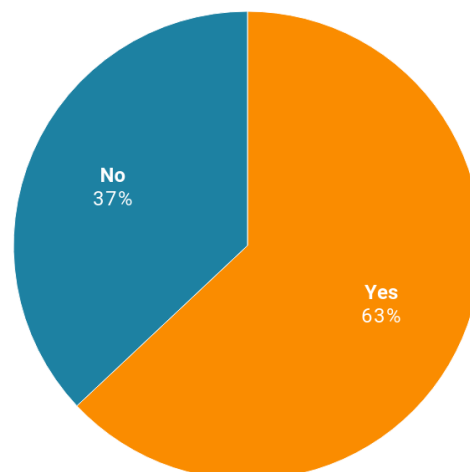


Chart 76: Use of RuPay Card over Cash (UP)

Yes No



7.1.3 Reason for choosing cashless methods over cash transactions

Banking services were few and far in between in the rural areas and the distribution in interior rural regions was even sparser. Opening up of CSPs has decreased the distance from the villages to the banking service points substantially. Thus it is easier to make cashless transactions using the card as banking services have become more accessible.

The charts summarize the reasons for shifting to cashless transactions by the respondents.

RuPay debit card is being mostly used to withdraw cash. Respondents earlier had to travel to the nearest ATM/Bank to withdraw cash which was far from their village. With CSPs available close by, it saves them time and money.

Table 51: Reason for Choosing Cashless Methods (Multiple Responses)

| Reason | Bihar | Uttar Pradesh | Total |
|-------------------------------|-------|---------------|-------|
| Time saving | 696 | 430 | 1126 |
| Saving on transportation cost | 128 | 303 | 431 |
| Easy to use | 118 | 335 | 453 |
| Other | 24 | 45 | 69 |

Bihar: Out of 749 respondents (57% of the total card users), 93% feel that online transactions saves them time, 15% think that it is an easier option and 17% think that it saves transportation cost.

Uttar Pradesh: Out of 599 respondents (63% of total card users), 72% feel that online transactions saves them time, 56% think that it is an easier option and 51% think that it saves transportation cost.

Chart 77: Reason for Choosing Cashless Methods (Multiple Responses) - Bihar

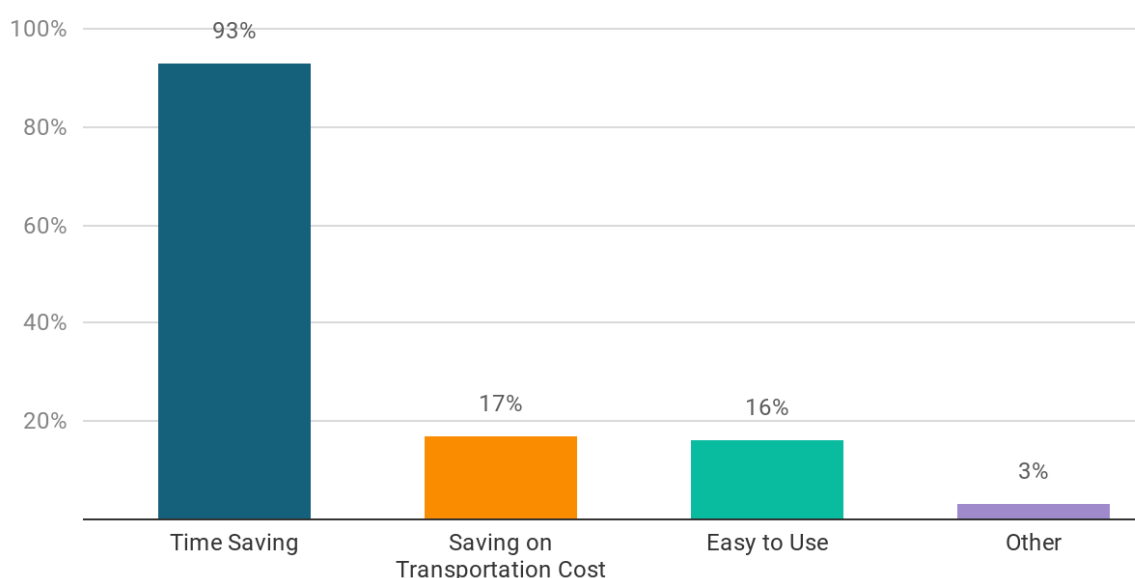
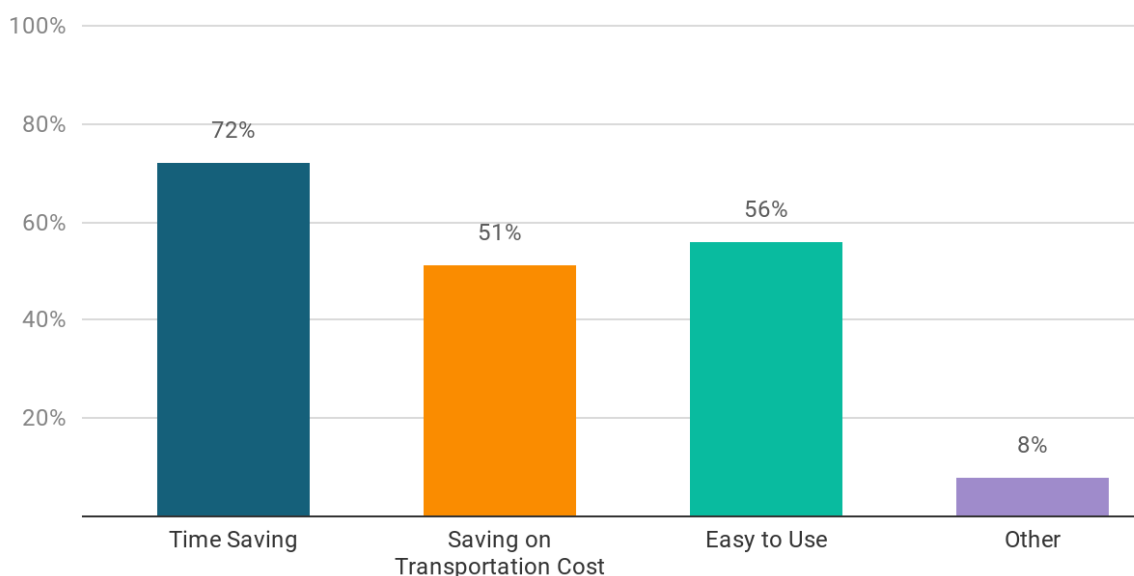


Chart 78: Reason for Choosing Cashless Methods (Multiple Responses) - UP



7.1.4 Increase in frequency of banking

An increase in frequency of banking is indicative of active use of the RuPay card for making transactions. This is also reflective of the ease with which the respondents are able to make small withdrawals on a regular basis without having to keep large amounts at home. Data collected on increase in the frequency of banking is summarized in the chart below.

Bihar: 50% of the respondents reported an increase in the frequency of banking after they started using RuPay debit card.

Uttar Pradesh: 70% of the respondents reported increase in frequency of banking after they started using RuPay debit card.

Table 52: Increase in Frequency of Banking

| Response | Bihar | Uttar Pradesh | Total |
|---------------|-------|---------------|-------|
| Increased | 1274 | 1717 | 2991 |
| Not Increased | 1241 | 458 | 1699 |
| NR | 58 | 283 | 341 |
| Grand Total | 2573 | 2458 | 5031 |

Chart 79: Increase in Frequency of Banking (Bihar)

■ Increased (50%) ■ Not Increased (48%)
■ No Response (2%)

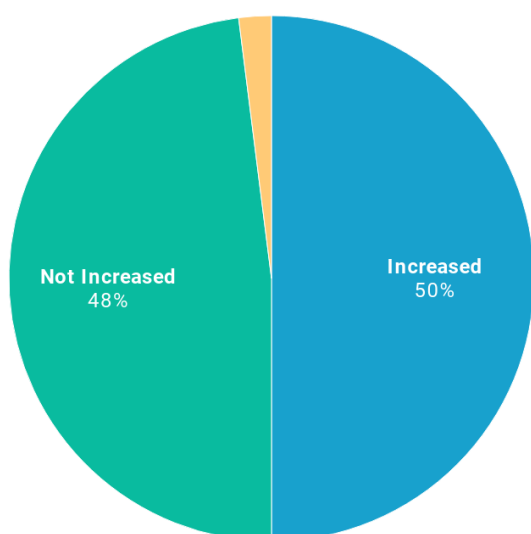
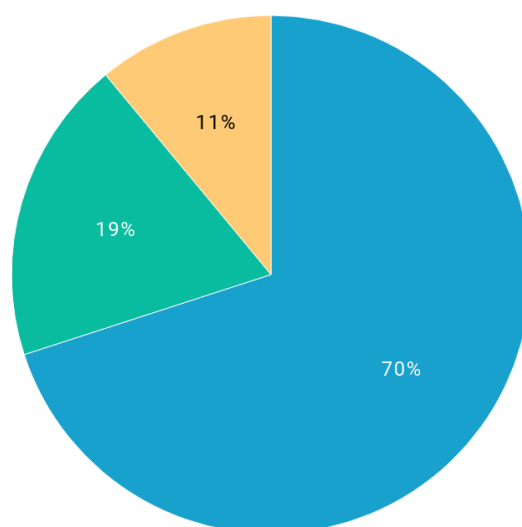


Chart 80: Increase in Frequency of Banking (UP)

■ Increased (70%) ■ Not Increased (19%)
■ No Response (11%)



The FGDs supported the findings as the respondents shared that the frequency of banking has increased substantially owing to the use of RuPay card and availability of CSPs. Earlier, they used to withdraw cash from banks and frequency was much less. Now they withdraw money in small amounts as per requirement and thus number of bank transactions has increased.

7.1.5 Change in Savings in bank account

Financial inclusion by providing an easy access to banking promotes saving behaviour particularly in rural areas as it draws socio-economically weaker groups into the folds of formal banking services. Data was collected on the saving habit of the respondents during the study. The findings are summarized in the chart below.

Before PMJDY, most respondents did not have an account or their banks were at a considerable distance from the village.

This meant that they kept most of their cash at home to avoid the hassle of visiting the bank, transportation cost and spending a lot of time. Now people are using the banking services that have been provided under PMJDY and RuPay schemes.

Presence of CSPs has improved the savings habit in banks rather than keeping cash at home.

Bihar: The data show that 49% of the respondents reported that they are saving more in their bank account now.

Uttar Pradesh: The data show that 66% of the respondents reported that they are saving more in bank account now.

During the FGDs, women, who are more inclined to saving small amounts of cash at home which they use in emergencies, shared that they deposit the cash in their PMJDY account because it is easy to withdraw it when they require it. They feel it is a more secure option and allows them to save more and garner some interest as well.

Table 53: Increase Savings in Bank Account

| Response | Bihar | Uttar Pradesh | Total |
|--------------------|-------------|---------------|-------------|
| Yes | 1264 | 1637 | 2901 |
| No | 1277 | 435 | 1712 |
| NR | 32 | 386 | 418 |
| Grand Total | 2573 | 2458 | 5031 |

Chart 81: Increase Savings in Bank Account (Bihar)

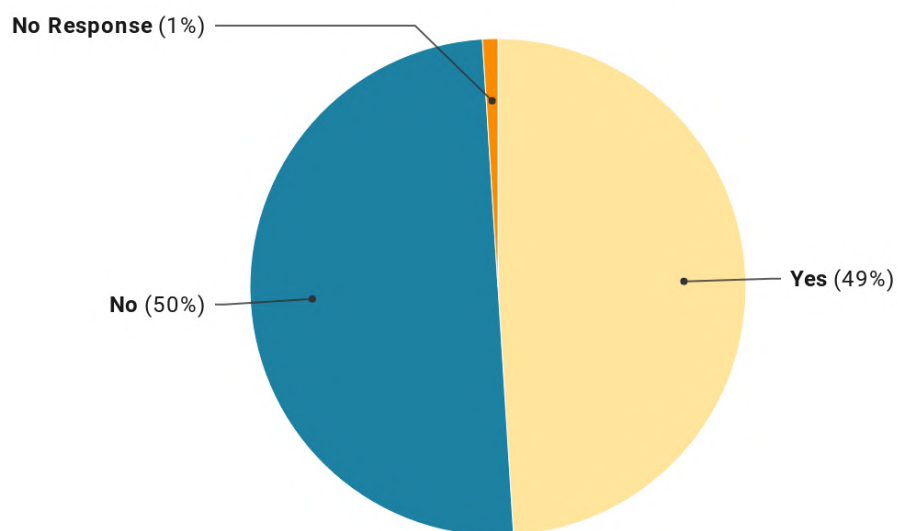
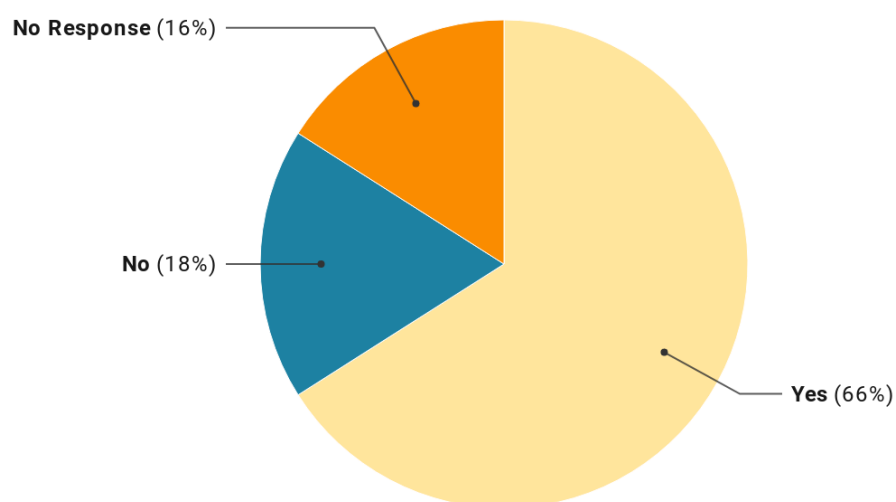


Chart 82: Increase Savings in Bank Account (UP)



7.1.6 Account Balance

Adopting a healthy saving behaviour does not always translate into increased savings. Socio-economic backwardness traps most people in low-income generating activities and most of their earnings are spent in meeting their basic needs. The study investigated the amount of savings in the accounts of the selected respondents. The findings are summarized in the chart below.

As a majority of the respondents belong to socio-economically weak and marginalized communities, the savings in their bank accounts is low.

Table 54: Current Account Balance

| Amount | Bihar | Uttar Pradesh | Total |
|--------------------------------|-------------|---------------|-------------|
| Less than 5000 | 1976 | 887 | 2863 |
| 5001 to 25000 | 109 | 189 | 298 |
| 25001 to 50000 | 5 | 26 | 31 |
| 50,001 to 75000 | 1 | 1 | 2 |
| 75,000 to 1, 00,000 | 1 | 1 | 2 |
| More than 1 Lakh | 3 | 2 | 5 |
| Do want to provide information | 478 | 1352 | 1830 |
| Grand Total | 2573 | 2458 | 5031 |

Bihar: 77% of the respondents have less than Rs.5000 in their PMJDY account. 4% have between Rs.5001 - 25000. None of the respondents have savings more than Rs.25,000 and 19% of respondents did not share their account details.

Uttar Pradesh: 36% of the respondents have less than Rs.5000 in their PMJDY account. 8% have between Rs.5001 - 25000 and 1% between Rs.25001 - 50000. None of the respondents have savings more than Rs.50,000. 55% of respondents did not share their account details.

Chart 83: Current Account Balance (Bihar)

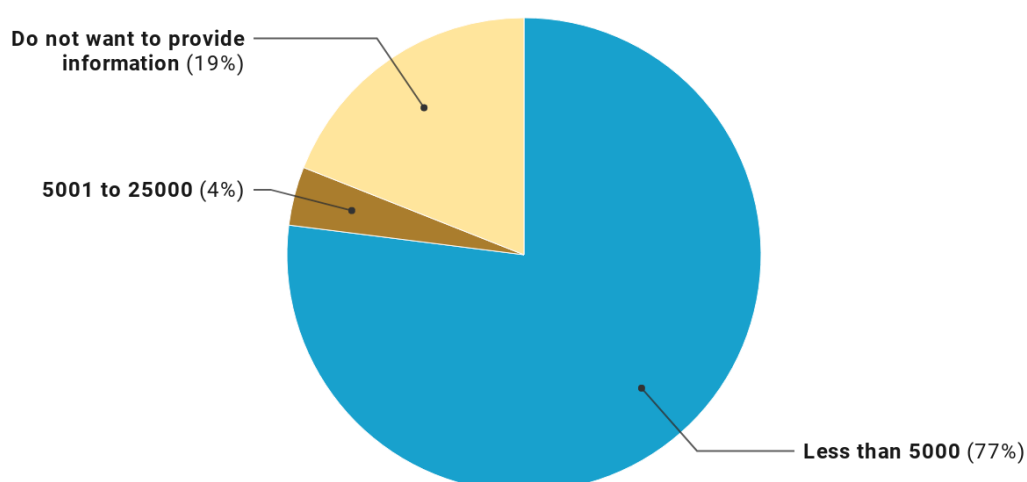
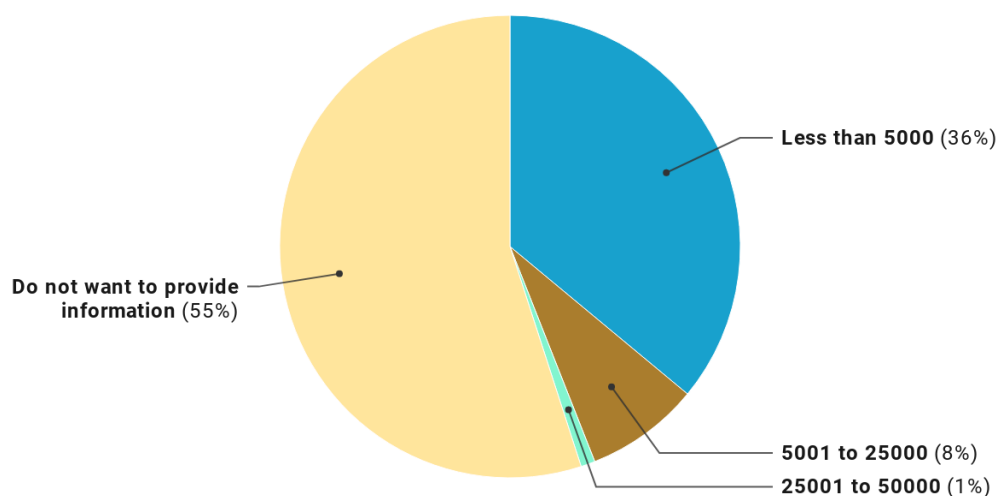


Chart 84: Current Account Balance (UP)



7.2 Linkage of RuPay card with government schemes

7.2.1 RuPay Kisan Card (RKC)

The RuPay Kisan Card (RKC) enables the farmers to withdraw the KCC loan as per their requirements from any ATM/PoS rather than going to branch. Data was collected on awareness levels, possession of RKC and use of RuPay Kisan Card.

7.2.1.1 Awareness of RuPay Kisan Card

The study attempted to record the awareness of the respondents on RuPay Kisan card.

The chart below summarizes the proportion of respondents who are aware of RuPay Kisan.

Bihar: 9% of the respondents are aware of the RuPay Kisan Card and among the farmers, 34% are aware of the card.

Uttar Pradesh: 7% of the respondents are aware of the RuPay Kisan Card and among the farmers, 26% are aware of the card.

Awareness levels towards the RuPay Kisan Card is very low.

Table 55: Knowledge about RuPay Kisan Card among the respondents and farmers

| Response | Bihar | Uttar Pradesh | Total |
|-----------------|-------|---------------|-------|
| All respondents | 243 | 181 | 424 |
| Farmers | 55 | 67 | 122 |
| Grand Total | 298 | 248 | 546 |

Chart 85: Knowledge about RuPay Kisan Card Among the Respondents and Farmers (Bihar)

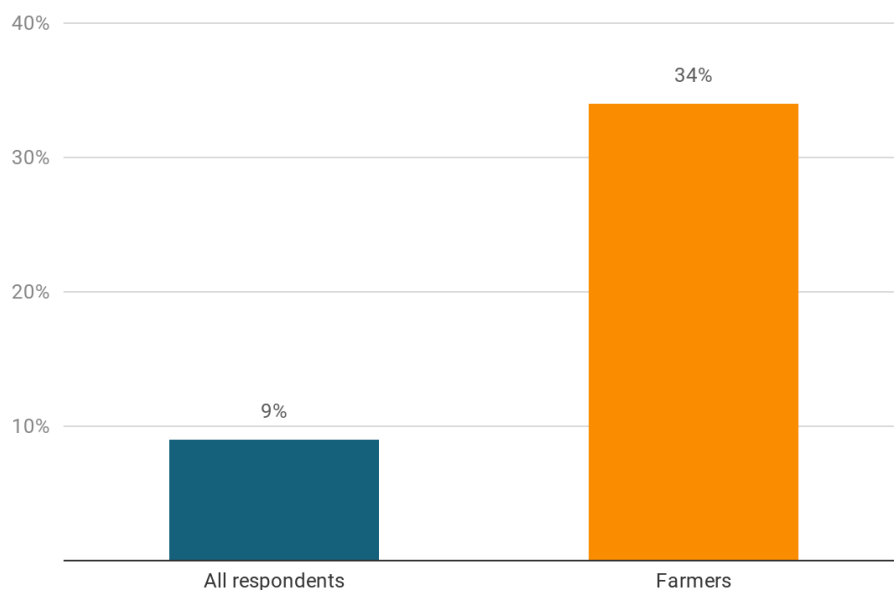
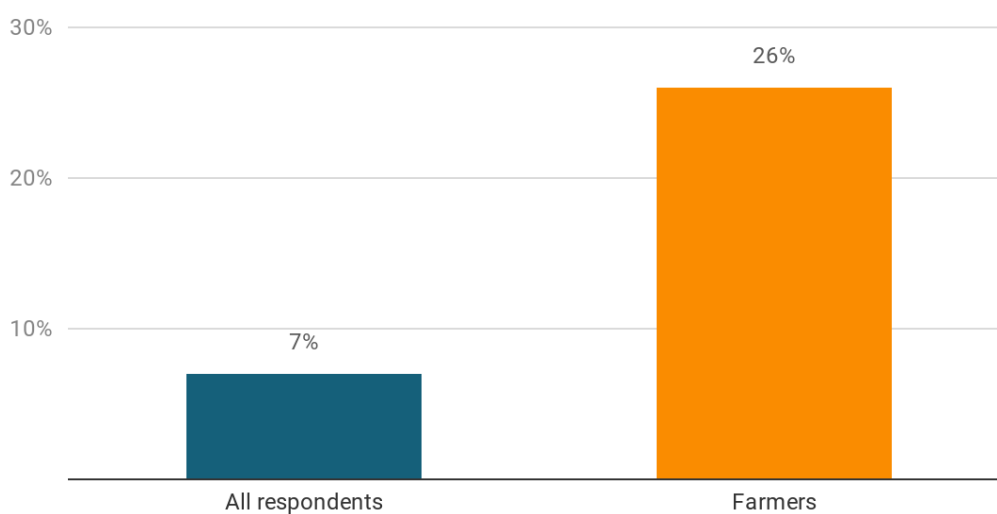


Chart 86: Knowledge about RuPay Kisan Card Among the Respondents and Farmers (UP)



7.2.1.2 Awareness on Benefits of RuPay Kisan Card

The study captured data on awareness of the respondents on benefits of RKC. The findings are summarized in the chart below.

Bihar: Only 7% of the total respondents are aware of the benefits of RuPay Kisan Card. Among the farmers, 31% are aware of the benefits of the card.

Uttar Pradesh: Only 6% of the total respondents are aware of the benefits of RuPay Kisan Card. Among the farmers, 23% are aware of the benefits of the card.

The data shows that the awareness regarding the benefits of RKC is extremely low among the respondents.

Table 56: Awareness on Benefits of RuPay Kisan Card Among the Respondents and Farmers

| Response | Bihar | Uttar Pradesh | Total |
|-----------------|-------|---------------|-------|
| All respondents | 170 | 164 | 334 |
| Farmers | 50 | 61 | 111 |
| Grand Total | 220 | 225 | 445 |

Chart 87: Awareness on Benefits of RuPay Kisan Card (Bihar)

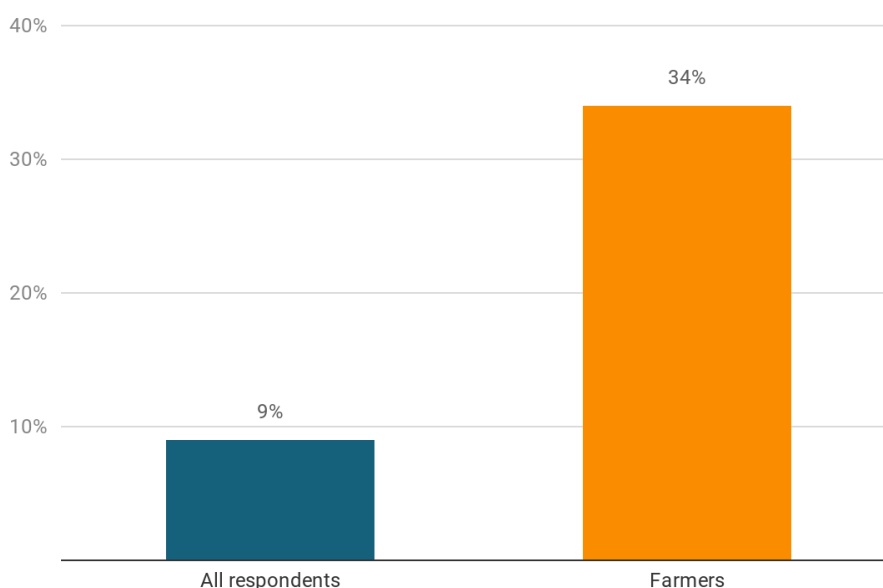
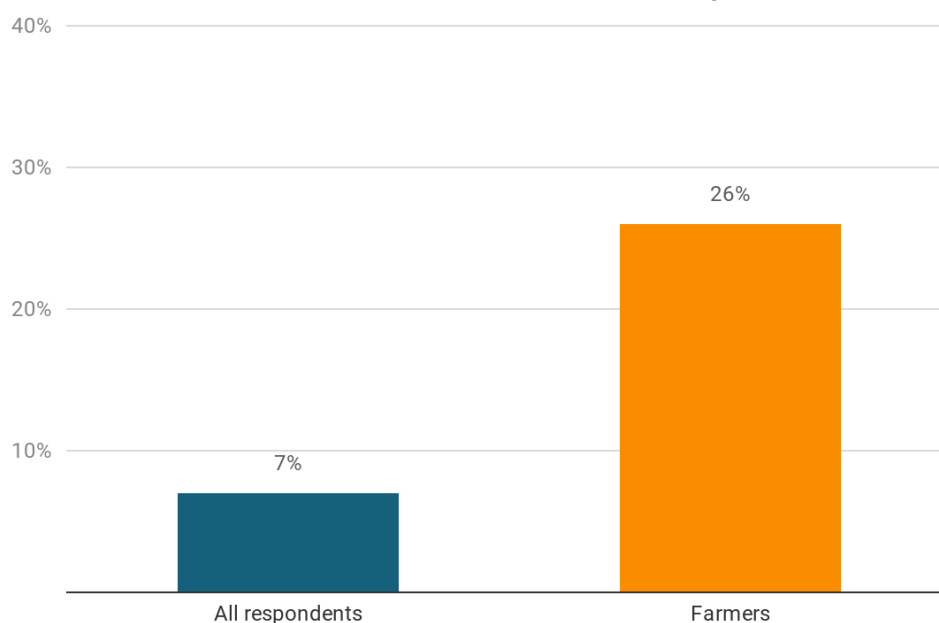


Chart 88: Awareness on Benefits of RuPay Kisan Card (UP)



7.2.1.3 Awareness of Types of Financial Benefits of RuPay Kisan Card

The study captured data on awareness of the respondents and the farmers about specific types of financial benefits of RuPay cards. The findings are summarized in the chart below.

The RuPay Kisan Card (RKC) has been envisaged to enable the farmers to withdraw the KCC loan as per their requirements. Awareness regarding the same is extremely low both among the respondents as well as the farmers.

Table 57: Awareness of Types of Financial Benefits of RuPay Kisan Card (Multiple Responses)

| Benefits | Bihar | | UP | |
|---|-------------------|---------|-------------------|---------|
| | Total Respondents | Farmers | Total Respondents | Farmers |
| RuPay Loan amount can be withdrawn using RuPay Kisan Card | 39 | 6 | 110 | 32 |
| RuPay Kisan Card Can be used in any ATM/POS Machines | 167 | 48 | 108 | 49 |
| Saves times as there is no need to go to the branch | 163 | 45 | 78 | 37 |
| Credit can be withdrawn anytime based on need | 51 | 7 | 71 | 23 |
| Accidental insurance & disability cover up to Rs. 100000 | 132 | 27 | 55 | 21 |
| Card is Free of Cost | 138 | 28 | 126 | 38 |

Bihar: Only 2% of the respondents and 4% of the farmers are aware that the card is used to withdraw the loan amount, 6% of the respondents and 29% of the farmers know that the card can be used in any ATM/PoS machine, 6% of the respondents and 28% of the farmers know that it saves them time, only 2% of the respondents and 4% of the farmers know that it can be used to withdraw credit anytime based on need, 5% of the respondents and 17% of the farmers know that the card comes with an accidental insurance cover and 5% of the respondents and 17% of the farmers know the card comes free of cost.

Uttar Pradesh: Only 4% of the respondents and 12% of the farmers are aware that the card is used to withdraw the loan amount, 4% of the respondents and 19% of the farmers know that the card can be used in any ATM/PoS machine, 3% of the respondents and 14% of the farmers know that it saves them time, only 3% of the respondents and 9% of the farmers know that it can be used to withdraw credit anytime based on need, 2% of the respondents and 8% of the farmers know that the card comes with an accidental insurance cover and 5% of the respondents and 15% of the farmers know the card comes free of cost.

Chart 89: Awareness of Types of Financial Benefits of RuPay Kisan Card (Multiple Responses) - Bihar

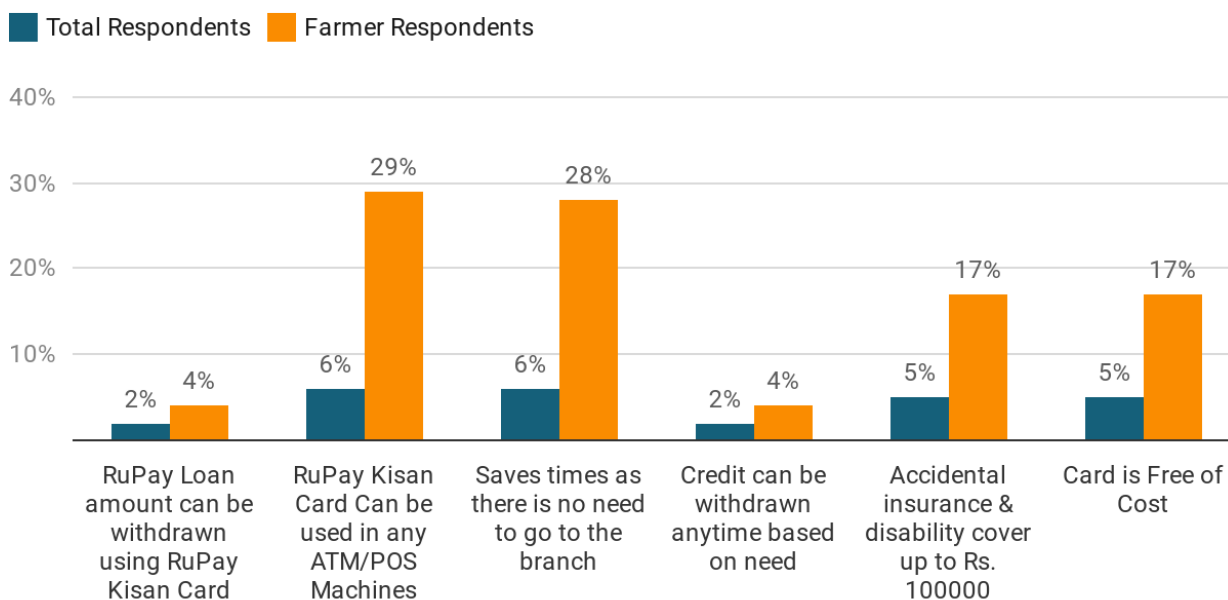
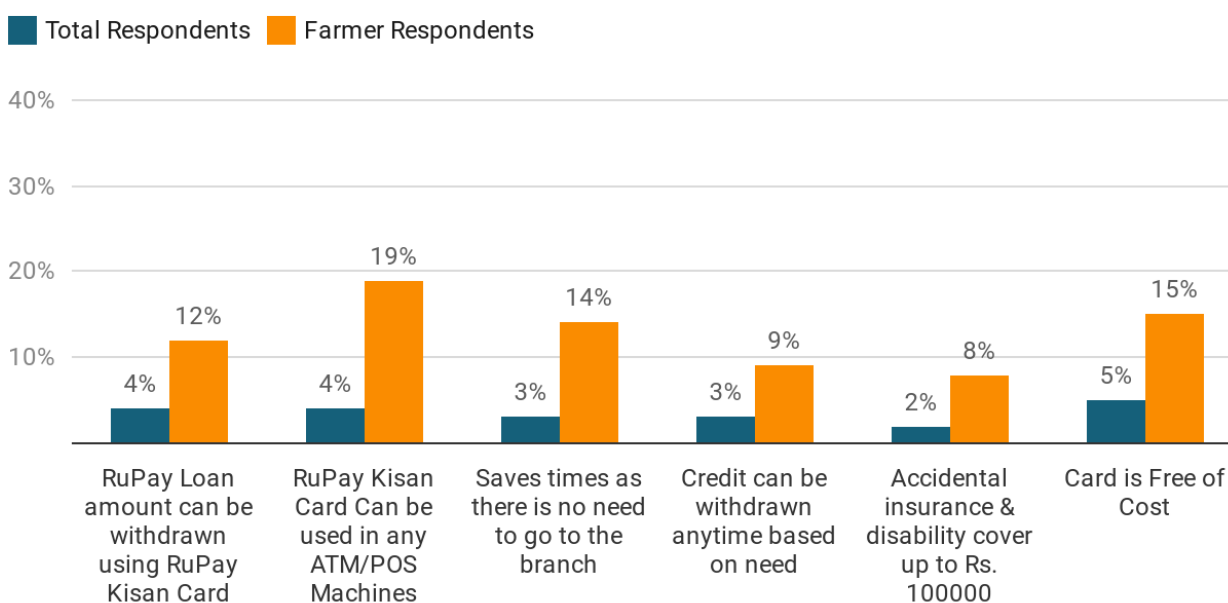


Chart 90: Awareness of Types of Financial Benefits of RuPay Kisan Card (Multiple Responses) - UP



7.2.1.4 Possession of RuPay Kisan card

The study collected data on the current possession of the RuPay Kisan card by the selected respondents. The findings are summarized in the chart below.

Bihar: Out of the total respondents, only 2% of the respondents currently possess RuPay Kisan Card.

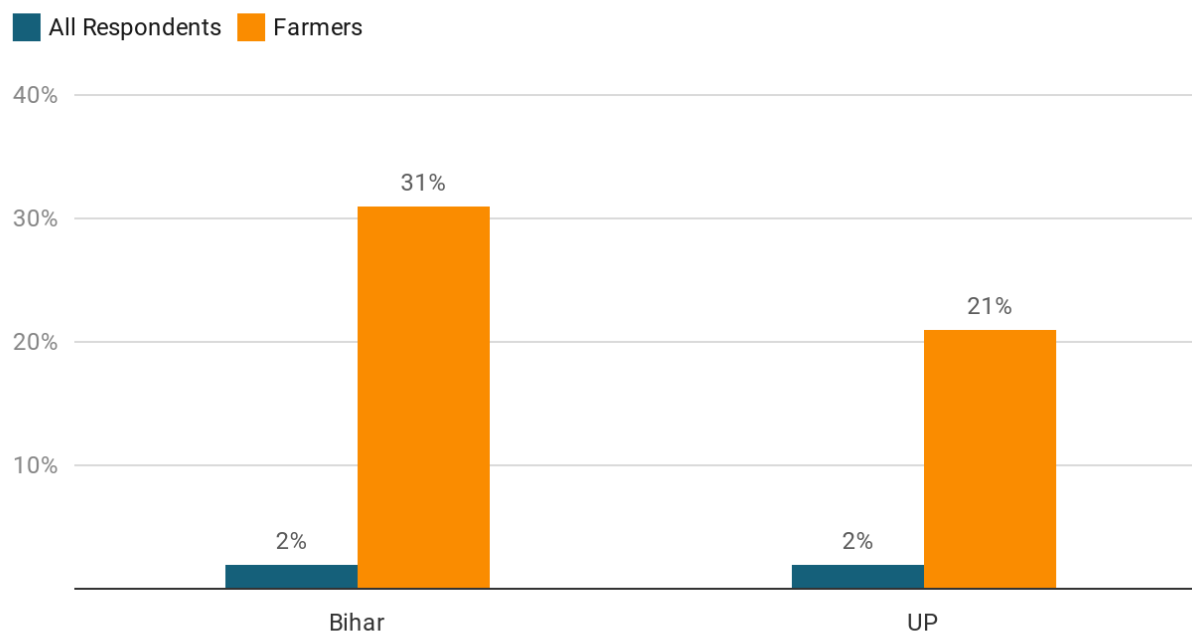
Out of total farmer respondents, 31% currently possess RuPay Kisan Card.

Uttar Pradesh: Out of the total respondents, only 2% of the respondents currently possess RuPay Kisan Card. Out of total farmer respondents, 21% currently possess RuPay Kisan Card.

Table 58: Possession of RuPay Kisan Card

| Response | Bihar | Uttar Pradesh | Total |
|-----------------|-------|---------------|-------|
| All respondents | 50 | 55 | 105 |
| Farmers | 50 | 55 | 105 |
| Grand Total | 100 | 110 | 210 |

Chart 91: Possession of RuPay Kisan Card



Major Findings (Bihar) :

- 87% of the respondents feel that banking services are now closer to them.
- Out of 1315 respondents, who use RuPay Card, 57% use RuPay card now instead of cash transactions.
- Out of 749 respondents (57% of the total card users), 93% feel that online transactions save them time.
- 50% of the respondents reported increase in frequency of banking after they started using RuPay debit card.
- 49% of the respondents reported that they are saving more in their bank account now.
- 77% of the respondents have less than Rs.5000 in their PMJDY account.
- 9% of the respondents are aware of the RuPay Kisan Card.
- Only 7% of the respondents are aware of the benefits of RKC. Among the farmers, 31% are aware of the benefits of the card.
- Only 2% of the respondents and 4% of the farmers are aware that the card is used to withdraw the loan.
- Only 2% of the respondents and 4% of the farmers know that it can be used to withdraw credit anytime based on need.

Major Findings (UP) :

- 76% of the respondents feel that banking services are now closer to them.
- Out of 950 respondents, who use RuPay Card, 63% use RuPay card now instead of cash transactions.
- Out of 599 respondents (63% of total card users), 72% feel that online transactions save them time.
- 70% of the respondents reported increase in frequency of banking after they started using RuPay debit card.
- 66% of the respondents reported that they are saving more in their bank account now.
- 36% of the respondents have less than Rs.5000 in their PMJDY account.
- 7% of the respondents are aware of the RuPay Kisan Card.
- Only 7% of the respondents are aware of the benefits of RKC. Among the farmers, 26% are aware of the benefits of the card.
- Only 4% of the respondents and 12% of the farmers are aware that the card is used to withdraw the loan.
- Only 2% of the respondents and 8% of the farmers know that it can be used to withdraw credit anytime based on need.

SWOT Analysis of RuPay card

Strengths

- **Large customer base because of primary association with PMJDY** - 85% in Bihar and 65% in UP with PMJDY account have RuPay debit card
- **Presence of CSPs within 5 kms** - 98% in Bihar & 87% in UP
- **CSP's largely living up to people's expectations** - 64% in Bihar and 70% in UP are stratified with the services of CSPs
- **Ease of use of RuPay card** - 81% in Bihar and 63% in UP
- Financial benefits like accidental death cover of Rs. 1 lakh
- No fees for RuPay card

Opportunities

- **Financial Literacy programs** - 40% in Bihar and 58% in UP do not know how to use the RuPay card
- **Awareness generation on RuPay Card** - 43% in Bihar and 49% in UP do not know use of RuPay card
- **RuPay card activation drives** - 24% in Bihar and 54% in UP faced problem in card activation
- **Strengthening of infrastructure like PoS machines in shops** - Only 30% villages in Bihar and 44% in UP have shops with PoS machine

Weakness

- **Low financial literacy** - 40% in Bihar and 58% in UP do not know how to use the RuPay card
- **Low awareness on RuPay Card** - 43% in Bihar and 49% in UP do not know use of RuPay card
- **Non activation of cards** - 24% in Bihar and 54% in UP faced problem in card activation
- **Inadequate infrastructure for card use like PoS machines** - 70% villages in Bihar and 56% in UP don't have shops with PoS machine

Threats/Challenges

- Large section of first time card holders from low income group & marginalized communities - 96% in Bihar and 76% in UP
- **Poor literacy levels** - 48% in Bihar and 39% in UP are either illiterate or have studied till primary level
- **Apprehension of card use** - 43% in Bihar and 29% in UP fear of using the card
- **Security for CSP personnel** - Based on discussion with CSPs

SWOT Analysis

The study revealed that more than three-fourth of the PMJDY account holders have RuPay Debit Card in Bihar and UP. This financial inclusion is being supplemented with the services of CSP. 98% of CSP in Bihar and 87% in UP are located within the radius of 5 km, which is convenient for the account/ card holder to do any kind of financial transaction.

But there are some factors that are preventing the account/card holder availing these financial services. Low financial literacy and lack of awareness are an important factor. 40% and 58% of people in Bihar and UP respectively do not know how to use the RuPay Card and more than 40% in both the states do not know what it is used for.

Even the people who know about card's usage are not using it. It was found that 40% in Bihar and 58% of people in UP people are not using the Card for financial transactions. Also, 24% in Bihar and 54% in UP faced problem in card activation. Inadequate infrastructure, like POS, for using card is also missing.

As the infrastructure and penetration of PMJDY and RuPay card has been achieved, therefore there is huge opportunity to increase the usage of RuPay card by conducting large scale behaviour change campaign.

Recommendations

Recommendations

The study reveals that the selected regions have made reasonable progress towards financial inclusion to ensure that the benefits of development are distributed equitably, especially among the poor and vulnerable sections of the society but this is yet an emerging trend.

Still, the road to complete financial inclusion is long and arduous and the momentum generated by PMJDY, agent-based branchless banking and the RuPay Card as the key to financial access in previously un-banked areas, needs to be judiciously sustained in order to continue moving forward.

Though RuPay card has also been linked to schemes such as KCC and PMMY, awareness levels towards the cards, possession and use is very low. It is critical that the financial awareness and literacy programs help people become awareness of these linkages with RuPay card as well.

Awareness, education, financial literacy and behavioural change were the key areas which needs to be strengthened. This was the consolidated view of the senior banks officials who were consulted during the study for the overall improvement of the RuPay card scheme.

1. Financial Literacy

Financial Literacy is a combination of financial awareness, knowledge, skills, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being.

The awareness level and education of the stakeholders is the key in the successful adoption of the RuPay card, as the primary medium to facilitate transactions via the agency of CSPs, ATMs, and electronic platforms. In the context of increasing and diversifying the usage of RuPay cards, it becomes even more critical that the respondents acquire the know-how of card activation, method of usage, types of usage, and multiple benefits associated with it.

The selected regions are typically characterized by low literacy levels, low financial literacy, low awareness about PMJDY & RuPay card, low know-how about overdraft facility, Direct Benefit Transfer and other banking facilities linked with PMJDY account. After PMJDY was launched in 2014, awareness generation and financial literacy camps were held systematically across the country. The memory of these efforts seems to have faded from the minds of the people

over time and they merely recall these camps as account opening drives. It is critical that continuous refresher courses are held in the coming year to sustain the current momentum as the RuPay card base continues to expand.

A few recommendations to maximize the impact of awareness generation and increase the financial literacy levels are enumerated below:

a. Awareness Generation Camps

With only 25% of people in Bihar and 60% of people in UP reporting that awareness camps were conducted in their village, and the fact that they recall these camps as account opening drives only, it is evident that lapse of time has blurred the information received then. In such a scenario, it becomes imperative that a nationwide awareness programs are organized. The frequency of the camps should be increased with a system of follow-up for reinforcement and retention of knowledge.

b. Financial Literacy Programs

As evident from the data, the RuPay card base has expanded substantially with 85% possession rate in Bihar and 65% possession rate in Uttar Pradesh. But as far as the level of usage is concerned, it still hovers around 60% in Bihar and 65% in Uttar Pradesh. Financial literacy is the key to making successful use of the financial services unlocked by the RuPay card.

Thus, a comprehensive financial education programme run in collaboration by Financial Literacy Centres (FLCs), rural banks, and CSPs could enable the card holders to navigate the new financial landscape efficiently.

This programme should aim at capacity building for financial planning, healthy saving habits, understanding of financial products and credit facilities. Another critical component of the programme could focus on counseling and change management for newly inducted people in the banking arena.

c. Financial Behavioural Change

With a rapid increase in the RuPay card base, more and more people are able to bypass traditional entry points of physical bank branches and are coming into the ambit of formal banking in the selected regions. The increase has been rapid in a very short time. The frequency of banking and the amount of savings in the account have also shown a small increase.

Despite this development in access, cash oriented financial practices are still preferred by many (43% in Bihar and 37% in Uttar Pradesh) over cashless methods. Self-created barriers such as apprehensions about use of the card, low awareness levels and poor educational status combined with poor socio-economic status are largely responsible for limited use of cashless methods for transactions.

In this scenario, financial education to promote financial literacy and thus bring about a change in the financial behaviour becomes very critical.

The following recommendations are being made to facilitate the shift to healthy financial behaviour:

- A comprehensive financial education programme implemented by FLCs, rural banks and CSPs, one component of which could be counseling and change management to allay apprehensions or hesitation towards use of technology in banking.
- Tailor behaviour change programmes based on in-depth study of income flow, expenditure, savings, and borrowing behaviour of the target population.

2. Empowering Women and Adolescent Girls

Gender is a critical dimension in financial inclusion. The introduction of RuPay card has supported the inclusion of adolescent girls & women across the country. The study revealed a majority of the account holders in possession of Rupay card are women and that several of them are coming out of their homes to independently operate their card by visiting CSPs to withdraw cash. This process has enabled them to make financial decisions, no matter how small, and is a huge step towards women's financial autonomy.

Despite this development, most RuPay card holders have a poor educational status and low financial literacy which can be overcome with targeted interventions focused on awareness generation, financial literacy and financial behavioural change programs on a sustained basis for the adolescent girls and women. A concerted effort towards making women financially aware & literate and inculcating healthy financial behaviour will empower them to form an independent financial identity and aid them in accessing formal credit for productive income-generating activities, thus giving them financial autonomy.

3. Financial Independence of Adolescents

The study found that a fair proportion of teenagers (between 15-19 years) have opened accounts under PMJDY. These youngsters are able to navigate the internet and electronic platform with great ease. The teens are more likely to use digital banking options than the adults because of their awareness & higher probability of acceptance of new technologies and their ease with using mobile phones. Inclusion at an early age also ensures behavioural changes such as saving for higher education and crises, mindful spending, awareness about schemes and products,

diversifying sustainable livelihood opportunities in the future, and employing technology (such as RuPay Card) for all transactions which will eventually build their financial capital and is required for transitioning from a cash-oriented economy to a digital cashless one.

With a large proportion of representation in the overall population of the country, there is an immense opportunity to further bring teens into financial inclusion programmes very early in their life.

A special thrust on making them financially literate is emerging so that they can keep pace with the various digital economic drives and benefit from them.

4. Customer Service Point (CSPs)

The Customer Service Points has been able to bridge the financial exclusion gap across the country by providing all banking solutions close to the doorstep of the consumers. The study shows us that 98% of the CSPs in Bihar and 87% of the CSPs in Uttar Pradesh are within a distance of 5 km.

A crucial role of the CSP is also facilitating awareness & financial literacy among the customers in its catchment area on a regular basis and to bring those who are still out of the ambit of the financial inclusion program.

The CSPs undertook the awareness and financial education in villages initially after opening the CSPs but now the focus is to cater to the needs of the existing customers than looking for more inclusions.

Certain CSPs are facing coordination problems with banks with regard to regular availability of cash. The CSPs also expressed their inability in to help customers who have not received the RuPay card till now. Coordination issues with banks needs to be resolved for smooth functioning of the CSPs. Security issues are being faced by the CSP personnel who bring cash from banks on almost daily basis.

Incidents of attack (shooting) on CSP personnel carrying cash have been periodically reported and these instances may rise in the future unless there are inbuilt mechanism in the program to address it.

CSPs are changing lives of lakhs of women who are associated in the program as CSP In-charge or CSP personnel. Women are independently operating CSPs on a full-time basis. Efforts should be made to include more women as CSP In-charge and CSP personnel.

List of Abbreviations

| | |
|--------------|---|
| ATM | Automated Teller Machine |
| CSP | Customer Service Point |
| DTH | Direct to Home |
| FGD | Focused Group Discussion |
| FLC | Financial Literacy Centre |
| NCPI | National Payment Corporation of India |
| OBC | Other Backward Class |
| PMJDY | Pradhan Mantri Jan Dhan Yojana |
| PoS | Point of Sale |
| PRIs | Panchayati Raj Institutions |
| RBI | Reserve Bank of India |
| RKC | RuPay Kisan Card |
| RSETI | Rural Self Employment Training Institutes |
| SC | Scheduled Caste |
| SHG | Self Help Groups |
| ST | Schedule Tribe |

List of Charts

- Chart 1: Gender Distribution (Bihar)
- Chart 2: Gender Distribution (UP)
- Chart 3: Age Distribution (Bihar)
- Chart 4: Age Distribution (UP)
- Chart 5: Education Status (Bihar)
- Chart 6: Education Status (UP)
- Chart 7: Occupation Details of the Respondents (Bihar)
- Chart 8: Occupation Details of the Respondents (UP)
- Chart 9: Social category of Respondents (Bihar)
- Chart 10: Social category of Respondents (UP)
- Chart 11: Year of opening of PMJDY A/C (Bihar)
- Chart 12: Year of opening of PMJDY A/C (UP)
- Chart 13: Receipt of RuPay debit card with PMJDY Account (Bihar)
- Chart 14: Receipt of RuPay debit card with PMJDY Account (Bihar)
- Chart 15: Year of receipt of RuPay Debit Card (Bihar)
- Chart 16: Year of receipt of RuPay Debit Card (UP)
- Chart 17: Possession of RuPay Card (Bihar)
- Chart 18: Possession of RuPay Card (UP)
- Chart 19: Possession of RuPay Card (Female Respondents)
- Chart 20: Possession of RuPay Card (Male Respondents)
- Chart 21: Reason for Non-possession of RuPay Debit Card (Bihar)
- Chart 22: Reason for Non-possession of RuPay Debit Card (UP)
- Chart 23: Usage of RuPay Card (Bihar)
- Chart 24: Usage of RuPay Card (UP)
- Chart 25: Usage of RuPay Card (Female Respondents)
- Chart 26: Usage of RuPay Card (Male Respondents)
- Chart 27: Reason for Non-usage (Multiple Responses) (Bihar)
- Chart 28: Reason for Non-usage (Multiple Responses) (UP)
- Chart 29: Frequency of Usage of RuPay Card in last one month (Bihar)
- Chart 30: Frequency of Usage of RuPay Card in last one month (UP)
- Chart 31: Use of RuPay Card (Multiple Responses) (Bihar)
- Chart 32: Use of RuPay Card (Multiple Responses) (UP)
- Chart 33: Awareness Generation Camp (Bihar)
- Chart 34: Awareness Generation Camp (UP)
- Chart 35: Training on Activation and use of RuPay Card (Bihar)
- Chart 36: Training on Activation and use of RuPay Card (UP)
- Chart 37: Faced Problem in Card Activation (Bihar)
- Chart 38: Faced Problem in Card Activation (UP)
- Chart 39: Kind of Problems Faced in Activation of RuPay Card (Multiple Responses) - Bihar
- Chart 40: Kind of Problems Faced in Activation of RuPay Card (Multiple Responses) - UP
- Chart 41: Medium of Card Activation (Multiple Responses) - Bihar
- Chart 42: Medium of Card Activation (Multiple Responses) - UP
- Chart 43: Independent use of RuPay Card (Bihar)
- Chart 44: Independent use of RuPay Card (UP)
- Chart 45: Knowledge on use of RuPay Card (Bihar)
- Chart 46: Knowledge on use of RuPay Card (UP)
- Chart 47: Awareness on Uses of RuPay Card (Multiple Responses) - Bihar
- Chart 48: Awareness on Uses of RuPay Card (Multiple Responses) - UP
- Chart 49: Knowledge on Financial Benefits of RuPay Card (Bihar)
- Chart 50: Knowledge on Financial Benefits of RuPay Card (UP)
- Chart 51: Awareness of Financial Benefits (Multiple Responses) - Bihar
- Chart 52: Awareness of Financial Benefits (Multiple Responses) - UP
- Chart 53: Knowledge that RuPay Card is Indian (Bihar)
- Chart 54: Knowledge that RuPay Card is Indian (UP)
- Chart 55: Ease of Use of RuPay Card (Bihar)
- Chart 56: Ease of Use of RuPay card (UP)
- Chart 57: Problem Faced in using RuPay Card (Multiple Responses) - Bihar
- Chart 58: Problem Faced in using RuPay Card (Multiple Responses) - UP
- Chart 59: Knowledge of Overdraft Facility (Bihar)
- Chart 60: Knowledge of Overdraft Facility (UP)
- Chart 61: Usage of Overdraft Facility out of those who were aware about it (Bihar)
- Chart 62: Usage of Overdraft Facility out of those who were aware about it (UP)

- Chart 63: Reason for not taking Overdraft out of those who were aware of it (Multiple Response) - Bihar
- Chart 64: Reason for not taking Overdraft out of those who were aware of it (Multiple Response) - UP
- Chart 65: Satisfied with CSP (Bihar)
- Chart 66: Satisfied with CSP (UP)
- Chart 67: Problem faced with CSP (Multiple Responses) - Bihar
- Chart 68: Problem faced with CSP (Multiple Responses) - UP
- Chart 69: Distance of nearby CSP from village (Bihar)
- Chart 70: Distance of nearby CSP from village (UP)
- Chart 71: Number of shops with PoS machine (Bihar)
- Chart 72: Number of shops with PoS machine (UP)
- Chart 73: Better Access to Banking Services (Bihar)
- Chart 74: Better Access to Banking Services (UP)
- Chart 75: Use of RuPay Card Over Cash (Bihar)
- Chart 76: Use of RuPay Card over cash (UP)
- Chart 77: Reason for Choosing Cashless Methods (Multiple Responses) - Bihar
- Chart 78: Reason for Choosing Cashless Methods (Multiple Responses) - UP
- Chart 79: Increase in Frequency of Banking (Bihar)
- Chart 80: Increase in Frequency of Banking (UP)
- Chart 81: Increase Savings in Bank Account (Bihar)
- Chart 82: Increase Savings in Bank Account (UP)
- Chart 83: Current Account Balance (Bihar)
- Chart 84: Current Account Balance (UP)
- Chart 85: Knowledge about RuPay Kisan Card Among the Respondents and Farmers (Bihar)
- Chart 86: Knowledge about RuPay Kisan Card Among the Respondents and Farmers (UP)
- Chart 87: Awareness on Benefits of RuPay Kisan Card (Bihar)
- Chart 88: Awareness on Benefits of RuPay Kisan Card (UP)
- Chart 89: Awareness of Types of Financial Benefits of RuPay Kisan Card (Multiple Responses) - Bihar
- Chart 90: Awareness of Types of Financial Benefits of RuPay Kisan Card (Multiple Responses) - UP
- Chart 91: Possession of RuPay Kisan Card

List of Tables

- Table 1: Stakeholders
- Table 2: Study Area and Sample Size -Bihar
- Table 3: Study Area and Sample size – Uttar Pradesh
- Table 4: Gender Distribution
- Table 5: Age Distribution
- Table 6: Education Status
- Table 7: Occupation of Respondents
- Table 8: Social Category of Respondents
- Table 9: Year of Opening PMJDY Account
- Table 10: Receipt of RuPay Debit Card with PMJDY Account Opening
- Table 11: Year of Receipt of RuPay Debit Card
- Table 12: Possession of RuPay card
- Table 13: Possession of RuPay Debit Card (Female Respondents)
- Table 14: Possession of RuPay Debit Card (Male Respondents)
- Table 15: Reason for Non- possession of RuPay Debit Card
- Table 16: Usage of RuPay Card
- Table 17: Usage of RuPay Debit Card (Female Respondents)
- Table 18: Usage of RuPay Debit Card (Male Respondents)
- Table 19: Reason for Non- usage of RuPay Card (Multiple Responses)
- Table 20: Frequency of Usage of RuPay Card in Last One Month
- Table 21: Use of RuPay Card (Multiple Responses)
- Table 22: Awareness Generation Camps
- Table 23: Participation in Awareness Generation Camp
- Table 24: Information Received in Awareness Generation Camps
- Table 25: Training on Activation & Use of RuPay Card
- Table 26: Training Provider
- Table 27: Usefulness of Training
- Table 28: Problem faced in Activation of RuPay Card
- Table 29: Kind of Problems faced in Activation of RuPay Card (Multiple Responses)
- Table 30: Medium of Card Activation (Multiple Responses)
- Table 31: Independent use of RuPay Card
- Table 32: Knowledge of Use of RuPay Card
- Table 33: Uses of RuPay Card (Multiple Responses)
- Table 34: Knowledge on Financial Benefits of RuPay Card
- Table 35: Awareness of Financial Benefits (Multiple Responses)
- Table 36: Knowledge that RuPay Card is Indian
- Table 37: Ease of use of RuPay card
- Table 38: Problems Faced in using RuPay card (Multiple Responses)
- Table 39: Knowledge of Overdraft Facility
- Table 40: Use of Overdraft Facility
- Table 41: Reason for not Taking Overdraft (Multiple Response)
- Table 42: Amount of Overdraft Taken
- Table 43: Frequency of Overdraft
- Table 44: Usefulness of Overdraft Facility
- Table 45: Satisfied with CSP
- Table 46: Problem Faced with CSP (Multiple Responses)
- Table 47: Distance of Nearby CSP from the Village
- Table 48: Number of Shops with PoS Machine
- Table 49: Better Access to Banking services
- Table 50: Use of RuPay Card Over Cash
- Table 51: Reason for Choosing Cashless Methods (Multiple Responses)
- Table 52: Increase in Frequency of Banking
- Table 53: Increase Savings in Bank Account
- Table 54: Current Account Balance
- Table 55: Knowledge about RuPay Kisan Card among the Respondents and Farmers
- Table 56: Awareness on Benefits of RuPay Kisan Card among the Respondents and Farmers
- Table 57: Awareness of Types of Financial Benefits of RuPay Kisan Card (Multiple Responses)
- Table 58: Possession of RuPay Kisan Card

Annex 1: References

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Annex: 2

| State/District | Total number of households | Total number of households availing banking services | % of Households with banking services |
|-----------------------------|----------------------------|--|---------------------------------------|
| Uttar Pradesh | | | |
| State Level - Uttar Pradesh | 3,29,24,266 | 2,37,11,472 | 72% |
| District - Shahjahanpur | 5,18,201 | 3,46,362 | 67% |
| District - Ambedkar Nagar | 3,64,457 | 2,76,634 | 76% |
| District - Hardoi | 7,08,721 | 4,81,873 | 68% |
| District - Balrampur | 3,20,991 | 2,62,320 | 82% |
| Bihar | | | |
| State Level - Bihar | 1,89,40,629 | 84,09,554 | 44% |
| District - Samastipur | 8,50,353 | 3,77,365 | 44% |
| District - Muzaffarpur | 9,47,863 | 4,49,632 | 47% |
| District - Vaishali | 6,32,626 | 3,38,601 | 54% |
| District - Supaul | 4,40,804 | 1,84,880 | 42% |

Source: <http://www.censusindia.gov.in/2011census/Hlo-series/HH12.html>