Savings: A Neglected Need of the Poor

NITYANANDA DHAL

Recognizing the importance of inculcating the habit of saving, and experimenting with a simple and effective way of doing so within SHGs and the individual homes seems to have struck a chord of resonance in the village women, who are now beginning to exercise autonomy and choice in how much and where they want to save

More than half the world's adults, according to estimates, do not have a bank account. Nearly three out of four adults in developing and middle-income countries, and about 90 per cent of the 2.5 billion people, living on less than $2 per day in the developing world, do not have a bank account (Financial Access Initiative and McKinsey & Co. 2009). Indeed, the Global Financial Inclusion Database, Demirguc-Kunt and Klapper (2012) shows that account penetration is nearly universal in high-income economies but only 41 per cent of the adults in developing economies report having an account at a formal financial institution. Furthermore, there are large differences in account ownership in developing economies. Whereas 46 per cent of the men have formal accounts, only 37 per cent of the women have accounts, and adults in the richest quintile are more than twice as likely as those in the poorest quintile to have a formal account.

In one of the seminal papers, Burgess and Pande (2005) show that access to formal finance in rural India has had a positive effect on poverty alleviation and economic growth. However, there exists a striking difference between the large take-up rate and the low use of formal bank accounts by the rural poor. It is estimated that 67.3 per cent of the accounts are lying dormant. Demirguc-Kunt and Klapper (2012) find that women are less likely to have bank accounts, due to which they have less experience in using formal banking facilities.

Often, the poorer people are compelled to resort to the use of many risky, inappropriate and exploitative mechanisms to save because this has continued to remain critical for them.

The characterization of savings mobilization as the 'forgotten half of rural finance' in 1986 largely rings true even today. In part, this is due to an ongoing misperception that the poor do not, and cannot, save—despite a long and global history of community-based savings groups and other informal savings systems, as well as the findings from a substantial amount of research. In part, regulations against mobilizing deposits from non-members continue to restrict micro-finance institutions throughout much of the developing world, and the availability of subsidised credit and grants from donors reduces the compulsion for mobilization of savings. These factors have led to a notable historical shift from thrift (micro-savings) as the foundation of finance for the poor in the early 20th century, to debt (micro-credit) in the early 21st century.

The criticality of financial services for the economically poorer and the disadvantaged community, including women, hardly needs to be emphasized. However, 'micro-credit services' have received disproportionately high attention and effort from development thinkers and actors across the world. The Bank Rakyat Indonesia's (BRI) micro-finance system is the world's largest and the most profitable micro-finance network today. As on August 2004, BRI had 30 million savers whereas its active borrowers were only 3.1 million. The enormous number of savers (close to 10 times the number of borrowers) shows its importance. A similar experience was observed when the Grameen Bank in Bangladesh introduced savings accounts, with the launch of its Grameen-II model. Also, the huge chit-fund scam in India in the recent past clearly shows how poor households in our country are desperately looking for savings-services, which neither our huge banking network nor widespread Self Help Group (SHG) mechanism has been able to address.

The SHG initiative, the single largest micro-finance movement in India, with its huge outreach, has reached communities across the country. SHGs are often known as Savings and Credit groups (S&C groups). However, these groups have hardly served the savings-services needs of its members. Regular token saving by the members (Rs 10–50 per month, per member) has only served as a normative requirement of the group, to maintain the membership. On the other hand, mainstream financial institutions such as banks, post-offices and multi-purpose co-operative societies have grossly failed to provide these services to the economically poor families for many obvious reasons. As a result, the savings-services needs of poorer households remain largely unaddressed by any formal system. Often, the poorer people are compelled to resort to the use of many risky, inappropriate and exploitative mechanisms to save because this has continued to remain critical for them.

If you ask any development practitioner, whether savings are important in the business of poverty reduction, they would all say yes. Ask, however, if it is urgent to engage with—I doubt anyone will say yes. Any initiative around savings falls in the domain of important but not urgent quadrant and, thus, continues to receive a lukewarm response from any of our pro-active, short-term or long-term strategic engagement.

I do remember when one LIC agent chased me for an insurance scheme. And I resorted to giving him many excuses and avoided him for many months before I gave in. But 12 years down the line, my respect for him has gone up tremendously. I find that the reluctantly initiated scheme has helped me build my savings into a respectable sum today. Think of a situation where you do not have any savings and you find a regular and reasonably well-paying job. Not only would you have access to multiple credit cards, you would also seek opportunities to save, right? I assume that no sensible person would say that he or she does not need to save. This hints at the uniqueness of savings, which cannot be addressed by any quality access to credit or access to reliable income flow.

Families with mutually supporting, hard-working and financially disciplined members usually prosper irrespective of their level of poverty. The reverse is also equally true—if members are extravagant, very few families prosper, irrespective of their income levels

Families with mutually supporting, hard-working and financially disciplined members usually prosper irrespective of their level of poverty. The reverse is also equally true—if members are extravagant, very few families prosper, irrespective of their income levels. Although this is true in most of families, poorer families experience this widely. Financial discipline may not always make you prosper in life, but the absence of this could become a critical constraint towards prosperity. In addition to financial discipline, mutual co-operation among family members and hardworking members are two additional important aspects that help a family to prosper. There exists a very high degree of co-existence among these factors. One may assume that these factors or components strengthen each other. Moreover, smooth access to financial services reduces mental stress and intra-household conflicts to a large extent and motivates members to work hard.

While arguing this, I am not in any way advocating that income enhancement has no bearing on economic prosperity; only that the degree of utility of income enhancement greatly depends on the above factors. Further, the presence of these factors also influences the scope of income enhancement by increasing the investment portfolio, risk taking ability, etc. More specifically, financial discipline is necessary but may not be sufficient to address poverty issues. Nevertheless, financial discipline reduces vulnerability, irrespective of the nature of financial shocks, and helps maximize the utility of whatever small income a person may have.

Savings are not the direct function of the level of income, especially as expenses are likely to increase with the increase in income. Therefore, with an enhanced income, effort should also be made to foster a habit of saving and thus to reduce unnecessary expenses. Whereas credit services have been considered important for addressing poverty issues, savings services are no less an empowering intervention. On the contrary, access to easy credit many times leads to high indebtedness and insecurity. Therefore, the co-existence of a savings habit along with opportunities to access credit can potentially address the above needs.

Savings products have an intrinsic value for consumers, institutions and policy makers. Access to savings services allows consumers to protect their money from the many demands for it from family and friends, to keep a reserve on smooth consumption, to monitor funds and be confident about safety, and to invest in new activities once the savings are built up. Financial institutions also benefit from mobilizing savings because the deposits can constitute a significant and relatively inexpensive source of funds to finance lending and other financial services. Additionally, savings services can help institutions build a relationship with their customers, possibly leading to a greater demand for credit and other products, such as insurance and payment services.

The need for poor households to reduce their vulnerability can limit their ability to pursue strategies for the economic and social improvement of household members

For a poor woman, it is always a hard decision to make about what to purchase and what not to purchase on a day. Not having food to eat is painful and this forces her to sell her meagre assets at throwaway prices, sacrifice her dignity and borrow from her exploiters. For this reason, many poor people prefer to cut down on some of their current consumption and gain some surety that they will not have to face these extreme situations. If a family had Rs 100 per day to spend and it puts aside Rs 10, the utility loss is much less than if they were to face a future situation where they have no money to live on but the Rs 10 they saved. This is precisely why the poor do save, irrespective of their situation.

The need for poor households to reduce their vulnerability can limit their ability to pursue strategies for the economic and social improvement of household members. They suffer from insecurity, anxiety and fear, which have an impact on their behaviour. Practices such as savings can make people feel more secure and can foster their capacity to take the small risks necessary to improve their livelihoods. Vulnerability results from the interplay of two key components: (1) hazards and stresses, and (2) buffers. The poor are especially vulnerable because they face a higher risk of the former while lacking sufficient access to the latter. Therefore, for poorer households, savings can potentially reduce the impact of vulnerability by way of generating buffers.

Assets serve as a fall-back and thus help in venturing into risky propositions. For example, a farmer has the option of investing in a new cropping practice, which has a 50 per cent chance of getting five times higher productivity and five per cent chance of total failure. Failure would mean that the family would have no food security for about four months. This would not be a venture that the family would take up unless there was some back-up support, even if the new venture were to offer a very high productivity proposition.

According to the late economist John Nash (recipient of the Nobel Memorial Prize in Economic Sciences in 1994) and his 'Theory of Nash Equilibrium', the bargaining power of a person depends on his fall-back positioning. This holds true whether you are actually bargaining with somebody else or you are weighing multiple choices or even when you are in a decision-making process. Savings, as a financial asset, improves a person's fall-back position and, thus, helps in taking better decisions.

Studies have revealed that hospitalization has resulted in a poverty trap for many people in India. Often, a delay in treatment aggravates the health situation and leads to huge expenses, which in turn leads to asset losses and finally results in poverty. Savings can help tackle this issue to a large extent.

Credit serving is a forced process to minimize expenditure; savings inculcate the habit. Moreover, the habit of savings enhances confidence or trust in self-discipline. Nobody ventures into buying a home or creating any other asset for that matter, with zero savings in the bank. Every bank demands at least a 15–25 per cent personal investment when sanctioning the remaining amount. This way banks check the savings habit or the savings capability of a client.

For poor rural households, a loan service is very uncertain, in terms of timeliness, affordability of interest rates and repayment schedule and, more importantly, in access to the required amount. Often, these families find the choice between availing of the opportunity to invest or meeting household urgencies challenging. A family may not have access to credit when the opportunity or the requirement arises. In a rural setting, a part payment from savings usually works because a buyer can then easily convince the seller that she or he can honour the repayment.

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Guided by the belief that a safe place to save allows the poor manage their money better and thereby improve their lives, many governments, aid organizations and donors have begun to develop policies and programmes to promote broad access to savings services. Several governments have made financial inclusion a policy priority. In India, 35 per cent of adults (and 26 per cent of women) had a bank account in the previous decade. To achieve greater financial inclusion, the Reserve Bank of India (RBI) introduced the Business Correspondents (BCs) Model in 2006. The Model allows banks to hire BCs as intermediaries, to provide financial and banking services on their behalf.

Our honourable Prime Minister, Mr. Narendra Modi in his first Independence Day address to the nation, emphasized the need to provide a formal bank account to all adult citizens and he launched the social programme called the 'Pradhan Mantri Jan Dhan Yojana' (PMJDY). PMJDY seeks to provide universal access to basic banking services by 2018. Besides bank accounts, the scheme plans to provide debit cards, overdraft, credit and insurance facilities, and also allow account-holders to receive government transfers through banks. Under the RBI-spearheaded financial inclusion programme, banks opened about six crore basic banking accounts in the fiscal year 2014; under the Jan Dhan Yojana, banks opened more than 10 crore accounts within six months after the scheme was launched. However, some studies say that about 70–75 per cent of these accounts do not have any money in them. Further, about 30 per cent of these accounts are duplicate accounts. It would be a next-to-impossible task to rectify these.(http://www.firstpost.com/business/banking-poor-rbi-submits-despite-doubts-modis-jan-dhan-scheme-2028423.html)

Although individuals are reluctant to save in any formal system, they become motivated when their friends or neighbours invest in savings arrangements. Studies show the positive impact of belonging to a financial group on savings. Peer-pressure and herd behaviour have been emphasized as important explanations because these provide the discipline to offset self-control problems. Rotating Savings and Credit Associations (ROSCA) may serve as a commitment device. Some ROSCA participants say you cannot save alone (Gugerty, Mary Kay 2003). These associations may help save by providing pressure to put aside money regularly (Ardener, S. and Burman, S. 1995). If my neighbours were saving regularly, it would spur my desire to save. A savings group can be seen as a coordination device. (Debraj Ray in the artcle" 'Aspirations, poverty, and economic change' from the book *Understanding Poverty*)

Financial inclusion means much more than opening accounts. The mere provision of bank accounts may not be sufficient, and extra guidance will be required not only to make these accounts become functional and address various savings needs but also make them reach out to the poorest section and women in remote places, far away from formal banking institutions. The intervention intends to investigate whether, and if so how, the most widespread form of informal financial groups for women, namely SHGs, can serve to foster individual savings in formal bank accounts and thus provide a bridge between women and banks.

PERSONAL EXPERIENCE

My conviction about savings has developed from my own life experience. I belong to a small rural village in Odisha where most families, including ours, struggle to make a living. When I look closely at the families in my village and also in the villages I now work in, I find that some families have improved on the financial front whereas some have become worse. Financial discipline (the practice of saving) is one important factor helping these families to prosper gradually. In my own family, I have experienced that small savings have been rewarded in many ways.

Let me take the example of Markanad, who used to work in my home when I was a child. Instead of taking her wages every month, she preferred to keep them with my father. She was apprehensive that it would be difficult for her to save because she had various financial compulsions. She usually did not take the easy route of using her savings when in need. She preferred to work an extra hour and sacrifice her comfort or happiness. She also needed to protect her savings from the demands of her family members (children and drunkard husband) and in-disciplined relatives. At times, when there was an illness in the family or when the school fees had to be paid, she could not avoid or delay utilising the money she had saved. The savings instrument, thus, should provide both these needs. A poor family usually requires both—a certain degree of liquidity as well as fixity of their savings. It also needs a variety of savings products such as a Savings Bank Account, a Recurring Deposit Account and a Fixed Deposit Account.

CURRENT LIMITATIONS OF SHGS

Following are some of the reasons that members do not save as much as they could in the SHGs.

- Unequal savings demand complex accounting, which often leads to conflicts; thus, equal savings are promoted.
- Lowest Common Savings (LCS) is preferred even though the poorest member can save much more if this LCS were not imposed.
- Any risk associated with misappropriation or non-repayment of the group-fund lies with all the group members. When the savings or stakes on a group-fund are not equal, the risk also varies accordingly, and the effort to take both preventive as well as curative measures may possibly vary. The risk also increases with the size of the group-fund because managing increased volumes of finance becomes difficult for members. Thus, after the savings reach a certain level, saving more is a riskier proposition, especially when all the members do not save at an equal level.
- Often, higher savings are locked in a bank or with members as loan-outstanding and, thus, are difficult to withdraw from, in times of need, because pre-scheduling withdrawals is not usually possible.
- Difficult to keep money aside till the date and time of the scheduled meeting.

- Unequal savings often result in power dynamics in the group, affecting governance.

KEY REALITIES OF POOR RURAL FAMILIES RELATED TO SAVINGS SERVICES

1. **Nature of cash flow:** Cash inflow for poor people has very distinct characteristics. It is usually frequent but at the same time irregular, uncertain and in small amounts from different sources. It is very difficult to hold these inflows and accumulate them because people need to spend it for their various immediate needs, many of them unexpected.
2. **Key aspects of savings:** Security, liquidity and returns are usually considered to be the factors that determine the quality of any savings product. The poor look for a very high degree of security, a mix of both liquidity requirement and something that will protect them from avoidable consumption or expenses. However, they hardly look for any lucrative returns. In fact, they sometimes even agree to pay for suitable savings opportunities.
3. **Limitations of current financial institutions:** The current formal financial systems are usually distantly placed and, therefore, the cost per transaction (in terms of travel time and fare), often becomes unaffordable for the poor. Further, their affordable savings amount is much below the minimum transaction volume of banks, thus making this service unviable.

DESIGN CONSIDERATIONS

The following are the key considerations for designing a model to better fit the realities of the poorer families in remote areas.

- There is a need for a 24 x 7 service system to keep aside a portion of the small, but frequent cash inflows and protect them from easy access by self as well as by others, including children and husband.
- As the amount increases, the money needs to be protected at a formal place (not in an SHG). Handling money (managing savings or loans) needs a certain degree of managerial competency, which the members usually do not have. It becomes a riskier proposition to keep funds with SHGs and, therefore, these need to be maintained in a formal system.
- Small amounts need to be accumulated until they become a sizeable amount, ready for transaction with a formal financial institution. This amount may vary from Rs 100 to Rs 1,000, depending on the minimum transaction amount required by banks and on the cost of the transaction, including the opportunity costs of time spent and the actual cost incurred to go to the bank.
- It is important to inculcate a habit of savings, forgo pressing needs to spend, accumulate small savings so that they become viable to transact with formal institutions such as banks. It requires considerable time and patience and is highly susceptible to individual problems. In addition, supporting systems, peer-pressure and peer-motivation are necessary to sustain the effort.

THE MODEL

This is an SHG-based initiative. All the members of an SHG keep individual savings boxes in their homes. These boxes (piggy banks) have a special provision of one-way currency entry facility. The boxes are locked and the keys are kept in their group box. Members insert coins and currency notes into their individual boxes as per their own convenience (any time, any amount). Individuals are encouraged to open savings bank accounts in their local banks or post offices in their own name. Intermittently (quarterly or half yearly), these individual boxes are brought and opened by respective members in the group meeting, using the keys kept in the group box. The members count their own savings and take a call on whether to save the whole or a part of it in their savings account in their SHG or in the banks. This system runs parallel to their earlier, regular savings and credit transactions in their groups. Some changes have been made to this basic approach by certain groups.

INITIAL EXPERIENCE (ONE-YEAR PERIOD)

This model has been experimented with, with about 500 women SHG members spread over 45 SHG groups in Keonjhar district of Odisha by the PRADAN team. In August 2012, the team made a savings product initiative in some of the SHGs, where each individual was provided with a box. These boxes had a one-way opening so that any currency could be put into the box but could not be accessed without opening the box. These boxes were to be kept at home and the keys were kept in a group box to restrict access to this fund. The boxes could only be opened in the group meeting, if the members needed to spend a part of their savings.

SHG members in Patna block, Keonjhar district, worshipping their individual savings boxes and SHG members in K-Nuagaon block, Kandhamal district, checking their savings in a group meeting

Table 1: Impact of Individual Savings Initiative (August 2012 to August 2013)

Name of the Village	Baliapasi	Sar-aspasi	Chem-ana	Brunga-rajpasi	Total	Average
No. of families covered	125	32	132	74	363	
Balance savings in individual box after some withdrawals as on August 2013 (Rs)	68,074.5	10,300	63,139	53,864.5	1,95,378	538
Amount withdrawn from the individual savings box by members to meet their requirements (Rs) from August 2012 to August 2013	1,59,870	43,600	2,04,050	46,370	4,53,890	1,687
No. of members who withdrew from their individual boxes between August 2012 and August 2013	97	28	109	35	269	74%
Net annual savings in the SHGs in previous one year period, that is, August 2011 to August 2012 (Rs)	81,891	14,741	1,05,501	42,322	2,44,455	673
Net additional savings (Rs) in the SHG during one–year assessment period from August 2012 to August 2013 (Rs)	1,13,476	6,801	43,643	34,404	1,98,324	546
New accounts opened in banks, LIC, etc.	23	3	62	5	93	26%
Amount saved in new accounts in banks, LIC, etc. (Rs)	32,610	10,300	1,09,656	5,500	1,58,066	1,700
Total net savings accumulated during the last one–year period (in individual box, SHG, banks/LIC, etc.) excluding withdrawals (Rs)	2,14,161	27,401	2,16,438	93,769	5,51,768	1,520
Total savings mobilized from August 2012 to August 2013 (Rs)	3,74,031	71,001	4,20,488	1,40,139	10,05,658	2,770

As per the plan, the women SHG members kept these boxes in their homes and the keys in the group box. The impact of this initiative was assessed after one year.

The members who participated in this initiative are highly satisfied with this intervention. They have been able to increase their savings amount by about three to five times roughly. A number of requests has been received from nearby SHG groups, to initiate this intervention in their groups as well. We are in the process of making an assessment of this intervention so that we can expand it, with modifications if required, to all the other groups.

Table 1 reveals that this system has become very effective in addressing the savings needs of members. Members savings in their respective groups did not drop significantly (in 2011–12, it was Rs 673; and during the intervention year 2012–13, it was Rs 546) by the introduction of the individual savings box.

The average savings per member in 2012–13 has been Rs 2,770, (considering both savings in own box and group box, excluding withdrawals). So, roughly, there has been a 400 per cent increase in savings. Interestingly, members have accessed their individual savings for various requirements, which was as high as the average amount of Rs 1,687 and this facility has been availed of by 74 per cent of the members. This shows that this system has acted as a Savings Bank account for these members. Nearly, 26 per cent of the members have opened a formal Savings Bank account in the area. The overall annual savings has increased from Rs 538 to Rs 1,520 in one year. Almost all the members were excited by this initiative. Many new members from nearer villages have been approaching us to begin this initiative in their groups as well.

EXPERIENCES AROUND MODIFICATIONS TO THE ORIGINAL MODEL

This basic approach of mobilizing savings through all-time accessible individual boxes has been adopted, with some variations, to address some other concerns. In remote and low literacy areas such as Banspal block of Keonjhar district and Lajigarh Block of Kalahandi district, Odisha, most of the SHGs depend on external male accountants. Because of the limited number of accountants, the timings of the meeting, the attendance percentage at the meetings, the time spent on non-financial discussions and the quality of the accounts are all affected. The teams in those areas, therefore, have tried to use this individual savings box arrangement to address these issues.

In one arrangement, members were asked to have regular weekly meetings. However, the savings and interest repayment and the detailed financial transactions are done once in a month. In the other three meetings, members talk about other non-financial issues. However, loan disbursement is allowed in all meetings and is recorded on a rough sheet. Attendance is taken regularly. Members are encouraged to use their individual box to keep their savings, including the cash meant for interest and loan repayment (which they would otherwise have deposited in the group meeting).

Members then bring their individual boxes to the group meeting dedicated for financial transactions. Each of them opens their individual box and makes deposits in the group, as per the requirement (savings, interest payment, loan repayment, etc.). In some groups, they deposit all the money in their boxes and, in some groups, the balance amount is kept in their boxes. Whenever all the balance in the box is deposited in the group, intermittently the members withdraw money to deposit it in their individual savings accounts in banks. In some cases, members take their own decision about when and how much to deposit in their individual accounts in the bank or the post office. Both the approaches have their own implications. Privacy and independence around savings is largely affected here.

This approach was suitable for addressing the prime concerns articulated earlier. However, in the absence of a regular financial transaction group meeting, the initiative loses its intensity and slowly the meeting frequency as well as the attendance percentage at the meetings decreased. However, well-designed discussions and supportive monitoring and mobilization can address these drawbacks. These initiatives need to be explored and experienced in earnest so that a significant time can be saved without affecting financial services needs.

POTENTIAL LIMITATIONS

Amidst these positive outcomes, some questions and apprehensions remain. If group savings come down, it would affect the size of the group fund. When this happens, the credit serving potential and, therefore, the relevance of the SHG may gradually reduce. Although the experience in Keonjhar shows that the reduction was minimal (average individual savings in the group reduced from Rs 673 to Rs 546), this may increase. Some also point out that having the key with the group restricts the independence of the individual to use her savings. Some have an apprehension that counting in the group may affect the secrecy that some members may prefer to have.

The arrangement also points at the loss of interest for the period that the savings are locked in the box. Further, the question that arises is how much does the practice really shape the savings habit and does it contribute towards the development of financial discipline of the member herself as well as in her family. Both the advantages as well as potential disadvantages need to be weighed critically and necessary changes made to the approach, to suit the context better and optimize the benefit for women SHG members.

CONCLUDING NOTE

The women's excitement towards this initiative is visible. Some say that their children have started practising savings in their small box. Some say their family members and relatives (husband, daughter/son, in-laws) are happily contributing to save more. Interestingly, after the initiation, there was hardly any external facilitation, and almost all the members are continuing to practice saving. Many neighbouring SHG members have started adopting it, with minimal support from some SHG leaders. Many other teams in PRADAN such as Thakurmunda, Balliguda and Rayagada have started similar initiatives and have shared some positive feedback.

It is heartening to see that wherever the idea has been shared (in Odisha as well as in Jharkhand), everybody has found it very useful and many have asked for support to start one in their area. The fact that the dropout and dis-adoption rates are minimal, and it is getting replicated with minimal external support, is proof that the initiative seems to be addressing the savings services need of women SHG members, to some extent.

There is need for a systematic assessment so that we can design the programme better. From a promoter's point of view, it is very promising because it demands very little energy and time, and minimal financial investment from the outside. It can very well be done through a self-replicating mechanism, to cover almost all the families. In the long run, it can instil the much-needed financial discipline (instrumental for addressing poverty), not only among the members but also amongst their families and others in the area.

Members will also gradually pick up financial skills. In addition to orientation, they will also pick up the know-how related to financial services and will be able to collaborate with financial institutions, to collectively make the movement towards prosperity. However, some sort of well-conceived financial education and partnership with financial institutions can take this initiative to a potentially new high.

SCOPE

As articulated above, various steps are being taken by the government to address these savings services needs of the poor rural households; these, however, remain largely unsuccessful in meeting the real purpose. With the clear mandate of financial inclusion by National Rural Livelihoods Mission (NRLM), it should take the savings agenda with equal seriousness and intensity as is done for credit. It should systematically conduct financial literacy programmes regarding savings and proactively promote and facilitate bank linkages around savings, which can later be expanded to insurance and remittance services.

As proved by BRI in Indonesia and Grameen Bank in Bangladesh, banks should look at this more as a business opportunity to expand their client base, and mobilize more and more deposits. The ongoing mass financial inclusion drives such as the Jan Dhan Yojana and the BC model of RBI can link with individual box savings innovation, to address the potential limitations such as minimal transactions (dead accounts), small savings, etc. SHGs or VOs (Village Organisations) can act as BCs for the banks. Additional incentives such as a lucrative interest rates or matching savings, distribution of specially designed savings box and locks, etc., can be introduced to give the much-needed push to these initiatives. This can also potentially address the risk and high cost that poor and illiterate households usually face when accessing various informal systems, including fraud market players. The vast postal network in India, with its high rural penetration, can collaborate with SHG networks, to address the savings services need of rural communities and can add to its survivability.