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A Study On Financial Inclusion And Social Backwardness - With Special Reference To Villupuram District

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ABSTRACT

As on today India is the 8th position in the world of financial inclusion. India should try to become number one in the world for this central government should work with RBI in tandem. Government of India should spend more money on primary, secondary and higher education for making the people financial literacy making the people financially literate. Closing of ATMs and unwanted merger of banks should be avoided. More bank branches should be open in unreached villages.

Keywords: Financial inclusion, Social backwardness

1. INTRODUCTION

The consideration of financial inclusion can be established support to the year 1904 as helpful measure took position into India. It enlarged drive in 1969 when 14 major commercial banks of the nation are nationalized as well as major bank scheme were introduced soon thereafter. Branches were opened in huge numbers throughout the nation after that even in the areas which were earlier being ignored.

Efforts have been made to provide financial services, especially credit facilities, to the rural population since the 18th century. Taccavi loans were provided to the poor farmers in order to buy seeds and agricultural implements. The institutionalization of systems for financial inclusion in India began with the establishment of credit cooperatives following the enactment of the Cooperative Credit Societies Act in 1904.After Independence, these efforts were intensified, following the recommendations of the All India Rural Credit Survey Committee of 1954.The expansion of the traditional commercial banks to rural areas commenced with the nationalization of the Imperial Bank of India and its conversion to the State Bank of India in 1955.

DEFINITIONS OF FINANCIAL INCLUSION

Financial inclusion means delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income groups. And although credit is the most important component, financial inclusion should also cover savings, insurance, payments and remittance facilities for these excluded segments of society. - Mahendra

REVIEW OF LITERATURE

Naveen Kumar H.S.J. Manjunath and Arun Kumar G (2012) assessed the banking industry is making rapid strides with Information technology driven initiatives and has led to expansion of products (i.e.) expansion of financial services giving birth to the concept of Financial Inclusion. Financial Inclusion is the availability of banking services at an affordable cost to the

ISSN:0971-1260
Vol-22- Issue-14-December-2019

disadvantaged and low income groups. Beck & De La Torre (2006**)** explored the closely related to financial inclusion is the idea of breadth of financial services. Breadth of financial services refers to the outreach of financial services in economy. In other words, breadth measures how many people have access to financial services. Although financial inclusion should signify access to a range of different financial services, the percentage of people in a given area with access to a bank account is the typical measuring stick for breadth of financial services. Arihant Bhandawat (2007) designated their study the lower income category has been living under the constant shadow of financial duress mainly because of the absence of savings. The absence of savings makes them a vulnerable lot, presence of banking services and products aims to provide a critical tool to repeat the practice to save. Capital formation in the country is also expected to be boosted one financial inclusion measures materialize, as people move away from traditional modes of parking their savings in land, buildings, etc. So far the unbanked population has been vulnerably dependent of informal channels of credit like family, friends and moneylenders. Availability of adequate and transparent credit from formal banking channels shall allow the entrepreneurial spirit of the masses to increase outputs and prosperity in the countryside.
Statement of the Problems

Villupuram is the 250th backward district out of 640 backward districts In India. In India 80% of the household's access of bank accounts in India but 20% of the households not having single account in India. But 78% of the farmer depending the non formal organization for their loans but 22% of the people only dependent the formal sector organization for their loans.

2. OBJECTIVES OF THE STUDY

- To find out the amount of loan disbursed and number of beneficiaries covered by the special agencies of the poor people of different categories.
- To determine the socio economic profile of SC/ST and OBC of Villupuram District, Tamil Nadu, India.
- To analyse the impact of financial inclusion among the SC/ST and OBC of Villupuram District, Tamil Nadu, India.
- To analyse the Financial Inclusion measures and programmes launched by RBI in India.

3. RESEARCH METHODLOGY

The data required for study are collected from primary and secondary sources. Secondary data from published books, periodicals, journals etc. These sources are also used for to frame questionnaire required for collecting primary data. Primary data are collected from a sample of 500 respondents belonging to different households residing in SCs/STs and OBCs in selected five Blocks out of twelve panchayat blocks in Villupuram District, Tamil Nadu, India by administering a structured questionnaire.

HYPOTHESES

The following hypotheses are formulated by the researcher to arrive a scientific solution to various propositions

- Type of bank accounts and level of income of the respondents
- Type of bank accounts and occupational status of the respondents

ISSN:0971-1260
Vol-22- Issue-14-December-2019

- Type of bank accounts and level of education of the respondents are independent
- Respondents are well aware of the financial products and services provided by banking institutions

DATA COLLECTION OF THE STUDY

In this study both primary and secondary data collected for this study.

DEMOGRAPHIC PROFILE OF RESPONDENT IN VILLUPURAM DISTRICT

SL. NO	PROFILE	RESPONDENTS		GRANT TOTAL	
		NO. OF RESPONDENTS	PERCENTAGE	TOTAL RESPONDENTS	TOTAL (%)
1	**Gender of Respondents**				
	Male	194	39	500	100
	Female	306	61		
2	**Age of Respondents**				
	20-25 Years	18	3	500	100
	26-30 Years	63	13		
	31-35 Years	198	40		
	35-40 Years	154	31		
	41-45 Years	67	13		
3	**Educational Status**				
	Illiterate	219	44	500	100
	Primary school	90	18		
	High school	81	16		
	Higher secondary	79	16		
	Diploma	31	6		
5	**Occupation of Respondent**				
	Daily wages	342	68	500	100
	Company worker	94	19		
	Farmer	43	9		
	Business	21	4		
6	**Caste of Respondent**				
	SC	318	64	500	100
	ST	52	10		
	MBC	110	22		
	BC	20	4		
7	**Religion of Respondent**				
	Hindu	450	90	500	100
	Muslims	30	6		
	Christian	20	4		
8	**Family Status of the Respondent**				
	Joint Family	136	27	500	100
	Nuclear family	364	73		
9	**Structure of the Respondent Houses**				
	Thatched	252	50	500	100
	Tiled	82	16		
	Alpha sheet	66	14		
	Concrete	100	20		
10	**Income Level of Respondent**				
	Less than Rs. 2000	271	54	500	100
	Rs. 2000 – 3000	124	25		
	Rs. 3000 – 4000	72	14		
	Rs. 4000 – 5000	33	7		

Source: Primary data 2017

ISSN:0971-1260
Vol-22- Issue-14-December-2019

TABLE NO 1

From the above table it is inferred that 39 per cent of the respondent are male and 61 per cent respondent are female respectively.

The above table examines the age of the respondents. The most of the respondents under the age of 31-35 their percentage are 40. Followed by 31 percentage respondents under the age of 35-40 and whereas 13 percentage respondent under the age of 41-45 and also 26-30 age 16. Finally 3 percent respondent under the age of 20-25 in this study area respectively.
From the above table it is inferred that 86 percentage of the respondent are married thereafter 7 percentage of the respondent are unmarried followed by 5 percent respondent are widow and finally 2 Percent of the respondent are divorced respectively.

The above table examines the educational status of the respondents. The most of the respondents are illiterate and their percentages are 44. Followed by 18 percentage respondents are completed the primary education and whereas 16 percentage respondent completed the study of high school and 16 percentage respondent completed the study of higher secondary education. Finally 6 percent respondents completed the course of diploma respectively. The majority of respondents are illiterate in this study area.

The above table shows that Occupation is one of the non-economic aspects control the revenue of the households. In this study 68 percent of the respondents are daily wages, 19 percent of the respondent are company worker, 9 percent of the respondent are farmer and finally 4 percent of the respondent are doing business.

The above table shows that there are 64 percent of the respondents who come under the category of SC followed by 22 percent of the respondents under the category of MBC thereafter 10 percent of the respondents are under the ST category and finally 4 percent of the respondents are under the BC category. From the conclude this table the major portion of SC community are included in backwardness area.

The observation of the table shows that religion of the backwardness respondents. In this study 90 percent of the respondents belongs to the Hindu religion, it was followed by 4 percent of the respondents belongs to the Muslims and whereas 6 percent of the respondents belongs to the Christians.

The observation of the table shows that 27 percentage of the respondents are belongs to joint families and followed by 73 percent of the respondents are belonging to the nuclear families. This study clearly shows, the majority of the respondents belong to nuclear families.

This table depicts the details relating to the structure of respondent’s houses. Majority of i.e. 50 percent respondents’ houses are thatched. It was followed by 16 percent respondent’s houses are tiled, 14 percent respondents houses are alpha sheet. The rest of 20 percent of the respondent’s houses are concrete.

The table shows the monthly income level of backwardness people. In this study 54 percent of the respondent monthly incomes were below 2000 rupees and 25 percent of the respondent incomes are rupees 2000 to 3000 after that 14 percent of the respondent income are 3000 to

ISSN:0971-1260
Vol-22- Issue-14-December-2019

4000 rupees and finally 7 percent of the respondent income level are 4000 to 5000 rupees respectively.

REASONS FOR OPENING THE BANK ACCOUNT

SL. NO	OPENED THE BANK ACCOUNT	FREQUENCY	PERCENTAGE
1.	Govt. payment from NREGP	250	50
2.	Govt. payment from scheme	65	13
3.	To receive remittance	40	8
4.	For saving money	75	15
5.	To request a loan	30	6
6.	Not Applicable	40	8
Total		**500**	**100**

Source: Primary data 2017**.**

TABLE NO 2

The above table 5.11 shows that the respondent reason for going to bank. In this study 14 percent of the respondent only going to bank for the purpose of save the money followed by 34 percent of the respondent going to bank for the purpose of withdraws the money. Thereafter 29 percent of the respondent going to bank for the purpose of entry the pass book. After that 12 percent of the respondent going to bank for asking loan thereafter 3 percent of the respondent going to bank for asking insurance facility respectively and 8 percent of the respondent under the category of not applicable.

REASON FOR NOT HAVING BANK ACCOUNT

SL. NO	REASON FOR NOT HAVING BANK ACCOUNT	FREQUENCY	PERCENTAGE
1.	I have no money	36	7
2.	Lengthy process	6	1
3.	Not applicable	458	92
Total		**500**	**100**

Source: Primary data 2017.

TABLE NO 3

The above table no. 5.9 depicts the reason for not having bank account by the backwardness people. In this study 7 percent of the respondent not having bank account the reason being is their not having money thereafter finally 1 percent of the respondents reason is the banking activities having lengthy process and finally 92 respondent under the category of not applicable respectively.

VARIOUS SOURCES OF LOAN PROVIDER

SL. NO	TYPES OF LOAN PROVIDER	FREQUENCY	PERCENTAGE
1.	Banks	80	16
2.	Relatives	33	7
3.	Friends	63	13
4.	Money lender	55	11

ISSN:0971-1260
Vol-22- Issue-14-December-2019

5.	NBFCs	167	33
6.	NGOs	60	12
7.	Not applicable	42	8
Total		**500**	**100**

Source: Primary data 2017.

TABLE NO 4

This table no. 5.14 clearly shows the loan taken from various ways. In this study 16 percent of the respondent taken loan from banks, 7 percent of the respondent loan taken from relatives, 13 percent loan from friends, 11 percent of respondent from money lender, 33 percent of the respondent loan taken from NBFCs, after that 12 percent respondent taken from NGOs and finally 8 percent of the respondent coming under the category of not applicable.

TYPES OF LOAN BORROWED

SL. NO	TYPES OF LOAN	FREQUENCY	PERCENTAGE
1.	Housing loan	45	9
2.	Business loan	28	6
3.	Education loan	78	15
4.	Vehicle loan	38	8
5.	Household items	145	29
6.	Day to day living expenses	122	24
7.	To pay off other debts	44	9
Total		**500**	**100**

Source: Primary data 2017.

TABLENO 5

In this study, above table no.5.16 shown 9 percent the respondent taken loan for the purpose of housing loan, 6 percent of the respondent loan taken for the purpose of running the business, 15 percent of the respondent loan taken for the purpose of education, 8 percent of the respondent loan taken for the purpose of purchasing vehicle. Here 29 percent of the respondent loan taken for the purpose of to purchase the household items, 24 percent of the respondent loan taken for the purpose of day to day living expenses and finally 9 percent of the respondent loan taken for the purpose of pay off other debts respectively.

DIFFICULTIES FACED TO AVAILED A LOAN

SL. NO	TYPES OF PROBLEMS	FREQUENCY	PERCENTAGE
1.	No regular work	265	53
2.	Low rate of wages	140	28
3.	Unexpected relation functions	53	11
4.	Not applicable	42	8
Total		**500**	**100**

Source: Primary data 2017.

TABLE NO 6

The above table no.5.17 shows that different types of problems faced by respondent when availed the loans. In this study 53 percent of the respondent does not have regular work. Followed by 28 percent of the respondent wages is not enough for repay the loan. After that 11

ISSN:0971-1260
Vol-22- Issue-14-December-2019

percent of the respondent of respondent faced the problems of unexpected relation function. These are all the problems faced by the respondent when availed the loans and finally 8 percent of the respondent of under the category of not applicable.

INSURANCE POLICY OF RESPONDENTS

SL. NO	INSURANCE FACILITY	FREQUENCY	PERCENTAGE
1.	Yes	371	75
2.	No	86	17
3.	Not applicable	42	8
Total		**500**	**100**

Source: Primary data 2017

TABLE NO 7

The table no. 5.18 shows that whether the respondent knows the insurance facility. In this study 75 percent of the respondent known the insurance facility and balance 17 percent of the respondent not known the facility and finally 8 of the respondent covered under the category of not applicable.

TYPES OF INSURANCE POLICY OF RESPONDENT

SL. NO	TYPES OF INSURANCE POLICY	FREQUENCY	PERCENTAGE
1.	Life insurance	335	67
2.	Health insurance	27	5
3.	Vehicle insurance	15	3
4.	Not applicable	123	25
Total		**500**	**100**

Source: Primary data 2017**.**

TABLE NO 8

This table no. 5.19 clearly shows the types of insurance policy having by the respondent. In this study 67 percent of the respondent availing life insurance facility, 5 percent of the respondent having the health insurance facility, 3 percent of the respondent having the vehicle insurance facility and finally 25 of the respondent covered under the category of not applicable.

REASONS FOR NOT AVAILING ANY INSURANCE

SL. NO	REASON FOR NOT AVAILING ANY INSURANCE	FREQUENCY	PERCENTAGE
1.	Too expensive/cannot afford it	20	5
2.	I do not have many valuables	66	13
3.	I am in process of doing it	15	3
4.	No insurance men coming to house now	10	2
5.	No need	12	2
6.	Not applicable	377	75
Total		**500**	**100**

Source: Primary data 2017.

TABLE NO 9

ISSN:0971-1260
Vol-22- Issue-14-December-2019

The above table no. 5.20 shows that various reason for not availing any insurance of the respondents. In this study 5 percent of the respondents reason is it is too expensive followed by 13 percent of the respondent reasons are they do not have many valuables like assets. After that 3 percent of the respondents are processing for making insurance policy followed by 2 of the respondents reasons are no insurance men coming to house now. Hereafter 2 percent of the respondent reasons are no need for insurance and finally 75 percent of the respondent under the category of not applicable.

4. CONCLUSION

The study disclose that although the assess carry out by the government and corporation like suggestion of procedures, liberalisation of rate of inertest, sustain for ability structure measures, support in advertising the products and etc., struggle of receiver maintain to exist. Like, not enough credit, deprived advertising by the institutions for their products, nonexistence of guidance and follows up, deficiency of necessary guidance, etc. These struggle require urgent rectify all by financing institutions. To sum up, there are numerous challenges that need intensive efforts from banks, the RBI and the Government to ensure suitable and cost effective freedom of financial services to the public at large. There is require to face more people under financial inclusion who justify and tremendously in require of economics. As a developing country, India faces control of resource for quick socio-economic expansion.

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