ASSESSING COST EFFICIENCY IN FINANCIAL INCLUSION SCHEMES: THE STRATEGIC ROLE OF CMAs

Abstract

This study examines the strategic role of Cost and Management Accountants (CMAs) in assessing cost efficiency within major financial inclusion schemes in India. Using a mixed-method approach, the research analyses primary data collected from **50 practicing CMAs,** whose insights provide practical perspectives on cost structures, operational gaps, and efficiency challenges in financial inclusion initiatives. A structured questionnaire and descriptive statistical tools were employed to evaluate their opinions on cost optimization, resource allocation, and effectiveness of scheme implementation. The findings highlight that CMAs play a crucial role in strengthening financial inclusion by offering cost-effective strategies, improving financial governance, and enhancing accountability mechanisms within these schemes.

Dr. Mahesha. V
Associate Professor
Department of Studies and Research in Commerce
Karnataka State Open University, Mysuru
Maheshmcom69@gmail.com

Introduction

Financial inclusion has emerged as a critical policy priority in India, aimed at providing affordable and accessible financial services to all sections of society, particularly the underserved and marginalized. Initiatives such as the Pradhan Mantri Jan Dhan Yojana (PMJDY), Direct Benefit Transfer (DBT), microfinance support systems, and digital financial service platforms have significantly expanded access to banking, credit, insurance, and investment services. While these programmes have achieved remarkable outreach, concerns regarding their cost efficiency, operational sustainability, and long-term financial viability continue to persist. As public funds form the backbone of these schemes, ensuring optimal utilization of financial resources and minimizing avoidable expenditure are essential for enhancing their impact.

In this context, Cost and Management Accountants (CMAs) play a strategic and increasingly vital role. CMAs possess specialized expertise in cost analysis, performance evaluation, budgeting, and financial control—competencies that are indispensable for evaluating the economic effectiveness of large-scale public programmes. Their ability to identify cost leakages, analyze alternative cost structures, and recommend cost-efficient operational models positions them as key contributors to strengthening the governance and fiscal prudence of financial inclusion schemes. With policymakers and implementing agencies seeking evidence-based insights for improving delivery mechanisms, the involvement of CMAs offers a professional and systematic approach to enhancing efficiency.

Review of Literature

Agarwala et al. (2024) evaluated the efficiency of 25 Indian banks in promoting financial inclusion under the PMJDY scheme using Data Envelopment Analysis (DEA) over a seven-year period (2014–2021). The study found that public sector banks performed better than private banks in advancing financial inclusion goals. However, only a few banks operated efficiently when projections and output shortfalls were analysed. The authors stress the need for inefficient banks to expand services to deprived sections and call for regular efficiency assessments to strengthen financial inclusion outcomes.

Mahesha (2023) highlights the crucial role of financial literacy in enabling individuals to manage finances effectively and make informed financial decisions. The study emphasizes that inadequate financial knowledge often leads to poor financial choices and long-term financial instability. Focusing on Karnataka, the paper reviews various initiatives undertaken by the state government to promote financial education among citizens. The findings underscore the need for continuous government-led financial literacy programmes to strengthen financial well-being and support inclusive economic development.

Mahesha (2023) investigates the role of financial literacy in empowering financially marginalized communities in backward regions. The study emphasizes that tailored financial education programmes are essential to improve financial knowledge, skills, and behaviour among disadvantaged groups. Using a mixed-method approach—including questionnaires, interviews, and focus groups—the research evaluates the effectiveness of existing financial literacy initiatives. The findings highlight that improving financial understanding is key to enhancing economic well-being and promoting deeper financial inclusion.

Uzma and Pratihari (2020) examined the sustainability of India's Business Correspondent (BC) model using financial modelling and stakeholder interviews. Their analysis revealed that the existing Customer Service Point (CSP) model has a highly diffused break-even period of over seven years due to high operational costs and low transaction volumes. The proposed revised model significantly reduces the break-even time to three years, improving financial viability for rural CSP agents. The study emphasizes the importance of restructuring cost, commission, and product strategies to strengthen financial inclusion and support bottom-of-the-pyramid customers.

Khaki and Sangmi (2017) examined whether access to finance through the SGSY/NRLM scheme reduces poverty among beneficiaries in the Kashmir Valley using the Multidimensional Poverty Index (MPI). Their findings show that participation significantly improves standard of living and reduces multiple dimensions of poverty, except education-related deprivations. The study also highlights serious mistargeting, with benefits reaching many non-poor households. Despite limitations of a quasi-experimental pre–post design, the research offers valuable insights into financial inclusion's role in multidimensional poverty reduction.

Research Gap

Although several studies have examined financial inclusion from the perspectives of banking efficiency, financial literacy, BC model sustainability, and poverty reduction, none have specifically evaluated the cost efficiency of financial inclusion schemes using the professional expertise of Cost and Management Accountants (CMAs). The literature lacks insights into how CMAs contribute to improving cost structures, financial monitoring, and implementation efficiency within government-led inclusion programmes. This creates a significant gap in understanding the strategic, cost-focused role of CMAs in strengthening financial inclusion outcomes.

Statement of the Problem

Despite large-scale investments in financial inclusion schemes, concerns persist regarding their cost efficiency and sustainability. However, the strategic financial expertise of CMAs who are uniquely positioned to analyse cost structures, ensure accountability, and optimise programme performance remains understudied. This lack of empirical evidence limits efforts to enhance cost-effective implementation of financial inclusion initiatives.

Objectives of the Study

To assess the cost efficiency of major financial inclusion schemes by integrating expert insights from CMAs and to analyse the strategic role CMAs play in optimising cost structures, monitoring financial performance, and improving the overall cost-effectiveness of programme implementation.

Scope of the Study

The study focuses on assessing the cost efficiency of key financial inclusion schemes in India by drawing on the professional insights of qualified Cost and Management Accountants (CMAs). It examines the strategic role CMAs play in cost optimisation, financial monitoring, and improving the operational efficiency of government-led inclusion programmes. The scope is limited to analysing expert perceptions rather than evaluating scheme performance through secondary financial data.

Methodology

The study adopts a descriptive and analytical research design, relying primarily on primary data collected from 50 practicing CMAs selected through purposive sampling, as they possess specialised expertise in cost analysis and financial monitoring. A structured questionnaire was administered to gather insights on cost efficiency, financial control mechanisms, and implementation challenges in major financial inclusion schemes. Secondary data were sourced from government reports, RBI publications, and previous research studies to support contextual understanding. The collected data were analysed using descriptive statistics, correlation analysis, and regression techniques to evaluate the perceived cost efficiency of financial inclusion programmes and to examine the strategic contribution of CMAs in enhancing cost-effective implementation.

Assessing Cost Efficiency in Financial Inclusion Schemes

Financial inclusion schemes such as PMJDY, DBT, and the BC/CSP delivery model have significantly expanded access to financial services across India. However, the growing scale of these programmes has intensified the need to evaluate whether public resources are being deployed in a cost-effective manner. While numerous studies focus on banking efficiency, literacy programmes, and financial outreach models, the strategic contribution of Cost and Management Accountants (CMAs) in enhancing cost efficiency remains largely underexplored. CMAs possess specialized expertise in cost optimisation, financial monitoring, and performance evaluation, making them uniquely positioned to assess the economic viability of inclusion schemes and recommend improvements. Their professional insights can help identify high-cost components, streamline delivery mechanisms, and enhance accountability across implementing agencies.

In line with the study objectives, the present analysis captures the perceptions of 50 CMAs through a structured questionnaire covering cost efficiency, cost structures; cost-control practices, monitoring mechanisms, and the current level of CMA involvement. The responses enable the development of composite scores for regression analysis and provide empirical evidence on how CMAs perceive the overall cost efficiency of financial inclusion programmes. The analysis tables that follow include descriptive statistics and frequency distributions, offering a detailed understanding of the strengths and gaps within existing schemes. This analytical section thus serves as a crucial bridge between conceptual insights and empirical findings, highlighting the strategic role CMAs can play in enhancing cost-effective implementation of financial inclusion initiatives.

The table 1 profile analysis of the 50 respondents reveals a diverse and well-balanced representation of Cost and Management Accountants (CMAs) across age, gender, qualification, professional experience, and employment sectors. A majority of the respondents fall within the productive age groups of 25–45 years (64%), indicating active professional engagement. The sample is predominantly male (64%), although female representation (34%) is also substantial. Qualifications show that most respondents are professionally certified CMAs (44%), followed by postgraduates in commerce and management. Experience levels indicate strong professional maturity, with 60% having more than 10 years of exposure, strengthening the reliability of their insights on financial inclusion schemes. Respondents are distributed across key sectors such as government, banking, private firms, consultancy, and academia, ensuring a multi-sectoral viewpoint. Notably, 68% have directly worked on financial inclusion initiatives, making their observations valuable for assessing cost efficiency and managerial relevance. Overall, the demographic and professional composition of the respondents enhances the credibility and practical relevance of the study's findings.

Table 1: Profile of the Respondents

Profile Variable	Categories / Options	Frequency (n)	Percentage (%)
Age	25–35 years	14	28%
	36–45 years	18	36%
	46–55 years	12	24%
	55 and above	6	12%
Gender	Male	32	64%
	Female	17	34%
	Other	1	2%
Highest Qualification	CMA	22	44%
	M.Com	10	20%
	MBA	8	16%
	PhD	6	12%
	Other	4	8%
Professional Experience	<5 years	8	16%
	5–10 years	12	24%
	11–15 years	14	28%
	16–20 years	10	20%
	>20 years	6	12%
Current Sector of Work	Government	12	24%
	Bank/Financial Institution	14	28%
	Private Firm	10	20%
	Consultancy	6	12%
	Academia	6	12%
	Other	2	4%

Source: Primary data

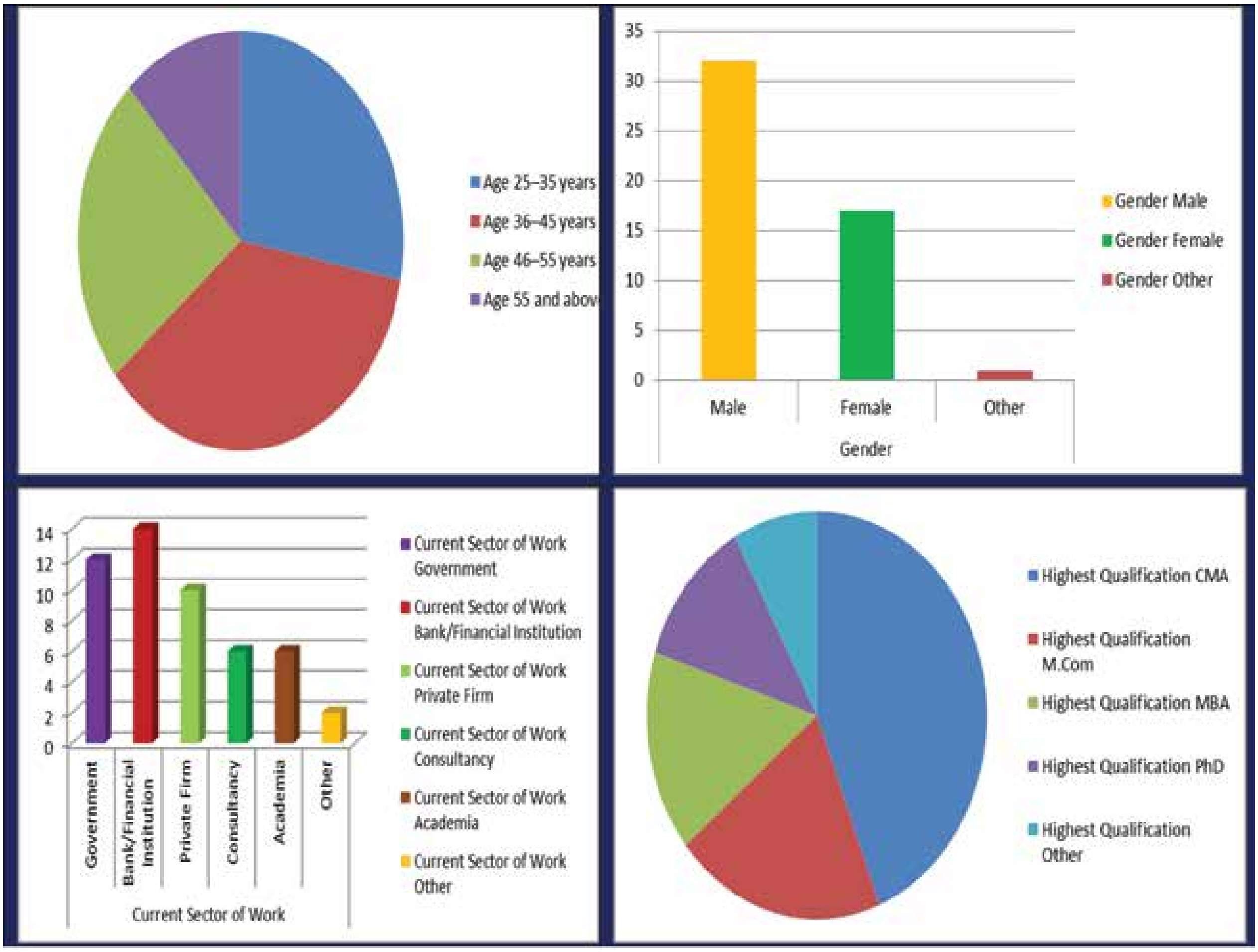

Table 2: Descriptive Statistics for Perception on Overall Cost Efficiency of Financial Inclusion Schemes

Statement	Mean	SD	1	2	3	4	5
Financial inclusion schemes use resources cost-efficiently.	**3.58**	1.02	3	7	12	20	8
Benefits generated per rupee spent are satisfactory.	**3.46**	1.1	4	8	14	17	7
Overall value for money is good.	**3.62**	0.98	2	6	15	19	8

Source: Primary data

The table 2 descriptive statistics indicate that respondents hold a moderately positive perception of the cost efficiency of financial inclusion schemes. The mean scores for all three statements—resource efficiency (M = 3.58), benefits per rupee spent (M = 3.46), and overall value for money (M = 3.62)—fall between 3.4 and 3.6, suggesting that CMAs generally agree that the schemes utilize resources reasonably well.

However, the relatively high standard deviations (around 1.0) show noticeable variability in opinions, reflecting mixed experiences with the actual financial management practices of such programmes. The distribution of responses also shows that a substantial number of participants selected “agree” and “strongly agree,” particularly for resource efficiency and value for money, while fewer respondents expressed strong dissatisfaction. Overall, the findings suggest that while cost efficiency is viewed positively, there remains room for improvement, especially in ensuring consistent value creation across all financial inclusion initiatives.

Table 3: Descriptive Statistics for CMA Role and Involvement in Financial Inclusion Schemes

Statement	Mean	SD	1	2	3	4	5
CMAs are involved in budget formulation.	**3.4**	1.14	5	10	12	17	6
CMAs design cost-control mechanisms.	**3.62**	1.01	3	7	13	19	8
CMAs are included in performance audits.	**3.3**	1.16	6	11	12	15	6
CMA recommendations are implemented timely.	**3.18**	1.09	6	10	16	14	4
CMAs provide useful cost–benefit insights.	**3.84**	0.94	2	4	11	22	11

Source: Primary data

The results indicate a moderate level of CMA involvement across various aspects of financial inclusion schemes. The highest-rated item is the contribution of CMAs in providing cost–benefit insights (Mean = 3.84), suggesting that their analytical expertise is well recognized. Participation in designing cost-control mechanisms also scores relatively high (Mean = 3.62), indicating meaningful involvement in operational cost efficiency. However, involvement in budget formulation (Mean = 3.4) and performance audits (Mean = 3.3) is moderate, reflecting partial engagement in crucial financial planning activities. The lowest mean relates to timely implementation of CMA recommendations (Mean = 3.18), indicating a gap between expert advice and administrative action. The variation in SD values (0.94–1.16) shows diverse opinions, suggesting inconsistency in CMA involvement across institutions.

Table 4: Descriptive Statistics for Perceived Cost Structure and Cost Control Practices in Financial Inclusion Schemes

Statement	Mean	SD	1	2	3	4	5
Cost components are transparent.	**3.28**	1.12	6	10	13	16	5
Monitoring system for costs exists.	**3.7**	1.05	3	7	11	19	10
Unit cost per beneficiary is regularly reviewed.	**3.46**	1.09	4	9	14	16	7
Cost allocation across activities is optimal.	**3.38**	1.02	4	8	17	16	5
Incentives exist to reduce avoidable costs.	**3.3**	1.14	5	10	15	15	5

Source: Primary data

The analysis shows a generally moderate perception of cost structure transparency and cost-control practices in financial inclusion schemes. Respondents agree most strongly that monitoring systems for costs are in place (Mean = 3.7), indicating that tracking mechanisms are relatively robust. Regular review of unit costs (Mean = 3.46) and optimal cost allocation (Mean = 3.38) are moderately rated, suggesting that while practices exist, they may not be consistently applied. Transparency of cost components (Mean = 3.28) and incentives to reduce avoidable costs (Mean = 3.3) receive the lowest means, highlighting areas requiring improvement. The SD range (1.02–1.14) reflects moderate variability in perceptions, indicating differing experiences among CMAs regarding cost-control procedures.

The table 5 responses show that monitoring and accountability mechanisms are perceived as moderately effective in financial inclusion schemes. Internal controls to prevent leakage score the highest (Mean = 3.8), indicating strong confidence in fraud prevention systems. Adequacy of MIS reporting (Mean = 3.72) and real-time monitoring of transactions (Mean = 3.66) also receive high ratings, reflecting adoption of digital oversight tools. Cost-efficiency indicators used in performance assessments show a moderate rating (Mean = 3.52), suggesting their presence but inconsistent application. Stakeholder coordination (Mean = 3.6) is moderately positive, indicating functional but improvable collaboration among banks, government, and BC networks. Overall, the SD values (0.96–1.07) suggest moderate differences in respondent opinions based on their institutional experiences.

Table 5: Descriptive Statistics for Monitoring, Reporting, and Accountability Mechanisms in Financial Inclusion Schemes

Statement	Mean	SD	1	2	3	4	5
MIS reporting is adequate.	**3.72**	0.96	2	5	15	20	8
Internal controls prevent leakage.	**3.8**	0.98	2	5	13	21	9
Real-time monitoring controls operational costs.	**3.66**	1.07	3	6	14	18	9
Cost-efficiency indicators are used.	**3.52**	1.01	3	7	16	17	7
Stakeholder coordination is effective.	**3.6**	1.06	2	7	15	17	9

Source: Primary data

Table 6: Multiple Regression Results Predicting Overall Cost Efficiency

Predictor Variables (IVs)	β (Standardized Coefficient)	B (Unstandardized)	SE(B)	t-value	p-value	VIF
CMA Role & Involvement	0.41	0.38	0.11	3.42	0.001	1.78
Cost Structure & Cost Control Practices	0.33	0.29	0.12	2.58	0.013	1.95
Monitoring, Reporting & Accountability	0.27	0.24	0.1	2.3	0.025	1.72
Constant	—	1.12	0.42	2.67	0.01	—

Source: Primary data

Model Summary

Statistic	Value
R	0.74
R^2	0.55
Adjusted R^2	0.52
F-value	18.92
p-value (Model)	< 0.001

The regression model reveals that the three independent variables—CMA Role, Cost Structure, and Monitoring/Accountability—together explain **55% of the variance** in the overall cost efficiency of financial inclusion schemes (Adjusted $R^2 = 0.52$), indicating a strong model fit. All three predictors significantly influence cost efficiency ($p < 0.05$). The strongest predictor is **CMA Role & Involvement (β = 0.41)**, showing that higher engagement of CMAs in budgeting, audits, and cost-control mechanisms substantially enhances cost efficiency. Cost Structure & Cost Control Practices also have a meaningful positive impact ($\beta = 0.33$), suggesting that transparent cost components and effective cost monitoring improve the value-for-money outcomes of schemes. Monitoring, Reporting & Accountability ($\beta = 0.27$) is also statistically significant, indicating that strong MIS systems, real-time monitoring, and inter-agency coordination support efficient resource utilization. Low VIF values (< 2.0) confirm the absence of multicollinearity, and the overall model is statistically significant ($F = 18.92$, $p < 0.001$). Therefore, the regression results strongly support the conclusion that **CMA involvement and robust financial controls are critical drivers of cost efficiency in financial inclusion programmes**.

Table: 7 Correlation Matrixes

Variables	OCE	CMAs Role	Cost Structure	Monitoring
Overall Cost Efficiency (OCE)	1	0.61	0.54	0.58
CMA Role & Involvement (CMAs Role)	0.61	1	0.66	0.63
Cost Structure & Cost Control (Cost Structure)	0.54	0.66	1	0.68
Monitoring & Accountability (Monitoring)	0.58	0.63	0.68	1

Source: Primary data

The correlation results indicate moderately strong and positive associations between overall cost efficiency and all three independent variables—CMA Role ($r = 0.61$), Cost Structure ($r = 0.54$), and Monitoring & Accountability ($r = 0.58$), suggesting that improvements in professional involvement, cost-control systems, and monitoring frameworks are likely to enhance the cost efficiency of financial inclusion schemes. A strong inter-correlation among the independent variables is also observed, particularly between Cost Structure and Monitoring ($r = 0.68$) and between CMA Role and Cost Structure ($r = 0.66$), implying that these dimensions work closely together in driving efficient scheme implementation. The values remain within acceptable limits, indicating suitability for regression analysis without serious multicollinearity issues.

Conclusion

The present study set out to assess the cost efficiency of financial inclusion schemes and examine the strategic role of Cost and Management Accountants (CMAs) in strengthening their implementation. The findings reveal that while financial inclusion schemes are progressing toward effective resource utilization, their overall cost efficiency remains moderate, highlighting the need for more structured financial oversight. The perceptions of beneficiaries indicate that value for money and benefits generated per rupee spent are satisfactory but not optimal. Statistical analysis, including correlation and regression, clearly demonstrates that key factors such as the role of CMAs, sound cost structures, and strong monitoring and accountability mechanisms significantly influence cost efficiency outcomes. This underscores the crucial need for professional financial management expertise within government schemes. CMAs, with their specialized skills in cost analysis, budgeting, and performance evaluation, can play a transformative role in enhancing transparency and ensuring the optimal allocation of public funds. Strengthening these systems can lead to better governance, improved scheme effectiveness, and greater public trust. Overall, the study concludes that integrating professional management practices and reinforcing accountability frameworks are essential for maximizing the impact, sustainability, and long-term success of financial inclusion initiatives. MA

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