

Assessing Financial Inclusion in Assam: Evidence from the Bodoland Territorial Region

SANJIB SARMA, DR. GUNAJIT SARMA

Abstract: *Financial inclusion is a pivotal pillar for achieving inclusive growth, poverty reduction, and regional economic stability. Although national and state-level financial inclusion initiatives in India have expanded significantly under schemes like the Pradhan Mantri Jan Dhan Yojana (PMJDY) and digital financial architectures, peripheral and socio-economically sensitive regions often exhibit structural disparities. This study examines the status, depth and spatial infrastructure of financial inclusion in Assam, with a focus on the Bodoland Territorial Region (BTR), comprising the districts of Baksa, Chirang, Kokrajhar and Udalguri. Utilizing secondary data from the Reserve Bank of India (RBI), State Level Bankers' Committee (SLBC) Assam and the Directorate of Economics and Statistics (Government of Assam), the study employs descriptive, comparative and analytical methods to evaluate financial access, deposit mobilization and credit penetration. The findings reveal that while PMJDY and Business Correspondent (BC) networks have substantially mitigated basic access barriers across Assam, BTR districts suffer from pronounced structural bottlenecks, including lower Credit-Deposit (CD) ratios, inadequate brick-and-mortar rural branch density and fragmented financial literacy. Among BTR districts, Kokrajhar demonstrates relatively superior financial infrastructure, whereas Chirang and Baksa lag across key credit and banking parameters. The study underscores the necessity of moving beyond account ownership toward credit deepening, targeted agricultural finance and robust digital-financial literacy tailored to tribal and rural populations in BTR.*

Keywords: Financial Inclusion, Assam, Bodoland Territorial Region, Rural Banking, Credit-Deposit Ratio, Financial Infrastructure.

Introduction

1.1 Conceptual Background

Financial inclusion is defined as the process of ensuring timely, adequate, and affordable access to formal financial products and services, ranging from savings, credit, insurance, and payments to pensions-for all segments of society, particularly vulnerable and low-income groups (Sarma, 2008; World Bank, 2014). In contemporary economic discourse, financial inclusion has evolved from a passive measure of opening basic bank accounts to a multi-dimensional framework encompassing access, usage, availability, quality, affordability and financial literacy (Demirguc-Kunt et al., 2018). Effective financial inclusion acts as an economic vehicle by enabling consumption smoothing, fostering micro-entrepreneurship, facilitating human capital investment and insulating vulnerable households against socio-economic shocks.

1.2 Indian Context

India's financial inclusion architecture has undergone major institutional shifts over the past seven decades. The nationalization of commercial banks in 1969 and 1980, the establishment of Regional Rural Banks (RRBs) in 1975, the introduction of the Lead Bank Scheme and priority sector lending (PSL) mandates laid the foundational supply-side infrastructure for rural credit. In the post-2010 era, the strategy pivoted toward technology-driven and targeted institutional interventions. The launch of the *National Mission for Financial Inclusion* Pradhan Mantri Jan Dhan Yojana (PMJDY) in 2014 coupled with the *JAM Trinity* (Jan Dhan, Aadhaar and Mobile) and the expansion of the Business Correspondent (BC) / Bank Mitra model, significantly democratized account access (RBI, 2020). Complementary social security frameworks, including the Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Atal Pension Yojana (APY) further broadened the formal financial network.

1.3 Assam Context

Assam, the largest economy in Northeast India, presents a unique socio-economic and geographical landscape for financial inclusion research. The state's economy is heavily agrarian with over 80 per cent of its population residing in rural areas (Directorate of Economics and Statistics, Assam, 2023). Geographical fragmentations, extensive riverside terrain (*char* areas), recurring annual flood cycles, and infrastructural bottlenecks pose severe physical and operational constraints for conventional brick-and-mortar banking expansion. Consequently, banking penetration, credit distribution, and institutional financial coverage in Assam have historically lagged behind national averages, characterized by persistent challenges in credit delivery and lower Credit-Deposit (CD) ratios relative to rest of India (SLBC Assam, 2024).

1.4 Bodoland Territorial Region (BTR) Context

The Bodoland Territorial Region (BTR) constituted under the Sixth Schedule of the Constitution of India encompasses four contiguous northern districts of Assam viz Baksa, Chirang, Kokrajhar and Udalguri. Governed by the Bodoland Territorial Council (BTC), BTR spans a strategic sub-Himalayan belt populated by indigenous tribal communities, marginal

farmers, tea-garden labor households and rural artisans. The economic profile of BTR is characterized by subsistence agriculture, seasonal unemployment, historical socio-political volatility and deficit industrial activity. These factors severely impact local capital accumulation, institutional banking expansion and formal credit uptake.

Review of Literature

2.1 Concept and Measurement of Financial Inclusion

The theoretical conceptualization of financial inclusion emphasizes removing price and non-price barriers to formal financial services (Beck et al., 2007). Sarma (2008, 2012) developed a multi-dimensional Index of Financial Inclusion (IFI), incorporating dimensions of banking penetration (number of accounts), availability (banking outlets and ATMs per 100000 population), and usage (outstanding deposit and credit volumes). Demircuc-Kunt and Klapper (2012) utilized Global Findex data to show that while account ownership expanded rapidly globally, functional usage measured through frequent savings and borrowing from formal channels, remains heavily skewed by income, education and geography. In India, the Reserve Bank of India introduced a comprehensive FI-Index in 2021 (evaluating Access, Usage, and Quality across 97 indicators), providing a benchmark for national and regional policy evaluation (RBI, 2021).

2.2 Financial Inclusion and Economic Development

Empirical evidence firmly establishes a positive causal relationship between formal financial inclusion, economic growth and poverty mitigation (Levine, 2005; Aghion et al., 2007). Access to formal savings mechanisms protects households against economic shocks and increases productive investment in health and education. Burgess and Pande (2005), analyzing India's rural bank branch expansion program between 1969 and 1990, demonstrated that state-mandated branch opening in unbanked rural locations significantly reduced rural poverty. However, Mohan (2006) and Chibba (2009) emphasized that financial access alone is insufficient unless linked with viable livelihood opportunities, credit absorption capacity and physical infrastructure.

2.3 Rural Credit, SHGs, and the Business Correspondent Model

In rural economies, formal institutions often struggle with high transaction costs and information asymmetry, leading to informal credit dependency. To bridge this gap, the Self-Help Group-Bank Linkage Programme (SHG-BLP), pioneered by NABARD in 1992, successfully reduced transaction costs and leveraged social capital to improve credit access for rural women (NABARD, 2022). Furthermore, the introduction of the Business Correspondent (BC) model in 2006 transformed rural banking delivery by enabling non-bank intermediaries to extend basic cash-in/cash-out services to remote villages (RBI, 2014). Nevertheless, literature indicates that BC networks face operational constraints, including low remuneration, network latency and limited product offerings restricted primarily to basic transactions (CRISIL, 2018).

2.4 Socio-Economic Determinants and Disparities

Empirical research indicates that financial inclusion is conditioned by socio-economic variables including income, education, gender, social group, size of landholding and geography (Agarwal et al., 2017). Tribal communities in remote geographies frequently encounter multi-layered exclusion due to low formal financial literacy, documentation hurdles, language barriers, and lack of titled land assets acceptable as collateral for bank loans (Bhattacharjee & Rajeev, 2014).

2.5 Financial Inclusion in Northeast India and Assam

Studies specifically focused on Northeast India highlight persistent structural deficits. Nayak (2012) and Mahanta (2018) noted that despite branch expansion, the North Eastern Region (NER) registers among the lowest Credit-Deposit (CD) ratios in India, signaling poor credit conversion and capital outflow. In Assam, studies by Saikia (2015) and Das (2020) highlighted that while PMJDY dramatically increased nominal account penetration, real financial inclusion measured by credit delivery, MSME financing and insurance coverage remains constrained by geographic isolation, recurring floods and insufficient branch network density in rural hinterlands. Literature specifically focused on the BTR remains sparse, underscoring the necessity of the present investigation.

Objectives of the Study

1. To examine the growth and status of financial inclusion infrastructure, deposit mobilization and credit flow in Assam.
2. To evaluate the availability, distribution and penetration of banking infrastructure across the Bodoland Territorial Region (BTR).
3. To analyze district-level variations in deposit accumulation, credit deployment, and Credit-Deposit (CD) ratios within BTR.
4. To assess the implementation and performance of major national financial inclusion schemes across BTR districts.
5. To identify key structural constraints limiting financial inclusion in BTR and propose targeted policy measures.

Research Questions

1. What has been the structural trajectory of banking infrastructure, deposits, and credit deployment in Assam?
2. How does the BTR compare with overall Assam metrics in terms of banking access and credit penetration?
3. What is the extent of inter-district disparity in BTR regarding financial infrastructure and usage indicators?
4. What are the key supply-side, demand-side and geographical factors constraining effective financial inclusion in BTR?
5. What targeted policy interventions are required to enhance credit absorption and financial literacy in the region?

Research Methodology

5.1 Research Design

This study is descriptive, analytical and comparative in design. Secondary quantitative data is used to assess institutional financial inclusion parameters at both in the state of Assam and in the districts of BTR region.

5.2 Study Area

The study covers the state of Assam and specifically analyzes the four administrative districts of BTR viz. Baksa, Chirang, Kokrajhar and Udalguri.

5.3 Data Sources

Data for the study were compiled exclusively from official primary publications and institutional reports, viz.:

1. Reserve Bank of India (RBI) Database on Indian Economy & RBI Annual Reports
2. State Level Bankers' Committee (SLBC), Assam (Agenda Papers and Minutes)
3. Directorate of Economics and Statistics, Government of Assam (*Economic Survey of Assam&Statistical Handbook of Assam*)
4. Census of India (2011)
5. Ministry of Finance, Government of India (PMJDY & Social Security Portals)

5.4 Core Indicators

The analytical framework categorizes indicators into three principal dimensions:

- **Access Infrastructure:** Number of bank branches, Business Correspondents/Customer Service Points (CSPs) and Automated Teller Machines (ATMs).
- **Usage & Penetration:** PMJDY accounts opened, total deposits, total credit outstanding, Priority Sector Lending (PSL) and Credit-Deposit (CD) Ratio.
- **Social Security & Depth:** Enrolments under PMSBY, PMJJBY, APY, and Self-Help Group (SHG) credit linkages.

Financial Inclusion Status of Assam

6.1 Banking Infrastructure in Assam

Assam's formal financial network is driven by Scheduled Commercial Banks (SCBs), Assam Gramin Vikash Bank (AGVB, the state's primary RRB), the Assam Cooperative Apex Bank Ltd., Small Finance Banks (SFBs), and Payment Banks.

Table 1: Trend of Banking Infrastructure and Network in Assam (2018-2024)

Parameter	FY 2017- 18	FY 2018- 19	FY 2019- 20	FY 2020- 21	FY 2021- 22	FY 2022- 23	FY 2023- 24
Total Bank Branches	2,312	2,374	2,408	2,434	2,544	2,685	2,852
• Rural Branches	1,208	1,225	1,228	1,230	1,268	1,326	1,398

• Semi-Urban Branches	658	682	694	710	746	794	848
• Urban Branches	446	467	486	494	530	565	606
BCs / CSPs	4,850	6,420	9,120	11,280	13,680	15,441	16,924
Total ATMs	3,640	3,724	3,892	3,968	4,024	4,115	4,260
Population per Branch (Approx.)	14,500	14,200	14,100	13,900	13,300	12,800	12,100

Source: Compiled by author from SLBC Assam Agenda Papers (2018-2024) and Statistical Handbook of Assam (2023)

The empirical trajectory outlined in Table 1 demonstrates a substantial physical and institutional expansion of banking infrastructure across Assam between FY 2017-18 and FY 2023-24. Total brick-and-mortar bank branches grew from 2,312 to 2,852, reflecting a compound annual growth rate (CAGR) of 3.56%. Crucially, rural branches expanded from 1,208 to 1,398 (a 15.73% increase), while semi-urban and urban branches grew by 28.88% and 35.87%, respectively. While rural branch growth has been steady, the faster expansion in semi-urban and urban areas points to commercial banks prioritizing market centers with higher business density and lower transactional overheads. Nevertheless, the demographic footprint per branch improved noticeably, with the population served per branch declining from approximately 14,500 in 2018 to 12,100 in 2024.

The defining structural shift in Assam’s financial outreach over this six-year period is not the marginal growth of traditional branches, but the explosive increase of branchless banking through Business Correspondents (BCs) and Customer Service Points (CSPs). BCs/CSPs increased nearly 3.5-fold, rising from 4,850 in FY 2017-18 to 16,924 in FY 2023-24. This transition illustrates an explicit spin toward a "hub-and-spoke" agency model. In contrast, physical Automated Teller Machine (ATM) deployment exhibited a modest growth of 17.03% (from 3,640 to 4,260), indicating that banks have favored human-assisted digital points (CSPs) over capital-intensive ATM hardware to penetrate difficult terrains. CSPs predominantly facilitate basic deposits, withdrawals and remittance transfers, leaving a structural gap in complex financial intermediation, formal credit appraisal and long-term financial counseling.

6.2 Deposit and Credit Penetration in Assam

Deposit accumulation has expanded consistently, supported by PMJDY and direct benefit transfers (DBT). However, credit deployment in Assam has historically suffered from lower absorption capacity and risk-averse institutional lending.

Table 2: Deposit, Credit and CD Ratio of all Scheduled Commercial Banks in Assam (2018-2024)

Parameter	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
-----------	------------	------------	------------	------------	------------	------------	------------

Total Deposits(₹ Crore)	134644	147203	166270	175579	189532	207311	220474
Total Credit(₹ Crore)	57307	65070	70658	81870	92145	107671	127749
CD Ratio(%)	42.60	44.20	42.5	46.6	48.6	51.9	57.9

Source: Statistical Handbook of Assam (2018-2024)

Table 2 provides crucial insights into the macro-financial deepening and credit intermediation dynamic within Scheduled Commercial Banks (SCBs) operating in Assam. Aggregate deposits mobilized across the state increased from ₹1,34,644 crore in FY 2017-18 to ₹2,20,474 crore in FY 2023-24, marking a cumulative growth of 63.74%. Over the same period, total bank credit expanded at a significantly faster rate of 122.92%, rising from ₹57,307 crore to ₹1,27,749 crore. Consequently, the Credit-Deposit (CD) ratio experienced a sustained upward shift, climbing by 15.30 percentage points from 42.60% in 2018 to 57.90% in 2024.

The upward trajectory of the CD ratio reflects a gradual improvement in local credit absorption capacity and a shifting lending attitude among commercial banks, which historically viewed the North-Eastern region as a deposit-collection zone. The substantial credit acceleration, particularly after 2021, can be attributed to targeted state credit guarantees, expanded microfinance lending and aggressive priority sector targets under state-level monitoring. However, despite reaching 57.90% in 2024, Assam's CD ratio remains below the national benchmark of 60% prescribed by the Reserve Bank of India (RBI). This implies, banks are taking in local savings much faster than they are lending them out. Because of this, money saved by local residents is being moved away and invested in wealthier, more industrialized areas outside the state.

6.3 Financial Inclusion Schemes in Assam

The coverage under national inclusion flagship schemes in Assam up to late 2024 shows major expansion:

- **PMJDY Accounts:** Total accounts exceeded 2.15 crore by mid-2024, with over 62% operating in rural and semi-urban areas and female account holders accounting for almost 55% of total beneficiaries (SLBC Assam, 2024).
- **Social Security Schemes:** Enrolments under PMSBY crossed 68 lakh, PMJJBY reached 24 lakh, and APY registrations touched 11.5 lakh cumulative enrolments by September 2024.

Financial Inclusion Status of BTR

7.1 Overview of BTR

The BTR covers a geographical area of approximately 8,970 sq. km along the northern bank of the Brahmaputra valley. According to the Census of India (2011), the region houses a

combined population of approximately 31.5 lakh, with rural population concentration exceeding 90%.

Table 3: Socio-Demographic Baseline of BTR Districts

District	Total Population (2011 Census)	Rural Population (%)	Literacy Rate (%)	Tribal (ST) Population (%)
Baksa	9,50,075	98.7%	69.25%	34.8%
Chirang	4,82,162	92.7%	63.55%	37.1%
Kokrajhar	8,87,142	93.8%	65.22%	31.4%
Udalguri	8,31,668	95.5%	65.41%	32.1%
BTR Total	31,51,047	95.2%	65.86%	33.8%
Assam State	3,12,05,576	85.9%	72.19%	12.4%

Source: Census of India (2011); Statistical Handbook of Assam (2023)

Table 3 establishes the socio-demographic baseline of the four districts constituting the Bodoland Territorial Region (BTR). It highlights severe structural deviations from the overall Assam state averages. BTR accommodates a combined population of over 31.51 lakh with an overwhelming rural concentration of 95.20%, significantly higher than the already rural-dominated state baseline of 85.90%. Furthermore, the region exhibits a substantial Scheduled Tribe (ST) population of 33.80%, nearly three times the state average of 12.40%, ranging from 31.40% in Kokrajhar to 37.10% in Chirang.

Literacy rates across BTR average 65.86%, lagging the state average of 72.19% by more than six percentage points, with Chirang recording the lowest literacy rate at 63.55%. From a financial inclusion perspective, these demographic characteristics present significant structural challenges. High rural-base combined with socio-linguistic isolation and lower literacy levels creates information asymmetries and digital exclusion barriers. Additionally, under the Sixth Schedule framework governing the BTR, the legal protection of indigenous land rights, which is socially vital, limits the availability of conventional physical land mortgage collateral. This restricts formal credit access and institutional bank lending in rural tribal pockets.

7.2 Banking Infrastructure in BTR

The formal financial delivery network in BTR consists of Commercial Banks (led by State Bank of India as the lead bank in key districts), Assam Gramin Vikash Bank (AGVB), Cooperative banks and a network of Business Correspondents.

Table 4: District-Wise Banking Infrastructure in BTR (as on 31st March, 2024)

District	Bank Branches			ATMs			Total CSPs
	Rural	Semi Urban and Urban	Total	Rural	Semi Urban and Urban	Total	
Baksa	35	0	35	16	1	17	414

Chirang	24	14	38	8	9	17	354
Kokrajhar	35	23	58	25	44	69	1002
Udalguri	32	19	51	13	36	49	869
BTR Total	126	56	182	62	90	152	2639

Source: Compiled from SLBC Assam March 2024 Data

The spatial distribution of physical and agent-led banking infrastructure across BTR districts in 2024 (Table 4) reveals significant intra-regional supply imbalances. Across the four districts, there are 182 physical bank branches (126 rural and 56 semi-urban and urban), 152 ATMs and 2,639 CSPs. However, the allocation of these assets is heavily skewed toward district headquarters and commercial centers, creating spatial disparities in financial access. Kokrajhar, serving as the administrative capital of BTR, commands the highest infrastructure concentration. It hosts 58 bank branches (31.87% of BTR's total), 69 ATMs (45.39%) and 1,002 CSPs (37.97%). Udalguri follows with 51 branches, 49 ATMs, and 869 CSPs. In contrast, Baksa presents a skewed structural footprint, despite having a population of nearly 9.5 lakh, it possesses only 35 bank branches and a meager 17 ATMs (of which only 1 is urban/semi-urban). Chirang similarly operates with a narrow infrastructure base of 38 branches and 17 ATMs. While Baksa and Chirang rely heavily on CSPs (414 and 354 points, respectively) to deliver basic banking access, the acute shortage of physical branches severely restricts local capacity for commercial credit appraisal, loan servicing and complex corporate transactions.

7.3 Deposit Mobilization in BTR

Deposit mobilization across BTR reflects moderate rural savings accumulation, heavily driven by government DBT transfers and wage disbursements under MGNREGA.

Table 5: District-Wise Deposit Distribution in BTR (FY 2023-24)

District	Total Deposits (₹ Cr)	Share of BTR Total Deposits (%)	PMJDY Accounts (Lakh)	Total PMJDY Balance (₹ Cr)
Baksa	963	10.49	3.04	83.03
Chirang	1799	19.59	3.86	117.85
Kokrajhar	4392	47.82	7.34	206.88
Udalguri	2030	22.10	7.62	202.39
BTR Total	9184	100	21.86	610.15

Source: Compiled from SLBC Assam March 2024 Data

Table 5 outlines deposit accumulation patterns and Pradhan Mantri Jan Dhan Yojana (PMJDY) account penetration across BTR, revealing major capital imbalances and uneven savings mobilization across the region. Total deposits across BTR reached ₹9,184 crore in FY 2023-24. However, deposit distribution is highly centralized in Kokrajhar, which accounts for nearly half of the region's entire deposit base at ₹4,392 crore (47.82%). Udalguri holds ₹2,030 crore

(22.10%), Chirang holds ₹1,799 crore (19.59%), while Baksa accounts for just ₹963 crore (10.49%), despite being the most populous district in the region.

The data on PMJDY accounts indicates broad reach in fundamental access, with 21.86 lakh accounts opened across BTR, accumulating a combined balance of ₹610.15 crore. Udalguri leads in volume with 7.62 lakh accounts (₹202.39 crore), followed closely by Kokrajhar with 7.34 lakh accounts (₹206.88 crore). Average PMJDY account balances remain remarkably uniform across districts, ranging from ₹2,656 in Udalguri to ₹3,053 in Chirang. This low balance density underscores that while first-mile inclusion (account creation) under PMJDY has succeeded, secondary inclusion (meaningful capital accumulation) remains constrained by low disposable incomes, seasonal agricultural livelihoods and informal saving habits across rural BTR.

7.4 Credit Deployment and CD Ratio in BTR

Credit flow constitutes the most critical dimension of financial inclusion, directly influencing productive investment, agricultural capital formation, and enterprise growth.

Table 6: District-Wise Priority Sector Loan Outstanding to Some Weaker Sections (as on 31st March, 2024)
(Amount in Rs. Lakh)

District	Small and Marginal Farmers		Self Help Group (SHG)		Women Beneficiaries		CD Ratio (%)
	No	Amount	No	Amount	No	Amount	
Baksa	13178	10875.41	4379	10942.98	3722	1780.14	79.92
Chirang	15654	13808.25	3826	9146.22	5356	2548	56.04
Kokrajhar	23540	22250.28	4484	7887.6	19244	8933.71	49.73
Udalguri	37109	24919.6	5190	10562.35	21569	12294.63	74.40
BTR Total	89481	71853.54	17879	38539.15	49891	25556.48	59.58

Source: SLBC Assam District-wise Agenda Papers (2024)

Table 6 highlights credit distribution dynamics among vulnerable populations and provide critical evidence of regional variation in credit absorption across BTR districts. Small and Marginal Farmers (SMFs) constitute the primary credit recipient category, accounting for 89,481 accounts and an outstanding credit balance of ₹718.54 crore. Women beneficiaries account for 49,891 credit accounts (₹255.56 crore), while Self-Help Groups (SHGs) represent 17,879 credit accounts (₹385.39 crore).

A striking paradox emerges when comparing district-level Credit-Deposit (CD) ratios against absolute deposit mobilization:

1. Baksa achieves the highest CD ratio in BTR at 79.92%, despite having the smallest total deposit base (₹963 crore) and zero urban branches. This high ratio is driven by micro-lending demand and active rural agricultural credit lines.
2. Udalguri follows with a healthy CD ratio of 74.40%, supported by substantial credit absorption among SMFs (37,109 loan accounts totaling ₹249.20 crore) and women beneficiaries (21,569 accounts totaling ₹122.95 crore).

- Kokrajhar records the lowest CD ratio at 49.73%, falling far short of RBI's 60% benchmark. Despite mobilizing ₹4,392 crore in deposits, Kokrajhar deployed only ₹222.50 crore to SMFs and ₹78.88 crore to SHGs.

This inverse relationship between deposit size and CD ratio highlights structural inefficiencies in capital conversion. Kokrajhar acts primarily as a regional liquidity aggregator, taking in local deposits that fail to re-enter the district economy as productive loans. Conversely, Baksa and Udalguri demonstrate strong localized credit absorption capacity, particularly through microfinance and rural agricultural credit channels.

7.5 Implementation of Financial Inclusion Schemes in BTR

Table 7: Coverage of Flagship Schemes and SHG Linkages in BTR Districts (as on March 2024)

District	PMSBY Enrolments	PMJJBY Enrolments	APY Enrolments	Credit Linked SHGs (Count)	SHG Credit Disbursed (₹ Cr)
Baksa	143292	58278	21088	1761	61.20
Chirang	176832	67867	19432	1504	44.40
Kokrajhar	305815	114435	28840	2058	56.42
Udalguri	301198	141792	31475	1974	60.65
BTR Total	927137	382372	100835	7297	222.67

Source: Compiled from SLBC Assam March 2024 Data

Table 7 assesses social security coverage and micro credit linkages across BTR, covering the Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Yojana (PMJJBY), Atal Pension Yojana (APY) and SHG bank credit linkage programmes. In the social security sphere, risk-protection schemes exhibit widespread adoption across the region, with total enrolments reaching 9,27,137 for PMSBY, 3,82,372 for PMJJBY and 1,00,835 for APY.

Disparities across insurance schemes reflect variations in premium cost structures and institutional push. PMSBY with its low annual premium achieved broad adoption, led by Kokrajhar (3,05,815) and Udalguri (3,01,198). PMJJBY enrolments drop by over 50% relative to PMSBY due to higher premium burdens on low-income households. APY records the lowest enrolment numbers, reflecting limited long-term retirement savings capacity among rural populations with unpredictable cash flows.

In micro-finance intermediation, 7,297 SHGs across BTR received total credit disbursements of ₹222.67 crore in FY 2023-24. Udalguri and Kokrajhar recorded the highest number of credit-linked groups (1,974 and 2,058 SHGs, respectively). However, Baksa achieved the highest loan utilization per group, mobilizing ₹61.20 crore across 1,761 SHGs. This underscores the critical role of SHG-bank linkages as an effective credit delivery mechanism in regions lacking physical branch infrastructure.

Discussion of Findings

The empirical findings highlight a multi-faceted portrait of financial inclusion in the Bodoland Territorial Region:

- i. **Access vs. Effective Usage Disconnect:** The expansion of PMJDY accounts and BC/CSP outlets has substantially addressed basic access barriers across BTR. However, financial inclusion remains structurally low. While account ownership is near-universal, credit absorption and functional usage remain constrained.
- ii. **Persistent Credit Sub-Depression:** The BTR average CD ratio of 59.58% indicates that institutional banking channels in the region act primarily as deposit-collection conduits rather than credit-generating centers. Local capital is mobilized but inadequately recycled into local agricultural, MSME or infrastructure investments.
- iii. **Sub-Regional Asymmetry:** A clear hierarchy exists within BTR. Kokrajhar benefits from being the administrative capital of BTC with higher institutional presence, whereas Baksa and Chirang suffer from physical isolation, sparse branch distribution and flood-prone terrain.
- iv. **Supply-Side and Technological Bottlenecks:** BC networks in BTR face operational hurdles including frequent mobile data connectivity failures in border areas along the Bhutan foothill belt, low commission structures leading to agent churn, and cash-management constraints in remote CSP outlets.
- v. **Demand-Side Constraints:** High prevalence of informal land tenure systems among tribal agriculturalists limits their capacity to provide land title deeds as collateral for formal bank loans, driving dependence on local informal money lenders.

Policy Implications and Recommendations

To transform nominal financial access into substantive economic empowerment in BTR, targeted and multi-sectoral policy interventions are required:

9.1 Institutional Infrastructure Expansion

- **Targeted Brick-and-Mortar Branches:** Commercial and regional rural banks should establish ultra-small branches or specialized brick-and-mortar outlets in unbanked Gram Panchayats across Baksa and Chirang districts specially.
- **Strengthening BC/CSP Architecture:** Policymakers should provide VSAT and satellite connectivity subsidies to CSP outlets operating in remote foothill and border areas of BTR to prevent frequent transaction failures.

9.2 Credit Expansion and CD Ratio Enhancement

- **District-Specific Credit Plans:** The SLBC Assam and the BTR administration must enforce strict quarterly District Credit Plan (DCP) targets that mandate commercial banks to raise the regional CD ratio in BTR to at least 60%.
- **Flexible Collateral Frameworks:** Financial institutions should introduce customized credit products that recognize alternative collateral such as community land certificates, crop-share agreements, etc. to enable tribal farmers to access Kisan Credit Cards (KCC).

9.3 Deepening Agricultural and MSME Linkages

- **Farmer Producer Organizations (FPOs):** Authorities must accelerate the creation and bankability of FPOs in tea-smallholder and horticultural clusters across Udalguri and Baksa by directly linking them with institutional working capital loans.
- **Expanded Micro-Enterprise Lending:** Stakeholders should leverage the Pradhan Mantri MUDRA Yojana and Stand-Up India schemes to finance agro-processing, handloom and eco-tourism enterprises in BTR.

9.4 Contextual Financial and Digital Literacy

- **Vernacular Financial Literacy Drives:** Financial Literacy Centres (FLCs) should conduct awareness camps in Bodo and Assamese languages by utilizing local community resource persons to educate households on digital payment safety, credit discipline and pension benefits.

Conclusion

This study provides an evaluation of financial inclusion dynamics in Assam with specific empirical focus on the BTR. The analysis demonstrates that while policy interventions like PMJDY and the BC/CSP model have successfully extended basic banking account access to the remote corners of BTR, deep-seated structural deficits remain. The region's overall Credit-Deposit ratio lags significantly behind national benchmarks reflecting a critical deficit in credit delivery and capital deployment.

Achieving meaningful, transformative financial inclusion in the Bodoland Territorial Region requires shifting focus from account opening to credit deepening, agricultural finance modernization, digital connectivity resilience and tailored financial literacy. Bridging these financial infrastructure and credit gaps is essential not only for economic growth in BTR, but also for ensuring durable peace, social equity, and balanced regional development across Assam.

References

- Agarwal, S., Alok, S., Ghosh, S., & Gupta, S. (2017). *Financial inclusion and policy design under the PMJDY*. Reserve Bank of India Working Paper Series, No. 04/2017.
- Beck, T., Demirgüç-Kunt, A., & Martinez Peria, M. S. (2007). Reaching out: Access to and use of banking services across countries. *Journal of Financial Economics*, 85(1), 234-266.
- Bhattacharjee, S., & Rajeev, M. (2014). Financial exclusion in North-East India: A district-level analysis. *Journal of Asia-Pacific Business*, 15(2), 143-166.
- Burgess, R., & Pande, R. (2005). Do rural banks matter? Evidence from the Indian bank branch expansion program. *American Economic Review*, 95(3), 780-795.
- Chibba, M. (2009). Financial inclusion, poverty reduction and the Millennium Development Goals. *European Journal of Development Research*, 21(2), 213-230.

- CRISIL. (2018). *CRISIL Inclusix: Financial Inclusion Index for India*. CRISIL Ltd., Mumbai.
- Das, P. K. (2020). Regional disparity in banking development and financial inclusion in Assam. *Asian Journal of Development Matters*, 14(1), 88-101.
- Demirguc-Kunt, A., & Klapper, L. (2012). *Measuring financial inclusion: The Global Findex Database*. World Bank Policy Research Working Paper No. 6025. World Bank, Washington, DC.
- Demirguc-Kunt, A., Klapper, L., Singer, D., Ansar, S., & Hess, J. (2018). *The Global Findex Database 2017: Measuring financial inclusion and the fintech revolution*. World Bank, Washington, DC.
- Directorate of Economics and Statistics. (2018-2024). *Statistical Handbook of Assam 2018-2024*. Government of Assam, Guwahati.
- Levine, R. (2005). Finance and growth: Theory and evidence. *Handbook of Economic Growth*, 1, 865-934.
- Mahanta, R. (2018). Credit flow and agricultural development in Assam: Issues and challenges. *Economic & Political Weekly*, 53(18), 45-52.
- Mohan, R. (2006). Financial inclusion in India: A review. *Reserve Bank of India Bulletin*, June, 1021-1034.
- NABARD. (2022). *Status of Microfinance in India 2021-22*. National Bank for Agriculture and Rural Development, Mumbai.
- NABARD. (2023). *State Focus Paper 2023-24: Assam*. NABARD Regional Office, Guwahati.
- Nayak, P. (2012). *Financial inclusion in Northeast India*. MPRA Paper No. 42321, University Library of Munich.
- Reserve Bank of India. (2014). *Report of the Committee on Comprehensive Financial Services for Small Businesses and Low Income Households* (Chair: Nachiket Mor). RBI, Mumbai.
- Reserve Bank of India. (2020). *National Strategy for Financial Inclusion 2019-2024*. RBI, Mumbai.
- Reserve Bank of India. (2021). *RBI Financial Inclusion Index (FI-Index)*. Press Release, Reserve Bank of India, August 17.
- Reserve Bank of India. (2024). *RBI Annual Report 2023-24*. Reserve Bank of India, Mumbai.
- Saikia, T. (2015). Banking outreach and financial inclusion in rural Assam. *Journal of Finance and Bank Management*, 3(2), 51-60.
- Sarma, M. (2008). *Index of Financial Inclusion*. ICRIER Working Paper No. 215, Indian Council for Research on International Economic Relations, New Delhi.

Sarma, M. (2012). *Index of Financial Inclusion: A measure of financial sector inclusiveness*. Centre for International Trade and Development Working Paper, Jawaharlal Nehru University, New Delhi.

State Level Bankers' Committee (SLBC) Assam. (2024). *Agenda Papers and District-wise Banking Statistics for the Quarter ending March/June/September 2024*. SLBC Convenor Bank (State Bank of India), Guwahati.

World Bank. (2014). *Global Financial Development Report 2014: Financial Inclusion*. World Bank, Washington, DC.