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संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 फोन/Phone: 022- 22660502

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DRG Study No. 48: Determinants of Financial Literacy and Financial Inclusion in North-Eastern Region of India: A Case Study of Mizoram

Today the Reserve Bank of India released on its website the DRG Study¹ titled, "[Determinants of Financial Literacy and Financial Inclusion in North-Eastern Region of India: A Case Study of Mizoram](#)". The study is co-authored by Bhartendu Singh, Raj Rajesh, Ramesh Golait and K. Samuel L.

The study evaluates the determinants of financial inclusion and financial literacy in the under-banked north-eastern region of India based on primary data collected through a survey in the State of Mizoram. A total of 523 respondents were selected from eight blocks covering four districts of Mizoram. The key findings of the study are as follows:

- i) The level of financial awareness in the region was limited - about 32 per cent of the respondents were not aware of any financial products other than the savings bank account.
- ii) About 20 per cent of the respondents reported lack of knowledge about basic payment options, and about 43 per cent of the respondents reported lack of usage of available options despite awareness.
- iii) About half of the respondents were found to be unaware of financial institutions other than banks, viz., non-banking financial companies, microfinance institutions and small finance banks.
- iv) Use of life insurance cover was low among the respondents.
- v) The Financial Inclusion score and Financial Literacy score for the study region were generated using the OECD/INFE (Organisation for Economic Co-operation and Development/International Network on Financial Education) Toolkit. The estimated average financial literacy score was 14.37 on a scale of 0 to 21 (i.e., 68.43 per cent) and the average financial inclusion score was 3.35 on a scale of 0 to 7 (i.e., 47.86 per cent).
- vi) Among the identified factors, the place of residence (block), employment type and nature of family (joint *versus* nuclear) of the respondents were seen to strongly influence their financial inclusion and financial literacy status.

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(Yogesh Dayal)
Chief General Manager

¹ Development Research Group (DRG) has been constituted in Reserve Bank of India in its Department of Economic and Policy Research to undertake quick and effective policy-oriented research backed by strong analytical and empirical research, on subjects of current interest. The DRG studies are the outcome of collaborative efforts between experts from outside Reserve Bank of India and the pool of research talent within the Bank. These studies are released for wider circulation with a view to generating constructive discussion among the professional economists and policy makers. DRG studies are published on RBI website only and no printed copies will be made available.