



Role of Financial Inclusion in Healthcare (A Case Study of Prayagraj District)

Khushboo Kumari¹ & Dr. Deepti Samantaray²

¹Research Scholar & ²Assistant Professor, Department of Economics
CMP Degree College, University of Allahabad (A Central University)

E-mail: jpuja4416@gmail.com

Abstract

Financially excluded individuals often face barriers in accessing healthcare. According to the World Bank, around 1 in 10 people worldwide report not seeking healthcare due to financial constraints. Lack of access to banking services can exacerbate these challenges, making it difficult to pay for medical expenses, transportation to healthcare facilities, or health insurance. Approximately 3.7 billion people are excluded from formal financial services, as per the Global Findex Database. Financial inclusion has the potential to reduce health disparities among different socio-economic group. When marginalized populations gain access to financial services they are better equipped to invest in their healthcare. Since, many researches on impact of financial inclusion in health care have been done but no comprehensive study has yet been done to find out the role of financial inclusion in health care in Allahabad district of prayagraj. The study also aims to analyse the role of financial inclusion on health care management. The study also sub aim to analyse the benefits under PMJDY regarding health care. The study also sub aim to analyse the various sources of meeting medical expenses. The study also sub aim to analysis how the banking services help in health care need. The paper is based on primary data and secondary data .primary data collected with the help of a schedule through random sampling on a section of marginalized group of Allahabad district of Prayagraj. The data is backed by secondary data. It has also taken secondary data from the website of WHO, Index mundi, IRDA, CGAP and various other relevant journals and reports. The research work is based on descriptive and analytical research design. The findings are very interesting whereon it is found that there is diversification within the marginalised group on access of healthcare through financial inclusion and equity has to be made through proper policy actions.

Key Words: Healthcare, Financial Inclusion, Banking Services, Medical Insurance

Introduction

The availability and affordability of financial services for all people and businesses known as financial inclusion have drawn a lot of attention lately. Although it's frequently brought up in relation to economic growth and the fight against poverty, its impact goes beyond money. This time, we'll examine the connection between financial inclusion and health, emphasizing the significant influence it may have on people's quality of life both individually and collectively. Having access to convenient and quality healthcare at all times is not only a human right but also a goal that many countries strive to achieve for their population. However, access to healthcare might face blocks in the presence of financial exclusions. Paryagraj (Uttarpradesh) has, over the years, continued to pursue policy and system reforms to enhance its population's access to financial inclusion, as well as proper health coverage to improve health outcomes. This study seeks to estimate the effects of financial inclusion on the financial hardships in accessing healthcare in Paryagraj (Uttarpradesh). There is a close association between financial inclusion and health that takes many forms. Marginalized communities can see an increase in income levels through financial participation.

Health Savings and Insurance

Having access to financial services makes it easier to establish insurance policies and savings accounts, which serve as safety nets against unforeseen medical costs. For example, health savings accounts enable people to save money for medical expenses, which lessens the financial burden of disease. Digital platforms and mobile banking are frequently used in financial inclusion initiatives, and they may be utilized to gather and evaluate health data.

It is clear that financial inclusion and health are related. It is becoming more and more obvious how formal financial services improve people's health and well-being as more people get access to them. To enhance health outcomes and lessen global health inequities, governments, financial institutions, and international organizations must keep up their efforts to promote financial inclusion. We can create healthier, more just societies where everyone has the chance to live better lives by removing obstacles to financial services.

Financial inclusion proffers the availability of opportunities to access basic financial services across all sections of the society at affordable cost, which in India can be traced back to late sixties with the introduction of Priority Sector followed by nationalization of major commercial banks of the country in 1969 and 1980 coupled with establishment of Regional Rural Banks in 1975. The most concerted effort in financial inclusion has been through Pradhan Mantri Jan Dhan Yojana (PMJDY) and Gram Swaraj Abhiyan, where financially excluded have not only been included in the banking mainstream but also social security through Pradhan Mantri Suraksha Bima Yojana (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Atal Pension Yojana (APY) has been extended. Poverty and poor health are normally the causes

and consequences for each other. Poverty inhibits development due to low investment potential but does not make worse of whereas illness not only inhibits growth but also makes the sufferers poorer due to poor physical and mental growth, expenses on health care and loss of wages sometimes coupled with erosion of capital and further indebtedness. Therefore, health care must also be made part of financial inclusion. Six years after the RBI policy took effect, the Indian Human Development Survey (IHDS) revealed that households in areas with more bank presence had a 36% lower likelihood of experiencing non-chronic ailments like fever or diarrhea. In addition, 10 years following the policy's implementation, the Demographics and Health Survey revealed that these areas had reduced pregnancy risks and increased immunization rates.

The enhancement in health outcomes was probably due to three factors. To begin with, banks lent money to nearby companies, enabling households to increase their income and make greater investments in their health. Second, it appears from the statistics that households were able to immediately access financial services..

Review of Literature

Nussbaum (2009) indicted that, although being financially capable impacts a wide range of socioeconomic factors, it has been found to exert a greater influence on mental and physical health. However, there remains an ongoing debate over the exact relationship between financial inclusion and health outcomes.

Akila (2016) conducted an explorative study in which it was found that India's potential for healthcare is highest because the healthcare penetration is lowest compared to western countries. Promotional strategies should be used to do health policy including for BPL families. It will be very helpful for enhancing the growth of financial inclusion indirectly. All the stakeholders like health care providers and TPAs should work together to increase the health insurance sector penetration in India

Taranikanti (2017) opined that insurance will help in financial inclusion as it will increase share in GDP. It increases the share in savings and increase the level of coverage; however there are some major issues like on-boarding of healthcare, cost of health services, capital requirements, financial literacy and regulatory interventions.

According to the World Bank (Govt. Health Sponsored Insurance Report 2022-22), about 25% of India's population had some form of healthcare in 2023. In 2024, an Indian government study found this to be an over-estimate, and claimed that only about 17% of India's population was insured. Public healthcare is free for those who belong to below the poverty line. Sherraden, (2023) financial capability is one of the social determinants that could affect health through many pathways and mechanisms. Financial capability, the combination of the ability to act and the opportunity to act could be related to multiple health-related risk and protective

factors. For instance, through greater access to financial services and products and improved financial knowledge and skills, individuals can optimize their financial behavior. Achugamonu et al., (Citation 2023), which prevents them from accessing affordable and adequate financial services. Financial exclusion may hinder sustainable development by limiting access to financial resources and preventing excluded communities from fully engaging in economic activities, thereby perpetuating poverty and inequality as well as severely impacting their social and environmental well-being.

Allen et al., (Citation 2022); Yikun et al., Citation (2023). Extant studies on sustainability highly emphasise the role of financial inclusion. The use of different channels to implement appropriate financial inclusion policies into the existing economic and social structures of a country may facilitate sustainable development.

Zhuang et al. (Citation23), savings enable households to enhance their resilience to external shocks, smooth their consumption, build wealth, and invest in human capital development; such as schooling and medical care. A savings account enables parents to pay for their children's admission to a clinic. Out-of-pocket health care cost is one of the main reasons why many individuals remain stuck in poverty.

Importance of the Work

The Indian government has taken several steps to promote financial inclusion in the country, including launching the Pradhan Mantri Jan Dhan Yojana (PMJDY) scheme, which aims to provide every household in India with a bank account and access to other financial services. The government has also promoted the use of technology, such as mobile banking and digital transactions, healthcare facilities to reach remote and underserved populations. These initiatives aim to improve the economic well-being and financial stability of individuals and to bring the unbanked into the formal financial system. Healthcare sector plays a very important role for the financial inclusion. Every person regardless of his income has some kind of healthcare expenditure. Policymakers and other government officials should also focus on this sector. The public health spending of India among BRICS is very less and out-of-pocket expenditure for healthcare is highest. It adversely affects the per capita income and savings of people, their living standard and also impacts GDP as a whole. To overcome and tackle this problem various insurance schemes were introduced. These insurance schemes were launched by the government for marginalised sections of society but it is very important to assess whether people are aware of those schemes and benefits associated with them. We need to increase the insurance literacy rate in these sections of society. Launching of schemes is not enough but to implement them in the right direction, tracking and assessing timely is very important for the success of those schemes.

Research Gap

From the above it is clear what benefits the common people get in the field of health under PMJDY. And whether the common people get relief from all the sources of expenditure on medical treatment. The adjective refers to the bank's service in the field of health. But all these facilities are still almost unavailable to the common people. People are very little aware of the benefits under PMJDY. This deficiency will be highlighted as a research gap. Further study will be done also.

Objective of the Study

1) To analyze the role of financial inclusion on health care management.

Sub- objectives

- To analyze the benefits under PMJDY regarding health care
- To analyze the various sources of meeting medical expenses
- To analysis how the banking services help in healthcare need

Research Methodology

The study is based on primary and secondary data. Primary data collected with the help of a schedule through random sampling in the prayagraj district of uttar pradesh and it has also taken secondary data from the website of WHO, Index mundi, IRDA, CGAP and various other relevant journals and reports. The research work is based on descriptive and analytical research design.

Data Analysis

In the present research, a self made schedule will be used for data collection available standard tools can be used to establish the quality of the research. A primary survey was done in prayagraj district of uttar pradesh and data was collected through a schedule from 100 marginalized people. Schedule collected through random sampling. I have collected data related to my research from Nayapura, Arail, Chheoki, Chakdaundi, Naini area of Prayagraj district.

The following questions were asked:-

- Do you have bank account?
- Do you have account under PMJDY, if yes then what benefit have you availed out of it?
- Do you know about facilities of financial inclusion related scheme?
- What facilities of financial inclusion you like the most?

- Are you satisfied with the service offered under financial inclusion?
- How do you meet your medical expenses?
- Are you aware of medical insurance scheme, if yes which scheme?
- Do you have any medical insurance?
- Are banking services helping you in your healthcare need.if yes , please mentioned how the banking services helping you in health care need?
- Which welfare scheme that helps you in your medical expenses?
- Do you get any DBT from government?
- Have you ever used it for meeting your medical expenses?

The data obtained from different sources has been systematically arranged into classes and table with the help of statistical technique. Several Pie-chart and Bar-diagram have been prepared on the basis of primary data.

1. Account under PMJDY

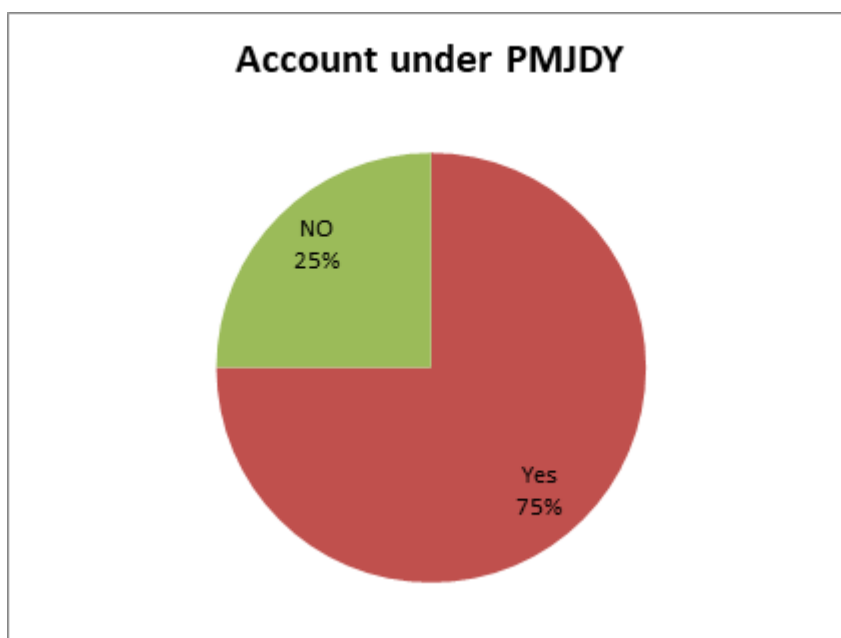


Fig.-1: This figure shows that marginalised people in Prayagraj district. 75% people have account under PMJDY and rest of 25% people don't have account under this scheme. These 25% people have no idea about zero balance account.

2. Knowledge of Facilities of Financial Inclusion Relative Scheme

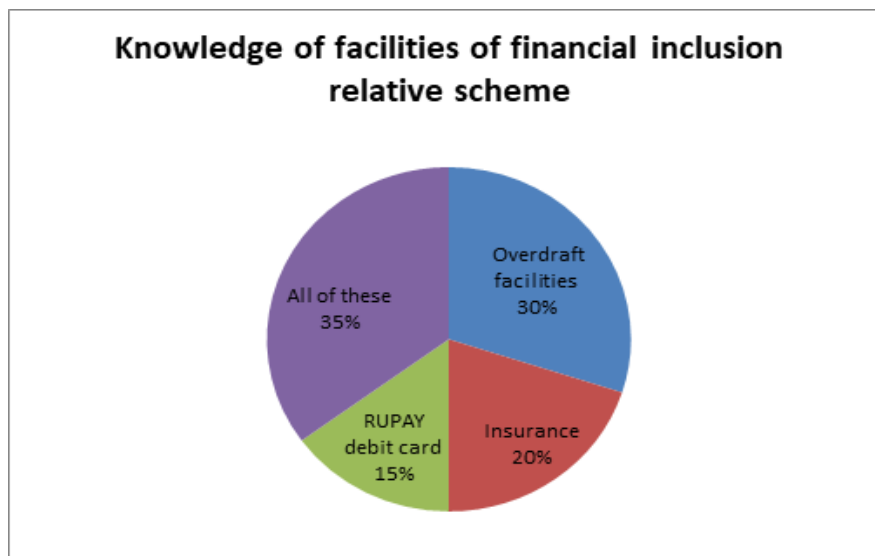


Fig.-2: This figure shows that knowledge of marginalised people of Allahabad in financial scheme facilities. 35% people know overdraft, insurance, Rupay debit card, loan, etc related to financial inclusion scheme.

3. Satisfaction with the service offered under financial inclusion

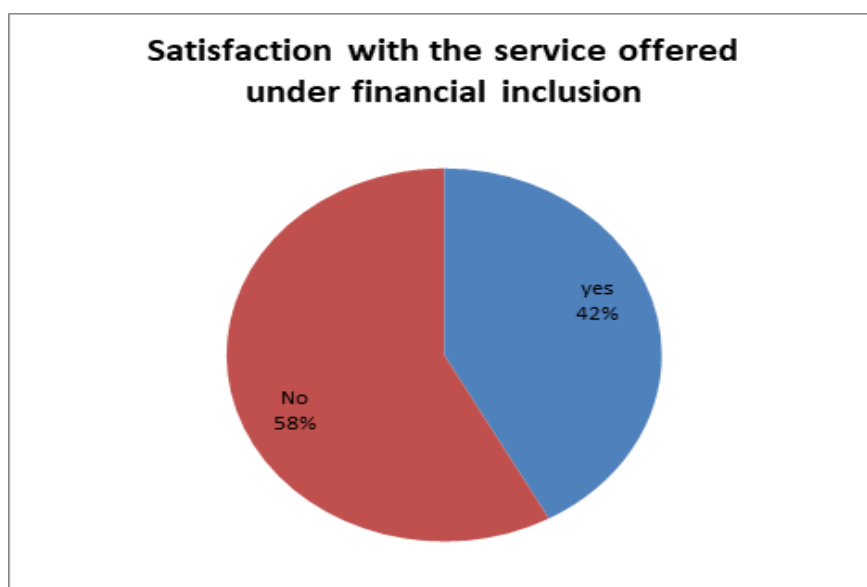


Fig.-3: In this figure only 42% of marginalised people are satisfied with the services offered under financial inclusion scheme. Most of the people that is 58% of them are not satisfied as they are getting less facilities under this scheme and some people don't have idea about it.

4. How do you meet your medical expenses?

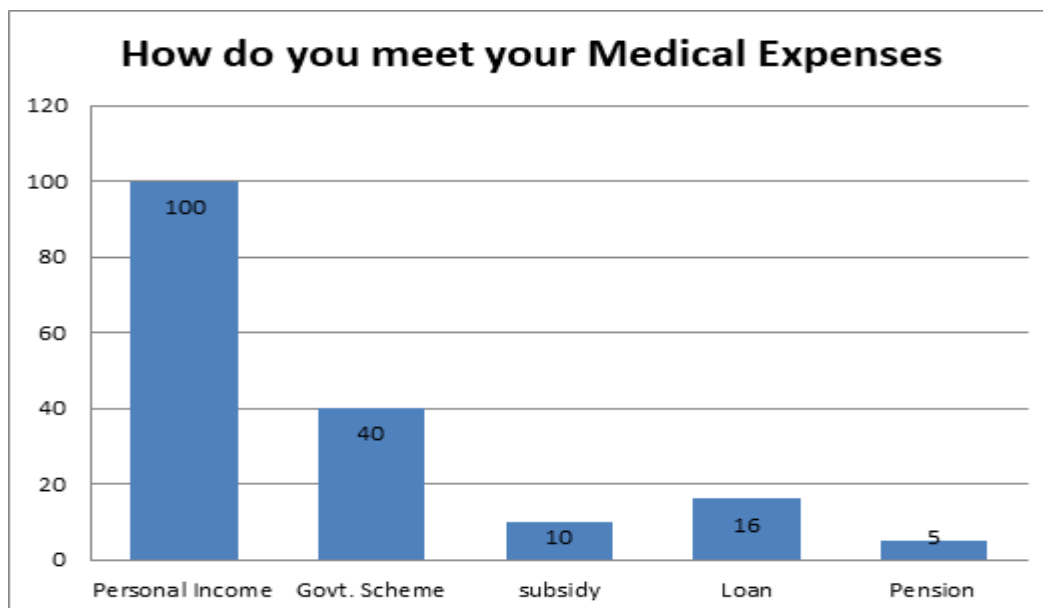


Fig.-4: This figure shows the data of people bearing their medical expenses by personal income, govt. Scheme, subsidy, loan, pension, etc. Most of the people fulfil by personal income and 40people by govt. Scheme. 10 people by subsidy,16 by loan and 5% people by pensions.

5. Percentage of people availing medical insurance

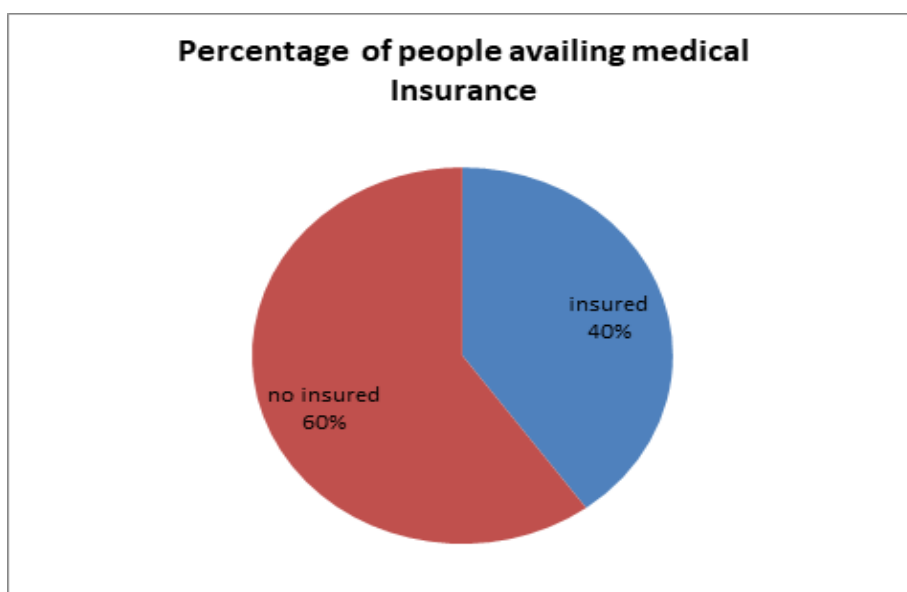


Fig.-5: This figure shows that only 40% people are availing medical insuranceand 60% of people are not. Most of the people have less knowledge about medical insurance.

6. Category wise insured people

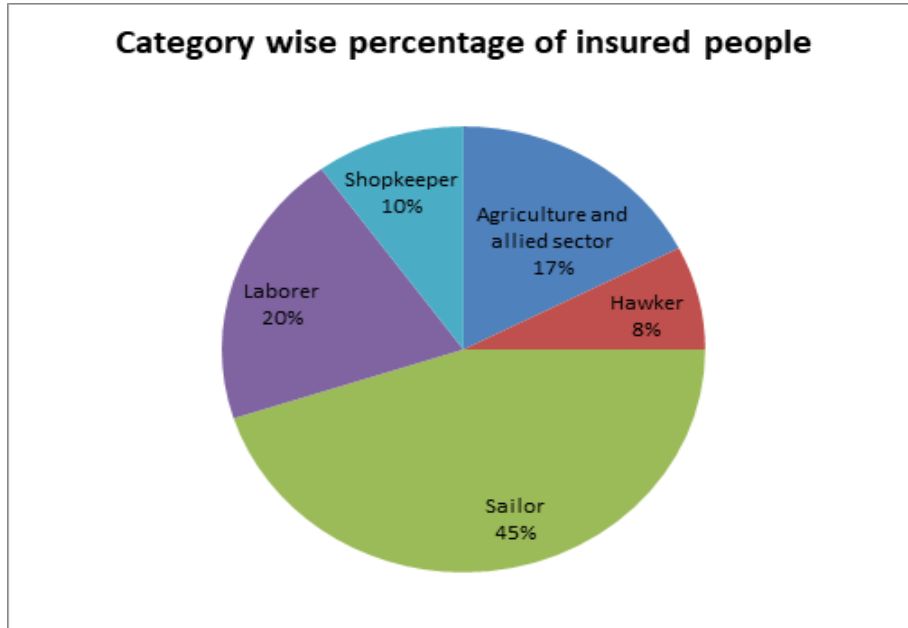


Fig.-6: Through this figure we came to know that people in sailor category is more aware of insurance as they are at 45% and in rest 20% of labourer have insurance policy followed by agriculture and allied sector with 17%, shopkeeper with 10% and hawker with 8% respectively.

7. Banking services helping you in your healthcare need-

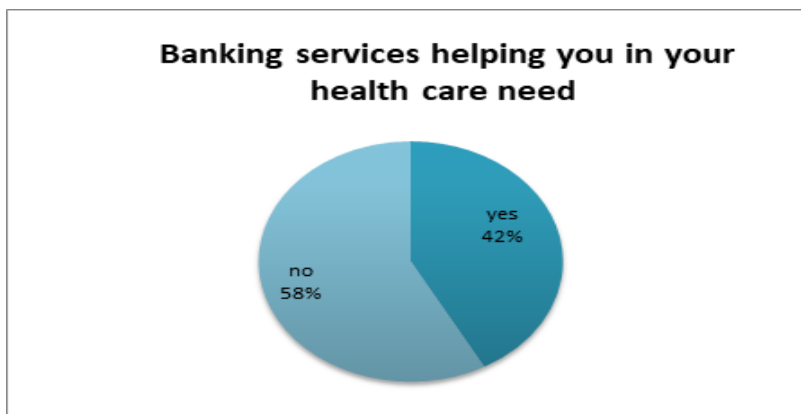


Fig.-7: The figure shows that banking services are helping 42% people in their healthcare need 58% people are not getting any benefit of it.

8. Is there any welfare scheme that helps you in your medical expenses?

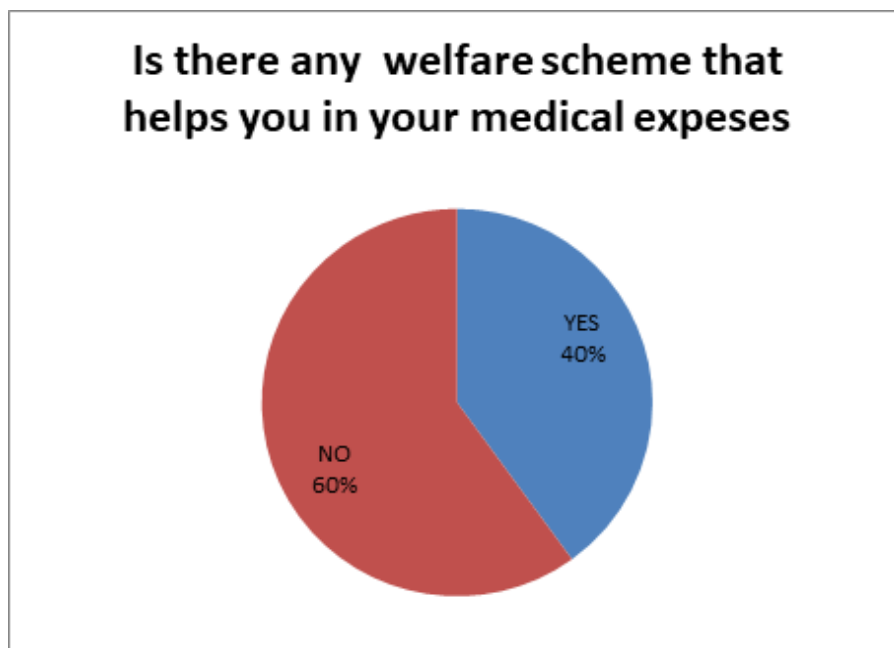


Fig.-8: This figure shows that 40% people said yes about welfare scheme helping them in their medical expenses and 60% said No as no such scheme is helping them in medical expenses because they were not aware of any welfare schemes.

Findings

- (i) Customers are not able to follow proper channel of opening account as they are not much aware about the procedure and benefits to the account holder.
- (ii) No awareness to the customers who will be going to bear bill of Insurance premium and cost to keep account running.
- (iii) Maximum (58%) marginalized people are not satisfied with the services offered under financial Inclusion in Prayagraj district of Uttarpradesh.
- (iv) 75% marginalized people have account under PMJDY. But benifints related to account are not knoen to people.
- (v) Most liked services under financial inclusion by the people are insurance, loan, online payment.
- (vi) Mostly people are aware of medical insurance scheme like Ayushman-bharat, but Only 40% people are availing medical insurance.
- (vii) Most people have not got any Direct Benifit Transfer (DBT) from government.

Suggestions

- Govt. should take strong measures regarding financial inclusion facilities and medical insurance specially for marginalised people.
- Govt. should bring efficient budget in health sector and make roadmaps for its better utilization.
- Govt. should provide healthcare programme to marginalised group.
- Government should make sure that every people in marginalised group should know about financial literacy programme and learn about it.
- Bank should be given responsibilities of making people understand about opening account under PMJDY and benefits & facilities provided by govt. in these schemes.
- Govt. Should keep check on the opened account whether it is active or inactive, if inactive then direct the bank to know the reason and make people continue using it.
- Government should aware people about medical insurance and provide insurance benefits to people at minimum and easiest paperwork.
- Government should make people aware about financial inclusion and healthcare schemes by advertising van, nukkad natak, meetings of ward officials with people etc.

Conclusion

Financial inclusion and health care are very closely connected to each other. Because financially excluded marginalized peoples often faces many barriers in accessing health care. Lack of access to banking services aggravate these challenges, making it difficult to pay for medical expenses, medical facilities for health care and medical and health insurance. Financial inclusion can boost income level for marginalized peoples. Increased income can improve living conditions and the ability to afford health care services and buffer against unexpected medical expenses. Financial inclusion has the potential to reduce health disparities among marginalized group but mostly people not aware of facilities related to financial services. Major gender gaps in banking and health care services. People may faces problem due to uses of banking facilities and mostly people have less knowledge about medical insurance. And maximum people said that they were not aware of any welfare scheme and not helping them in medical expenses. Mostly marginalized peoples are not aware of benefits under PMJDY scheme. Lowest insurance literacy rate of marginalized communities in prayagraj district. The financial literacy graph and the insurance holder graph show through the financial literacy and knowledge of financial related schemes is low. In this depicts there is a need to aware people about the health insurance, medical insurance and facilities of financial inclusion and its important. Government and Bank should try to create financial awareness programmes among the marginalized communities and continuous review mechanism should be adopt by the government. Government should

increased health care budget considering all the above facts. There is a need to increase the health care spending as a percentage of GDP. For the healthy living standard of marginalized peoples in prayagraj district.

References

- Akila, M., (2013). Penetration of Healthcare Sector in Indian Market, Opinion Vol. 3 No. 1, <http://www.cpmr.org.in/opinion/vol3/issue1/Articles/8.pdf>, accessed on December 25, 2017. [In text citation: Akila]
- Financial Inclusion Schemes (2015). Retrieved from <http://www.allonmoney.com/information/social-security-schemes-in-india/>, accessed on December 7, 2017.
- Health Insurance in India – The Need for Public Awareness.
- Healthcare in India, by IPFS. Retrieved from https://ipfs.io/ipfs/QmXoyvizjW3WknFiJnKLwHCnL72vedxjQkDDP1mXWo6uco/wiki/Healthcare_in_India.html, accessed on December 25, 2017.
- http://shodhganga.inflibnet.ac.in/bitstream/10603/7213/10/10_chapter%204.pdf Healthcare sector in India, Unknown author, (march,2011)
- <https://www.policybazaar.com/health-insurance/individualhealthinsurance/articles/health-insurance-in-india-the-need-for-publicawareness/> accessed on November 5, 2017.
- Johnathan Dxion (Nov 2014) Insurance and Financial Inclusion: IAIS and A2ii. Retrieved from <http://www.cgap.org/blog/insurance-and-financial-inclusion-iaisanda2ii>, accessed on December 19, 2017.
- National Health Policy 2017 (March 2017). Retrieved from <http://www.thehindu.com/news/national/centre-cleared-the-long-awaitednationalhealth-policy-2017/article17487845.ece>, accessed on October 26, 2017
- Sekher, T.V., (2011). Catastrophic Health Expenditure and Poor in India: Health Insurance is the Answer?" Retrieved from https://iussp.org/sites/default/files/event_call_for_papers/T.V%20SekherIUSSP%20pdf.pdf, accessed on December 25, 2017. [In text citation: Sekher]
- SriramTaranikanti (May 2017). Insurance Sector and its role in financial inclusion. Andhra Pradesh Human Resource Development Institute. [In text citation: Taranikanti]
- Sudeep Kumar (Aug 2017). Digital Healthcare challenge and opportunity India. Retrieved from <https://www.linkedin.com/pulse/digital-healthcare-challengeandopportunity-india-sudeep-kumar>, accessed on November 10, 2017.