



Growth and Current Status of Financial Inclusion in Rural Area of Manipur

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ABSTRACT

The paper emphasized to study the current scenario of financial inclusion in the state. The study is purely based on secondary data that are collected from various sources that is available in website for various purposes. The study made comparison among the rural and urban district wise bank branches set up in the state and bank wise distribution of branch and ATMs opened across the state. In addition, study also tried to examine the current status of the state, explored areas that needs an immediate attention to mitigate the rural and urban divide. Furthermore, in this present paper the study rendered several schemes that the central and state has initiated for achieving financial inclusion both in long and short terms and incorporates the importance of digitalization in our society.

Key words: Financial inclusion, underprivilege, parameter, rural, urban divide.

1. Introduction

With the launching of JAM trinity in 2014, financial inclusion witnessed massive growth in encompassing Pradhan Mantri Jan Dhan Yojana, direct benefit transfer of government schemes, and Aadhaar enabled for unique biometric identification. From study and researches, it is found that Manipur has the least financial inclusion. In this paper, the researchers would like to examine the current scenario and growth of financial inclusion in the state. Followed by finding out why there is least financially included.

In case, the whole nation incurred deficit, then with the wealth borrowed from rest of the world it can manage to finance its requirements. However, in regards to India, with huge population, the domestic savings heftily financed the funds required for the growth of the industry.

Advancements in endogenous growth theory support both hypotheses, emphasizing the role of finance and financial intermediaries in facilitating investments in innovation and education, lowering transaction costs and managing risks, thereby accelerating the growth process (Levine, R. 2004)

In India's quest for higher levels of development, financing should be seen as a facilitator, not an obstructer. As Walter Bagehot said, 'the less money lying idle, the greater is the dividend' (Bagehot, 1873) it is crucial that banks look into their credit deposit ratio.

In the present scenario, the state government formulates several strategies to alleviate financial inclusion. For that reason, the state is emphasizing more on the credit deposit ratio, opening of new bank branches to the unbanked blocks.

In next Section 2, it provides an outline of the growth performance on the dimensions of financial inclusion in Manipur. Section 3 brings to the current situation and work in progress of the state financial inclusion. Section 4 highlights the how digitalization can push to financial inclusion. Section 5 concludes by providing suggestions.

2. Growth of financial inclusion in rural areas of Manipur over the year

Gupta et al. (2014) in their study on financial inclusion and human development, gauge the performance of financial inclusion on Indian states using an index - Goa, Punjab, Kerala, Tamil Nadu, and Karnataka secured in the top five states however, states like Bihar, Arunachal Pradesh, Mizoram, Nagaland, and Manipur were ranked lowest in term of financial inclusion.

2.1 Credit Deposit between Manipur state with India

Credit Deposit ratio in short, CD ratio in bank related terms. CD ratio signifies the total amount of the money that the banks have gathered in the form of deposits from their respective bank customer, has been implemented as loans to the customers for profit making. Therefore, if the CD ratio of a bank stood at 60% as per national norms, it means that three-fifth of the money has been disbursed off as loans. In addition, a low CD ratio signifies poor,

unacceptable credit growth as compared with the deposit growth and the bank is not using its resources to its full potential. However, a bank witnessing high CD ratio means robust demand for credit with relatively slower deposit growth and it also indicates liquidity and credit risks for banks.

A comparison of credit deposit ratio between the state of Manipur and National norms. Below table 2.1 shows CD ratio as on 31st December, 2015, 30th June 2018, 30th June 2020 and 30th June 2024.

Table 2.1 Manipur State: Achievement v/s National Norms

Parameter	National	State Position	State Position	State Position (%)	State Position
	Norms (%)	(%) As on	(%) As on	As on	(%) As on
		31.12.2015	30.06.2018	30.06.2020	30.06.2024
CD RATIO	60	53	59	58	84.14
CD RATIO	-	49	54	-	-
CREDIT + INVESTMENT: DEPOSIT RATIO	60	58	60	-	97.49
PRI. SECTOR ADV. TO TOTAL ADV.	40	70	51	38	27.4
AGL. ADV. TO TOTAL ADV.	18	16	10	8	8.7
Lending to Weaker Section	10	19	10	-	-

Source: Compiled from SLBC booklet, Dec 2015, June 2018, 2020 and 2024.

Data clearly indicates there is improvement in CD ratio (including advance from NEDFI, SIDBI & RIDF) over the years. On 31st Dec 2015, 30th June 2018, 30th June 2020 data shows that the state could not even reach the national norms set for achievement. However, on 30th June 2024 data show positive growth achieving the national norms as well as showing growth of 45.53% as compared to data from 30th June 2020. Government intervention for each bank to provide loans to small micro enterprises plays vital role and financial literacy campaign with frequent financial awareness also help in the improvement of CD ratio.

Table 2.2 Selected Indicators

Items	Ref. year	Particular		
		2015	2018	2024
Population	2011	28.56	28.56	28.56
Density	-do-	121	121	121
Sex Ratio	-do-	987	987	987
% of Urban Population to the total population	-do-	43	43	43
Population BPL (estimates from Planning Commission)	1999-2000	28.54%	28.54%	28.54%
Post office per lakh population		23.62 (March '13)	25.75 (Dec '17)	25 (June '24)
Avg. Population per Bank Branch (per lakh population)		4.88 (March '13)	6.87 (Dec '17)	10.984 (June '24)

Source: Compilation from State Level Banker's Committee Manipur report 2015, 2018 and 2024

In table 2.2, data showing the trends from 2015 to 2024, Manipur population with respect to the urban population, BPL, Post office, and average bank branches.

Population, density, sex ratio, urban settlement and BPL remains same as there are no fresh issue of data. The census is in reference to 2011, as there is a delay in latest census which was supposed to be released in 2021.

With non-availability of post office in their area, people are not aware the facilities provided by the Indian postal services. From 2013 to 2024, only 5% increase in post office is witnessed, data clearly shows there is slightly little improvement over the decade. Regarding account opening in post office, there is very little knowledge in the state, only a few avail the facility for saving and pension funds.

However, regarding the average population per bank branch there witness an increase in over the decade. From 2013 to 2017, there is an upsurge of 40.77%, while from the year 2017 to 2024, there is roughly 60% increase in the bank branches over the years.

Table 2.3 District wise Branch Network Report of Manipur

Sl. no	District	As on 30-06-2020				As on 31-03-2022			
		Rural Branch	Total Branch	ATM Rural	Total ATM	Rural Branch	Total Branch	ATM Rural	Total ATM
1	Bishnupur	4	18	2	9	3	23	4	20
2	Chandel	5	5	4	4	8	8	4	4
3	Churachandpur	13	18	10	29	16	21	31	33
4	Imphal East	19	33	14	27	23	34	13	24
5	Imphal West	7	71	4	199	8	75	7	228
6	Jiribam	3	3	1	1	4	8	1	2
7	Kakching	0	6	0	9	1	9	0	12
8	Kamjong	1	1	1	1	2	2	1	1
9	Kangpokpi	7	7	6	6	10	10	7	7
10	Noney	3	3	1	1	4	4	1	1
11	Pherzawl	1	1	0	0	1	1	0	0
12	Senapati	15	15	18	20	17	17	17	17
13	Tamenglong	3	6	0	2	4	7	0	3
14	Tengnoupal	3	7	3	6	3	7	2	7
15	Thoubal	8	22	2	33	7	26	1	35
16	Ukhrul	4	7	1	7	6	9	3	8
	Total	96	223	67	354	117	261	92	402

Source: Compilation of 2020 and 2022 reports, State Level Banker's Committee (SLBC) report of Manipur

From table 2.3, data clearly indicates there is asymmetrical distribution of total branched and ATMs opened in rural areas. More emphasis is given to cities and urban areas, which rural areas find challenging for availing the service. Further, as comparing the data between 2020 and 2022 there is minimal increase in some districts however an enormous increase is witnessed in Imphal cities.

In some districts, there improvement over the year is negligible, while in some districts no improvements are seen like Prezwal which was under Churachandpur district before bifurcation, Kamjong, tamenglong.

Table 2.4 shows data regarding bank wise distribution of branch and ATMs opened across the state.

Public, Private, Manipur Rural Bank (MRB), Manipur state cooperative bank (MSCB) are taking initiatives for financial inclusion, however, there still seems a wide gap in covering the excluded underprivilege section. The state realizing the needs of more bank and branches, has initiated to launched new bank branch in selected blocks.

Table 4: Bank-wise Branch Network Report of Manipur as on date 31-03-2022

Sl No.	Bank Name	Branch Rural	Total Branch	ATM Rural	Total ATM	Out Of Total CSP, Fixed Point CSP	Out Of Total CSP, Other CSP	Total CSP
1	BOB	8	16	5	19	29	0	29
2	BOI	2	4	1	5	0	0	6
3	BOM	0	1	0	0	1	0	1
4	CAN	3	7	2	6	2	0	2
5	CBI	5	9	3	6	0	14	14
6	IND	2	5	0	2	0	0	7
7	IOB	1	3	0	3	3	0	3
8	IPPB	10	34	0	0	419	0	419
9	PNB	6	21	7	30	139	0	139
10	PSB	3	5	3	5	5	0	5
11	SBI	32	53	47	241	149	34	183
12	UCO	7	13	7	13	0	7	7
13	UNI	0	1	0	2	1	0	1
Pub	Total	79	172	75	332	748	55	816
1	APBL	0	0	0	0	2363	155	2518
2	AXIS	2	11	3	20	6	0	6
3	BAND	3	8	0	1	0	0	0
4	HDFC	4	12	3	16	89	5	94
5	ICICI	4	9	3	12	0	0	0
6	IDBI	1	2	1	2	0	0	0
7	INDUS	2	4	1	3	0	0	0
8	NESFB	1	3	0	0	0	0	0
9	YES	0	1	0	1	0	0	0
Priv	Total	17	50	11	55	2458	160	2618
1	MRB	15	26	0	0	45	0	45
RRB	Total	15	26	0	0	45	0	45
1	MSCB	6	13	6	15	0	0	0
Grand	Total	117	261	92	402	3251	215	3479

Source: State Level Banker's Committee (SLBC) report of Manipur, 2022

3. Overview current status of Manipur State along with its work in progress

- Opening of Bank branches in Unbanked Blocks in Manipur rural areas
- At Manipur Secretariat Conference Hall Imphal, on 14 Feb 2013, 27 unblocked blocks have been chosen to build up their bank branches. As per report on 04th November 2023, 16 blocks have opened their bank branches however 11 blocks are still not yet opened.
- New Unbanked Block in rural areas
- Apart from those 27 unbanked blocks, further 12 new unbanked blocks are allotted for opening bank branches.

- Unbanked towns/ Urban Local Bodies in Manipur
- The government of Manipur emphasizes opening bank branches not only in rural areas but also open its branches in unbanked towns/ Urban local bodies. 11 unbanked towns/ Urban local bodies are allotted for opening of bank branches.
- Core Banking Solution (CBS) banking outlets
- CBS networks bank branches through IT infrastructure, allowing customers to access their accounts and banking services from any location. The state government has estimated 46 CBS banking outlets, out of which 9 CBS has opened till June 2024. It is found that even though CBS is yet to opened.
- Inclusion of Financial Education in School Curriculum
- A meeting was held on 13th January, 2020 by the Commissioner (Education-s) and a decided to make an effort to include Financial Education in the School Curriculum by 2022. The RBI shared Financial Education Workbook with SCERT and BOSEM for their further consideration.
- Promotion of Digitalization in districts
- The state is covered with 88.39% of digitalization for individual saving bank accounts while 79% Business Current Accounts. Amongst all the district it is found that Chandel district has the lowest digitalization coverage at 75.16%.

3.1 State and National schemes for financial inclusion

3.1.1 National Social Assistance Programme (NSAP)

Indira Gandhi National Old Age Pension Scheme (IGNOAPS):

It is a scheme for the people who are 60 years and above and they must belong to below poverty line as defined by the government. It provides a monthly pension of Rs. 200 for those up to 79 years old and Rs. 500 for those who are 80 years and above.

Indira Gandhi National Widow Pension Scheme (IGNWPS):

It is a centrally-sponsored scheme that provides a monthly pension to widows belonging to Below Poverty Line families. Widow below the age of 40 and 59 are eligible under scheme, while nonresidents of Andaman are not eligible. Under this scheme, a person gets monthly pension of Rs. 200 from the central Government

Indira Gandhi National Disability Pension Scheme (IGNDPS):

Under this scheme, a person must be between the age of 18 and 79 years old, having disability of 80% or more, and living below poverty line. The scheme provides a monthly pension of Rs. 300 from the Government of India, in addition to this, the state governments may also provide an additional amount of Rs. 1000 per month.

National Family Benefit Scheme (NFBS):

It is a scheme that provides a one-time cash payment to families below the poverty line when the primary breadwinner dies. The scheme provides lump-sum cash assistance of Rs. 20,000 to the surviving head of the household. However, in some cases, the payment may be as high as Rs. 40,000. To avail this scheme, the deceased breadwinner must be between the age of 18 and 60.

Annapurna Scheme:

It is a government sponsored program in India that provides food grains to poor and elderly people. People who are 65 years or more and belonging to Below poverty line families who are not covered under old age pension scheme are eligible for the scheme. The scheme provides a monthly distribution of food grains, such as 10 kg of rice or wheat free of cost.

3.1.2 State Plan

Economic Development Programme (EDP):

EDP is an ongoing program with an objective to uplift the living standards as well as the economic status of specific audience. The program ensures in providing equipment to the designated beneficiaries in several self-employed schemes say, tailoring, embroidery, Goatery, piggery, silk yarn reeling etc.

Skill Development Programme (SDP):

SDP is a scheme with an intention to upgrading and furnishing their skill of the targeted audience of the community through well-organized trainings in income creating, self-employed schemes viz. Silk yarn rearing, crafting, etc. With total beneficiary of 60 people were from Bamboo Crafts, and 139 from silk yarn rearing were benefited during the year 2018 – 2019.

Housing: As a roofing material in making houses, CGI sheets are made available to the poor and needy minorities communities under this scheme.

Chief Minister's Laiyeng Shen: The scheme targets the widow patients a cash reimbursement for their treatment in hospitals.

Coaching Programmes: Educative Coaching from Class VI to XII standard from government schools is targeted under this scheme.

4. Digitalization and financial inclusion

There is a lot of improvement to be done with current situation of the Manipur Banking system, there still remains a place where banking is far beyond reached. However, as per Chauhan, S. (2022), digital finance in the form of innovative financial technologies brought into millions of people despite any discrimination in recognized economy in payments, receipt, bill clearances, as well as transfer of cash anytime everywhere conveniently. The mobile phone in addition internet uprising in the last decade has infiltrated the remotest of places trying to reach every nook and corner of our society. This has substituted cash-heavy dealings and broadened financial services mapped to digital ID (Aadhar) through scientific innovations like mobile banking, net banking, mobile wallets, UPI enabled payments, etc.

5. Conclusion

According to Barua et.al. (2016) India's record of financial inclusion is unsatisfactory, despite the existence of a hefty and well-structured financial system dominated by commercial banks. The same goes to the state of Manipur. The central government as well as the state government along with the private players are trying their best for financial inclusion, however, there is huge room for implementing, improving the financial system in Manipur to reach out the unreached.

Rural areas in Manipur consists of villages where the bank coverage seems difficult due to scattered lifestyles and population of the villages being less than 2000 people. However, respective business correspondents in their areas play vital role for the people in villages. In addition, the digital banking throw light towards the excluded areas.

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