**Annexure – VIII**

**UNIVERSITY GRANTS COMMISSION**

**WESTERN REGIONAL OFFICE**

**GANESHKHIND, PUNE – 411 007**

**FINAL REPORT**

**MINOR RESEARCH PROJECT**

**EXECUTIVE SUMMARY**

**TITLE OF PROJECT : URBAN FINANCIAL INCLUSION: WITH**

 **REFERENCE TO SELF-EMPLOYED WOMEN IN**

 **THE INFORMAL SECTOR**

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 **MUMBAI 400 019**

**U.G.C. APPROVAL NO. AND DATE : MRP F:23-1727/14 (WRO). Dt: 13/1/2017**

**DATE OF IMPLEMENTATION : 13/01/2017**

**TENURE OF THE PROJECT : 2016 TO 2018**

**TITLE OF THE PROJECT**

**“URBAN FINANCIAL INCLUSION: WITH REFERENCE TO SELF-EMPLOYED WOMEN IN THE INFORMAL SECTOR IN MUMBAI AND NAVI MUMBAI”**

**OBJECTIVES OF THE PROJECT**

**This study focuses on the financial inclusion with respect to bank penetration among self-employed urban women in the informal sector of India, taking Mumbai and Navi Mumbai as the area of research.**

Primary objectives:

The study attempts to assess the degree of financially exclusion and thus the denial of financial inclusion with respect to:

1. Opening and operating a bank account;
2. Access to loans from banks or other formal institutions including self-help groups;
3. Access to any other means of social security/retirement/pension/savings plans;
4. Identify the reasons for denial of financial inclusion.

Objective for empirical study: Effect of education on financial inclusion of women.

**Hypothesis**

H0: There is no effect of education levels on financial inclusion of women

H1: There is an effect of education levels on financial inclusion of women

 The goal is to reject the Null Hypothesis and accept the Alternative Hypothesis

**WHETHER OBJECTIVES WERE ACHIEVED & SUMMARY OF FINDINGS**

**YES. THE OBJECTIVES WERE ACHIEVED**

The study clearly brought out that self-employed urban women in the informal sector are

financially excluded to a large extent.

The study covered the City of Mumbai and Navi Mumbai and for comparison purposes a model village in Gujarat, Punsari.

The Sample Siz**e**- 303 Active respondents out of 500 interviewed (post-launch of Prime Minister’s Jan Dhan Yojana ) and 277 active respondents out of 400 interviewed (pre-launch of Prime Minister’s Jan Dhan Yojana).

Primary research was conducted using a self-developed structure questionnaire having both open-ended and close-ended questions.

Multi-stage sampling technique will include stratified samples and then simple random sampling within each strata was the method used for selecting the sample-. The basis for stratification is:

Age group; Geographical Coverage; Occupation: Vegetable Sellers, Housemaids, Flower Sellers, Sweepers; Construction Site Workers.

**Major findings and analysis of survey data:**

* 43 per cent of women did not have a bank account prior to launch of the PMJDS and only 12 per cent did not have a bank account after PMJDS.
* 60 per cent of woman had PMJDS accounts.
* 0 per cent woman had taken any loan from banks. They all depended on ‘*saukars*’/ jewellers or employers for emergency funds.
* 0 per cent women had taken BIMA/ insurance accounts.
* 100 per cent women used informal system of saving and borrowing “*bhissi*” formed with 10 or more women in a group.
* An equal number of women were affected and not affected by demonetisation.
* The Prime Minister’s Jan Dhan Yojana has greatly helped women access to banking services.
* Though women have opened bank accounts these are used primarily to enjoy Direct Benefits Transfers (DBT) was started on 1st January, 2013.
* Women are not availing loans from banks. Most of them are not aware of the government schemes and a few who are aware do not know the procedure to avail of these loans.
* RuPay card and any other credit card facility is not known to the women.
* Women in the informal sector rely on the informal methods of saving and taking loans.

**Mumbai v/s Punsari**

**Financial Inclusion of Women - A Case of Rural-Urban Digital Divide**

* The study evidences the role of local leaders in transforming the economic and social lives of their constituents. Women in urban areas in the informal sector are severely disadvantaged when compared to women in well-run villages like Punsari.
* Digital payments, use of ATMs and mobile phone banking is still at a very nascent stage among urban women in the informal sector. Unlike in many other developing countries like Brazil, there is much less awareness among women in Mumbai. Policy makers need to take definite measures to overcome this limitation.
* There is a big gap in the transmission of government schemes for the women in the informal sector in Mumbai.
* Women need to organise themselves into Self Help Groups to get empowered. But unfortunately women working as house helps, or small commercial activities like selling fish, flowers or fruits are scattered, unorganised and hence most vulnerable to financial problems.
* In this context, the role of the city corporator has to be re-evaluated. The corporators are a crucial link between government agencies and the underprivileged.
* Government has envisioned several schemes for the financial empowerment of the urban poor, like **the Jawaharlal Nehru National Urban Renewal Mission (JNNRUM), AMRUT: Atal Mission for Rejuvenation and Urban Transformation and the National Urban Livelihood Mission.But none of the 303 women interviewed for this survey had any idea of these schemes and how to avail of its benefits.**
* **This is where corporators have to seek inspiration from a sarpanch like** Mrs. Sunanda Patel **of Punsari gram panchayat.**
* **The study recommends that city corporators be given a greater responsibility towards their constituents. Each ward under a corporator may be treated as a “village” and the responsibility of the corporator is to transform this into a “model ward”.**
* **This approach will go a long way to transform the lives of the urban underprivileged women in the informal sector.**

**Focus on Migrant women**

The investigator interviewed 25 women who have migrated to Mumbai to undertand the financial inclusion problems of this segment. The conclusions were as follows:

* Migrant women are especially vulnerable to financial exclusion.
* They were most affected by demonetization as they were accustomed to dealing with cash. Some even complained that they lost out on tailoring and small orders for pickles and papad preparation because of cash squeeze.
* Policy recommendation to help this group is that Aadhar card with their permanent address should be a valid proof for completing the KYC procedure in banks. Since it is proof of citizenship of the country it must be valid across states just like the Social Security Number in the United States.

**Hypothesis Testing**

As an educationalist the investigator decided to probe deeper into the relationship between formal education and financial inclusion. Hence, hypothesis was specified as under for empirical testing.

Effect of education on financial inclusion of women.

**Hypothesis**

H0: There is no effect of education levels on financial inclusion of women

H1: There is an effect of education levels on financial inclusion of women

 The goal is to reject the Null Hypothesis and accept the Alternative Hypothesis

This study has adopted Generalized Linear Model (GLMs) methodology, which extends the linear modelling framework to variables that are not normally distributed. GLMs are most commonly used to model binary or count data. The econometric modelling includes responses taken via primary survey with regards to usage of bank and level of education. The response variables taken of a large sample of approx. 305 people has provided the researcher with the extensive count data to validate its findings.

The study involves using of Binary Logistic Regression to find the results. These models show how binary response variable *Y*depends on a set of *k* explanatory variables, *X=(X*1, *X*2, ... *Xk*).

logit(π)=log(π/1−π)=β0+βxi+…+β0+βxk′ which models the log odds of probability of "success" as a function of explanatory variables. Our model considers here only one explanatory variable i.e. level of education.

Consider modelling binomial data, Yi ∼ Binomial (ni , pi)

In this case,Yi denotes usage of banks and Binomial denotes level of education(More than 8th standard and less than 8th standard). We have assigned p value as 1 if the answer is Yes and 0 if otherwise.

The following results are obtained by running Binary Logistic Regression on R software.

Call:glm(formula = Response ~ ., family = binomial, data = MyData)

Deviance Residuals:

 Min 1Q Median 3Q Max

-1.7986 -1.4748 0.6651 0.9067 0.9067

Coefficients: (1 not defined because of singularities)

Estimate Std. Error z value Pr(>|z|)

(Intercept) 0.6763 0.1586 4.266 1.99e-05 \*\*\*

More 0.7199 0.2739 2.628 0.00859 \*\*

Less NA NANANA

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Signif.codes: 0 ‘\*\*\*’ 0.001 ‘\*\*’ 0.01 ‘\*’ 0.05 ‘.’ 0.1 ‘ ’ 1

(Dispersion parameter for binomial family taken to be 1)

Null deviance: 360.29 on 303 degrees of freedom

Residual deviance: 353.06 on 302 degrees of freedom

AIC: 357.06

Number of Fisher Scoring iterations: 4

The results show the p value as 0.0085 which gives sufficient evidence to reject the Null Hypothesis**. Thus, the study confirms that level of education does have an impact on usage of bank and financial inclusion of women.**

The analysis of data clearly rejects the Null Hypothesis and Accepts the Alternative Hypothesis: **there is an effect of education levels on financial inclusion of women .**

**ACHIEVEMENTS FROM THE PROJECT**

As a part of my survey I gave my phone number to the women who participated in the interviews and asked them to call me if they had any difficulty while opening or opetrating a bank account. As a researcher the biggest achievement I experienced from the project was when I received phone calls from a few women in age groups from 40 to 62 that they have opened bank accounts for the first time and are now using these to save. Several of them were motivated to take the Pradhan Mantri Jeevan Jyoti Bima policy. I realized that the women need a personal touch and reassurance that they can become financially included.

The study throws up several policy implications.

**Policy Implications & Recommendations**

The study throws up several pointers for policy makers.

1. The Reserve Bank of India and the Ministry of Finance has to work in tandem with the Department of School Education and Literacy, Ministry of Human Resource Development and the Ministry of Women and Child Development. At present the efforts of each of these institutions is not integrated.
2. Programmes like **Beti Bachao, Beti Padhao** *(*Save girl child, educate a girl child*)* launched by the Government of India in 2014 is a social campaign aimed at welfare with education for the girl child. Financial education must be taught to girls within this programme.
3. The curriculum for financial literacy must include basics of banking, saving, taking loans under various government schemes for starting micro enterprises and various Bima (Insurance) Schemes.
4. As a part of their CSR efforts banks must go beyond the Reserve Bank of India regulations regarding financial inclusion to specifically develop financial education programmes for women.
5. Digital payments, use of ATMs and mobile phone banking is still at a very nascent stage among urban women in the informal sector. Unlike in many other developing countries like Brazil, there is much less awareness among women in Mumbai. Policy makers need to take definite measures to overcome this limitation.
6. Policy recommendation to help the women, especially the migrant group is that Aadhar card with their permanent address should be a valid proof for completing the KYC procedure in banks. Since it is proof of citizenship of the country it must be valid across states just like the Social Security Number in the United States.

A lot more needs to be done by the Reserve bank of India, the Government and by the banks themselves to reach out to women and encourage both Micro saving and Micro Credit. This alone will ensure that women join mainstream economic activity and are empowered.

As an Associate Professor I am conscious of my social obligations to society. I have been working in the area of bank depositor protection since 20 years. I am now the Secretary of All India Bank Depositors’ Association. In this capacity I am a member of the Banking Codes and Standards Board of India (BCSBI) that was sponsored by the Reserve Bank of India and has representation from all the major Public Sector Banks, Foreign Banks, Cooperative Banks and Private sector banks, including the Indian Bank’s Association and the Reserve Bank of India representations.

In this capacity, the learning from this project were shared with the BCSBI while preparing the Code of Bank’s Commitment to Customers related to financial inclusion (see page 51 to 54 of the code <http://www.bcsbi.org.in/Pdf/CBCC2018.pdf>) .

I am also a member of the Reserve Bank of India’s Depositor Education and Awareness Fund, (DEA Fund). I have actively contributed to the financial inclusion agenda of the RBI and the UGC project outcomes have helped shape the Financial Literacy study material and seminars conducted under this Fund.

**CONTRIBUTION TO SOCIETY**

The main contribution of this project was the field work done where personal contact was made with around 700 women all over Mumbai, Navi Mumbai and Punsari. These women have been financially marginalised for decades. During the personal interaction I was able to listen to their problems and reassure them about how banks, financial savings and insurance problems can benefit them. This interaction helped them to feel that there are solutions to their financial difficulties.

The project contributed to my understanding of the life situation of the marginalised members of society. This will definitely contribute to my teaching in the class room where I will be able to share with my students the socio-economic problems and the possible solutions to these problems.

I also will be able to motivate the young students to volunteer for NGO work to help such marginalised sections of society become financially independent.

The most important aspect is that I interviewed young mothers and conducted Financial Literacy sessions in primary schools and anganwadi. These young mothers will be able to contribute to the future of their children and help them also become financially literate. It is these small seeds sown that hopefully will transform urban India in the years to come.

Also, the visit to the model village, Punsari was an eye-opener and the role of policy makers and local leaders is now better understood at first hand. This too will bring the “rural perspective” and village orientation to the class room teaching and learning.

The need for formal education of women to help them become financially included was also clearly brought out by the use of Binary Logistic Regression Model.

**The Project achieved its stated objectives of assessing the financial exclusion of urban women in the informal sector in Mumbai and Navi Mumbai.**

**WHETHER ANY PH.D. ENROLLED/PRODUCED OUT OF THE PROJECT?**

NO PH.D. ENROLLED/PRODUCED OUT OF THE PROJECT

**NO. OF PUBLICATIONS OUT OF THE PROJECT**

**TWO research papers.**