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Efforts to bridge the financial divide between Northeast, rest of India

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A two day conference on bridging the digital divide between North-East India and the rest of the country, held in Shillong earlier this week, concluded that it was equally important to bridge the financial divide too.

Only 37.3 per cent of the adult population in North-East India has a current or savings bank account, against the national average of 59.3 per cent, according to the Reserve Bank of India. There are only 2000 odd bank branches in the entire region.

"There is need to explore the economic and electronic dimensions in context of the development of the North-East," says the report on the conference prepared by the IT firm, SKOCH Consultancy.

Added Sameer Kochar, CEO of SKOCH, "We found that the National E-Governance programme has the potential to yield better and quicker results in the North-East than in other parts of the country."

Though the number of bank branches is low, there are about 8000 post offices in the North-East region. SKOCH has suggested using these post offices to achieve the ultimate target of 100 per cent financial inclusion in the North-East. These can be interfaced and aligned with the existing banking system to increase their outreach.




Rajiv Kumar, Director and Chief Executive of Indian Council for Research on International Economic Relations (ICRIER) said, "The successful use of IT in the North-East has the potential to not only help unite it with other regions of India but also the reduce the economic gap. Once the North-East gets connected by IT, other parts of the country which are already well connected by good infrastructure can help North East improve its pace of development."

Banks can lend to not only the livelihood projects but also projects that may create remunerative assets (for instance, water supply). They also bring in an element of capacity building and management expertise that can help gram panchayats and self help groups (SHGs) to create better and sustainable solutions to their problems through direct dialogue and involvement of banks locally present, says the report.

Further, there are IT based kiosks already operational in the North East in the form of about 500 Community Information Centres (CIC) that can possibly increase the outreach activity, the report points out. The proposed Common Services Centre plan of the Department of Information Technology under which a significant number of points of presence would be created in the North East could also be used.

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