

REVIEWER'S REPORT

Manuscript No.: IJAR- 59592

Title: Financial Inclusion and Household Savings Behaviour in Semi-Urban India.

Recommendation:

Accept after minor revision.

Rating	Excel.	Good	Fair	Poor
Originality	✓			
Techn. Quality		✓		
Clarity	✓			
Significance	✓			

Reviewer Name: Dr. Bishwajit Rout

Reviewer's Comment for Publication.

(To be published with the manuscript in the journal)

The reviewer is requested to provide a brief comment (3-4 lines) highlighting the significance, strengths, or key insights of the manuscript. This comment will be Displayed in the journal publication alongside with the reviewers name.

- Significance:** The paper addresses an important gap between expanding financial access and improving household saving practices in smaller Indian towns. Its focus connects inclusion policy with liquidity needs, financial capability, and asset preferences. The topic has considerable policy relevance, but its specific contribution depends on separating genuinely semiurban evidence from broader rural and national statistics and avoiding unsupported claims of causation.
- Strength:** The manuscript combines established savings theories, Indian administrative statistics, household survey findings, and practical policy concerns within an accessible narrative. Its distinction between account access and meaningful usage is valuable. The four proposed channels provide a useful organising framework. Explicit acknowledgement of differing population definitions and descriptive limitations strengthens transparency, although these cautions need consistent application throughout the analytical discussion.
- Key Insight:** The central insight is that owning an account does not necessarily produce sustained saving or diversified financial portfolios. Safe storage and easier transactions may support participation, while income stability, trust, suitable products, and financial capability shape subsequent choices. However, the available aggregate evidence cannot establish which mechanism dominates or demonstrate that semiurban households have changed their savings composition over time.

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Reviewer's Comment / Report

The paper titled “*Financial Inclusion and Household Savings Behaviour in Semi-Urban India.*” examines financial inclusion’s impact on household savings behaviour in semi-urban India. Drawing on RBI, NABARD NAFIS, Ministry of Finance and World Bank data, it notes that while the share of saving households rose from 50.6% to 66% between 2016-17 and 2021-22, and insurance coverage surged, household wealth remains dominated by physical assets such as real estate and gold. Inclusion mainly expands safe storage and lowers transaction costs; shifting savings into productive formal instruments still depends on literacy, trust and suitable products. The paper highlights persistent dormancy and rising debt, offering policy recommendations to deepen formal savings.

Suggestions for Improvement:

1. Define semiurban settlements consistently before describing their financial characteristics.
2. Explain why semiurban households warrant separate analysis, distinguishing their employment structures and financial opportunities from neighbouring population categories.
3. State what observations would support or contradict each proposition, rather than treating simultaneous aggregate trends as sufficient confirmation.
4. Establish a consistent information cutoff and identify where unavailable semiurban observations are replaced by broader contextual proxy evidence.
5. Explain whether international experimental findings transfer to Indian semiurban households, considering differences in institutions, income patterns, and products.
6. Distinguish evidence about poverty, account balances, savings rates, and wealth composition instead of treating these outcomes as interchangeable.
7. Provide a reproducible evidence matrix recording original sources, reference years, geographical coverage, denominators, definitions, and known comparability limitations.
8. Separate infrastructure availability from household access and actual usage. Distinguish household saving participation from amounts and portfolio shares.
9. Add population adjusted branch density alongside absolute branch counts.
10. Clarify whether branch deposits include businesses and institutions, because these balances cannot automatically represent resident households' savings behaviour.
11. Separate benefit credits, retained balances, and voluntary savings before interpreting rising PMJDY deposits as evidence of behavioural change.

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I recommend minor revision before publication. The manuscript addresses a relevant policy question and offers a useful conceptual framework, but its conclusions exceed the descriptive evidence. Publication requires clearer geographical boundaries, comparable indicators, inflation adjusted comparisons, traceable primary sources, and careful separation of wealth stocks from savings flows. The authors should also revise product recommendations, qualify causal language, and demonstrate precisely which findings apply specifically to households in semiurban India. Addressing the identified weaknesses will make it suitable for publication in IJAR.

I recommend this paper for publication after minor revision.