

Good and Better Jobs in India

Unlocking Economic Resilience

Digital Financial Inclusion for Informal Workers in India

Friday, 10th May, 2024

15:30 - 16:30 Hrs (IST)

Background and Context

India's economic backbone extends beyond urban centres to the resilient informal economy, supporting millions of grassroots livelihoods. While financial security remains a major concern among scores of workers involved in India's informal economy, with 425 million mobile banking users and 141 million internet banking users as of August 2021, the country is making a swift progress in digital financial integration¹. As digital transactions reached 11,660 crores as of December 2023, the country is surging ahead, driven by initiatives like Digital India, widespread smartphone adoption, and internet connectivity².

Given that India's growth story needs to be inclusive, resilient and sustainable, it is important to analyse the existing channels of worker welfare. Informal workers often remain excluded from existing social protection programs, leaving them vulnerable without access to financial safeguards. Digital Financial Services (DFS) can bridge this gap, by leveraging digital data like online transactions, mobile recharge patterns, attendance records, recurring payments like rent and

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<https://www.iibf.org.in/documents/BankQuest/2.%20Adapting%20to%20Digital%20Disruption%20A%20digital%20transformation%20strategy%20for%20Indian%20Banks%20-%20Dr%20Vigneswara%20Swamy.pdf>

² <https://pib.gov.in/PressReleasePage.aspx?PRID=1988370>

utility services and earnings data holds promise for the informal sector, where many lack formal credit history.

Further to ensure the digital financial inclusion of informal workers, robust data protection regulations, transparent data practices, secure infrastructure, minimal data collection, anonymisation and aggregation, user education, grievance redressal mechanisms, regulatory oversight, and partnerships with trusted entities are also essential. Customised microloans, savings accounts, and insurance can cater to informal workers' needs, reducing reliance on informal lenders.

Digital financial inclusion can facilitate access to government schemes and benefits for informal workers, such as subsidies, pensions, or healthcare services. By availing themselves of these support systems, informal workers can stabilise their incomes and improve their overall well-being. It empowers informal workers to take control of their financial lives, build assets, and make informed decisions about their economic futures. This can lead to greater economic stability, upward mobility, and access to better job opportunities in the long run.

Moreover, as more financial services go online, it becomes crucial that digital financial literacy, access to digital financial services and initiatives to educate on risks of cybercrimes among informal workers are intensified for achieving a balanced economic growth and development in India. It is also imperative to spread awareness of the importance of these aspects among the segment of population that are relatively more competent in digital financial skills than an average informal worker to facilitate involvement of multi-category stakeholders in enhancement of digital financial inclusion in India.

Aligned with this background, CUTS International is hosting a webinar to facilitate discussions on ways to effectively enhance digital financial inclusion of informal workers in order to analyse the existing channels of workers' welfare and create an alternate model to fill the gap. This webinar is a part of the

organisation's project on Good and Better Jobs in India which aims to strengthen the discourse on inclusive economic growth with good and better jobs. The broad aims of the webinar are:

- Analyse the competitive landscape to understand what financial services are available for informal workers and identify key barriers that negatively impact their access to formal financial services.
- To facilitate multi-stakeholder dialogues among policymakers, financial institutions, service providers, and civil society organisations to develop inclusive digital financial solutions that can be sensitive to the needs of informal workers.
- To generate new knowledge on the existing situation on workers' welfare and the need for undertaking re-skilling as a solution for adapting technological change.
- To analyse digital financial inclusion through integration with social welfare programs for workers' welfare.

AGENDA

15:30-15:32	<i>Welcome Address and Opening Remarks</i> <ul style="list-style-type: none">• Tasmita Sengupta Research Associate, CUTS International
15:32-15:42	<i>Presentation:</i> CUTS's work on Good and Better Jobs in India <ul style="list-style-type: none">• Sanchita Chatterjee Fellow, CUTS International
15:42-16:15	<i><u>Panel Discussion</u></i> <i>Panellist</i> <ul style="list-style-type: none">• Dr. Aruna Sharma Former Secretary, Ministry of Steel & CUTS Distinguished Fellow• Deepro Guha Senior Manager, The Quantum Hub• Chetana Chaudhuri Fellow, NCAER <i>Moderator</i> <ul style="list-style-type: none">• Varidhi Singh Advisor, CUTS International
16:15-16:25 hrs	<i>Q & A Session</i>
16:25-16:30 hrs	<i>Summing Up and Vote of Thanks</i>