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Financial Inclusion among Rural Women

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ABSTRACT

Now-a-days, 'Financial Inclusion' and 'Inclusive Growth' have become very important for the ordinary people as well as an important item in the development of an economy. Rangarajan Committee (2008) defined Financial inclusion as "a process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income group at affordable cost". Even now, many people in rural areas are not getting the benefits of financial inclusion. Most of them don't know about various financial services provided by the banks. Lack of awareness about the financial services for a lay man is a hindrance for financial inclusion. People in the rural areas are unaware of many of the services provided by banks and financial services. Improvement in awareness will increase financial inclusion also.

Keywords: Financial Inclusion, Inclusive Growth, Financial Services, Rural Women

1. INTRODUCTION

Financial inclusion is the provision of financial services at affordable costs to the low-income and economically weaker sections of the society. It refers to all types of financial services like credit, savings, payments etc..from all types of formal financial institutions. About 2 billion working-group adults globally have no access to the types of formal financial services delivered by regular financial institutions. For example, it was found that in Sub-Saharan Africa, only 24% of adults have a bank account irrespective of the growth of Africa's formal financial sector in recent years. One of the major objectives of financial inclusion is to ensure the availability of financial services that meet the specific needs of users without any kind of discrimination.

GOALS OF FINANCIAL INCLUSION

The term "financial inclusion" has gained importance since the early 2000s, as a result of finding out financial exclusion and its direct correlation to poverty. Some of the objectives of financial inclusion are:

- Access of financial services, including savings or deposit services, payment and transfer services, credit and insurance etc… at a reasonable cost for all households.
- well organised institutions governed by clear regulation and industry performance standards;
- Sustinable Financial institutions, to ensure continuous and certain investment; and
- Healthy competition to ensure choice and affordability for clients.

In partnership with the National Bank for Agriculture and Rural Development (NABARD), the UN aims to increase financial inclusion of the poor by developing appropriate financial products for them and increasing awareness about available financial services and improving financial literacy, amongst women.

FINANCIAL INCLUSION IN INDIA

In the India, the term 'financial inclusion' was used for the first time in April 2005 in the Annual Policy Statement presented by Y.Venugopal Reddy,the then Governor, Reserve Bank of India. Later, this concept came to be widely used in India and abroad. While recognizing the concerns in regard to the banking practices, banks were focusing on the review of their existing practices to align them with the objective of financial inclusion. The Report of the Internal Group to Examine Issues relating to Rural Credit and Microfinance (Khan Committee) in July 2005 was highly supported by the announcement by Governor Y. Venugopal Reddy in the Annual Policy Statement for 2005-06. In this announcement, he had focused on the exclusion of vast sections of the population from the formal financial system. In the Khan Committee Report, the RBI encouraged the banks with a view to achieving greater financial inclusion to make available a basic "no-frills" banking account. Mangalam, Puducherry became the first village in India where all the households were provided with banking facilities. Norms and rules were relaxed for encouraging people to open accounts with annual deposits of less than Rs. 50,000. General credit cards (GCCs) were issued to the poor and the weaker section to help them avail of easy credit. In January 2006, Reserve Bank of India gave permission to commercial banks to make use of the services of non-governmental organizations (NGOs/SHGs), micro-finance institutions, and other civil society organizations for providing financial and banking services. The RBI asked the commercial banks to start a 100% financial inclusion campaign on a pilot basis. To achieve the goal of the campaign, states and union territories like Puducherry, Himachal Pradesh and Kerala announced 100% financial inclusion in all their districts. Reserve Bank of India's vision is to open nearly 600 million new accounts by the end of 2020 and providing services to them through a variety of channels by leveraging on IT. However, illiteracy, the low income and lack of bank branches in rural areas continue to be a roadblock to financial inclusion in many states .

The government of India has recently announced "Pradhan Mantri Jan Dhan Yojna," which is a nation level financial inclusion mission. The purpose of this mission is to provide bank accounts to at least 75 million people by January 26, 2015. To achieve this milestone, it's important for both financial institutions and policy makers to get information to reduce gaps in access and interactive tools.

Recently, the government of India introduced a policy under the name "rupee exchange" to exchange higher notes with the purpose of clamping down on tax defaulters, detect corrupt officers and generally restoring sanity to the economic system. First of all, it was difficult because, despite the fact that India's CRSISIL index is in excess of 40% and it is reputed to be heavy on technology, over 85% of its financial transactions are cash based. In India, the RBI has initiated several steps to achieve greater financial inclusion, like facilitating no-frills accounts and GCCs for small deposits and credit. Some of these steps are:

Opening of no-frills accounts: No-frills account is the account with zero balance and low charges that make such accounts accessible to vast sections of the population. Banks are advised to provide small overdrafts in such accounts.

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Relaxation on know-your-customer (KYC) norms: KYC requirements for opening bank accounts were relaxed for small accounts in August 2005, thereby simplifying procedures by stipulating that introduction by an account holder who has been subjected to the full KYC drill is

Simplified branch authorization: To reduce the uneven spread of bank branches, in December 2009, commercial banks were permitted to freely open branches in centres with a population of less than 50,000. In the north-eastern states, scheduled commercial banks can now open branches in rural, semi-urban and urban centres without the need to take permission from RBI .

Opening of branches in unbanked rural centres: To boost up the opening of branches in rural areas for improving financial inclusion rapidly, banks have been mandated in the April Monetary Policy Statement to allocate at least 25% of the total number of branches to be opened in unbanked rural during a yea .

General Credit Cards (GCC): Banks were instructed by the RBI to issue General Credit Card facilities with an amount of up to Rs.25,000 at their branches located in semi-urban and rural areas.

KISSAN CREDIT CARDS (KCC)

These are issued only to small farmers who earn very low incomes and who have very limited funds due to which they cannot invest in proper farming tools, fertilisers, pesticides, etc. These Kissan Credit Cards help farmers to make instant purchases whenever required.

Increase in ATMs: The Reserve Bank of India also reported that many rural parts of the nation do not have enough automated teller machines (ATMs) and this is restricts many business activities of the people residing in those areas. To increase the availability of physical cash for these people, the number of ATMs increased to a great extent.

2. STATEMENT OF THE PROBLEM

India has a well-developed banking system. Still, there were many remote areas where no banking facilities were available. The banking services were utilized mainly by the people in urban areas. Many rural areas were untouched by banking services. Further, majority of the women in the rural areas were not having even a bank account. Thus, the study was focused on the problem **"What is the status of financial inclusion among rural women"?**

3. OBJECTIVES OF THE STUDY

- To study about the status of financial inclusion of rural women
- To analyse is there any relationship between the demographic profile of the respondents and their financial inclusion
- To study the impact of introduction of financial products by banks on financial inclusion of rural women.

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4. RESEARCH METHODOLOGY

In this study, descriptive method of research has been followed. Survey method using questionnaire has been followed in this study. Primary data have been collected on a random basis from 25 individuals from different walks of life like self help group members, beneficiaries of mahatma Gandhi national rural employment guarantee scheme(MGNREGS), home makers, and self employed women like tailors etc..

5. DATA COLLECTION

Data collection is the process of acquiring relevant information required for the study. Generally two methods are used for data collection – primary and secondary. For this study, both primary data and secondary data have been used.

6. METHODS OF DATA COLLECTION

PRIMARY DATA

Primary data are data collected for the first time by the researcher directly from the source. It can be collected in different ways like direct interview, questionnaire method, mailing method google form method etc… For this study, questionnaire method is used for data collection. Scheduling method of data collection is used for this purpose. Using separate questionnaires, data have been collected. 25 individuals have responded on this study.

SECONDARY DATA

Secondary data is the data which have been already collected earlier and used for another researches earlier. It can be collected from public documents, books, journals, internet etc… For this study, secondary data has been collected from articles published in various journals, reference texts, internet etc…

TOOLS USED FOR ANALYSIS

Simple percentage analysis and cross tabulation has been used for the analysis using questionnaires filled by the researcher under scheduling method from respondents. Tables containing most relevant questions were included in this work.

7. DATA ANALYSIS AND INTERPRETATION

AGE OF RESPONDENTS

AGE	FREQUENCY	PERCENT
Below 30	4	16.0
31-40	4	16.0
41-50	5	20.0
51-60	2	8.0
Above 60	10	40.0
Total	25	100.0

TABLE NO 1

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INTERPRETATION

The above table shows that majority of the respondents belongs to the age group of above 60. The next majority is the age group of 41-50

EDUCATIONAL QUALIFICATION

EDUCATIONAL QUALIFICATION	FREQUENCY	PERCENT
UP	8	32.0
SSLC	7	28.0
HSC	4	16.0
UG	6	24.0
Total	25	100.0

TABLE NO 2

INTERPRETATION

From the above table, it is clear that majority of the respondents have a qualification of upper primary education only. 24% of them have graduation.

OCCUPATION OF RESPONDENTS

HOME MAKER	FREQUENCY	PERCENT
Strongly disagree	14	56.0
Strongly agree	11	44.0
Total	25	100.0

TABLE NO 3

INTERPRETATION

The above table shows that majority of the respondents are home makers. So, they don't have any earnings as their own.

OCCUPATION OF RESPONDENTS

ENGAGED IN SOME JOB	FREQUENCY	PERCENT
Strongly disagree	11	44.0
Strongly agree	14	56.0
Total	25	100.0

TABLE NO 4

INTERPRETATION

The above table shows that more than 50% of the respondents are engaged in some other jobs.

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NON-AWARENESS OF FINANCIAL INCLUSION

NON-AWARENESS ABOUT FINANCIAL INCLUSION	FREQUENCY	PERCENT
Strongly disagree	1	4.0
Disagree	8	32.0
Agree	16	64.0
Total	25	100.0

TABLE NO 5

INTERPRETATION

From the above table, it is evident that majority of the people are unaware of financial inclusion.

AWARENESS OF FINANCIAL INCLUSION

AWARENESS OF FINANCIAL INCLUSION	FREQUENCY	PERCENT
Disagree	16	64.0
Agree	9	36.0
Total	25	100.0

TABLE NO 6

INTERPRETATION

The above table shows that a minority of the respondents are aware of financial inclusion

STATUS OF BANK ACCOUNT

BANK ACCOUNT EARLIER	FREQUENCY	PERCENT
Disagree	13	52.0
Agree	12	48.0
Total	25	100.0

TABLE NO 7

INTERPRETATION

Only 48% of the respondents have opened a bank account. The others have not yet opened a bank account.

AWARENESS ABOUT FINANCIAL INCLUSION

AWARENESS OF BENEFITS OF FINANCIAL INCLUSION	FREQUENCY	PERCENT
Disagree	9	36.0
Agree	16	64.0
Total	25	100.0

TABLE NO 8

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INTERPRETATION

Many of them are aware of the financial inclusion.

AWARENESS ABOUT OTHER SERVICES

AWARENESS ABOUT OTHER SERVICES	FREQUENCY	PERCENT
Disagree	16	64.0
Agree	9	36.0
Total	25	100.0

TABLE NO 9

INTERPRETATION

The above table shows that majority of the respondents are unaware of other services of the banks. Only a few of them are aware of such services.

USAGE OF ATM ONLY

ATM ONLY USAGE	FREQUENCY	PERCENT
Disagree	10	40.0
Neutral	9	36.0
Agree	6	24.0
Total	25	100.0

TABLE NO 10

INTERPRETATION

The above table shows that a few respondents are using ATM only.

USAGE OF ATM AND ONLINE PAYMENT

ATM AND ONLINE PAYMENT	FREQUENCY	PERCENT
Disagree	15	60.0
Agree	10	40.0
Total	25	100.0

TABLE NO 11

INTERPRETATION

From the above table, it is clear that only 40% of the respondents are using both ATM and online payment.

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NON-USAGE OF OTHER SERVICES

NOT USING ANY OTHER SERVICES	FREQUENCY	PERCENT
Disagree	16	64.0
Agree	8	32.0
Highly agree	1	4.0
Total	25	100.0

TABLE NO 12

INTERPRETATION

The above table shows that 32% of the respondents are not using any of the other services of banks

LOAN FROM BANK

LOAN FROM BANK	FREQUENCY	PERCENT
Disagree	25	100.0

TABLE NO 13

INTERPRETATION

The above table clearly shows that nobody has taken a loan from a bank

LOAN FROM OTHER SOURCES

LOAN FROM KUDUMBASREE	FREQUENCY	PERCENT
Disagree	8	32.0
Agree	17	68.0
Total	25	100.0

TABLE NO 14

INTERPRETATION

The above table shows that 68% of the respondents have taken a loan. All of them have depended kudumbasree for their loans.

SATISFACTION OF BANK SERVICES

SATISFACTION ON SERVICES OF BANK	FREQUENCY	PERCENT
Neutral	13	52.0
Satisfied	12	48.0
Total	25	100.0

TABLE NO 15

INTERPRETATION

From the above table, it is clear that 48% are satisfied of the services. The others are not at all responding. It may be because they are not using the services provided by banks

RELATIONSHIP BETWEEN AGE AND AWARENESS OF FINANCIAL INCLUSION

AGE	I HAVE NO AWARENESS ABOUT FINANCIAL INCLUSION			TOTAL
	STRONGLY DISAGREE	DISAGREE	AGREE	
Below 30	1	3	0	4
31-40	0	3	1	4
41-50	0	2	3	5
51-60	0	0	2	2
above 60	0	0	10	10
Total	1	8	16	25

TABLE NO 16

INTERPRETATION

The above table shows that there is a relationship between age and awareness of financial inclusion. Respondents above 60 are unaware of the scheme.

RELATIONSHIP BETWEEN AGE AND USAGE OF FINANCIAL PRODUCTS

AGE	I USE ATM ONLY			TOTAL
	DISAGREE	NEUTRAL	AGREE	
Below 30	4	0	0	4
31-40	4	0	0	4
41-50	2	0	3	5
51-60	0	0	2	2
above 60	0	9	1	10
Total	10	9	6	25

TABLE NO 17

INTERPRETATION

The above table shows that respondents above 60 are not at all using financial products. Only one out of 10 of this group is using ATM. Respondents of the age group of 40-60 uses ATM only, though in small number.

RELATIONSHIP BETWEEN AGE AND USAGE OF FINANCIAL PRODUCTS

AGE	I AM NOT USING ANY OF THE OTHER SERVICES			TOTAL
	DISAGREE	AGREE	STRONGLY AGREE	
Below 30	4	0	0	4
31-40	4	0	0	4
41-50	5	0	0	5
51-60	2	0	0	2
Above 60	1	8	1	10

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Total	16	8	1	25

TABLE NO 18

INTERPRETATION

From the above table it is clear that those who are not using any of the services of banks fall in the age group of above 60. All the others are using at least any one of the services provided by banks.

RELATIONSHIP BETWEEN EDUCATIONAL QUALIFICATION AND AWARENESS ABOUT F I

EDUCATIONAL QUALIFICATION	I KNOW WHAT IS FINANCIAL INCLUSION		TOTAL
	DISAGREE	AGREE	
UP	8	0	8
SSLC	5	2	7
HSC	2	2	4
UG	1	5	6
Total	16	9	25

TABLE NO 19

INTERPRETATION

The above table shows that people with graduation are more aware of the scheme. People with only upper primary education have no knowledge about financial inclusion.

RELATIONSHIP BETWEEN EDUCATIONAL QUALIFICATION AND USAGE OF FINANCIAL SERVICES

EDUCATIONAL QUALIFICATION	I USE ATM AND ONLINE PAYMENT		TOTAL
	DISAGREE	AGREE	
UP	7	1	8
SSLC	5	2	7
HSC	2	2	4
UG	1	5	6
Total	15	10	25

TABLE NO 20

INTERPRETATION

From the above table, it is clear that majority of people using ATM and online payment belongs to the group having graduation. Education makes them aware of the services provided by banks and financial institutions. Further, they become confident to use such facilities.

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8. FINDINGS

- The respondents in the present study are classified on the basis of age, educational qualification, and marital status. The dominant level of education of respondents is UP whereas the dominant age group among the respondents is above 60 years.
- A significant number of respondents didn't have a bank account.
- Even though loans are available without delay, many of them are not availing it.
- Many people are not ready to use the other services of the banks even in this digital age.
- Majority of the respondents were unaware of financial inclusion and its benefits.
- Age factor influences, to a great extent, making use of financial services.
- Majority of the respondents depend on kudumbasree for availing a loan and the main reason for it was seem to be that "no security is needed"
- Usage of other services of banks like ATM cards, online payment etc. depends mainly on the age of respondents.

9. SUGGESTIONS

- More financial literacy is to be provided in the rural areas especially among women
- Proper follow up of the scheme should be made
- More awareness classes should be provided to the rural people so that they can have more financial services.

10. CONCLUSION

The present studies conclude that majority of the respondents were not having even a bank account. As they have not opened an account, they are unaware of the financial products. Age is a determining factor for the usage of other services. Many of them were home makers only and they don't feel the necessity of opening an account in the bank. So, for the improvement of financial inclusion, proper awareness should be delivered to the rural people.

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