

Shram  
Sarathi



## Baseline Assessment Report

# Digital and Financial Literacy for Low- Income Migrant Families from the Tribal areas of Udaipur and Rajsamand.



Udaipur and Rajsamand, Rajasthan

Nov 2025



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# LIST OF ABBREVIATIONS

AEPS	Aadhaar Enabled Payment System
ATM	Automated Teller Machine
CI	Confidence Interval
CSR	Corporate Social Responsibility
DAC	Development Assistance Committee
DME	Digital Micro-Entrepreneur
FD	Fixed Deposit
FDLC	Financial and Digital Literacy Clinic
FGD	Focus Group Discussion
FIR	First Information Report
FLN	Foundational Literacy and Numeracy
ID	Identification Document
IDI	In-Depth Interview
KII	Key Informant Interview
KYC	Know Your Customer
MFI	Microfinance Institution
NGO	Non-Governmental Organisation
OTP	One-Time Password

PAN	Permanent Account Number
PM	Pradhan Mantri
SHG	Self-Help Group
SMS	Short Message Service
UPI	Unified Payments Interface
USSD	Unstructured Supplementary Service Data

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# GLOSSARY

- **Financial Inclusion:** Financial inclusion refers to the extent to which households can access, understand, and meaningfully use formal financial services, including banking, savings, insurance, credit, and government-linked transfers. It went beyond account ownership to include regular usage, basic financial capability, and operational control over financial transactions.
- **Financial Literacy:** Financial literacy denotes households' knowledge and understanding of basic financial concepts, such as savings, loans, interest, insurance, and pensions, and their ability to apply this knowledge in everyday financial decision-making.
- **Digital Literacy:** Digital literacy refers to the ability to use digital devices and platforms—such as mobile phones, banking apps, and payment interfaces—to access information and conduct financial transactions safely and independently.
- **Silent Enrolment:** Silent enrolment with respect to the current study refers to situations where households were enrolled in financial products or schemes (such as bank accounts or insurance) without clear awareness, understanding, or informed consent, often through automatic deductions or intermediary-led processes.
- **Consumer Vulnerability:** Consumer vulnerability denotes households' exposure to financial risk, including fraud, misappropriation, coercive recovery practices, or loss of entitlements, often exacerbated by low literacy, limited verification practices, and dependence on intermediaries.
- **Grievance Redressal Mechanisms:** Grievance redressal mechanisms referred to formal channels for reporting and resolving financial disputes or fraud, including banks, helplines, and legal or administrative authorities.
- **Digital Micro-Entrepreneur (DME):** A Digital Micro-Entrepreneur refers to a trained local individual envisioned under the program to support community members in accessing digital and financial services, providing last-mile facilitation and guidance.

# EXECUTIVE SUMMARY

## About the Program

The Digital and Financial Literacy for Low-Income Migrant Families from the Tribal areas of Udaipur and Rajsamand program is a multi-year intervention implemented in selected blocks of South Rajasthan—four blocks in Udaipur district and two blocks in Rajsamand district. The program specifically targets low-income, illiterate populations living in remote villages, primarily from tribal (SC/ST) and migrant households. The initiative aims to empower these communities by enhancing financial and digital literacy, ensuring safe access to formal banking, and fostering local leadership through digital micro-entrepreneurs to create long-term resilience.

## Methodology

The baseline assessment adopted a mixed-methods, cross-sectional design conducted prior to program implementation.

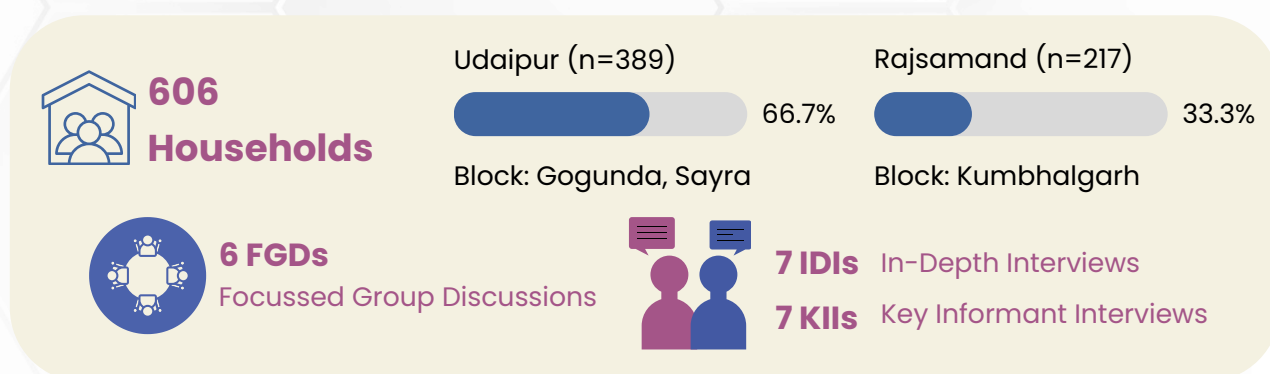


Figure 1: Methodology utilised for the study

## Key Findings

The principal finding concerns the discrepancy between access and utilisation. While the government has successfully instituted mandatory bank account provisions for disadvantaged tribal and migrant populations, the capacity to effectively utilize associated government benefits remains insufficient. **Communities are formally included in the financial system but lack the capability and safeguards to use it effectively.**

**Magnitude of Issue:** The baseline assessment of Udaipur and Rajsamand indicated notable systemic constraints affecting overall performance. By extrapolating the study findings to district-level census data, we arrive at an indicative estimate that approximately 42.4 lakh (4.24 million) people across these two districts may currently require handholding to participate in the digital financial economy.

**The Access vs. Intent:** Financial inclusion is driven by compulsion, not choice, with findings depicting that while formal financial exposure appears high on paper, conceptual understanding is fragmented within the target low-income migrant tribal community.

- **The disconnect:** While 97.5% of households own a bank account, 41.6% explicitly stated they do not use it to send or receive money.
- **Immediate withdrawal behaviour:** Accounts function merely as transit points for government subsidies (MNREGA). Beneficiaries withdraw funds due to a fear of unjustified deductions (life insurance schemes), leaving accounts dormant.
- **Low passbook update frequency:** Transparency is non-existent. Only 16.5% of respondents successfully updated their passbooks in the last month. The vast majority are financially blind, unable to detect "Silent Enrolment" in unwanted insurance schemes or track entitlements.



**41.6%**

respondents do not use a bank account to send or receive money.



**Only**

**16.5%**

respondents updated their passbook in last one month

### Digital Access and Capability Gap

- **The Gap:** Mobile penetration was reported to be high (93.4%), yet 81.5% of respondents cannot check their bank balance, and 81.7% have never performed a digital transaction.
- **Rational Risk Aversion:** The barrier is not just illiteracy but fear. 44.4% of respondents are "not at all confident" using phones for money, viewing the device as a "black box" where a single "wrong button" could lead to financial loss.

Lack of knowledge to use mobile to check balance



Never performed any digital transaction



Not at all confident to use mobile phone



### "Assisted Fraud" & Consumer Vulnerability

The current model exposes the most vulnerable to "assisted fraud" by the very intermediaries (E-mitra agents/BCs) they rely on.



- **The "Biometric Trap" (Double-Dipping):** The most common fraud is not online crime but "Assisted Fraud" by local agents. Agents exploit illiterate users by claiming a "transaction failed" to obtain a second fingerprint, effectively withdrawing funds twice—once legitimately, once for themselves.



- **Predatory Inclusion ("Silent Enrolment"):** 40.9% reported having insurance, but qualitative evidence shows this is largely "silent enrolment." Banks and agents deduct premiums (₹20 or ₹436 annually) to meet targets without beneficiary consent or knowledge, turning protection into income loss.



- **Misguided Escalation Pathways:** Victims do not know where to report fraud. 46% would approach the police (who cannot reverse transactions), while only 14.7% would contact the bank. This lack of "Grievance Literacy" leaves most financial disputes unresolved.

### Gender, Migration & Structural Exclusion

- **The "Proxy Banker" Phenomenon:** With 42.2% of households reporting male migration, women are the nominal custodians of bank accounts. However, they lack "operational autonomy." 77.4% of households reported that the decisions on daily spending are controlled by males, and women often wait for husbands to return to make any bigger financial decisions, reducing their financial independence.
- **Influence of Cultural Norms:** Societal norms act as functional barriers. Qualitative data highlights that women, often observing ghoonghat (veiling), feel intimidated by male banking staff and upper-caste agents. This power dynamic prevents them from asking questions, counting cash at the counter, or demanding receipts.
- **The "Left Behind" Vulnerability:** The absence of men due to migration creates a vacuum of financial defence. The "left behind" women and elderly are disproportionately targeted by fraudulent agents because they are perceived as "compliant" and less likely to challenge discrepancies in cash payouts.

77.4%



of households reported that decisions on household spending are taken by the males

42.2%



respondents reported male migration in search of better livelihood opportunities

## **Systemic Expectation Broken by the Study- Among the Low Income Tribal Communities in Udaipur and Rajsamund**

### **1. The Illusion of Inclusion: Access vs. Agency**

**Systemic Expectation:** Universal account ownership and smartphone penetration would automatically translate into active digital financial participation and self-directed money management.

**Baseline Reality:** Despite 97.5% account ownership and 93.4% mobile phone access, functional usage is low. 41.6% never use accounts for transactions, practising a "withdraw & abandon" cycle. 81.7% have never performed digital transactions, driven by "Rational Fear"—the phone as a "black box" where errors could erase a month's wages. This fear fuels "proxy usage," with users surrendering phones and ATM cards to agents, bypassing security and inviting fraud.

### **2. The Geography of Exclusion: The "Survival Economy" Context**

**Systemic Expectation:** Branch expansion and digital infrastructure have eliminated geographic barriers.

**Baseline Reality:** The target low income migrant tribal population (75.1% Scheduled Tribes, 71.4% earning <₹10,000/month) still faces a punishing "Time Tax" on banking. With 46.2% still living >5km from branches, a single banking visit costs a full day's wage (~₹500\*) plus transport. Server failures, frequency of frauds, and administrative delays turn this into an absolute loss, forcing reliance on exploitative local intermediaries. Access exists technically but remains economically prohibitive.

### **3. Structural Barriers: Gender & Documentation**

**Systemic Expectation:** Account opening for women and Aadhaar-based authentication would empower female household members and streamline access to entitlements.

**Baseline Reality:** Despite 42.2% of households experiencing male migration—making women de-facto household custodians—men control spending in 77.4% of cases. Women are "Proxy Bankers" on paper, lacking operational control and dependent on husbands or agents for transactions. Additionally, 45.7% face the "Document Wall"—KYC errors and spelling mismatches between Aadhaar and bank records—paralysing their ability to claim entitlements.

\*calculation based on quant data

## **Conclusion: From "Administrative Saturation" to "Functional Resilience"**

The baseline assessment of the program highlighted a financial landscape in Udaipur and Rajsamand defined by a critical paradox: the infrastructure of inclusion has been built, but the architecture of agency is missing. The region has achieved near-universal "administrative saturation". However, the data confirms that this coverage is largely symbolic, driven by "compelled adoption" for government mandates rather than voluntary financial behaviour. For the majority of respondents, the bank account functions not as a tool for financial management.

**The Core Failure: The "illusion of inclusion." The study exposes that "access" without "capability" has created a dangerous environment of "predatory inclusion."**

The communities in Gogunda, Sayra, and Kumbhalgarh face a dual crisis. They suffer from a severe scarcity of physical banking infrastructure, often lacking local ATMs or branches, which forces reliance on distant touchpoints. However, equally affecting is the deficit of confidence and recourse; without adequate digital literacy or grievance redressal mechanisms, families remain hesitant to use these services or find themselves helpless when facing transaction failures and fraud. The current system has excluded them functionally. Without targeted intervention, these remote low-income migrating tribal populations will remain a lucrative revenue stream for exploitative intermediaries rather than active respondents in the formal economy.



Image 1: Houses within the community

# Chapter 1: INTRODUCTION

# Introduction

Despite the significant expansion of financial infrastructure in recent years, meaningful financial inclusion remains uneven. Globally, 1.3 billion adults continue to be unbanked, largely in low- and middle-income countries, and many more lack the skills needed to use digital financial services safely (Global Findex, 2025; Demirgüç-Kunt et al., 2022). Limited financial and digital literacy leaves households vulnerable to exclusion, fraud, and financial stress, even where banking and digital services are technically available.

In India, national initiatives such as Jan Dhan accounts, insurance and credit schemes, and the Unified Payments Interface (UPI) have significantly increased access to financial services. However, access has not consistently translated into effective or informed usage. Disparities in financial and digital literacy remain stark between urban and rural populations and are particularly acute among tribal and migrant communities. In the remote tribal belts of Udaipur and Rajsamand, over 90% of target households lack the knowledge or confidence to safely use banking and digital financial tools (Shram Sarathi, 2024; Centre for Financial Inclusion, 2020).

These challenges are compounded by low literacy and numeracy levels, which remain below the state average (Indrani Bhaduri, 2022). Many households struggle to understand financial terminology, repayment schedules, and digital interfaces, leading to continued reliance on cash and limited awareness of formal savings options and government welfare transfers. This context highlights the need for a clear, evidence-based understanding of household readiness to engage with financial and digital systems before scaling targeted interventions.

## Shram Sarathi's Mission and Approach

For over a decade, Shram Sarathi has worked to strengthen the economic security of migrant and informal worker households in southern Rajasthan. Its current initiative aims to reach 50,000 families across Udaipur and Rajsamand through financial and digital literacy workshops, literacy clinics, women-led leadership development, and grassroots digital entrepreneurship. The program seeks to bridge the gap between access and effective use of financial and digital services, with a strong focus on inclusion, safety, and long-term resilience.

## Purpose of this Assessment

This baseline assessment evaluates how prepared migrant and informal worker households are to access and use financial and digital services. It identifies where the most critical gaps exist in knowledge, usage, confidence, and consumer protection. The findings provide a benchmark to track program progress and outcomes over time. They also inform the design of a targeted monitoring and evaluation framework aligned with household realities. Ultimately, the assessment helps decision-makers prioritise interventions that will deliver meaningful and sustained financial inclusion.

# ABOUT PROJECT

The program is a three-year intervention implemented by Shram Sarathi in Udaipur and Rajsamand districts of southern Rajasthan. It focuses on low income migrant, informal workers, and tribal households who face persistent barriers to accessing and effectively using formal financial and digital services. The program intends to reach approximately 50,000 households across the two districts.

The intervention intends to improve financial inclusion by strengthening households' financial and digital literacy and increasing informed use of formal financial services. Key activities include community-based workshops on financial and digital literacy, the establishment of financial literacy clinics, and the development of local support mechanisms through trained community leaders and Digital Micro Entrepreneurs (DMEs).

Financial literacy clinics are intended to provide practical, problem-solving support to households. Services include assistance with opening bank accounts, updating KYC documentation, navigating digital payment tools, and seeking redress for financial fraud or transaction-related issues. In parallel, the program intends to build local leadership and entrepreneurial capacity to support sustained access to financial information and services beyond the program period.

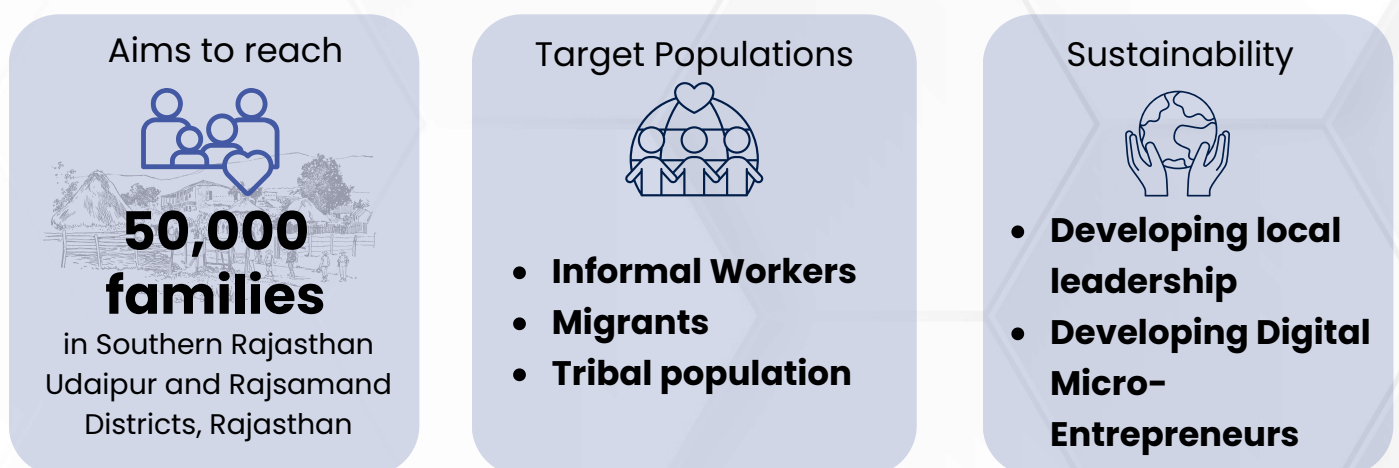


Figure 2: Program snapshot- empowering 50,000 Rajasthan families via digital leadership.

# ABOUT PROJECT

***Program Goal: To promote financial inclusion by enhancing financial and digital literacy.***

## **Program Objective:**

- **Build financial and digital literacy among 50,000 low-income and migrant families and increase access to and usage of formal financial services such as savings, insurance, credit, and digital tools.**
- **Strengthen consumer protection against financial frauds and scams.**
- **Train and build local community leadership & Digital Micro Entrepreneurs (DMEs) to provide local support & financial services.**
- **Create long-term financial resilience and confidence among rural and tribal families.**

## **Implications for the Baseline Study**

- The baseline study examines households' existing knowledge, skills, and confidence in financial and digital domains, including banking, digital payments, and financial decision-making.
- Since the program aims to increase the use of formal financial services, the baseline documents current access and utilisation of savings accounts, insurance products, credit facilities, digital payment platforms, and government-linked financial transfers.
- As strengthening consumer protection is a key objective, the baseline assesses households' awareness of financial fraud, prior experiences with fraudulent activities, and knowledge of grievance and redress mechanisms.
- To inform the development of local leadership and Digital Micro Entrepreneurs, the baseline captures existing sources of financial advice, levels of trust in local intermediaries, and the extent of reliance on informal versus formal support systems.
- Collectively, these measures establish a reference point against which changes in financial and digital literacy, service usage, consumer protection, and local support structures can be systematically tracked throughout the program period.

# ASSESSMENT OBJECTIVES

## **To measure current levels of financial, digital knowledge and skills among target households**

- Awareness and understanding of formal financial products (bank accounts, savings, credit, insurance).
- Digital literacy, including ability to use mobile phones, digital payment tools, and online service portals.

## **To understand patterns of access to and usage of formal financial and digital services**

- Current use of banking, savings, credit, insurance, and government welfare schemes.
- Frequency and type of digital financial transactions.

## **To identify key risks, including exposure to fraud and unsafe financial practices**

- Experience of financial fraud (e.g., frauds built around AePS services, digital scams, predatory lending)
- Awareness of grievance redressal mechanisms and reporting practices.

## **To document structural and procedural barriers**

- Issues related to documentation, KYC compliance, and formal registration requirements.
- Infrastructure and procedural gaps limiting access to financial and digital services.

## **To establish a baseline for future comparison at the endline**

- Provide a reference point for tracking changes in literacy, service usage, consumer protection, and access to local support systems over the program period.

# ASSESSMENT FRAMEWORK

## Theory of Change (ToC)

**Theory of Change (ToC)** is a method that explains how a given intervention, or set of interventions, is expected to lead to specific development change, drawing on a causal analysis based on available evidence (Serrat, 2017). This program was assessed using the ToC framework for gauging improved financial and digital literacy. This, combined with strengthened access to formal financial services, will enable low-income migrant tribal households to build financial resilience, reduce vulnerability to fraud, and achieve greater economic security.

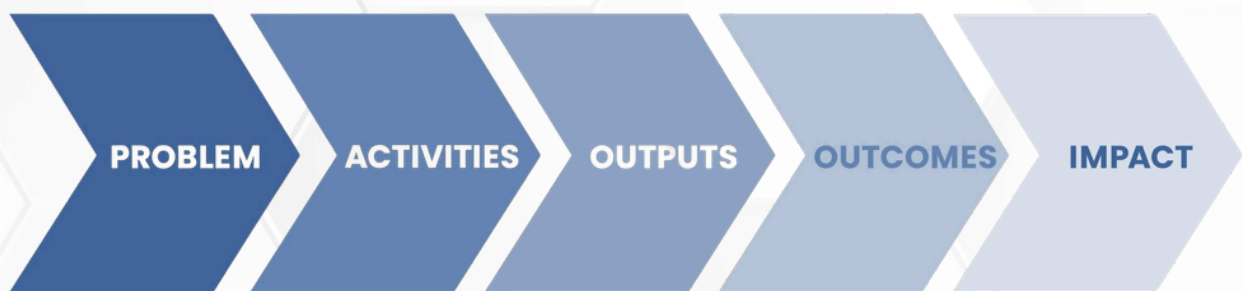


Figure 3: Theory of Change framework

## Kirkpatrick's Model

The program's assessment also integrated **Kirkpatrick's Four-Level Model** to capture learning pathways, moving from awareness and knowledge acquisition to behavioural change and sustained outcomes. This framework is particularly relevant in low-literacy, resource-constrained settings where capacity-building outcomes are neither immediate nor linear.

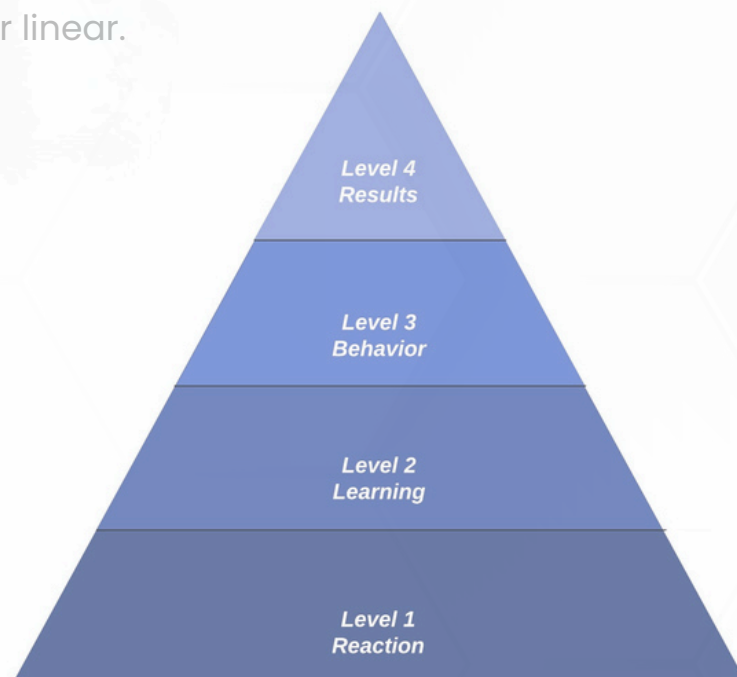


Figure 4: Kirkpatrick model

# ASSESSMENT INDICATORS

Framework	Key Indicator(s)	Data Source(s)
Theory of Change	Household income range, primary livelihood source, seasonal migration status	Household survey
	Type and frequency of financial service usage (savings, credit, insurance, pensions, etc.)	Household survey, in-depth interviews
	Access to formal financial institutions (distance, service availability, documentation barriers)	Household survey, Key Informant Interviews (KIIs)
	Exposure to informal lending and debt burden	Household survey, case studies
	Barriers to accessing government schemes (e.g., KYC mismatches, documentation gaps)	Focus Group Discussions (FGDs), case studies, Key Informant Interviews (KIIs)
	Trust in formal financial systems	Household survey, qualitative interviews
	Gendered patterns in financial decision-making	FGDs (women, mixed groups), intra-household survey data
	Access to digital tools (smartphone ownership, SIM registration, digital literacy level)	Household survey
	Ability to navigate digital platforms for financial services	Digital literacy assessment through survey, direct observation exercises
Exposure to financial fraud (Aadhaar-related, digital scams, informal schemes)	Household survey, case studies, qualitative interviews	

Framework	Key Indicator(s)	Data Source(s)
<b>Kirkpatrick – Learning</b>	Awareness of safe financial practices (e.g., types of fraud, basic consumer rights)	Structured knowledge section in the household survey
	Knowledge of available digital financial tools (e.g., mobile wallets, UPI apps, grievance redressal platforms)	Knowledge testing, scenario-based questions in a survey
<b>Kirkpatrick – Results</b>	Presence of local financial facilitators (e.g., trained leaders, digital entrepreneurs) known and trusted in the community	FGDs, KIIs
	Community-level evidence of demand for safer digital transactions or grievance support	FGDs, trend analysis

Table 1: Assessment indicators

The above tables outlines the baseline assessment indicators, developed using a Theory of Change lens and selected elements from Kirkpatrick’s model. These indicators reflect the program’s focus on improving financial and digital literacy, reducing vulnerability, and enabling behavioural change. Each indicator is paired with appropriate data sources to ensure a balanced mix of quantitative depth and qualitative insight, laying the groundwork for future impact tracking and analysis.



Image 2: Respondents of the study

# Chapter 2:

# METHODOLOGY

# ASSESSMENT METHODOLOGY

The chapter outlines the systematic research methodology used to conduct the needs assessment for the Financial and Digital Literacy program of Shram Sarathi.

## Study Design and Approach

The baseline assessment adopted a mixed-methods, cross-sectional study design to capture both measurable indicators and contextual factors influencing financial and digital behaviours. This design enabled the collection of quantitative indicators at scale, while also capturing contextual explanations through qualitative enquiry. The study was conducted before program implementation and provides a snapshot of households' status across key thematic areas, including financial literacy, digital capability, access to services, and risk exposure.

## Data Collection Methods

The assessment employed a combination of quantitative and qualitative methods to strike a balance between breadth and depth of analysis. The household survey provided breadth by generating comparable indicators across households, while qualitative methods helped explain the reasons behind observed patterns. The household survey generated population-level estimates of financial and digital inclusion indicators, while qualitative tools explored the underlying reasons behind observed patterns.

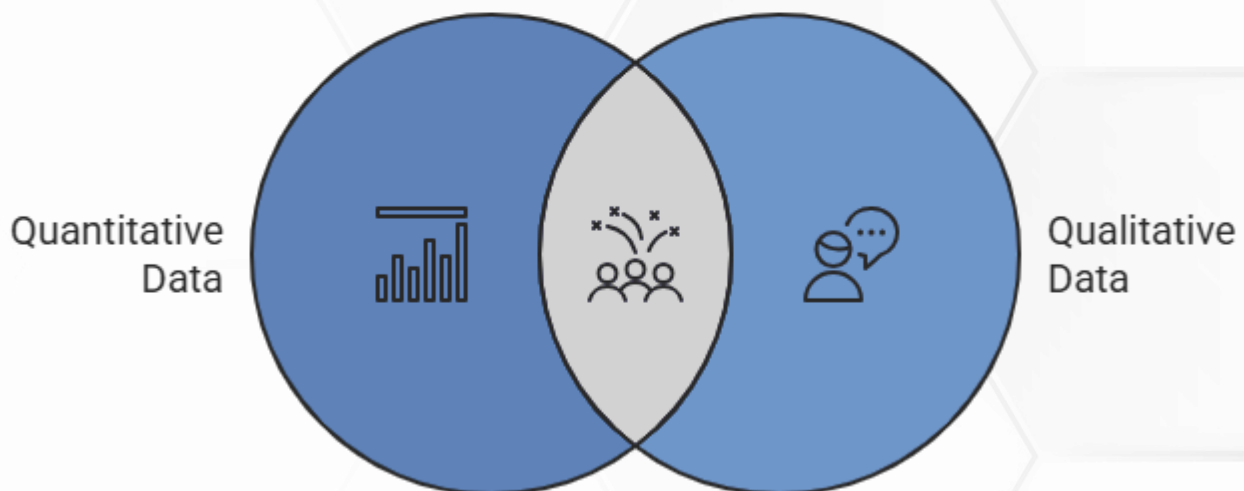


Figure 5: Data collection methods

# ASSESSMENT METHODOLOGY

Quantitative data were collected through a structured household survey (**n = 606**). A digital literacy assessment survey was administered to a subset of respondents to assess practical digital skills and confidence.

Together, the survey and qualitative findings were analyzed in parallel. Quantitative findings were used to identify key trends and gaps, while qualitative findings were used to interpret these trends and understand household decision-making, constraints, and lived experiences. Survey data established the scale and distribution of key issues, while qualitative findings helped explain the “why” behind the numbers, informing interpretation and program design.

## DATA COLLECTION PLAN

Tool	Target Respondents	Key Themes Covered
<b>Household Survey</b>	Randomly selected households.	Financial literacy, financial access, digital literacy, fraud exposure, KYC gaps
<b>Digital Literacy Assessment Survey</b>	Subset of survey respondents	Ability to use mobile apps, navigate digital platforms, confidence in digital tools
<b>FGDs</b>	Adult men, women, and youth	Perceptions, attitudes, and barriers related to financial services and digital tools
<b>In-depth Interviews (IDIs)</b>	High-risk or excluded households	Financial behaviour, fraud incidents, access challenges, and coping strategies
<b>KIIs</b>	Local leaders, BC agents, NGO partners	Structural insights, service availability, local financial or digital ecosystem dynamics

Table 2: Data collection plan

## SAMPLE SIZE

Sample Size	
Quantitative Survey	606 surveys
Digital Literacy Assessment Survey	Subset of survey respondents
Qualitative Tools	Focus Group Discussions (6 FGDs)
	In-Depth Interviews (7 IDIs)
	Key Informant Interviews (7 KIIs)

Table 3: Sampling plan

### Sample Size by District and Block

District	Block	Sample
Udaipur	Gogunda and Oгна	182
Udaipur	Sayra and Badgaon	207
Rajsamand	Kumbhalgarh/Kelwara and Khamnor	217
Total		606

Table 4: Sample division between blocks and districts

## SAMPLING APPROACH

- The study utilised a multi-stage stratified random sampling approach to ensure that the collected data accurately represent the diversity of the target population, considering factors such as geographic location, gender dynamics, migration status, and socio-economic conditions.
- The intervention encompassed the low-income, mostly illiterate people living in remote villages of the Udaipur and Rajsamand districts. These districts were further stratified into blocks and villages (or clusters).
- Within the selected villages (clusters), households were randomly chosen using systematic sampling. In cases where a household listing was unavailable, a random selection method was implemented to guarantee that every household within a village had an equal opportunity for selection.
- This sampling method ensured representation across key demographic categories, including gender, migrant versus non-migrant status, and vulnerable groups, such as households facing high levels of debt or those with prior exposure to financial fraud.

## DATA COLLECTION LIMITATIONS

This study acknowledged several limitations that could have affected data quality and interpretation:

- **Self-reporting bias:** Respondents may have under- or over-reported sensitive information such as income, debt, or experiences of financial fraud.
- **Respondent selection** – Interviewing only one respondent per household may not have fully reflected intra-household financial knowledge, decision-making, or resource allocation.
- **Timing and seasonality** – Migration patterns and seasonal activities may have resulted in certain groups being under-represented in the sample.
- **Recall bias** – Respondents' recollection of past financial transactions or incidents may have been inaccurate, affecting the reliability of reported data.
- **Language and comprehension** – Very low literacy levels may have affected respondents' understanding of survey questions, particularly on financial and digital concepts.

## DATA ANALYSIS

Data analysis was conducted using a structured and systematic approach, integrating quantitative and qualitative findings to ensure robustness and interpretive depth.

**Quantitative Data Analysis:** Quantitative survey data underwent consistency checks, missing value assessment, and logical validation before analysis. Cleaned data were analyzed using SPSS version- 23 to generate key outcome indicators aligned with the assessment objectives. Descriptive statistics and trend analysis were used to examine levels of financial and digital literacy, access to and usage of financial services, and exposure to financial risks and fraud. Crucially, the analysis included a block-wise breakdown to identify potential regional disparities. However, the data revealed no statistically significant geographical differences in exclusion or literacy levels. This uniformity highlights a critical finding: the barriers to financial and digital inclusion are structural and systemic, necessitating a uniform and high-intensity intervention strategy across all target areas. Results were disaggregated where relevant to explore differences across demographic and vulnerability groups.

**Qualitative Data Analysis:** Qualitative data from FGDs, IDIs, and KIIs were transcribed and coded using Atlas.ti. A thematic analysis approach was applied to identify recurring patterns, perceptions, and contextual factors influencing financial behaviour. The analysis focused on understanding household experiences, service quality, access challenges, trust in financial systems, and reasons for adoption or non-use of digital and financial services.

**Triangulation and Integration:** Findings from quantitative and qualitative analyses were systematically compared and triangulated. Quantitative results were interpreted in light of qualitative insights to explain observed patterns, while qualitative narratives were examined alongside survey findings to assess their prevalence and significance. This process strengthened the credibility of the findings and enabled a more comprehensive understanding of financial and digital inclusion dynamics.

**Reporting and Interpretation:** The integrated analysis informed the preparation of a comprehensive analytical report. Findings were organised around the assessment objectives and presented using tables, charts, and narrative summaries to ensure clarity and accessibility. The analysis supported evidence-based conclusions and actionable recommendations relevant to program design and future evaluation.

## SIGNIFICANCE OF THE STUDY

- This study generates context-specific evidence on financial and digital inclusion among low-income migrant tribal households in Udaipur and Rajsamand districts—population groups that are typically under-represented in large-scale surveys and administrative datasets.
- By examining both access to and use of financial and digital services, the baseline distinguishes between nominal inclusion and effective participation in formal financial systems, allowing for a more accurate assessment of households' functional engagement with banking and digital platforms.
- The mixed-methods design integrates household survey data with qualitative findings from FGDs, IDIs, and KIIs, enabling analysis of not only usage patterns but also the social, behavioural, and procedural factors that influence financial decision-making.
- The findings provide program-relevant inputs for Shram Sarathi by identifying specific gaps in financial and digital literacy, consumer protection awareness, and system-level barriers such as documentation and KYC requirements.
- The baseline establishes a robust reference point for measuring changes in literacy, service usage, exposure to financial risk, and financial confidence at endline, supporting assessment of program effectiveness over time.
- Beyond the immediate program, the study offers transferable insights for practitioners and donors working with similar rural, tribal, and migrant populations, contributing to evidence on how structural constraints and trust dynamics shape financial inclusion outcomes.



Image 3: FGD data collection among respondents

# Chapter 3:

# KEY FINDINGS

## 3.1 Respondent profile & Socio-economic context

This section establishes the "ground reality" of the communities to be engaged under the program. Beyond demographic statistics, it profiles the structural vulnerabilities—**extreme poverty, caste-based exclusion, and the "survival economy"**—that define the financial lives of the constituent population.

### A. Socio-Economic Profile- Rajasthan State

Rajasthan's economy tells a tale of contrasts, contributing a solid 5.2% to India's nominal GDP while its residents earn 10% less than the national average (NITI Aayog, 2024). The state's economic engine runs primarily on services, which command 43.2% of the Gross State Value Added, with agriculture and industry trailing at 29.4% and 27.4% respectively (Government of Rajasthan, 2021).

While the state celebrated remarkable progress in poverty reduction in recent decades, this success story masks troubling regional inequalities. Southern Rajasthan bears the heaviest burden, where districts like Udaipur, Dungarpur, Banswara, and Rajsamand grapple with acute socio-economic challenges.

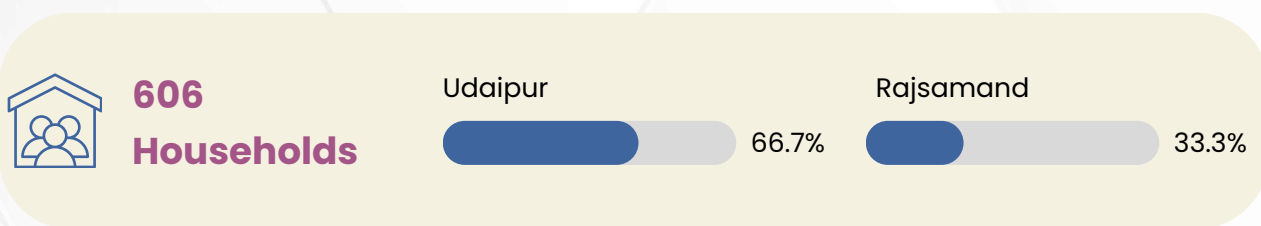
Within this struggling region, Udaipur and Rajsamand emerge as two of the most disadvantaged districts. These tribal-dominated areas, where 61% of households belong to indigenous communities, witness mass male migration driven by economic desperation (Mohan et al., 2016). This exodus reflects what researchers term "super-exploitation" of adivasi populations, whose historically disadvantaged position traps them in cycles of intergenerational poverty despite available employment opportunities (Jain & Sharma, 2018).

The educational crisis in these two districts reveals another stark divide. In Udaipur and Rajsamand, male literacy hovers around 74-78%, while female literacy languishes below 48%, highlighting deep gender disparities that hamper development (IndiaStatDistricts, 2024).

Perhaps most concerning is the region's financial literacy crisis. Rural populations navigate banking systems with minimal understanding, falling prey to exploitative intermediaries who manipulate their lack of knowledge (Jain & Sharma, 2018). With 75% dependent on agriculture and many caught in seasonal migration patterns, these communities struggle to access sustained educational engagement and financial capability development.

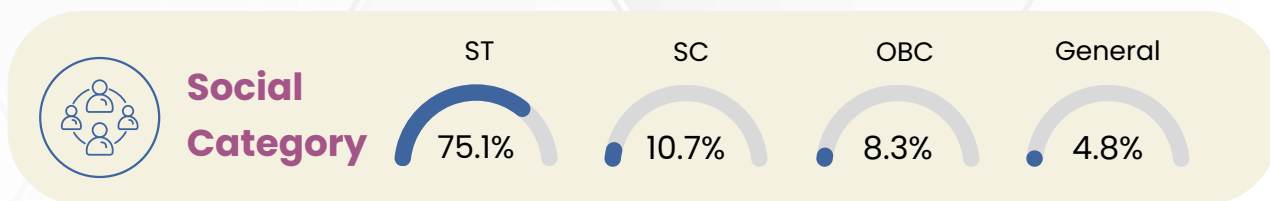
This section establishes the "ground reality" of the communities to be engaged under the program. Beyond demographic statistics, it profiles the structural vulnerabilities—**extreme poverty, caste-based exclusion, and the "survival economy"**—that define the financial lives of the constituent population.

The baseline assessment covered **606 households** across **two districts: Udaipur (66.7%) and Rajsamand (33.3%)**, with a specific focus on the tribal blocks of **Gogunda, Sayra, and Kumbhalgarh**. These regions are characterised by rugged terrain, rain-fed agriculture, and a history of marginalisation, situating them among the most economically vulnerable areas of Rajasthan.



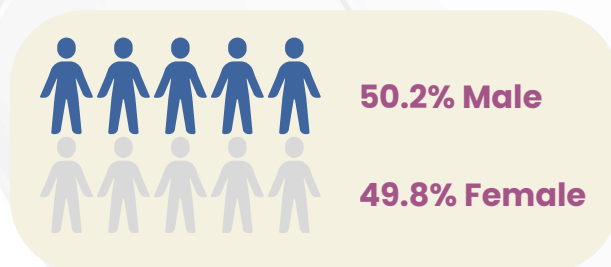
### 3.1.1 Demographics: A Landscape of Marginalization

The respondent profile confirms that the program is operating within a highly marginalised social framework.



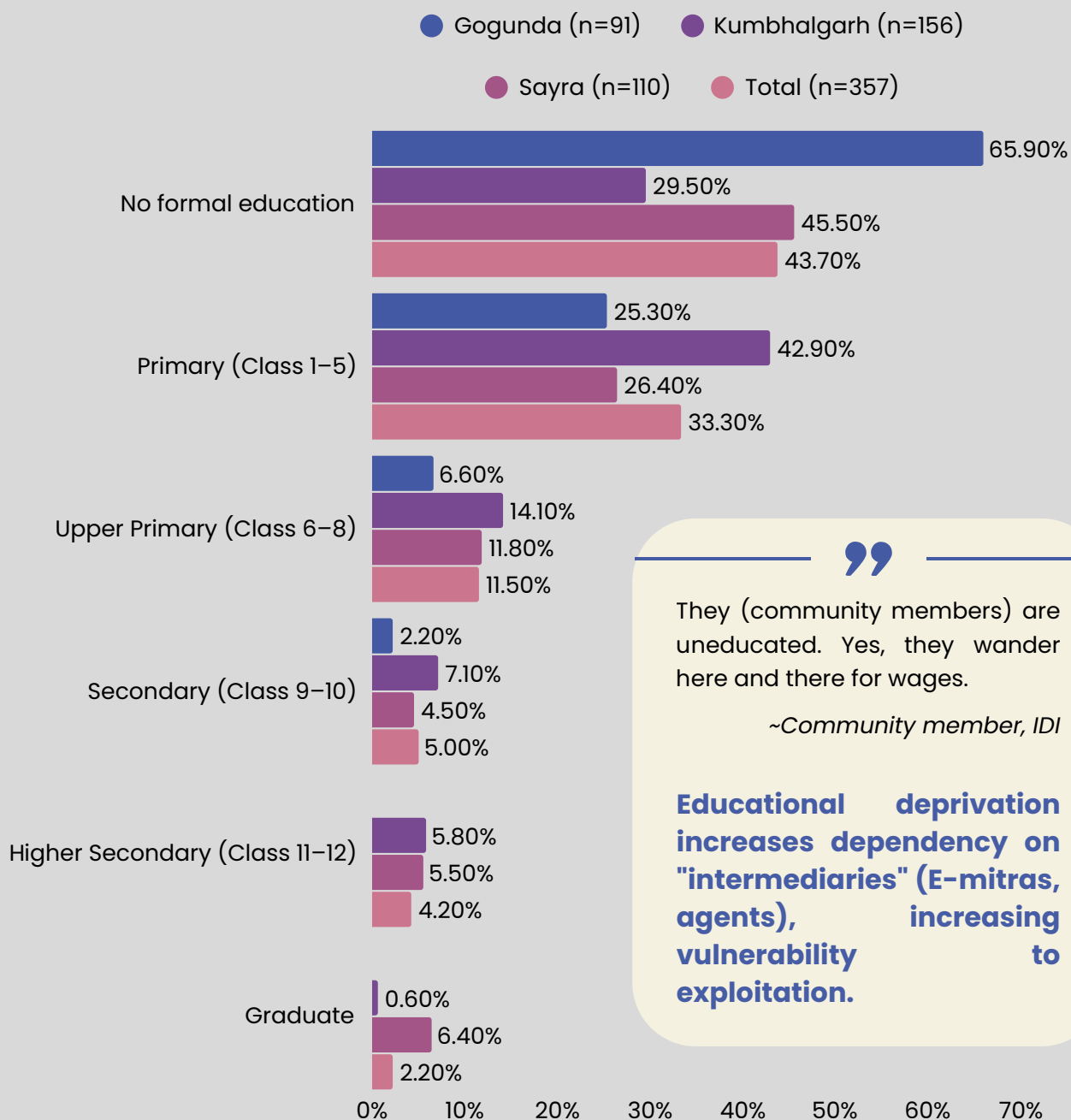
- **Gender Distribution**

The sample was evenly split (Male: 50.2%, Female: 49.8%), allowing for a clear analysis of gendered financial exclusion.



- **Education as a Barrier**

Low literacy levels may increase dependence on intermediaries and reduce the ability of households to independently verify financial transactions. 43.7% of household heads are not formally literate, and another 33.3% have only a primary education. **This widespread illiteracy creates a dependency on "intermediaries" (mitras, agents) for every financial transaction, increasing vulnerability to exploitation.**



They (community members) are uneducated. Yes, they wander here and there for wages.

~Community member, IDI

**Educational deprivation increases dependency on "intermediaries" (E-mitras, agents), increasing vulnerability to exploitation.**

Figure 6: Education of the head of the family reported by the respondents

### 3.1.2 The "Survival Economy": Extreme Poverty & Livelihood Instability

The data reveals a community living on the edge of subsistence.

- **Income Poverty:** A staggering 71.4% of households earn less than ₹10,000 per month, with 16.2% surviving on less than ₹5,000.
- **Livelihood Mix:** Households rely on a fragile mix of unskilled labour (45.9%) and rain-fed agriculture (43.7%). There is almost zero access to stable, salaried employment (2.8%).

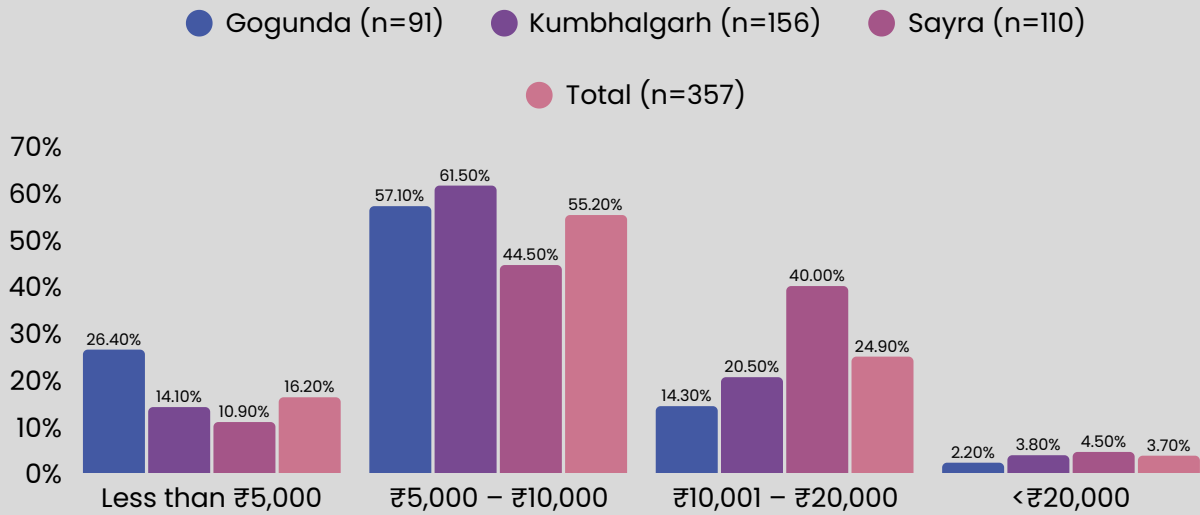


Figure 7: Monthly family income reported by the respondents

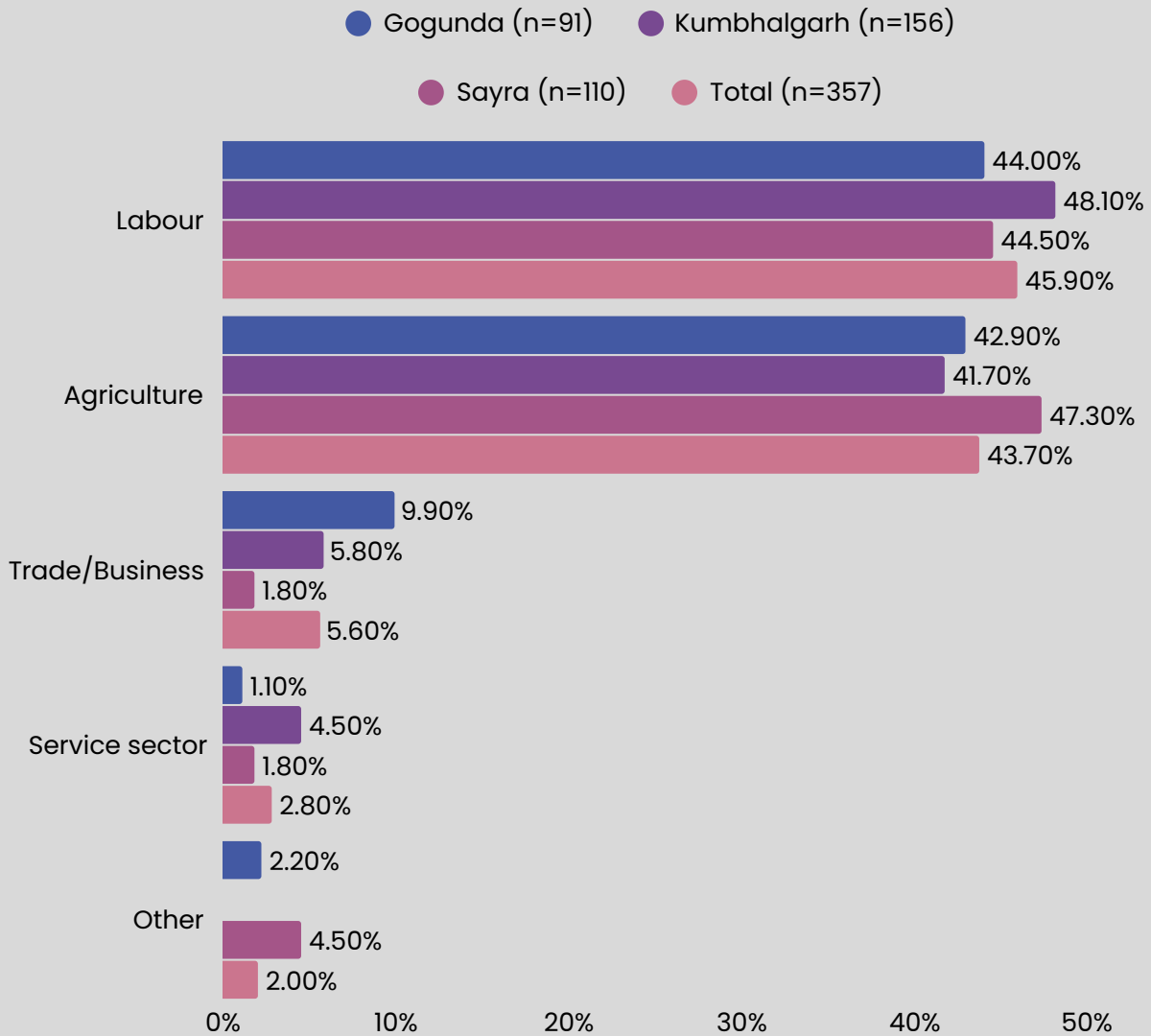


Figure 8: Livelihood structure of the family as reported by the respondents



Where does money get saved? Where is the money to save? We live hand-to-mouth... It comes in one hand and goes out the other.

~Community member, FGD

What can I save? I barely have enough for grain and water... The children earn for themselves and don't give us anything... My husband and I struggle in the fields all day... We just eat and live.

~Community member, IDI

### 3.1.3 Migration & The "Left Behind" Women

Migration functioned as a critical livelihood coping mechanism, with 42.2% of total households reporting out-migration. However, this aggregate figure masked a distinct gendered reality. Since migration in this region is predominantly male-driven, the effective absence of the male workforce is profound.

**Impact on Income Stability:** While migration provides income, it is often tied to informal markets with no job security. NGO stakeholders confirmed that families rely on this migration because local options are non-existent.

**The "Proxy Banker" Phenomenon:** This male exodus creates a unique vulnerability for the women left behind. While they must manage the household, they often lack "Operational Control" over finances.

- **Nominal Ownership:** Bank accounts may be in women's names (primarily for government schemes), but they often lack the mobility or confidence to operate them independently.
- **Dependency:** Qualitative data indicate that women are often forced to be "dependent on agents" or must wait for their husbands to return to withdraw cash, effectively reducing their daily financial autonomy to zero.



Even today people go to Surat or Gujarat from here to earn ₹12- 13 thousand. Because there are not that many income sources here... Because only the male will go the female will not go.

~NGO Representative, KII

### 3.1.4 Sociological Barriers: Caste Dynamics & Systemic Vulnerability

The baseline study uncovered a stark power imbalance between service providers and seekers. Qualitative data indicates that most financial touchpoints (E-mitra centers, Business Correspondents) are managed by individuals from dominant social groups or those with local political influence, while the beneficiaries largely belong to marginalized SC/ST communities. This asymmetry creates a "culture of silence" around fraud and exploitation.



The biggest challenge is the pressure or dominance—whether caste-based or political. The people running E-mitra centers often hold political or administrative influence, so if someone loses ₹2,000 or ₹500, they hesitate to report it or back out from taking action.

~Community member, FGD

### CASE STUDY: The "Digital Sahukar" – Old Exploitation in New Tech

**The Context:** In the tribal regions of Udaipur and Rajsamand, the introduction of digital banking (AEPS - Aadhaar Enabled Payment System) promised to liberate the poor from the clutches of traditional moneylenders (Sahukars). However, ground realities reveal a disturbing trend: the traditional exploiters have simply adapted. The influential village families who once managed high-interest ledgers have now acquired E-mitra franchises and BC (Business Correspondent) licences. They are no longer just lenders; they are now the "gatekeepers" to the community's own bank accounts.

**The Incident:** *The Price of a Thumbprint* A tribal woman, illiterate and socially conditioned to obey the local "Seth" (wealthy merchant/agent), visits a Customer Service Point (CSP) to withdraw cash for household needs. She requests a withdrawal of ₹500. The agent, leveraging her inability to read the Point-of-Sale (PoS) screen or the English interface, enters ₹1,500 into the device. He asks her to place her thumb on the biometric scanner. The machine beeps, authorising the transaction. He opens his cash drawer, hands her the ₹500 she asked for, and she leaves—grateful for the service. She has no way of knowing that ₹1,000 was siphoned off. She receives no SMS (as the phone is often at home with her husband or lacks recharge), and her passbook will not be updated for months due to the distance to the bank branch. This "capture" of fintech by traditional elites creates a seamless cycle of exploitation:

"Those who were village people, lenders, moneylenders who were called Seth Sahukar, they were taking extra money from them... the same people now runs the Fintech system... So in that the women, the villages we are talking about... She will go and say that I want ₹500... He withdrew ₹1500, but how much did he give her? ₹500 and kept ₹1000."

– NGO Representative (IDI)

**The Structural Failure:** This case highlights a critical flaw in the inclusion narrative: Technology is neutral, but the hands holding it are not. **The "Biometric Trap" works because the digital feedback loops (SMS, printed receipts, audio alerts) are broken or suppressed. For this woman, the digital revolution has not brought independence; it has merely made the theft invisible.**

## 3.2 Current state of financial literacy

This section deconstructs the baseline levels of financial engagement. The analysis reveals a stark paradox: while account ownership is near-universal, **"Functional Financial Literacy"—defined here as the ability to independently manage, protect, and grow one's money—remains low.**

While the detailed metrics have been explored in the KPI section (Section 3.9), the immediate implication of this "capability gap" is immense. The district level data estimated approximately 42.4 Lakh individuals across Udaipur and Rajsamand currently lack the functional financial literacy required to participate in the digital-financial economy. This vast demographic does not merely need information; they require intensive handholding to transition from passive account holders to active respondents in the digital economy.

### 3.2.1 The Illusion of Inclusion (Knowledge vs. Reality)

#### Understanding of the Financial Ecosystem:

While formal financial exposure appears high on paper, conceptual understanding is fragmented. Although Target communities were aware of the existence of products but lacked the deeper knowledge required to use them effectively.

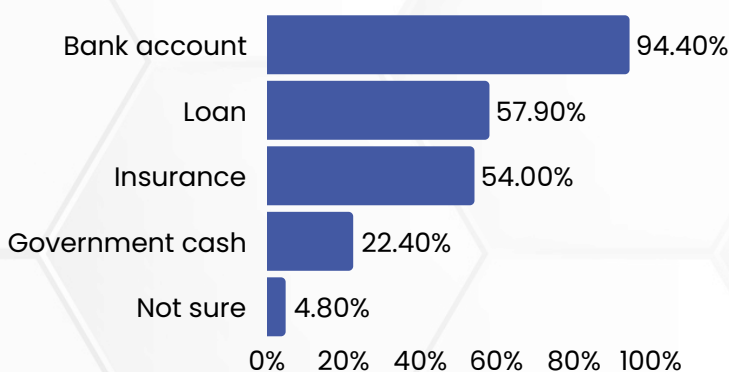


Figure 9: Percentage of respondents aware of bank services (Multiple-response)

**The "Administrative Pipeline" Problem (Awareness vs. Usage):** The data indicates a **critical dichotomy between access and utility**. Qualitative analysis identifies the root cause as 'compelled adoption', where **account creation is driven by administrative mandates rather than user intent**. Beneficiaries frequently cited that "the labour supervisor required it for payment," rendering the account a bureaucratic necessity rather than a financial asset.

- **Functional Paralysis:** 41.60% did not use a bank account to send or receive money, and 6.80% were unsure if the account was even active. Despite of 97.5% owning bank accounts, the functionality remains low.
- **Passive Ownership:** The gap between high ownership and low usage points to a state of "Transactional Inactivity." Since the primary motivation for opening the account was to meet a government target (to receive wages/schemes), a significant portion of these accounts remain operationally idle, serving merely as storage for data rather than tools for transactions.

The qualitative data clarifies that "access" often does not equal "control." **Women, in particular, are subject to "proxy banking," where accounts in their names are operated by husbands or male relatives.**



Sir, we have heard of them [digital transactions] but have not done transactions ourselves... We know money can be transferred on Google Pay or Paytm, but we have not done it.

~Community member, IDI

### 3.2.2 Borrowing Patterns: Preference for Informal Credit

Borrowing is a common coping mechanism (n=265, 43.70% have borrowed), but the sources reveal the failure of formal banking to provide credit to the poor.

**The "Bank Loan" Myth:** While respondents are aware of loans, actual borrowing is from the Micro-Finance Institutes (MFI's) and minimal from banks (7.8%).

**The Real Lenders:** Credit needs are met by informal groups (likely MFIs/SHGs - 15.8%), family, and moneylenders.

**The Cost of Informal Credit:** Qualitative evidence points to high-interest loans (2-5% monthly) taken from local shopkeepers or moneylenders for emergencies. The community views this exploitation as inevitable due to their poverty.

#### Sources for borrowing

**43.70%**  
have borrowed  
money for  
household  
expenses  
(n=265)

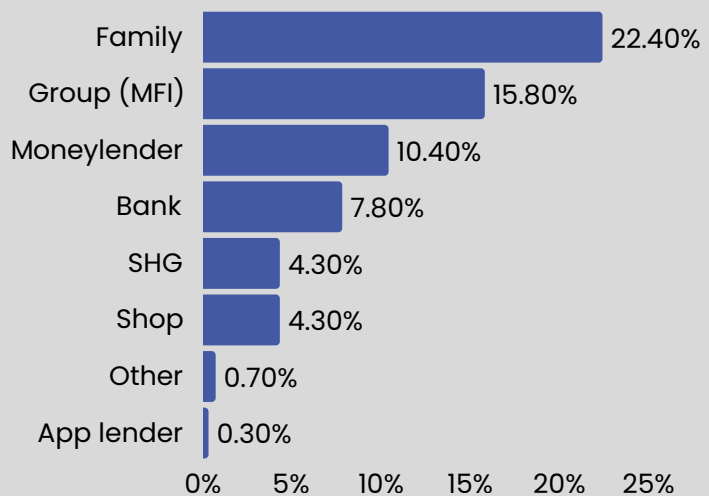


Figure 10: Sources of borrowing loans or money as reported by respondents (Multiple-response)



We borrow from the shopkeeper. They pressure us, but that is just the problem of being poor.

~Woman community member, IDI

### 3.2.3 Digital Barriers: Fear & The "Indignity of Access"

The quantitative data expose a massive geographic and psychological divide in accessing banking services. The barrier is not just "illiteracy"—it is an overwhelming sense of difficulty and fear that paralyzes usage, particularly in the most tribal blocks.

**The "Difficulty" Spectrum:** When asked to rate the difficulty of filling bank forms or using phone payments, the responses reveal a stark reality of exclusion:

- **Gogunda:** A staggering 74.7% of respondents rated these tasks as "very hard" and "moderately hard" (16.5%); nearly 91.2% of the population in this block finds basic banking interaction difficult.
- **Kumbhalgarh:** While awareness was reported to be high, 81.6% still find the process hard (41.5% very hard + 40.1% moderately hard), indicating that "knowing" about a bank does not make "using" it easy.
- **Sayra:** In contrast, 40.6% rated it in the hard category.

The qualitative data explains why the difficulty ratings are so high. It is not just about reading skills; it is about risk aversion.

- **Vanishing Money:** Beneficiaries expressed a specific fear that pressing the wrong button or making a mistake on the screen would cause their money to disappear permanently.
- **Rational Avoidance:** Because they cannot verify the transaction (no SMS, no readable receipt), they prefer cash, which is tangible and "safe."



Sir, we have heard of them [digital apps] but have not done transactions ourselves... We know money can be transferred... but we have not done it.

~Community member, FGD

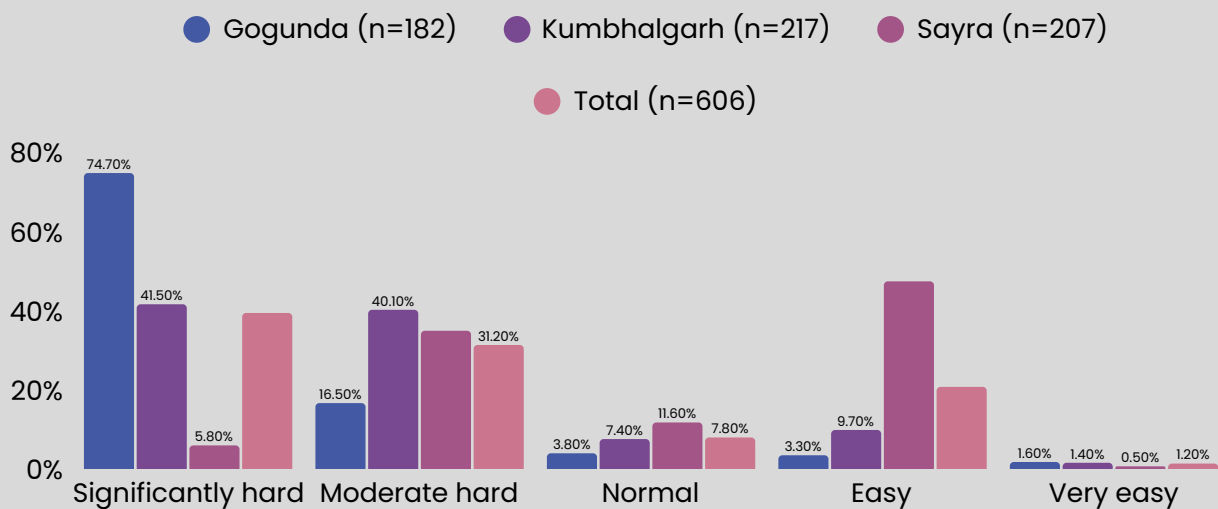


Figure 11: Levels of difficulties faced by respondents in filling out bank forms

### 3.2.4 Synthesis: The "Access-Agency" Gap

Collectively, the baseline data paints a picture of **a financial system that is technically available but functionally inaccessible**. The "illusion of inclusion" created by 97.5% account ownership crumbles when tested against the realities of usage, credit, and digital confidence. This analysis highlights three critical structural failures that the program must address:

- **Administrative compliance is not equal to financial autonomy:** The current state of inclusion is driven by mandatory government rules and not capability. The high dormancy rates and "proxy banking" among women indicate that for the majority, a bank account is not for savings but a mandatory hurdle they must clear to access their own rights.
- **The "Hostility" of Formal Systems:** The staggering difficulties mentioned by tribal migrant communities highlight that the formal banking interface—whether physical forms or digital screens—is viewed as a hostile environment. The fear of "vanishing money" and the "indignity of access" (reliance on rude or unavailable bank staff) drives beneficiaries back to the tangible safety of cash and the exploitative certainty by middleman.
- **The Resilience of the "Survival Economy":** Because formal credit (7.8%) is effectively gated behind paperwork and literacy barriers, the community remains trapped in high-interest informal debt cycles (moneylenders/shopkeepers). The system has failed to provide a viable alternative to predatory lending.

**Implication for Intervention:** The data highlights the need for a shift in strategy. **"Financial Literacy" for this demographic cannot be limited to teaching definitions of savings or insurance. It must be a confidence-building intervention.** The goal is to transition the community from being passive, fearful beneficiaries of state largesse to active, informed agents who can navigate the banking system without the crutch of intermediaries.



Image 4: Different data collection methods deployed with respondents on the ground

### 3.3 Access to Social Protection & Government Schemes

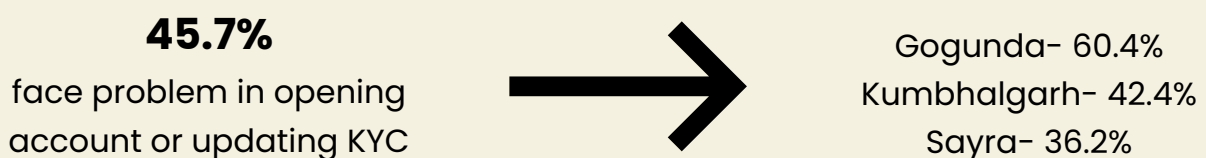
This section moves beyond the simple metric of "coverage" to explore the structural gaps in the social safety net. While government schemes exist on paper, the interactions with the stakeholders highlighted a system where "Administrative Inclusion" (having an ID) does not translate into "Functional Protection." The community faces a triple burden:

- (i) **Document gap: Ownership ≠ Usability**
- (ii) **Predatory inclusion: The "Silent Enrolment" Epidemic**
- (iii) **Systemic opacity**

#### 3.3.1 The Document Gap: Ownership ≠ Usability

While most households possessed foundational documents (Aadhaar, Ration Card), a significant portion of the tribal migrant population has been locked out of benefits due to administrative errors and technical failures.

- **The KYC Barrier:** When asked about the experience with banking and KYC, 45.7% of respondents reported facing trouble opening accounts or updating KYC. This figure represents nearly half the population for whom the "gateway" to financial services is broken. This administrative friction is most severe in Gogunda, where 60.4% reported trouble, compared to 36.2% in Sayra.



- **The "Passbook" Reality:** Qualitative feedback highlights that passbooks—the only record of money transactions for these families—are often old, damaged, or missing QR codes. Quantitative data showed that 40.8% of respondents do not print their passbook or check their balance, leaving them blind to their financial status.

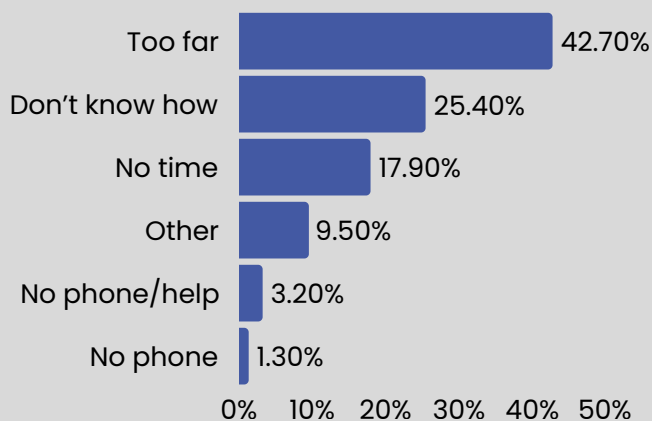
**Impact:** Without an updated passbook, beneficiaries cannot verify if their pension has arrived or if money has been deducted, creating a fertile ground for fraud.

”

Yes, when we go to E-mitra, they say... this (document) will require this much money, but it doesn't cost that much money. So fraud happens with us.

~Community member, IDI

**40.8%**  
respondents  
do not print  
their  
passbook or  
check their  
balance



**51.2%**  
respondents  
had not  
updated their  
passbook in  
the last 3-6  
months

Figure 12: Challenges faced in updating the passbook or bank balance, as reported by respondents

### 3.3.2 Bank account dormancy

A critical finding from the quantitative assessment was the high rate of account dormancy. Only 51.6% reported using it to receive or send money. Conversely, 41.6% of respondents explicitly stated they do not use their accounts, and 6.8% were not sure, indicating high dormancy.

**41.6%**  
(n=246)  
respondents do not  
use bank accounts

Beyond technical failures, **the "lived experience" of banking was characterized by a distinct sense of social exclusion.** Qualitative respondents described a sharp contrast in how they were treated compared to wealthier individuals.



*Sir, only those with money are allowed to talk. Even if we understand the issues, it doesn't matter. Because our people don't have money, we are simply told to go away and keep our distance.*

~Community member, FGD

### 3.3.3 Vulnerabilities & Financial Fraud- Qualitative narratives

Contrary to the urban narrative of anonymous "cybercrime," fraud in these regions is deeply personal and structural. It is "assisted fraud" committed by the very intermediaries (E-mitra agents/BCs) the community is forced to trust due to illiteracy and the digital divide.

- **The Biometric Trap: "Thumbprint Failed":** The most prevalent mechanism of fraud exploits the beneficiary's inability to interact with the digital interface. Intermediaries or Agents intentionally manipulate the biometric authentication process to withdraw funds without the user's consent.

- **The "Double Dip" Tactic:** Agents claim the first thumbprint scan "failed" due to a network error, requiring the user to press again. In reality, both scans are successful—one for the requested amount and one goes to the agent's pocket.



There are three or four ways for this... Once he said, 'Your thumb did not come into account; apply again.' So I withdrew once... and then withdrew a thousand more... I got to know ₹15 thousand is lying in the account... If someone takes 3 thousand, it will not make any difference. How will the person get to know?

~NGO Representative, KII

- **The "Excess Withdrawal" Tactic:** Beneficiaries, unable to read the POS screen, trust the agent's verbal confirmation.



Suppose there are ₹4,500 in the account... If we ask to withdraw 1,000, and they withdraw 1,500 and keep 500 for themselves, how would we know?

~Community member, FGD

- **Victim Profile: The "Veil" of Vulnerability**

Fraud is not random; it is deliberately directed. The primary victims constitute those who have been socially conditioned to defer to authority—women and elderly individuals. The asymmetrical power dynamic between the "educated male agent" (mostly from an upper caste) and the "illiterate tribal village woman" establishes an environment conducive to silence.

- **Women:** A woman often visits the center under a veil (ghoonghat), intimidated by the caste or status of the agent.



She goes with a veil because one is a village person, [the agent] is elder and upper in caste... And she will go and say that I want ₹500. He withdrew ₹1500, but how much did he give her? ₹500. Kept ₹1000.

~NGO Representative, KII

- **The Elderly:** Seniors are easily manipulated regarding their pension balances.



If the E-mitra guy does some mischief with the elderly... They won't be able to come back and complain about the E-mitra guy. The E-mitra person knows it and withdrew extra.

~Community Member, FGD

## 3.4 Digital–Financial Integration

The baseline assessment highlighted a stark "Digital Paradox." While the availability of digital tools like mobile phones in the region was impressively high, it has not translated into functional digital financial capability. The data suggests that for the majority of respondents, the mobile phone remained a communication and entertainment device, not a financial tool.

### 3.4.1 Usage Gap, Low Capability

93.4% of households reported owning a mobile phone, and 59.4% of these are smartphones. However, this high ownership masks a severe capability deficit.

- **The Usage Gap:** While 93.6% use their phones for calls and 43.9% for social media (YouTube/Facebook), only 13.9% reported using their devices for online payments or banking.
- **The Knowledge Gap:** Despite owning smartphones, 81.5% of respondents explicitly stated they do not know how to check their bank balance using their phone, and 81.8% do not know how to use UPI apps like PhonePe or Google Pay.



**93.6%**  
respondents own a  
mobile phone



Only **13.9%** reported using  
their devices for online  
payments or banking.

**81.5%**  
do not know how to check their  
bank balance using their phone

**81.8%**  
do not know how to use UPI apps  
like PhonePe or Google Pay.

### 3.4.2 Risk Aversion

The reluctance to adopt digital banking is not merely a result of illiteracy but stems from a rational fear of financial loss. Qualitative enquiries revealed deep-seated anxiety regarding the "invisibility" of digital money. Respondents frequently expressed the fear that a single technical error could wipe out their savings.

“ Sometimes money gets deducted, and we do not even know. Fraudsters call, saying things like your father is in the hospital... We get scared and borrow money to send it... After we deposit it, their phone comes switched off.

~Community Member, IDI

### 3.4.3 "Proxy" Digital Inclusion

A concerning trend identified in the field is "proxy usage," where the nominal owner of the device does not operate it.

- **Dependent on Children:** Many elderly and less educated respondents reported handing their phones to children or grandchildren to check messages or watch videos, effectively losing privacy and control over their potential financial data.
- **Dependent on Agents:** In the absence of digital self-efficacy, beneficiaries often hand over their ATM cards and PINs to E-mitra agents to withdraw cash.

Thus, the transition to digital financial services has been blocked by a profound lack of confidence. The quantitative data shows that 44.4% of respondents feel "Not at all confident" using a phone for money-related tasks, while only 2.1% reported feeling "Very confident."

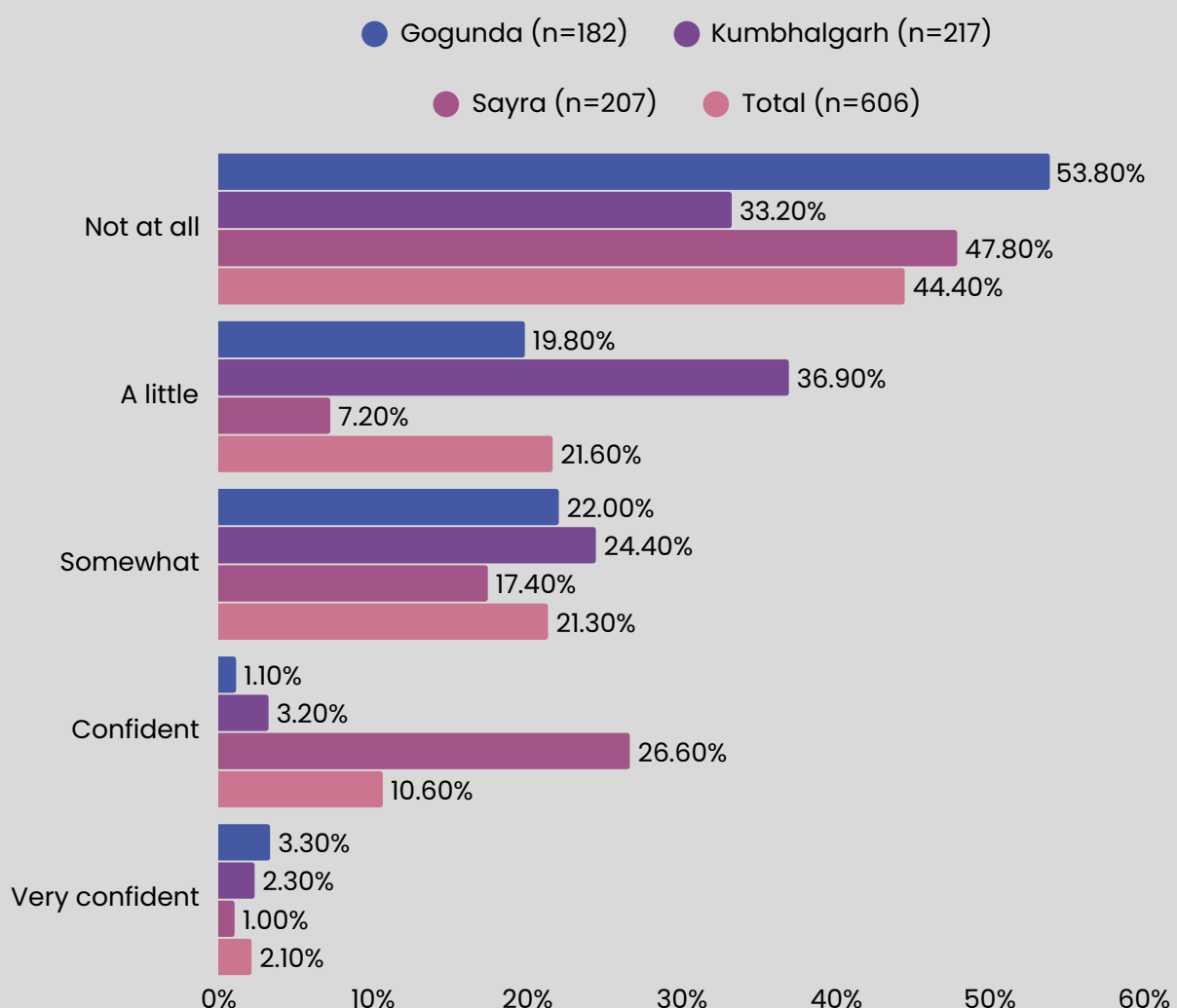


Figure 13: Levels of confidence in digital financial services as reported by respondents

This lack of self-efficacy has resulted in near-total exclusion from digital banking: 81.7% of respondents have never performed a digital transaction (bill payment, recharge, or money transfer). Qualitative inquiries indicate that this hesitation is not merely about illiteracy, but a rational fear of loss. Beneficiaries view the phone as a "black box" where a single mistake could lead to financial ruin.



Educated people have no fear, but those without education who have phones cannot use them for transactions. They fear that if they share an OTP or ask someone for help, something wrong might happen.

*~NGO Representative, KII*

We haven't seen the phone much, so we don't know what information is in it.

*~Community member, FGD*

### 3.4.4 Infrastructure vs. Utility

Even among smartphone owners, functional utility is limited by infrastructure. While 59.4% own smartphones, 41.9% reported having no active internet connection. This suggests that for a large segment of the "digitally included" population, the smartphone is effectively used as a basic feature phone—restricted to offline media or voice calls—rendering digital banking apps useless even if the user wished to use them.

When asked if they used their phones to find critical information (such as market prices, health services, or government schemes), a staggering 77.6% responded "No." Only 15.2% reported being able to find such information independently. This confirms that while the "pipe" (internet) is open, it is primarily being used for passive consumption (videos/social media) rather than active problem-solving or financial management.



**77.6%**

respondents did not use phone for any information

**81.7%**

respondents have never performed a digital transaction

### 3.4.5 The Window of Opportunity: Training Readiness

Despite these barriers, there is a clear demand for intervention. 54.8% of respondents expressed a willingness to learn about digital transactions.

However, a significant resistance block exists: 36.6% said "No," likely driven by the deep-seated fears mentioned above. To convert this willingness into capability, the training design must accommodate the community's labour rhythms. The data on "Ideal Training Time" shows a preference for Evening (19.6%) and Late Afternoon (19.0%) slots, aligning with the end of the daily wage cycle.

**Conclusion:** The baseline assessment exposes a critical disconnect in the region's digital landscape: The availability of mobile phones was high, which has created an illusion of inclusion. For the vast majority of respondents, the smartphone functions as a passive entertainment console (videos/social media) rather than an active tool for financial empowerment. **The barrier is not a lack of technology, but a profound crisis of confidence.**

- **The Fear Barrier:** A rational "risk aversion" paralyses usage. With 44.4% of respondents feeling "not at all confident" and 81.7% having never performed a digital transaction, the mobile phone is viewed as a "black box" where a single mistake (pressing the wrong button) could lead to financial ruin.
- **The "Proxy" Trap:** The current model of digital inclusion is "assisted dependence." Beneficiaries, particularly women and the elderly, might possess the device but hand over operational control to children or E-mitra agents. This structural dependency creates the perfect conditions for the "assisted fraud".
- **The Utility Gap:** Despite high internet frequency, 77.6% of users cannot use their phones to access basic life-improving information (prices, schemes, health). The digital pipe is being used for consumption, not problem-solving.

### **Strategic Interventions (Action Points)**

Based on the willingness to learn (54.8%) and the specific logistical preferences identified in the data, the program must pivot its training strategy:

- **From "Literacy" to "Safety-First" Confidence Building:** Do not start with "how to send money." Start with "how to stay safe." The curriculum must prioritise fraud detection (identifying fake calls, reading SMS alerts) to lower the anxiety barrier. Only once the fear of "money vanishing" is addressed will adoption follow.
- **Timing is Everything (The "Labour Cycle" Approach):** Training cannot interfere with daily wages. Schedule sessions during the late afternoon

(3 PM–6 PM) and Evening (After 6 PM) slots, which 38.6% of the community identified as their only free time.

- **Breaking the "Proxy" Chain:** Target the "left behind". Develop specific modules for women and the elderly that focus on "operational autonomy"—teaching them to check their own balances and verify transactions without handing their device to an intermediary.



We must organise training sessions there (in the community centre)... people have mobiles but do not know how to use them safely. They are quite far from using ATM cards or PhonePe... Antri is a primary area where we should do it.

*~NGO Representative, KII*



Image 5: FGD data collection among women respondents

### 3.5 Financial fraud exposure & consumer vulnerability

The baseline assessment revealed that financial exclusion in the region was not merely a matter of access, but of safety. The data indicated a high prevalence of "assisted fraud," where the very intermediaries designed to facilitate inclusion—E-mitra agents and Banking Correspondents (BCs)—often became the perpetrators of exploitation. This structural vulnerability was compounded by a lack of functional grievance redressal mechanisms, leaving the majority of victims without recourse.

#### 3.5.1 The Prevalence of "Silent" Fraud

Quantitatively, 51.3% of respondents reported being aware of financial frauds, yet this awareness did not translate into protection. Among those who identified as victims, the nature of fraud was rarely "anonymous cybercrime" but rather "relational exploitation". However, acknowledged victimization was lower, with 11.6% reporting that they or their family had been defrauded. This statistic serves as a classic example of how "fewer reports do not mean fewer crimes." The low numbers likely stem from a widespread unawareness of specific fraud types, compounded by the "Passbook Vacuum"—without updated records, many beneficiaries simply do not know that their funds have been siphoned off.

**The Coexistence of Cybercrime and "Assisted Fraud":** The report indicates that anonymous online scams are often hard to track. However, a significant portion of the fraud in the current study has been identified as 'Assisted Fraud'. This involves theft by known local agents—rather than strangers—whom residents rely on for help.

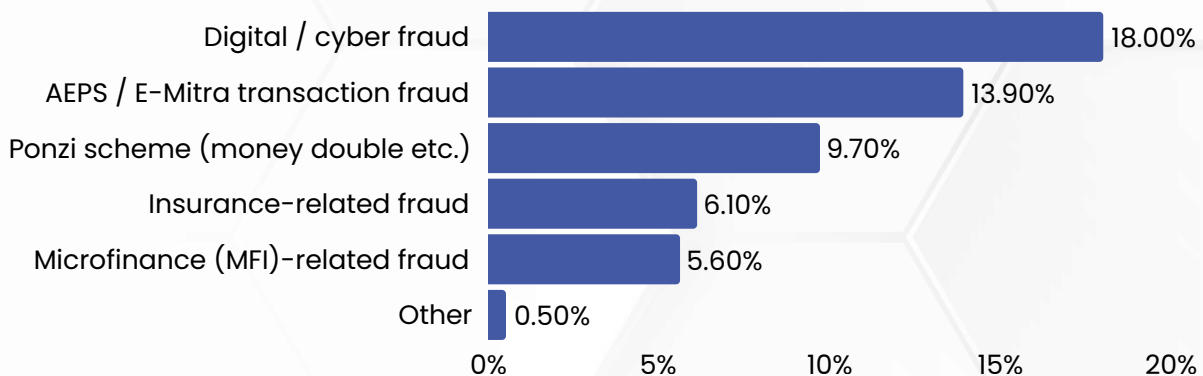


Figure 14: Types of frauds reported

These patterns suggested that fraud risks clustered around routine financial interfaces—digital payments, biometric withdrawals, agent-mediated transactions, and informal investment schemes—rather than unfamiliar or high-tech mechanisms alone.

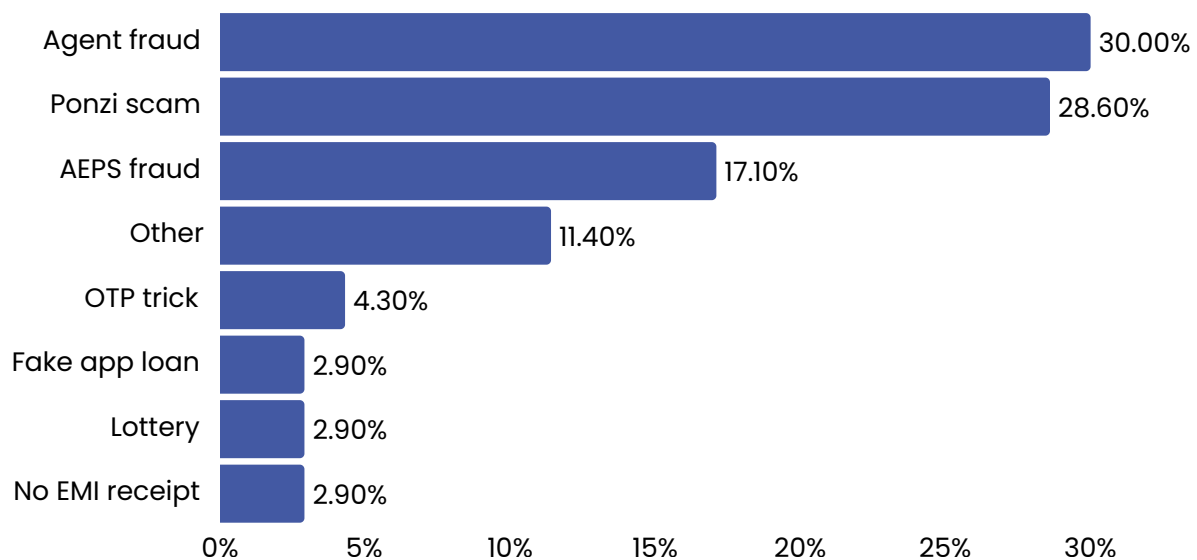


Figure 15 : Distribution of the reported fraud types among victims

**Financial magnitude of losses:** The financial impact of these frauds was catastrophic relative to household income.

- Gogunda: Mean loss ₹5,692; maximum ₹50,000
- Kumbhalgarh: Mean loss ₹37,273; maximum ₹5,00,000
- Sayra: Mean loss ₹13,958; maximum ₹50,000

**These figures highlight that for a daily wage labourer, a single incident of fraud often meant the erasure of months or years of savings.**

### 3.5.2 Victim Profile and the "Justice Gap"

- **Gendered and Generational Vulnerability:** Fraud was not random; it targeted the most compliant segments of the population. Qualitative narratives emphasised that women and the elderly were disproportionately victimised because they were least likely to challenge a dominant male agent.
- **The Failure of Grievance Redressal:** The assessment revealed a broken consumer protection ecosystem where reporting fraud was viewed as futile.

**Misguided Escalation:** When asked where they would report fraud, the dominant response was the Police Station (46.0%), with only 11.2% mentioning the bank manager. This indicates that fraud is understood as a "crime" rather than a "banking dispute", leading victims to file FIRs (which rarely recover money) rather than blocking accounts or initiating chargebacks at the bank.

Qualitative narratives further indicated that fraud awareness did not necessarily equate to confidence in response, especially among women and older respondents who perceived financial systems as opaque and intimidating.

**Reporting behaviour and grievance redressal pathways:** When asked where they would report fraud, responses revealed a limited and fragmented understanding of formal grievance pathways:

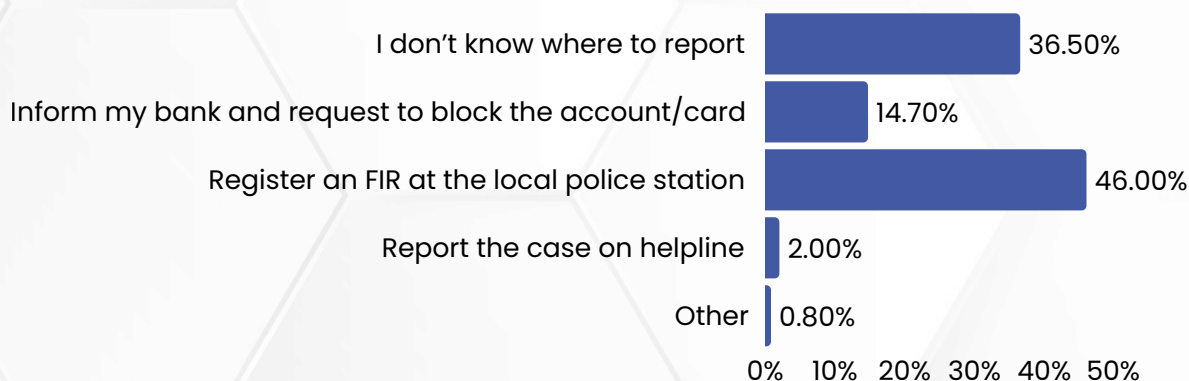


Figure 16 : Channels for reporting fraud identified by the respondents

The dominance of police-first responses, coupled with the low recognition of helplines and bank-based escalation mechanisms, indicated that fraud was primarily understood as a criminal issue rather than a financial consumer protection issue.

**Block-wise differences were found in people's awareness about informing their bank to block an account in case of fraud.**

**28%**  
Sayra

**12%**  
Kumbhalgarh

**2.7%**  
Gorgunda

Conversely, over half of respondents in Kumbhalgarh (55.30%) reported not knowing where to report fraud, pointing to acute grievance literacy gaps.

**Qualitative data clarified why formal reporting was often delayed or avoided. Respondents described fear of confrontation with local agents, literacy constraints, and social relationships that discouraged escalation (mentioned by 5 respondents).** In several narratives, fraud was resolved informally—through village discussions—or not pursued at all once perpetrators became unreachable, reflecting low expectations of institutional accountability.

### 3.5.3 Case Studies: Lived Experiences of Fraud

The quantitative patterns were highlighted in the case narratives from the qualitative data presented below. These cases were selected to reflect distinct fraud pathways and response constraints observed across blocks.

## **Case Study 1: Group Savings Scheme Fraud - "The Missing Money" (Community member, FGD 1 and FGD 3)**

**Background:** Community savings groups represent important financial mechanisms for rural households, providing accessible alternatives to formal banking. However, these informal systems can become vulnerable to exploitation when proper oversight and transparency mechanisms are absent. During the Incident: A community member participated in a savings group organised through meetings at "Opera Kakra". The participant diligently contributed to the group savings scheme for an extended period. As she explained: "I deposited money and received a diary. But when they distributed the funds back, others got money, but I didn't get any."

**Financial Impact:** While the exact amount remained unclear to the participant ("I am saying we deposited hundreds of rupees"), the commitment was substantial and sustained. The participant had consistently deposited money over 12 months. This represented a significant financial commitment for a household operating within subsistence-level constraints.

**Selective Distribution Pattern:** The fraud involved selective exclusion rather than complete scheme collapse. The participant observed that distribution occurred but was discriminatory: "Some people here got it back, but I didn't get it." This pattern suggests organised fraud rather than scheme failure, as organisers had sufficient funds to pay some members while deliberately excluding others. The victim lacked understanding of the scheme's operations and had no recourse for investigation. When asked whether she discovered the fate of her contributions, she responded that she didn't. This information gap left her unable to pursue recovery or understand the basis for her exclusion.

**Long-term Impact:** The loss represented not only immediate financial harm but also erosion of trust in community-based financial mechanisms. For households with limited resources, such losses can undermine future participation in collective savings efforts and force reliance on more exploitative financial services.

## **Case Study 2: E-mitra Systematic Withdrawal Fraud - "The Thumbprint Deception" (Community member, FGD 3)**

**Background:** E-mitra centres serve as crucial financial intermediaries for rural communities where formal banking infrastructure is distant or inaccessible. These centres have become essential for basic financial transactions, particularly for elderly and less literate community members who depend on them for pension withdrawals and other banking services.

**The Vulnerability of Trust:** Community members, particularly the elderly, demonstrate a lack of understanding of the process of digital transactions. As one participant observed: "The elderly understand everything. They hold out their thumb for the print. They know exactly how much is needed and say, 'I need exactly this much.' So they withdraw only that much." However, this trust and precision become a tool for exploitation.

**The Fraud Mechanism:** E-mitra operators systematically exploit information asymmetries during biometric transactions. The fraud operates through deliberate misrepresentation of account balances and withdrawal amounts. A community member explained the typical pattern: "Yes, because with the E-mitra guys, we give our thumbprint and ask for a specific amount. Suppose there are ₹4,500 in the account, and we ask to withdraw the entire amount, they would tell us there is only 4,000 in the account. Then they would retrieve 4500 and give the participant only 4000 rs."

**Institutional Non-Response:** When victims sought redress through formal channels, they encountered systematic denial of responsibility. The family approached their bank for support. The bank's response effectively absolved itself of responsibility while providing no recourse for the victim.

**Geographic Isolation:** The fraud is enabled by the geographic distance to formal banking services (4-5 kms away). This distance forces reliance on E-mitra services, creating captive customers who have limited alternatives and reduced bargaining power.

**Systemic Nature:** The case illustrates how E-mitra fraud operates as a systematic exploitation mechanism rather than isolated incidents. The operators leverage multiple advantages: geographic monopoly, information asymmetry, digital financial illiteracy and institutional non-accountability to create a sustained extraction system from vulnerable rural communities.

### **Case Study 3: Intentional Documentation "Fraud"—"The Aadhaar Card Racket" (NGO implementation team, IDI 5)**

**Background:** Aadhaar cards serve as fundamental identity documents required for accessing government services, banking, and social security schemes. However, the documentation process has become a systematic source of exploitation, with service providers deliberately creating errors to generate sustained revenue from vulnerable communities.

**The Systematic Fraud Design:** E-mitra operators have developed sophisticated strategies to create repeat customers through intentional documentation errors. As one NGO worker explained, **"One, and this is not the fault of people, this has been done with the wrong intention. When these Aadhaar cards were being made... the E-mitra of that village would put the name or other credentials of the customer wrong. So that when the customer comes again to make the change, they will ask for a larger amount."** Victims are manipulated into believing these are accidental mistakes. In one case, the fraud ultimately triggered official sanctions from government offices that further victimised the target: "At the end, UDI stopped him from applying for an Aadhaar card, due to multiple stages of changes that he had applied for and his Aadhaar card got blocked. Finally in order to solve this, he had to go to the Delhi UDI office in order to get the Aadhaar card unlocked from there." Victims are treated as fraudsters by the official system while being the actual victims of systematic exploitation.

**Financial Exploitation Scale:** The cumulative cost of this fraud can be devastating for poor families. One documented case revealed extreme financial impact: **"So we have seen families that have to spend ₹10,000 just to make one Aadhaar card change"**. Every time the victims have tried to make changes, duplicate ones would be created.

**Cascading Document Problems:** The initial Aadhaar errors create problems across all other documentation. These documentation problems are common among other respondents and thus create barriers to accessing healthcare, education, and financial services: **"There were cases where pregnant women were not able to avail government benefits during pregnancy due to mistakes in the Aadhaar card. Some hospitals even refused to admit her in hospital because of the Aadhaar card."**

**Structural Impact:** The fraud represents more than individual exploitation—it systematically excludes marginalised communities from government schemes.

## **Case Study 4: Unauthorized Insurance Enrollment Fraud—"The "Silent Deductions" (NGO staff, KII 5)**

**Background:** Government insurance schemes like Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) were designed to provide affordable insurance coverage to marginalised communities. However, banks have systematically exploited these schemes to meet enrollment targets while defrauding customers through unauthorised deductions.

**The Target-Driven Fraud:** Banks automatically enrol customers in insurance schemes without consent to meet government-mandated targets. As one community member explained, **"To get the count that is being mentioned by the government, whenever someone is coming to the bank to start an account, the bank staff would put them in the government's insurance scheme."** This practice transforms legitimate social protection programs into mechanisms for unauthorised revenue extraction.

**Systematic Lack of Information:** Customers remain unaware of deductions from their accounts, creating a pattern of systematic financial exploitation. Community members reported, **"Money is also deducted from the bank account, so we don't know for what purpose it is deducted. Nobody knows. They deduct ₹20 to ₹100. Nobody knows for what. We don't get the information."**

**Multiple Scheme Exploitation:** Banks enrol customers in multiple insurance products simultaneously to meet the targets. Respondents noted variations in deduction amounts: **"The one for ₹20 has happened. The one for ₹20 or ₹736 has not been deducted. It has not been deducted for everyone,"** indicating selective and arbitrary application of different insurance schemes. Beyond insurance premiums, banks impose additional charges disguised as processing fees.

**Ethical and Legal Violations:** The practice violates basic principles of informed consent in financial services. **"If I deposit ₹1000, you have no right to spend ₹100 of it without my knowledge. Even if the remaining ₹900 is safe, taking that first amount without asking is unethical."** The core fraud mechanism relies on customers' lack of awareness about their enrollment status and rights. This information gap prevents customers from making informed decisions or seeking claim benefits when needed.

(continued in next page)

**Systemic Scale:** The fraud operates across multiple banks and affects broad segments of the rural population. The practice appears institutionalised rather than representing isolated incidents, with banks systematically using insurance enrollment to extract revenue while providing minimal actual coverage benefits.

**Long-term Impact:** This systematic fraud undermines the intended social protection function of government insurance schemes while creating additional financial burdens for already marginalised communities.

### **Case Study 5: Chiranjeevi Scheme Exploitation – "The Percentage Racket" (Community member, FGD 5)**

**Background:** The Chiranjeevi Swasthya Bima Yojana provides health insurance coverage to families, including accident compensation of up to ₹5 lakh. However, the scheme has become a target for systematic exploitation by E-mitra operators and intermediaries who extract unauthorized "percentages" from legitimate beneficiary payments.

**The Victim:** Yuvraj Singh (name changed), a scheme beneficiary, became eligible for ₹5 lakh in Chiranjeevi benefits following a qualifying incident. His case illustrates the sophisticated methods used to defraud vulnerable beneficiaries of their legitimate government entitlements. When Yuvraj Singh approached the E-mitra for withdrawal, he was informed of banking limitations requiring multiple transactions: **"Their bank account is such that they cannot withdraw the money all at once; they will have to withdraw only 1 lakh in one transaction and thus do it 5 times to get ₹5 lakh."** This created opportunities for multiple intervention points.

The operator immediately imposed unauthorised charges: **"They first asked for Chiranjeevi's Aadhaar and mentioned a charge of ₹50,000. Then, when the money was withdrawn, they withdrew another ₹50,000 at the time of withdrawal."** These deductions totalled ₹1 lakh out of the ₹5 lakh. The final stage involved physical control of the cash withdrawal: **"Then they were giving them cash to Yuvraj Singh, so they said, 'You come; we will keep the cash in your bag in an organised manner.' So then they kept ₹1 lakh with themselves and then gave ₹4 lakh (to Yuvraj)."** This physical manipulation ensured complete control over the distribution process.

**Discovery Through External Verification:** The fraud was discovered only when Yuvraj Singh visited an NGO office for a separate insurance claim: **"Then they came to the office once because they had a claim for insurance in the PMSPY. When they came here, then the team also found out that only ₹4 lakh of Chiranjeevi's money was received by him"**. This case revealed a broader pattern of exploitation affecting multiple scheme beneficiaries: **"In other cases. Whenever any of the schemes is passed, they always ask for a percentage, like 10%. Or they ask for some share, like, are we getting your insurance passed, getting the scheme passed, we need this much amount."** The practice had become institutionalised despite being explicitly prohibited.

**Official Guidelines Violation:** The percentage-based extraction directly contradicted official scheme guidelines: **"Whereas this is against the guidelines."** This indicates that the fraud operated through deliberate violation of established procedures rather than exploitation of ambiguous regulations.

**Systemic Implications:** This case illustrates how government social protection schemes become sources of profit for intermediaries rather than genuine support for beneficiaries. The sophisticated nature of the fraud—involving multiple extraction points, physical cash manipulation, and institutional knowledge of scheme procedures—suggests systematic rather than opportunistic exploitation.

### 3.6 Community institutions, Leadership & Digital Micro-Entrepreneurs

The baseline assessment reveals that while communities possess informal institutional anchors, their financial lives are governed by personalised trust rather than systemic inclusion. In a landscape where **75.1% of the population belongs to Scheduled Tribes (ST) and 16.2% survive on less than ₹5,000 a month**, financial "institutions" are not buildings or apps—they are **specific individuals who hold the power to grant or deny access**.

#### 3.6.1 The Paradox of Trust: Institutional Savings vs. Relational Borrowing

The data reveals a split in financial behavior: 73.7% of households use formal banking for savings, but turn to informal sources for credit due to "collateral-based exclusion." Borrowing patterns show 22.4% rely on family, 15.8% on "Group" (MFI) loans, and only 7.8% on formal bank credit. Qualitative research confirms that landless households cannot access formal loans due to strict documentation requirements and urgent credit needs. Instead, they borrow from sources offering "Procedural Ease"—family members or MFIs—which provide faster access to funds.

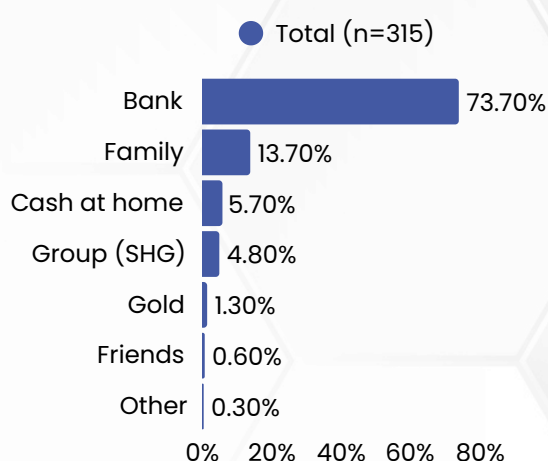


Figure 17: Sources of keeping savings/money as reported by respondents

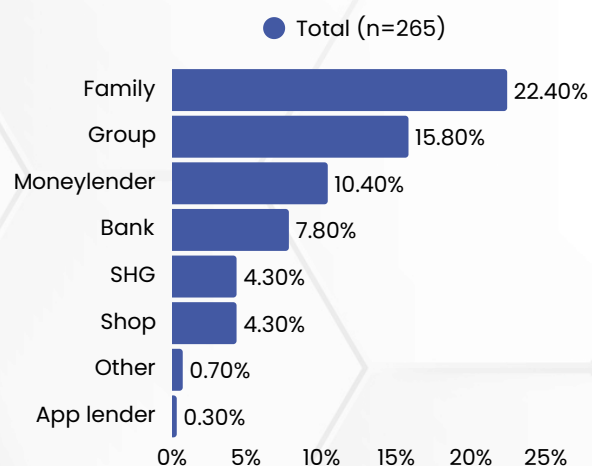


Figure 18: Sources of borrowing loans or money as reported by respondents (Multiple-response)

- The "Good Person" vs. "The System":** Qualitative findings show that trust is not institutional. It is tethered to specific, locally known individuals (NGO staff or specific agents). Qualitative findings indicated that SHGs, savings committees (samiti), and locally known individuals (e.g., NGO staff, select agents) were perceived as more trustworthy than distant formal institutions, especially after experiences of fraud.

### Scope for institutional strengthening:

Institutional strengthening is possible despite current vulnerabilities. Respondents showed willingness to engage with community-based platforms that offer documentation support, scheme guidance, and grievance resolution. This was reinforced by strong demand for financial education: 83.70% wanted to learn more about banking. However, structural constraints limit institutional effectiveness. 23.30% of households reported documents needing correction, 22.40% did not know if their documents were current, and 5.90% had not reviewed documents at all. These gaps prevent community institutions from functioning effectively without technical support, making FDLC-linked models essential for strengthening institutions.

### 3.6.2 Insurance Awareness, Ownership, and Institutional Trust

**The Awareness Gap:** 50.5% report no coverage, and 8.9% are unaware of it, while 40.9% reported insurance coverage. Qualitative analysis reveals that coverage is frequently the result of "silent enrolment"—a systemic practice where premiums are deducted without the beneficiary's informed consent. "Silent Enrolment" operates not merely as an administrative pattern but as a form of systemic fraud by Banks and BCs. Instead of providing genuine financial security, these unconsented deductions function as "Income Leakage," where premiums are siphoned from beneficiaries' accounts without their knowledge or permission.



*"If you go to a new bank and open an account, the insurance is started without asking you"*

*Community member, FGD*

- **Document Suppression:** Among the "insured," a staggering 44.5% do not possess their policy documents (37.8% don't have the documents and 6.7% not sure about the possession of documents), and 38.4% of nominees do not know the policy (33.5% of nominees doesn't know about the policy whereas 4.9% was not sure whether their nominees are aware of it). This implies that the "safety net provided by insurance" remains invisible and unusable during a crisis.
- **"File Charges" Fraud:** Qualitative data reveals that premiums (₹20, ₹436) are often deducted under the guise of "file charges" or "processing fees" without explaining the benefit to the user.

### Types of insurance and opportunity for Intervention:

Among reported insurance types, health insurance was the most common (29.20%), followed by life insurance (25.60%). Crop (3.60%) and livestock insurance (7.30%) were far less prevalent, despite agriculture and animal husbandry being important livelihood sources. This misalignment suggested gaps between risk exposure and insurance coverage.

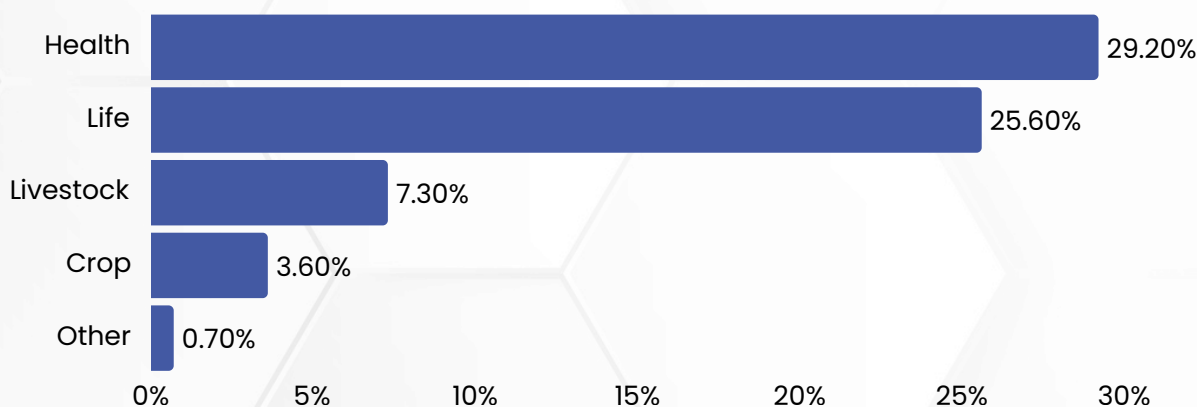


Figure 19: Distribution of types of insurance

This, along with qualitative responses illustrating fragmented and uneven insurance literacy and the lack of awareness regarding nominee applications. These accounts indicated that strengthening insurance literacy and claim preparedness could be a strategic entry point for building local financial leadership in SHGs, FDLC-linked facilitators, and trained community leaders.

**“The lawyer (middleman) took 5 lakh... and gave me 10 thousand.”**

*-Female respondent, FGD*

Following the death of her husband, a woman from the study village became eligible for widow's pension and insurance benefits. When asked whether such benefits were received, she initially responded that the pension "comes". However, as the discussion unfolded, it became evident that although the insurance amount was sanctioned and credited, it never reached her in practice. According to the respondent, an intermediary, referred to as a lawyer, took control of the process. She stated that the full insurance amount of ₹5,00,000 was taken, and she was given only a token sum of ₹10,000. She explained that after the money was credited to her bank account, she was asked to withdraw the amount in cash. The sequence, as she narrated, involved the money being handed to her briefly and then immediately taken back. At the time, she did not fully understand what had happened. She attempted to verify the transaction and seek support. She approached the village sarpanch. Instead of assistance, she was told that the money taken could be considered a legitimate fee. Despite repeated follow-up, the respondent did not receive any formal documentation or confirmation of savings. No effective grievance redressal followed.

**Implication for Intervention:** The baseline reveals a critical reality: Financial literacy alone cannot empower communities living with a deep-rooted fear of digital fraud and systemic exclusion. The intervention must first address the protection deficit—90% of fraud cases go unreported, with women, elderly persons, and SC/ST tribal community members being the most vulnerable victims.

The strategy must prioritise eliminating fear around digital devices through supervised, safe practice sessions before advancing to complex financial concepts. Special focus is needed on improving digital device usage and financial decision-making among women (who lack operational control in most households) and elderly people. Critically, respondents must be informed about correct routes to report and resolve fraud-related issues, as current pathways are either unknown or inaccessible due to caste-based power dynamics and lack of institutional support. Only after building this foundation of trust and protection can transformative financial literacy take root.

### 3.6.3 Leadership, Gendered Power, and Trust Dynamics

Financial authority remains concentrated in the hands of absent men, creating a unique vulnerability for the women left behind.

- **The Decision-Making Gap:** Household decision-making patterns revealed a highly gendered financial authority structure, with financial 77.4% of household spending decisions made solely by men. Elder-led decision-making was negligible (1.30%). These patterns were most pronounced in Sayra, where 87% reported male-dominated decision-making.
- **The "Proxy" Reality:** Although women's participation in SHGs and informal savings had improved, that did not automatically translate into financial decision-making power or public financial leadership. Qualitative evidence indicated that women often acted as information seekers and intermediaries within households but deferred final decisions to male members.
- **The Caste Gatekeeper:** A critical barrier is the social hierarchy. Most E-mitra owners and Bank Correspondents (BCs) are from dominant/upper castes, while seekers are from marginalised tribal groups. This creates a "confidence gap" and "fear" among the community members to face the upper caste members and solve issues of fraud faced by the community members.

**Implication for Intervention:** The baseline reveals a critical reality: financial literacy alone cannot empower communities living with a deep-rooted fear of digital fraud and systemic exclusion. The intervention must first address the protection deficit—90% of fraud cases go unreported, with women, elderly persons, and SC/ST tribal community members being the most vulnerable victims.

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Image 6: Data collection with E-center person

## 3.7 Training readiness & preferred engagement models

This section synthesises quantitative and qualitative evidence to assess community readiness for training and to identify preferred engagement models for effective rollout of financial and digital literacy interventions. The findings indicate that financial literacy in these blocks is not merely an educational aspiration but a functional necessity. With 83.7% of respondents expressing a desperate willingness to learn about banking, the demand is not for academic knowledge but for the tools to stop "income leakage". A structured, evidence-based intervention possesses the potential to transition the community from passive dependence to active financial agency.

**3.7.1 Willingness to Participate in Training:** Overall readiness for engagement was strong. A substantial majority of respondents (83.70%) expressed willingness to learn more about bank-related activities, indicating broad openness to capacity-building interventions across blocks.

- **Issue resolution:** Respondents prioritise curriculum that addresses immediate administrative issues—such as rectifying document errors, reactivating dormant accounts, or understanding why a premium was deducted without consent.
- **Collective's efficiency:** Qualitative data shows that group-based sessions are preferred not just for efficiency, but for social safety. For tribal women and the elderly, the group acts as a "social shield," reducing the intimidation factor inherent in dealing with formal financial systems or upper-caste agents.



If you conduct training sessions and we understand what to do in such situations, then we will come regularly. After that, we would know what to do and what not to do, rather than running around.

*~Community member, IDI 3*

**3.7.2 Preferred engagement formats:** While the quantitative survey did not directly capture format preferences, qualitative evidence consistently pointed to differentiated engagement needs, suggesting that a single training modality would be insufficient.

- Group-based sessions were viewed as appropriate for introductory awareness, especially for topics such as government schemes, fraud risks, and rights-based entitlements. Group settings were perceived as safer and less intimidating, particularly for women and older respondents.

- **Clinic-style or help-desk models** (aligned with FDLCs) were strongly favoured for documentation correction, insurance claims, bank grievances, and digital troubleshooting, where confidentiality and case-specific support were required.
- **One-on-one support** was seen as essential for highly vulnerable individuals, including widows, elderly persons, and those with prior fraud exposure, who lacked confidence to articulate issues in group settings.

Qualitative narratives indicated that over-reliance on group trainings without follow-up support risked reinforcing dependency on intermediaries, rather than building autonomy.

**3.7.3 Timing preferences and livelihood constraints:** Quantitative data on preferred training times (N=332) underscored the importance of flexible scheduling.

- **The Evening Window:** For those in daily wage labour or agriculture, the morning is dedicated to survival. Quantitative data suggests a strong preference for late afternoon or evening sessions—the only time the community is "available" to meet up and discuss without work being an interfering factor. **Morning sessions were least preferred** overall, particularly in blocks where early hours were dominated by domestic and farm work.
- **Local Trainings:** Training must be local, scheduled in advance, and integrated into their existing social spaces to avoid loss of domestic or farm time.

These findings indicated that rigid, uniform scheduling would constrain participation, especially among the most vulnerable groups.

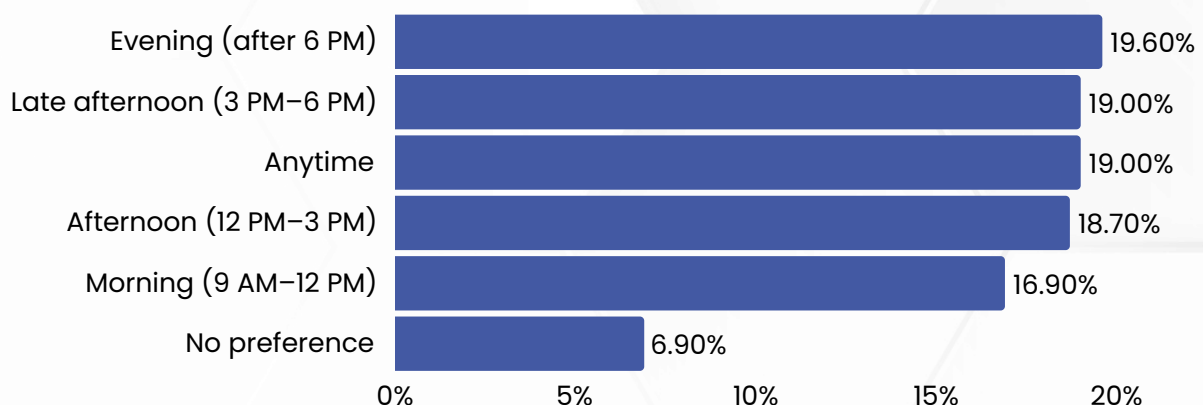


Figure 20: Distribution of timing preferences

### 3.7.4 Implication for Intervention: A Three-Phase "Agency" Rollout

To achieve "Transformative" rather than just "Informational" impact, the intervention must be modular and phased—building trust before requiring people to adopt digital behaviours.

- **Phase 1: Defensive Trust Building (1-4 months):** Focus on group sessions that address areas of protection (fraud awareness and rights-based entitlements) that the community needs to be aware of on digital financial inclusion.
- **Phase 2: Administrative Recovery (The Clinic approach) (4-8 months):** Deploy FDLC-style clinics to resolve the 51.6% document/KYC crisis, while working with the community on fraud-related cases. Success in this phase is measured by how many "invisible" users regain functional access to their accounts.
- **Phase 3: The Digital Vanguard (9-18 months):** Target the youth and motivated "Proxy Banking" women for advanced roles as Community Advocates or Digital Micro-Entrepreneurs or supervised digital service provision, aligned with leadership pathways. This group should be selected based on their participation and performance during phase 1 of the program.
- **Phase 4: Expanding Digital Confidence and Community Awareness (Months 15-24):** Building on the digital vanguard's success, this phase focuses on the gradual introduction of various online transaction features for the broader community. At this stage, peer-to-peer learning led by community advocates who understand local languages, caste dynamics, and cultural barriers should be accelerated.

Overall, the baseline indicated high readiness to engage. Communities sought timely, practical, and trusted engagement models that acknowledged their lived constraints and prior experiences of exclusion and fraud. **The evidence reinforced the need for adaptive scheduling, mixed delivery formats, and institutionally anchored facilitation to ensure effective uptake and sustained impact.**

## 3.8 Framework-Based Analysis

### 3.8.1 AAAQ Framework Analysis

The AAAQ (Availability, Accessibility, Acceptability, and Quality) framework provides a comprehensive analytical lens through which to examine the current state of financial services and digital literacy within the Shram Sarathi program areas.

- **Availability of Services**

The physical presence of financial services in the program areas is characterised by a "Geography of Exclusion," where formal banking is a distant luxury rather than a local utility. Qualitative data highlights this gap, showing that respondents must travel over 5 kilometres to reach the nearest bank or agent.

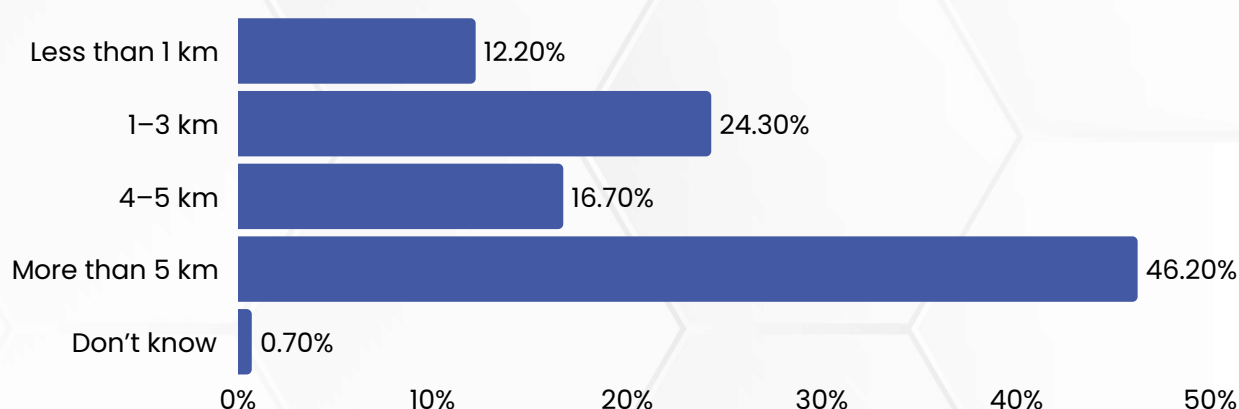


Figure 21: Distribution of average distance between bank branch, agent

In the absence of accessible banks, E-mitra centers have become the sole available anchors, yet this availability creates a dangerous "Monopoly of Access." Because these centers are the only service points for everything from pension verification to document preparation, households become trapped in dependency on single operators. Furthermore, while mobile technology is "available" in 93.4% of homes and 95.9% of those respondents using the internet on a regular basis its functional utility is stagnant; only 18.2% of users utilise UPI, revealing that while the hardware exists, the service remains functionally unavailable to the majority. Traditional, high-friction methods like fingerprint-based transactions and physical branch visits continue to dominate, not out of choice, but because digital alternatives have failed to materialise as reliable options.

- **Accessibility: The Cumulative Tax on the Poor**

Access is hindered by multiple overlapping barriers that impose a heavy economic and temporal "tax" on these low-income tribal migrant families. The most visceral barrier is geographic; with respondents citing distance as the primary reason they cannot check their balances, a simple bank visit becomes an all-day ordeal.

Community narratives describe a reality where only a single bus runs daily; if a resident misses it or the "server is down" upon arrival, they lose a full day of labour wages (approx. ₹250) plus transportation costs. Beyond physical, educational and technical barriers create further exclusion. With 39.3% of respondents finding forms and phone payments "very hard," literacy becomes a gatekeeper, forcing women to rely on male mediators and reducing their financial autonomy to zero. This is compounded by 4G/5G infrastructure gaps and frequent biometric failures, where the very fingerprints of manual labourers—worn smooth by farm work—refuse to scan, locking them out of their own accounts. The most significant administrative hurdle remains the 45.7% document correction gap, where spelling errors in names (e.g., "Gameti" vs. "Bhil") or mismatched phone numbers turn a routine KYC update into a multi-month struggle for basic recognition.

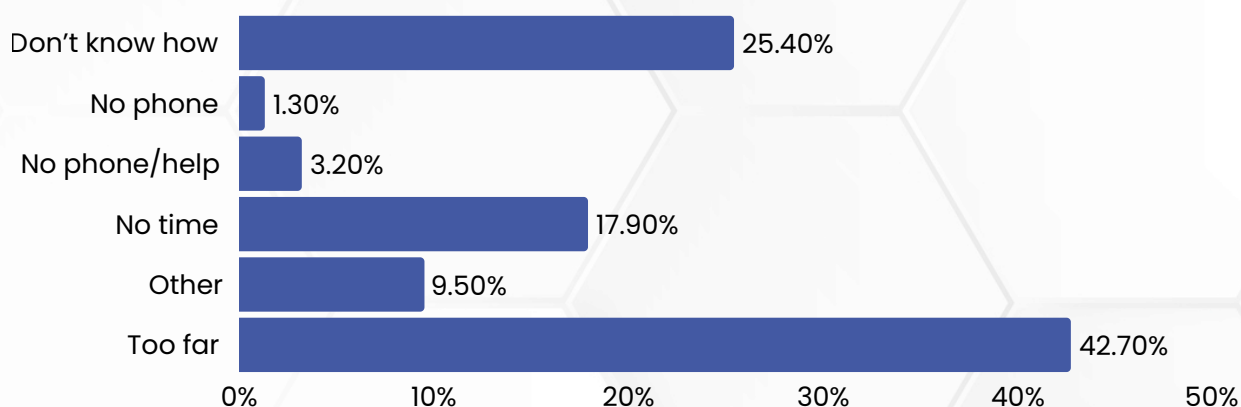


Figure 22: Distribution of barriers to checking passbooks and account balances



For one, there is less facility for commuting. Only one bus runs. If they go in the morning, they have to stay there the whole day until evening because there is no means of transport. And in the bank since they are illiterate, they do not know what is being asked what documents to give. Illiterate people have to wander around. So then they end up relying on others for help.

~E mitra staff, KII 3

- **Acceptability: Caste Gatekeepers and the Gender Gap**

Financial services often fail the test of acceptability because they clash with deep-seated social hierarchies and gender norms. Decisions are almost entirely centralised under male authority, with women reporting total exclusion from digital transactions; in many settlements, the idea of a woman using a phone for money is socially non-existent (as mentioned by Community members 1, 2 & 3). However, the most profound barrier to acceptability is the Caste Equation. Qualitative evidence suggests that the Fintech revolution has merely rebranded traditional power structures: the same upper-caste groups that historically controlled informal lending now operate the E-mitra centres and bank correspondent points. This creates a "fear factor" where victims of fraud hesitate to report losses of ₹500 or ₹2,000 because the perpetrator holds significant political or administrative influence in the village (as mentioned by NGO member, KII 5).

Trust is therefore conditional and fragile; the community prefers face-to-face interactions not because they are efficient, but because they provide a modicum of accountability in a system that otherwise feels predatory and "invisible."

- **Quality Gaps in Existing Systems**

The quality of the existing financial ecosystem is defined by information asymmetries and a lack of accountability. A critical quality gap is found in information transparency: 25.4% of users have no idea how to check their own balances, and 25.6% of passbooks have not been updated in over six months, leaving users blind to their own financial status. This vacuum allows for widespread exploitation at the service point level.

The quality of financial intermediation services, particularly through E-mitra centers, showed systematic exploitation patterns "Yes, because with the E-mitra guys, we give our thumbprint and ask for a specific amount. Suppose there are ₹4,500es in the account, but they tell us there is only 4,000" (Community member, FGD 1). These practices were facilitated by information asymmetries and the lack of accountability mechanisms in service delivery. Furthermore, the quality of customer service in formal banks is often discriminatory; tribal customers with small balances are frequently told to "stay away" or are redirected away from branches, while wealthier clients receive prompt attention. The total absence of functional grievance redressal mechanisms means that when fraud occurs, the community retreats into

silence. The overall quality assessment revealed a system characterised by systematic exploitation rather than service excellence. The convergence of technical limitations, information asymmetries, discriminatory practices, and inadequate accountability mechanisms created an environment where financial services often extracted value from vulnerable communities.

### 3.8.2 Theory of Change Validation

The validation process examines whether the program’s core logic—that providing access and literacy leads to empowerment—holds in a landscape of Structural Violence. The baseline suggests that while the mechanics of the ToC are visible, the power dynamics of the region require a strategic pivot from "inclusion" to "advocacy."

- **Validation of Core Assumptions**

#### **Assumption 1: Infrastructure equals Inclusion (Partial Validation)**

The baseline data partially validated this assumption while revealing critical access limitations. While 97.5% of respondents possessed bank accounts, indicating widespread formal financial system enrollment, the quality and utility of this access proved severely compromised. Only 51.6% actively used their accounts for transactions, with significant geographic variations.

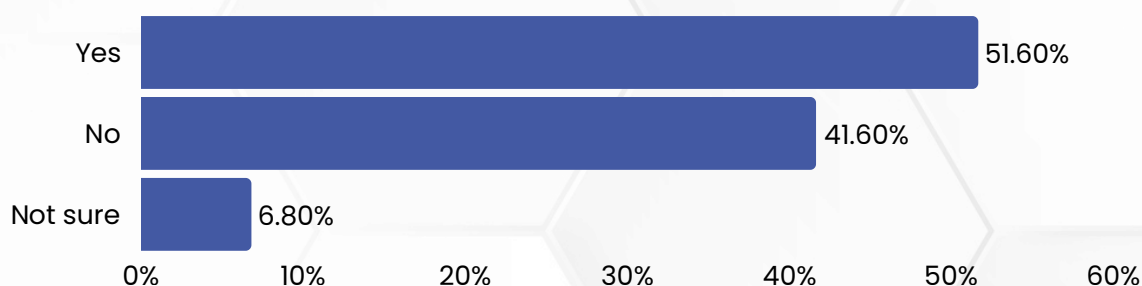


Figure 23: Receiving or sending money using the bank account

In its place, the E-mitra centre has emerged as the primary available infrastructure—a development that provides proximity but facilitates "systemic extraction" by exploiting users' lack of information.



Yes, because with the E-mitra guys, we give our thumbprint and ask for a specific amount. Suppose there are ₹4,500 s in the account, but they tell us there is only 4,000

- Community member, FGD 1

## Assumption 2: Educational Barriers Are Primary Impediments to Financial Inclusion

This assumption received strong validation through baseline findings. The quantitative data revealed that 81.8% of respondents found upi phone payments "very hard," with 81.5% not knowing how to check balances and 4.4% uncertain about the process of printing a passbook physically entirely. However, the field data adds a layer of complexity: education alone does not stop fraud. Exploitation occurs regardless of literacy because it is rooted in information asymmetry—agents know the system; the tribal labourer does not.

**Measures Going Forward: Educational interventions must address not only literacy and numeracy but also power dynamics and structural vulnerabilities that enable exploitation even among educated community members.**

## Assumption 3: Communities Possess Latent Demand for Financial Services

There is a profound hunger for agency. 83.7% of respondents are eager to learn, and 52.1% are saving money despite severe resource constraints, demonstrating financial management aspirations and highlighting a gap on the ground that could be utilised for intervention. Community members expressed clear preferences for improved services and demonstrated an understanding of the benefits of digital payments. However, this demand existed alongside deep mistrust generated by systematic exploitation experiences. The **widespread fraud awareness (51.3% had heard about financial frauds, 11.6% experienced direct victimisation) created defensive behaviours that limited service uptake.**

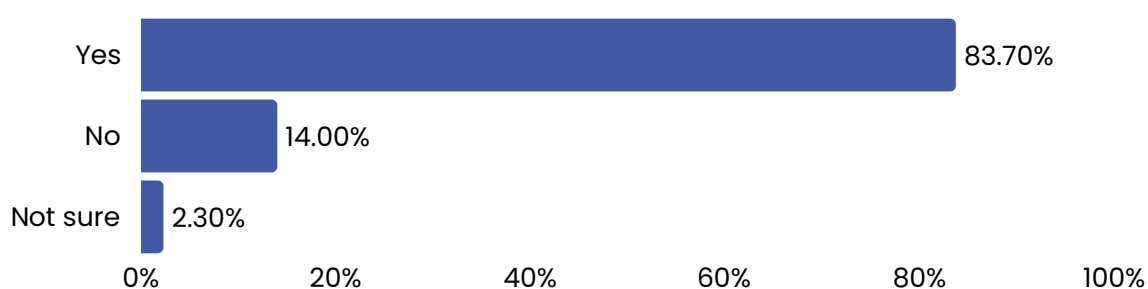


Figure 24: Distribution of willingness to learn more about banking activities

**Measures Going Forward: Interventions must simultaneously build capacity and restore trust through transparent, accountable service delivery mechanisms.**

- **Structural Blindspots: Power, Gender, and Extraction**

The baseline identifies two major areas where the program's initial logic must be modified to account for the sociological reality of the Udaipur and Rajsamand blocks.

- **The Gendered Power Gap:** The assumption was that women's inclusion would follow account ownership. The reality is the "proxy banker" phenomenon. Financial authority is a male-controlled resource; Interventions must therefore move beyond "giving women accounts" to addressing the patriarchal gatekeepers that prevent women from having "operational control" over their own money.

- **The Economic Mobility Trap:** The baseline challenges the idea that "financial access = economic mobility." For many, the formal system is extractive. Between the "server down tax" (lost wages), "file charge fraud" (unauthorised deductions), and high-interest predatory lending, the community is often losing money to the system rather than accumulating wealth.

- **Way Forward: Neutralising the Gatekeepers**

To succeed, the program must actively mitigate three critical risks identified at the baseline:

- **Elite Capture:** Local power-holders (upper-caste agents) currently monopolise financial access. The program must build alternative power structures by training tribal youth and women as digital micro-entrepreneurs.
- **Technology as a Vector for Fraud:** Digital tools have become new ways to cheat the uneducated. Security and transaction verification must be the first lesson of every training.
- **The Scale-Up Risk:** Rapid growth might simply replicate exploitative relationships. Sustainability depends on embedding Community Accountability—where the "micro entrepreneurs" are answerable to the village, not just the bank.

### 3.9 Key Performance Indicator

To understand the level of knowledge/awareness among the respondents, the baseline study established specific key performance indicators (KPIs) focusing on financial literacy and service linkage. The values presented below serve as the reference point for the endline assessment.

The KPIs were calculated using a composite scoring method derived from the quantitative survey.

- KPI 1\* (Financial Literacy) aggregates indicators of usage (sending/receiving money), monitoring (passbook printing), safety perception (trust in banks), and fraud awareness.
- KPI 2\*\* (Service Linkage) measured households linked to at least two formal services beyond a savings account (e.g., Insurance, Pension, or Digital Banking).

Contextual Note on Baseline Values: Although the calculated values presented below appear statistically robust, a qualitative assessment necessitated a critical reinterpretation of these figures. The high scores were largely driven by passive awareness (e.g., "Have you heard of fraud?") and administrative compliance (e.g., "Do you have an account?"), rather than functional capability.

Field evidence confirmed that respondents need to be counted as "financially literate" because although they owned a bank account, they often lacked the agency to withdraw their own money without an intermediary. Therefore, these baseline values represent a deep functional exclusion among the constituent population that the program aims to address.

KPI	Gogunda (%)	Kumbhalgarh (%)	Sayra (%)	Tribal (ST) households (%)
% of financially literate rural tribal families	29.1	49.43	47.43	42.13
% of rural tribal families linked with at least two formal financial services	44.2	33.95	42.8	40.3

Table 5: Comparative analysis of key performance indicators across tribal populations.

\*The Financial Literacy (KPI 1) was calculated by aggregating the "Yes" responses from six specific indicators. This index covers four key areas: usage (sending/receiving money), monitoring (checking balances), digital skills (using phones or UPI apps), and safety awareness (fraud knowledge and trust in banks). To arrive at the final KPI value, the averaged percentage of "Yes" responses for each question was calculated, ensuring that practical habits and safety perceptions were weighted equally in the final score.

\*\*The Service Linkage (KPI 2) was calculated to measure how many households are connected to essential formal services beyond just a basic savings account. To find this value, households were analysed to check if they were linked to at least two additional services, such as insurance, government pension schemes, or digital banking tools. The final KPI percentage was based on the "Yes" response rates from two specific indicators that track protection and government support.

## KPI 1: Financial Literacy Coverage

- **Baseline Value: 42.13%**
- **Target for Endline: 80%**

The baseline indicated that 42.13% of tribal families met the composite criteria for financial literacy. However, this figure was heavily skewed by the "safety perception" indicator, where 82.8% of respondents believed bank money was safer than cash. This high trust contrasted sharply with low digital autonomy.

**Problem Statement:** The data revealed a severe "capability gap". While trust was high, digital proficiency was abysmal. In blocks like Gogunda, financial literacy dropped to 29.10%, reflecting deep structural isolation.

## KPI 2: Financial Service Linkage

- **Baseline Value: 40.30%**
- **Target for Endline: 60%**

The assessment found that 40.3% of households were linked to at least two formal financial services. This linkage was primarily driven by government schemes (48.0% coverage) and insurance (40.9% coverage).

**Problem Statement:** This metric highlighted the phenomenon of "silent enrolment". The qualitative data clarified that the insurance coverage contributing to this KPI was often mandatory or unbeknownst to the beneficiary ("money deducted without consent"). Consequently, while the statistic showed linkage, the reality was "predatory inclusion", where beneficiaries paid for services they did not know how to claim.

### 3.9.1 Extrapolated Impact: District-Level Projections

Given that the assessment is based on data from our program geographies—six blocks, with a particular focus on TSP areas of Udaipur—the district-level extrapolations should be interpreted with caution. They provide an order-of-magnitude view and should not be treated as a precise or evenly distributed estimate across all blocks/cities in the districts.

**Methodology:** The extrapolated values below were calculated by applying the specific baseline indicators (e.g., % with UPI capability) to the projected district population figures sourced from the district population census estimates (2011-2026).

**Calculation:** [Baseline Indicator %] × [Total District Population] = Estimated Vulnerable Population.

Source: Rajsamand & Udaipur District Population Census 2011-2021-2026, Census2011.Co.in., <https://www.census2011.co.in/census/district/455-udaipur.html>

### 3.9.2 Rajsamand: The "Digital Abyss" for Tribal Communities

In Rajsamand (Approx. Population: 13.9 Lakhs), the data reveals a dangerous "two-speed" financial system. While the general population moves towards digital banking, the tribal & migrant communities (approx. 1.95 Lakhs) are being systematically left behind. **Without this program, ~11.86 Lakh people (85.3%) in the district will remain locked out of the digital economy, lacking the skills to use UPI or digital payments.** For the tribal population specifically, the exclusion is nearly total:

- **Phone-Based Banking:** Baseline data shows only 6.5% of tribal families have this skill, meaning only ~1.82 Lakh tribal individuals currently possess phones but lack the skill to check their own balances. This population is thus dependent on agents for every transaction, making them permanent targets for the "assisted fraud" as described in the previous sections.
- **Social Protection Vacuum:** Furthermore, ~7.76 Lakh people (55.8%) in the district are currently excluded from government social protection schemes. This represents a massive cohort of daily wage labourers who have no safety net against health shocks or old age.

### 3.9.3 Udaipur: The "Trust Trap" in a Large Population

For Udaipur (Approx. Population: 38.9 Lakhs), the scale of the problem is exponentially larger. The district faces a "trust trap": trust in banks is high (76%), but the ability to use them independently is negligible. The program's "scope of work" is defined by the ~30.54 Lakh of the total population of Udaipur (78.5%\*) who currently rely on physical banking infrastructure because they cannot use mobile banking.

- **The "Silent" Victims:** An estimated ~19.31 Lakh individuals (49.65%) are functionally excluded from active banking usage. These are account holders whose accounts are vulnerable to "silent enrolment" deductions and leakage.
- **Tribal Vulnerability:** In a district with a massive tribal population (~18.17 Lakhs), the digital divide creates a caste-based economic ceiling. ~15.22 Lakh tribal individuals cannot use digital payments.

*\*Percentage extracted from the quantitative survey data*

The data indicates that roughly 42.4 Lakh people across these two districts (11.8 Lakhs in Rajsamand + 30.5 lakhs in Udaipur) are currently unable to transact digitally. **These communities need handholding. Without the proposed intervention to build "operational autonomy"—specifically, teaching them to verify transactions and read SMS alerts—these populations will remain a lucrative revenue stream for fraudulent intermediaries rather than respondents in the formal economy.**



Image 7: Data collection among women respondents

# Chapter 4: RECOMMENDATIONS & CONCLUSION

## Recommendations

This section translated the baseline findings into targeted, implementable recommendations aligned with the program's objectives.

- **Reframe Financial Literacy from “Awareness” to “Operational Control”:**

Interventions must shift from abstract “financial awareness” to hands-on operational capability.

**Rationale:** While 97.5% own accounts, only 51.6% use them for transactions. In Gogunda, functional usage drops to a staggering 22.5%. Account ownership is currently a “hollow metric” that does not equate to agency.

**Action Points:**

- Training should focus on practical tasks such as checking account balances, verifying transactions, and confirming receipts, rather than relying on abstract or concept-heavy explanations.
- Programs should support a gradual shift from assisted use to independent use of financial services, particularly for women who own accounts but do not exercise operational control.
- Regular verification practices, such as updating passbooks and checking SMS alerts, should be treated as essential skills and integrated into routine financial behaviour, rather than presented as optional actions.

- **Prioritise Documentation Governance as a Core Financial Capability**

Documentation readiness should be treated as a foundational financial skill, embedded across all program components rather than addressed episodically.

**Rationale:** A 45.7% administrative barrier (KYC/document errors) currently paralyses the community from applying to government policies and schemes. Furthermore, 37.8% of insured households lack policy documents, making their “inclusion” functionally non-existent.

**Action Points:**

- Household-level checks should be conducted through FDLCs to review whether key documents are complete, accurate, and up to date.
- Village-level sessions should explain common document issues, including name mismatches, nominee details, and the importance of safely keeping original papers.
- Clear links should be made between correct documentation and the ability to successfully claim insurance, pensions, and government welfare benefits, so households understand the practical value of maintaining accurate records.

- **Integrate Fraud Prevention into Everyday Financial Practices**

Fraud prevention should be embedded into routine financial behaviour training, rather than treated as a standalone awareness topic.

**Rationale:** While 51.3% have heard of fraud, nearly 40% have no idea where to report it. Victimization is concentrated at the point of agent-mediated transactions, with catastrophic losses.

**Action Points:**

- Training should teach simple preventive practices, such as checking receipts and confirming account balances after every transaction.
- Clear and standard steps should be explained for what to do immediately if a problem occurs, including blocking the account and contacting the appropriate helpline.
- Local examples of fraud should be used to explain risks calmly and practically, focusing on correct actions and solutions rather than creating fear or a sense of helplessness.

- **Anchor Leadership Development in Facilitation, Not Cash Handling**

Local leadership models should prioritise facilitation, guidance, and institutional linkage, rather than transactional authority.

**Rationale:** Gendered power structures mean men control the majority of financial decisions. To elevate women as leaders, they must be positioned as "community advocates" who guide others through documentation and grievance systems, rather than handling cash, which invites suspicion and risk.

**Action Points:**

- Women and SHG members should be identified and trained to guide others on financial processes and services, rather than to handle or manage money on their behalf.
- Establishment of gender-sensitive redressal mechanisms would increase women's confidence in digital payments and improve their participation.
- Leadership roles should be formally linked with FDLCs and supported by NGOs to build trust, clarity of roles, and accountability.
- Community leaders should act as links between households and banks, government schemes, and grievance systems, rather than replacing these institutions or making decisions for others.

- **Adopt a Phased, Modular Training Rollout**

Training should be delivered through a phased, modular approach, aligned with readiness and trust-building needs. Modules should integrate visual and story-based learning, peer-to-peer exchanges, gamified elements, mobile microlearning, hands-on practice, and family-centred savings sessions to maximise engagement and retention.

**Phased Approach:**

- **Phase 1:** Group-based sessions on fraud awareness, entitlements, and rights, scheduled primarily in late afternoon or evening slots.
- **Phase 2:** FDLC-style clinics for documentation correction, claims, and digital assistance.
- **Phase 3:** Role-based learning for interested women and youth, including supervised digital service provision.
- **Phase 4:** Active members from phase 1 to phase 3 should be upskilled and should be utilised as “agents of change” who would assist other community members in fraud case registrations, helping others in digital financial applications.

- **Strengthen Monitoring Indicators to Capture Functional Outcomes**

Monitoring frameworks should track behavioural and capability outcomes, not just participation and enrolment.

- **Rationale:** The baseline highlighted that formal inclusion masked persistent vulnerabilities. Without outcome-sensitive indicators, program success risks being overstated.

Suggested Indicators for Transaction Audits which should be utilised for the community:

- **Mystery Shopping:** Have a community leader observe how tribal users are treated at the bank.
- **Receipt Audits:** Randomly check if the amount on an E-mitra receipt matches the actual deduction from the user’s passbook.
- **Clinic Logs:** Use the FDLC logs as a live “Pulse” of the community’s problems—tracking which document errors are most common and which agents are frequently involved in disputes.
- **Capability Logs:** Capability Logs, which look into the operational control among members, corrected documentation among members, the percentage and extent of members using digital transactions, problems faced etc. should be maintained every quarter to further understand areas of intervention.

## Conclusion

The baseline assessment of the program Shram Sarathi on Financial and Digital Literacy is being implemented in the Udaipur and Rajsamand districts of southern Rajasthan. The study adopted a **mixed-methods, cross-sectional study design** conducted before program implementation. Quantitative data were collected through a structured **household survey covering 606 respondents**, and qualitative enquiry included **six Focus Group Discussions (FGDs), seven In-Depth Interviews (IDIs), and seven Key Informant Interviews (KIIs)**, enabling triangulation of measurable indicators with lived experiences and contextual explanations.

### Key Findings

- **The baseline highlighted that financial inclusion in the region was driven by "compelled adoption" rather than voluntary financial behaviour.** While 97.5% of households reported owning a bank account, this high coverage was a byproduct of administrative mandates for schemes like MNREGA or pensions. Consequently, functionality was critically low: 41.60% of account holders explicitly stated they did not use their accounts to send or receive money.
- The digital paradox showed a severe disconnect. While the physical barrier to access had been breached with 93.4% mobile phone penetration, this did not translate into digital financial capability. 81.5% of respondents could not check their bank balance via phone, and 81.7% had never performed a digital transaction.
- The "passbook vacuum" and lack of transparency were identified as the first casualties of the current banking infrastructure. **Only 16.5% of respondents had successfully updated their passbooks in the last month.** The widespread inability to print passbooks—attributed by bank staff to "server down" issues or damaged booklets—left beneficiaries blind to their financial status. Without an updated passbook, beneficiaries lacked the primary evidence required to detect fraud, track government entitlements, or challenge unauthorised deductions.
- "Assisted fraud" and "the biometric trap" assessment overturned the narrative of anonymous cybercrime, identifying that the most prevalent threat was "Assisted Fraud" committed by the intermediaries (E-mitra agents/BCs), the community relied on. Qualitative inquiries revealed the

"Double Dip" tactic, where agents exploited illiterate beneficiaries by claiming a "transaction failed" to secure a second thumbprint and withdraw funds twice. This vulnerability was structural, stemming from the beneficiaries' inability to read Point-of-Sale (POS) screens or verify transaction slips.

- "Predatory Inclusion ("silent enrolment") was seen as a norm, with a high prevalence of "predatory inclusion," particularly regarding insurance. **While 40.9% of households reported having insurance, qualitative evidence confirmed that much of this was "Silent Enrolment," where premiums (e.g., ₹330, ₹436) were deducted from accounts without the user's informed consent or possession of policy documents.** This turned a financial safety net into a source of income leakage, as beneficiaries paid for products they did not know how to claim.
- Gendered Exclusion was seen in financial decision-making. Although women were statistically the "custodians" of accounts (often opened for government schemes), 77.4% of daily household spending decisions were controlled by men. **Women and elderly suffered from a lack of "operational autonomy," remaining dependent on male relatives or agents for every transaction.** This dependency rendered them "Proxy Bankers" rather than independent financial actors, limiting their ability to manage household resilience.
- The "Trust Trap" (high Confidence, low Utility), a paradox of "high trust vs. low utility" was observed. 82.8% of respondents believed bank money was safer than cash at home, yet 44.4% reported being "not at all confident" in using digital tools to access it. **This "trust trap" meant that while communities trusted the institution of the bank, they feared the process of banking. They kept money in the bank for safety but were unable to access it without assistance, deepening their reliance on potentially exploitative intermediaries.**
- Documentation as a Barrier to Benefits: Administrative exclusion persisted through documentation gaps. **23.3% of households reported that their key documents (Aadhaar card, ration Card) required corrections, while 22.4% were unsure of their status.** This "Documentation Deficit" directly constrained access to benefits, as biometric mismatches and spelling errors in names were cited as primary reasons for the denial of entitled government schemes.
- Training Readiness vs. Structural Constraints Despite the barriers, the community showed high demand for intervention. 83.7% of respondents


expressed a willingness to learn about banking activities. However, their availability was constrained by the labour cycle, with preferred training times clustering in the late afternoon and evening (38.6% combined). This finding mandated that any intervention strategy must be temporally aligned with the community's wage-earning rhythm to ensure participation.

**Thus, financial inclusion is not defined by the proximity of a bank, but by the agency of the account holder. The program's success lies in shifting the narrative from "Administrative Saturation"—where beneficiaries are passive statistics—to "Functional Resilience," empowering them with the operational confidence to verify, transact, and protect their wealth independently.**

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