# Issues with financial inclusion of refugees

## What is the issue?

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- The government has been making a strong push for achieving financial inclusion.
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- But the financial inclusion process is creating unrest and excluding refugees.
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## What problems do refugees face to open a bank account?

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- In India refugees do not have a formal legal identity and are often wrongly perceived to be “illegal immigrants”.
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- They typically have a refugee card and a limited number have temporary visas.
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- Those who tried opening bank accounts with these documents report that banks refused to recognise these as valid documentation for proof of ID or residence.
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- Now with Aadhaar becoming mandatory to access any financial service, it is not clear whether refugees are eligible to apply for the same.
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- While the Aadhaar Act states that anyone residing in India for 6 of the 12 months preceding the date of the application is eligible to obtain the card, many refugees who fulfil this requirement report that they have been turned away by local Aadhaar centres.
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- Thus, it is almost impossible for refugees to open a bank account.
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## What impacts this creates on the refugees?

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- The aftermath of demonetisation had a devastating impact on refugees, especially women, who lost every avenue for their sustenance.
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- Refuges without access to banking systems or Aadhaar will soon find themselves excluded from the economy.
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- The lack of documentation to open bank accounts rendered them without the means to convert their cash into new currency, and virtually wiped out their entire savings.
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- They struggle even to buy essential provisions or avail medical services.
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- This has forced them to remain at the mercy of local agents and touts, which is contributing to the perpetuation of the parallel economy.
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## What measures need to be taken?

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- It is critical for the government to take steps towards integrating such marginalised groups into the mainstream.
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- It is recommended that the government confer a formal legal identity to refugees and issue uniform documentation to this community.
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- With regard to Aadhaar, the first step would be to clarify whether refugees are eligible to apply for the same.
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- There have been some concerns that the possession of Aadhaar would allow non-nationals to access schemes meant exclusively for citizens; however, this can be addressed by issuing a limited version of the Aadhaar card to refugees.
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- Alternatively, the government can also explore the possibility of allowing refugees to use other forms of documentation such as their refugee card and visa, to access basic financial services.
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## Source: The Hindu

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