FINANCIAL INCLUSION – PROBLEMS AND PROSPECTS. A CASE STUDY OF UNBANKED AND DEPRIVED HOUSEHOLDS OF SOUTH-EASTERN RAJASTHAN

A Thesis

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By

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2021

CERTIFICATE

I feel great pleasure in certifying that the thesis entitled **"FINANCIAL INCLUSION – PROBLEMS AND PROSPECTS. A CASE STUDY OF UNBANKED AND DEPRIVED HOUSEHOLDS OF SOUTH-EASTERN RAJASTHAN."** is an original piece of work carried out by **Ankita Birla**, under my supervision for the degree of DOCTOR OF PHILOSOPHY. She has completed the following requirements as per Ph. D. regulations of the University.

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iii. Regularly submitted Annual Progress Report.
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Date: **(Dr. M. L. Gupta)**

Place: Kota **Research Supervisor**

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ABSTRACT

The present study concerns with **'Financial Inclusion- Problems and Prospects. A study of Unbanked and Deprived Households of South-Eastern Rajasthan'** comprise the results of research endeavour at the Government Commerce Girls College, Kota (affiliated college of University of Kota). This research is pursued to get a deep understanding of the concept of financial inclusion, its current status in South-East Rajasthan and to examine the problems and prospects involved and to understand the perception of employees of financial institutions regarding Financial Inclusion in the selected region.

The study intends to develop a more predictive and normative approach which explains the financial consumer's personal capabilities that are fundamental in determining choice, decision making and, specifically, financial behaviour in the FI context. On the other hand, the study aims to provide guidance to formal financial service providers within a developing country context using the demand side insights derived. This perhaps provided possible strategies to enhance their use of formal financial services.

Various initiatives have been taken by Government of India, Reserve Bank of India, Apex bodies and other financial institutions in relation to financial inclusion. This study provides a comprehensive view of such innovations in order to know the prospect of financial inclusion.

Further, Factors related to financial inclusion are very crucial for households and employees of financial institutions. Financial Awareness constructs a basic ground for financial inclusion particularly in the deprived and unbanked sector of the society. The high level of financial awareness will lead to more financial inclusion of the population. Similarly, Social networks and technological upgradation level of households also creates a significant difference in level of financial inclusion. Hence, the study considered all these three factors to understand their association with financial inclusion. Moreover, the perception of employees has also been studied to understand their view for financial inclusion prospect.

Descriptive research design was used for the present study. In order to develop a strong perceptive of the conceptual background of the study, an intensive review of available literature was completed, including literature like, dissertations, theses, research papers, newspaper articles and internet sources. Moreover, an intensive survey (by using questionnaire) was done in rural, semi-urban and urban areas of south-east Rajasthan covering all possible dimensions allied with the problem of the study. A random sampling has been executed to randomly selected households and employees of financial institutions from four districts (Baran, Bundi, Kota and Jhalawar) of south-east Rajasthan.

Summarizing, classification and tabulation of the collected data have been done to extract desirable inferences and then testing of stated hypotheses was performed using Pearson Chi-Square Test. This study found that many households of selected region are fundamentally financially included, but the way of inclusion is passive. A significant portion of targeted population has opened accounts with financial institutions to avail benefits from government schemes and others. They are not very frequent in utilising financial products and services available. On the other hand, employees of financial institutions feels that financial inclusion is an important tool for growth of the society and more financial inclusion related activities and innovations to be introduced in the selected region according to the area specific requirements.

The current study will contribute to the financial upliftment of unbanked and deprived household of the south-east Rajasthan through FI moves. Further it will provide aid to financial institutions to improve their effectiveness in relation to financial awareness and financial inclusion. Hence, it will succeed the positive, auspicious and opportunistic outcomes for the society and the nation.

Date: **(Ankita Birla)**

CANDIDATE'S DECLARATION

I hereby, certify that the work which is being presented in the thesis entitled "**Financial Inclusion- Problems and Prospects. A study of Unbanked and Deprived Households of South-Eastern Rajasthan**" for the partial fulfillment of the requirement for the award of the Degree of Doctor of Philosophy, carried out under the supervision of **Dr. M.L. Gupta** at Department of Accountancy and Business Statistics, Government Commerce Girls College, Kota and submitted to University of Kota, Kota, represents my ideas in my own words and where other ideas or words have been included, I have adequately cited and referenced the original sources. The work presented in this thesis has not been submitted elsewhere for the award of any other degree or diploma from any institution.

I also declare that I have adhered to all principles of academic honesty and integrity and have not misrepresented or fabricated or falsified any idea/data/fact/source in my submission. I understand that any violation of the above will cause for disciplinary action by the University and can also evoke penal action from the sources which have not been properly cited or from whom proper permission has not been taken as needed.

Date: **Ankita Birla**

Place: Kota (Research Scholar)

This is to certify that the above statement made by Ankita Birla (Registration number- RS/20/13) is correct to the best of my knowledge.

Date: **Dr. M.L. Gupta**

Place: Kota (Research Supervisor)

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Ankita Birla

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LIST OF ABBREVIATIONS

A/c	Account
APY	Atal Pension Yojana
ATM	Automated Tellers Machine
BCs	Business Correspondents
BFs	Business Facilitators
BHIM	Bharat Interface for Money
BLP	Bank Linkage Program.
BSBDA	Basic Savings Bank Deposit Account
CFL	Centre for Financial Literacy
CRAR	Capital-to-Risk Weighted Assets Ratio
CRISIL	Credit Rating Information Services of India Limited
DBT	Direct Benefit Transfer
DCCB	District Central Cooperative Bank
FI	Financial Inclusion
FIF	Financial Inclusion Fund
FIPs	Financial Inclusion Plans
FLCCs	Financial Literacy and Credit Counselling Centres
GCC	General Credit Card
GOI	Government of India
ICT	Information and Communications Technology
IMF	International Monetary Fund
IMPS	Immediate Payment Service
KCC	Kisan Credit Card
KYC	Know your customer
MF	Micro Finance
MFIs	Micro finance institutions
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MoU	Memorandum of Understanding
NABARD	National Bank for Agriculture and Rural Development
NACH	National Automated Clearing House
NAFIS	NABARD All India Rural Financial Inclusion Survey
NBFCs	Non-Banking Financial Company
NCFE	National Centre for Financial Education
NEFT	National Electronic Funds Transfer
NGOs	Non-Government Organizations
NMFI	National Mission for Financial Inclusion
NREGS	The National Rural Employment Guarantee Scheme
NSFE	National strategy for Financial Education

OECD-INFI	Organisation for Economic Co-operation and Development - International network on Financial Inclusion
PACS	Primary Agricultural Credit Societies
PMJDY	Pradhan Mantri Jan Dhan Yojana
PMJJBY	Pradhan Mantri Jeevan Jyoti Bima Yojana
PMMY	Pradhan Mantri Mudra Yojana
PMSBY	Pradhan Mantri Suraksha Bima Yojana
PoS	Point of Sale
RBI	Reserve Bank of India
RCBs	Rural Cooperative Banks
RRBs	Regional Rural Banks
SCBs	Scheduled Commercial Banks
SHGs	Self Help Groups
Sig.	Significant
SLBC	State level Bankers Committee
UIDAI	Unique Identification Authority of India
UPI	Unified Payment Interface

CHAPTER I

CONCEPTUAL FRAMEWORK

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1.1 INTRODUCTION

The recent past has observed the attention of Government authorities, financial institutions and general public across the globe towards the idea of Financial Inclusion. It has been a universal problem to ensure the availability of accessible, affordable and appropriate financial services. Sustainable economic and social development of a country is possible only with constant efforts towards financial inclusion. It aims to empower underprivileged and poor people and enable them to be self reliant and well-versed to take better financial decisions. Financial inclusion ensures participation of deprived section of the society based on the extent of accessing financial services such as savings bank account, facilities concerning to overdraft, micro insurance, pensions, loans and advances etc. Moreover, financial inclusion is aimed to provide easily accessible financial services to underprivileged individuals and firms to allow maximum investment in business endeavours, better education, health, insurance against risks, retirement benefits etc.

It is a well known fact that financial inclusion has significant impact on other economic indicators thus; developing and underdeveloped countries all over the world are also striving to achieve universal financial inclusion. In India too, the Central Government has taken some major initiatives such as the nationalization of banks, opening cooperative banks, establishing regional rural banks and implementing bank licensing policy and the introduction of Pradhan Mantri Jan Dhan Yojana (PMJDY) are some of the key schemes, which have helped to increase financial inclusion in India. Under PMJDY one can get his or her bank account opened with zero or minimum balance thus enabling poor and marginalized people to be financially included. In tune with GOI, Reserve Bank of India (RBI) has undertaken several initiatives to extend the banking outreach to the unbanked rural masses including, social banking policy, Know Your Customer norms, financial literacy centres, no-frill account and opening of Business

Correspondents (BCs). This way, India has achieved notable success in expanding financial inclusion; still, a lot needs to be done in order to accomplish the goal of universal financial inclusion.

Global FINDEX 2017 has reported that around the world still 1.7 billion adults are financially excluded. However, in India, due to ambitious Government policies, around 310 million people could be included into the formal banking system in a small period of just four years ending in March 2018, as per the World Bank report. But the pace of building new financial infrastructure is very slow in India as many villages still lack bank branches or ATMs to serve these new customers.

Moreover, lack of awareness and financial illiteracy among the rural population also pose hindrances in economic growth of the country. As per the report presented by the finance ministry to the Rajya Sabha in January 2019, average financial literacy scores in India are low – at 11.9 out of 21. This issue should be taken seriously by the policy makers to have sustainable economic progress of the country. The present study is an attempt to identify the problems in financial inclusion in India with special reference to Hadoti region of Rajasthan. Moreover, it focuses upon initiatives taken by Government and financial institutions to overcome the challenges obstructing financial inclusion in this region.

1.2 BACKGROUND OF THE STUDY

The term financial inclusion came into practice in India actually much before the formal adoption of it as the objective of the Central Government of India. Initiatives taken by government including nationalization of banks, Lead Bank Scheme, incorporation of Regional Rural Banks, Service Area Approach and formation of Self-Help Groups aimed to extend banking services to the masses. The brick and mortar infrastructure expanded; the number of bank branches multiplied ten-fold - from 8,000+ in 1969, when the first set of banks were nationalized, to 154137 as on quarter ended September 2019 (www.dbie.rbi.org.in). Although the network of bank branches has extended across every corner of the country, the goal of financial inclusion is still far beyond the reach.According to data collected from the Handbook on Indian

Insurance Statistics (2016-17), only one-fourth of the population has life insurance cover.The proportion of people having life insurance may be much less if it considered that a person may hold more than one such policy. Further, only13 per cent people are having debit cards while, the people having credit cards comprise only 2 per cent of the population. RBI has initiated various policies to expand financial inclusion and pushed the banking system for achieving this objective by adopting more focused and structured approach. The focus of RBI has been on providing banking services to all the 600 thousand villages and meeting their financial needs through basic financial products like savings, credit and remittance. The objectives of financial inclusion, in the wider context of the agenda for inclusive growth, have been pursued through a multi-agency approach.

Furthermore, financial inclusion received a boost through the implementation of PMJDY in 2014. PMJDY added 336.6 million new bank accounts expanding the base of such accounts to 536 million by the end of March 2018. Opening of new bank accounts has increased the deposit rate, which is a good indicator for economic growth and poverty reduction. Now, 80% of adults in India have bank accounts in their name due to exemplary penetration of banking services and sustained financial inclusion policies. It has enabled unprivileged people to deposit savings in their accounts, access micro credits and to obtain government subsidies through Direct Benefit Transfer scheme.Analysis of various dataset depicts that much progress has been occurred with regard to financial inclusion in India.

However, regular use of one's bank account can only fulfil the real meaning of financial inclusion. Statistical data show that a large number of bank accounts opened under PMJDY are not active. A lot of gap exists between the deposit accounts, saving accounts and credit accounts. Though much progress has occurred in account opening, but with regard to usage of such accounts, insignificant improvement has undertaken.

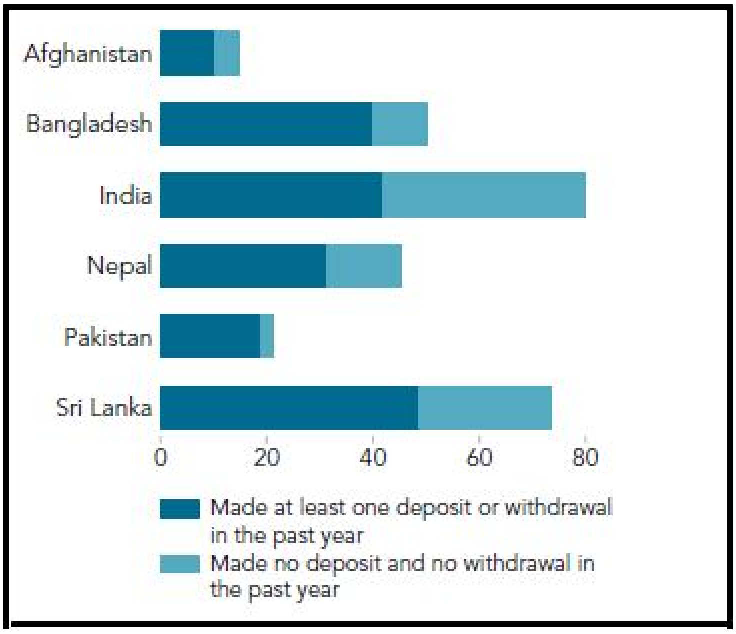
Globally, 13 percent of adults, or 20 percent of account owners, reported having an inactive account, with no deposit or withdrawal — in digital form or otherwise — in the past 12 months. The share of account owners with an inactive account varies across economies, but it is especially high in many South Asian economies. In India the share is 48 percent — the highest in the world and about twice the average of 25 percent for developing economies.

Part of the explanation might be India's Jan Dhan Yojana scheme, developed by the government to increase account ownership. An additional 310 million Indians had been brought into the formal banking system by March 2018, many of whom might not yet have had an opportunity to use their new account.

Almost half of account owners have an account that remained inactive during the year 2017.

Figure 1.1

Adults with Active/ Inactive Bank Account, 2017



Sources: Global FINDEX database

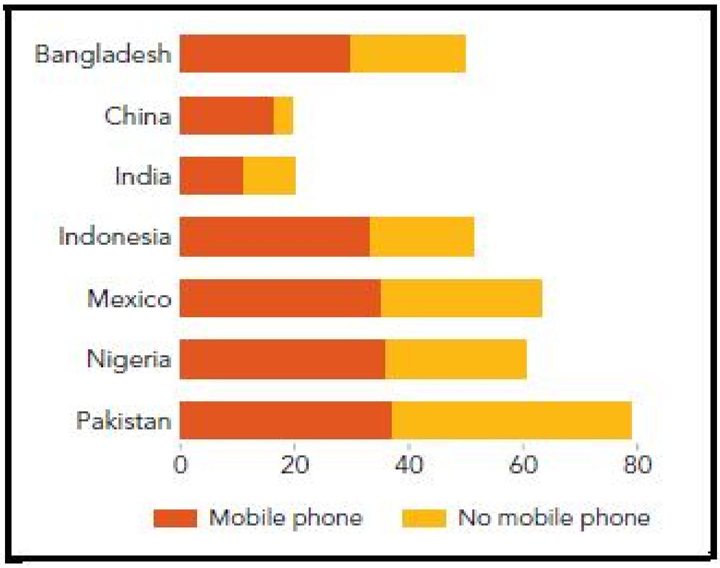
There are few possible demand side and supply side factors which are responsible for this inactiveness of bank accounts. The possible reasons are lack of financial literacy, low income, high-transaction cost, and unavailability of bank branches, lack of identity proof, or documentation problem and so forth. However, some of basic problems (such as high transaction cost and unavailability of bank branches) can be eliminated through the use of digital banking. In developing economies 76 percent of adults with an inactive account have a mobile phone, including 66 percent in India. This represents an opportunity for expanding the use of accounts through digital technology.

Global FINDEX data show that mobile phone ownership is widespread among the unbanked. Globally, about 1.1 billion unbanked adults — about two-thirds of all those without an account — have a mobile phone. But mobile phone ownership in this group varies among economies. Consider the seven economies that are home to nearly half the world's unbanked adults.

Except in Pakistan, more than half of unbanked adults have a mobile phone, and in China the share is as high as 82 percent.

Figure 1.2

Mobile Phone Ownership among the Unbanked across Economies, 2017



Sources: Global FINDEX database; Gallup World Poll 2017

But the use of digital banking has confronted numerous constraints among the different population groups. The usage of digital transaction among poorest 40%, rural people, female individuals, less educated peoples and older people are much less than other population groups. Though the accessibility of mobile/internet banking has increased in India, women more than 45-years age groups, the elderly people, people living in remote villages and primary or less educated people are still less likely to use a smart phone. Furthermore, consumers from remote villages also face infrastructural barriers like irregularities in electricity supply and poor internet connectivity.

Sometimes the consumer's incapability to use digital technology also stands as a barrier in the usage of digital banking. Even if one consumer own smart phone with internet connectivity, Lack of digital infrastructure facility, less financial literacy, low income and absence of formal employment opportunities are some of the major factors that restrict the rural consumers to use digital technology for their financial transactions.

Keeping all these factors into consideration, the present study has been undertaken with a view to analyze the present status of financial inclusion in Rajasthan with special reference to Hadoti region.

1.3 SIGNIFICANCE OF THE STUDY

Financial Inclusion is an important step towards poverty eradication among the low income rural segments and consequently inclusive development among developing economies. This is only possible when an economy utilizes a "*balanced mediation effect*" between the demand-side and supply-side; that is the financial service providers as well as the financial consumer. The study intends to develop a more predictive and normative approach which explains the financial consumer's personal capabilities that are fundamental in determining choice, decision making and, specifically, financial behaviour in the FI context. On the other hand, the study aims to provide guidance to formal financial service providers within a developing country context using the demand side insights derived. This perhaps provided possible strategies to enhance their use of formal financial services.

This study also provides a relevant platform for government bodies and FI development organizations to design relevant programmes to improve and stimulate the use of formal financial services among the low income segments, especially within the rural areas, who are often excluded from the formal financial system. Generally, for policy makers, this study is intended to enhance efforts in planning and setting more flexible policies that may promote the implementation, expansion, and use of financial services in order to reach out to larger number of users, especially in the rural areas. Building data sets that benchmark countries would help focus the attention of policymakers and allow them to track and evaluate efforts to broaden access and use of financial services.

The managers of the formal financial institutions may also use the findings from this study to develop more appropriate strategies to increase the scope of financial services and product development, especially for the low income segments and rural population often financially excluded.

1.4 CONCEPT OF FINANCIAL INCLUSION

Financial inclusion is a major development goal for every country across the world. Financial inclusion or accessing financial services implies “an absence of price and non-price barriers in the use of financial services” (Demirgüç-Kunt et al., 2008). The term financial inclusion has huge scope that covers payments, micro finance and savings accounts, credit, insurance, pensions and securities market. Though a broad concept, and difficult to measure, “it can be thought of as the proportion of individuals and firms that use financial services in an economy” (World Bank, 2014a).

Financial Inclusion is a method of providing banking and financial services to individuals without having any element of discrimination. To include one and all in the society is the basic aim of financial inclusion by giving them access to financial services without considering their income or savings. Its main focus is to provide consistent financial solutions to economically deprived people with no chance of unfair treatment. Moreover, it is committed to being transparent while giving financial solutions without involving any hidden transaction or cost.

Actually, a lot of poor households in India do not have any access to financial services in the country. They do not know about banks and the facilities provided by them. Even if some of them are aware of banks, they are unable to access services from banks. Sometimes, they do not fulfill minimum eligibility criteria imposed by banks such as minimum income, credit score, age, years of work experience and thus can't avail a bank’s services. Many of the poor people may be unemployed without any previous employment record due to lack of education, lack of resources, lack of money, etc.

These economically underprivileged people of the society may also not have proper documents to provide to the banks for verification of identity or income. Every bank has certain mandatory documents that need to be furnished during a loan application process or during a bank account creation process. Many of these people do not have knowledge about the importance of these documents. They also do not have access to apply for government-sanctioned documents.

Financial inclusion aims to eliminate these barriers and provide cheaper financial services to the less fortunate sections of the society so that they can be financially independent without depending on charity or other means of getting funds that are actually not sustainable. Financial inclusion also intends to spread awareness about financial services and financial management among people of the society. Moreover, it wants to develop formal and systematic credit avenues for the poor people.

For several years, only the middle and high classes of the society procured formal types of credit. Poor people were forced to rely on unorganized and informal forms of credit. Many of them were uneducated and did not have basic knowledge about finance and hence, they got cheated by the greedy and rich people of the society. Several poor people have been exploited for years in the context of financial assistance.

According to the latest Global FINDEX data published by the World Bank, 69 percent of world's adults had an account in 2017, either at a financial institution (as an individual or jointly-owned account) or through a mobile money provider. The level of financial inclusion varies across the world: the share of adults in developed countries with an account at a formal financial institution is more than twice the share in developing countries (World Bank, 2014a). While developed countries record near universal account ownership, in developing nations the number of unbanked remains huge, though the relative proportion has come down in recent times. Inequalities can be also observed with respect to income, gender, place of residence, that is, urban or rural, etc. Women continue to lag behind in account ownership with a gender gap remaining constant both globally and in developing nations. The latest World Bank FINDEX report (Demirgüç-Kunt et al., 2018) finds that although there was upward movement in account ownership in all categories since 2011, the gap between men and women remains constant at 7%, reported in the previous editions of the survey in 2014 and 2011. The gap between rich and poor persists since 74% of adults out of the richest 60% of households have an account while, only 61% of poor households have an account.

Definitional Framework

As per the Rangarajan Committee report (2008), Dr. K.C. Chakrabarty, former Deputy Governor, Reserve Bank of India defined financial inclusion as "the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as the weaker sections and low-income groups at an affordable cost". Financial Inclusion, broadly defined, refers to universal access to a wide range of financial services at a reasonable cost. These include not only banking products but also other financial services such as insurance and equity products (The Committee on Financial Sector Reforms, Chairman: Dr. Raghuram G. Rajan).

According to World Bank's Global Financial Development Report 2014, "financial inclusion is the proportion of individuals and firms that use financial services". Global Partnership for Financial Inclusion (GPFI), a forum of G20, defined financial inclusion as "a state in which all working age adults have effective access to credit, savings, payments and insurance from formal service providers."

The RBI has defined financial inclusion as "the access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost, in a fair and transparent manner by mainstream institutional players".

The World Bank Global FINDEX's definition: "Someone with an account at a bank, credit union, another financial institution (e.g. cooperative, microfinance institution), or post office, and includes those with debit cards" (Demirguc-Kunt and Klapper, 2012). IMF financial access survey defines financial inclusion as "minimization of financial exclusion arising from market or government failures".

1.5 PHASES OF FINANCIAL INCLUSION IN INDIA

In India, Financial inclusion has been accomplished in different stages.

Table 1.1

Phases of Financial Inclusion in India

Phases	Year	Growth& Developments
I (1960 – 1990)	1969	Nationalization of Banks
	1971	Establishment of Priority Sector Lending Banks
	1975	Establishment of Regional Rural Banks
	1982	Establishment of NABARD
II(1990 – 2005)	1992	Launching of the Self Help Groups Bank Linkage Programme
	1998	NABARD sets a goal for linkage one million SHGs by 2008
	2000	Establishment of SIDBI foundation for Micro Credit
	2005	One million SHG linkage target achieved three years ahead of date
III (2005 onwards)	2006	Committee on Financial Inclusion
	2007	Proposed Bill on Micro Finance Regulation introduced in parliament
	2008	Committee submitted its final report on Financial Inclusion to Union Finance Minister in January
	2013	Unique Identification Number (AADHAR) and the Direct Benefit Transfer(DBT) Scheme
	2014	Prime Minister Jan Dhan Yojana (To Open More bank Accounts To facilitate Financial Inclusion)
	2015	Mudra Yojana launched (approx more than 13 crores small entrepreneur availed loans till now)
	2017	Jhan dhan zero balance accounts came down from 70% to less than 20%
	2018	650 branches of post payment bank with 3250 access points
	After 2018	1.55 lakhs access points across country

Source: Compiled from various sources

I First Phase (1960 – 1990) -Transmitting Credit to Underprivileged Sections of Society

In the first phase, banks were nationalized in 1969 for the purpose of adjunct institutional finance. The government undertook several measures to improve financial delivery through cooperatives and by nationalizing banks (Gwalani & Parkhi, 2014). Various innovative programs were launched to generate self-employment and rural development. As a result, the number of branches of commercial and regional rural banks (RRBs) increased from 8,321 in the year 1969 to 68,282 branches as at the end of March 2005. The average population per branch office decreased from 64,000 to 16,000 during the same period.

Nationalization of Banks: In 1969, a major overhaul in the banking sector took place with Nationalization of all the Banks existing in India, under the leadership of Smt. Indira Gandhi. This move was to make Banking services more affordable and accessible for the common people by regulating the banking policies as per the socialist objectives of the country. There was a greater need to support agriculture and small industries by the provision of easy credit availability. Rural areas were virtually untouched by the banking revolution which was taking place in India. Hence the increased penetration of banks in villages was also the prime concern of the then Prime Minister. The move was in line with India's goal of Balanced Regional Development.

National Bank for Agriculture and Rural Development: NABARD was established in 1981 as a statutory body to enhance sustainable and equitable agriculture and rural prosperity through effective credit support, related services, institution development and other innovative initiatives. Various steps have been taken by NABARD for promoting financial inclusion. The institution is involved in refinancing numerous cooperative and Regional Rural banks. It also provides credit services to farmers and various subsidy schemes for the handloom sector, benefitting weavers in India. The institution is actively involved in various developmental activities such as setting up of Financial Literacy and Credit Counseling Centres (FLCCs) and capacity building programmes organizing Financial Literacy awareness camps for the underprivileged for promoting greater financial participation from rural areas.

II Second Phase (1990 – 2005) -Substantial Financial Sector Reforms to Bolster Financial Institutions

The second phase focused on strengthening the financial sector through various reforms and change in regulatory norms during the nineties. The highlights being introduction of Self Help Groups (SHG), bank linkages and Kisan Credit Cards, The focus was towards providing credit benefit to the masses and it turned to be a good success especially for Women.

Small Industries Development Bank of India: To boost and promote small and medium enterprises in India SIDBI was established. It was envisioned that MSMEs will definitely be instrumental in providing employment opportunities for people residing in small towns and will allow greater developmental opportunities to areas where big entrepreneurs are not attracted to set up industries. In a way, it was to finance and develop small scale sector, which now provided means of livelihood to various citizens of India.

Swarnjayanti Gram Swarozgar Yojana (SGSY): The scheme was initiated in the year 1999 with a vision to make avenues of self-employment for the poor, specifically Below Poverty Line (BPL) families living in villages. The main purpose of the scheme was to support these families via training and capacity building measures. The concept of self-help groups (SHGs) was adopted wherein the people were segregated into groups who would carry out activities for their livelihood by providing income generating assets. These groups were also linked to banks for meeting the financial needs and also to encourage savings among group members to make them self-sustaining.

The National Rural Employment Guarantee Scheme (NREGS): The National Rural Employment Guarantee Scheme was launched after the enactment of the National Rural Employment Guarantee Act in the year 2005. The main aim of the scheme was to provide employment for at least 100 days in a financial year. The scheme was specifically targeted for the rural poor, willing to do unskilled manual labour. The scheme in addition to wage employment also ensures gender and social empowerment, by increased women participation and wage parity. The scheme has been extremely successful particularly in southern states of India. It increased the number of saving bank accounts among rural population to a great extent since the wages were transferred directly into the saving banks accounts. It also provisioned them to get easy access to loans and various other benefits attached with the scheme.

III Current Phase (2005 onwards) -Moving to Complete Financial Inclusion and Financial Deepening

The present phase i.e. 2005 onwards has been explicitly a policy priority with a greater emphasis on the development of innovative banking and financial products and services and coverage of wide population of unbanked and under banked. Many initiatives are taken by RBI and Government of India to improve the position.

National Rural Livelihood Mission (NRLM): The mission was introduced to overcome the shortcoming of SGSY in the year 2010. Its mission statement states reduction of poverty through access to gainful self-employment and skilled wage employment as one of its prime objectives. It also aims to improve the standards of living of the poor by building strong and sustainable grassroots institutions for the poor. The mission emphasized on providing skilled training and improved market linkages along with capital and interest subsidy and easier availability of loans. Specific efforts for enhanced financial inclusions are included in the scheme encouraging financial literacy among the poor. The concept of 'Bank Mitras' was introduced to facilitate greater accessibility to bank services.

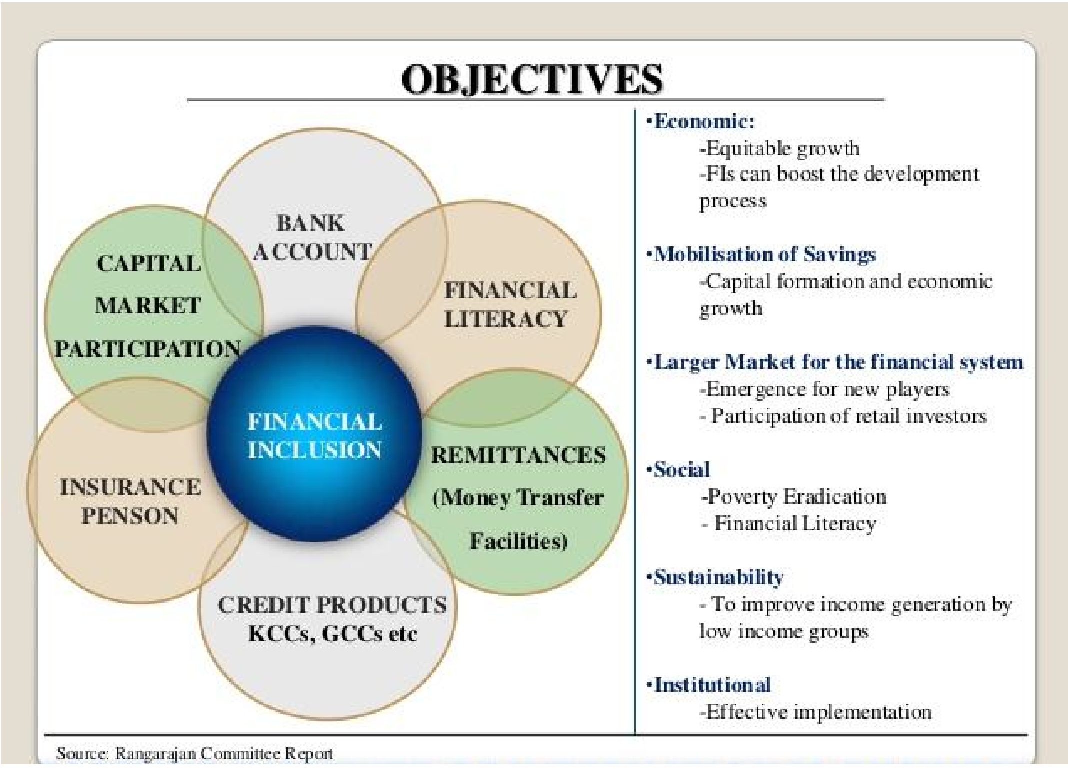
Pradhan Mantri Jan DhanYojana (PMJDY): This financial inclusion initiative was launched by Government of India in August 2014. The national mission is aimed at expanding and making available the financial services such as Banking or savings and deposit accounts, credit, insurance, remittances and pension in an affordable manner. The scheme has unfolded a financial inclusion revolution in the country with an exponential increase in the amount deposited and accounts opened as part of the national campaign. More than 318 million bank accounts have been opened and approximately `792 billion have been deposited under the scheme as on June 27, 2018.

1.6 OBJECTIVES OF FINANCIAL INCLUSION

To include the excluded and unbanked people in the financial system by involving their participation in the financial sector and to make all the financial services available to them, so that their specific needs can be met without any kind of discrimination and ignorance. By this process their money can be used for capital formation which will ultimately lead to the economic development of the nation.

Figure 1.3

Objectives of Financial Inclusion



There have been numerous objectives related to the call for financial Inclusion such as:

1. Economic Objectives: For an equitable growth in all the segments of the society leading to a reduction of disparities in terms of income and savings the financial inclusion can serve as a rumble for the underdeveloped and developing nations.
2. Mobilization of Savings: If the weaker sections are provided with the facility of banking services the savings can be mobilized which is usually piled up at their households and can be efficiently used for the capital formation and growth of the nation.

3. Larger Market for the financial system: To serve the requirements and need of the large section of society there is a persistent need for the larger market for the financial system which opens up the opportunity for the new players in the financial sector and can lead to the growth of banking sector also.
4. Social Objectives: Poverty Eradication is considered to be the major solitary objective of the financial inclusion scheme since they viaduct up the gap between the weaker sections of society and the sources of livelihood and the means of income which can be generated for them if they get loans and advances.
5. Sustainable Livelihood: once the lower strata of the society get some money in form of loan they can invest that amount in any business or in getting higher education which enable them to be self sufficient and to improve their livelihood. Thus, financial inclusion can be a panacea for lower income group of the society.
6. Political Objectives: By including the bottom layer of the society in the financial system of the country, certain political objectives can be achieved and the government programmes can be designed in an effective way.

1.7 IMPACT OF TECHNOLOGY ON FINANCIAL INCLUSION

Technology and financial inclusion are the popular terms in banking sector in the country. Technological up-gradation and mobile banking are catching up so fast, while, the banking industry's penetration to un-banked areas is still found sluggish. RBI Deputy Governor, K. C. Chakrabarty at the CII conference ‘Connecting the dots' has quoted that “The role of the Indian banker is challenging. At one end of his spectrum lies the demand to achieve financial inclusion as nearly 50 per cent of the population is yet to be covered under the formal system of banking and at the other end lies the task to fulfil the needs of the existing customer,” said He further stated, “we need to remember that we should work towards bringing nearly 400 million citizens to the formal fold of the banking sector. It is not just about opening ‘no frill' accounts. As of today, 75 millions ‘no frill' accounts have been opened but there are hardly any transactions in them. Banks need to work towards providing a full range of financial services and this would need a low cost, reliable, easy to use and secure technology backbone linking six lakh villages in the next four-five years”.

Today, banks are already offering services over mobile to communities that have been historically ‘unbanked'. In rural areas, where accessibility is a problem, banks are using the microfinance network and business correspondents and facilitators to bring more people under the ambit of banking services, said a report of PwC prepared for the CII's banking summit. Capitalising on the huge untapped potential in smaller towns and cities and rendering financial services to this segment of people poses a big challenge. “Few banks have explored technology solutions to increase the scale of their microfinance portfolios, with the use of smart cards and core banking solutions”.

Often a multitude of operational issues are quoted as reasons for lagging behind in financial inclusion targets. Till such time complete technology integration takes place on all fronts, there are bound to be areas where intermediate brick-and-mortar structures need to be in place. Even with Business Correspondents (BCs) issues arise regarding their supervision and customer grievance redressal. Certain accounting issues in this regard are also being addressed. All these operational issues and many more can be resolved if banks begin to look at financial inclusion as a business opportunity rather than an obligation to fulfil their corporate social responsibility (CSR) objective.

Banks have to realise that for Business Correspondent (BC) model to succeed the BCs who are the first level of contact for customers have to be compensated adequately so that they too see this as a business opportunity. Similarly, as regards MSPs (mobile service providers) acting as BCs reports reaching the central bank still suggest that the true spirit of cooperation is yet to stabilise with each still trying to destabilise the other.

In a country where there are more mobile phone owners than bank account holders, digital financial services are expected to receive significant attraction. Banks are increasingly using digital platforms for serving both the unbanked and the under-banked population, especially in rural/remote regions, as the costs are significantly lower as compared to traditional banking channels. Digital financial services offer help to banks operate on low cost models and thereby positively impacts their overall profitability of banks. Furthermore, with an increase in financial inclusion and digitalization of banking, requirement of cash in the economy will reduce, thereby helping in controlling unaccounted money in the economy. The reach the country is having with technological progress mobile banking has the potential to emerge as a game changer in terms of costs, convenience, and speed of reach. Business models of banks, telecom operators and other stakeholders need to converge.

Additionally, most of the banks in India have opened their own mobile apps to provide banking services to their customer. On the other hand, banks are trying to build up their customer's confidence that e-banking is as convenient and reliable as banking in person. Similarly, academic research has shown that mobile banking and internet banking increase the banking habits of the people, speed up financial transaction and provide better financial services with a greater accuracy, reliability and security (Alam, Patwary, & Rahim, 2013; Liao& Cheung, 2002). Therefore, the use of mobile banking and internet banking is gaining much popularity among the Indian masses in general and young people in particular. Despite the huge usage of mobile/internet banking, there are some other technological innovations (such as instalment of micro ATM, use of debit/credit card, e-wallet, etc.) that have helped to boost digital finance in India.

Moreover, the post-demonetization period has witnessed a sharp rise in digital transactions. In this regard, Fintech services have played a major role to provide various technical support for financial transaction to happen. Now, various noncash channels like Paytm, debit/credit card and PhonePe are available even if in the small Indian cities. Today, there are several digital channels exist in India, which help the consumers to make digital payment just at the click of the button. It is true that the dream of digital India has to go a long way because still cash transaction has occupied large number of financial transaction in Indian market. But there is no doubt that the volume of digital transaction has increased over times and will increase more in near future.

Technology plays a very important role in financial inclusion. Indian banks are using all available avenues to increase their reach and penetration. Moreover, the actions undertaken for implementation of PMJDY as part of the National Mission on Financial Inclusion are to utilize available technology to the fullest and in a big way to achieve the goal in a time bound manner. Some of the major products/solutions are described hereunder:

a. Automatic Teller Machines (ATMs)

Automatic cash dispensing machines are already in place in cities and towns. The machine identifies the bank user through his card and password. The user can withdraw cash through these machines, check his account balances and use it for some other small transactions. Generally, these ATMs are owned by the banks or bank outsources it to third party on their behalf.

b. Deposit taking Machines

These are the machines which take cash deposits from customers and update the status of their deposit in real time. These machines are currently present only in the bank branch premises of few banks in cities.

c. Internet Banking/ Mobile Banking

Bank account holders can use their accounts using internet banking and mobile banking to transfer money to different accounts and pay their bills. The extensive coverage of mobile phones and the use of such media by all sections of the population can be exploited for extending financial services to the unbanked populations. It enables the customer to manage their financial transactions independent of place and time with so much of flexibility. The Mobile Banking services are generally available through mobile applications installed on smart mobile phones operating on various platforms, i.e. android, IOS etc. The banking services like account access, Funds Transfer, Immediate Payment Services, Enquiry Services (Balance enquiry/ Mini statement), DEMAT Account Services, Requests for Cheque Book, Bill Payments, etc. can be carried out through mobile banking platform. The mobile banking services are free of charges and are very much encouraged by the banks as it eases out there working. The mobile banking services are also available for simpler mobile not having smart phone features as the transactions can be done through SMS as well. The basic financial transactions from the Bank accounts can be executed through a mobile based PIN system using "Mobile Banking". Mobile banking through mobile wallet was also launched in 2012.

d. E-KYC

In order to avoid the risk of identity fraud, document falsification and paperless KYC verification, RBI in the year 2013 permitted Electronically, Know Your Customer (e-KYC) under the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. Under this explicit consent of the customer and after his or her biometric authentication from UIDAI data base individual basic data comprising name, age, gender and photograph can be shared electronically with authorized Users like Banks, which is a valid process for KYC. The electronic form of data available through Aadhar made opening of bank account easier and all banks adopted it.

e. Immediate Payment System (IMPS)

An IMP was introduced by NPCI in the year 2010. It offers an instant, 24X7, interbank electronic fund transfer service through mobile phones as well as internet banking & ATMs. The sender uses mobile banking to send money, the receiver mobile number should be registered with his bank, and the money is credited to receivers' account instantly. For registration, the remitter must register for mobile banking and get Mobile Money Identifier (MMID) & Mobile Banking PIN (MPIN) is for initiation of a transaction. MMID is a 7 digit number, issued to the customer by the bank while registering. The transaction can be initiated by sending an SMS. Payments Corporation of India (NPCI) is facilitating the Interbank Mobile Payment Service (IMPS).

f. Micro-ATMs

These are handheld devices having biometric authentication enabled for financial transactions. In order to make the ATMs viable at rural / semi-urban centers, low cost Micro-ATMs have been used by each of the Bank Mitra locations. This has enabled a person holding it to instantly deposit or withdraw funds, regardless of the bank associated with a particular Bank Mitra/ Business Correspondent. Micro-ATM operates using Mobile phone connection, and has been made available to every Bank Mitra / Business Correspondent. Customers only get their identity authenticated through biometric signature through the customer's UID and withdraw or put money into their bank accounts. The money is delivered through the cash drawer of the Bank Mitra / Business Correspondent. The basic transaction types, which are supported by micro ATM, are Deposit, Withdrawal, Fund transfer and Balance enquiry. Micro-ATM offers one of the most versatile and promising options for providing financial services to the unbanked population. Micro-ATMs have various options for authentication like biometric, PIN based etc. and it is also being used as mobile ATMs to enable transactions near the door step of the customers. The Micro-ATMs offer an online, interoperable, low-cost payments platform to everyone in the country.

g. National Unified USSD Platform (NUUP)

A majority of the mobile users is using mobile applications for banking purpose where they download those applications and install them in their mobile phones. But it requires having a J2ME compatible mobile handset and data connection therein. USSD is the solution to these issues. For mobile device, it neither requires to download any application on the customer's mobile phone nor any data connectivity. USSD is user friendly, easy to communicate and educate customers as well. USSD alleviates the need for application download and is more secure as compared to SMS. Banking customers can use this service by dialing *99#, a "Common number across all Telecom Service, Providers, (TSPs)", on their mobile and transact through an interactive menu displayed on the mobile screen. The customer can access both financial services like fund transfer as well as nonfinancial services like balance enquiry and mini statement of bank account, at his/her own convenience. NUUP also offers interbank account for transfer of funds, balance enquiry, mini statement etc. A notable inclusion in the NUUP service is a new addition in the form of Query Service on Aadhaar mapper (QSAM). With this special feature, a user can know about his/her AADHAAR seeding status with the banks, a service that will find incredible value for the government's direct subsidy disbursal plans.

h. Rupay Debit Card

"RuPay" is the coinage of two terms Rupee and Payment. The card has been launched by National Payments Corporation of India (NPCI) to offer a domestic, open-loop; multilateral system that enables all Indian banks and financial institutions to be involved in electronic payments. RuPay Cards are meeting the requirements of every individual, merchant and bank. The card offers many advantages including, high levels of acceptance, flexibility of the product platform, cheaper and affordable, customized product offering, security of consumers' information, provides electronic product options to untapped/unexplored consumer segment.

i. Aadhaar Enabled Payment System (AEPS)

A banking product, which permits online, interoperable financial inclusion transaction at PoS (Micro-ATM) or Kiosk Banking, through the Business Correspondent of any bank. It utilizes UID (Aadhaar) authentication, and offers four services- Balance Enquiry, Cash Withdrawal, Cash Deposit & Aadhaar to Aadhaar Funds Transfer. In order to avail service, a customer needs to have IIN (Identifying the Bank to which the customer is associated) & Aadhaar Number.

j. Aadhaar Payments Bridge System (APBS)

This system enables the transfer of payments from Government and Government Institutions to Aadhaar-enabled accounts of beneficiaries at banks and post offices. Every Government Department or Institution that sends EBT and DBT/DBTL payments to individuals simply needs to prepare a file containing the Aadhaar number and amount and submit it to their accredited bank. The attributed bank then processes the file through an interoperable Aadhaar Payments bridge Role of Technology in Financial Inclusion and funds are credited into the accounts of beneficiaries. Upon receiving incoming funds, the beneficiary's bank notifies through an SMS or any appropriate communication channel.

Though the technologies are available but effective implementation of the technology to increase the reach of banking services is yet to happen. The low cost solutions like computerized kiosk and handheld devices have increased the penetration in last few years but they are still prone to network connectivity and maintenance issues. Moreover the low number of transactions due to limited product suit, lack of interest by people and technology hiccups has made the business unsustainable for many BCs which is affecting the scaling of the current models.

1.8 IMPACT OF FINANCIAL INCLUSION ON ECONOMIC DEVELOPMENT

Broadly speaking, financial inclusion is understood as access to formal financial sector for marginalized and under privileged sections of society. Access to finance from formal financial institutions by marginalized and low income strata of society is imperative for poverty alleviation on one hand and to economic development on the other (Gandhi, 2013).

Various researches have proved earlier that a positive relationship exists between Financial Inclusion and Economic Development of a country. According to Singh & Kodan (2011), a positive & significant relationship exists between financial inclusion & economic development. Raman (2012) also supported through his analysis that there is positive relationship between financial inclusion and growth of banking system, more growth of banking system leads to more of financial inclusion. He further highlighted that financial inclusion plays a crucial role in reducing poverty in the country. Moreover, he revealed that financial inclusion leads to economic growth, raising standard of living, equality, etc. Padma & Gopisetti (2013) further extended these views and stated that there is positive relationship between financial inclusion and rural development. Their study revealed that financial inclusion ensures rural development and improve the quality of life of the people of rural areas.

Financial Inclusion is one of the major tools to foster economic development in a country (Sharma and Sachdeva, 2014). Financial institutions act as a catalyst in the economic and social growth of the stakeholders (Banerjee & Francis, 2014). Financial inclusion through these institutions is a tool for empowering financial users (Reyes et al., 2011). Through micro finance it generates habits of economic independence and self reliance (Singh & Yadav, 2012) and is considered as one of the best mechanisms in empowering stakeholders (Devi et al., 2012 and Singh & Yadav, 2012). It lays impact on achieving economic and social empowerment (Jha, 2008 and Barik, 2009).

Financial inclusion increases the economic opportunities for the poor & low income people, which lead towards positive result in social progress, economic development, economic empowerment and social/political/legal empowerment (Ali & Hatta, 2012 and Mishra, 2012). Financial inclusion is the key to empowerment of poor, underprivileged and low skilled rural households (Jha, 2008; Barik, 2009 and Ranganath & Rao, 2011). To improve the financial condition and living standard of the poor & disadvantaged classes, efforts on financial inclusion need to be stressed leading a thrust on empowerment of the common person and marginal income groups in the lower strata of the society (Jha, 2008; Barik, 2009 and Reyes et al., 2011).

Providing access to financial services promotes social inclusion, builds confidence and helps in empowering vulnerable groups (Banerjee & Francis, 2014 and Tamilarasu, 2014). Financial inclusion provides monetary fuel for economic development and is considered critical for achieving inclusive growth (Klapper et al., 2004 and Barik, 2009). Macroeconomic evidence indicates that well developed financial systems have a strong positive impact on economic development over long time period (Thorsten, 2007 and Cull, 2012). Financial inclusion is a path way and prerequisite for sustainable economic development of the country (Raman, 2012; Memdani & Rajyalakshmi, 2013; Ghatak, 2013; Chithra & Selvam, 2013; Uma & Rupa, 2013; Gupta et al., 2014; Srinivas & Upender, 2014 and Shyni & Mavoothu, 2014). It helps in bringing people in the ambit of financial services which leads to greater economic and social equity resulting in accelerating economic development of the country (Bihari, 2011; Roy, 2012; Porkodi & Aravazhi, 2013; Uma, 2013 and Srikanth, 2013).

1.9 IMPACT OF FINANCIAL INCLUSION ON WOMEN EMPOWERMENT

Women empowerment is a radical approach to transform power relations in favour of female gender that leads to better gender equality (Batliwala, 2007).With this, women can now make their own decisions to improve their well-being. Gender equality and women empowerment are essential to global progress and it can be enhanced by providing affordable financial services to women (Holloway, Niazi, & Rouse, 2017). In 2014, a large number of people got their account opened in banks after the advice of G-20, and it was witnessed in the period between 2011 and 2014 that the number of first-time adults as bank account holders showed a sharp upward trend. On the other hand, it was not able to fill the gender gap for access to basic banking services (Ghosh & Vinod, 2017). This led to social exclusion and gender disparity, highly rampant in case of developing country as compared to a developed country (Ahmed, Aurora, Biru, & Salvini, 2001). Thus, to achieve formative objectives, the inclusive financial model got emerged to fill the gender disparity in developing countries. Formulation of mechanism to achieve women empowerment through affordable financial services is a rigorous approach to achieve sustainable growth globally.

RBI has adopted a bank-led model for achieving financial inclusion such as Self-Help Groups-Bank linkage, growth of Non-Banking Financial Corporations-Micro Financial Institutions', bank credit to Micro Small Medium Enterprises (MSME's). In 2000, RBI instructed public sector banks to maintain data of women's share of credit in their total lending portfolio. This led to a structural shift in the then existing system. The gender sensitive reporting helped policy makers and financial institutions to access gaps and devise solutions. The preferential loan schemes by public sector banks are one of the tailor made financial products aimed to incentivize women to not only save, deposit but also avail credit for personal and business growth.

The Government of India (GoI) too has enabled women's access to capital. Stand-Up India supports entrepreneurship with a special focus on women and Scheduled Caste/ Scheduled Tribe communities. The Trade related Entrepreneurship

Assistance and Development (TREAD) is another program aimed at economic empowerment of women entrepreneurs in non-farm activities. In order to enable entrepreneurs manage the costs, the Micro and Small Enterprises Cluster Development Programme (MSE-CDP) contributes up to 90% of the cost of projects owned and managed by women entrepreneurs.

These schemes and policies devised by the RBI, GoI, and the public sector banks have enabled a conductive environment for financial inclusion. The change in perception from women being viewed as vulnerable and not creditworthy to being considered as potential bank clients is captured by the World Bank's triennial 2014 Global FINDEX database, which says that the penetration of female account (aged 15 years or over) with a bank or a financial institution has increased from 26.50% in 2011 to 42.60% in 2014. Under the Pradhan Mantri Jan Dhan Yojana (PMJDY), India is working on comprehensive financial inclusion of all the households in the country. Of the 31.48 crore beneficiaries banked as on April 18, 2018, more than half (16.62 crore) are women. According to the World Bank's Global FINDEX Database 2017, in developing economies female account owners are, on average, five percentage points more likely than male account owners to have an inactive account. In India, however, this gender gap is about twice as large, says the report, adding that 54 percent of women with an account made no deposit or withdrawal in a year as compared to 43 percent of men.

However, leveraging IT, mobile banking, and providing services that enable financial literacy will increase transparency, provide better user experience and help women to make informed decisions. These measures are a step forward to achieving RBI's vision 2020 —to bank the unbanked.

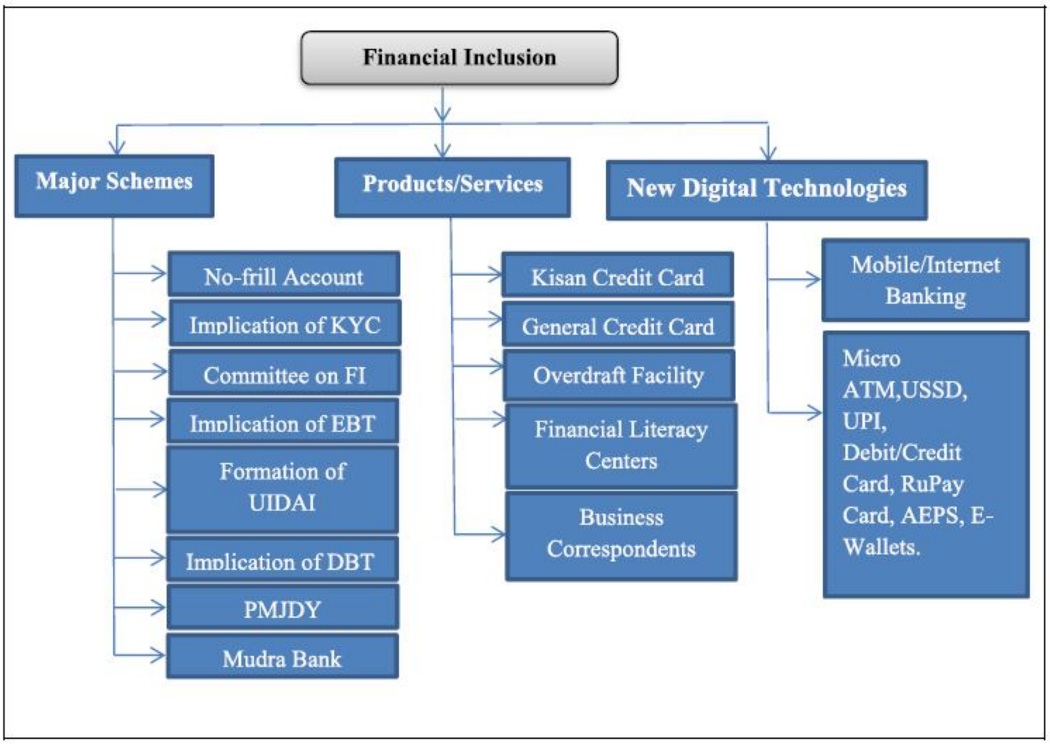
1.10 STATUS OF FINANCIAL INCLUSION

In the recent years, GOI and RBI have undertaken several initiatives to expand the financial outreach to the unbanked people of India. Both the institutions have endeavored to introduce so many schemes to meet the goal of universal financial inclusion. For example, RBI introduced no-frill account in the year of 2005 for providing basic banking services to the unbanked people and to increase financial inclusion in India. No-frill account scheme allows the customers to open their bank accounts with minimum balance or no balance. Similarly, other major schemes viz., Know Your Customer (KYC), Electronic Benefit Transfer (EBT), Unique Identification Authority of India (UIA), Direct Benefit Transfer (DBT), PMJDY and Mudra banks have been launched in India to widen financial inclusion.

Apart from these major schemes, RBI has also introduced several financial products and services for achieving the goal of financial inclusion. Some of the financial services has extremely benefited to the unbanked people in India. For example, through the use of Kisan Credit Card, the bank is providing small credits or loans to the poor farmers to cover their cost of cultivation, harvest and farm maintenance. Similarly, the introduction of BCs has helped the banks to provide the basic banking services to the poor people at a low and an affordable cost.

Figure 1.4

Tools for Promoting Financial Inclusion



Source : https://www.researchgate.net/publication/332672076

During the last financial year 2018-19, in terms of number of new bank branches opened, the country registered a growth of 14.7 per cent over the previous financial year (2017-18) whilst, it was 4.8 per cent

Table 1.2

Growth in Financial Inclusion during 2018-19

Particulars	Items Amount Outstanding / Ratio / Number At end-March)		Per cent Variation	
	2018	2019	2017-18	2018-19
Credit-deposit ratio (Per cent)	74.2	75.3	-	-
Number of new bank branches opened	3,938	4,518	-26.5	14.7
Number of banking outlets in villages (Total)	5,69,547	5,97,155	-4.8	4.8

Contribution from Pradhan Mantri Jan Dhan Yojana

As stated earlier, the PMJDY has contributed significantly to the cause of financial inclusion in the country. The total number of accounts opened under PMJDY increased to 37.1 crores, with 1.02 lakh crore of deposits as on September 25, 2019. Of these accounts, 59 per cent are operational in rural and semi-urban areas. Since September 2018, more than 70 per cent of the new PMJDY accounts have been opened with PSBs. The usage of these accounts, however, has stagnated in the last two years as evident from the deceleration in average balances. There has been a steady increase in the number of RuPay cards issued, driven by both PSBs and PVBs.

Since the introduction of the Pradhan Mantri Jan Dhan Yojana (PMJDY) in August 2014, the national financial inclusion agenda has taken long strides across the country in pursuit of its aim of expanding access to basic financial services to the most vulnerable sections of the population. Apart from providing access to basic no-frills bank accounts, the mission offers access to other financial services such as overdraft facilities, insurance, etc. The performance of PMJDY in terms of accounts opened, deposit balance and average deposit balance over the time is tabulated as under:

Table 1.3

Progress under Pradhan Mantri Jan-Dhan Yojana (as on 31st March)

S.No	Item	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
1	No. of PMJDY accounts (in Crore)	14.72	21.43	28.17	31.44	35.27
2	Deposit in PMJDY accounts (in Rs. Crore)	15,670	35,672	62,972	78,494	96,107
3	Average Deposit per PMJDY account (in Rs.)	1,065	1,665	2,235	2497	2,725
4	Number of RuPay debit cards issued to PMJDY account-holders (in Crore)	13.14	17.75	21.99	23.65	27.91

Source: Compiled from Annual Reports of Reserve Bank of India, Mumbai

The above table shows consistent progress under PMJDY over the years. Since its inception, over 35 crore new accounts have been opened and over Rs. 96,000 crore has been deposited by the newly banked people in the formal banking system. The number of operative PMJDY accounts has increased from 17.01 crore on March'17 to 27.54 crore on March'19. Out of total savings accounts, there were overall 27% female accounts in March 2014. There are 53% women Jan-Dhan account holders and 59% Jan-Dhan accounts are in rural and semi-urban areas.

Table 1.4

Progress of Financial Inclusion through Business Correspondents (as on 31 March of indicated year)

	2010	2017	2018
Banking outlets through BCs in villages with a population of more than 2,000 persons	8,390	1,05,402	1,00,802
Banking outlets through BCs in villages with a population of less than 2,000 persons	25,784	4,38,070	4,14,515
Total number of banking outlets in villages: BCs	34,174	5,43,472	5,15,317
BSBDA through BCs (no. in lakh)	130	2,800	2,890
BSBDA through BCs (amount in ₹ crore)	1100	28,500	39,100
ICT account management through BC: Number of transactions in lakh	270	11,590	14,890
ICT account management through BC: Value of transactions in ₹ crore	700	2,65,200	4,29,200

Source: Annual Report 2017–18, Reserve Bank of India, Mumbai.

Under financial inclusion plans (FIPs) of SCBs, the number of brick-and-mortar branches and banking outlets through the business correspondent (BC) model in rural areas increased in 2018-19, reversing the decline in 2017-18. Moreover, the share of BCs in total banking outlets in rural areas remained around 91 per cent and the number of urban locations covered through BCs recorded more than a three-fold rise. Furthermore, accelerated growth in the number of Basic Savings Bank Deposit Accounts (BSBDAs) opened via BCs and the healthy expansion of Information and Communication Technology (ICT) based transactions driven by BCs point to their rising popularity. Going forward, capacity building and skill-upgradation programmes, such as the 'Train the Trainers' initiative by the Reserve Bank, are expected to boost this momentum further.

However, according to the report published by RBI, among the poorest 40 per cent in India 77 per cent had an account with a financial institution by 2017 which stood the highest amongst BRICS countries. Yet, it showed low engagement of the people with the financial system that was reflected in a big share of inactive accounts.To cope up with this, the National Strategy for Financial Inclusion for India 2019-24, prepared under the aegis of the Financial Inclusion Advisory Committee (FIAC), incorporates the views of a range of stakeholders and market players in renewing the drive to make formal financial services accessible and affordable in a safe and transparent manner.

1.11 CHALLENGES/OBSTACLES TO FINANCIAL INCLUSION

Government, Reserve Bank of India and other stakeholders have taken numerous measures to improve access to affordable financial services by focusing upon increasing financial literacy and awareness, adopting technological tools and introducing several schemes. However, still a number of challenges exist that affect the goal of strengthening financial inclusion to the fullest. For better understanding, these challenges or obstacles have been divided into two heads-

1.11.1 Demand Side Obstacles

i. Lack of financial awareness and financial literacy

Inadequate financial literacy, i.e., inability to perform basic calculations, lack of financial skills and lack of understanding often hamper in accessing financial services. Lack of awareness about financial products and their use also acts as a barrier in achieving the objective of financial inclusion.

ii. Technological barriers

Reluctance in understanding technological tools, fear or hesitation in conducting banking activities through technological advancements also pose challenges in extending financial inclusion. Some of those groups affected by restricted mobility may also be vulnerable to technological exclusion.

iii. Socio-Cultural Barriers

Due to existence of certain value system and beliefs in some sections of the population, a lack of favourable attitude develops among people towards formal financial services. Still, women in certain sections do not have the freedom and choice to access financial services because of cultural barriers.

iv. Lack of social security payments

The countries where the social security payment system is not linked to the banking system, banking exclusion has been higher.

1.11.2 Supply Side Obstacles

i. Inadequate Infrastructure

Limited physical infrastructure, limited transport facility, inadequately trained staff etc., in parts of rural surroundings and hilly areas of some of the regions create a barrier to the customer while accessing financial services.

ii. Poor Network Connectivity

Technology makes accessing financial services very easy, still certain regions in the country have poor network connectivity tend to be left behind in ensuring access to financial services thus a digital divide is found in the country.

iii. Product Usage

While the mission-based approach to financial inclusion has resulted inincreasing access to basic financial services including micro insurance and pension, there is a need to increase the usage of these accounts to help customers achieve benefits of relevant financial services and help the service providers to achieve the necessary scale and sustainability. This can be undertaken through increasing economic activities like skill development and livelihood creation, digitising Government transfers by strengthening the16 National Strategy for Financial Inclusion 2019-2024digital transactions' eco-system, enhancing acceptance infrastructure, enhancing financial literacy and having in place a robust customer protection framework.

iv. Payment Infrastructure

Recently National Payments Council of India (NPCI), a Section (8) Company promoted by a group of public, private and foreign banks, has been designated to operate majority of the retail payment products viz., CTS, AEPS,NACH, UPI, IMPS etc. There is a need to have more market players to promote innovation & competition and to minimize concentration risk in the retail payment system from a financial stability perspective.

v. Non- Price Barriers

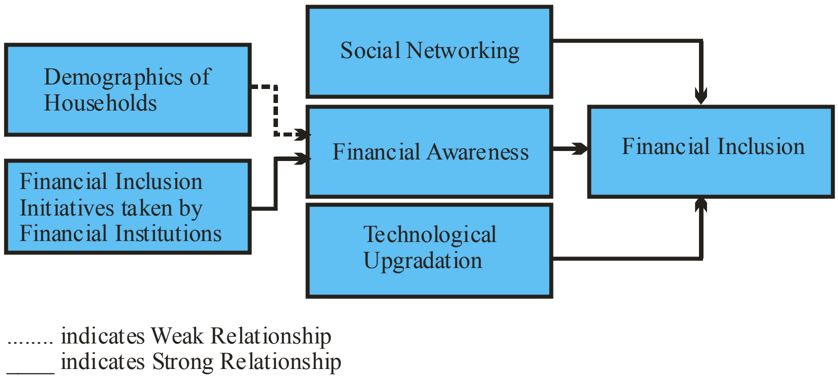
Accessing to financial services requires documentation. But people living in poor conditions generally don't have these documents so they don't get access to the financial services. Moreover, discomfort in using formal financial services due to difficulty in understanding the language, reading the document and various hidden terms & conditions also pose hurdled towards usage of these services.

Thus, policy makers need to pay honest concern to these challenges through necessary co-ordination and effective monitoring. Technology could be the best bridge between the financial service provider and the last mile customer. Fintech companies can be one of the best solutions to address this issue. It is of prime importance to improve telephonic and internet connectivity across the country specially, in rural hinterland.

1.12 CONCEPTUAL FRAMEWORK

Thorough discussion on the concept of financial inclusion has enabled the researcher to develop the conceptual framework of the present study which has been depicted hereunder.

Figure 1.5
Conceptual Framework



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CHAPTER II

REVIEW OF LITERATURE

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REVIEW OF LITERATURE

2.1 INTRODUCTION

A review of literature is an explicative report of information constructed in the literature related to the research problem being studied. The review was done for deriving a comprehensive observation of the previous studies related to the topic and for constructing the framework for the present study. It reports, summarizes, appraises, and elucidates various studies conducted in the area of research.

The Literature review furnishes the statement and incorporates the most relevant literature in the field of Financial Inclusion especially related to challenges and initiatives. It provides a theoretical base for the research and aids to ascertain the essence and direction of research. The main purpose of the review of literature is to place several types of research in the relation to their contribution and to recognize the research problem being considered in this research work. This review of literature helps to discover new ways and methods to interpret previous research concerned with Financial Inclusion. Various International and National Research papers were studied and reviewed to determine the research gap allied with the research problem.

The topic selected for the research is an interdisciplinary topic, which has captured the focus of policymakers worldwide. In 2006, a simple question was raised by Kofi Annan (Secretary-General, United Nations) in their landmark research titled, Building Inclusive Financial Sectors for Development, "why so many bankable people are unbanked"? Since then, numerous researches across the globe have been conducted to contribute a competent and suitable answer to the above asked question. This research also attempts to identify the problems and prospects of financial inclusion in the selected region.

The literature from the national and international journals, books, newsletters, bulletins, published reports, and working papers of World Bank, IMF and other international bodies, RBI, NABARD, MFIs, and SLBCs of Rajasthan were the major sources of data for this section. In this research, forty national-level studies and thirty international-level studies are incorporated for the review. The various literature reviews concerned with financial inclusion have been classified into two categories i.e., national-level studies and international-level studies.

2.2 NATIONAL LEVEL STUDIES

Kumar and Sikha (2021)[1] examined the level of financial inclusion around the small and marginal land farmers in India. The paper includes the growth in agricultural, patterns of cultivation, financial participation, ultimate productivity and overall performance of small farmers with special reference to Jhansi district. In addition to that the author discussed the problem related to prompting employment, distinctive policies, and subsistence of various institutions, provocation and prospective for small and peripheral agriculture holders of land in selected area of study. Moreover, it gives scriptures on small and marginal farmers agriculture holders for further countries from the Indian incident.

Nainawat (2021)[2] revealed in her study that financial inclusion is going to be a big help for empowerment of poor women in the society. They can also stand similarly with male and other members of their family and society, which will ultimately result into economic development of the nation. Financial inclusion will enhance the economic, financial and non-financial condition of women. The study analyses the significance of financial inclusion on income and savings of the rural women in India and examined the impact on economic enhancement of poor women of rural area through financial inclusion.

K. Singh et al (2021)[3] attempted to study the achievements in reference to performance, outstretch and examined the utilization of RuPay cards under PMJDY. The paper studied the level of financial awareness about insurance and pension. The researcher evaluated Mudra Yojna as an enhancement after PMJDY. Moreover, revealed the level of success of PMJDY especially in context of rural women. This research paper is a comparative study between UP, MP and Rajasthan state.

Kandari(2020)[4] considered the occurrence of gender gap in relation to financial inclusion in hill rural regions of Uttarakhand and talked about the components which discouraged the financial inclusion of women of the area. The study stated about the actuality of gender gap. The researcher found that there is comparatively high financial inclusion between male population of selected region. The overall research recommended about deprivation of financial literacy and it was acted as major obstacle in the progress of financial inclusion of females in the selected regions of study.

RBI (2020)[5] The RBI annual report 2020 Section IV Credit Delivery and Financial Inclusion stated that various Initiatives are taken for accelerating credit delivery and expanding the approach of financial inclusion during the year. To catalyze the financial inclusion, National Strategy for Financial Inclusion (NSFI) for the period 2019-24 was developed. Anticipating concurrence of efforts of all stakeholders towards achieving the objectives of financial inclusion. Efforts towards financial literacy were go through by the development of a “Train the Trainers” module for capacity building of Business Correspondents (BCs), widening the Centers for Financial Literacy to tribal blocks and intensifying the digital payment ecosystem.

Ahmed and Singel (2020)[6] highlighted the understanding related to the opportunities and challenges of financial inclusion in India and they studied the initiatives taken by Reserve Bank of India (RBI) to accelerate financial inclusion in India. According to researchers, for advancement of the financial inclusion, it is necessary that people should have basic financial literacy, financial skills and product knowledge. Moreover, they suggested that availing the financial inclusion to rural population can be easily accomplished with the help of ICT (Information and Communication Technology), developing digital infrastructure to provide various solutions like mobile banking, e-wallets, virtual cards.

Tuli and Choudhary (2019)[7] explored the opportunities and challenges of financial inclusion in Indian context. The research highlighted the scope of financial inclusion in selected region. The main objective of research was to study the level of awareness regarding financial inclusion initiatives among BPL households of selected region, further the research study determined the expansion and hurdles in the path of financial inclusion. According to researcher the government should take strong steps to enhance the level of financial literacy and financial inclusion.

Poonam and A. Choudhary (2019)[8] examined the reasons of low financial literacy among rural people. According to author people are not even aware of basic financial products and services and RBI and NABARD should come in upfront to resolve this problem. Moreover, the study explained the status of Hisar district in context of financial inclusion using various parameters. The major concern of study to is to suggest government and banks to develop new and innovative framework of policy.

Varghese et al (2018)[9] highlighted that financial inclusion is a progressive process and long-term objective, which helps nation to achieve sustainable growth. In order to stimulate this process, Policy makers should introduce policies which focus upon advanced financial services delivery model and demand-based product delivery to the target people. Hence the main concentration of paper is on studying the issues, opportunities and challenges of financial inclusion in Indian context.

Rose and Jincy (2018)[10] examined the expansion of financial inclusion on the subject of access and usage of bank accounts. The study attempted to understand the view point of rural households in relation to financial inclusion. The researchers evaluated the level of concern in financial products and services, satisfaction level and further expectations of households concerned with financial inclusion. The study concluded that there is absence of significant association between socio- economic factors of sampled population and satisfaction level with regard to financial products and services.

B. Singh and M.K. Sharma (2018)[11] analyzed the socio-economic status of respondents and its influence on level of financial inclusion and determined the status of usage of financial services in targeted region of Rajasthan. The researcher used regression technique to examine the impact of financial literacy, income of people, level of education in regard to accessibility of financial services. The study concluded that government schemes are main stimuli behind opening bank accounts in the selected region of research.

Vijayvargy and Bakhshi (2018)[12] strived to understand and appraise the level of financial inclusion, financial literacy and awareness among common groups in Rajasthan state. The study was also focused upon the pattern of training interferences necessary for financial literacy in Rajasthan state. This descriptive study revealed that majority of population believes in banks as safe most alternative for depositing their savings in comparison to other financial institutions.

N. Singh (2018)[13] reviewed and highlighted the core concepts in relation to financial inclusion, accessibility to banking and financial services, financial literacy, digitalization of payments, insurance, micro finance and credits. The study demonstrated the various studies related to features of financial inclusion in developing countries. The researcher suggested to policy makers to understand the significance of behavioural, social and economic factors of financial inclusion and design the policy accordingly to achieve balanced inclusive growth.

Sharma and Goyal (2017)[14] mentioned in their study that 75.3% of the households, with a poverty rate of 64.2% are financially excluded in Rajasthan. They have stated that Rajasthan is securing position in the 'low' index of financial inclusion. The main objective of this paper is to evaluate the financial inclusion initiatives and strategies in Rajasthan which is concluded by offering suggestions for policymakers to enhance the level of financial inclusion.

Ghosh and Vinod (2017)[15] Studied the factors compelled the financial inclusion for women in India. The paper examined the mechanism, which manipulate the attitude in regard to finance by gender and influence of gender factor on financial inclusion. The researchers determined the interpose between gender and finance and found that there is a significant discrepancy in obtain and utilization of finance by gender and identified the possible ways which hinder the financial inclusion of female headed households and further suggested that education and wages are applicable in demonstrating the explosion of finance to female headed households.

Jayanthi and Rau (2017)[16] stated that among rapid developing economies of the world, only Indian poor and middle-class segment remain disregarded to avail better banking and formal financial facilities and services. It is necessary in developing economies like India to provide and serve necessary banking and financial services to all sectors of the society, because financially independent weaker section of nation would result to financially sound economy of the country. Moreover, the researchers studied the level of financial inclusion of rural people of Kerala.

Serrao et al (2016)[17] assessed the scope and impact of financial inclusion on vulnerable households in relation to socio and economic status by keeping inclusive growth as focal point. The paper analyzed the conceptual background about financial approach and economic development among rural households of Karnataka. The research concluded that there was a discrepancy in basic nature and financial inclusion extent; it further suggested that socio-economic status of vulnerable households of selected region could be positively changed by providing them a explosion to avail formal banking services which will ultimately lead to inclusive growth of economy.

A Sarkar (2016)[18] stated that financial inclusion should be the preeminent goal of economy because it is the key component for empowering society and economy of nation. Further, the author observed the existence of large deprived segment of Indian society who are not able to access even basic financial and credit services, additionally they are having trust on local money lenders for financial purposes. The study suggested that government and authorities should accelerate the financial inclusion campaigning for betterment of society as well as of economy.

P.M. Oveis and Mariappan (2016)[19] carried out their empirical study in Anantnag in Kashmir. They examined the awareness of banking and financial services to found the significant difference among level of awareness and satisfaction in relation to demographic profile of the respondents. They concluded that the sampled population was having very less or no awareness about financial products and technological services offered by banks hence it is requisite to improve financial literacy level so that the deprived sector of society could enjoy the basic financial services provided by banks.

A Birla (2016)[20] comprehensively analyzed the role of commercial banks in financial inclusion with regard to Indian economy. The researcher used quality-of-life index, social progress index, where to be born index, human development index and GDP/GNP progress and growth forecast as a measurement tool to study the impact of financial inclusion scheme on economy of India. It is being revealed in the study that lack of awareness, absence of financial literacy, lack of interest and absence of banking and savings habit are the reasons behind lack of availability of financial services to the poorer community. Moreover, the commercial banks play a significant role in further promotion of financial inclusion by opening up new branches, assembling more ATM's, proposing new investment schemes and opening up new education centres for financial literacy in rural areas.

Chatterjee(2016)[21] judged the expansion of financial inclusion in the five villages of West Bengal using a psychology-based scoring methodology. Afterwards the researcher calculated and evaluated the scores on the basis of three mutually exclusive categories and multinomial logit regression technique and concluded that income is the key movers of financial inclusion in selected area and inadequate savings is main hurdle in the path of access to formal financial instruments, He suggested to the government and financial institutions to favour the policy of agent-based model.

Financial Access Survey (2015)[22] stated that financial access survey of IMF provided the supply side statistics in regards to financial inclusion. Around the world approx.60 governments have mentioned financial inclusion as their first most priority. IMF staff recognized a positive connection between various components of financial inclusion and economic growth of the countries. The survey provided country-wise index ranking data which is based on indicators like access to banking services, access to credit and usage of bank accounts and financial services, etc.

Chinnamuthu and Gabriel (2015)[23] determined that it is being a big challenge to achieve financial inclusion in India. However, many significant steps had been taken to achieve positive results in this context. Central and State Government comes up with Joint hands that will surely enhance the speed and the inclusion will move in gallop. The nation could achieve real inclusion and economic development through acquainting the people in relation to financial sources, products and services.

B. Jaiswaland S. Bhasin (2015)[24] studied and identified the role of Cooperative Banks in Financial Inclusion of India. The researchers found in the study that the commercial banks are mainly focused on urban region only which results into appearance of credit gaps in rural areas hence distribution of credit in rural areas had become a passive activity for banks. Extensive financial literacy and advanced credit delivery would reduce the gap among financially excluded sectors of the society because the population who is financially educated and independent could certainly results in to balanced economic growth of the nation.

CRISIL Inclusix (2015)[25] measured the level of financial inclusion in India in the index format comprehensively. It was commenced on the assignment to design a detailed methodology to develop a tool to create and support policies to enhance financial inclusion and evaluate its progress as well. It is really helpful for policymakers and participant of market and researchers. It incorporates the latest data of RBI and other authorities to frame the extensible and compatible framework of CRISIL Inclusix.

Sharma and Singh (2015)[26] analyzed the awareness level and approach to financial services and efficaciousness of financial initiatives of RBI and Government of India with special reference to tribal population of Dungarpur district of Rajasthan. The researcher noticed that however, tribal people were having bank accounts to get benefits of government schemes but they are not connected adequately with the utility of bank accounts in real sense, which would ultimately result into slow progress of financial inclusion in selected areas. Although many initiatives had been taken in this context but lack of financial literacy, non-cooperative behaviour and irregularity of incomes worked as hurdles to achieve the desired results.

Ramasubbian and Thangavelu (2014)[27] focused on survey of 100 samples of different age groups among 25-65 years using SWOT technique in two regions of Tamilnadu. They have found that financial inclusion of vulnerable group of society would give the upliftment to the economy of the country and would provide a universal recognition on international platform. The study concluded that the demand identification and related issues are very crucial for implementation of financial inclusion and suggested to rectify the current scenario of lower financial inclusion through providing more efforts and viable inputs for a better and improved future.

Selvi (2014)[28] stated that tremendous growth was observed in the Indian banking industry since last few decades. However, the households are availing banking facilities with an increased percentage in figures but the lack of financial services would become a reason of developing a gap in financial inclusion and exclusion among rural poor people. The researcher collected 500 samples of financially included people through a formal channel of finance from Tirunelveli District to analyse the view of sampled population regarding financial aspects and concluded that financial inclusion is a win-win situation for poor people as well as for banks of the country.

J. B. Chakma (2014)[29] studied the level of financial inclusion with reference to north east India. She critically analyzed the Indian efforts for financial approach to the people especially in the rural area. The researcher found that there is a large number of people are still under banked in the selected region, which hinders the objective of achieving 100 percent financial inclusion, further she suggested a systematic coordination among banks and the government is requisite to resolve the problem.

Joshi (2014)[30] analyzed the awareness about financial services offered by banks and their spread among workers of unorganized sector of urban area of Nagpur city by using logistic regression model to study the relationship between the variables. The study concluded that in relation to enhance the level of financial inclusion in India, financial awareness regarding loans and other facilities played a significant role.

M. Gaba (2014)[31] determined from his study that RBI plays a critical role in context of financial inclusion it provides instructions to banks to achieve the target of inclusion of all moreover the Banks are requisite to develop required policy to serve the financially excluded sector of society. The researcher recommended that entire financial support system should move altogether with the banks in direction to achieve the desired level of financial inclusion.

C. Annanmaliand K. Vijayarani(2014)[32] evaluated the awareness level of tribal population of Dharmapuri district of Tamilnadu and also examined the effectiveness of financial services offered by banks in the selected region. The researchers stated that people are opening bank accounts to receive MGNREGS wages in their respective accounts but they are not much aware about various financial products and services.

R. Kunthia (2014)[33] analyzed the Pradhan Mantri Jan Dhan Yojana (PMJDY) as a new developed tool for financial inclusion in India. The paper studied the various aspects and hurdles in the path of successful execution of PMJDY to achieve desired level of financial inclusion among unbanked and underprivileged sector of the nation and suggested the measures for hundred percent inclusion in the country under this PMJDY scheme.

Gandhi (2013)[34] critically communicated all concerned issues elaborated in achieving the national objective of accomplishing the complete financial inclusion. The paper critically examines the initiatives taken by the Banks in financial inclusion and the endeavour made for IT enabled financial services. This paper emphasized the demand of sensible, positive orientation and perspective and sound strategy to achieve the objective of developed financial inclusion. The paper also glimpses at several business models and significant elements of profitable models for financial inclusion hence to increase the consequential and complete participation of the banks to succeed financial inclusion.

Dangi and Kumar (2013)[35] focused on various initiatives and policy measures taken by RBI and government of India for financial inclusion. The study further discussed the current status of financial inclusion and its future potential in India. The base of the research was published secondary data. Further it concluded that there was a positive change in the financial inclusion status due to technological advancement. To involve the poor sector completely into the financial system, the financial training to bank employees and BCs is required and it should be ensured that requisite provisions are been made in banking business model to enhance financial inclusion in India.

A. Damodaran (2013)[36] discussed issues and challenges in relation to financial inclusion. He stated that there is a high concern about under banked sector in India. It is mandatory to achieve maximum financial inclusion for development of population, society and balanced and inclusive growth of the country. The paper determined the role of financial inclusion in development of economy and analyzed the role of various stakeholders to enhance the level of the whole initiatives in the country.

A.B. Singh and P. Tandon (2013)[37] admired in their study that commercial banks played a significant role to achieve the goals of financial inclusion, which includes smooth access and delivery of financial services, use of ATMs, Debit and Credit cards and Internet banking. Although commercial banks really did good efforts but still low income group sector of society is still facing the scarcity of access of basic financial and banking services, Hence Financial inclusion has became a major policy concern for the Indian government and related authorities.

Ananth S. and T. Sabri (2013)[38] focused on the challenges to financial inclusion with special reference to Andhra Pradesh region. The researcher stated that formal financial institutions fall short to satisfy the exclusive needs of the poor people hence it will provide an opportunity to informal financial service providers to get involved with poor people to fulfill their finance related requirements. The study suggested to formal financial sector to consider financial inclusion of poor people as long-term investment perspective, which will provide big returns to them and nation both simultaneously.

M. Shafi and A. H. Medabesh. (2012)[39] aimed to study the level of severity of financial exclusion problem in Jammu and Kashmir and to determine the reasons behind it. The researchers observed that India is having extra ordinary experience in relation to financial inclusion and being a developing country, the reasons of financial exclusion are failure in second generation reforms of financial sector, socio economic problems and lack of adequate access of basic financial and banking services. In J&K, the same problem of lack of access of financial services for unprivileged class of the society significantly exists which hinders the economic development of India.

Christabell and Raj (2012)[40] examined the role of Microfinance in relation to financial inclusion in rural sector of the country. They observed that although there are many initiatives took place in the form of technological advancement, internet and super class banking but the situation of financial exclusion is still persisting in the pattern of geographical and social financial exclusion. The study suggested suctioning up the technology related measures and introducing the formal credit delivery framework in order to achieve high degree of financial inclusion.

Gupte, Venkataramani and Gupta (2012)[41] studied the factors responsible for measurement of expansion of financial inclusion. The study put attention on influence of multi-dimensional variables in relation to calculation of Index in Indian context and stated that these variables were not included in previous studies, further it discussed the various financial inclusion initiatives taken by RBI like KYC, GCC, Micro finance, etc. since 2005-06. The author suggested that all the dimensions are crucial in nature and involvement of multiple dimensions will provide universal financial inclusion.

Rao and Bhatnagar (2012)[42] investigated the current status of financial inclusion along with its importance on the basis of secondary data. They stated that intensity and technological changes would provide positive impact on status of financial inclusion and suggested that, to ensure the inclusion of poor into the financial system; extraordinary provisions should be made in the business model and this demands training of bank employees to develop human side of banking sector.

R. Tejani (2011)[43] aimed to analyse the financial inclusion level in rural areas, assess and satisfaction of rural people in direction to banking services and to determine the reason of low inclusion among rural people. The author structured a questionnaire to collect data from selected villages of Gujrat and analyzed the response using Chi-square technique of statistics, further indicated that commercial banks could play a significant role to investigate the unbanked areas in rural sector and snatch this opportunity to fulfill their social responsibility.

Bihari, S. Chandra (2011)[44] stated that problem of financial exclusion of big size of population developed the need of extensive financial inclusion in India. The study analyzed the various reasons of such high exclusion and further provides some ways to get relieved from this problem because easy access and availability of financial services at reduced and affordable cost to the excluded sectors of poor and disadvantaged people is really a big issue to be addressed by India.

Sangeetha(2011)[45] carried out her research to study the financial inclusion status among fisher households in Kerala and analyzed the components responsible for determination of level of financial inclusion. Furthermore, the researcher studied the significant role of Micro finance to fulfill the credit gap and evaluate the success rate of Micro finance as an extraordinary source of finance over and above local money lenders of the selected region of study.

R. Agarwal (2011)[46] stated financial inclusion as a concern of serious attention especially for backward and female households residing in rural areas. The major issues associated with financial exclusion are improper access to credit and lack of proper access of banking services which occurs due to inadequate income and savings, absence of financial planning and less habits of investment. People are prone to process credit from informal sources of finance who are charging very high rate of interest which increased the depth of debt with the time frame. Hence the small and poor men always suffered and excluded from financial system.

S. Anand and Saxena (2010)[47] stated that the focus of policy makers should be more attentive towards enhancement of access to payment services instead of only opening of bank accounts. Even after so many efforts made by commercial banks, still a big portion of population in the form of under privileged section of society remained untouched from banking and financial network. The study further suggested that commercial banks should take some corporate social responsibility related initiations by considering financial inclusion as a business opportunity for them.

C. Rangarajan (2010)[48] evidently expressed that in the history of financial inclusion, the nationalization of commercial banks in the year 1969 was considered as a key milestone hence it was perceived that a substantial force in the rural areas could be built by the nationalized banks. Even it's a fact that it was conducted to some extent but still many more endeavours are required to approach the poor people and completely involve them into the banking system.

Jain, Rajauria and Mathur (2009)[49] investigated the extent of awareness with regards to the accessible financial and banking services among the workers in the Jaipur city of Rajasthan based on primary and secondary data using Carl Pearson correlation analysis. They carefully studied the relationship between level of literacy and utilization of formal financial services. The study attempted to discover the necessity of demands of selected population in relation to their financial requirements and tried to know in case low-income population were accessing the financial services or not which will influence their living standard and habit of savings. The researchers suggested that the complete financial inclusion could be achieved only by educating the population regarding easy access and utilization of available financial products and services and banks should offer products to unbanked population by considering their needs and requirements.

S. S. Yadav (2009)[50] studied a case of financial inclusion in Rajsamand district of Rajasthan. The author stated that Rajasthan is comparatively less developed state in regards to level of financial inclusion but furthermore many initiatives has been taken to improve the status which include, new mechanism of credit delivery in association with Self Help Groups in the state. The study also highlighted Ajmer model as most popular and a good example to approach poor for financial inclusion.

M. Ramji (2009)[51] analyzed the application of the financial inclusion related forces and access of banking services by the people of selected region of Karnataka further the author highlighted that a district in Karnataka was very first location who achieved hundred percent financial inclusion. The results of the study exposed that 36 percent population was still financially excluded and included population opened bank accounts to get benefits under MGNERS scheme and other programs of government. The author suggested that government schemes are best solution to approach to a big portion of untouched population and other way is spread of financial literacy.

M. Sharma (2008)[52] did a cross country analysis to check association between financial inclusion and development of the country. The study attempted to determine the significant factors like income, literacy level substantial infrastructure and inequality, etc. in relation to financial inclusion. Moreover, it was identified in the research that human development level and level of financial inclusion are strongly and positively correlated to each other which is measured by using per capita GDP of the country as a significant factor to describe the status of financial inclusion of a country. It was found in the research that a country is facing a low level of financial inclusion if there is existence of lower literacy rates, higher inequality status and inadequate connectivity.

Rangarajan committee (2008)[53] figured out the pattern of financial exclusion and determined the responsible hurdles in the path of financial inclusion. The committee reviewed the global experience in order to implement policies in relation to financial inclusion. This committee on financial inclusion provides the report on January 2008 by incorporating the views in context of existing situation and with a aim of minimizing the hurdles to access financial services to deprived and vulnerable sector of society.

A. Ghosh (2007)[54] investigated the extent of financial exclusion among the rural population, which have been considered as dead locked after Indian economic reforms. The researcher analyzed the present situation in relation to hurdles faced by formal banking structure to cater micro credit services to poor population of the country. It was stated in the study that at the moment economy of the country and its financial services are expeditious in movement during past and crucially involve all the people of the country in financial system, that situation will provide inclusive growth to the country. Further the study suggested that a wide range of financial services should be accessible to all the sectors of the country, so that the problem of financial exclusion could be addressed comprehensively, which will provide growth to individuals as well as to the country.

M.S. Dev (2006)[55] stated that in order to enhance the living condition of poor, rural, small farmers and other vulnerable groups of society, financial inclusion is significant. Small and marginal farmers are facing big extent of financial exclusion. They were not availing benefits of access to credit from formal financial institutions. The study suggested that formal financial institutions should understand their social responsibility towards such unbanked population of country. The role of SHGs and MFIs is significant to resolve the issue. This problem demands some new policy measures and interventional procedures in the financial system of the country.

2.3 INTERNATIONAL-LEVEL STUDIES

Barugahara (2021)[56] comprehend and evaluated the challenges, opportunities and factors related to financial inclusion in Zimbabwe. The researcher determined the related literature and considered logit and probit model. The paper found that gender, level of education, age, income and employment level, cost incurred to access financial services, extent of trust in financial services and requirements to open a bank account were the key determinants that will influence the financial inclusion of the country. Further the author stated that financial literacy level, unavailability of documents related to formal identification of a person, trust issues poor and rural population, gender variation, high cost of accessing financial services and weak economic status of country were highlighted as challenges in the path of financial inclusion. Moreover, the paper disclosed some opportunities to enhance financial inclusion level and inclusive growth of country, involves Women banks, simplified KYC norms, etc. The research suggested that the government should introduce some policies targeting females, rural and poor population of the country. The government should upgrade the existing regulatory mechanism and enhance the status of financial literacy, encourage to access more financial services by reducing the transaction costs.

Peterson K. Ozili (2020)[57] provides a comprehensive review of the emerging themes and literature across the world and distinct arguments in policy circles regarding financial inclusion. Specifically, the researcher draws attentiveness to some matters such as ideal and balanced financial inclusion, extreme financial inclusion, how financial inclusion can impart systemic risk to the formal financial sector, and nevertheless financial inclusion and exclusion are pro-cyclical with modifications in the economic cycle. This review stipulated that financial inclusion affects varied country to country, and it is impacted by, the financial innovation levels, levels of poverty, the soundness of the financial sector, the economic conditions, level of financial literacy, and regulatory frameworks across the countries. Finally, the issues and subjects considered in this paper excavated several avenues for future research work.

Morgan and Long (2020)[58] studied the financial and saving behaviour of population and impact of financial literacy on financial inclusion in Laos. The study comprehensively included financial knowledge, behaviour and attitudes in the concept of financial literacy. The researchers considered the consumer's perspective beyond the supply side elements only and used an exclusive instrument to analyze the impact of financial literacy on financial inclusion as well as on saving patterns. The study concluded that financial literacy is positively associated with financial inclusion and saving behaviour of population. The people with high financial literacy were prone to hold their savings with financial institutions, so it was suggested to improve level of education and income in the region.

Shrestha (2020)[59] analyzed the progress and hurdles of financial inclusion in Nepal. It was stated that multiple efforts took place in the previous time and therefore Nepal is progressing over the years. Inadequate and low usage of credit services and digital methods were the big hurdles in order to achieve inclusive growth. Moreover, typical geographic, scattered villages, big gap in financial literacy and technological knowledge in Nepal were significant problems in relation to financial inclusion. Further it was suggested that inclusive policy measures, easy access to financial services were requisite to enhance the level of financial inclusion. FDI and technologies like Fintech will be the big help for financial inclusion in Nepal.

Boitano and Abanto (2020)[61] identified the key determinants and challenges in relation to financial inclusion in Peru at department level from 2010 to 2017. A two-stage GMM method was used in the study by considering the internal variable, which was Sarma's financial inclusion index to analyze a panel data model. It was indicated that key variable was bank concentration which effect financial inclusion and simultaneously there was a positive impact of technology. But lack of basic knowledge to deploy such technology, was the major concern in the remote locations of Peru.

Seng (2019)[62] analyzed the impact of financial inclusion on poverty in respect of per capita household income in Cambodia. Further the study described the impact of financial literacy in relation to internal selection and found the difference between users and non-users of financial services in context of income. The researcher suggested that in order to reduce poverty and households budget deficits especially among females, easy access to financial services and basic financial literacy would play a significant role in the country.

Ayoola et al (2019)[63] stated that current status of financial inclusion is still an unfolded question for the developing economies like Sub-Saharan Africa. The study examined the status of financial inclusion in Sub-Saharan Africa for the period of 2005-2015. The study utilized published data of IMF for the purpose of analysis. Further it was observed that there was a medium level of financial inclusion for the selected period in Sub-Saharan Africa along with Index of financial inclusion. The researcher concluded that if further outlets of financial institutions would entrench in the selected region, then there would be high potential to achieve elevated degree of financial inclusion in Sub-Saharan Africa.

Mader, Philip. (2018)[63] fundamentally evaluated financial inclusion as mediation in the expansion space. It assessed to revolve from microfinance to financial inclusion, with the foundation of new players and exercises; innovative ideas and theories of modifications; and new expectancy toward clients. Further it deliberated three key subjects in the context of financial inclusion and contends the arguments developed by apostles of financial inclusion about them. Afterwards, it critically analyzed the opinion made for financial inclusion includes driving comprehensive development conclusions, conveying direct benefits to poor and deprived people, and constructing good business sense.

Grohmann et al (2018)[64] stated that financial infrastructure of the nation could be enhanced at the moment of formal addressal of financial inclusion. The researcher studied this effect aligned with cross country level and considered institutional variants. Financial literacy and infrastructure were key alternative in regard to access of finance. The study found that financial literacy was having positive impact beyond various sub groups and income levels coupled with the countries and higher level of financial literacy reinforced the impact of further financial depth in relation to the easy access of finance.

Sanderson et al (2018)[65] highlighted the role of financial inclusion and its determinants in economic and financial context. The paper aimed to examine the determinants of financial inclusion in Zimbabwe and attempted to establish connectivity between age, education level, financial literacy status, income level and internet connectivity and found positive relation with financial inclusion. Moreover, it also discussed about documents required to open an account and distance from financial institution and found their negative relation with financial inclusion. The study recommended that government should take necessary actions in order to develop financial service providers and to ensure the easy access of financial services to accelerate the financial system of the country.

Wang and Guan (2017)[66] studied the state of financial inclusion worldwide by utilizing the financial inclusion index and the Global FINDEX database of World Bank. The research disseminates that developed European and North American countries adored higher levels of financial inclusion in comparison to the less developed countries of Africa and most of Asia. The dimensional stochastic research discovered that income of individual; education level and utilization of communications apparatus are significant factors that describe the level of financial inclusion.

A. Negre (2017)[67] addressed a case study that aimed to impart towards closing the knowledge gap and provide an example of contribution of a funder to provoke systematic change. The study reviewed the functioning of USAID, by means of two programs and in association with a chain of market actors; it would aid to change the dynamics of micro finance market in the Philippines. Further it suggested that a specialized activity and subsidized credit is required for more inclusive growth of the financial sector.

Kaiser and Menkhoff (2017)[68] done a meta-analysis of 126 impact evaluation studies, in that they found that financial behaviour in highly influential to financial education. The research stated that low-income people were possessing low level of financial inclusion in low or middle level economies. They found that it was really difficult to influence specific behaviours in relation to debt handling and on the other hand compulsory financial education was not so effective. The study suggested that financial inclusion intensity is requisite to be hiked and this success could be achieved by significant interventions in relation to the effective financial education at teachable moments to the population.

Mindra et al (2017)[69] examined the association between financial self-efficacy (FSE) and financial inclusion with regards to the individual financial consumers in Uganda. The study used quantitative cross-sectional research design to examine the relationship between FSE and financial inclusion using SPSS, regression analysis and structural equation models by sampling 400 individuals from urban central and northern Uganda. It was found in the study that FSE and financial inclusion were positively and significantly related with each other. Further, the study suggested that controlled variables such as age and gender are having high influence on individual's decision regarding access of formal financial services.

Anwar, Tanzo and Mostafa (2017)[70] constructed a financial inclusion index in context of South-Asian countries. The study stated that irrespective of this fact that financial inclusion beyond the countries were enhancing its recognition but the literature related to evaluation of financial inclusion position in between south Asian countries are still restricted. The paper showed the relative position of financial inclusion in regard to the south Asian countries. It was found that India and Bhutan were in good position in comparison to the other countries like Pakistan and Afghanistan of south Asia in relation to financial inclusion. Hence there would be a potential of development in lagging countries in context of financial inclusion.

Raza, Fayyaz and Syed (2015)[71] endeavoured the status of financial inclusion in Pakistan. The paper incorporated meaning and literature of financial inclusion along with facts, figures, recent initiatives and current status of financial inclusion in regards to Pakistan. The author stated that Pakistan is observed as one of the largest rural fraternity-based country across the globe, and in comparison to other South Asian countries it is having low financial inclusion status. It was suggested to take some practical steps to enhance the level of financial inclusion in the selected region.

Fungáčová et al (2015)[72] analyzed the level of financial inclusion in China by using Global FINDEX database of World Bank and compared the status of China with other BRICS countries. It was found in the study that China was presented by greater use of formal accounts and savings in comparison to other BRICS and the associated factors were higher income, better education, being a man and being older. Hence, the China possessed a high degree of financial inclusion comparatively. Whereas on the other side, formal credit access is comparatively less frequent in China, instead of formal credit Chinese people were found relatively more frequent to access credit from family and friends among BRICS. It was concluded that financial inclusion is not a major concerned problem in China, but restricted use of formal credit could create further challenge for the economic development of the nation.

Ayyagari and Beck (2015)[73] provided an analytical view of financial development and financial inclusion in Asia by utilizing data from various sources. The study disclosed that in terms of integrated financial development measures, the region as a whole has a better banking sector compared to other developing regions. However, this hides a major diversity in the Asian economy. It was found in relation to financial inclusion that, less than 27% adults were having an account and only 33% enterprises were accessing credit and loans from financial institutions in developing Asia. Further the study concluded that cost of access, geographical access issues and lack of identification were major hurdles in the path of financial inclusion in the studied region and the policy makers should address these issues to accelerate financial development.

Ximena et al (2014)[74] explored demand side determining factors in regard to financial inclusion which were based on the data published in National financial inclusion survey 2012 i.e., ENIF in the Spanish abbreviation. Multiple correspondence method of analysis was used for building financial inclusion indicators with a purpose to determine relevant factors. An analysis was done to know whether people either jointly or individually had credit and saving products and attempted to explain the determinants which influence the financial inclusion. Additionally, same analysis was done on the sub group of informal labour market which were financially excluded. The study found various indicators of financial inclusion from both the analysis and determined the need of detailed analysis with the purpose of motivating the people for active participation in the formal financial system. Finally, the researchers suggested that specific public policies should be designed by considering exclusive socio-economic situations and geographical locations of each population group.

F Allen et al (2014)[75] investigated the gaps in relation to financial development and financial inclusion in African countries in comparison to other similar developing countries by utilizing a set of variables related to financial development and financial inclusion. Initially, the study examined the gaps in relation to similar degree of economic development among African countries and other developing countries and then identified the determinants of financial development and inclusion in the selected area of study. It was found that population density was a significant determinant for financial development and financial inclusion in African countries than other similar countries. Finally, the study stated evidently that, the recent innovation in the area of financial services, mobile banking and other related services would help the countries to overcome financial access related issues and infrastructure related problems.

Faruk and Noman (2013)[76] stated that, financial inclusion is a concerned issue world-wide, whereas Bangladesh is also trying to include all the population into the financial system of the country. The researchers analyzed the district-level changes of financial inclusion index of Bangladesh by studying the model of financial inclusion index from 2007 to 2010. It was identified that 19 districts showing positive changes, 10 districts were showing no changes and 35 districts showing negative changes in relation to ranking of financial inclusion index over the periods. Lack of strong infrastructure, low income-level and high account maintenance cost were considered as key reasons for low financial inclusion status in Bangladesh. The study utilized three dimensions of financial inclusion in order to evaluate the FII value and to provide a better thought for introducing better decisions which would ensure the balanced economic growth of the country.

Han and Melecky (2013)[77] stated that depositors would get worried, ran towards banks and withdrawn their money from banks at the time of crisis. The paper examined the link between the broader reach of bank deposits prior to the 2008 crisis and the potential for growth in deposits during the crisis, while regulating appropriate covariates. Using proxies to access deposits and the use of bank deposits, the authors found that increased access to bank deposits could make the basis for deposit funding stronger during financial pressures. At the end, it was suggested that, Policy efforts to strengthen financial stability should thus not only focus on macro prudential regulation, but also consider the positive effect of broader access to bank deposits on financial stability.

Atkinsonand Messy (2013)[78] highlighted that the OECD/ INFE introduced a project on the role of financial education under financial inclusion with support of the Russian Trust fund for financial literacy in the year 2010. The study disclosed that low investment rates are associated with low levels of financial literacy. Recent research, including the comprehensive stock acquisition of INFE members, allowed identifying a variety of ways in which policymakers develop financial education policies in regard to financial inclusion. Based on a review of the approaches to bringing financial education in order to achieve financial inclusion, this report highlighted the challenges and solutions found, and discussed the key lessons learned and further potential in this context.

Demilguc-Kunt and Klapper (2012)[79] provided an initial analysis of the Global Financial Inclusion database (Global FINDEX), a new set of indicators measuring how adults in 148 economies save, borrow, pay and manage risk. The data shows that 50 percent of adults worldwide have an account with a legitimate financial institution, although account access varies widely across states, income groups and individual credentials. Additionally, it was observed that, 22 percent of adults reported that they had savings in a formal financial institution in the last 12 months, and 9 percent reported taken a new loan from a bank, credit union or small financial institution last year. However, half of adults worldwide found unbaked, at least 35 percent of them report barriers to access of account that can be addressed by public policy. It was concluded that high costs, physical distance, and a lack of relevant documentation were among the most commonly reported hurdles, although the significant differences in individual regions and characteristics was found.

E. Diniz et al (2012)[80] presented a case study related to financial inclusion in Autazes, which was a country in the Amazon region that was unserved by banks until 2002, when a special correspondent began operating there. Since then, Autazes has experienced economic and social changes, thanks to government social benefits and other banking services provided at the local level. The study concluded that financial inclusion by way of correspondence's process contributed positively to social and economic development but, at the same time, disclosed obvious negative signs such as low-income level, generating social exclusion practices and strengthening asymmetries related to power. Further, it suggested that while access to financial resources is a significant way to accelerate local development for low-income people, such access must be accompanied by advance mechanism to financial education in order to be productive and successful.

Cohen and Nelson (2011)[81] highlighted that Fifteen years ago, the 'financial inclusion' might have referred to an institutional concern like portfolio growth, which reflected the common question "How many clients do you have?" but in current scenario, this term became more focused on customers, which included both access (institutional obligation) and usage - the ability of customers to select and utilize the services they received, which is termed as financial capability of concerned people. The study identified financial education as a significant element for both of these concepts. It was a fact that financial education was a new term for developing nations fifteen years ago, but now a days, continuous efforts of local newspapers, TV channels and the Government towards promotion of financial education, made it mandatory for financial development of the country.

Chambers and Shufflebottom (2010)[82] divided the first part of research paper into four sections. The first section dealt with the research methods used for the research project. The second section discussed the results from the focus groups and the questions asked. The third phase provides research analysis. Section four concluded the research project and explained that although initially financial education was considered "dull", "scary" and "boring" to begin with, once they had a little knowledge of the subject, they realized the importance of learning this essential skill. The mobile learning approach also shows that participants prefer to have interesting and innovative teaching methods that allow them to control their learning.

The second part of the research paper presented a study of the design of a m-learning (mobile phone) financial education game to combat financial exclusion. This paper described the results from their study that, if financial education would be expanded the chances of future financial exclusion would be reduced.

Hannigand Jansen (2010)[83] argued that greater degree of financial inclusion presents opportunities to strengthen financial stability. The arguments were based upon thoughts like, financial inclusion poses a risk to institutional level, but these were not systematic. Evidence suggested that low-income savers and borrowers tend to maintain strong financial integrity in all financial crisis situations; they kept money in a safe place and pay off their loans. Risk profiles in the lower segment of the financial market were specified by large numbers of vulnerable people with limited balance in accounts and small volume of transaction. However, this profile would raise reputational risk for central bank in regard to financial instability but the risk created by inclusive policies could be insignificant. Meanwhile, the deeper and diversified financial system could be the way to enhance financial stability. The study described the status of financial inclusion across the globe and explored the financial inclusion trends and most effective policies to support it. Further it was suggested that, new initiatives aimed at combating financial exclusion could help to strengthen financial systems instead of weaken them.

Assibey (2009)[84] highlighted that a large number of people in South-Saharan Africa were financially excluded and not having bank accounts. The paper examined the responsible factors that caused the geographical exclusion of financial services in rural communities of Ghana. The study found a positive relationship between banks decision to establish a bank branch and market size elements, the infrastructure level, activeness of market and communication facilities of concerned area, where as it was negatively related with basic insecurity level in relation to crime, natural calamities and disputes. On the other hand, population's demand for a bank account seems to be driven by both market and non-market factors such as price, illiteracy, religion related factors, dependency rate, employment status and proximity to the bank.

S. Collard (2007)[85] reviewed the progress of efforts made in relation to advancement of financial inclusion in three areas of financial services i.e., banking, consumer credit and insurance and the remaining challenges. The research was conducted toward financial inclusion status in UK. It was stated in the study that in a continuous situation of cashless economy, the consequences of being excluded from the financial services market are even worse. So, the study suggested that country should focus on challenges and concerned issues and advance policies should be introduced to resolve the issues.

2.4 CONCLUSION

In this chapter, fifty-five national level and thirty international level studies are reviewed and analyzed in a comprehensive manner. This chapter of literature review provided a deep understanding of the determinants and variables involved in the study and also gave the clarity of related concepts of financial inclusion. The major concepts being reviewed in this chapter are –

- Financial Inclusion
- Financial Exclusion
- Challenges, Issues and Potential in regard to Financial Inclusion
- Financial Education and Literacy
- Financial Behaviour and Attitudes
- Financial Inclusion Initiatives
- Inclusive Economic Development and
- Other National and International Financial Inclusion related Determinants and Factors.

The review of various studies aids to understand the various patterns of data analysis and also the statistical application of various methods and tools. The in-depth analysis of all the related literature enabled the researcher to find research gap and lighten up the further direction to this research study.

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CHAPTER III

RESEARCH METHODOLOGY

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RESEARCH METHODOLOGY

Previous chapters were instrumental in outlining the background of the study, understanding various concepts pertaining to the research topic, and reviewing the existing literature. Based on the literature reviewed, research gaps have been identified to give direction to the whole research work. The present chapter details the research plan through which the objectives and gaps outlined have been dealt with. Further, it aims at providing comprehensive information about the existing research methodology components that have been implemented for the current study as well as the rationale behind using the same. It also highlights various approaches for collecting data with an appropriate research design including sampling design, data collection tools, statistical techniques used for analyzing data to draw suitable inferences.

3.1 RESEARCH GAPS

The researches outcomes presented in the previous chapter concluded that in the recent years, GOI, RBI, and State Government have undertaken several initiatives to expand the financial outreach to the unbanked people of India. Both the institutions have endeavored to introduce so many schemes to meet the goal of universal financial inclusion. However, there are still some lacunas which can be filled by putting sincere efforts to design relevant programmes to improve and stimulate the use of formal financial services among the low income segments, especially within the rural areas, which are often excluded from the formal financial system. After the intense literature review, the researcher has identified the following gaps-

- Problems and challenges in achieving complete financial inclusion have been analyzed in many scholars' work but the researcher could not find sufficient matter in reference to the South-East Rajasthan. Therefore, the current study focuses on this gap.
- There is a need to provide conflicting views on prospects of financial inclusion to summarise past research endeavours. The intended

contribution of the present study is to overcome the non-existence of a comprehensive review of existing studies in this domain.

- In previous studies, not much work was done to discuss the perceptions of employees belonging to commercial banks regarding problems faced in financial inclusion and initiatives taken. The current study is a step ahead and aims to identify the opportunities and challenges in financial inclusion in South-East Rajasthan from the perspectives of both the households as well as bank employees.

3.2 RESEARCH QUESTIONS

The outlying research gaps raise several research questions-

Q1. What is the status of Financial Inclusion in South-East Rajasthan?

Q2. What are the reasons behind low financial inclusion among deprived section of South-East Rajasthan?

Q3. What are the perceptions of bank employees about challenges faced in financial inclusion and steps taken by them?

Q4. What are the prospects of increasing financial inclusion in the chosen area?

3.3 STATEMENT OF THE PROBLEM

Literature review discussed in the previous chapter has enabled the researcher to understand the reasons behind financial exclusion which may include lack of information available to deprived section of the population, the geographical distance from bank, financial illiteracy, gender-inequality, low income and non-availability of collateral assets, lack of necessary documents, etc. On the other hand scarcity of staff, high transaction cost, economic viability of the extension of branch, etc. may pose challenges in front of the financial institutions in extending financial services to the disadvantaged section. Therefore, if necessary steps are taken to combat these issues total financial inclusion in the country could be achieved. The prime objective of these steps is to provide banking services at an affordable cost to the weaker section of population. In India financial inclusion has been started with opening ‘no frills’ account and issuing a few General Purpose Credit Cards for all. However, no use of one's bank account does not fulfil the real objective of financial inclusion. It has been observed that several bank accounts opened under PMJDY are not active. Though much progress has occurred in account opening, but with regard to usage of such accounts, insignificant improvement has undertaken.

Importance of financial inclusion for faster inclusive growth is much desired objective of any government. Thus, to get a deep understanding of the concept of financial inclusion, its current status in South-East Rajasthan and to examine the challenges and prospects involved, the topic of the study was identified and entitled as-

“Financial Inclusion – Problems and Prospects. A Case study of Unbanked and Deprived Households of South – Eastern Rajasthan”.

3.4 OBJECTIVES OF THE STUDY

- To find out the status of financial inclusion in South-East Rajasthan (Hadoti region).
- To examine the association between financial awareness and financial inclusion.
- To examine the association between social networks and financial inclusion.
- To examine the association between technological up-gradation and financial inclusion.
- To study employees’ perceptions towards activities conducted for financial inclusion.
- To study employees’ perceptions towards Problems & Constraints faced in conducting Financial Inclusion Activities
- To study employees’ perceptions towards Prospects of Financial Inclusion
- To study employees’ perceptions towards Mechanism of Financial Institutions for Financial Inclusion

3.5 HYPOTHESES

- H01: There is no significant association between financial literacy and financial inclusion.
- H02: There is no significant association between social networks and financial inclusion.
- H03: There is no significant association between technological up-gradation and financial inclusion.
- H04: There is no significant difference in Employees' perceptions towards activities conducted for financial inclusion.
- H05: There is no significant difference in Employees' perceptions towards Problems & Constraints faced in conducting Financial Inclusion Activities
- H06: There is no significant difference in Employees' perceptions towards Prospects of Financial Inclusion
- H07: There is no significant difference in Employees' perceptions towards Mechanism of Financial Institutions for Financial Inclusion

3.6 RESEARCH DESIGN

Research design is a set of guidelines or layout which details the way research is conducted. In accordance with the research questions and objectives of the study, the research design chosen for the study is descriptive. Descriptive research design aims at explaining the sequence of events as they independently occur in nature. It refrains the researcher from interference or manipulation of the data collected and analyzed. Moreover, such data provides high accuracy and reliability to the results of the study. Thus, the research design used by the researcher is in accordance with the empirical study requirements.

3.7 SAMPLING DESIGN

Sampling is an elementary tool to gather information about a given problem from a definite portion of the entire population instead of measuring every unit of the population. A proper sampling technique can have great effects on the authenticity of the outcome of a research.

- **Population of the Study**

The present study seeks to collect opinions of households belonging to unbanked and deprived section of south-east Rajasthan. This region covers four districts namely, Kota, Bundi, Baran and Jhalawar. Gram Panchayats of Kota district Khatoli, Borda, Dungarli, and Kishorpura were covered while, Khera, Khanpur and Sojpur of Jhalawar district; Bamori Kalan, Kishanpura, and Seeswali in Baran district; and Pech Ki Baori, Alod and Ranpura in Bundi district were visited for survey.

Moreover, employees of financial institutions constitute another sample for collecting their opinions on financial inclusion in their area of operation.

- **Sampling Technique**

The current study utilizes convenience sampling technique to randomly select households belonging to deprived section of south-east Rajasthan. An intensive survey was conducted from November 2019 to March 2020.

- **Sample Size**

Application of sampling values from Krejice Morgan formula table for Population under 10,000,000

Formula Used:

$$n = \frac{z^2 (p) * (1-p)}{c^2}$$

Where:

Z = 1.96 - Z value for 95% confidence level

p = 0.50 (50%) - Incidence or proportion of expected results.

c = 0.05 (5%)- Margin of Error/Expected error

According to aadhar uidai.gov.in Dec 2020 data the total population of South-East Rajasthan is 63,95,472. The value under 10,000,000 at 95 percent confidence level = 384.

600 questionnaires were distributed among households, out of which 540 were found complete in all senses and were considered for final analysis.

Moreover, 42 employers have also been surveyed to know their opinions about financial inclusion challenges and initiatives taken by Government.

3.8 METHODS OF DATA COLLECTION

To meet the objectives of the study, data was collected using both primary and secondary sources. Being empirical study, it is largely based on primary data collected by the researcher through self-administered questionnaires designed by the researcher keeping in view the available theoretical literature and the objectives of the study.

A. Primary data – The primary data has been collected through questionnaires the details of which have been mentioned in the research instrument section of this chapter.

B. Secondary Data – The sources of collecting secondary data for research study include, reports (published and unpublished) and annual proceedings from RBI, NABARD, Rajasthan Government etc., Articles from Magazines, Journals & Newspapers, Research papers, web sources, published and unpublished research projects, surveys and reports.

3.9 RESEARCH VARIABLES

- **Variables affecting Household's Financial Inclusion Status**

1. Financial Awareness
2. Social Networking
3. Technological Up-gradation

- **Variables related to Financial Inclusion Initiatives taken by Financial Institutions**

4. Activities related to Financial Inclusion
    i. Services Provided
    ii. Employee Training Programs on Financial Inclusion
    iii. Providing financial literacy booklets/material to financially disadvantaged customers
    iv. Pattern of Opening of no-frill accounts for clients

   v. Financial inclusion schemes offered by bank branches
5. Problems & Constraints in Financial Inclusion Activities
   i. Major constraint to achieve financial inclusion in your area of operation
   ii. Reason for low operational rate (active accounts) in no-frills
   iii. Threat of competition from other institutions in the Financial Inclusion sector
   iv. Others
6. Prospects of Financial Inclusion
   i. View about Financial Inclusion
   ii. Benefit of government channels like EBT
   iii. Others
7. Mechanism of Financial Institutions
   i. Sources for information on Financial Inclusion
   ii. Modes used by financial institution for financial inclusion in your area of operation

3.10 RESEARCH INSTRUMENT

For the purpose of this study, one self-administered questionnaire including Five-point Likert type numerical scale ranging from Strongly Disagree to Strongly Agree was used for surveying households belonging to the selected area for the study. Moreover, in order to understand employees' perceptions about financial inclusion initiatives taken by Government and challenges in achieving it, employees working in public sector and private sector banks were surveyed with the help of a separate questionnaire, specifically designed to seek their opinions.

I. Questionnaire for Households

Section A: Background Information

This part of the questionnaire contains multiple choice questions seeking information about the respondent's age, gender, locality, marital status, educational qualification, type of family, occupation, and monthly income.

Section B: Financial inclusion related information

This part covers questions related to status of financial inclusion, reason for not having bank account, type of bank account, purpose of opening bank a/c, No. of bank a/c in family, Distance from the nearest bank and ATM, ATM usage, Mobile/Net Banking usage, mode of saving, experience with financial product/service, availing of training on financial awareness, etc.

Section C: Rating by respondents about Determinants of Financial Inclusion

This part of the instrument is based on a Five Point Likert scale to evaluate households' perceptions related to financial awareness, impact of social network and technological up-gradation.

II. Questionnaire for Bank Employees

Section A: Background Information

This part contains details regarding age, gender, qualification and experience of the respondents, and type of bank etc.

Section C: Rating by respondents about Financial Inclusion Related Information

This part of the instrument is based on a Five Point Likert scale to evaluate employees' perceptions related to the constraint to achieve financial inclusion, sources of information, FI schemes, reasons for low operational rate in no frill accounts, Employee Training Programs on Financial Inclusion, Benefit of government channels like EBT (Electronic Benefit Transfer) to achieve inclusion, spreading financial awareness, etc.

3.11 RELIABILITY

Pilot study was conducted on a sample of 50 employees working in IT firms and a reliability test was applied using Cronbach's Alpha and the results are as below:

Table 3.1
Reliability of Households' Perceptions about Financial Inclusion In South East Rajasthan
Reliability Statistics

Cronbach's Alpha	N of Items
0.823	25

Since the value of Cronbach's Alpha was found to more than 0.7indicating strong internal consistency of the research tool.

3.12 STATISTICAL TECHNIQUES

For completing any research, it is important to select the appropriate tools and techniques for analyzing the data in a manner that suffice the pre-defined objectives of the study. In this study, the researcher applied statistical tools including percentage analysis, averages, standard deviations, Chi-square test for analyzing data. Appropriate software package has also been used to facilitate inferences and to draw conclusion. In order to have a better representation of the facts, tables, graphs and pictorial diagrams have also been used.

Pearson Chi- Square Test

It compares two categorical variables in a contingency table to see if they are associated. In a more general sense, it tests to see whether there is any significant association between set of qualitative variables. With the help of this test, association between two groups and distribution of parameter into set of responses is tested.

3.13 LIMITATIONS OF THE STUDY

- Collection of primary data was done through the survey method where respondents filled the questionnaire. As most of the respondents belonged to rural areas and were having very poor academic background, it was time consuming and difficult to make them understood the purpose of the study.
- Since respondents are naturally biased in their responses, they may be guided by their mood and cognitive limitations at the time of giving responses. They may have interpreted the questions in a different manner which results in inappropriate responses.
- Employees of financial institutions including, commercial banks were contacted at their work place. It was very difficult to get their responses due to their busy schedule. Moreover, to ensure them about the

confidentiality of the information sought was another major hurdle in collecting their actual responses.

- The current study is confined to South-East Rajasthan. Thus, the study reflects just and only the status of that particular region, which can be different from the rest of the state and the country as a whole.
- Although the study covers respondents belonging to deprived section having bank accounts, it does not cover the impact of financial inclusion on their wellbeing.

CHAPTER IV

INITIATIVES TAKEN BY GOVERNMENT & VARIOUS FINANCIAL INSTITUTIONS

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INITIATIVES TAKEN BY GOVERNMENT & VARIOUS FINANCIAL INSTITUTIONS

4.1 INTRODUCTION

The Government of India is highly concerned about the inclusion of the unbanked and deprived sector of the society into the financial and banking system. Hence, Financial Inclusion became a specific policy concern for the Indian economy. In India, various actions have been taken for inclusive growth of the nation which could be traced from the nationalization of banks to the evolution of various schemes of government in the current scenario. In order to corroborate financial inclusion, numerous initiatives were taken up by RBI, GOI, and other financial institutions like nationalization of banks, the evolution of banks branch network, inception, and expansion of cooperative and RRBs, the foundation of priority sector lending, lead bank scheme, the evolution of SHGs and state-specific perspective for government-sponsored schemes to be elaborated by SLBC, No Frill Accounts, Relaxation in KYC norms, BC/BF Model, Financial Inclusion Plans, Financial Literacy Programs and various central and state government schemes like Swabhimaan, PMJDY, APY, and Bhamashah, etc.

This chapter covers the various initiatives taken to achieve the desired level of financial inclusion in India. The researcher attempts to elucidate the various policy measures, government schemes, and other initiatives taken for the progress of financial inclusion in the Indian context. Moreover, a case study on selected households of south-eastern Rajasthan (Hadoti Region), covers the viewpoint and financial behaviour of the selected population regarding status, problems, and prospects of financial inclusion is incorporated in the chapter. The chapter is further divided into 4 sections, which are as follows:

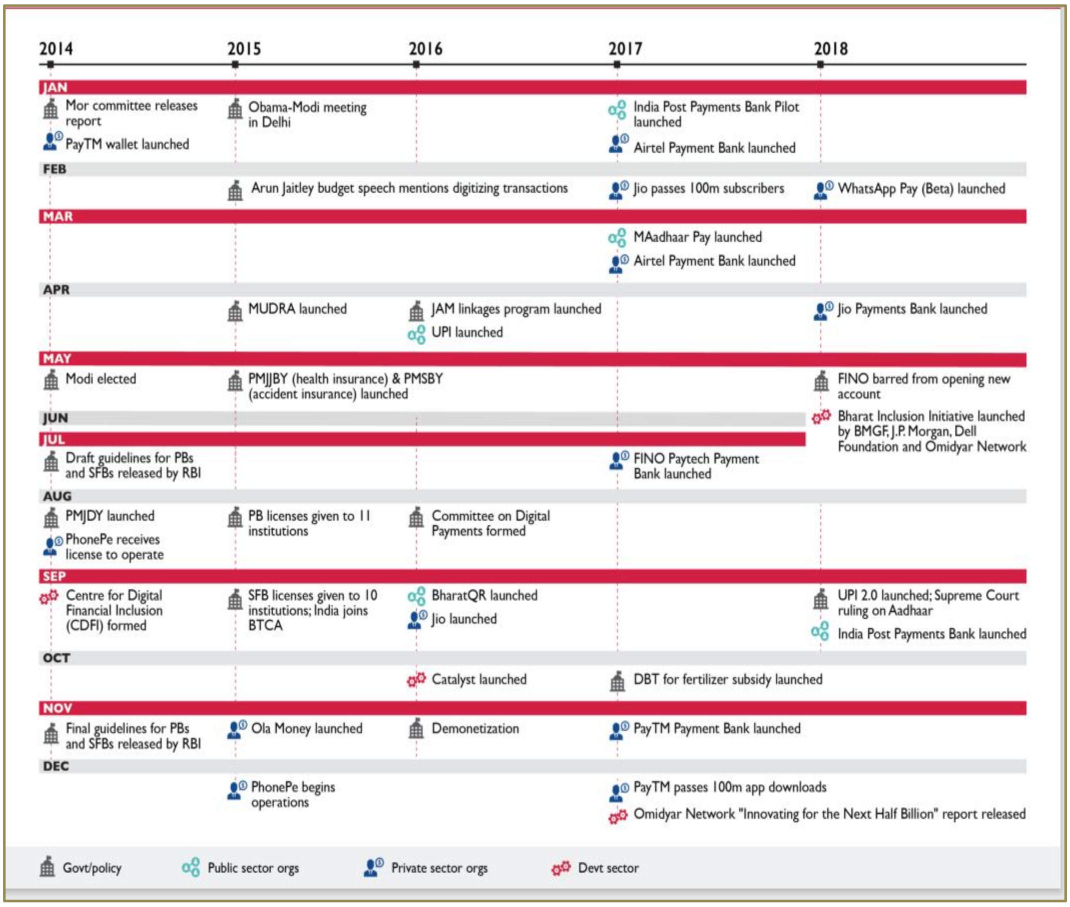
4.2 Initiatives taken by GOI
4.3 Initiatives taken by RBI and Banks
4.4. Initiatives taken by NABARD and others
4.5 Financial inclusion in Rajasthan
4.6 Case Study

4.2 INITIATIVES TAKEN BY GOI

Financial Inclusion is a fundamental objective of the Government. The key purpose of financial inclusion is to spread financial services to the all-unserved sections of the country in order to achieve inclusive growth. Based on the objective to provide comprehensive banking and financial services to each and every uncovered and unbanked household, the Government introduced many schemes and strategies over the time, namely, National Mission for Financial Inclusion (NMFI), Pradhan Mantri Jan-Dhan Yojana (PMJDY) and Mudra Yojana, etc. Moreover, the Government of India announced in the budget 2015-16, the social security services with the aim of providing social security system referring to insurance and pension for all households of India, which mainly focused on the poor and deprived sector of the society. Such social security schemes provide life and accidental risk insurance at very low costs along with social security. Some examples of this schemes are Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Yojana and Atal pension Yojana, etc.

Enlarged version of Digital Financial Inclusion in India has been proven a fundamental and vital innovation in all the sectors of the nation. The policy of Government that specifically drawn up for the access to banking and financial services as a drive for poverty reduction and balanced economic growth of country has been a major tool for financial inclusion. In order to achieve a quick and progressive ladder in opening bank accounts, the Government of India has taken a considerable pledge on the technology. Flourishing internet spectrum and growing smart phones insight shows that the banking future will occur digitalized. The Bank accounts have been linked with Unique Identification through the Aadhar Scheme of Government. Government has impelled a differentiated banking model in the course of companies like Mobile network operators and FINTECH can come up with banking services bound by a payment bank license. Further, Micro Finance institutions are inspired to support technology to be in accordance with the market and like an incentive for their development towards small finance banks. The extension of digital payments got a specific sole stimulus due to the unexpected demonetization policy of the Government in November 2016.

Figure 4.1 Major Eventsin relation to Indian Digital Financial Inclusion from 2014-2018.



Source- India digital financial inclusion report 2019. (www.usaid.gov)

These initiatives are based on the commanding philosophy of banking the unbanked households, secure the unsecured people, provide funds to unfunded and offer services to un-served or less-served areas of the country. The major objective of Financial Inclusion is from Jhandhan to Jansuraksha. The various schemes, missions and initiatives of Indian Government in relation to progressive Financial Inclusion along with their details are discussed in following key points-

4.2.1. Partial Credit Guarantee Scheme (PCGS)

On 11 December 2019 the Indian Government has launched the PCGS, which is offering guarantee to formal Public Sector Banks. This guarantee is finite to inceptive losses of until 10% of the assets value purchased by the banks or Rs. 10,000 Crore, whichever is lower, by the purchase of highly consolidated assets from NBFCs / Housing Finance Companies (HFCs) that meet the eligibility requirements set out under the Scheme.

The current PCGS was enlarged on 20th May,2020 in order to ensure portfolio guarantee of up to 20% of initial loss for procure of Bonds or Commercial papers by public sector banks along with an AA rating, being the part of Aatmanirbhar Bharat Abhiyan of Government. Moreover, this scheme was modified on 31st July 2020 and then again modified on 17th August 2020. The volume of money included in complete offered guarantee under the revised scheme is suppose to limited to 10% of fair value of the assets or 20% of the face value at emerged portfolio level of the Bonds and Commercial papers, that are being purchased by the banks in this scheme, or a complete volume of amount of Rs. 10,000 Crore considering into the account all the guarantees offered under PUGS to all banks who are making the purchase function, whichever is lesser.

The existing PUGS was launched with following key objectives-

- To provide the Government guarantee support to the purchase of consolidated (pooled) assets under this scheme, it will aid to describing mismatch issues in temporary liquidity or cash flow of NBFCs or HFCs who became insolvent due to circumstances. Such NBFCs/ HFCs will save a chance of distress selling of their assets to fulfill their obligations and aforesaid commitments.
- To avail an additional liquidity for on lending to the NBFCs, HFCs and MFIs, because these financial institutions play a vital role in capital formation by sustaining the consumption demand of the population in small and medium sector of the country. Hence, their operation functioning is really significant and it should not be disrupted due to unavailability of the funds.

Figure 4.2 Status of Phase 1.0 and 2.0 of PUGS of Government 2020

Status of PCGS Scheme						
PCGS 1.0						
Cumulative In-principle approvals granted						
Particulars	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**Jan**
No. of. proposals	46	46	47	48	52	55
Amount (In Rs crore)	10678.17	10678.17	11178.14	11278.14	11798.78	12297.46
PCGS 2.0						
Under PCGS 2.0, Banks have purchased portfolio of Rs. 23,242 crores (provisional). The timeline for purchase of portfolio of Bonds/CPs has since expired on 31.12.2020						

Source - https://financialservices.gov.in/financial-inclusion

The above figure shows the cumulative In-principle approvals granted by the Government of India under PUGS in year 2020. The number of proposals and the associated amounts granted by Government is increasing from August to December 2020. Hence, it disclosed a progressive approach of government for NBFCs, HFCs and MFIs through this scheme.

4.2.2. Emergency Credit Guarantee Scheme (ECLGS)

ECLGC was launched on 23rd May 2020 with an objective to provide assistance to Micro, small and Medium Enterprises (MSMEs) and other business endeavours, which are eligible to get benefit undergoing the scheme. Under this scheme, the Government provides support in order to fulfill the operation related liabilities of eligible ones and help them to restart the business, which have faced disruption in business operations enkindled by COVID- 19 pandemic spread. This scheme has two parts, which are as follows-

Part I- ECLGS 1.0

Eligible MSME units, Business houses and individuals can get fully guaranteed and collateral free guaranteed emergency credit line (GECL) from Formal financial institutions, NBFCs and SCBs under ECLGS 1.0. As on 29th February 2020, the volume of amount involved under GECL funding is 20% of the outstanding credits of eligible ones, to the extent of Rs. 50 Crore, which is concerned to those accounts which is having past dues less than or equal to 60 days as on the related date. There is four-year time period along with twelve months prohibition on principal repayment on the credit provided under the ECGLS 1.0, in addition to that the Rate of interest associated with scheme are limit to 9.25% for banks and other financial institutions and 14% for Non-Banking Financial Institutions.

Part II- ECLGS 2.0

ECGLS 2.0 is an extended version of the same scheme, under which, health care sectors and 26 other sectors are identified and included by the Kamath Committee. As on 29th February 2020, outstanding credit to the extent of Rs. 50 Crore to Rs. 500 Crore and having concerned with the accounts which is having past dues less than or equal to 30 days as on the related date are considered as eligible entities under ECLGS 2.0. The eligible borrowers can get additional funding (Fully Guaranteed by NCGTC) to the extent of 20% as a collateral free GECL. Moreover, there is five-year time period along with twelve months prohibition on principal repayment on the credit provided under the ECGLS 2.0.

Figure 4.3. Fundamental Features of ECLGS

Particulars	**ECLGS 1.0**	**ECLGS 2.0**
Launch Date/Date of issuance of operational guidelines	26.05.2020	26.11.2020
Eligible entities	MSME units, Mudra Borrowers, Individual Loans for Business	Borrowers in 26 stressed sectors identified by Kamath Committee & Healthcare
Loan	Loans outstanding of up to Rs. 50 crore as on Feb 29, 2020	Loans outstanding between Rs. 50-500 crore as on Feb 29, 2020
Turnover Limit	No turnover limit	
Mode of Guarantee	100% Guarantee to Eligible Borrowers up to 20 per cent of their outstanding as on 29.2.2020	100% Guarantee to Eligible Borrowers up to 20 per cent of their outstanding credit as on 29.2.2020
Days past due eligibility as on Feb 29, 2020	SMA-0 and SMA-1 (60 days past due)	SMA-0 (30 days past due)

Source- https://financialservices.gov.in/financial-inclusion

4.2.3. Swabhimaan

The government of India launched "Swabhimaan" in February 2011 by joining hands with Indian Banks Association (IBA). It is a significant initiative which will reduce the Economic gap among urban and rural population of India. Basically, this yojana will accelerate financial inclusion of rural population especially. The scheme aimed to achieve following key objectives:

- To avail basic financial services to rural people, this is with-in 3 to 4 km approach of them. This yojana identified 74,000 villages which are having population over 2000 and ensure facilitating them all with banking facilities.

- To open new bank branches and provide bank correspondence in big numbers in selected area. Under this yojana, 2,493 Bank Branches were opened in the identified areas along with 69,589 Bank correspondents were provided.
- To immediate credit benefits of the government schemes or others, directly to the accounts of rural people. This yojana served government benefits like subsidies and social security straight to the account of the beneficiary with easy cash withdrawal facility by taking help from BCs.
- To offer cheaper credits to the rural agriculturist and craft persons. The Government get enter into the partnership with banks, MFIs and NGOs to enlarge the approach spectrum of the yojana.

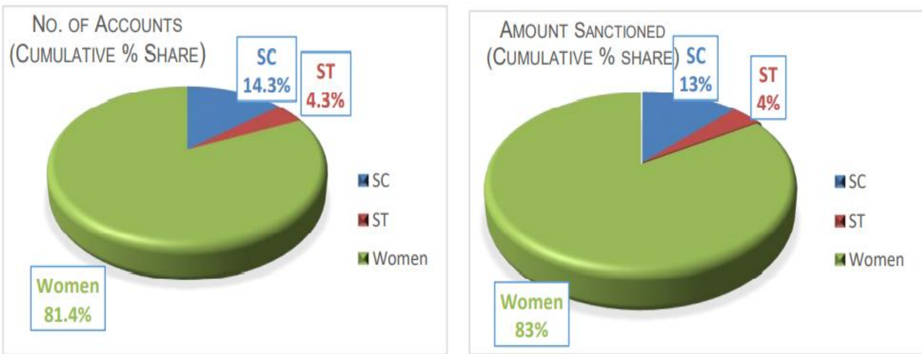
This Yojana was a milestone in the path of financial inclusion in India. Under this yojana, banks are facilitating opening of accounts to the villagers and provide them credit and loans as per there requirements, Furthermore, banks also provide remittance facilities to the rural people in order to transfer their funds as and when they demand. Indeed, it was a significant and comprehensive initiative of Government of India in order to achieve desired level of financial inclusion.

4.2.4. Stand Up India Scheme

On 5th April, 2016, The Government of India introduced the "Stand up India" scheme to serve female and category specific entrepreneurs and ventures of the country. The stand-up India scheme caters Women, SC & ST category people either ready or trainee, who are facing problems in relation to adequate mentorship, and also the issue of delayed or less credit and other financial concerns to start an innovative idea, to form a Greenfield enterprise. This scheme aspires to influence the credit structure of institutions, so that underserved population can be identified and get financial access to start dream enterprise. Under this scheme, Bank loans between ten lakh to one crore can be provided to at the minimum of one SC/ST loan taker and at the minimum of one female loan taker per branch of SCBs in the area of trading, production and service sector for building up Greenfield enterprise. This scheme is also joining with central and state government schemes and it will be proven as a big helping hand for those people, who might have innovative ideas in their brain but due to low confidence level or incapability to start the project, are not able to forward in direction to their desired field of entrepreneurship. The following figure will show the total number of people got benefits for their enterprises under this scheme as on 31st march 2019.

Figure 4.4. Stand-up India performance as on 31-03-2019

Performance under Stand Up India Scheme (Amt. in Rs. Crore)								
Date as on	SC		ST		Women		Total	
	No Of A/Cs	Sanctioned Amt.	No Of A/Cs	Sanctioned Amt.	No Of A/Cs	Sanctioned Amt.	No Of A/Cs	Sanctioned Amt.
31.3.2019 (cumulative)	10451	2096.25	3103	646.1	59429	13342.72	72983	16085.07



Source - financialservices.gov.in

4.2.5. Pradhan Mantri Mudra Yojana

On 8th April, 2015, the Government of India introduced Pradhan Mantri Mudra Yojana by setting up Micro Units Development Finance Agency (MUDRA), which is execution of declaration in the course of Union Budget 2015-16. Providing the flow of credit to small business sector is an important exposure for Government in relation to Financial Inclusion. Hence, in order to achieve prolonged development in the course of movement of credit to the small and non-corporate business field, credit to the extent of Rs.10 lakh was provided to the concerned borrowers without collateral security under PMMY. Scheduled Commercial Banks, NBFCs and MFIs are working as Partner Member Lending Institutions (MLIs) for extension of loans and credits under this scheme. Under PMMY, the credits and loans are classified as following:

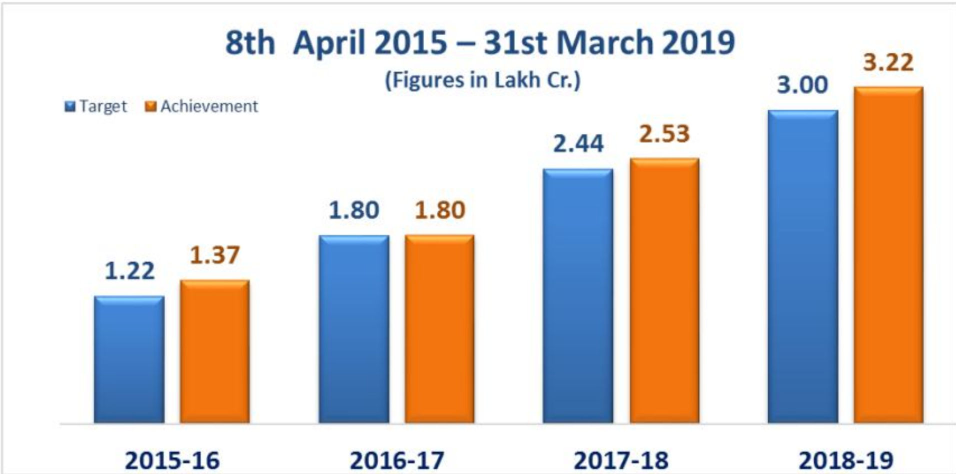
- Sishu Loan - Credit Up to Rs. 50,000
- Kishore Loan - Credit between Rs. 50,000 and Rs. 5 Lakh
- Tarun Loan – Credit from 5 lakh to Rs. 10 Lakh.

Crop Loans, Land improvement loans and loan for other agricultural and services related activities are involved under this yojana. The following figure will show the performance of PMMY from the year 2015 to the year 2019.

Figure 4.5 PMMY Performance Figure from 2015 to 2019

PMMY	2015-16	2016-17	2017-18	2018-19	Total
No. of Accounts (in crore)	3.49	3.97	4.81	5.99	18.26
Loan Amount Sanctioned (Rs. in crore)	1,37,449	1,80,528	2,53,677	3,21,722	8,93,376

PRADHAN MANTRI MUDRA YOJANA



Source- https://financialservices.gov.in/financial-inclusion

The above figure provides a clear picture of progressive move of the PMMY. The number of accounts opened under this scheme are increasing year by year and amount sanctioned for loans also increased. The PMMY is a vital initiative of Government of India for Financial Inclusion.

4.2.6. Pradhan Mantri Suraksha Bima Yojana (PMSBY)

On 9th May, 2015, The Government of India introduced a Social Security Scheme namely Pradhan Mantri Suraksha Bima Yojana, which is related to insurance sector. It provides insurance for accidental death, full disability and partial disability. People of 18-70 years age group and are having account with bank or post office can avail benefits of this scheme. In order to get insurance coverage period from 1st June to 31st May, the beneficiaries have to give their consent on or before 31st May to join auto debit under this scheme. It is annually renewable. The monetary values of risk coverage in this scheme are as follows:

- For Accidental Death and Full Disability - Rs. 2 lakh
- For Partial Disability- Rs. 1 lakh.

Public sector General insurance Companies or other general insurance company (with similar natured insurance products) approved by banks and post offices are offering this scheme to the people. Around 15.47 crore enrolments and 32,176 claims took place, under PMSBY till 31st March, 2019.

4.2.7. Pradhan Mantri Jeevan Jyoti Bima Yojana

On 9th May, 2015, The Government of India introduced a Social Security Scheme namely Pradhan Mantri Jeevan Jyoti Bima Yojana, which is also related to insurance sector. The people of 18-50 years age group, holding a bank or a post office account, and ready to give an annual premium of Rs. 330 in single installment, which is auto debited from their respective account, are eligible to avail benefits of this scheme. This scheme provides a cover to life worth Rs. 2 lakh due to death or any other reason. The annual period associated with this scheme is, 1st June to 31st May, which can be renewed. LIC and other life insurance companies who are providing similar and related products on same terms and conditions can offer this scheme by getting linked with related bank or post office accounts. A person has to get enrolled initially under this scheme to avail all the benefits of PMJJBY. A pro-rata basis premium payment has been allowed at a very significant lower premium rate.

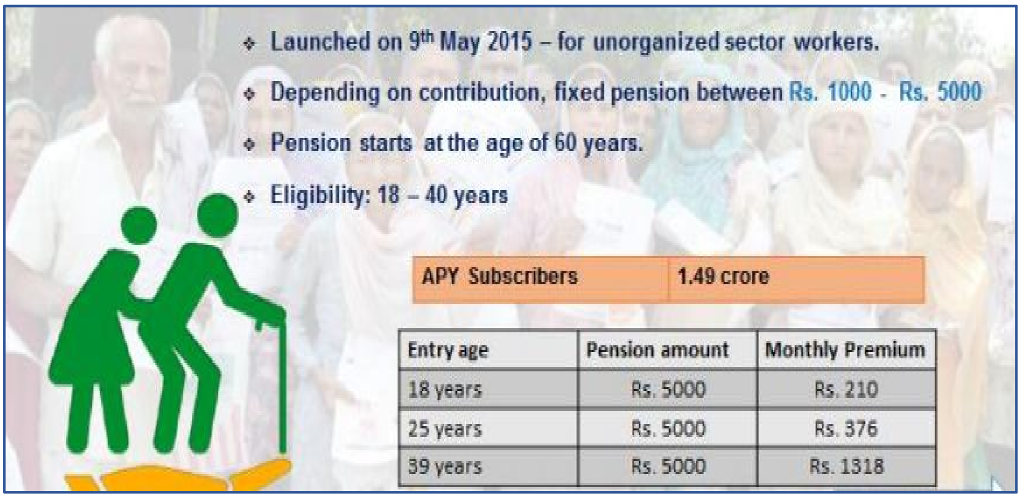
4.2.8. Atal Pension Yojana

Atal pension yojana has come into effect on 1st June, 2015. The person of 18-40 years age group, holding bank or post office account and one, who is not covered in any other organized pension scheme and he/she is an eligible pension subscriber, can get pension benefits under APY. This scheme is providing a guaranteed pension of Rs. 1000 to Rs. 5000 that should be in the multiples of Rs.

1000 to any eligible subscriber at the age of 60 years. The contribution made by the contributor varied on the basis of selected amount of pension. The **salient features of Atal Pension Yojana** are listed below:

- All the citizens of the country, who are eligible under this scheme, can access its benefits, but this scheme mainly focused on all person of unorganised sector, who has joined national pension scheme (NPS).
- All Indian citizens of 18-40 years age group and holding bank or post office account can join under this scheme by using their accounts.
- Minimum pension amount of Rs. 1000, 2000, 3000, 4000 and Rs. 5000 with a monthly contribution of Rs. 42, 84,126, 168 and Rs. 210 respective to the amount of pension, to the Indian citizen at the age of 60 years, is guaranteed by Government of India.
- The spouse of the scheme subscriber is entitled to receive the same amount of pension after demise of subscriber until the spouse remains alive.
- The nominee of the subscriber will receive the accumulated pension wealth till the age of 60 years of subscriber after demise of both, the subscriber and the spouse.
- The Central Government contributes 50% of the total specified contribution to the eligible subscriber, who is not an income tax payer and not covered under any other related social security scheme and join APY before 31st March 2016, but the annual contribution shall not more than Rs. 1000 and available maximum for the period of 5 years.
- In case of returns during the accumulation phase are higher than of assumed returns for minimum guaranteed pension, the excess amount will be preceded towards the subscriber.
- The monthly/quarterly/yearly contributions of the subscriber can be auto-debited from their respective account of bank/post office, depending upon the desired pension scheme and age of the subscriber at the time of entry into the scheme.

Figure 4.6. - Overview of APY as on 31st March 2019



Source- - https://financialservices.gov.in/financial-inclusion

Key steps of Government of India towards popularization and Awareness of APY:

- Default Panel Charges are been simplified.
- By keeping a focus on seasonal income earners, the payment mode has been changed to monthly, quarterly and half-yearly from monthly payment mode.
- The account is being continued till the time remains in the account by removal of account closure clause after 2 years.
- Electronic and print Media advertisement of the scheme periodically.
- Various Training Programs are provided in order to build capacity of bank branch officials.
- More frequent SLBC and Town hall Meeting participation.
- With the objective of involving unorganized workforce under the APY, Government conduct meetings with Secretaries of Union Ministries of Agriculture, Rural Development, Women and child development, Panchayati Raj and Health etc and also conduct meeting with Telangana, Kerala, Gujarat, Maharashtra, and Orissa's state Government.

4.2.9 Pradhan Mantri Jan Dhan Yojana (PMJDY)

On August, 2014, the Government of India introduced the National Mission for Financial Inclusion (NMFI), in the name of Pradhan Mantri Jan Dhan Yojana (PMJDY) with the aim to serve all banking and financial services to each and every unbanked person of the population. However, the banking sector of the nation is growing with full force and dignity but a significant section of society still remains unbanked and not able access even basic financial services and they remain financially excluded from the financial system of the country. Even so, the Indian Government and Central Bank have been put sincere efforts to include all unbanked and deprived households in the financial system in order to achieve inclusive growth. Further, to eliminate this problem of financial exclusion, Mr. Narendra Modi (Hon'ble Prime minister of India) declared a new scheme called Pradhan Mantri Jan Dhan Yojana on 15th August 2014 in association with National Mission on Financial Inclusion to serve unbanked and deprived households.

PMJDY provides an easy access to all financial services including banking, savings, remittance facility and credit facility, Pension scheme to the deprived sector of the society at minimal and affordable cost. It offers opening a Zero Balance account at any branch of bank or Bank Mitra outlets. The exclusive benefits provided under this scheme are given below:

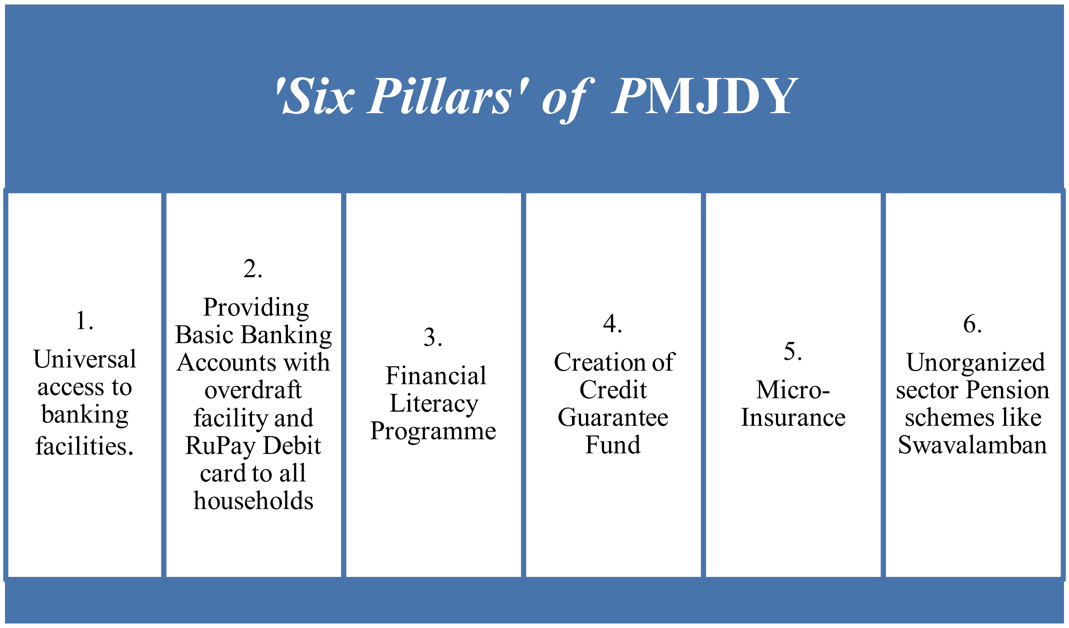
- Provide interest on deposits with financial institution.
- Give Accidental Insurance, which covers the sum of Rs. 1 lakh.
- No requirement of maintaining minimum balance in accounts.
- Provide Life insurance, which covers a sum of Rs. 30,000.
- Easy Remittance facility to transfer money as, when and where it is required throughout the country.
- Received Direct benefit transfer in the respective accounts to the beneficiaries of various government schemes.

- An overdraft facility will be granted, after acceptable and adequate operation of the bank account for the period of 6 Months. This facility will be available one account per household (preferably female) which is up to the sum of Rs. 5000.
- An easy access to insurance products and Pension. If RuPay Debit card is used minimum to one day within 45 days, then accidental insurance cover will be given to the person.

Six pillars of Mission Mode Objectives of PMJDY:

The mission mode of PMJDY is executed in the form of six pillars of objectives. This anticipated allocation of financial services at reasonable cost to all sectors of the society considering the optimum proximity factor. The following figure 4.7 will provide simple view of Six Pillars of mission mode objectives under PMJDY:

Figure 4.7 PMJDYMission Mode Objectives (Six Pillars)



Source- Compiled by author from https://pmjdy.gov.in

The 6 mission-mode objectives of this scheme include, providing easy access to financial services to all sectors of society without any biasedness by considering the optimum distance factor. Secondly, the attempt should be made in order to facilitate banking services like account opening, overdraft facility (as per specified criteria) and RuPay Debit card, etc. to all unbanked households. Furthermore, providing awareness about utility of financial products and services through financial literacy programs is also an important aspect of mission mode objectives. Introducing Credit Guarantee funds, which would deal with the defaults in overdraft accounts, is also a key objective of this scheme. Serving pension schemes to the unorganised sectors of the society through the schemes like, 'Swavalamban' is also a significant pillar of mission mode objective of PMJDY.

Table 4.1 Beneficiaries under PMJDY as on 28th July 2021

(All figures are in crore)

Bank Name / Type	Number of Beneficiaries at rural/semiurban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	No Of Rural-Urban Female Beneficiaries	Number of Total Beneficiaries	Deposits in Accounts(In Crore)	Number of Rupay Debit Cards issued to beneficiaries
Public Sector Banks	21.07	12.77	18.56	33.84	110988.86	26.66
Regional Rural Banks	6.76	0.96	4.47	7.73	27668.16	3.36
Private Sector Banks	0.69	0.57	0.69	1.26	4291.43	1.11
Grand Total	**28.53**	**14.31**	**23.73**	**42.83**	**142948.46**	**31.12**

Source- https://pmjdy.gov.in/account

Table 4.1 shows the status of involvement of rural, semi urban and urban beneficiaries under PMJDY. All the banks like public sector banks, regional rural banks and private banks are serving bank account facility, accept deposit from public and issue of RuPay debit cards to all the sectors of the country in order to achieve high financial inclusion status.

Table 4.2 Accounts opening status under PMJDY in Rajasthan state

State Name	Beneficiaries at rural/semi-urban centre bank branches	Beneficiaries at urban/metro centre bank branches	Total Beneficiaries	Balance in beneficiary accounts (in crore)	No. of RuPay cards issued to beneficiaries
Rajasthan	1,95,86,154	1,02,30,316	2,98,16,470	11,627.48	2,34,97,077

Source- Compiled by author from https://pmjdy.gov.in/account

Above Table 4.2 disclosed the latest data of account opening in Rajasthan state along with the information in relation to bank branches, account balance and RuPay card issue to account holders.

4.3. INITIATIVES TAKEN BY RBI AND COMMERCIAL BANKS

Financially excluded sector of the economy is having small and specific requirement of banking and financial services, so they require customized banking services to satisfy their varied needs. Cost effective financial services are significant for them. Banks are supposed to give special attention to their needs for savings and requirements so that they can utilize their savings to meet their small household needs, dealing with emergencies repayment of borrowings and developing assets. The ways of meeting such requirements can be –

a) Providing incentives and technology support to SHGs.

b) Micro Insurance

c) Micro credits

Financial Inclusion is leading priority of RBI and Banks. With the arrival of BJP Government in Centre, many intense steps are been taken in favour of socially and financially excluded sector of economy by putting integral efforts in financial inclusion. RBI has introduced many banking models to give a proactive lead to financial inclusion. It reaches out to the big sector of unbanked people by putting the significant efforts. RBI provides the appropriate financial products to the people. The following points will explain the initiatives and efforts of RBI and commercial banks in expansion of Financial Inclusion.

4.3.1 Financial Literacy

Unawareness and lack of financial knowledge is the biggest hurdle in the path of financial inclusion, so financial literacy became the prime function to avoid financial exclusion. Financial literacy means to provide basic financial knowledge of financial products and services, so that the people can manage their personal finance by applying their financial knowledge. Financial literacy empowers the layman to take financial decisions of their personal interest. once the people are aware of available financial products and their access, they can satisfy their individual needs efficiently at their own. They can analyse the available products and services and can take meaningful financial decisions.

Some of the questions that RBI seek to address through our Financial Literacy initiatives are:

- Reason of opening a bank account
- Purpose of saving
- Importance of saving regularly and consistently
- Distinguish between money and credit
- Importance of responsibly borrowing
- Reasons of borrow money for the purpose of income generation
- Significance of repayment of loans within time (Follow Repayment ethics).
- Need of insurance
- Awareness about the benefits of being significant part of payment and settlement system
- Recognizing the need regular flow of income post working life –pension
- Significance and reasons to keep money aside regularly and consistently during your earning life for pension in old age.
- Conceptual knowledge of interest, knowing the way by which moneylenders charge very high interest rates on loans.

The following are initiatives taken by RBI for financial literacy:

Table 4.3 Initiatives taken by RBI for Financial Literacy

S. No.	RBI Initiatives for Financial Literacy	Details
1.	Structured planned approach	In this approach all Banks will prepare Board approved Financial Inclusion Plans with a three-year horizon. The key goal of this approach is facilitating explosion of banking services to all villages with population more than 2000 by March 2012.

S. No.	RBI Initiatives for Financial Literacy	Details
2.	Bank led Model	A Bank-led model for financial inclusion pursues the leverage on technology. The RBI suggests that FI initiatives would have to be ICT-based.
3.	Minimum bouquet of products and services	The bouquet of Products and services comprising of four basic products which are to be availed to customers so that the criterion of availability of banking services can be meet efficiently: •A check-in account with emergency credit facility, •Payment services and remittance facility, •A solid savings product such as a recurring deposit, •Facility of entrepreneurial credit to the people who deserve.
4.	Technology Driven – But technology platform neutral	The banks should primarily develop technology driven Financial Inclusion strategies and delivery models. Although, it is deliberately ensured that banks are technology neutral, while adopting the model. The model will expedite contented escalate and customization, as per requirements of individuals.
5.	Combination of Branch and BC structure to facilitate Financial Inclusion	A combination of Brick-and-Mortar structure with Click-and-Mouse technology will be accommodating in broadening financial inclusion largely in geographically dispersed areas. The Business-Correspondent (BC) model should be used by banks to make effectual utilization of technology to facilitate banking services in remote and deprived areas.
6.	Multi Agency Central Bank led approach	The central bank plays a vital role in extending financial inclusion and financial literacy. The Reserve Bank of India is diligently devoting towards the object of comprehensive financial inclusion in the country. In both idioms, developing an accredited policy environment and facilitating institutional reinforcement.

S. No.	RBI Initiatives for Financial Literacy	Details
7.	National strategy for Financial Education (NSFE)	Formulation of National Financial Literacy Strategy is significant. The NSFE 2013-18 was the first strategy launched by RBI. Current NSFE 2020-25 is along with multi stakeholder led approach developing the financially aware and empowered India. Other adherent objectives are •The consumers should be aware and educate on means of approach to financial services, they must be known about the attainability of variety of products and their attributes. •Attitudes must be changed to convert knowledge into behavior. •Aware consumers about their rights and responsibilities regarding financial services.
8.	Hub-and-Spoke approach	CFL works as a hub for financial training. These centers provide training and learning to the people of selected block or community. These trained people work as spokesperson to outreach the community which will strengthen the financial capabilities of the communities or poor people.
9.	Change Agents - CAs	Some members of SHGs, Farmers and Panchayati Raj are selected as change agents. These are knowledgeable persons who provide value adding financial literacy sessions with the aim to change the behavioral aspect of unaware people.
10.	5 C Approach	The document nominates appropriation of a ‘5 C’ approach for propagation of financial education with the objective to attain the set down Strategic goal. The approach consists of 5 Cs, which are: Content – Highlights on occurrence of relevant content (including Curriculum in schools, colleges and training foundations),

S. No.	RBI Initiatives for Financial Literacy	Details
		Capacity - building Capacity among the concerned intermediaries in providing financial services, and development of a code of conduct for such literacy providers. Community – involvement of community led approaches for propagating continuous financial literacy. Communication – Use of technology, adequate communication strategy and channels of mass media for wide spreading of financial education messages. Collaboration - assimilate financial education spreading as part of numerous proceeding programmes.
11.	Other Steps	1. Continuous outreach visits of RBI's Top executives to remote villages 2. The website of RBI 3. Spreading Awareness by distributing pamphlets, enacting plays and exhibitions etc. 4. Inclusion of financial education material in school curriculum by various states. 5. Use of mobile financial literacy vans. 6. Weekly Radio Programs. 7. Mass media campaigns. 8. National and state level rural livelihood missions and Credit counseling centers. 9. Awareness programs on various government sponsored self-employment schemes. 10. Conduct Training programs for Farmers Club, NGOs, and SHGs. 11. Organization of Financial literacy weeks.

Source- Compiled by author from RBI Bulletin (composition of various documents of RBI)

An all-India Financial Inclusion and Financial Literacy Survey was conducted by NCFE in 2019 to figure out the current status of financial literacy with association of an external surveying agency which was already associated with NCFE in survey 2013 on the lines of OCED-INFE toolkit. In this survey, adults of 18-79 years age group were interviewed. It was a multi-stage sampling technique to select district, block/wards, villages, households and respondents. The sample size was 75,000 adults and questionnaire in 14 national/international languages was used across the survey. In this survey performance is evaluated on the basis of threshold score. The threshold score comprises of the constituent of financial literacy established by OECD-INFE i.e., Financial Attitude, Financial Behaviour and Financial Knowledge. Minimum threshold score is 3 in every component of financial literacy:

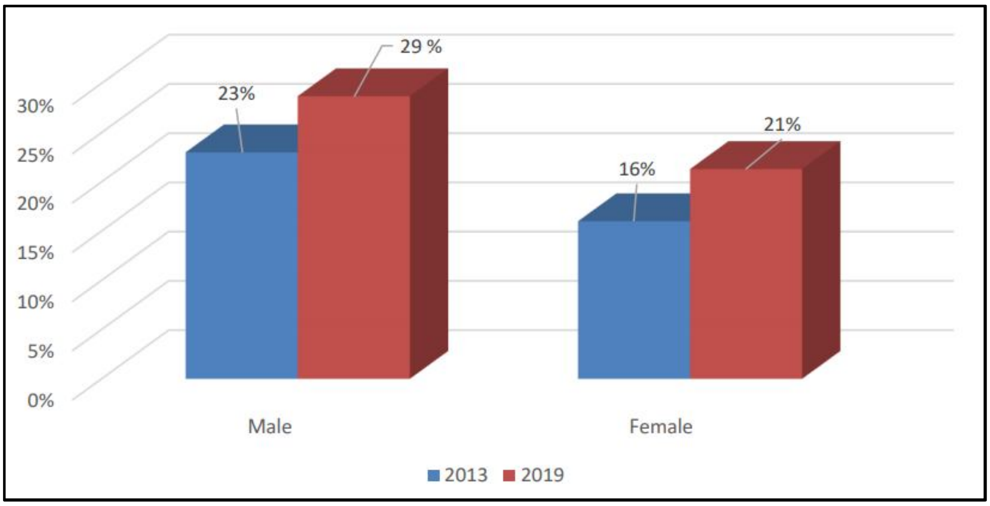
Financial Attitude-(out of 5)

Financial Behaviour- (out of 9)

Financial Knowledge - (out of 9)

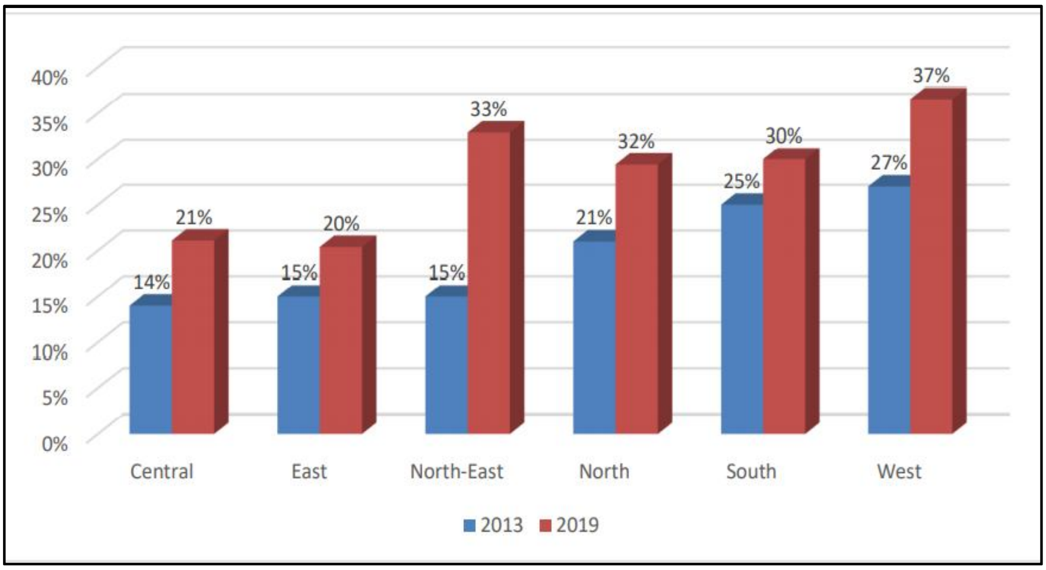
Following figures will explain the success of financial literacy program of RBI and associated banks.

Figure 4.8 Percentage of Population Crossing the Minimum Threshold Score Gender-wise.



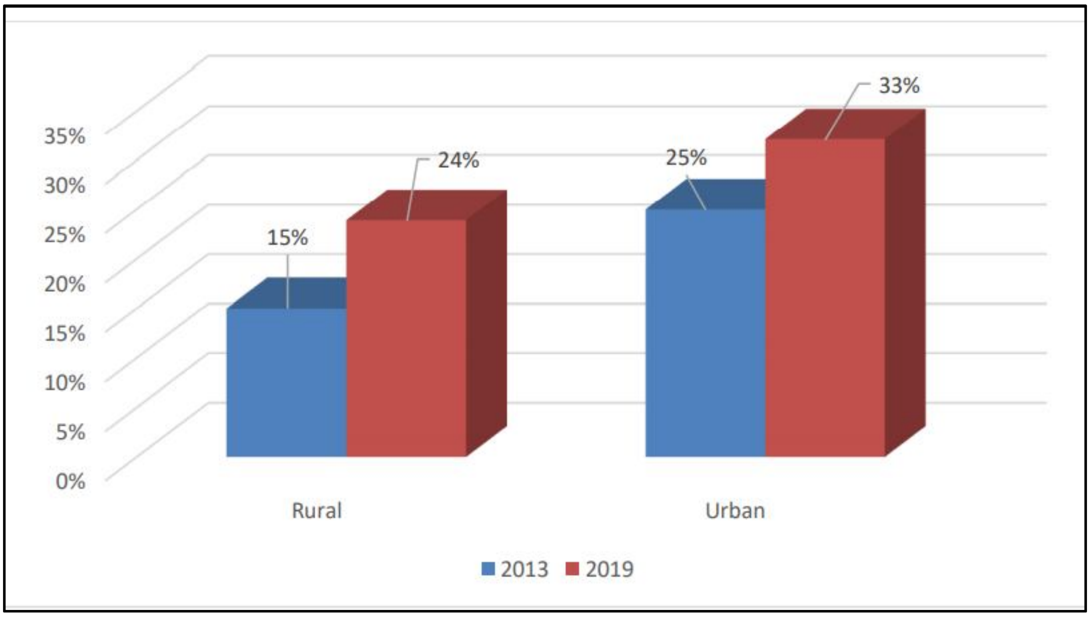
Source- RBI Report on NSFE 2020-2025, website- rbidocs.rbi.org.in

Figure 4.9 Percentage of Population Crossing the Minimum Threshold Score Zone-Wise



Source- RBI Report on NSFE 2020-2025, Website- rbidocs.rbi.org.in

Figure 4.10 Percentage of Population Crossing the Minimum Threshold Score Rural-Urban



Source - RBI Report on NSFE 2020-2025, Website -rbidocs.rbi.org.in

The above three figures enumerate the fact that the steps taken by RBI towards financial literacy are rolling in appropriate direction. Figure 3.1 shows the gender wise increasing trend in threshold score from 2013 to 2019. In case of male the score increased by 26.08%. Whereas the score of females increased by 31.25%. on the other hand, figure 3.2 presenting the Zone wise scores, which are also showing an increasing trend. Although all zones are going positively but the increased score of north east zone is incredible. Figure 3.3 shows area-based scores in which score of rural area is enhanced by 37.5%. Moreover, the score of urban area also going upwards, it has increased by 32% from 2013 to 2019. The above figure elucidates the effectiveness of initiatives taken by RBI for adequate financial literacy in India. Although there is long road ahead which comprises of several hurdles, but with efforts and innovative ideas the success can be achieved.

Moreover, the Pilot Centre for Financial Literacy (CFL), which was set up across 80 blocks in 9 states as an initiative between the banks and NGOs to strengthen financial literacy in a structured and coordinated manner, was extended to 20 tribal blocks across the three states of Madhya Pradesh, Jharkhand and Rajasthan to strengthen financial literacy in tribal areas.

4.3.2. National Strategy for Financial Inclusion (NSFI)

On January 10, 2020 RBI exonerate the National strategy for financial Inclusion 2019-24. The strategies of NSFI are constructed with views and suggestions from the central government, regulators of financial sector like SEBI, IRDAI DFS, MoF etc. This strategy was prepared to describe the vision and goals of financial inclusion policies in India. The Key Recommendations are:

Comprehensive Access to Financial Services.

Facilitating fundamental Bouquet of Financial Services.

Obtain to Livelihood and Development of Skills.

Financial Literacy and Education.

Customer Protection and Grievance Redressal.

Effective and Constructive Co-ordination.

Figure 4.11 Vision of NSFI

Source- RBI NSFI Report 2019-24

Table 4.4 Financial Inclusion Plan: A Comparative Progress Report (End-March)

Particulars	2010	2019	2020*
1	2	3	4
Banking Outlets in Villages- Branches	33,378	52,489	54,561
Banking Outlets in Villages>2000-BCs	8,390	1,30,687	1,49,106
Banking Outlets in Villages<2000-BCs	25,784	4,10,442	3,92,069
Total Banking Outlets in Villages – BCs	34,174	5,41,129	5,41,175
Banking Outlets in Villages – Other Modes	142	3,537	3,481
Banking Outlets in Villages –Total	**67,694**	**5,97,155**	**5,99,217**
Urban Locations Covered Through BCs	447	4,47,170	6,35,046
BSBDA - Through Branches (No. in Lakh)	600	2,547	2,616
BSBDA - Through Branches (Amt. in Crore)	4,400	87,765	95,831
BSBDA - Through BCs (No. in Lakh)	130	3,195	3,388
BSBDA - Through BCs (Amt. in Crore)	1,100	53,195	72,581
BSBDA - Total (No. in Lakh)	**735**	**5,742**	**6,004**
BSBDA - Total (Amt. in Crore)	**5,500**	**1,40,960**	**1,68,412**
OD Facility Availed in BSBDAs (No. in Lakh)	2	59	64
OD Facility Availed in BSBDAs (Amt. in Crore)	10	443	529
KCC - Total (No. in Lakh)	240	491	475
KCC - Total (Amt. in Crore)	1,24,000	6,68,044	6,39,069
GCC - Total (No. in Lakh)	10	120	202
GCC - Total (Amt. in Crore)	3,500	1,74,514	1,94,048
ICT-A/Cs-BC-Total Transactions (No. in Lakh) #	270	21,019	32,318
ICT-A/Cs-BC-Total Transactions (Amt. in Crore) #	700	5,91,347	8,70,643

* Provisional. #: Transactions during the year.

Source- RBI Report on credit delivery and financial inclusion (Section IV) (2020) Website -rbidocs.rbi.org.in

Table 4.4 shows the progress of Financial Inclusion Plan of RBI. It is very evident from above table that financial inclusion plan of RBI is moving progressively from 2010 to 2020. Banking outlets in villages are increased by significantly high rate from 2010 to 2020. 5,31,523 more outlets are opened till 2020 in the villages in relation to the year 2010. Moreover, BSBDA, KCC, GCC, and total ICT based transaction is also reaching the peaks from 2010 to 2020.Hence, all the figures and data shown in above table talks about the high success and achievements of financial inclusion plan in India, which presents a high potential of financial inclusion in Indian economy.

4.3.3. Credit Counseling

Credit counseling is basically a service provided by banks and financial institutions to help those households, who are not able to develop a financial path over the debt and it will suffer the financial health of the households. Hence, Credit counseling is a forward step to rehabilitate the financial health of the unaware household, so that they will not suffer from such problems related to credit and debt. The credit counseling is divided into two types:

Preventive CreditCounselling | ***Curative Credit Counselling***

Preventive Credit Counseling is basically aims to spread awareness in relation to credit cost, accessibility of both linkages i.e., backward and forward and requirement of credit by considering repayment capability of the household. Whereas in Curative Credit Counseling, individual debt management plans are developed by credit counseling centers in order to determine the bulky and uncontrollable debt portfolio of the individuals. The credit counseling centers considered the loan volume and the income level of the individual and then developed a balanced and productive debt revamping plan in association with bank branch. Moreover, RBI recommended to banks to apply segmented approach by considering specific category of the various credit takers. This tool is helpful in easy credit access and effective utilization of credit by unbanked and less included households of the country.

4.3.4. BC/BF Model

On January, 2006, BCs and BFs had been empowered by RBI to facilitate formal financial and banking services as a formal intermediary between bank and households. In order to remove issue of conveying the last-mile, BC model is a significant step, which permits banks to give threshold and direct access of financial services at doorway of the clients, exclusively for cash in - cash out natured transactions. The RBI enlarged the list of individuals and other institutions which are found eligible for being occupied as bank correspondents, for example for- profit companies have also been permitted to be occupied as BCs from September, 2010. Commercial Banks were authorized to utilize the Kiosks of rural area, civil society organization's infrastructure and endorse BC/BF Model in order to facilitate all financial products and services to rural and poor households and agriculturists. The services offered by business facilitator are given below:

Figure 4.12 Services offered by BFs

Source – Compiled by author

4.3.5 Relaxed KYC Norms

The households belong to low-income groups in urban and rural areas are facing multiple procedural problems for opening bank accounts. Hence, RBI simplified the KYC procedure of opening a bank account, so that the above said households will not face any difficulty in relation to process of bank account opening. In simplified version of KYC procedure, one is being asked for photograph of account holder and to provide self-certified address only. KYC needs for opening account were relaxed on August, 2005, especially for small accounts. Further it has been more relaxed by including letter provided by Unique Identification Authority of India, this letter consists of information like Name, Address and Unique identification number i.e., Aadhar number of the prospective client.

4.3.6 Kisan Credit Cards and General Credit Cards

In order to offer appropriate and on time credit facility to poor rural people and agriculturists for their farming, ploughing and other related needs, subordinated by a single window, RBI provides Kisan credit cards to the farmers. It incorporated all the requirements in relation to consumption, insurance and investment of the agriculturists. Moreover, General Credit cards are introduced to provide easy credit access to poor and vulnerable people. It offers up to Rs. 25,000 at rural and semi urban branches to be accessed by the targeted group of people to the extent of limit sanctioned to them. This card service facilitates a trouble -free credits to banks' clients, which depends on the cash flow appraisal without security requirement.

Table – 4.5 Progress of KCC scheme from 2018-19 to 2019-20

(Number in Lakh, Amount in ₹ Crore)

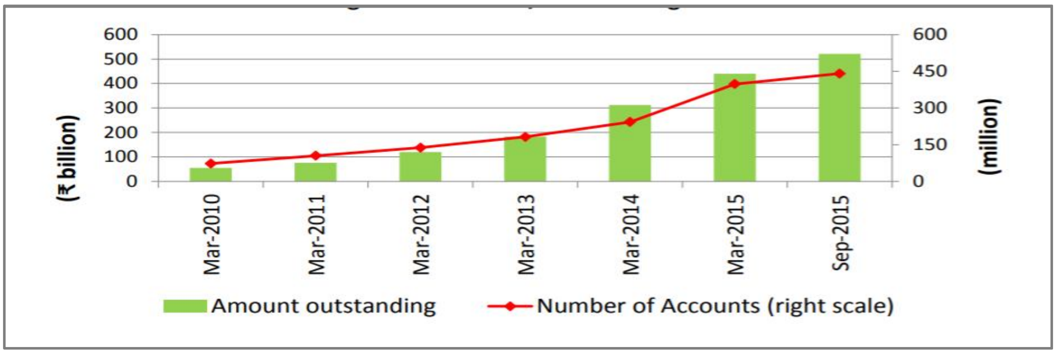
Year	Number of Operative KCCs	Outstanding Crop Loan	Outstanding Term Loan
1	2	3	4
2018-19	236.3	4,13,670.4	41,409.0
2019-20*	241.5	4,23,587.8	46,555.8

Source - RBI Report on credit delivery and financial inclusion (2021)

4.3.7 No-Frill Accounts

No-frill accounts are bank accounts with NIL or very less minimum balance and banks have been suggested to give small overdraft facility on these accounts. Introduction of No-Frill accounts is based on the objective to provide accessible accounts at minimum or no charges to an enormous portion of population of the country. The following figure 4.13 will show the progress of No-frill accounts and the way they are fulfilling the objective behind their incorporation.

Figure- 4.13 Progress of No-Frill Accounts from 2010 to 2015



Source- https://rbidocs.rbi.org.in/rdocs//PublicationReport

Figure 4.13 depicts the progressive movement of No-Frill accounts. It can be clearly understood by the above figure, that the volume associated number of No-frill accounts and the outstanding amount, both are following an increasing trend at increasing rate, which shows that more people are including in the financial system of the country.

4.3.8 Opening of New Bank Branches in Unbanked Rural Centers

With a view to exceed the bank penetration and prompt financial inclusion, RBI decides to open new bank branches in the rural and remote areas of the nation. For this purpose, the April Monetary policy stated to assign at the minimum of 25 % of the total number of branches are supposed to be opened to the unbanked and remote rural centers during the year and it is compulsory to execute it by the banks. The banks are suggested to develop a standard road map in order to provide financial and banking services to each and every village which still remains unbanked and having a population of more than 2000 by March 2012. It is really great to mention that increase. 73000 unbanked villages are recognized and provided with several banks through SLBCs. This achievement is vital for financial inclusion level of India through which, the unbanked population gets the access to financial services without any distance related problem.

Table 4.6 Expansion of Bank Branches from 2001 to 2015

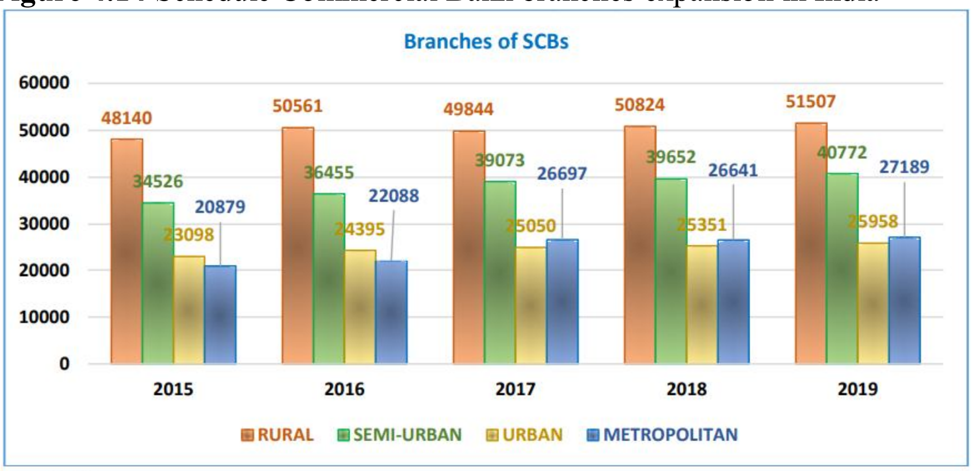
As on March	Number of Branches			Estimated population* (in million)			Branches/ 100,000 population		
	Rural + Semi-urban	Urban + Metro-politan	Total	Rural + Semi-urban	Urban + Met-ro-politan	Total	Rural + Semi-urban	Urban + Met-ro-politan	Total
2001	44,905	20,713	65,618	851	177	1,028	5.3	11.7	6.4
2006	45,673	23,904	69,577	920	195	1,115	5.0	12.3	6.2
2010	53,086	31,072	85,158	980	211	1,191	5.4	15.2	7.2
2014	76,753	40,958	1,17,711	1,044	228	1,272	7.3	17.9	9.2
2015	82,358	43,716	1,26,074	1,061	233	1,294	7.8	18.7	9.7
June 2015	82,794	43,910	1,26,704	1,065	235	1,300	7.8	18.7	9.7

*Population estimates are based on CAGR between Census 2001 and Census 2011 data

Source- https://rbidocs.rbi.org.in/rdocs//PublicationReport

The above table 4.6 shows the number of bank branches opened in rural and urban areas of the country from 2001 to 2015. It is very clear that, number of branches to serve the target population in respective areas are increasing year by year. At the end of year 2015, there are 9.7 branches to serve a bunch of 10000 people of population, which is increased from 6.4 in the year 2001. New and more bank branches will serve numerous people and hence more people are financially included.

Figure 4.14 Schedule Commercial Bank branches expansion in India



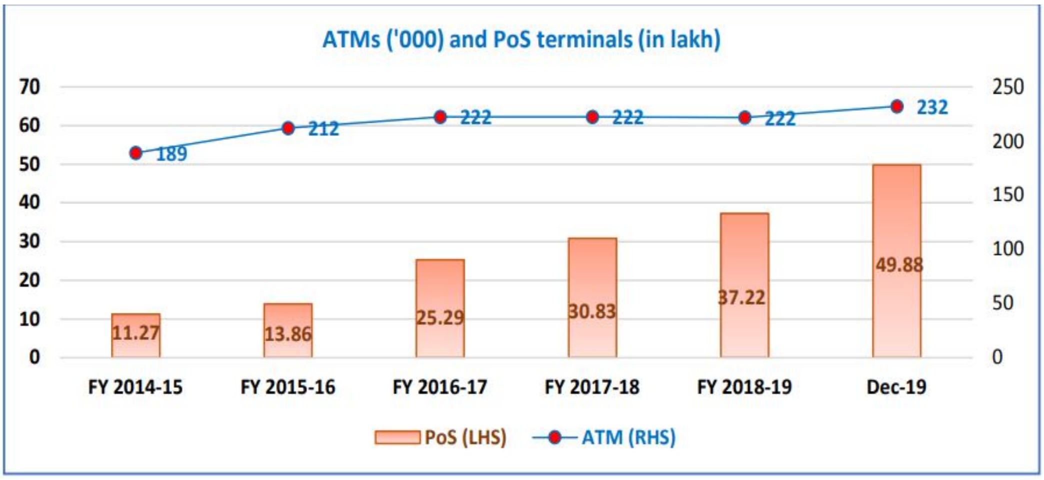
Source- RBI Publication

Figure 4.14 provides the expansion of commercial bank branches in India from 2015 to 2019.The branches of scheduled commercial banks in rural, urban, semi-urban and metropolitan areas are increasing from 2015 to 2016 and so on to 2019. The increased number of branches indicates more financial services are provided by banks to all the regions of the country without any biasedness, which is positive signal for inclusive growth of the country.

Expansion of ATMs and Point of Sale (PoS)

Around 49 lakh point of sale terminal are there throughout the nation as on December, 2019. Over the 5 years since 2019, the growth of ATMs in the country is at CAGR of 4% and at CAGR of 35% for point of sale terminal across the India.

Figure -4.15 ATMs and PoS terminal in India from 2014 to 2019



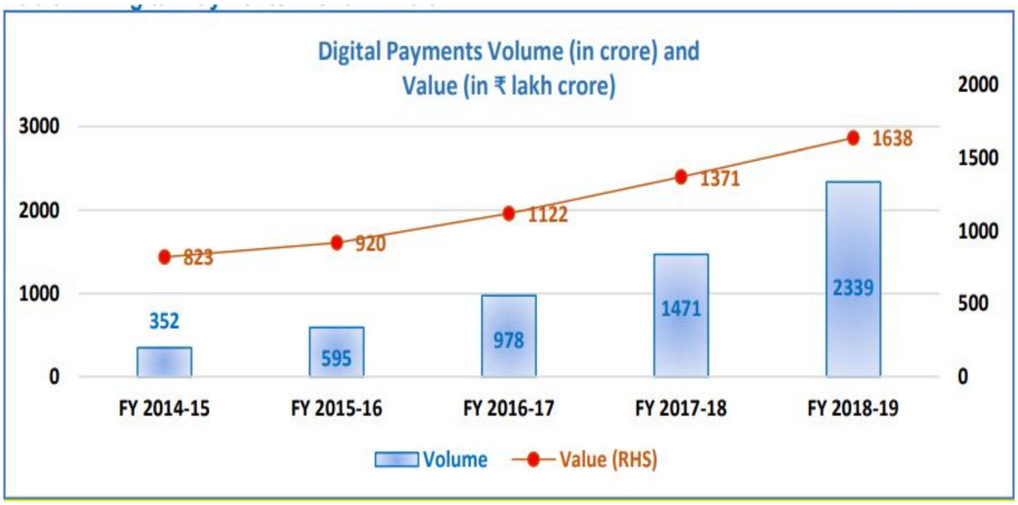
Source – RBI Publication

Figure 4.15 provides the outspread of ATMs and PoS terminal in India from 2014-15 to Dec, 2019.The ATMS and PoS terminals both are increasing but the pace of increase in number of ATMs is lower than of PoS terminals.

4.3.9 Mobile Banking and Use of Technology

In order to eliminate the outreach and credit delivery related problems of rural and remote areas of the country in a more effective pattern, Identification of technology got the lead in this context. Hence, RBI suggested the banks to make adequate utilization of ICT based tools and techniques, in light of offering banking services with the help of BCs at doorway of the client. To enhance the security aspect of banking transactions and to develop more confidence in banking services among population, use and application of technology is significant. Technology enables an illiterate client of bank to operate his/her account only by using biometrics with the help of BC Model. It works as a bridge between miles away customer and the financial service provider. Furthermore, Mobile banking and E-Banking also enlarge the scope of financial services. Invasion of mobile phones especially among the people of low-income level has enlarged their approach for accessing financial and banking services. In addition, online banking reduced the transaction cost for customers as handling cost of cash transaction is really high. Hence, RBI provided guidelines for Mobile Banking as well as for E-banking services.

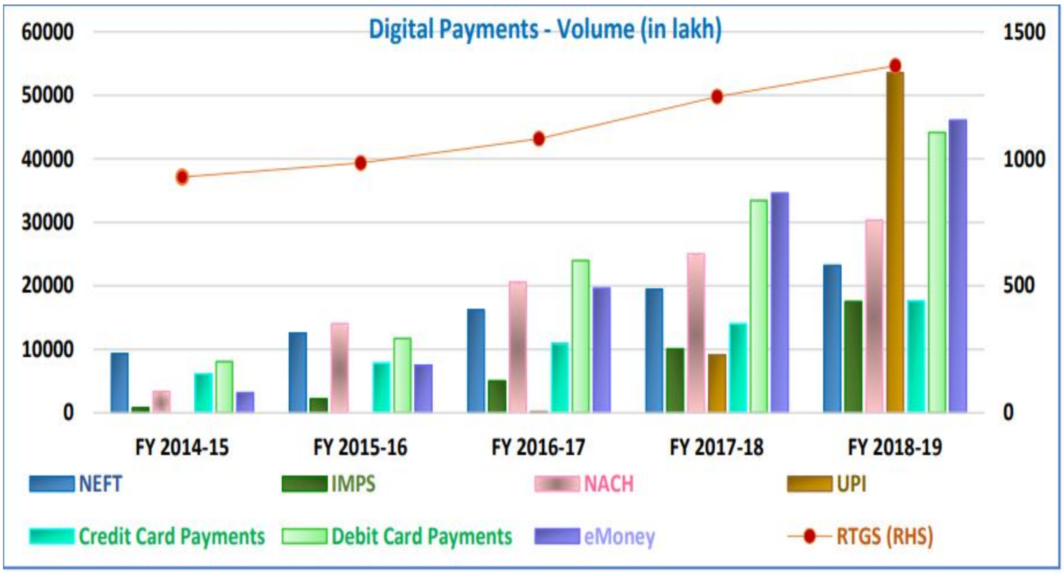
Figure 4.16 Indian scenario of Digital Payment trend



Source- RBI Publication

Figure 4.16 shows the trend of digital payment in Indian context. The data shown in the figure indicates the increasing trend in digital payment value and volume in India. The value of digital payments has raised by Rs. 815 lakh crore from financial year 2014-15 to 2018-19, on the other hand the volume of digital payment is also raised by Rs. 1987 crore from financial year 2014-15 to 2018-19, both volume and value of digital payments having a tremendous growth over the years, which indicates the big shift of nation’s population towards digital payments from physical cash transactions.

Figure 4.17 Indian scenario for Digital Payment modes and Volume trend



Source- RBI Publication

Above figure 4.17 shows the various digital payment modes trending in India along with their volume of transaction. In India, NEFT, IMPS, NACH, UPI, Credit cards, Debit cards, E-Money and RTGS are trendy modes used for digital transaction. In the year 2019 UPI has received the highest weightage and more than 50000 lakh volume is transacted through UPI, which is highest among other modes and in comparison, to previous financial years also it is highest. Before introduction of UPI, E-money and Debit cards were the popular modes of digital payments.

4.3.10 Other Initiatives

- **Adoption of EBT** – In order to provide door step delivery and transfer of social benefits of government schemes directly to the bank account of beneficiary by using electronic mode by the banks, RBI suggested banks to carry through ICT based banking using Electronic Benefit Transfer method to serve the purpose. The EBT method will reduce the transaction cost and limit the dependence on cash transactions.

- **Simplified Branch Authorization-** On December, 2009, the RBI permitted commercial banks to open bank branches in tier III to tier IV centers without any constraint and limitations, such centers would be opened under general permission, where the population is less than 50,000. The example of this simplified authorization is located in north-eastern states of Sikkim, where domestic scheduled commercial banks can open rural, semi-urban and urban branches without taking permission from RBI, but this subject should be reported.

- **Small Savings-** Small saving products will satisfy the small needs and related requirements of poor and low-income level households in India and this subject required an attention. There are several ways of doing so, such as utilization of wages received under MGNREGP Scheme and in order to utilize the small savings through SHGs, incentives and technological support can be provided to SHGs. In addition, the banks can introduce savings instruments in relation to medium- and long-term savings according to the need of poor and low-income level persons.

4.4 INITIATIVES TAKEN BY NABARD

NABARD is an Indian apex development financial institution, which is headquartered in Mumbai and having spread across the country. NABARD is an active member of the Alliance for Financial Inclusion and continuously developing various policies for financial inclusion. Additionally, NABARD has also supported financial literacy by introducing various initiatives in this context. NABARD always consider the significance of increasing demand and requirements for financial services exclusively for digital financial services.

In order to bring inclusive and equitable financial inclusion and to address the problem of regional inadequacies, NABARD has adopted a modified strategy for the attentive Financial Inclusion Fund (FIF) in the year 2019. Under this scheme, Exclusively-focused districts like, desired districts, LWE districts, districts located in Hilly areas, NER and Andaman and Nicobar Islands will be provided grant assistance at enhanced rate of 90%. And the remaining districts will be provided the normal contribution share of FIF support in respect to type of banks i.e., SCBs- 60%, RRBs- 80% and RCBs – 90% or determined ceiling subject to the scheme.

Table 4.7 Standard Schemes under FIF of NABARD for Financial Inclusion

S.no.	Name of Scheme	Details
1.	Financial Literacy Programs	• NABARD organized Financial and digital literacy camps in association with bank branches, financial literacy centers. • NABARD provided mobile Vans for Demonstration of banking technology to spread digital financial literacy in special focused districts • NABARD reimbursed the examination fee of BC/ BFs. • Financial literacy material like, Animation films, financial literacy initiatives booklets, financial literacy Hindi Slogans, FL leaflet *'kya-kyo aur kaise',* posters and books on financial literacy has been distributed by NABARD.
2.	Adoption of Banking Technology	• NABARD implemented the Micro ATMs. • Deployment of point of sale and mobile POS for 6 centers of tier III by NABARD. • Enplaned to BHIM UPI and PFMS (Public financial management system) platform.
3.	Regulatory Infrastructure Support	• Provided Membership of AUA (Authentication user agency) and KUA (KYC user agency) for RRBs and other banks. • Implemented CKYCR (Central KYC Registry) in the banks.
4.	Connectivity and Power Infrastructure Support	• Implementation of VSAT in special focused districts. • Deployment of Mobile signal boosters in the special focused districts. • Introduction of Solar power units and UPS in special focused districts

5.	GOI supported Incentivizing Digital Transactions	• Guidelines for BHIM scheme for households. • Deployment of around 20 lakh BHIM Aadhar pay devices. • Incentives provided by banks in 10% branches for initiating Aadhar Enrolment centers.
6.	Operations as on 31st March, 2019.	• Total amount sanctioned under FIF is Rs. 3,903.17 crore and total amount expended is Rs. 2.17.49 crore.
7.	Others	• Dual authentication for Self help group transaction at BC channels of banks has been supported by NABARD. • A relaxation has been provided to regional rural banks and state cooperative banks located in special focus area with special reference to capital to risk-weighted assets (CRAR) i.e., CRAR allowed up to 7% for one time against additional liquid collateral security. • Captivating in company with NBFCs for third party pool analysis. • NABARD provided Special liquidity facility to rural financial institutions in association with RBI in order to give them liquidity support and smooth functioning of agriculture operations in rural areas. • NABARD launched a Mobile app in association with Department of Refinance, namely NABPARIKSHAN, with the objective to verify and identify the influence of refinancing in ground level asset creation to quantify and regulate the flow of credit in the rural areas.

Source – Compiled by author from NABARD publications.

4.4.1 Self help group Bank Linkage Program (SHG - BLP)

NABARD has introduced a program namely SHG-BLP, with an objective to promote self-help groups, so that rural women population can be connected with banks to serve their saving and credit requirements so that their family status and livelihood can be improved. This program was proven as the world's largest step towards involvement of poor individuals in to the groups. The program is having more than 1 crore SHGs linked with banks, which provide door step financial and banking services to women and their families.

Table 4.8 Progress of SHG-BLP of NABARD from 2018-19 to 2019-20.

Particulars	2018-19		2019-20		% Change	
	No. of SHGs	Amount (₹crore)	No. of SHGs	Amount (₹crore)	No. of SHGs	Amount
Loans disbursed	26,98,400	58,317	31,46,002	77,659.35	16.59	33.17
Loans outstanding	50,77,332	87,098	56,77,071	1,08,075.07	11.81	24.08
Savings with banks	1,00,14,243	23,324	1,02,43,323	26,152.05	2.29	12.12
NPA level (%)	5.19		4.92			
Average loan disbursed per SHG	₹ 2.16 lakh		₹ 2.47 lakh			

Source- NABARD Annual report 2019-20

Progress of SHG- BLP program is shown by table 4.8 of the chapter, which indicates that number of SHGs are increased by 16.59% from 2018-19 to 2019-20 and similarly amount disbursed as loans under the scheme has also increased by 33.47% from 2018-19. On the other hand, NPA are decreasing from 2018-19 to 2019-20, which is a healthy sign. Overall, it shows the increasing data for amount disbursed and number of SHGs linked under the scheme.

4.4.2 Project E- Shakti

E- Shakti is a digitalization project of self-help groups. It is an attempt to recognize and resolve the existing problems in relation to eco-system of SHGs in order to facilitate 'end to end' solution to the related organisations, so that a controlled and secured data base of SHGs and the associated members can be developed. This project was developed as a digital platform to introduce standardized books of accounts and keeping of records in order to offer transparent and uninterrupted continuous operations on a secured digital online portal of SHGs that will help in developing an appropriate credit policy also.

In the year 2015, the project was initially implemented mainly in two districts namely Ramgarh in Jharkhand state and Dhule in Maharashtra state. The project received very good and positive response from the associated stakeholders, hence the project is further enlarged to nation-wide in 23 more districts in the year 2016 and 75 more districts in the year 2017. Further 150 more districts have been involved under this project during 2019-20. In total, currently the project is running in 254 districts covering the country. E-Shakti portal has involved 6.54 SHGs, 72 lakh member and more than 98,000 villages till the year 2020.

Achievements of the Project

- Successful reduction of saving-credit linkage gaps by supporting banks and its employees in facilitating credit to self-help groups on the basis of their performance.
- As on 31st March, 2020, the credit linkage accompanied by banks has been enhanced from 2.17 lakh to 3.21 lakh under the project.
- To secure the pursued success of E-Shakti project, greater than 15,000 animators of NGOs SRLMs and banks are operating on the domain.
- Achieved the grand success of including 6.54 SHGs and 72 lakh members.

So, the E-Shakti project is creating new dimensions in digital inclusion of SHGs and its members, which provides a good symbol from supply side of financial inclusion in rural areas. It shows the continuous efforts and initiatives of NABARD as apex institution, in order to involve more and more rural people into the financial system by their universal access to financial services with the aim to achieve inclusive growth.

4.4.3. NAFIS of NABARD

NABARD conducted a comprehensive all India rural financial inclusion survey (NAFIS) in order to develop an intense understanding of penetration of formal financial product and services like, loans, savings, investments, pensions, remittances and insurance across the country. This survey was initially conducted in the year 2016-17 and then onwards it will be repeated every three years in the form of a planned survey of NABARD. The assessment under this survey also includes financial knowledge, financial attitude and financial behaviour of particulars to be analyzed in order to entrap their grounding along with utilized financial products and services. The key aim of NAFIS was to develop primary data based sound evaluation of the information gathered from rural population in relation to the related particular indicators. These indicators will help policy makers to formulate strategies for rural and weak sections of the society to accelerate the access of financial products and services for them.

4.5 FINANCIAL INCLUSION IN RAJASTHAN

Rajasthan is at number one position in context of geographical area covered and at seventh position in population contextual in India. The economy of the state is mainly based upon agriculture and related activities. The literacy rate is not significant. The big portion of the state's population residing in rural areas. According to the report provided by MF (Micro Finance) on financial inclusion the evaluated financial exclusion rate of households in Rajasthan state is 75.3% along with 64.2% poverty rate (Sharma and Goyal, 2017). According to the CRISIL score 2013, Rajasthan state was scored at 25, which is a below average score, Hence Rajasthan was one of the bottom scoring states in index of CRISIL. The problem of low financial inclusion in Rajasthan is due to following causes –

- Multiple Poverty and unemployment
- Income inequalities
- Low degree of development in Agriculture
- Regional disparity
- Lack of optimum Financial Literacy level
- Inappropriate access of financial products and services

In order to overcome various problems in the path of financial inclusion and to accelerate the status of financial inclusion in Rajasthan, various initiatives has been taken up with association of various departments and financial institutions namely, Department of women and Child welfare, Department of Rural Development, State bank of India (Previously SBBJ), Bank of Baroda and Reserve Bank of India along with Government of Rajasthan and Government of India. Additionally, NGOs, MFIs and SHGs also played a significant role in this context. Details of various implemented schemes in Rajasthan to enhance the level of financial inclusion are given below:

4.5.1 Bhamashah yojana

On 15th August 2014, Government of Rajasthan re- launched a financial inclusion scheme, called as Bhamashah Yojana (already launched in 2008). This scheme is an addition to the already implemented national schemes at the central level, it is introduced with a huge investment of 600 crore rupees, with an objective of direct benefits transfer of government schemes of both financial and non-financial nature, in to the account of the beneficiary. Additionally, it also serves the purpose of financial inclusion along with empowerment of women. It includes multiple government schemes namely, social security pension schemes, Janani Suraksha yojana, MNREGA, Shubha Laxmi yojana etc. 38 million individuals and 11 million households have been connected through this scheme and 18,000 E-kiosks had transferred the amount worth Rs. 12980 million to the accounts. Following are the various benefits to the people under this scheme:

- Ensuring Women empowerment.
- All sections of the society are financially included in the system.
- Transparent and Real time delivery-based system of Cash and Non-Cash benefits transfer on the end-to-end service delivery platform.
- Provide closer-to-home financial and banking services to the public.
- Large number of schemes are incorporated under single integrated platform.

- Both families and individuals are included in beneficiary schemes of government.

In order to ensure the structured and systematic delivery of financial services to the population, Rajasthan Sampark IT centres were established all over the Rajasthan so that the services are integrated and easily accessible. Various block level, Panchayat level and district level centres are established to offer an easy outreach to senior government offices and respective officers for a common citizen. As per the report of SLBC, Rajasthan, Block level coverage has been achieved so far.

In the state PMJDY has been linked with Bhamashah yojana. To serve this purpose of linking, a co-branded cards has been provided to the related persons, which will facilitate benefits of both the schemes to the card holder.

4.5.2. Contribution of NABARD forfinancial inclusion in Rajasthan

In Rajasthan, 95 financial literacy centres at block and district level have been opened with financial support of NABARD. NABARD has done technological enhancement of PACS in association with the Department of cooperation and Rajasthan state cooperative banks. It involves DCCBS and PACS as an effective medium in relation to develop financial literacy and awareness among rural population of the state through Bhamashah and other social schemes of government of Rajasthan to boost up financial inclusion status. NABARD organised financial literacy camps in 5,300 villages across the Rajasthan by supporting PMJDY and Bhamashah yojana of the state.

Moreover, In December, 2015, NABARD committed to provide a good support of Rs. 75 crore to the state, by entering in to two MoUs with Rajasthan State Cooperative Bank. Out of these two MoUs, the first MoU would support the financial literacy awareness programs of the state and the second one would support the PACS of eligible DCCBs to act as DMAs. Establishment of 211 ATMS, 1500 Micro ATMs, 64 financial literacy centers and RuPay KCC worth Rs. 10 lakh are issued by getting this support from NABARD.

4.5.3 Jan Dhan Darshak App

On 12-09-2018 Additional Mission Director of PMJDY has launched a new app namely, Jan Dhan Darshak on Google play store. This app will provide handy access of distinct level of financial touch points and the related information. Moreover, it helps the users to locate the service point of banking infrastructure. Furthermore, this app will update its data regarding progress of financial inclusion during and after various video conferences in relation to financial inclusion. It contains the updated records of ATMs and branches after adequate verification with the relevant office of the mission.

4.5.4 Banking Network in Rajasthan

Banking network of any state is really significant element of the state economy. The banking network of Rajasthan is shown in following table:

Table 4.9 Banking Network in Rajasthan as on 31-03-2021

Name	Branches (March - 2020)				Branches (March - 2021)			
	Rural	Semi Urban	Urban	Total	Rural	Semi Urban	Urban	Total
Commercial Banks	1753	1752	2199	**5704**	1742	1806	2163	**5711**
RRBs	1145	294	114	**1153**	1154	294	114	**1562**
Cooperative Banks	186	308	114	**608**	187	305	114	**606**
Small Finance Banks	53	120	115	**288**	60	133	133	**326**
Total	**3137**	**2474**	**2542**	**8153**	**3143**	**2538**	**2524**	**8205**

Source- SLBC, Rajasthan Report 2021

Table 4.9 provided data of branches of commercial banks, RRBs, Cooperative banks and small finance banks in Rajasthan for the year 2020 and 2021. The statistics indicates that number of bank branches in rural, semi-urban and urban areas are increasing, except Cooperative banks, whose branches are decreasing from 2020 to 2021 because of Rajasthan government policy measures. The lead has been taken by RRBs, whose maximum number of branches are opened in this tenure.

Table 4.10 Statistics of Banks and their deposits of Rajasthan from 2018 to 2021

(Amt. In Crores)

Parameters	Mar-18	Mar-19	Mar-20	June-20	Sept-20	Dec-20	Mar-21
Total No. of Bank Branches	7532	7910	8153	8154	8189	8173	8205
Total Deposits	348527	393850	434010	452930	468622	475448	495444
Core Deposits	339581	382689	442754	441318	457421	464871	485015
Total Advances	275693	334337	360214	362328	374504	392293	408932
CD Ratio	**81.19%**	**87.37%**	**85.21%**	**82.10%**	**81.87%**	**84.39%**	**84.31%**

Source- SLBC, Rajasthan Report 2021

Table 4.10 shows the data of bank branches and bank deposits from the year 2018 to 2021. On the basis of bank branches parameter, it can be said that, there is a continuous increasing trend till June 2020, further it is decreased in Dec. 2020 but again it is increased in March 2021. Whereas, the Deposits and advances are following continuous increasing trend from March 2018 to March 2021. The cash deposit ratio is fluctuating as per the guidelines of RBI and situation of economy.

Table 4.11 Progress FI Villages below population 2000 in South- East Rajasthan (Hadoti Region)

Name of District	Total no. of allotted villages	Number of villages to be covered by March 2014				Number of villages covered up to March 2014			
		Branches	By BC	Other mode	Total no. of villages to be covered	Branches	BCs	Other modes	Total
1. Baran	1128	9	206	0	215	1	170	0	171
2. Bundi	809	5	108	9	122	5	96	18	119
3.Jhalawar	1622	18	401	0	419	1	710	30	741
4. Kota	809	9	178	0	187	13	283	21	317

Source – Compiled by author (SLBC, Rajasthan Report)

Table 4.11 covers the progress of financial inclusion in villages below 2000 population in the selected region of this study i.e., south- east part of Rajasthan covering four districts namely, Baran, Bundi, Kota and Jhalawar. The data provided by SLBC, Rajasthan report indicates towards a positive move of financial inclusion in selected region. Specially in Jhalawar district maximum number of villages are to be covered for financial inclusion and similarly the villages covered so far is also maximum in this district. Kota, Bundi and Baran districts are also having potential for financial inclusion.

Hence, a comprehensive view has been provided about financial inclusion initiatives in India and Rajasthan state. Government of India, Government of Rajasthan, RBI, NABARD, Commercial Banks and other financial institutions have taken various financial inclusion initiative measures and introduced various policies/schemes to accelerate the pace of inclusive growth and they have achieved success to a good extent, but still the path of financial inclusion demands more innovative moves from the associated bodies for 100 percent inclusion without any lacuna and issues, which will lead India as a financially sound country on the international platform.

4.6 CASE STUDY ON STATUS OF FINANCIAL INCLUSION IN A BACKWARD VILLAGE

The case study explores the status of financial inclusion and the reasons behind low financial inclusion among people of Dalelpura village of Bundi District, Rajasthan. The target group includes unemployed/house wife, agriculturalists, salaried and self-employed households.

Methodology: The data required for study are collected from Questionnaire. Primary data are collected from a sample of 61 respondents belonging to different occupational groups residing in the chosen area.

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

H01: There is no significant association between depositing savings in non-banking channels and financial inclusion status of respondents.

H02: There is no significant association between borrowing money from non-banking channels and financial inclusion status of respondents.

H03: There is no significant association between purpose of taking loan and financial inclusion status of respondents.

H04: There is no significant association between hurdles faced by respondents in accessing financial services and their financial inclusion status.

Table 4.12: Households' Financial Inclusion Status

Financial Inclusion Status	
Non-Operating Account	28
	45.9%
No Bank Account	33
	54.1%
Total	28

Most of the respondents (54.1%) were financially excluded, while, 45.9% had bank accounts but they were not operating their accounts.

Table 4.13: Households' Response towards Reason for not opening Bank account

Reason for not opening Bank account	
No or little money	12
	36.4%
Lengthy procedures	15
	45.5%
Hesitant due to ignorance	6
	18.2%
Total	33
	100.0%

Most of the respondents (45.5%) having no bank account agreed that due to Lengthy Procedures, they hesitated to open bank account followed by respondents (36.4%) who stated that they had no or little money while, only 18.2% agreed to not to be interested in opening bank account because of their ignorance.

Table 4.14: Households' Type of Bank Account

Type of Bank Account	
Saving	21
	75.0%
Current	7
	25.0%
Total	28
	100.0%

Among those who had a bank account, most of the respondents (75%) had Saving Bank A/c. while, only 25% had Current Bank A/c.

Table 4.15: Purpose of Opening Bank Account

Purpose of opening Bank account	
Deposit Savings	2
	7.1%
Loan	6
	21.4%
Government Benefits	16
	57.1%
Salary & Wages	4
	14.3%
Total	28
	100.0%

Among those who had a bank account, most of the respondents (57.1%) reported to open bank account for availing Government Benefits followed by respondents (21.4%) who stated to get it opened to take a Loan. Nearly 14% mentioned that in order to deposit their Salary/Wages they were having bank account while, only 7.1% agreed that need to deposit their savings made them to get a bank account opened.

Table 4.16: ATM Usage

Do you use ATM?	
Yes	3
	10.7%
No	25
	89.3%
Total	28
	100.0%

Out of the respondents having bank account, a majority (89.3%) does not use ATM, while, only 10.7% use ATM.

Table 4.17: ATM Usage

Do you use Mobile/Net Banking	
No	20
	71.4%
Yes	8
	28.6%
	28
	100.0%

Out of the respondents having bank account, a majority (71.4%) do not use Mobile/ Net Banking while, only 28.6% use these services.

Cross Tabulations

Table 4.18: Age and Financial Inclusion Status

AGE		Group		Total
		Non-Operating Account	No Bank Account	
<20 Years	Count	6	5	11
	%	21.4%	15.2%	18.0%

AGE		Group		Total
		Non-Operating Account	No Bank Account	
20-29 Years	Count	6	10	16
	%	21.4%	30.3%	26.2%
30-39 Years	Count	5	13	18
	%	17.9%	39.4%	29.5%
40-49 Years	Count	5	0	5
	%	17.9%	0.0%	8.2%
>= 50 Years	Count	6	5	11
	%	21.4%	15.2%	18.0%
Total	Count	28	33	61
	%	100.0%	100.0%	100.0%

The above table shows the cross tabulation of respondents' age and their status of financial inclusion.

Respondents passive in operating their bank accounts show an equal percentage i.e. 21.4% for the age groups- below 20 years, 20-29 years, and more than 50 years.

On the other hand, respondents not having bank accounts show the highest percentage (39.4%) for the age group 30-39 years while no respondent belonged to age group 40-49 years.

Table 4.19: Gender and Financial Inclusion Status

Gender		Group		Total
		Non-operating Account	No Bank Account	
Male	Count	9	4	13
	%	32.1%	12.1%	21.3%

Gender		Group		Total
		Non-operating Account	No Bank Account	
Female	Count	19	29	48
	%	67.9%	87.9%	78.7%
Total	Count	28	33	61
	%	100.0%	100.0%	100.0%

The above table shows the cross tabulation of respondents' gender and their status of financial inclusion.

Respondents passive in operating their bank accounts show higher percentage (67.9%) for the Male while, 32.1% for Female group.

On the other hand, respondents not having bank accounts show higher percentage (87.9%) for the Male while, 12.1% for Female group.

Table 4.20: Marital Status and Financial Inclusion Status

Marital Status		Group		Total
		Non-operating Account	No Bank Account	
Unmarried	Count	7	7	14
	%	25.0%	21.2%	23.0%
Married	Count	11	17	28
	%	39.3%	51.5%	45.9%
Other	Count	10	9	19
	%	35.7%	27.3%	31.1%
	Count	28	33	61
	%	100.0%	100.0%	100.0%

The above table shows the cross tabulation of respondents' marital status and their status of financial inclusion.

Respondents passive in operating their bank accounts show the highest percentage (39.3%) for the Married while, the lowest percentage (25.0%) belonged to Unmarried household.

On the other hand, respondents not having bank accounts show the highest percentage (51.5%) for the Married while, the lowest percentage (21.2%) belonged to Unmarried household.

Table 4.21: Qualification and Financial Inclusion Status

Qualification		**Group**		**Total**
		Non-operating Account	**No Bank Account**	
Illiterate	Count	7	13	20
	%	25.0%	39.4%	32.8%
Primary School	Count	7	9	16
	%	25.0%	27.3%	26.2%
High School	Count	4	7	11
	%	14.3%	21.2%	18.0%
Higher Secondary	Count	9	4	13
	%	32.1%	12.1%	21.3%
Graduate and Above	Count	1	0	1
	%	3.6%	0.0%	1.6%

Qualification		Group		Total
		Non-operating Account	No Bank Account	
Total	Count	28	33	61
	%	100.0%	100.0%	100.0%

The above table shows the cross tabulation of respondents' qualification and their status of financial inclusion.

Respondents passive in operating their bank accounts show the highest percentage (32.1%) for Higher Secondary while, the lowest percentage (3.6%) secured Graduate and above qualification.

On the other hand, respondents not having bank accounts show the highest percentage (39.4%) for Illiterate while, none of them secured Graduate and above qualification.

Table 4.22: Occupation and Financial Inclusion Status

Occupation		Group		Total
		Non-operating Account	No Bank Account	
Salaried	Count	1	0	1
	%	3.6%	0.0%	1.6%
Labour	Count	17	19	36
	%	60.7%	57.6%	59.0%
Businessman	Count	1	1	2
	%	3.6%	3.0%	3.3%

Occupation		Group		Total
		Non-operating Account	No Bank Account	
Agriculture Labour	Count	3	0	3
	%	10.7%	0.0%	4.9%
Others	Count	6	13	19
	%	21.4%	39.4%	31.1%
	Count	28	33	61
	%	100.0%	100.0%	100.0%

The above table shows the cross tabulation of respondents' occupation and their status of financial inclusion.

Respondents passive in operating their bank accounts show higher percentage (60.7%) for Labor while, lower percentage (3.6%) were Businessman.

On the other hand, respondents not having bank accounts show higher percentage (57.6%) for Labor while, none was Salaried nor Agricultural Labor.

Table 4.23: Monthly Income and Financial Inclusion Status

Monthly Income		Group		Total
		Non-Operating Account	No Bank Account	
<10000	Count	12	21	33
	%	42.9%	63.6%	54.1%

Monthly Income		Group		Total
		Non-Operating Account	**No Bank Account**	
10000-20000	Count	15	9	24
	%	53.6%	27.3%	39.3%
20000-30000	Count	1	3	4
	%	3.6%	9.1%	6.6%
Total	Count	28	33	61
	%	100.0%	100.0%	100.0%

The above table shows the cross tabulation of respondents' monthly income and their status of financial inclusion.

Respondents passive in operating their bank accounts show higher percentage (53.6%) for monthly income group Rs. 10000-20000 while, lower percentage (3.6%) belonged to Rs. 20000-30000 group.

On the other hand, respondents not having bank accounts show higher percentage (63.6%) for monthly income group Rs. less than 10000 while, lower percentage (9.1%) belonged to Rs. 20000-30000 group.

Table 4.24: Distance from the nearest Bank and Financial Inclusion Status

Distance from the nearest bank		Group		Total
		Non-operating Account	**No Bank Account**	
< 3 KM	Count	10	13	23
	%	35.7%	39.4%	37.7%

Distance from the nearest bank		**Group**		**Total**
		Non-operating Account	**No Bank Account**	
>=3 KM	Count	18	20	38
	%	64.3%	60.6%	62.3%
	Count	28	33	61
	%	100.0%	100.0%	100.0%

The above table shows the cross tabulation of respondents' distance from the nearest bank and their status of financial inclusion.

Respondents passive in operating their bank accounts show higher percentage (64.3%) for 3km or more while, lower percentage (35.7%) were less than 3km distant from the nearest bank.

On the other hand, respondents not having bank accounts show higher percentage (60.6%) for 3km or more while, lower percentage (39.4%) were less than 3km distant from the nearest bank.

Table 4.25: Distance from the nearest ATM and Financial Inclusion Status

Distance from the nearest ATM		**Group**		**Total**
		Non-operating Account	**No Bank Account**	
< =3 Km	Count	18	21	39
	%	64.3%	63.6%	63.9%
> 3 KM	Count	10	12	22
	%	35.7%	36.4%	36.1%
Total	Count	28	33	61
	%	100.0%	100.0%	100.0%

The above table shows the cross tabulation of respondents' distance from the nearest ATM and their status of financial inclusion.

Respondents passive in operating their bank accounts show higher percentage (64.3%) for 3km or less distance while, lower percentage (35.7%) were more than 3km distant from the nearest ATM.

On the other hand, respondents not having bank accounts show higher percentage (63.6%) for 3km or less distance while, lower percentage (36.4%) were more than 3km distant from the nearest ATM.

Table 4.26: Association between Depositing Savings in Non-Banking Channels and Financial Inclusion Status

In which you are depositing your savings other than banks?		Group		Total
		Non-Operating Account	No Bank Account	
Financial Institutions	Count	9	0	9
	%	32.1%	0.0%	14.8%
Informal Groups	Count	6	16	22
	%	21.4%	48.5%	36.1%
Post Office	Count	6	0	6
	%	21.4%	0.0%	9.8%
Desi Bankers	Count	2	12	14
	%	7.1%	36.4%	23.0%
Others	Count	5	5	10
	%	17.9%	15.2%	16.4%
Total	Count	28	33	61
	%	100.0%	100.0%	100.0%

Pearson Chi-Square	Value	Df	P Value	Result
	26.456	4.000	0.000	Sig

The above table shows the association between depositing savings in non-banking channels and financial inclusion status of respondents. Chi-square test was applied to test the association and a significant association (P<0.05) was found between the two indicating their preference to deposit their saving in different channels varies with their financial inclusion status.

Respondents passive in operating their bank accounts show the highest percentage (32.1%) for depositing their savings in Financial Institutions while, the lowest percentage (7.1%) deposit in Desi Bankers.

On the other hand, respondents not having bank accounts show the highest percentage (48.5%) for depositing their savings in Informal Groups while, the lowest percentage (15.2%) deposit with Others including relatives, friends, landlords, their masters etc.

Table 4.27: Association between Borrowing money from Non-Banking Channels and Financial Inclusion Status

From where you borrow money?		**Group**		**Total**
		Non-operating Account	**No Bank Account**	
Financial Institutions	Count	4	0	4
	%	14.3%	0.0%	6.6%
Informal Groups	Count	5	6	11
	%	17.9%	18.2%	18.0%
Post Office	Count	4	0	4
	%	14.3%	0.0%	6.6%

From where you borrow money?		Group		Total
		Non-operating Account	**No Bank Account**	
Desi Bankers	Count	10	17	27
	%	35.7%	51.5%	44.3%
Other	Count	5	10	15
	%	17.9%	30.3%	24.6
Total	Count	28	33	61
	%	100.0%	100.0%	100.0%
Pearson Chi-Square	Value	Df	P Value	Result
	13.062	3.000	0.005	Sig

The above table shows the association between borrowing money from non-banking channels and financial inclusion status of respondents. Chi-square test was applied to test the association and a significant association ($P<0.05$) was found between the two indicating their preference to borrow money from different channels varies with their financial inclusion status.

Respondents passive in operating their bank accounts show the highest percentage (35.7%) for borrowing money from Desi Bankers while, an equal percentage (14.3%) borrow from Financial Institutions and Post Office.

On the other hand, respondents not having bank accounts show the highest percentage (51.5%) for borrowing money from Desi Bankers while, the lowest percentage (18.2%) borrow from Informal Groups.

Table 4.28: Association between Purpose of taking Loan and Financial Inclusion Status

Purpose of Loan		Group		Total
		Non-operating Account	No Bank Account	
Marriage	Count	13	12	25
	%	46.4%	36.4%	41.0%
Health	Count	6	8	14
	%	21.4%	24.2%	23.0%
Education	Count	3	5	8
	%	10.7%	15.2%	13.1%
Vehicle	Count	4	3	7
	%	14.3%	9.1%	11.5%
Business	Count	2	5	7
	%	7.1%	15.2%	11.5%
Total	Count	28	33	61
	%	100.0%	100.0%	100.0%
Pearson Chi-Square	Value	Df	P Value	Result
	1.857	4.000	0.762	Non Sig

The above table shows the association between purpose of taking loan and financial inclusion status of respondents. Chi-square test was applied to test the association and a non-significant association (P>0.05) was found between the two indicating their purpose of taking loan does not vary with their financial inclusion status. However, a majority of respondents (41%) took loan for marriage purpose followed by 23% who need it for health related problems, 13.1% of respondents took it for education while, an equal percentage i.e. 11.5% took it for purchasing vehicles and business.

Table 4.29: Association between Hurdles in Accessing Financial Services and Financial Inclusion Status

Hurdles faced in accessing Financial Services		Group		Total
		Non-Operating Account	No Bank Account	
Distance From Bank	Count	2	5	7
	%	7.1%	15.2%	11.5%
Ignorance and Lack of Knowledge	Count	7	10	17
	%	25%	30.3%	27.9%
Bank Timings	Count	1	2	3
	%	3.6%	6.0%	4.9%
Procedure and documentation	Count	6	16	22
	%	21.4%	48.5%	36.1%
Delayed Services	Count	3	0	3
	%	10.7%	0.0%	4.9%

Hurdles faced in accessing Financial Services		Group		Total
		Non-Operating Account	No Bank Account	
Behaviour of Bank staff	Count	3	0	3
	%	10.7%	0.0%	4.9%
Requirement of Collateral Security	Count	6	0	6
	%	21.4%	0.0%	9.8%
Total	Count	28	33	61
	%	100.0%	100.0%	100.0%
Pearson Chi-Square	Value	Df	P Value	Result
	16.319	5.000	0.006	Sig

The above table shows the association between hurdles faced by respondents in accessing financial services and their financial inclusion status. Chi-square test was applied to test the association and a significant association ($P<0.05$) was found between the two indicating their opinion about facing hurdles in accessing financial services varies with their financial inclusion status.

Respondents passive in operating their bank accounts show the highest percentage (25%) for Lack of Knowledge and Ignorance as a hurdle in accessing financial services while, the lowest percentage (3.6%) for Bank timings.

On the other hand, respondents not having bank accounts show the highest percentage (48.5%) for Procedure and Documentation as a hurdle in accessing financial services while, the lowest percentage (6%) for Bank timings.

General Results

1. Nearly 54% of sample households surveyed had no bank account while, 46% of respondents had bank account but they never operated it.
2. Among those who did not have a bank account, a majority stated that due to lengthy procedures they did not get their bank account opened followed by respondents who did not have enough money while, nearly 18% said that due to their ignorance they could not have a bank account.
3. Among those who had a bank account, most of them (75%) had Saving Bank A/c. while, remaining had Current Bank A/c.
4. Among those who had a bank account, most of them (57% approx.)did it for availing Government Benefits followed by respondents (21.4%) who made it to take a Loan, few (14.3%) did it to deposit their Salary/Wages while, only 7.1% agreed that need to deposit their savings was the purpose of opening bank A/c.
5. Out of the respondents having bank account, a majority (89% approx.) do not use ATM, while, nearly 11% use the service.
6. Out of the respondents having bank account, a majority (71% approx.) do not use Mobile/ Net Banking while, the remaining use these services.
7. Among non-operating bank account holders, majority belonged to the age groups- below 20 years, 20-29 years, and more than 50 years. On the other hand, of respondents not having bank accounts, majority belonged to 30-39 years of age groups.
8. Among non-operating bank account holders, majority (68% approx.) were Female while, of respondents not having bank accounts, nearly 88% were Female.
9. Among non-operating bank account holders, majority (32% approx.) did Higher Secondary while, of respondents not having bank accounts, nearly 40% were Illiterate.

10. Among non-operating bank account holders, majority (61% approx.) were Labours while, of respondents not having bank accounts, nearly 58% were Labours and 40% belonged to Other occupation status (unemployed, domestic helpers, housewives etc.).
11. Among non-operating bank account holders, majority (43% approx.) had less than Rs. 10000 monthly income while, of respondents not having bank accounts, nearly 64% were earning less than Rs. 10000 a month.
12. Among non-operating bank account holders, majority (64% approx.) while, of respondents not having bank accounts, nearly 61% had distance of 3 km or more from the nearest bank.
13. Among all the respondents, majority (64% approx.) had distance of 3 km or less from the nearest ATM.

Hypotheses Results

1. A significant association was found between depositing savings in non-banking channels and financial inclusion status of respondents indicating their preference to deposit their saving in different channels varies with their financial inclusion status. Majority of respondents passive in operating their bank accounts deposit their savings in Financial Institutions while, of respondents not having bank accounts majority deposit their savings in Informal Groups.
2. A significant association was found between borrowing money from non-banking channels and financial inclusion status of respondents indicating their preference to borrow money from different channels varies with their financial inclusion status. Majority of respondents passive in operating their bank accounts borrow money from Desi Bankers while, of respondents not having bank accounts more than half of them borrow from Desi Bankers and nobody borrow from any formal channel.
3. A non-significant association was found between purpose of taking loan and financial inclusion status of respondents indicating their purpose of taking loan does not vary with their financial inclusion status. Majority of

respondents stated to take loan for marriage purpose followed for health related problems, education, purchasing vehicles and for business.

4. A significant association was found between hurdles faced by respondents in accessing financial services and their financial inclusion status indicating their opinion about facing hurdles in accessing financial services varies with their financial inclusion status. Majority of respondents passive in operating their bank accounts could not access financial services due to Lack of Knowledge and Ignorance while, of respondents not having bank accounts stated about Procedure and Documentation as a hurdle.

4.7 CONCLUSION

The results of the case study discussed above reveals that a near to half of the respondents are still financially excluded and the remaining sample households are financially included but they do not operate their bank accounts. Distance from the nearest bank, lengthy procedures and insufficient money are some of the reasons behind low financial inclusion in the studied area. A large majority of females belonging to backward areas are still financially excluded. The "qualitative" evaluation of financial inclusion gives rise to many questions like how many customer-induced transactions could be seen in Jan Dhan Yojana accounts, usage of overdraft facility, availing accidental insurance facility associated with the RuPay card or life insurance facility associated. It also throws up questions on financial awareness, about the masses' knowledge of financial products and types. There is a long way to go (www.financialexpress.com).

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CHAPTER V

DATA ANALYSIS & INTERPRETATIONS

CHAPTER V

DATA ANALYSIS & INTERPRETATIONS

INTRODUCTION

In the previous chapter, the researcher discussed initiatives taken by Government institutions and various financial institutions for Financial Inclusion in India as well as in Rajasthan. A case study have also been deliberated to understand the status of financial inclusion among households of a backward village located in South-East Rajasthan.This chapter is well-classified for systematic presentation of collected data and their statistical analysis. The chapter elaborates profile of sample households, data analysis, interpretation and hypotheses testing.Data analysis was mainly based on the primary information collected from the households and employees working in various financial institutions of the chosen area according to the sampling design described in chapter-3 of the study. The data collected through the self-administered questionnaires was tabulated and analyzed using data classification tools and interpretations were done to get the meaningful implications. Moreover, various statistical techniques have been applied including Percentile analysis, averages, Chi-Square test, Student t- test and One Way ANOVA for testing stated hypotheses. The chapter also presents the outcomes of the study showing the relationship between the variables chosen for the study.

The present chapter is divided into two main sections –

I. **ANALYSIS OF HOUSEHOLDS' PERCEPTIONS ABOUT FINANCIAL INCLUSION**

II. **ANALYSIS OF EMPLOYEES' PERCEPTIONS ABOUT FINANCIAL INCLUSION**

5.1 ANALYSIS OF HOUSEHOLDS' PERCEPTIONS ABOUT FINANCIAL INCLUSION

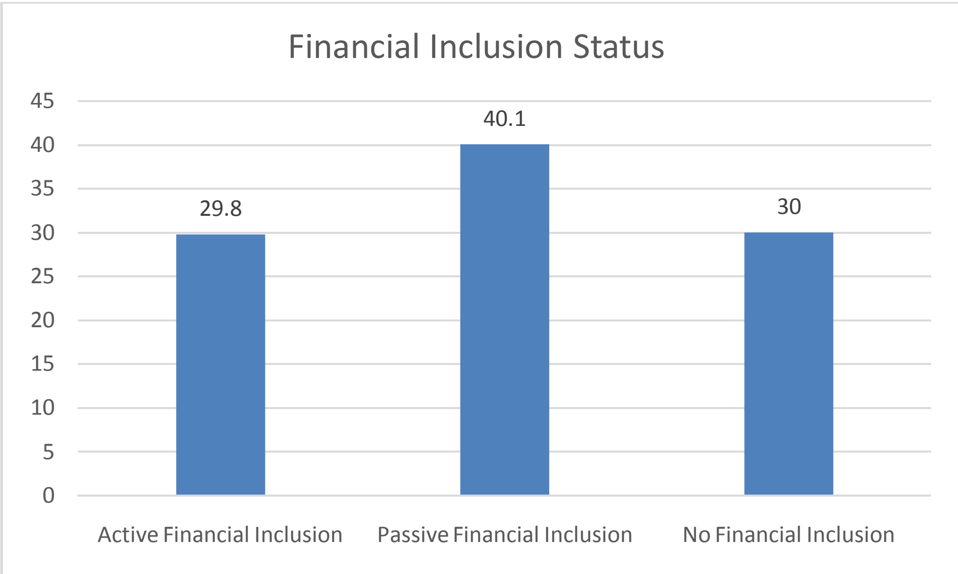
5.1.1 Respondents' Demographic Profile

5.1.1.1 Respondents' Distribution Based on Financial Inclusion Status

Table 5.1: Respondents' Distribution Based on Financial Inclusion Status (%)

Financial Inclusion Status	Frequency	Percent
Active Financial Inclusion	162	29.8
Passive Financial Inclusion	218	40.1
No Financial Inclusion	163	30.0
Total	543	100.0

Figure 5.1: Respondents' Distribution Based on Financial Inclusion Status (%)



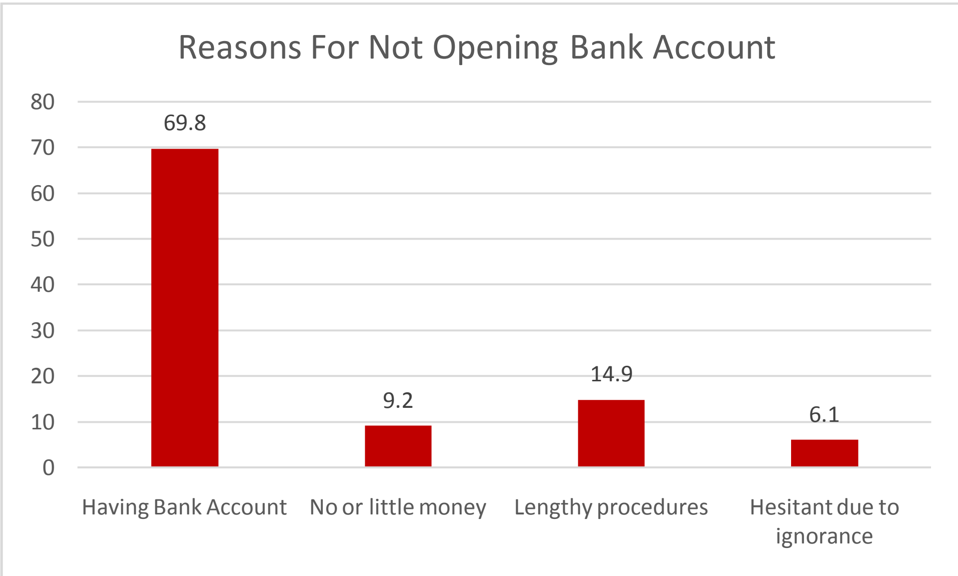
Out of the total respondents, nearly 40% were having bank accounts but they were not operating their accounts. 30% of the respondents had no bank accounts while, 29.8% had bank accounts and they were actively operating those accounts.

5.1.1.2 Respondents' Distribution Based on Reasons for Not Opening Bank Account

Table 5.2: Respondents' Distribution Based on Reasons for Not Opening Bank Account (%)

Reasons For Not Opening Bank Account	**Frequency**	**Percent**
	379	69.8
No or little money	50	9.2
Lengthy procedures	81	14.9
Hesitant due to ignorance	33	6.1
Total	543	100.0

Figure 5.2: Respondents' Distribution Based on Reasons for Not Opening Bank Account (%)



Nearly 70% of respondents were having bank accounts followed by nearly 15% of respondents who didn't have account due to lengthy procedures. Nearly 9% of respondents could not open account due to no or little money while, 6.1% were hesitant due to ignorance that's why did not have bank account.

Cross Tabulations

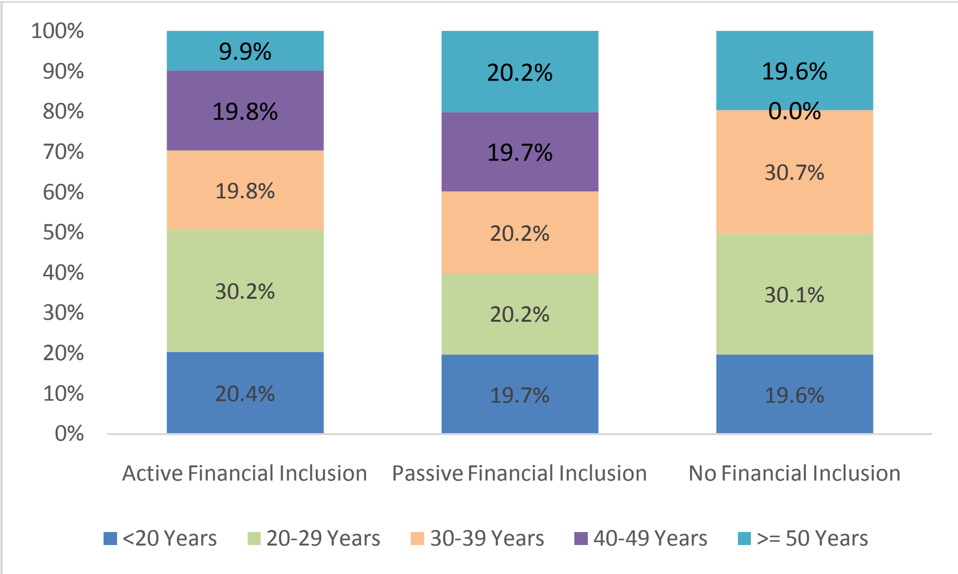
Cross tables between respondents' financial inclusion status and their demographic profile were developed to represent the distribution of their FI status across different demographic profile of respondents.

5.1.1.3 Cross tables between Financial Inclusion Status and Age

Table 5.3: Age & Financial Inclusion Status (%)

Age Group		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
<20 Years	Count	33	43	32	108
	%	20.4%	19.7%	19.6%	19.9%
20-29 Years	Count	49	44	49	142
	%	30.2%	20.2%	30.1%	26.2%
30-39 Years	Count	32	44	50	126
	%	19.8%	20.2%	30.7%	23.2%
40-49 Years	Count	32	43	0	75
	%	19.8%	19.7%	0.0%	13.8%
>= 50 Years	Count	16	44	32	92
	%	9.9%	20.2%	19.6%	16.9%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%

Figure 5.3: Age & Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of respondents' age groups and their financial inclusion status. Most of the respondents (26.2%) belonged to 20-29 years of age groups followed by 23.2% who were of 30-39 years, nearly 20% were of less than 20 years age group, nearly 17% were having age of 50 years or more while, the least i.e., 13.8% of respondents belonged to 40-49 years of age groups.

Among respondents having active financial inclusion status, a majority (30% approx.) belonged to 20-29 years of age groups while, the least i.e. 9.9% were having age of 50 years or more.

Respondents having passive financial inclusion status were equally distributed among all age groups.

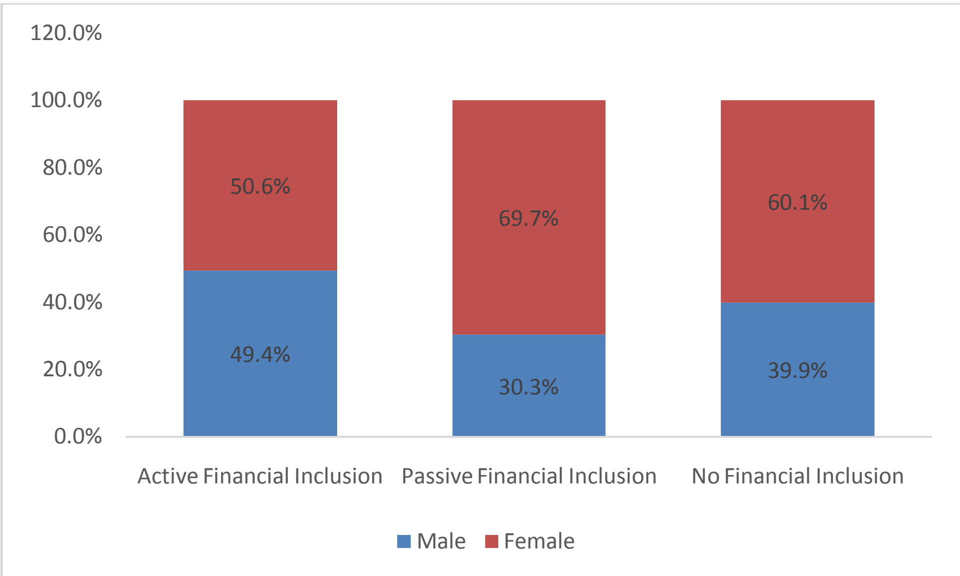
Among respondents having no financial inclusion status, a majority (30% approx.) belonged to 30-39 years and 20-29 years of age groups while; no respondent belonged to 40-49 years of age groups.

5.1.1.4 Cross tables between Financial Inclusion Status and Gender

Table 5.4: Gender & Financial Inclusion Status (%)

Gender		**Group**			**Total**
		Active Financial Inclusion	**Passive Financial Inclusion**	**No Financial Inclusion**	
Male	Count	80	66	65	211
	%	49.4%	30.3%	39.9%	38.9%
Female	Count	82	152	98	332
	%	50.6%	69.7%	60.1%	61.1%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%

Figure 5.4: Gender & Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of respondents' gender groups and their financial inclusion status. Most of the respondents (61%) were Female while, nearly 39% of respondents were Male.

Among respondents having active financial inclusion status, nearly equal percentage of respondents were Female and Male.

Respondents having passive financial inclusion status, a majority (70% approx.) were Female while, nearly 30% were Male.

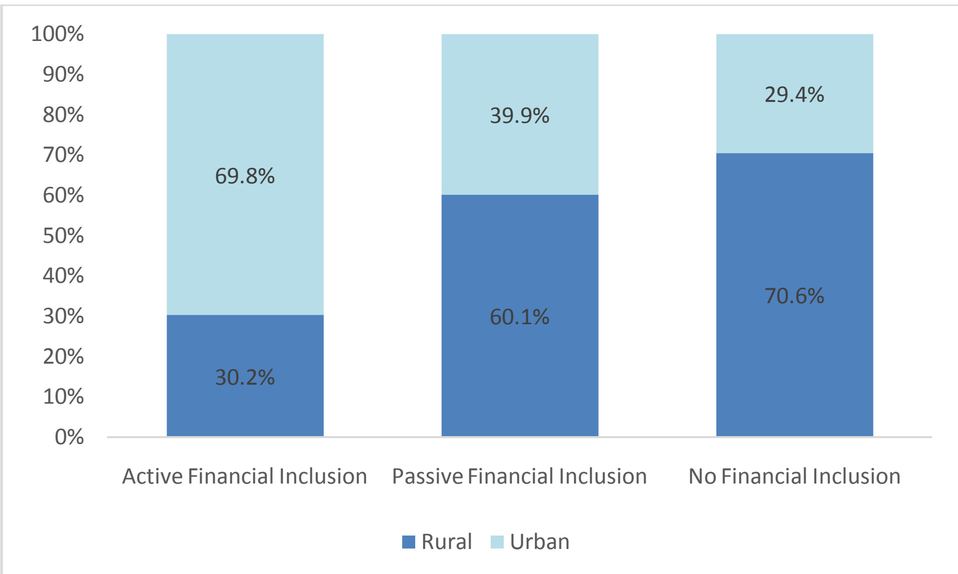
Among respondents having no financial inclusion status, a majority (60% approx.) were Female while, nearly 40% were Male.

5.1.1.5 Cross tables between Financial Inclusion Status and Locality

Table 5.5: Locality & Financial Inclusion Status (%)

Locality		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Rural	Count	49	131	115	295
	%	30.2%	60.1%	70.6%	54.3%
Semi-Urban/Urban	Count	113	87	48	248
	%	69.8%	39.9%	29.4%	45.7%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%

Figure 5.5: Locality & Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of respondents' locality and their financial inclusion status. Most of the respondents (54.3%) belonged to Rural area while, nearly 45.7% of respondents belonged to Semi-Urban/Urban area.

Among respondents having active financial inclusion status, a majority (70% approx.) belonged to Semi-Urban/Urban area while, nearly 30% of respondents belonged to Rural area.

Respondents having passive financial inclusion status, a majority (60% approx.) belonged to Rural area while, nearly 40% of respondents belonged to Semi-Urban/Urban area.

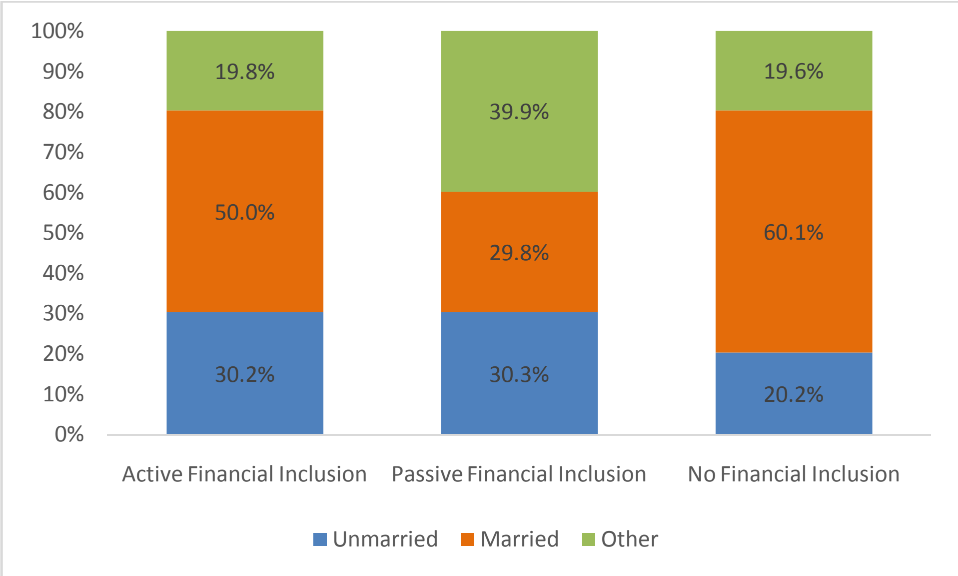
Among respondents having no financial inclusion status, a majority (71% approx.) belonged to Rural area while, nearly 30% of respondents belonged to Semi-Urban/Urban area.

5.1.1.6 Cross tables between Financial Inclusion Status and Marital Status

Table 5.6: Marital Status& Financial Inclusion Status (%)

Marital Status		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Unmarried	Count	49	66	33	148
	%	30.2%	30.3%	20.2%	27.3%
Married	Count	81	65	98	244
	%	50.0%	29.8%	60.1%	44.9%
Other	Count	32	87	32	151
	%	19.8%	39.9%	19.6%	27.8%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%

Figure 5.6: Marital Status& Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of respondents' marital status and their financial inclusion status. Most of the respondents (45% approx.) were married while, nearly 55% of respondents were equally divided between Unmarried and Other.

Among respondents having active financial inclusion status, a majority (50%) were Married, nearly 30% were Unmarried while, nearly 20% had other marital status.

Respondents having passive financial inclusion status, a majority (40% approx.) had Other marital status while, nearly 30% were Unmarried and nearly equal percentage were Married.

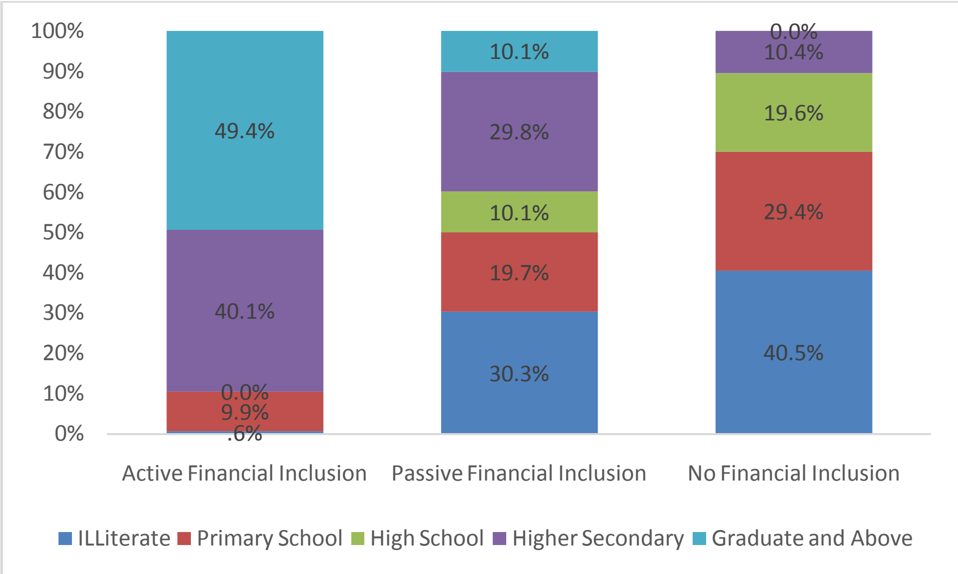
Among respondents having no financial inclusion status, a majority (60% approx.) was married while, nearly 20% were Unmarried and nearly equal percentage had Other marital status.

5.1.1.7 Cross tables between Financial Inclusion Status and Qualification

Table 5.7: Qualification & Financial Inclusion Status (%)

Qualification		**Group**			**Total**
		Active Financial Inclusion	**Passive Financial Inclusion**	**No Financial Inclusion**	
Illiterate	Count	1	66	66	133
	%	0.6%	30.3%	40.5%	24.5%
Primary School	Count	16	43	48	107
	%	9.9%	19.7%	29.4%	19.7%
High School	Count	0	22	32	54
	%	0.0%	10.1%	19.6%	9.9%
Higher Secondary	Count	65	65	17	147
	%	40.1%	29.8%	10.4%	27.1%
Graduate and above	Count	80	22	0	102
	%	49.4%	10.1%	0.0%	18.8%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%

Figure 5.7: Qualification& Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of respondents' qualification and their financial inclusion status. Most of the respondents (27% approx.) did Higher Secondary followed by 24.5% who were Illiterate, nearly 20% did Primary schooling, nearly 19% secured Graduation and above while, the least i.e., 9.9% of respondents had done High School.

Among respondents having active financial inclusion status, a majority (49% approx.) secured Graduation and above while, no respondent did High School.

Out of respondents having passive financial inclusion status, nearly 60% respondents were equally distributed between Illiterate and Higher Secondary qualifications while, nearly 20% respondents were equally distributed between High School and Graduation and above qualifications.

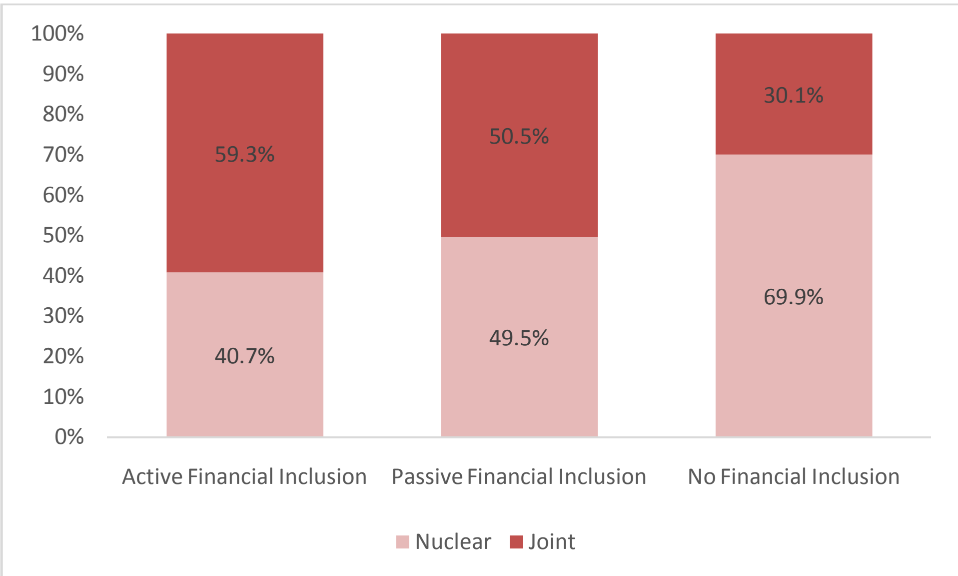
Among respondents having no financial inclusion status, a majority (41% approx.) were Illiterate while, no respondent secured Graduation and above qualification.

5.1.1.8 Cross tables between Financial Inclusion Status and Family Type

Table 5.8: Family Type& Financial Inclusion Status (%)

Family Type		**Group**			**Total**
		Active Financial Inclusion	**Passive Financial Inclusion**	**No Financial Inclusion**	
Nuclear	Count	66	108	114	288
	%	40.7%	49.5%	69.9%	53.0%
Joint	Count	96	110	49	255
	%	59.3%	50.5%	30.1%	47.0%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%

Figure 5.8: Family Type& Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of respondents' family type and their financial inclusion status. Most of the respondents (53%) had Nuclear family while 47% of respondents had Joint family.

Among respondents having active financial inclusion status, a majority (59% approx.) had Joint family while nearly 41% of respondents had Nuclear family.

Respondents having passive financial inclusion status, nearly an equal percentage of respondents had Nuclear family and Joint family.

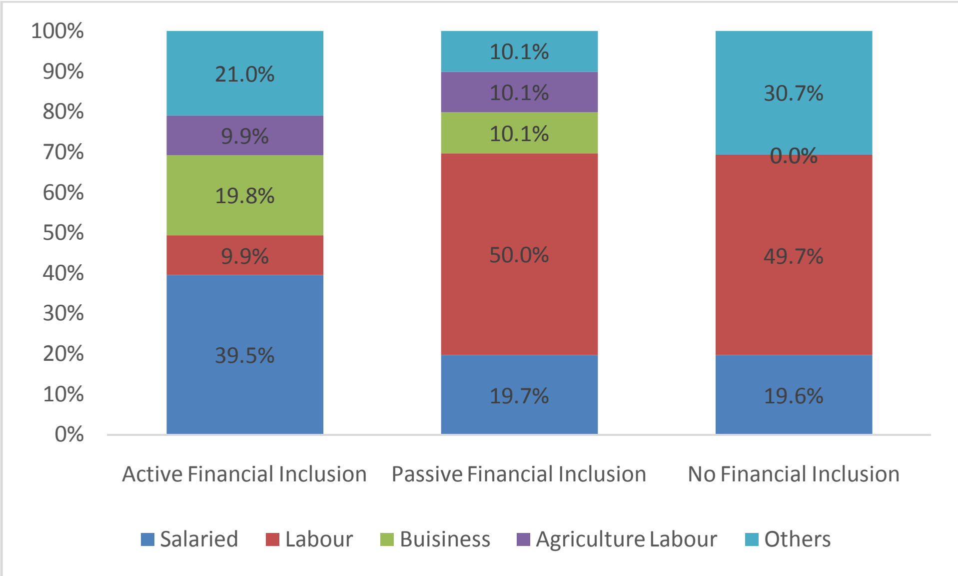
Among respondents having no financial inclusion status, a majority (70% approx.) had Nuclear family while, nearly 30% of respondents had Joint family.

5.1.1.9 Cross tables between Financial Inclusion Status and Occupation

Table 5.9: Occupation & Financial Inclusion Status (%)

Occupation		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Salaried	Count	64	43	32	139
	%	39.5%	19.7%	19.6%	25.6%
Labour	Count	16	109	81	206
	%	9.9%	50.0%	49.7%	37.9%
Business	Count	32	22	0	54
	%	19.8%	10.1%	0.0%	9.9%
Agriculture Labour	Count	16	22	0	38
	%	9.9%	10.1%	0.0%	7.0%
Others	Count	34	22	50	106
	%	21.0%	10.1%	30.7%	19.5%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%

Figure 5.9: Occupation& Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of respondents' occupation and their financial inclusion status. Most of the respondents (38% approx.) were Labour followed by 25.6% who were Salaried, nearly 20% were engaged in other occupation, nearly 10% were Businessmen while, the least i.e., 7% of respondents were Agriculture Labour.

Among respondents having active financial inclusion status, a majority (40% approx.) were Salaried while, nearly 20% respondents were equally distributed between Labour and Agriculture Labour.

Out of respondents having passive financial inclusion status, a majority (50%) were Labour while, nearly 30% respondents were equally distributed between Businessmen, Other and Agriculture Labour.

Among respondents having no financial inclusion status, a majority (50% approx.) were Labour while, no respondent was Businessmen nor Agriculture Labour.

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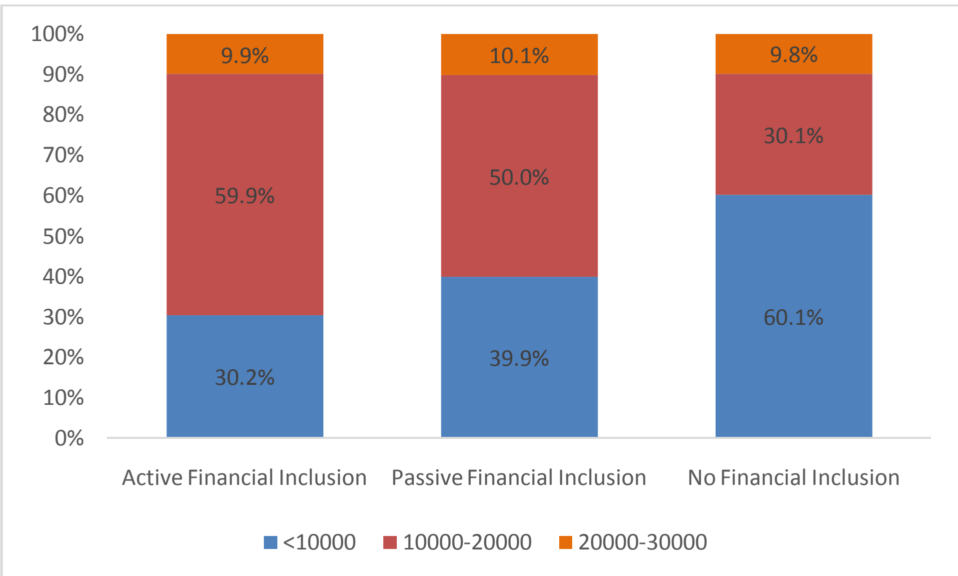
5.1.1.10 Cross tables between Financial Inclusion Status and Monthly Income

Table 5.10: Monthly Income& Financial Inclusion Status (%)

Monthly Income		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
<10000	Count	49	87	98	234
	%	30.2%	39.9%	60.1%	43.1%
10000-20000	Count	97	109	49	255
	%	59.9%	50.0%	30.1%	47.0%
20000-30000	Count	16	22	16	54
	%	9.9%	10.1%	9.8%	9.9%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%

Figure 5.10: Monthly Income& Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of respondents' monthly income and their financial inclusion status. Most of the respondents (47%) had monthly income between Rs. 10000-20000 followed by nearly 43% who were earning less than Rs. 10000 a month whereas nearly 10% of them belonged to Rs. 20000-30000 monthly income group.

Among respondents having active financial inclusion status, a majority (60% approx.) had monthly income between Rs. 10000-20000 while, the least i.e. nearly 10% respondents belonged to Rs. 20000-30000 monthly income group.

Out of respondents having passive financial inclusion status, a majority (50%) had monthly income between Rs. 10000-20000 while, the least i.e. nearly 10% respondents belonged to Rs. 20000-30000 monthly income group.

Among respondents having no financial inclusion status, a majority (60% approx.) had monthly income less than Rs. 10000 while, the least i.e. nearly 10% respondents belonged to Rs. 20000-30000 monthly income group.

5.1.2 Respondents' Financial Inclusion Profile

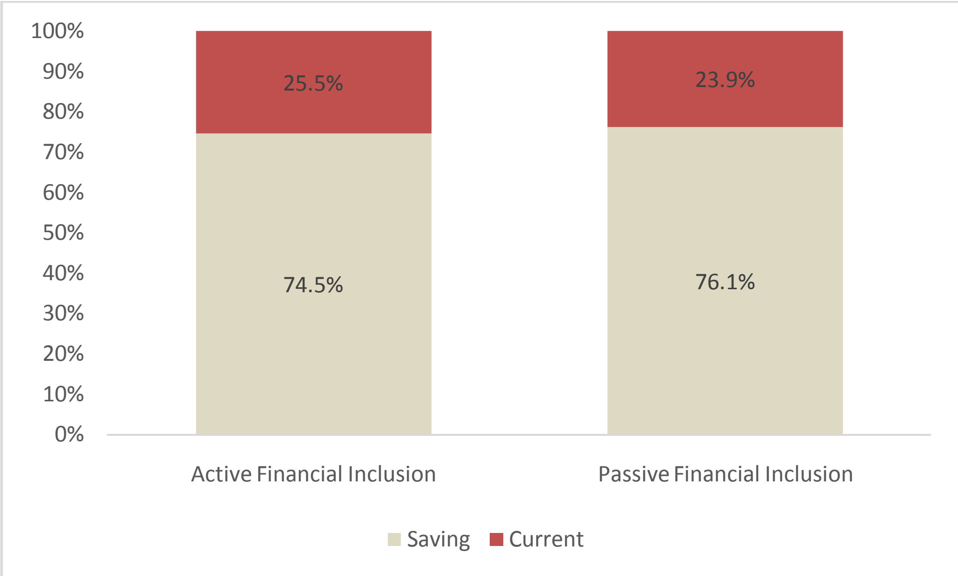
Cross tables between respondents' financial inclusion status and their financial inclusion profile were developed to represent the distribution of their FI status across different FI profile of respondents.

5.1.2.1 Cross tables between Financial Inclusion Status and Type of Bank Account

Table 5.11: Type of Bank Account& Financial Inclusion Status (%)

Type of Bank Account		Group		Total
		Active Financial Inclusion	**Passive Financial Inclusion**	
Saving	Count	120	166	286
	%	74.5%	76.1%	75.5%
Current	Count	41	52	93
	%	25.5%	23.9%	24.5%
	Count	161	218	379
	%	100.0%	100.0%	100.0%

Figure 5.11: Type of Bank Account& Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of respondents' bank account type and their financial inclusion status. Most of the respondents (75% approx.) had Saving A/c. while, nearly 25% of respondents were having Current A/c.

Among respondents having active financial inclusion status, a majority (74.5%) had Saving A/c. while, nearly 26% of respondents were having Current A/c.

Respondents having passive financial inclusion status, a majority (76%) had Saving A/c. while, nearly 24% of respondents were having Current A/c.

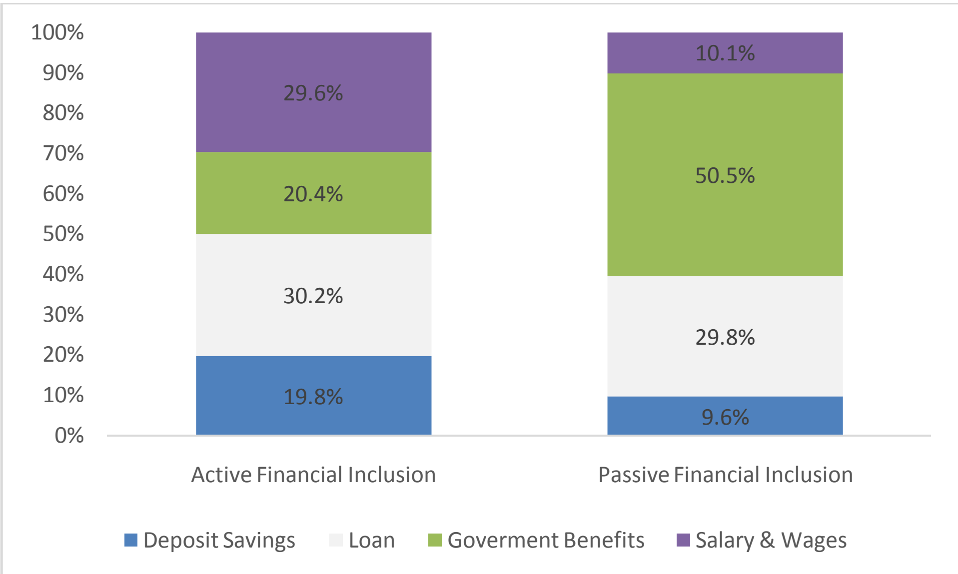
5.1.2.2 Cross tables between Financial Inclusion Status and Purpose of Opening Bank Account

Table 5.12: Purpose of Opening Bank Account& Financial Inclusion Status (%)

Purpose of opening Bank account		Group		
		Active Financial Inclusion	Passive Financial Inclusion	Total
Deposit Savings	Count	32	21	53
	%	19.8%	9.6%	13.9%

Purpose of opening Bank account		Group		
		Active Financial Inclusion	**Passive Financial Inclusion**	**Total**
Loan	Count	49	65	114
	%	30.2%	29.8%	30.0%
Government Benefits	Count	33	110	143
	%	20.4%	50.5%	37.6%
Salary & Wages	Count	48	22	70
	%	29.6%	10.1%	18.4%
	Count	162	218	380
	%	100.0%	100.0%	100.0%

Figure 5.12: Purpose of Opening Bank Account& Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of respondents' purpose of opening bank account and their financial inclusion status. Most of the respondents (38% approx.) got their bank account opened for availing Government benefits followed by 30% respondents took it for taking a loan, nearly 18% for depositing salary/wages whereas nearly 14% of them got it opened to deposit savings.

Among respondents having active financial inclusion status, a majority (30.2%) got opened their bank account for taking a loan while, the least i.e. nearly 20% respondents for depositing savings.

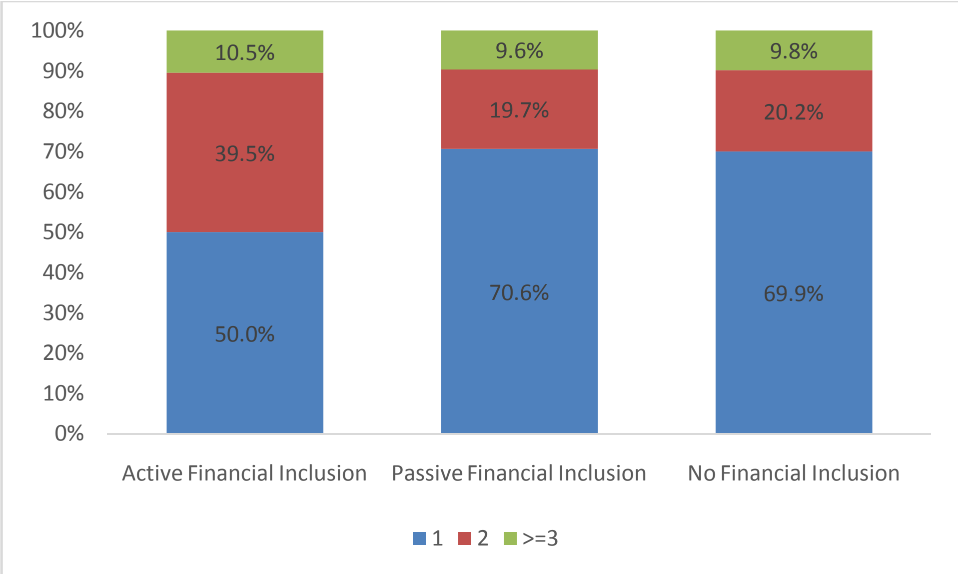
Among respondents having no financial inclusion status, a majority (50.5%) got opened their bank account for availing Government benefits while, the least i.e. 9.6% respondents for depositing savings.

5.1.2.3 Cross tables between Financial Inclusion Status and Number of Bank Accounts in Family

Table 5.13: Number of Bank Accounts in Family& Financial Inclusion Status (%)

Number of bank accounts in family		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
1	Count	81	154	114	349
	%	50.0%	70.6%	69.9%	64.3%
2	Count	64	43	33	140
	%	39.5%	19.7%	20.2%	25.8%
3	Count	17	21	16	54
	%	10.5%	9.6%	9.8%	9.9%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%

Figure 5.13: Number of Bank Accounts in Family& Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of number of bank accounts in respondents' family and their financial inclusion status. Most of the respondents (64% approx.) had one A/c. in their family followed by nearly 26% respondents who were having two accounts. whereas nearly 10% of them had 3 or more A/c. in their family.

Among respondents having active financial inclusion status, a majority (50%) had one A/c. in their family while, the least i.e. nearly 11% respondents had 3 or more A/c. in their family.

Out of respondents having passive financial inclusion status, a majority (71%) had one A/c. in their family while, the least i.e. nearly 10% respondents had 3 or more A/c. in their family.

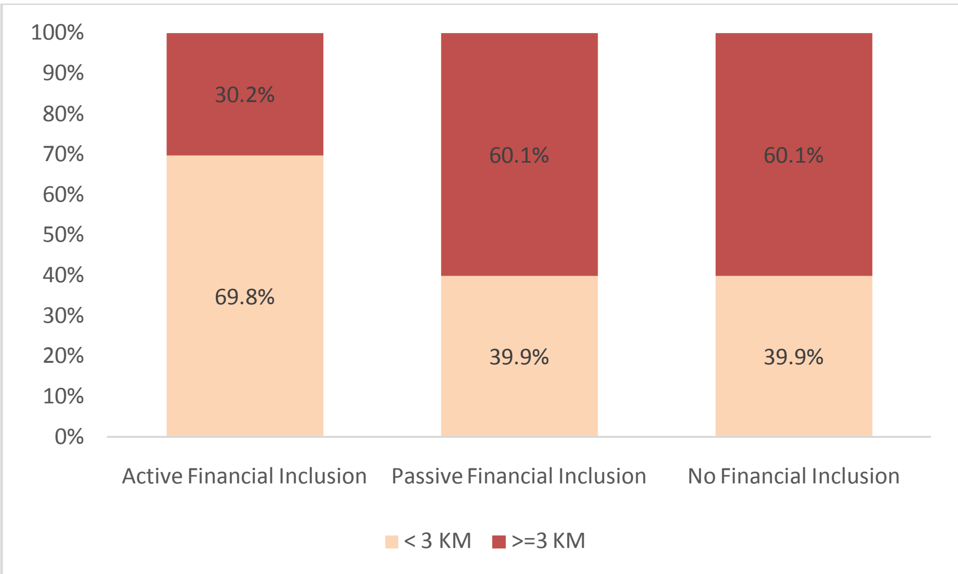
Among respondents having no financial inclusion status, a majority (70% approx.) had one A/c. in their family while, the least i.e. nearly 10% respondents had 3 or more A/c. in their family.

5.1.2.4 Cross tables between Financial Inclusion Status and Distance from the Nearest Bank

Table 5.14: Distance from the Nearest Bank & Financial Inclusion Status (%)

Distance from the nearest bank		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
< 3 KM	Count	113	87	65	265
	%	69.8%	39.9%	39.9%	48.8%
>=3 KM	Count	49	131	98	278
	%	30.2%	60.1%	60.1%	51.2%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%

Figure 5.14: Distance from the Nearest Bank & Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of respondents' distance from the nearest bank and their financial inclusion status.

Most of the respondents (51% approx.) had distance of 3 or more km while, nearly 49% of respondents were having a distance of less than 3 km from the nearest bank.

Among respondents having active financial inclusion status, a majority (70% approx.) were having a distance of less than 3 km from the nearest bank while, nearly 30% of respondents had distance of 3 or more km.

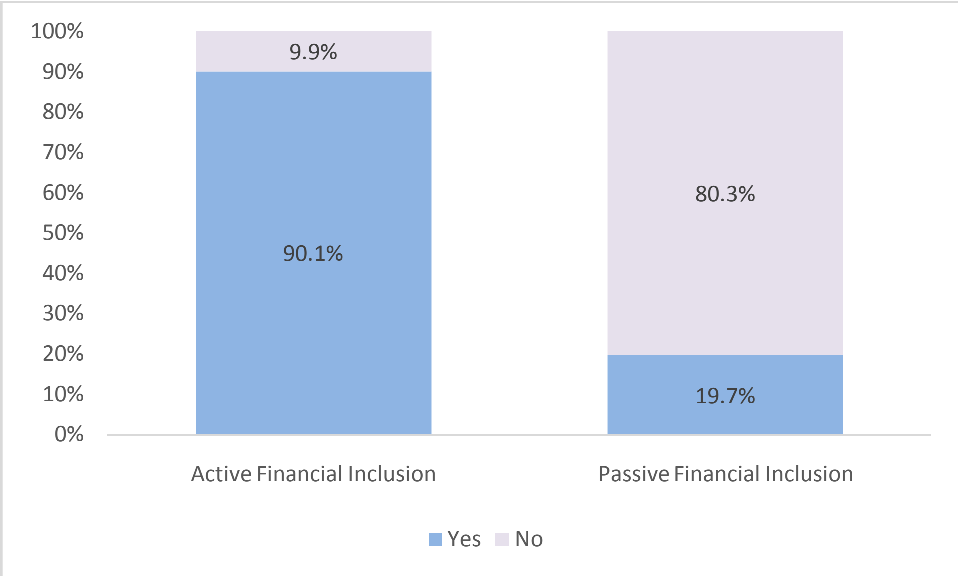
Respondents having passive financial inclusion or no financial inclusion status, a majority (60%) had distance of 3 or more km while, nearly 40% of respondents were having a distance of less than 3 km from the nearest bank.

5.1.2.5 Cross tables between Financial Inclusion Status and Usage of ATM

Table 5.15: Usage of ATM & Financial Inclusion Status (%)

Do you use ATM?		Group		Total
		Active Financial Inclusion	**Passive Financial Inclusion**	
Yes	Count	145	43	188
	%	90.1%	19.7%	49.6%
No	Count	16	175	191
	%	9.9%	80.3%	50.4%
	Count	161	218	379
	%	100.0%	100.0%	100.0%

Figure 5.15: Usage of ATM & Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of usage of ATM by respondents and their financial inclusion status. Most of the respondents (50.4%) did not use ATM while, 49.6% of respondents were using ATM.

Among respondents having active financial inclusion status, a majority (90% approx.) were using ATM while, 9.9% of respondents did not use ATM.

Respondents having passive financial inclusion status, a majority (80% approx.) did not use ATM while, nearly 20% of respondents were using ATM.

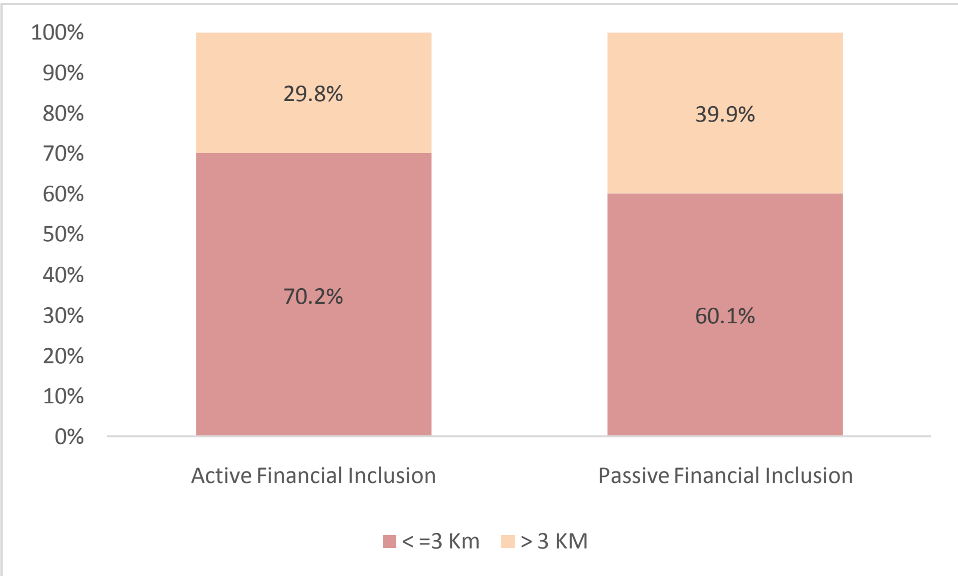
5.1.2.6 Cross tables between Financial Inclusion Status and Distance from the Nearest ATM

Table 5.16: Distance from the Nearest ATM & Financial Inclusion Status (%)

Distance from the nearest ATM		Group		Total
		Active Financial Inclusion	**Passive Financial Inclusion**	
< =3 Km	Count	113	131	244
	%	70.2%	60.1%	64.4%

Distance from the nearest ATM		Group		Total
		Active Financial Inclusion	**Passive Financial Inclusion**	
> 3 KM	Count	48	87	135
	%	29.8%	39.9%	35.6%
	Count	161	218	379
	%	100.0%	100.0%	100.0%

Figure 5.16: Distance from the Nearest ATM & Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of respondents' distance from the nearest ATM and their financial inclusion status. Most of the respondents (64% approx.) had distance of 3 or less km while, nearly 36% of respondents were having a distance of more than 3 km from the nearest ATM.

Among respondents having active financial inclusion status, a majority (70% approx.) was having a distance of 3 or less km from the nearest ATM while, nearly 30% of respondents had distance of more than 3 km.

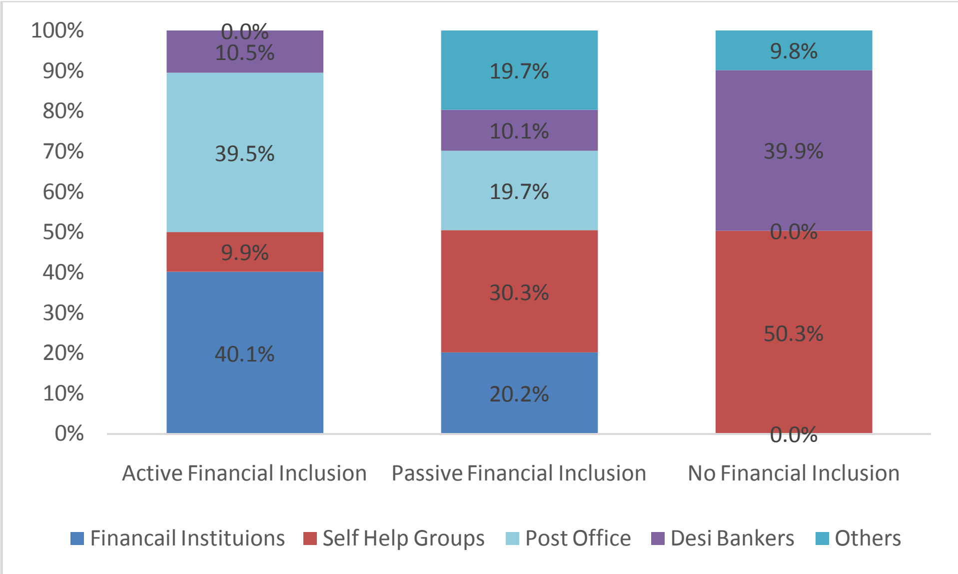
Respondents having passive financial inclusion status, a majority (60%) were having a distance of 3 or less km from the nearest ATM while, nearly 40% of respondents had distance of more than 3 km.

5.1.2.7 Cross tables between Financial Inclusion Status and Channel used for Depositing Savings Other than Banks

Table 5.17: Channel used for Depositing Savings Other than Banks & Financial Inclusion Status (%)

In which you are depositing your savings other than banks?		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Financial Institutions	Count	65	44	0	109
	%	40.1%	20.2%	0.0%	20.1%
Informal Groups	Count	16	66	82	164
	%	9.9%	30.3%	50.3%	30.2%
Post Office	Count	64	43	0	107
	%	39.5%	19.7%	0.0%	19.7%
Desi Bankers	Count	17	22	65	104
	%	10.5%	10.1%	39.9%	19.2%
Others	Count	0	43	16	59
	%	0.0%	19.7%	9.8%	10.9%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%

Figure 5.17: Channel used for Depositing Savings Other than Banks & Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of depositing savings in non-banking channels by respondents and their financial inclusion status. Most of the respondents (30% approx.) deposited their savings in Informal Groups followed by 20.1% respondents who deposited in Financial Institutions, 19.7% deposited in Post Office, 19.2% in Desi Bankers whereas nearly 11% of them deposited their savings in other channels.

Among respondents having active financial inclusion status, a majority (40% approx.) deposited in Financial Institutions while, no respondent deposited their savings in other channels.

Of respondents having passive financial inclusion status, a majority (30% approx.) deposited in Informal Groups while, the least i.e. 10.1% of respondents deposited their savings with Desi Bankers.

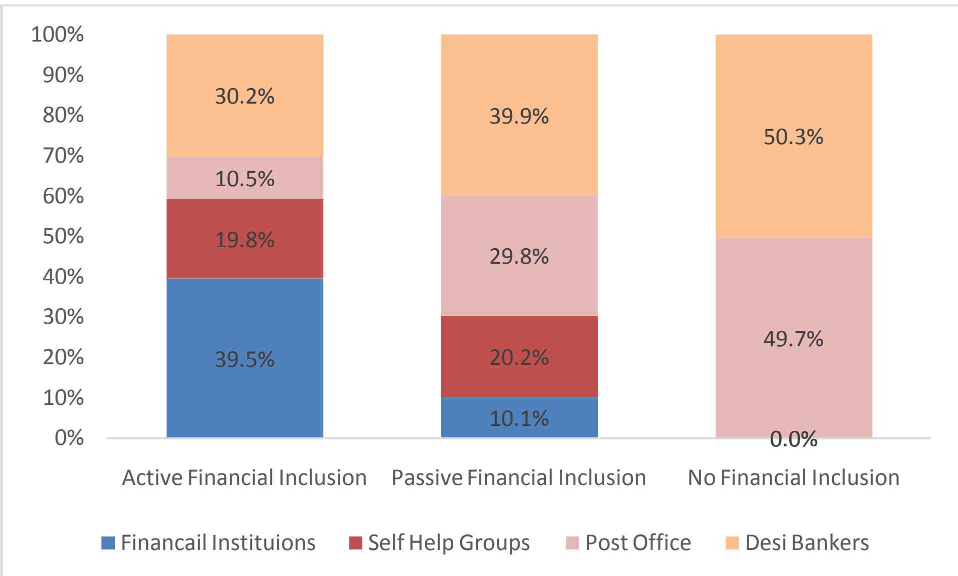
Among respondents having no financial inclusion status, a majority (50% approx.) deposited in Informal Groups while, no respondent deposited their savings in Financial Institutions or Post Office.

5.1.2.8 Cross tables between Financial Inclusion Status and Channel used for Borrowing Money

Table 5.18: Channel used for Borrowing Money & Financial Inclusion Status (%)

From where you borrow money?		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Financial Institutions	Count	64	22	0	86
	%	39.5%	10.1%	0.0%	15.8%
Post Office	Count	32	44	0	76
	%	19.8%	20.2%	0.0%	14.0%
Informal Groups	Count	17	65	81	163
	%	10.5%	29.8%	49.7%	30.0%
Desi Bankers	Count	49	87	82	218
	%	30.2%	39.9%	50.3%	40.1%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%

Figure 5.18: Channel used for Borrowing Money & Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of borrowing money from non-banking channels by respondents and their financial inclusion status. Most of the respondents (40% approx.) borrowed money from Desi Bankers followed by 30% respondents who borrowed from Informal Groups, 15.8% borrowed from Financial Institutions whereas 14% of them borrowed from Post Office.

Among respondents having active financial inclusion status, a majority (40% approx.) borrowed from Financial Institutions while, the least i.e. 10.5% of respondents borrowed from Informal Groups.

Out of respondents having passive financial inclusion status, a majority (40% approx.) borrowed from Desi Bankers while, the least i.e. 10.1% of respondents borrowed from Financial Institutions.

Among respondents having no financial inclusion status, a majority (50.3%) borrowed from Desi Bankers while, no respondent borrowed from Financial Institutions or Post Office.

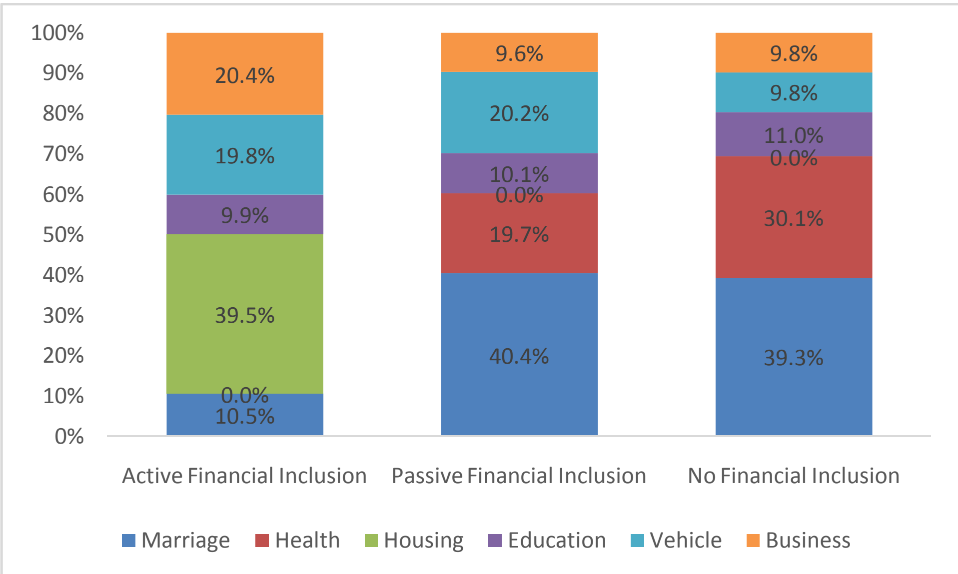
5.1.2.9 Cross tables between Financial Inclusion Status and Purpose of taking Loan

Table 5.19: Purpose of taking Loan& Financial Inclusion Status (%)

Purpose of Loan		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Marriage	Count	17	88	64	169
	%	10.5%	40.4%	39.3%	31.1%
Health	Count	0	43	49	92
	%	0.0%	19.7%	30.1%	16.9%
Housing	Count	64	0	0	64
	%	39.5%	0.0%	0.0%	11.8%

Purpose of Loan		Group			Total
		Active Financial Inclusion	**Passive Financial Inclusion**	**No Financial Inclusion**	
Education	Count	16	22	18	56
	%	9.9%	10.1%	11.0%	10.3%
Vehicle	Count	32	44	16	92
	%	19.8%	20.2%	9.8%	16.9%
Business	Count	33	21	16	70
	%	20.4%	9.6%	9.8%	12.9%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%

Figure 5.19: Purpose of taking Loan& Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of purpose of taking loan by respondents and their financial inclusion status. Most of the respondents (31% approx.) took loan for marriage purpose followed by nearly

17% who need it for health related problems and an equal percentage for purchasing vehicle, 12.9% of respondents took it for business, 11.8% for housing while, the least i.e. 10.3% took it for education.

Among respondents having active financial inclusion status, a majority (40% approx.) took loan for housing while, no respondent took it for health purpose.

Out of respondents having passive financial inclusion status, a majority (40% approx.) took loan for marriage while, no respondent took it for housing.

Among respondents having no financial inclusion status, a majority (40% approx.) took loan for marriage while, no respondent took it for housing.

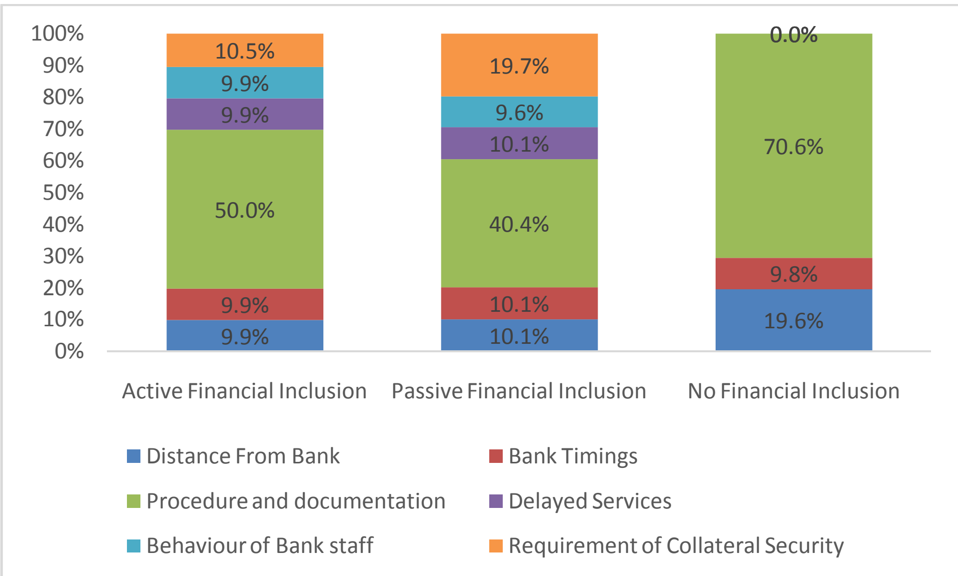
5.1.2.10 Cross tables between Financial Inclusion Status and Hurdles Faced in Accessing Financial Services

Table 5.20: Hurdles Faced in Accessing Financial Services & Financial Inclusion Status (%)

What are the hurdles faced by you in accessing Financial Services		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Distance From Bank	Count	16	22	32	70
	%	9.9%	10.1%	19.6%	12.9%
Bank Timings	Count	16	22	16	54
	%	9.9%	10.1%	9.8%	9.9%
Procedure and documentation	Count	81	88	115	284
	%	50.0%	40.4%	70.6%	52.3%
Delayed Services	Count	16	22	0	38
	%	9.9%	10.1%	0.0%	7.0%

What are the hurdles faced by you in accessing Financial Services		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Behaviour of Bank staff	Count	16	21	0	37
	%	9.9%	9.6%	0.0%	6.8%
Requirement of Collateral Security	Count	17	43	0	60
	%	10.5%	19.7%	0.0%	11.0%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%

Figure 5.20: Hurdles Faced in Accessing Financial Services & Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of hurdles faced by respondents in accessing financial services and their financial inclusion status. Most of the respondents (52% approx.) stated about facing procedure and documentation related issues followed by nearly 13% who had distance from bank related problems, 11% of respondents had problems with requirement of collateral Security, nearly 10% had bank timings issues, 7% had problems with delayed services while, the least i.e. 6.8% were facing issues related to behaviour of bank staff.

Among respondents having active financial inclusion status, a majority (50%) stated about facing procedure and documentation related issues while, remaining respondents were equally distributed among other hurdles.

Out of respondents having passive financial inclusion status, a majority (40% approx.) stated about facing procedure and documentation related issues while, the least i.e. 9.6% respondents were facing issues related to behaviour of bank staff.

Among respondents having no financial inclusion status, a majority (40% approx.) stated about facing procedure and documentation related issues while, no respondent had problems with delayed service, requirement of collateral Security, and behaviour of bank staff.

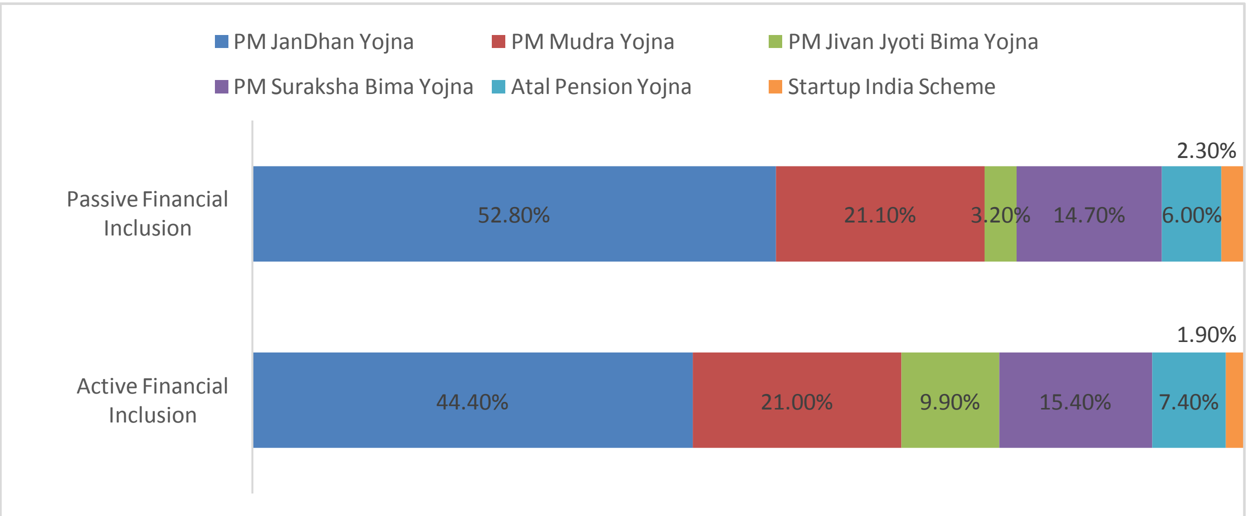
5.1.2.11 Cross tables between Financial Inclusion Status and Availing Government Schemes

Table 5.21: Availing Government Schemes & Financial Inclusion Status (%)

Government Schemes		Group		Total
		Active Financial Inclusion	Passive Financial Inclusion	
PM Jan DhanYojna	Count	72	115	187
	%	44.4%	52.8%	49.2%
PM Mudra Yojna	Count	34	46	80
	%	21.0%	21.1%	21.1%
PM Jivan Jyoti BimaYojna	Count	16	7	23
	%	9.9%	3.2%	6.1%

Government Schemes		Group		Total
		Active Financial Inclusion	**Passive Financial Inclusion**	
PM Suraksha BimaYojna	Count	25	32	57
	%	15.4%	14.7%	15.0%
Atal Pension Yojna	Count	12	13	25
	%	7.4%	6.0%	6.6%
Start-up India Scheme	Count	3	5	8
	%	1.9%	2.3%	2.1%
	Count	162	218	380
	%	100.0%	100.0%	100.0%

Figure 5.21: Availing Government Schemes & Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of availing Government Schemes by respondents and their financial inclusion status. Most of the respondents (49% approx.) agreed to avail the benefits of PM Jan DhanYojna followed by 21.1% of respondents who reported to be a beneficiary of PM Mudra Yojna. 15% of respondents had got enrolled in PM Suraksha BimaYojna, nearly

7% in Atal Pension Yojna, 6.1% in PM Jivan Jyoti Bima Yojna while, only 2.1% were beneficiaries under Start-up India Scheme.

Among respondents having active financial inclusion status, a majority (44.4%) got enrolled in PMJDY while, the least i.e. 1.9% of respondents were availing Start-up India Scheme.

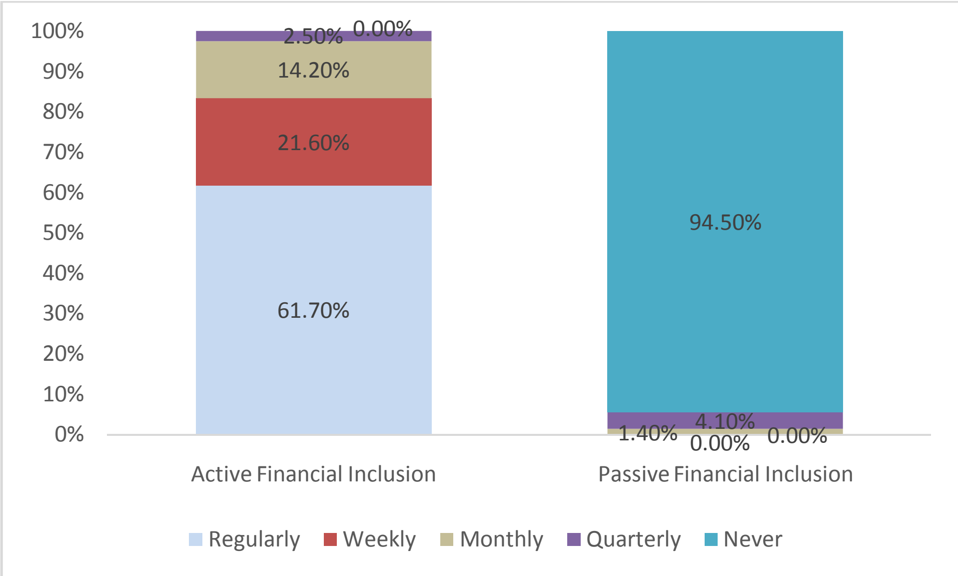
Out of respondents having passive financial inclusion status, a majority (53% approx.) got enrolled in PMJDY while, the least i.e. 2.3% of respondents were availing Start-up India Scheme.

5.1.2.12 Cross tables between Financial Inclusion Status and Usage of Financial Services

Table 5.22: Usage of Financial Services& Financial Inclusion Status (%)

Usage of Financial Services		Group		Total
		Active Financial Inclusion	**Passive Financial Inclusion**	
Regularly	Count	100	0	100
	%	61.7%	0.0%	26.3%
Weekly	Count	35	0	35
	%	21.6%	0.0%	9.2%
Monthly	Count	23	3	26
	%	14.2%	1.4%	6.8%
Quarterly	Count	4	9	13
	%	2.5%	4.1%	3.4%
Never	Count	0	206	206
	%	0.0%	94.5%	54.2%
	Count	162	218	380
	%	100.0%	100.0%	100.0%

Figure 5.22: Usage of Financial Services& Financial Inclusion Status (%)



The above table and corresponding Figure show the Usage of Financial Services by respondents and their financial inclusion status. Most of the respondents (54% approx.) never used financial services followed by nearly 26% who used it Regularly, 9.2% of respondents were using it Weekly, 6.8% Monthly while, the least i.e. 3.4% were using it Quarterly.

Among respondents having active financial inclusion status, a majority (62% approx.) were using financial services regularly while, no respondent used it never.

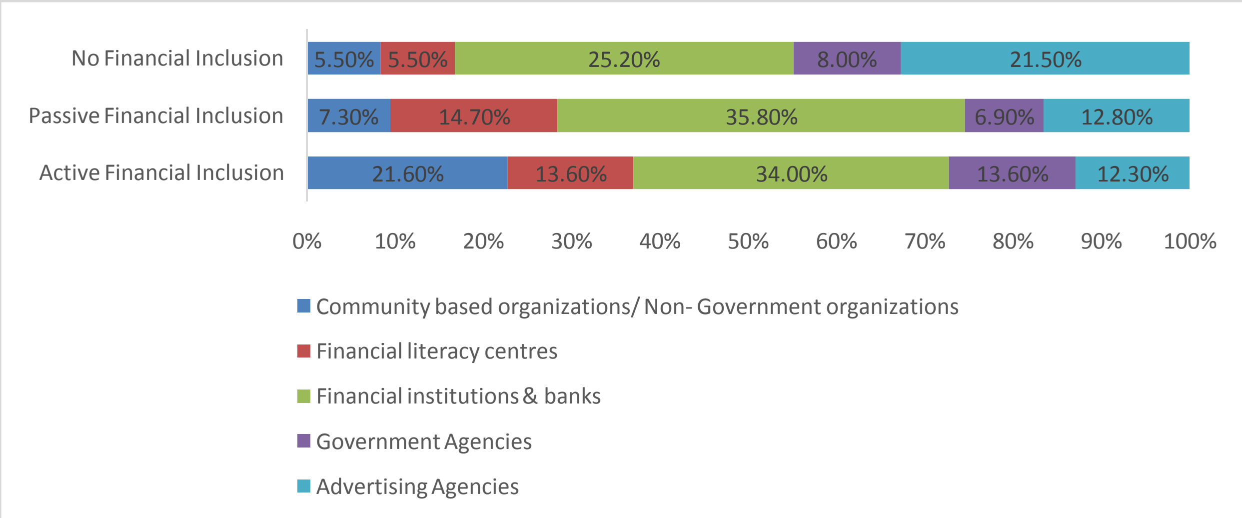
Out of respondents having passive financial inclusion status, a majority (95% approx.) never used while, no respondent used it regularly or Weekly.

5.1.2.13 Cross tables between Financial Inclusion Status and Participation in Training Programs Organized by Various Institutes

Table 5.23: Participation in Training Programs Organized by Various Institutes& Financial Inclusion Status (%)

Participation inTraining Programs Organized By		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Community based organizations/ Non-Government organizations	Count	35	16	9	60
	%	21.6%	7.3%	5.5%	11.0%
Financial literacy centres	Count	22	32	9	63
	%	13.6%	14.7%	5.5%	11.6%
Financial institutions & banks	Count	55	78	41	174
	%	34.0%	35.8%	25.2%	32.0%
Government Agencies	Count	22	15	13	50
	%	13.6%	6.9%	8.0%	9.2%
Advertising Agencies	Count	20	28	35	83
	%	12.3%	12.8%	21.5%	15.3%
None	Count	8	49	56	113
	%	4.9%	22.5%	34.4%	20.8%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%

Figure 5.23: Participation in Training Programs Organized by Various Institutes& Financial Inclusion Status (%)



The above table and corresponding Figure show the cross tabulation of participation in training programs by respondents and their financial inclusion status. Most of the respondents (32%) participated in training program organized by Financial Institutions & Banksfollowed by nearly 21% who never had training, 15.3% of respondents participated in programs run by Advertising Agencies, nearly 12% joined Financial literacy centres, 11% had training in Community based organizations/ Non- Government organizations while, the least i.e. 9.2% participated in training program organized by Government Agencies.

Among respondents having active financial inclusion status, a majority (34%) participated in training program organized by Financial Institutions & Banks while, the least i.e. 4.9% never had any training.

Out of respondents having passive financial inclusion status, a majority (36% approx.) participated in training program organized by Financial Institutions & Banks while, the least i.e. 6.9% participated in training program organized by Government Agencies.

Among respondents having no financial inclusion status, a majority (34% approx.) never had any training while, the least i.e. 5.5% respondents participated in

Community based organizations/ Non- Government organizations and 5.5% in Financial literacy centres.

5.1.3 Testing of Hypotheses Related to Households' Perceptions

In this section, the researcher has applied Pearson's Chi-square test to know the association between chosen variables and financial inclusion status of respondents (households). Finally, conclusions were discussed stating acceptance/rejection of the stated hypotheses.

5.1.3.1 Association between Financial Awareness and Financial Inclusion

H01: There is no significant association between financial awareness and financial inclusion.

H11: There is a significant association between financial awareness and financial inclusion.

Table 5.24: Being Aware of the formal financial products and services & Financial Inclusion Status

Aware of the formal financial products and services (savings, loans, insurance and payments/remittances)		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Strongly Disagree	Count	14	20	41	75
	%	8.6%	9.2%	25.2%	13.8%
Disagree	Count	21	104	92	217
	%	13.0%	47.7%	56.4%	40.0%
Neutral	Count	36	20	12	68
	%	22.2%	9.2%	7.4%	12.5%
Agree	Count	11	32	6	49
	%	6.8%	14.7%	3.7%	9.0%

Aware of the formal financial products and services (savings, loans, insurance and payments/remittances)		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Strongly Agree	Count	80	42	12	134
	%	49.4%	19.3%	7.4%	24.7%
Total	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%
Pearson Chi-Square		Value	Df	P Value	Result
		159.432	8.000	0.000	Significant

Most of the respondents (40%) disagreed to be aware of the formal financial products and services followed by nearly 25% of respondents who strongly agreed the statement. Approx. 14% strongly disagreed, 12.5% were neutral while, the least i.e., 9% agreed the statement.

However, of respondents having active financial inclusion, most of the respondents (nearly 57%) agreed to be aware; out of respondents having passive financial inclusion most of the respondents (approx. 57%) disagreed to be aware; out of respondents not having financial inclusion more than 80% respondents disagreed to be aware of the formal financial products and services.

Chi-square test was applied to know the association between awareness about formal financial products and services and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing lack of awareness about formal financial products and services indicates less financial inclusion.

Table 5.25: Having the necessary documents required to open an account & Financial Inclusion Status

Have the necessary documents required to open an account		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Strongly Disagree	Count	17	20	19	56
	%	10.5%	9.2%	11.7%	10.3%
Disagree	Count	21	40	110	171
	%	13.0%	18.3%	67.5%	31.5%
Neutral	Count	21	20	12	53
	%	13.0%	9.2%	7.4%	9.8%
Agree	Count	24	22	9	55
	%	14.8%	10.1%	5.5%	10.1%
Strongly Agree	Count	49	116	13	207
	%	48.7%	53.2%	8.0%	38.1%
Total	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%
Pearson Chi-Square		Value	Df	P Value	Result
		165.408	10.000	0.000	Significant

Most of the respondents (approx. 38%) agreed to have the necessary documents required to open an account followed by nearly 31% of respondents who strongly agreed the statement. 10.3% of the respondents were strongly disagreed, 10.1% were agreed while, the least i.e., 9.8% were neutral to the statement.

However, of respondents having active financial inclusion, most of the respondents (nearly 63%) agreed; out of respondents having passive financial inclusion most of the respondents (approx. 63%) agreed to have the necessary documents; out of respondents not having financial inclusion more than 80% respondents disagreed to have the necessary documents required to open an account.

Chi-square test was applied to know the association between having the necessary documents required to open an account and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing inadequacy of necessary documents indicates less financial inclusion.

Table 5.26: Being Uncertain of getting customer support on the use of the financial services & Financial Inclusion Status

Uncertainty in getting customer support on the use of the financial services		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Strongly Disagree	Count	0	30	16	46
	%	0.0%	13.8%	9.8%	8.5%
Disagree	Count	87	34	17	138
	%	53.7%	15.6%	10.4%	25.4%
Neutral	Count	14	19	40	73
	%	8.6%	8.7%	24.5%	13.4%
Agree	Count	40	11	48	99
	%	24.7%	5.0%	29.4%	18.2%

Uncertainty in getting customer support on the use of the financial services		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Strongly Agree	Count	21	124	42	187
	%	13.0%	56.9%	25.8%	34.4%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%
Pearson Chi-Square	Value	Df	P Value	Result	
	250.33	8	0.000	Significant	

Most of the respondents (34%) strongly agreed to be uncertain of getting customer support on the use of the financial services followed by nearly 25% of respondents who disagreed the statement. Nearly 13% were neutral, 18.2% were agreed while, the least i.e., 8.5% were strongly disagreed to the statement.

However, out of respondents having active financial inclusion, most of the respondents (nearly 54%) disagreed, out of respondents having passive financial inclusion most of the respondents (approx. 62%) agreed while, out of respondents having no financial inclusion most of the respondents (approx. 55%) agreed to be uncertain of getting customer support on the use of the financial services.

Chi-square test was applied to know the association between uncertain of getting customer support on the use of the financial services and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing uncertainty of getting customer support indicates less financial inclusion.

Table 5.27: Being Aware to utilise a variety of financial services offered & Financial Inclusion Status

Being Aware to utilise a variety of financial services offered		**Group**			**Total**
		Active Financial Inclusion	**Passive Financial Inclusion**	**No Financial Inclusion**	
Strongly Disagree	Count	14	68	30	112
	%	8.6%	31.2%	18.4%	20.6%
Disagree	Count	14	67	99	180
	%	8.6%	30.7%	60.7%	33.1%
Neutral	Count	95	54	20	169
	%	58.6%	24.8%	12.3%	31.1%
Agree	Count	25	26	13	64
	%	15.4%	11.9%	8.0%	11.8%
Strongly Agree	Count	14	3	1	18
	%	8.6%	1.4%	0.6%	3.3%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%
Pearson Chi-Square		Value	Df	P Value	Result
		175.254	8.000	0.000	Significant

Most of the respondents (approx. 33%) strongly disagreed to be able to utilise a variety of financial services offered followed by nearly 31% of respondents who were neutral to the statement. Nearly 21% strongly disagreed, 11.8% agreed while, the least i.e., 3.3% strongly agreed the statement.

However, among respondents having active financial inclusion, most of the respondents (nearly 59%) were neutral; out of respondents having passive financial inclusion most of the respondents (approx. 62%) disagreed; out of respondents not having financial inclusion nearly 80% respondents disagreed to be aware to utilise a variety of financial services offered.

Chi-square test was applied to know the association between inability to utilise a variety of financial services offered and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing lack of awareness about utilizing a variety of financial services offered indicates less financial inclusion.

Table 5.28: Being Aware about Easily Sending and Receiving Money through the Formal Institutions and Services & Financial Inclusion Status

Being Aware about Easily send and receive money through the formal institutions and services		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Strongly Disagree	Count	14	58	6	78
	%	8.6%	26.6%	3.7%	14.4%
Disagree	Count	7	70	115	192
	%	4.3%	32.1%	70.6%	35.4%
Neutral	Count	22	43	16	81
	%	13.6%	19.7%	9.8%	14.9%
Agree	Count	91	39	20	150
	%	56.2%	17.9%	12.3%	27.6%

Being Aware about Easily send and receive money through the formal institutions and services		**Group**			**Total**
		Active Financial Inclusion	**Passive Financial Inclusion**	**No Financial Inclusion**	
Strongly Agree	Count	28	8	6	42
	%	17.3%	3.7%	3.7%	7.7%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%
Pearson Chi-Square		Value	Df	P Value	Result
		244.087	8.000	0.000	Significant

Most of the respondents (approx. 35%) were disagreed with the ease of sending and receiving money through the formal institutions and services followed by nearly 28% of respondents who agreed the statement. Nearly 15% were neutral, 14.4% strongly disagreed while, the least i.e., 7.7% strongly agreed the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 74%) were agreed; out of respondents having passive financial inclusion most of the respondents (approx. 59%) disagreed; out of respondents not having financial inclusion nearly 74% respondents disagreed with being aware about ease of sending and receiving money through the formal institutions and services.

Chi-square test was applied to know the association between the ease of sending and receiving money through the formal institutions and services, and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing lack of awareness about ease of sending and receiving money through the formal institutions and services indicates more financial inclusion.

Table 5.29: Being Aware of No Frill Accounts& Financial Inclusion Status

Aware of No Frill Accounts		Group			Total
		Active Financial Inclusion	**Passive Financial Inclusion**	**No Financial Inclusion**	
Strongly Disagree	Count	14	30	18	62
	%	8.6%	13.8%	11.0%	11.4%
Disagree	Count	21	40	109	170
	%	13.0%	18.3%	66.9%	31.3%
Neutral	Count	7	10	6	23
	%	4.3%	4.6%	3.7%	4.2%
Agree	Count	11	94	30	135
	%	6.8%	43.1%	18.4%	24.9%
Strongly Agree	Count	109	44	0	153
	%	67.3%	20.2%	0.0%	28.2%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%
Pearson Chi-Square		Value	Df	P Value	Result
		289.346	8.000	0.000	Significant

Most of the respondents (approx. 31%) were disagreed with being aware of No Frill Accounts followed by nearly 28% of respondents who strongly agreed the statement. Nearly 25% were agreed, 11.4% were strongly disagreed while, the least i.e., 4.2% were neutral to the statement.

However, of respondents having active financial inclusion, most of the respondents (approx. 74%) were agreed; of respondents having passive financial inclusion most of the respondents (approx. 63%) agreed; of respondents not having financial inclusion nearly 78% respondents disagreed with being aware of No Frill Accounts.

Chi-square test was applied to know the association between being aware of No Frill Accounts, and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing awareness about No Frill Accounts indicates more financial inclusion.

Table 5.30: Being Aware of BC/ BF Facility of Banks & Financial Inclusion Status

Aware of BC/ BF Facility of Banks		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Strongly Disagree	Count	7	20	12	39
	%	4.3%	9.2%	7.4%	7.2%
Disagree	Count	21	30	70	121
	%	13.0%	13.8%	42.9%	22.3%
Neutral	Count	7	12	6	25
	%	4.3%	5.5%	3.7%	4.6%
Agree	Count	113	115	69	297
	%	69.8%	52.8%	42.3%	54.7%
Strongly Agree	Count	14	41	6	61
	%	8.6%	18.8%	3.7%	11.2%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%

Pearson Chi-Square	Value	Df	P Value	Result
	80.217	8.000	0.000	Significant

Most of the respondents (approx. 55%) were agreed with being aware of BC/ BF Facility of Banks followed by nearly 22% of respondents who disagreed the statement. Nearly 11% were strongly agreed, 7.2% were strongly disagreed while, the least i.e., 4.6% were neutral to the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 78%) agreed; out of respondents having passive financial inclusion most of the respondents (approx. 72%) agreed; out of respondents not having financial inclusion more than 50% respondents disagreed with being aware of BC/ BF Facility of Banks.

Chi-square test was applied to know the association between being aware of BC/ BF Facility of Banks, and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing lack of awareness about BC/ BF Facility of Banks indicates less financial inclusion.

Table 5.31: Awareness about Earning of Interest on savings with formal institutions & Financial Inclusion Status

Awareness about Earning of interest on savings is ensured with formal institutions		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Strongly Disagree	Count	14	30	47	91
	%	8.6%	13.8%	28.8%	16.8%
Disagree	Count	32	40	80	152
	%	19.8%	18.3%	49.1%	28.0%
Neutral	Count	14	10	6	30
	%	8.6%	4.6%	3.7%	5.5%

Awareness about Earning of interest on savings is ensured with formal institutions		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Agree	Count	29	102	30	161
	%	17.9%	46.8%	18.4%	29.7%
Strongly Agree	Count	73	36	0	109
	%	45.1%	16.5%	0.0%	20.1%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%
Pearson Chi-Square	Value	Df	P Value	Result	
	183.562	8	0.000	Significant	

Most of the respondents (approx. 30%) were agreed with earning of interest on savings is ensured with formal institutions followed by 28% of respondents who disagreed the statement. Nearly 20% were strongly agreed, 16.8% were strongly disagreed while, the least i.e., 5.5% were neutral to the statement.

However, out of respondents having active financial inclusion, most of the respondents (approx. 63%) agreed, out of respondents having passive financial inclusion most of the respondents (approx. 63%) agreed while, out of respondents having no financial inclusion nearly 78% respondents disagreed with earning of interest on savings is ensured with formal institutions.

Chi-square test was applied to know the association between assurance about earning of interest on savings with formal institutions and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing disagreement about earning of interest on savings with formal institutions indicates no financial inclusion.

Table 5.32: Using formal financial services is safe for financial transactions & Financial Inclusion Status

Using formal financial services is safe for financial transactions		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Strongly Disagree	Count	14	89	44	147
	%	8.6%	40.8%	27.0%	27.1%
Disagree	Count	21	80	96	197
	%	13.0%	36.7%	58.9%	36.3%
Neutral	Count	25	21	5	51
	%	15.4%	9.6%	3.1%	9.4%
Agree	Count	29	5	4	38
	%	17.9%	2.3%	2.5%	7.0%
Strongly Agree	Count	73	23	14	110
	%	45.1%	10.6%	8.6%	20.3%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%
Pearson Chi-Square		Value	Df	P Value	Result
		205.593	8.000	0.000	Significant

Most of the respondents (approx. 36%) were disagreed with safety of using formal financial services for financial transactions followed by nearly 27% of respondents who strongly disagreed the statement. Nearly 20% were strongly agreed, 7% were agreed while, the least i.e., 9.4% were neutral to the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 63%) agreed; out of respondents having passive financial inclusion most of the respondents (approx. 77%) disagreed; out of respondents not having financial inclusion nearly 86% respondents disagreed with safety of using formal financial services for financial transactions.

Chi-square test was applied to know the association between safety of using formal financial services for financial transactions and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing lack of safety of using formal financial services for financial transactions indicates less financial inclusion.

Table 5.33: Being Aware of Govt. Benefits by opening bank account & Financial Inclusion Status

Aware of Govt. Benefits by opening bank account		**Group**			**Total**
		Active Financial Inclusion	**Passive Financial Inclusion**	**No Financial Inclusion**	
Strongly Disagree	Count	14	20	64	98
	%	8.6%	9.2%	39.3%	18.0%
Disagree	Count	14	20	12	46
	%	8.6%	9.2%	7.4%	8.5%
Neutral	Count	14	19	12	45
	%	8.6%	8.7%	7.4%	8.3%
Agree	Count	87	63	51	201
	%	53.7%	28.9%	31.3%	37.0%

Aware of Govt. Benefits by opening bank account		**Group**			**Total**
		Active Financial Inclusion	**Passive Financial Inclusion**	**No Financial Inclusion**	
Strongly Agree	Count	33	96	24	153
	%	20.4%	44.0%	14.7%	28.2%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%
Pearson Chi-Square		Value	Df	P Value	Result
		109.662	8.000	0.000	Significant

Most of the respondents (37%) were agreed with being aware of getting Govt. Benefits by opening bank account followed by nearly 28% of respondents who strongly agreed the statement. 18% of respondents strongly disagreed, 8.5% disagreed while, the least i.e., 8.3% were neutral to the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 74%) agreed; out of respondents having passive financial inclusion most of the respondents (approx. 73%) agreed; out of respondents not having financial inclusion nearly 47% respondents disagreed with being aware of getting Govt. Benefits by opening bank account.

Chi-square test was applied to know the association between awareness of getting Govt. Benefits by opening bank account and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing lack of awareness of getting Govt. Benefits by opening bank account indicates less financial inclusion.

Hypothesis Conclusion

Null hypothesis (H01) stating "**There is no significant association between financial awareness and financial inclusion"** gets rejected as a significant association was found between respondents' perception about each of the variables pertaining to financial awareness and their financial inclusion status. Hence, null hypothesis stood rejected.

5.1.3.2 Association between Social Networking and Financial Inclusion

H02: There is no significant association between social networks and financial inclusion.

H12: There is a significant association between social networks and financial inclusion.

Table 5.34: Social Networks being the most important source of financial inclusion& Financial Inclusion Status

Social networks are the most important source of financial information		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Strongly Disagree	Count	14	30	18	62
	%	8.6%	13.8%	11.0%	11.4%
Disagree	Count	21	40	80	141
	%	13.0%	18.3%	49.1%	26.0%
Neutral	Count	21	21	35	77
	%	13.0%	9.6%	21.5%	14.2%
Agree	Count	26	91	30	147
	%	16.0%	41.7%	18.4%	27.1%

Social networks are the most important source of financial information		**Group**			**Total**
		Active Financial Inclusion	**Passive Financial Inclusion**	**No Financial Inclusion**	
Strongly Agree	Count	80	36	0	116
	%	49.4%	16.5%	0.0%	21.4%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%
Pearson Chi-Square		Value	Df	P Value	Result
		186.462	8.000	0.000	Significant

Most of the respondents (27%) agreed the statement “social networks are the most important source of financial information” followed by 26% of respondents who disagreed the statement. Nearly 21% of respondents strongly disagreed, 14.2% were neutral while, the least i.e., 11.4% strongly disagreed the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 65%) agreed; out of respondents having passive financial inclusion most of the respondents (approx. 58%) agreed; out of respondents not having financial inclusion more than 60% respondents disagreed “social networks are the most important source of financial information”.

Chi-square test was applied to know the association between agreement with “social networks are the most important source of financial information” and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing disagreement with the said statement indicates less financial inclusion.

Table 5.35: Ability of Social networks in finding out location of financial institutions &Financial Inclusion Status

Social networks have enabled you find out where financial institutions are located		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Strongly Disagree	Count	14	41	12	67
	%	8.6%	18.8%	7.4%	12.3%
Disagree	Count	21	71	98	190
	%	13.0%	32.6%	60.1%	35.0%
Neutral	Count	14	0	23	37
	%	8.6%	0.0%	14.1%	6.8%
Agree	Count	25	92	30	147
	%	15.4%	42.2%	18.4%	27.1%
Strongly Agree	Count	88	14	0	102
	%	54.3%	6.4%	0.0%	18.8%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%
Pearson Chi-Square		Value	Df	P Value	Result
		281.424	8.000	0.000	Significant

Most of the respondents (35%) disagreed the statement “social networks have enabled you find out where financial institutions are located” followed by nearly 27% of respondents who agreed the statement. Nearly 19% of respondents were strongly agreed, 12.3% were strongly disagreed while, the least i.e., 6.8% were neutral to the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 70%) agreed; out of respondents having passive financial inclusionmost of the respondents (approx. 51%) disagreed; out of respondents not having financial inclusion more than 67% respondents disagreed with "Social networks have enabled you find out where financial institutions are located".

Chi-square test was applied to know the association between agreement with "Social networks have enabled you find out where financial institutions are located" and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing disagreement with the said statement indicates less financial inclusion.

Table: 5.36Relying on others to make financial decisions & Financial Inclusion Status

Rely on others in your networks to make financial decisions		**Group**			**Total**
		Active Financial Inclusion	**Passive Financial Inclusion**	**No Financial Inclusion**	
Strongly Disagree	Count	23	32	6	61
	%	14.2%	14.7%	3.7%	11.2%
Disagree	Count	37	48	35	120
	%	22.8%	22.0%	21.5%	22.1%
Neutral	Count	48	70	55	173
	%	29.6%	32.1%	33.7%	31.9%
Agree	Count	33	35	32	100
	%	20.4%	16.1%	19.6%	18.4%

Rely on others in your networks to make financial decisions		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Strongly Agree	Count	21	33	35	89
	%	13.0%	15.1%	21.5%	16.4%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%
Pearson Chi-Square		Value	Df	P Value	Result
		17.420	8.000	0.026	Significant

Most of the respondents (approx. 32%) were neutral to relying on others to make financial decisions followed by nearly 22% of respondents who disagreed the statement. Nearly 18% of respondents agreed, 16.4% strongly agreed while, the least i.e., 11.2% strongly disagreed the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 37%) disagreed; out of respondents having passive financial inclusion most of the respondents (approx. 37%) disagreed; out of respondents not having financial inclusion nearly 42% respondents agreed with relying on others to make financial decisions.

Chi-square test was applied to know the association between agreement with relying on others to make financial decisions and financial inclusion and a statistically significant ($p<0.05$) association was found between the two.

Table 5.37: Importance of Social networks in obtaining a loan from a financial institution or Local Financer & Financial Inclusion Status

Social networks are important in obtaining a loan from a financial institution or Local Financer (referee/guarantor)		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Strongly Disagree	Count	14	31	6	51
	%	8.6%	14.2%	3.7%	9.4%
Disagree	Count	87	95	59	241
	%	53.7%	43.6%	36.2%	44.4%
Neutral	Count	7	20	68	95
	%	4.3%	9.2%	41.7%	17.5%
Agree	Count	40	49	18	107
	%	24.7%	22.5%	11.0%	19.7%
Strongly Agree	Count	14	23	12	49
	%	8.6%	10.6%	7.4%	9.0%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%
Pearson Chi-Square		Value	Df	P Value	Result
		106.384	8.000	0.000	Significant

Most of the respondents (approx. 44%) disagreed the statement "Social networks are important in obtaining a loan from a financial institution or Local Financer" followed by nearly 20% of respondents who agreed the statement. Nearly 18% of respondents were neutral, 9.4% strongly disagreed while, the least i.e., 9% strongly agreed the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 62%) disagreed; out of respondents having passive financial inclusion most of the respondents (approx. 58%) disagreed; out of respondents not having financial inclusion nearly 42% respondents were neutral to the statement "Social networks are important in obtaining a loan from a financial institution or **or Local Financer**".

Chi-square test was applied to know the association between agreement with relying on others to make financial decisions and financial inclusion and a statistically significant ($p<0.05$) association was found between the two.

Table 5.38: Recognition by a financial institution or Local Financer because of social network & Financial Inclusion Status

Recognized by a financial institution or Local Financer because of the social network you belong to		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Strongly Disagree	Count	21	29	18	68
	%	13.0%	13.3%	11.0%	12.5%
Disagree	Count	28	43	35	106
	%	17.3%	19.7%	21.5%	19.5%
Neutral	Count	14	95	86	195
	%	8.6%	43.6%	52.8%	35.9%
Agree	Count	33	28	12	73
	%	20.4%	12.8%	7.4%	13.4%

Recognized by a financial institution or Local Financer because of the social network you belong to		**Group**			**Total**
		Active Financial Inclusion	**Passive Financial Inclusion**	**No Financial Inclusion**	
Strongly Agree	Count	66	23	12	101
	%	40.7%	10.6%	7.4%	18.6%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%
Pearson Chi-Square		Value	Df	P Value	Result
		122.834	8.000	0.000	Significant

Most of the respondents (approx. 36%) were neutral to the statement "Recognized by a financial institution **or Local Financer** because of the social network you belong to" followed by nearly 20% of respondents who disagreed the statement. Nearly 19% of respondents strongly agreed, 13.4% agreed while, the least i.e., 12.5% strongly disagreed the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 61%) agreed; out of respondents having passive financial inclusion most of the respondents (approx. 44%) were neutral; out of respondents not having financial inclusion nearly 53% respondents were also neutral to the statement "Recognized by a financial institution **or Local Financer** because of the social network you belong to".

Chi-square test was applied to know the association between the abovementioned statement and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing lack of agreement with the said statement indicates less financial inclusion.

Table 5.39: Influence of People on Decisions related to save money in Formal Banks/ Desi Bankers& Financial Inclusion Status

The people who influence your decisions expect you to save money in the Formal Banks/ Desi Bankers		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Strongly Disagree	Count	21	40	24	85
	%	13.0%	18.3%	14.7%	15.7%
Disagree	Count	21	42	38	101
	%	13.0%	19.3%	23.3%	18.6%
Neutral	Count	15	19	12	46
	%	9.3%	8.7%	7.4%	8.5%
Agree	Count	18	92	56	166
	%	11.1%	42.2%	34.4%	30.6%
Strongly Agree	Count	87	25	33	145
	%	53.7%	11.5%	20.2%	26.7%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%
Pearson Chi-Square		Value	Df	P Value	Result
		103.187	8.000	0.000	Significant

Most of the respondents (approx. 31%) agreed the statement "The people who influence your decisions expect you to save money in the **Formal Banks/ Desi Bankers**" followed by nearly 27% of respondents who strongly agreed the statement. Nearly 19% of respondents were disagreed, 15.7% were strongly disagreed while, the least i.e., 8.5% were neutral to the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 65%) agreed; out of respondents having passive financial inclusion most of the respondents (approx. 54%) agreed; out of respondents not having financial inclusion nearly 55% respondents also agreed the statement "The people who influence your decisions expect you to save money in **Formal Banks/ Desi Bankers**".

Chi-square test was applied to know the association between the abovementioned statement and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing lack of agreement with the said statement indicates less financial inclusion.

Table 5.40: Influence of People on formal financial services being cheaper to use & Financial Inclusion Status

The people important to you think that formal financial services are cheaper to use		**Group**			**Total**
		Active Financial Inclusion	**Passive Financial Inclusion**	**No Financial Inclusion**	
Strongly Disagree	Count	14	39	24	77
	%	8.6%	17.9%	14.7%	14.2%
Disagree	Count	21	53	64	138
	%	13.0%	24.3%	39.3%	25.4%
Neutral	Count	21	31	45	97
	%	13.0%	14.2%	27.6%	17.9%
Agree	Count	47	92	30	169
	%	29.0%	42.2%	18.4%	31.1%
Strongly Agree	Count	59	3	0	62

The people important to you think that formal financial services are cheaper to use		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
	%	36.4%	1.4%	0.0%	11.4%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%
Pearson Chi-Square		Value	Df	P Value	Result
		184.255	8.000	0.000	Significant

Most of the respondents (approx. 31%) agreed the statement "The people important to you think that formal financial services are cheaper to use" followed by nearly 25% of respondents who disagreed the statement. Nearly 18% of respondents were neutral, 14.2% were strongly disagreed while, the least i.e., 11.4% were strongly agreed with the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 65%) agreed; out of respondents having passive financial inclusion most of the respondents (approx. 43%) agreed; out of respondents not having financial inclusion nearly 55% respondents disagreed the statement "The people important to you think that formal financial services are cheaper to use".

Chi-square test was applied to know the association between the abovementioned statement and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing disagreement with the said statement indicates less financial inclusion.

Table 5.41: Involvement in Activities within Networks that Improve Financial Wellbeing & Financial Inclusion Status

Get involved in activities within your networks that improve your financial wellbeing		Group			Total
		Active Financial Inclusion	Passive Financial Inclusion	No Financial Inclusion	
Strongly Disagree	Count	14	30	18	62

Get involved in activities within your networks that improve your financial wellbeing		**Group**			**Total**
		Active Financial Inclusion	**Passive Financial Inclusion**	**No Financial Inclusion**	
	%	8.6%	13.8%	11.0%	11.4%
Disagree	Count	28	40	109	177
	%	17.3%	18.3%	66.9%	32.6%
Neutral	Count	14	22	0	36
	%	8.6%	10.1%	0.0%	6.6%
Agree	Count	39	30	0	69
	%	24.1%	13.8%	0.0%	12.7%
Strongly Agree	Count	67	96	36	199
	%	41.4%	44.0%	22.1%	36.6%
	Count	162	218	163	543
	%	100.0%	100.0%	100.0%	100.0%
Pearson Chi-Square		Value	Df	P Value	Result
		152.907	8.000	0.000	Significant

Most of the respondents (approx. 37%) strongly agreed the statement "Get involved in activities within your networks that improve your financial wellbeing" followed by nearly 33% of respondents who disagreed the statement. Nearly 13% of respondents were agreed, 11.4% were strongly disagreed while, the least i.e., 6.6% were neutral to the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 65%) agreed; out of respondents having passive financial inclusion most of the respondents (approx. 58%) agreed; out of respondents not having financial inclusion nearly 78% respondents disagreed the statement "Get involved in activities within your networks that improve your financial wellbeing".

Chi-square test was applied to know the association between the abovementioned statement and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing disagreement with the said statement indicates less financial inclusion.

Hypothesis Conclusion

Null hypothesis (H02) stating "**There is no significant association between social networking and financial inclusion"** gets rejected as a significant association was found between respondents' perception about each of the variables pertaining to social networking and their financial inclusion status. Hence, null hypothesis stood rejected.

5.1.3.3 Association between technological up-gradation and financial inclusion

H03: There is no significant association between technological up-gradation and financial inclusion.

H13: There is a significant association between technological up-gradation and financial inclusion.

Sample households, who were financially included (irrespective to their active/passive status), reported their perceptions about technological upgradation related variables. This section deals with establishing an association between their perceptions about technological upgradation related variables and their financial inclusion status.

Table 5.42: Receiving prompt information through SMS regarding transactions & Financial Inclusion Status

Receive prompt information through SMS regarding your transactions		Group		Total
		Active Financial Inclusion	Passive Financial Inclusion	
Strongly Disagree	Count	14	105	119

Receive prompt information through SMS regarding your transactions		Group		Total
		Active Financial Inclusion	Passive Financial Inclusion	
	%	8.6%	48.2%	31.3%
Disagree	Count	28	66	94
	%	17.3%	30.3%	24.7%
Neutral	Count	7	33	40
	%	4.3%	15.1%	10.5%
Agree	Count	33	3	36
	%	20.4%	1.4%	9.5%
Strongly Agree	Count	80	11	91
	%	49.4%	5.0%	23.9%
	Count	162	218	380
	%	100.0%	100.0%	100.0%
Pearson Chi-Square	Value	Df	P Value	Result
	174.710	4	0.000	Significant

Among those who are financially included, most of the respondents (approx. 31%) strongly disagreed the statement "Receive prompt information through SMS regarding your transactions" followed by nearly 25% of respondents who disagreed the statement. Nearly 24% of respondents were strongly agreed, 10.5% were neutral while, the least i.e., 9.5% were agreed with the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 70%) agreed while, out of respondents having passive financial inclusion most of the respondents (approx. 78%) disagreed the statement "Receive prompt information through SMS regarding your transactions".

Chi-square test was applied to know the association between the abovementioned statement and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing disagreement with the said statement indicates passiveness towards financial inclusion.

Table 5.43: Mobile/Net banking Usage being Safe & Financial Inclusion Status

Mobile/Net banking is safe to use		Group		Total
		Active Financial Inclusion	Passive Financial Inclusion	
Strongly Disagree	Count	7	20	27
	%	4.3%	9.2%	7.1%
Disagree	Count	28	39	67
	%	17.3%	17.9%	17.6%
Neutral	Count	7	28	35
	%	4.3%	12.8%	9.2%
Agree	Count	33	33	66
	%	20.4%	15.1%	17.4%
Strongly Agree	Count	87	98	185
	%	53.7%	45.0%	48.7%
	Count	162	218	380
	%	100.0%	100.0%	100.0%
Pearson Chi-	Value	df	P Value	Result

Mobile/Net banking is safe to use		Group		Total
		Active Financial Inclusion	Passive Financial Inclusion	
Square	13.357	4	0.010	Significant

Among those who are financially included, most of the respondents (approx. 49%) strongly agreed the statement "Mobile/Net banking is safe to use" followed by nearly 18% of respondents who disagreed the statement. Nearly 17% of respondents were agreed, 9.2% were neutral while, the least i.e., 7.1% were strongly disagreed with the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 74%) agreed while, out of respondents having passive financial inclusion most of the respondents (approx. 60%) agreed the statement "Mobile/Net banking is safe to use".

Chi-square test was applied to know the association between the abovementioned statement and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing lack of agreement with the said statement indicates passiveness towards financial inclusion.

Table 5.44: Enabling Transfer and Receive Money through Mobile/Net banking & Financial Inclusion Status

Mobile/ Net banking allows you to transfer and receive money as and when you need		Group		Total
		Active Financial Inclusion	Passive Financial Inclusion	
Strongly Disagree	Count	14	41	55
	%	8.6%	18.8%	14.5%
Disagree	Count	14	32	46

Mobile/ Net banking allows you to transfer and receive money as and when you need		**Group**		**Total**
		Active Financial Inclusion	**Passive Financial Inclusion**	
	%	8.6%	14.7%	12.1%
Neutral	Count	14	30	44
	%	8.6%	13.8%	11.6%
Agree	Count	40	27	67
	%	24.7%	12.4%	17.6%
Strongly Agree	Count	80	88	168
	%	49.4%	40.4%	44.2%
	Count	162	218	380
	%	100.0%	100.0%	100.0%
Pearson Chi-Square	Value	Df	P Value	Result
	21.228	4	0.000	Significant

Among those who are financially included, most of the respondents (approx. 44%) strongly agreed the statement "Mobile/ Net banking allows you to transfer and receive money as and when you need" followed by nearly 18% of respondents who agreed the statement. Nearly 15% of respondents were strongly disagreed, 12.1% were disagreed while, the least i.e., 11.6% were neutral to the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 74%) agreed while, out of respondents having passive financial inclusion most of the respondents (approx. 53%) agreed the statement

"Mobile/ Net banking allows you to transfer and receive money as and when you need".

Chi-square test was applied to know the association between the abovementioned statement and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing lack of agreement with the said statement indicates passiveness towards financial inclusion.

Table 5.45: Enabling Transact without Keeping Money in the Pocket through Smart Cards & Financial Inclusion Status

Smart cards facilitates you to transact without keeping much money in the pocket		Group		Total
		Active Financial Inclusion	Passive Financial Inclusion	
Strongly Disagree	Count	21	50	71
	%	13.0%	22.9%	18.7%
Disagree	Count	28	43	71
	%	17.3%	19.7%	18.7%
Neutral	Count	7	31	38
	%	4.3%	14.2%	10.0%
Agree	Count	25	28	53
	%	15.4%	12.8%	13.9%
Strongly Agree	Count	81	66	147
	%	50.0%	30.3%	38.7%
	Count	162	218	380
	%	100.0%	100.0%	100.0%

Smart cards facilitates you to transact without keeping much money in the pocket		**Group**		**Total**
		Active Financial Inclusion	**Passive Financial Inclusion**	
Pearson Chi-Square	Value	df	P Value	Result
	24.144	4	0.000	Significant

Among those who are financially included, most of the respondents (approx. 39%) strongly agreed the statement "Smart cards facilitates you to transact without keeping much money in the pocket" followed by an equal percentage of respondents (18.7%) who strongly disagreed and disagreed the statement. Nearly 14% of respondents were agreed while, the least i.e., 10% were neutral to the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 65%) agreed while, out of respondents having passive financial inclusion most of the respondents (approx. 43%) agreed and an equal percentage disagreed the statement "Smart cards facilitates you to transact without keeping much money in the pocket".

Chi-square test was applied to know the association between the abovementioned statement and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing lack of agreement with the said statement indicates passiveness towards financial inclusion.

Table 5.46: Getting a Bank Account Opened due to Craze of Online Shopping & Financial Inclusion Status

Craze of online shopping pushes you to get a bank account opened.		Group		Total
		Active Financial Inclusion	Passive Financial Inclusion	
Strongly Disagree	Count	14	30	44
	%	8.6%	13.8%	11.6%
Disagree	Count	21	32	53
	%	13.0%	14.7%	13.9%
Neutral	Count	14	43	57
	%	8.6%	19.7%	15.0%
Agree	Count	33	28	61
	%	20.4%	12.8%	16.1%
Strongly Agree	Count	80	85	165
	%	49.4%	39.0%	43.4%
	Count	162	218	380
	%	100.0%	100.0%	100.0%
Pearson Chi-Square	Value	df	P Value	Result
	15.501	4	0.004	Significant

Among those who are financially included, most of the respondents (approx. 43%) strongly agreed the statement "Craze of online shopping pushes you to get a bank account opened" followed by 16% of respondents who agreed the statement.

Nearly 15% of respondents were neutral, nearly 14% were disagreed while, the least i.e., 11.6% were strongly disagreed with the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 70%) agreed while, out of respondents having passive financial inclusion most of the respondents (approx. 62%) agreed the statement "Craze of online shopping pushes you to get a bank account opened".

Chi-square test was applied to know the association between the abovementioned statement and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing lack of agreement with the said statement indicates passiveness towards financial inclusion.

Table 5.47: Resolving Problems Easily through Online Customer Support Service provided by Banks & Financial Inclusion Status

Easily get your problems resolved through online customer support service provided by banks		**Group**		**Total**
		Active Financial Inclusion	**Passive Financial Inclusion**	
Strongly Disagree	Count	14	21	35
	%	8.6%	9.6%	9.2%
Disagree	**Count**	**14**	**64**	**78**
	%	8.6%	29.4%	20.5%
Neutral	Count	21	87	108
	%	13.0%	39.9%	28.4%
Agree	Count	33	11	44
	%	20.4%	5.0%	11.6%
Strongly Agree	Count	80	35	115
	%	49.4%	16.1%	30.3%

Easily get your problems resolved through online customer support service provided by banks		**Group**		**Total**
		Active Financial Inclusion	**Passive Financial Inclusion**	
	Count	162	218	380
	%	100.0%	100.0%	100.0%
Pearson Chi-Square	Value	df	P Value	Result
	96.231	4	0.000	Significant

Among those who are financially included, most of the respondents (approx. 30%) were strongly agreed the statement "Easily get your problems resolved through online customer support service provided by banks" followed by 28% of respondents who were neutral to the statement. Nearly 21% of respondents disagreed, nearly 12% were agreed while, the least i.e., 9.2% strongly disagreed the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 70%) agreed while, out of respondents having passive financial inclusion most of the respondents (approx. 40%) disagreed and an equal percentage were neutral to the statement "Easily get your problems resolved through online customer support service provided by banks".

Chi-square test was applied to know the association between the abovementioned statement and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing lack of agreement with the said statement indicates passiveness towards financial inclusion.

Table 5.48: Tracking Potential Fraudulent Transactions Easily & Financial Inclusion Status

It is easy to track potential fraudulent transactions		Group		Total
		Active Financial Inclusion	Passive Financial Inclusion	
Strongly Disagree	Count	14	48	62
	%	8.6%	22.0%	16.3%
Disagree	Count	14	75	89
	%	8.6%	34.4%	23.4%
Neutral	Count	7	64	71
	%	4.3%	29.4%	18.7%
Agree	Count	25	4	29
	%	15.4%	1.8%	7.6%
Strongly Agree	Count	102	27	129
	%	63.0%	12.4%	33.9%
	Count	162	218	380
	%	100.0%	100.0%	100.0%
Pearson Chi-Square	Value	df	P Value	Result
	160.254	4	0.000	Significant

Among those who are financially included, most of the respondents (approx. 34%) strongly agreed the statement "It is easy to track potential fraudulent transactions" followed by 23.4% of respondents who disagreed the statement.

Nearly 19% of respondents were neutral, 16.3% were strongly disagreed while, the least i.e., 7.6% were agreed with the statement.

However, among respondents having active financial inclusion, most of the respondents (approx. 78%) agreed while, out of respondents having passive financial inclusion most of the respondents (approx. 56%) disagreed the statement “It is easy to track potential fraudulent transactions”.

Chi-square test was applied to know the association between the abovementioned statement and financial inclusion and a statistically significant ($p<0.05$) association was found between the two, showing lack of agreement with the said statement indicates passiveness towards financial

Hypothesis Conclusion

Null hypothesis (H03) stating “**There is no significant association between technological up-gradation and financial inclusion”** gets rejected as a significant association was found between respondents’ perception about each of the variables pertaining to technological up-gradation and their financial inclusion status. Hence, null hypothesis stood rejected.

5.2 ANALYSIS OF EMPLOYEES’ PERCEPTIONS ABOUT FINANCIAL INCLUSION

This section covers testing of hypotheses related to employee perceptions about financial inclusion initiatives taken by financial institutions and problems faced by them. All the chosen variables were further divided into main variables followed by sub variables.

Chi squared test was applied on each main activity in order to know the association between different sub activities and employee perception regarding these sub activities thus to know if there is any difference in distribution of positive and negative perceptions of employees about the sub activities.

5.2.2.1 Employees' Perceptions about Activities Related to Financial Institutions

H04: There is no significant difference in Employees' perceptions towards financial inclusion activities conducted by their institution.

H14: There is a significant difference in Employees' perceptions towards financial inclusion activities conducted by their institution.

The abovementioned hypothesis has been broken down in 5 sub-hypotheses based on activities conducted by their organization.

- H_{04a}: There is no significant association between employees' perceptions and sub activities related to service provided by FIs.
- H_{04b}: There is no significant association between employees' perceptions and sub activities related to Employee Training Programs on Financial Inclusion
- H_{04c}: There is no significant association between employees' perceptions and sub activities related to Providing financial literacy booklets/material to financially disadvantaged customers
- H_{04d}: There is no significant association between employees' perceptions and sub activities related to pattern of Opening of no-frill accounts for clients.
- H_{04e}: There is no significant association between employees' perceptions and sub activities related to Financial inclusion schemes offered by bank branches

Table 5.49: Employees' Perceptions about Activities Related to Financial Institutions

Activities Related to Financial Institutions							Chi Square Test
Main Variables	Sub Activities	Positive		Negative			
		N	%	N	%		
Service Provided	A/C Opening	56	100	0	0		NA
	Smart / ATM card	56	100	0	0		
	Credit Card	56	100	0	0		

Activities Related to Financial Institutions						Chi Square Test
Main Variables	**Sub Activities**	**Positive**		**Negative**		
		N	**%**	**N**	**%**	
Employee Training Programs on Financial Inclusion	Your organization conduct Employee training programs on financial inclusion	40	71.43	16	28.57	$X^2 = 4.200$ df = 2 P = 0.122 Non Sig
	Most of the employees'/members actively participate in Employee training programs on financial inclusion (though it is not mandatory)	40	71.43	16	28.57	
	employees'/members are encouraged to attain training from third party trainers	48	85.71	8	14.29	
Providing financial literacy booklets/material to financially disadvantaged customers	There is a training institute for spreading financial literacy	52	92.86	4	7.14	$X^2 = 2.211$ df = 2 P = 0.331 Non Sig
	Booklets for financial literacy are provided but there is no training institute	52	92.86	4	7.14	
	Formal channels are not there but financial literacy awareness programs are conducted occasionally	48	85.71	8	14.29	
	Formal channels are not there but personal advice is given occasionally	52	92.86	4	7.14	

Activities Related to Financial Institutions						Chi Square Test
Main Variables	Sub Activities	Positive		Negative		
		N	%	N	%	
pattern of Opening of no-frill accounts for clients	Clients are informed about no-frills account and they are encouraged to open no-frills account	52	92.86	4	7.14	X^2 =77.172 df = 3 P = 0.000 Significant
	Clients are informed about no-frills account but it is recommended to open a savings account rather than no-frills	20	35.71	36	64.29	
	Clients are not informed about no-frills, and it is opened only if they have asked for	8	14.29	48	85.71	
	Neither Clients are informed, nor no-frills account opened	20	35.71	36	64.29	
Financial inclusion schemes offered by bank branches	No frill accounts	56	100	0	0	X^2= 46.200 df = 5 P = 0.000 Significant
	Kisan credit card	56	100	0	0	
	Self-help group bank linkage model	52	92.86	4	7.14	
	general credit card	56	100	0	0	
	BC/BF Model	56	100	0	0	
	Micro insurance	44	78.57	12	21.43	

The above table shows the distribution of employees'' perceptions about the activities performed by financial institutions.

The first main activity was defined as "**Service provided**" and perceptions of employees' for all related sub activities were 100% positive. Hence, no distribution difference was found, so chi squared test can't be applied for this main activity.

Second man activity is defined as "**Employee training program on financial inclusion**" and no statistically significant association was found in the perception of employees' and related sub activities (P > 0.05).

Third main activity "**Providing financial literacy booklets/material to financially disadvantaged customers**" also shows statistically non-significant association (P > 0.05) in the perception of employees' and related sub activities.

The next main activity is about "**Pattern of Opening of no-frill accounts**" for clients we found that there was statistically significant association between the perception of employees' and nature of the sub activities (P < 0.05).

Similarly, for the last main activity "**Financial inclusion schemes offered by bank branches"**, a statistically significant association between the perception of employees' and nature of the sub activities (P < 0.05). Besides 100% positive perceptions there of negative perception 7% for "Self-help group bank linkage model" also.

Hypothesis Conclusion

Null hypothesis (H04) stating **"There is no significant difference in Employees' perceptions towards financial inclusion activities conducted by their institution"** gets accepted as no significant difference was found in employees' perceptions about majority of activities conducted by their organizations. Hence, null hypothesis stood accepted.

5.2.2.2 Employees' Perceptions about Problems & Constraints in Financial Inclusion Activities

H05: There is no significant difference in Employees' perceptions towards Problems & Constraints faced in conducting Financial Inclusion Activities.

H15: There is a significant difference in Employees' perceptions towards Problems & Constraints faced in conducting Financial Inclusion Activities.

The abovementioned hypothesis has been broken down in 3 sub-hypotheses based on problems faced in conducting FI activities by their organization.

- H_{05a}: There is no significant association between employees' perceptions and sub problems and constraints related to Major constraint to achieve financial inclusion in your area of operation

- H_{05b}: There is no significant association between employees' perceptions and sub problems and constraints related to Reason for low operational rate (active accounts) in no-frills

- H_{05c}: There is no significant association between employees' perceptions and sub problems and constraints related to Threat of competition from other institutions in the Financial Inclusion sector.

Table 5.50: Employees' Perceptions about Problems & Constraints in Financial Inclusion Activities

Problems & Constraints in Financial Inclusion Activities						Chi Square Test
Main Variables	Sub Problems	Yes		No		
		N	%	N	%	
Major constraint to achieve financial inclusion in your area of operation-	Lack of motivation for management	36	64.29	20	35.71	$X^2 = 3.603$ df = 6 P = 0.730 Non Significant
	Unavailability of Technological support	36	64.29	20	35.71	
	Unskilled Employees'	36	64.29	20	35.71	
	Low financial literacy in target group	32	57.14	24	42.86	
	High default rate/ slow collection	40	71.43	16	28.57	
	Language Constraint	36	64.29	20	35.71	
	Social Norms	40	71.43	16	28.57	
Reason for low operational rate (active accounts) in no-frills	Unemployment	40	71.43	16	28.57	$X^2 = 14.85$ df = 4 P = 0.005 Significant
	Financial illiteracy	48	85.71	8	14.29	
	Negative Experiences with Banks	32	57.14	24	42.86	
	Adding other bank accounts and then letting no-frills become in-active	32	57.14	24	42.86	
	Requirements from employers to open a particular bank account	40	71.43	16	28.57	

Problems & Constraints in Financial Inclusion Activities						Chi Square Test
Main Variables	Sub Problems	Yes		No		
		N	%	N	%	
Threat of competition from other institutions in the Financial Inclusion sector	Competition will make the processes more efficient	56	100	0	0	$X^2 = 44.80$ df = 1 P = 0.000 Significant
	Competition will limit client base but still profitable	24	42.86	32	57.14	
Others	KYC norms act as a barrier towards inclusion (even after significant relaxations)	32	57.14	24	42.86	NA

The above table shows the distribution of employees'' perceptions about Problems & Constraints faced in Financial Inclusion Activities.

The first main variable was defined as "**Major constraint to achieve financial inclusion in your area of operation"** and no statistically significant association was found in the perception of employees' and sub activities (P > 0.05) and as for all the sub variables majority of employees'' perceptions were positive.

For variables "**Reason for low operational rate in no-frills"** and **"Threat of competition from other institutions in the Financial Inclusion sector"**, a statistically significant association was found in the perceptions of employees' and sub activities (P <0.05) as besides positive perceptions there were high value of negative perception also.

The next main variable is **Other** which includes **"KYC norms act as a barrier towards inclusion"** and for this perceptions of employees' nearly 57% of respondents agreed. Due to single variable, chi squared test can't be applied for this variable.

Hypothesis Conclusion

Null hypothesis (H05) stating **"**There is no significant difference in Employees' perceptions towards Problems & Constraints faced in conducting

Financial Inclusion Activities" gets accepted as no significant difference was found in employees' perceptions about majority of problems faced in activities conducted by their organizations for financial inclusion. Hence, null hypothesis stood accepted.

5.2.2.3 Employees' Perceptions about Prospects of Financial Inclusion

H06: There is no significant difference in Employees'' perceptions towards Prospects of Financial Inclusion

H16: There is a significant difference in Employees'' perceptions towards Prospects of Financial Inclusion

The abovementioned hypothesis has been broken down in 3 sub-hypotheses based on prospects of FI.

- H_{06a}: There is no significant association between employees' perceptions and sub prospects points related to view about Financial Inclusion
- H_{06b}: There is no significant association between employees' perceptions and sub prospects points related to Benefit of government channels like EBT (Electronic Benefit Transfer) to achieve inclusion
- H_{06c}: There is no significant association between employees' perceptions and sub prospects points related to Others category.

Table 5.51: Employees' Perceptions about Prospects of Financial Inclusion

Prospects of Financial Inclusion						Chi Square Test
Main Variables	Sub Activities	Yes		No		
		N	%	N	%	
View about Financial Inclusion	Inclusion is a win-win proposition (for bank in generating business and for the customer in getting financially included)	56	100	0	0	NA
	It is perceived to be a win-win over the long term (recovering initial costs and generating profits takes time)	56	100	0	0	

Prospects of Financial Inclusion						Chi Square Test
Main Variables	Sub Activities	Yes		No		
		N	%	N	%	
	This is not the right time to implement (inadequate technology/man power to generate profits and cover costs)	56	100	0	0	
Benefit of government channels like EBT (Electronic Benefit Transfer) to achieve inclusion	People are encouraged through financial advice to maintain balance in their accounts and they use their accounts frequently	40	71.43	16	28.57	X^2 =10.737 df = 3 P = 0.013 Significant
	People are encouraged through financial advice but they remove all the balance at once. Hence the account acts as one-time transaction accounts	36	64.29	20	35.71	
	Financial advice is not provided but they do maintain balance and do frequent transactions on the account	28	50	28	50	
	Financial advice is not provided and EBT acts as one-time transaction	28	50	28	50	
Others	UID initiative would change FI Scene	56	100	0	0	NA

Prospects of Financial Inclusion						Chi Square Test
Main Variables	Sub Activities	Yes		No		
		N	%	N	%	
	Initiatives towards financial inclusion (design a module/ field surveys and visit) a part of the performance appraisal process for managers	56	100	0	0	
	Financial Inclusion can lead to social and economic empowerment of the customers	56	100	0	0	

The above table shows the distribution of employees' perceptions about the Prospects of Financial Inclusion.

The first and third main variables related to prospects i.e. "**View about Financial Inclusion"** and "**Others**" were found to have 100% positive perceptions of employees' for all related statements. Hence, no distribution difference was found, so chi squared test can't be applied for this main variable.

Second main variable is defined as "**Benefit of government channels like EBT to achieve inclusion"** and a statistically significant association was found in the perception of employees' and sub prospects points ($P < 0.05$) as there was high value of negative perception also.

Hypothesis Conclusion

Null hypothesis (H06) stating "There is no significant difference in Employees'' perceptions towards Prospects of Financial Inclusion"gets accepted as no significant difference was found in employees' perceptions about majority of the prospects considered for financial inclusion. Hence, null hypothesis stood accepted.

5.2.2.4 Employees' Perceptions about Mechanism of Financial Institutions for Financial Inclusion

H07: There is no significant difference in Employees' perceptions towards Mechanism of Financial Institutions for Financial Inclusion

H17: There is a significant difference in Employees' perceptions towards Mechanism of Financial Institutions for Financial Inclusion

The abovementioned hypothesis has been broken down in 2 sub-hypotheses based on mechanism of financial institutions for FI.

- H_{07a}: There is no significant association between employees' perceptions and sub Mechanism of Financial Institutions related to Sources for information on financial inclusion
- H_{07b}: There is no significant association between employees' perceptions and sub Mechanism of Financial Institutions related to Modes used by financial institution for financial inclusion in your area of operation.

Table 5.52: Employees' Perceptions about Mechanism of Financial Institutions for Financial Inclusion

Mechanism of Financial Institutions						Chi Square Test
Main Variables	Sub Activities	Yes		No		
		N	%	N	%	
Sources for information on financial inclusion-	Intranet	40	71.43	16	28.57	$X^2 = 46.67$ df = 4 P = 0.000 Significant
	Training programs from institutions	48	85.71	8	14.29	
	RBI website	56	100	0	0	
	Internet (excluding SBI and RBI site)	56	100	0	0	
	Newspapers and Magazines	56	100	0	0	

Mechanism of Financial Institutions						Chi Square Test
Main Variables	Sub Activities	Yes		No		
		N	%	N	%	
Modes used by financial institution for financial inclusion in your area of operation	Provision of loans to Self Help Groups (through SHG bank linkage program)	48	85.71	8	14.29	$X^2 = 3.95$ df = 2 P = 0.135 non-Significant
	Partnership Model, where most MFIs/NGOs act as Business Correspondents (agents) who disburse bank loans to the clients	44	78.57	12	21.43	
	Direct disbursement of Small Loans (less than Rs. 10000)	48	85.71	8	14.29	

The above table shows the distribution of employees' perceptions about Mechanism of Financial Institutions.

The first main variable was defined as "**Sources for information on financial inclusion"** and a statistically significant association was found in the perceptions of employees' and sub mechanism (P <0.05) as besides positive perceptions there were high value of negative perception also.

For second variable "**Modes used by financial institution for financial inclusion in your area of operation"**, no statistically significant association was found in the perception of employees' and sub mechanism (P > 0.05) as for all the sub activities majority of employees'' perceptions were positive.

Hypothesis Conclusion

Null hypothesis (H07) stating **"There is no significant difference in Employees' perceptions towards Mechanism of Financial Institutions for Financial Inclusion"** gets rejected as asignificant difference was found in employees' perceptions about majority of mechanisms adopted by their organizations for financial inclusion. Hence, null hypothesis stood rejected and alternate hypothesis is accepted which proves that there was a significant association between employee perception and mechanism of financial institutions for financial inclusion.

CHAPTER VI

FINDINGS, CONCLUSION & RECOMMENDATIONS

CHAPTER VI

FINDINGS, CONCLUSION & RECOMMENDATIONS

Based on the analysis done by the researcher in the previous chapter related to status of financial inclusion in South- East Rajasthan, the key findings have been discussed in this chapter. Furthermore, this chapter also discusses the outcomes of the study in the light of research objectives which further guide in drawing conclusion of the study. The chapter also deals with recommendations and scope for future researches.

6.1 MAJOR FINDINGS

In this section, the researcher presents major findings derived from data collected through the questionnaires and analyses made upon them. It depicts sample households' demographic details, their financial inclusion profile, results pertaining to hypotheses testing. For a better understanding findings are divided under following heads:

6.1.1 Analysis of Households' Perceptions about Financial Inclusion

Before discussing the main findings in response to the research objectives, a brief demographic profile of sample household is presented as under-

6.1.1.1 Respondents' Demographic Details

1. Out of the total respondents, nearly 40% were having status of passive financial inclusion. 30% of the respondents had having status of no financial inclusion while, 29.8% had status of active financial inclusion.
2. Majority (26.2%) of the respondents fall in the age group between 20 to 29 years, nearly 23.2% were of age between 30-39 years, nearly 20% of belonged to less than 20 years age group, 16.9% were of 50 and above years while, only 13.8% of the respondents belonged to 40-49 years age group.
3. Majority of respondents (approx. 61%) were Female while, 38.9% were Male.

4. Out of the total respondents, majority (54.3%) belonged to Rural area while, 45.7% were from Semi-Urban/Urban area.
5. Most of the respondents (approx. 45%) were Married, nearly 28% were having 'Other' status which includes separated, widow, divorcee while, 27% approx. were Unmarried.
6. Most of the respondents (approx. 27%) had done Higher Secondary, 24.5% were Illiterate, nearly 20% of them had done primary schooling, and approx. 19% were Graduate whereas only 10% of them did High Schooling.
7. Majority of respondents (approx. 53%) had Nuclear Family while, 47% belonged to Joint Family.
8. Majority (approx. 38%) were Labourers, 25.6% were Salaried, 19.5% of respondents has 'Other' occupation, and nearly 10% had their own business whereas only 7% were agricultural labourers.
9. Most of the respondents (47%) had monthly income between Rs. 10000-20000, nearly 43% had been earning less than Rs. 10000 a month whereas nearly 10% of them were earning Rs. 20000-30000 a month.

Objective-1 To find out the status of financial inclusion in South-East Rajasthan (Hadoti region).

Following section fulfils objective-1 of the study

6.1.1.2 Respondents' Financial Inclusion Profile

1. Out of respondents having bank account, nearly 75% were having Saving account while, 25% had Current account.
2. Among respondents having bank account, nearly 38% got their bank account opened for availing Government benefits, 30% respondents took it for taking a loan, nearly 18% for depositing salary/wages whereas nearly 14% for depositing savings.

3. Nearly 64% of respondents had one bank account in their family, approx. 26% had 2 accounts in the name of their family members while nearly 10% were having 3 or more accounts in their family.
4. Nearly 51% of respondents stated that the distance of their home from the nearest bank is 3 KM or more while, nearly 49% were less than 3 KM away from the nearest bank.
5. Nearly 30% of respondents were not having any bank account, 35.2% denied to use ATM while, 34.6% agreed to use it.
6. Out of respondents having bank account, approx. 64% stated that the distance of ATM from their residence is less than or equal to 3 km while, nearly 36% said more than 3 km.
7. Approximately 30% of respondents deposited their savings in Informal Groups, nearly 20% deposited in Financial Institutions, 19.7% deposited in Post Office, 19.2% in Desi Bankers whereas nearly 11% of them deposited their savings in other channels.
8. Nearly 40% of respondents borrowed money from Desi Bankers, 30% respondents from Informal Groups, 15.8% from Financial Institutions whereas 14% of them borrowed from Post Office.
9. Approx. 31% of respondents stated took a loan for marriage purpose, nearly 17% for health and an equal percentage for purchasing vehicle. Nearly 13% took it for business, 12% approx. for housing while, only 10.3% took loan for education.
10. Nearly 52%faced procedures and related issues in accessing financial services,13% had problems with distance from the bank 11% with requirement of Collateral Security, nearly 10% with bank timings, 7% with delayed services while, only 6.8% were hesitant due to behaviour of Bank staff.
11. 32% of respondents participated in training programs organized by financial institutions & banks, nearly 21% never participated in such trainings. Nearly 15% of respondents joined trainings organized by

Advertising Agencies, 11.6% by financial literacy centres, 11% by Community based organizations/ non-Government organizations while, only 9.2% Government agencies.

12. Out of respondents having bank accounts, nearly 49%had been availing the benefits of PM Jan Dhan Yojna, 21% got enrolled in PM Mudra Yojna, 15% in PM Suraksha BimaYojna, nearly 7% in Atal Pension Yojna, 6.1% in PM Jivan Jyoti BimaYojna while, only 2.1% were beneficiaries under Start-up India Scheme.
13. Out of respondents having bank accounts, 54% denied to ever use the financial services, 26.3% reported to use them regularly. Nearly 9% of respondents had used it weekly, 6.8% Monthly while, the least i.e. 3.4% were using it Quarterly.
14. Nearly 70% of respondents were having bank accounts followed by nearly 15% of respondents who didn't have account due to lengthy procedures. Nearly 9% of respondents could not open account due to no or little money while, 6.1% were hesitant due to ignorance that's why did not have bank account.

6.1.1.3 Finding Related to Hypotheses Testing

Association between Financial Awareness and Financial Inclusion

- **Aware of the formal financial products and services (savings, loans, insurance and payments/remittances)**

Most of the respondents were disagreed to be aware of the formal financial products however, their awareness regarding formal financial products and services varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 57% agreed to be aware; out of respondents having passive financial inclusion, approx. 57% disagreed to be aware while among the respondents having no financial inclusion more than 80% respondents disagreed to be aware of the formal financial products and services. It indicates that lack of awareness about formal financial products and services causes less financial inclusion.

- **Having the necessary documents required to open an account**

Most of the respondents agreed to have the necessary documents required to open an account however, their perceptions regarding having the necessary documents required to open an account varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 63% agreed; out of respondents having passive financial inclusion, approx. 63% agreed to have the necessary documents while, out of respondents not having financial inclusion, more than 80% respondents disagreed to have the necessary documents required to open an account. It shows inadequacy of necessary documents indicates less financial inclusion.

- **Being Uncertain of getting Customer Support on the use of the Financial Services**

Most of the respondents agreed to be uncertain of getting customer support on the use of the financial services however, their perceptions about this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 54% disagreed; out of respondents having passive financial inclusion, approx. 62% agreed while, out of respondents having no financial inclusion, approx. 55% agreed to be uncertain of getting customer support on the use of the financial services. It shows uncertainty of getting customer support causes less financial inclusion.

- **Being Able to utilise a variety of financial services offered**

Most of the respondents were neutral to be able to utilize a variety of financial services offered however, their perceptions about this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 59% were neutral; out of respondents having passive financial inclusion, approx. 62% disagreed while, out of respondents having no financial inclusion, approx. 80% disagreed to be able to utilise a variety of financial services offered. It shows lack of awareness about utilizing a variety of financial services offered indicates less financial inclusion.

- **Easily send and receive money through the formal institutions and services**

Most of the respondents were agreed with the ease of sending and receiving money through the formal institutions and services however, their perception about this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 74% were agreed; out of respondents having passive financial inclusion, approx. 59% disagreed while, out of respondents having no financial inclusion, approx. 74% disagreed with the ease of sending and receiving money through the formal institutions and services. It shows the ease of sending and receiving money through the formal institutions and services indicates more financial inclusion.

- **Being Aware of No Frill Accounts**

Most of the respondents were disagreed to be aware of No Frill Accounts however, their awareness regarding formal financial products and services varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 74% agreed to be aware; out of respondents having passive financial inclusion, approx. 63% agreed to be aware while, among the respondents having no financial inclusion nearly 78% respondents disagreed to be aware of No Frill Accounts. It indicates awareness about No Frill Accounts follows more financial inclusion.

- **Aware of BC/ BF Facility of Banks**

Most of the respondents were agreed to be aware of BC/ BF Facility of Banks however, their awareness regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 78% agreed to be aware; out of respondents having passive financial inclusion, approx. 72%agreed to be aware; among the respondents having no financial inclusion nearly 78% respondents disagreed while, among the respondents having no financial inclusion more than 50% respondents disagreed with being aware of BC/ BF Facility of Banks. It indicates awareness about BC/ BF Facility of Banks follows more financial inclusion.

- **Earning of interest on savings is ensured with formal institutions**

Most of the respondents were agreed with earning of interest on savings is ensured with formal institutions however, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion and passive financial inclusion, nearly 63% agreed while, out of respondents having no financial inclusion, nearly78% respondents disagreed with earning of interest on savings is ensured with formal institutions. It indicates disagreement with earning of interest on savings with formal institutions follows less or no financial inclusion.

- **Using formal financial services is safe for financial transactions**

Most of the respondents were disagreed with safety of using formal financial services for financial transactions. However, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 63% agreed; out of respondents having passive financial inclusion, approx. 77% disagreed; while, among the respondents having no financial inclusion nearly 86% respondents disagreed with safety of using formal financial services for financial transactions. It shows lack of safety of using formal financial services for financial transactions indicates less financial inclusion.

- **Aware of getting Govt. Benefits by opening bank account**

Most of the respondents agreed with being aware of getting Govt. Benefits by opening bank account however, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 74% agreed; out of respondents having passive financial inclusion, approx. 73% agreed; among the respondents having no financial inclusion nearly 47% respondents disagreed with being aware of getting Govt. Benefits by opening bank account. It shows lack of awareness of getting Govt. Benefits by opening bank account indicates less financial inclusion.

Association between Social Networking and Financial Inclusion

- **Social networks are the most important source of financial information**

Most of the respondents agreed the statement “social networks are the most important source of financial information” however, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 65% agreed; out of respondents having passive financial inclusion, approx. 58% agreed; among the respondents having no financial inclusion more than 60% respondents disagreed “social networks are the most important source of financial information”. It shows disagreement with the said statement indicates less financial inclusion.

- **Social networks have enabled you find out where financial institutions are located**

Most of the respondents disagreed the statement “social networks have enabled you find out where financial institutions are located” however, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 70% agreed; out of respondents having passive financial inclusion, approx. 51% disagreed; among the respondents having no financial inclusion more than 67% respondents disagreed “social networks have enabled you find out where financial institutions are located”. It shows disagreement with the said statement indicates less financial inclusion.

- **Rely on others in your networks to make financial decisions**

  Most of the respondents were neutral to relying on others to make financial decisions however, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 37% disagreed; out of respondents having passive financial inclusion, approx. 37% disagreed; among the respondents having no financial inclusion nearly 42% respondents agreed with relying on others to make financial decisions.

- **Social networks are important in obtaining a loan from a financial institution (referee/guarantor)**

Most of the respondents disagreed the statement "Social networks are important in obtaining a loan from a financial institution or Local Financer" however, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 62% disagreed; out of respondents having passive financial inclusion, approx. 58% disagreed; among the respondents having no financial inclusion nearly 42% respondents were neutral to the statement "Social networks are important in obtaining a loan from a financial institution or Local Financer".

- **Recognized by a financial institution because of the social network you belong to**

Most of the respondents were neutral to the statement "Recognized by a financial institution or Local Financer because of the social network you belong to" however, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 61% were agreed; out of respondents having passive financial inclusion, approx. 44% were neutral while, among the respondents having no financial inclusion nearly 53% respondents were also neutral to the statement "Recognized by a financial institution or Local Financer because of the social network you belong to". It shows lack of agreement with the said statement indicates less financial inclusion.

- **The people who influence your decisions expect you to save money in the bank**

  Most of the respondents agreed the statement "The people who influence your decisions expect you to save money in the Formal Banks/ Desi Bankers" however, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 65% were agreed; out of respondents having passive financial inclusion, approx. 54% were agreed while, among the respondents having no financial inclusion nearly 55% respondents were also agreed with the statement "The people who influence your decisions expect you to save money in the Formal

Banks/ Desi Bankers". It shows lack of agreement with the said statement indicates less financial inclusion.

- **The people important to you think that formal financial services are cheaper to use**

Most of the respondents agreed the statement "The people important to you think that formal financial services are cheaper to use" however, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 65% agreed; out of respondents having passive financial inclusion, approx. 43% agreed while, among the respondents having no financial inclusion nearly 55% respondents disagreed the said statement. It shows disagreement with this statement indicates less financial inclusion.

- **Get involved in activities within your networks that improve your financial wellbeing**

Most of the respondents strongly agreed the statement "Get involved in activities within your networks that improve your financial wellbeing" however, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 65% agreed; out of respondents having passive financial inclusion, approx. 58% agreed while, among the respondents having no financial inclusion nearly 78% respondents disagreed the said statement. It shows disagreement with this statement indicates less financial inclusion.

Association between technological up-gradation and financial inclusion

In order to examine the association between technological up-gradation and financial inclusion, only respondents having bank account (70%) were taken into account for analysis based on active financial inclusion and passive financial inclusion.

- **Receive prompt information through SMS regarding your transactions**

Most of the respondents strongly disagreed the statement "Receive prompt information through SMS regarding your transactions" however, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 70% agreed while, out of respondents having passive financial inclusion approx. 78% disagreed the said statement. It shows disagreement with the said statement indicates passiveness towards financial inclusion.

- **Mobile/Net banking is safe to use**

Most of the respondents strongly agreed the statement "Mobile/Net banking is safe to use" however, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 74% agreed while, out of respondents having passive financial inclusion approx. 60% agreed the said statement. It shows the lack of agreement with the said statement indicates passiveness towards financial inclusion.

- **Mobile/ Net banking allows you to transfer and receive money as and when you need**

  Most of the respondents strongly agreed the statement "Mobile/ Net banking allow you to transfer and receive money as and when you need" however, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 74% agreed while, out of respondents having passive financial inclusion approx. 53% agreed the said statement. It shows the lack of agreement with the said statement indicates passiveness towards financial inclusion.

- **Smart cards facilitates you to transact without keeping much money in the pocket**

  Most of the respondents strongly agreed the statement "Smart cards facilitate you to transact without keeping much money in the pocket" however, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 65% agreed while, out of respondents having passive financial inclusion approx. 43% agreed the said statement. It shows the lack of agreement with the said statement indicates passiveness towards financial inclusion.

- **Craze of online shopping pushes you to get a bank account opened**

  Most of the respondents strongly agreed the statement "Craze of online shopping pushes you to get a bank account opened" however, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 70% agreed while, out of respondents having passive financial inclusion approx. 62% agreed the said statement. It shows the lack of agreement with the said statement indicates passiveness towards financial inclusion.

- **Easily get your problems resolved through online customer support service provided by banks**

Most of the respondents strongly agreed the statement "Easily get your problems resolved through online customer support service provided by banks" however, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 70% agreed while, out of respondents having passive financial inclusion approx. 40% disagreed and an equal percentage was neutral to the said statement. It shows the lack of agreement with the said statement indicates passiveness towards financial inclusion.

- **It is easy to track potential fraudulent transactions**

Most of the respondents strongly agreed the statement "It is easy to track potential fraudulent transactions" however, their perception regarding this variable varies with their financial inclusion status. Out of respondents having active financial inclusion, nearly 78% agreed while, out of respondents having passive financial inclusion approx. 56% disagreed the said statement. It shows the lack of agreement with the said statement indicates passiveness towards financial inclusion.

6.1.2 ANALYSIS OF EMPLOYEES' PERCEPTIONS ABOUT FINANCIAL INCLUSION

6.1.2.1 Activities related to Financial Inclusion

- **Services Provided**

Sample employees were asked to give their opinions regarding various services provided by banks. 100% respondents agreed that their organization provides all the mentioned services including, A/c. opening, Smart/ATM card and Credit Card. Hence, no distribution difference was found, so chi squared test can't be applied for this main activity.

- **Employee Training Programs on Financial Inclusion**

On enquiring about organizing Employee Training Programs on Financial Inclusion, nearly 71% of respondents were agreed with "Your organization conduct Employee training programs on financial inclusion" and "Most of the employees/members actively participate in Employee training programs on financial inclusion". Further, more than 85% of them were having positive response about "employees/members are encouraged to attain training from third party trainers". However, no statistically significant difference was found in the perception of employees.

- **Providing financial literacy booklets/material to financially disadvantaged customers**

A very high majority (93% approx.) positively responded about "There is a training institute for spreading financial literacy", "Booklets for financial literacy are provided but there is no training institute", and "Formal channels are not there but personal advice is given occasionally". However, a little less percentage of respondents (86% approx.) reported to be agreed with "Formal channels are not there but financial literacy awareness programs are conducted occasionally". However, no statistically significant difference was found in the perception of employees.

- **Pattern of Opening of no-frill accounts for clients**

In response to the statement "Clients are informed about no-frills account and they are encouraged to open no-frills account" 93% (approx.) of respondents were agreed. Nearly 64% said No to "Clients are informed about no-frills account but it is recommended to open a savings account rather than no-frills" and "Neither Clients are informed, nor no-frills account opened". However, more than 86% respondents denied the statement "Clients are not informed about no-frills, and it is opened only if they have asked for". However, a statistically significant difference was found in the perception of employees.

- **Financial inclusion schemes offered by bank branches**

Sample employees were enquired about various FI schemes offered by bank branches. 100% respondents agreed that their organization provides majority of the mentioned schemes including, No frill accounts, Kisan credit card, general credit card, and BC/BF Model. Nearly 93% of respondents agreed Self-help group bank linkage model and nearly 79% said yes for Micro insurance scheme offered by bank branches. However, a statistically significant difference was found in the perception of employees.

6.1.2.2 **Problems & Constraints in Financial Inclusion Activities**

- **Major constraint to achieve financial inclusion in your area of operation**

Nearly 64% of sample employees stated that main constraints in achieving FI include- "Lack of motivation for management", "Unavailability of Technological support", "Unskilled Employees", and "Language Constraint". Moreover, nearly 57% of respondents reported about "Low financial literacy in target group" and 71% approx. mentioned "High default rate/ slow collection" as major constraints. However, no statistically significant difference was found in the perception of employees.

- **Reason for low operational rate (active accounts) in no-frills**

In response to the statements "Unemployment" and "Requirements from employers to open a particular bank account" 71% approx. of respondents favoured these as reasons for low operational rates in no-frill. More than 85% said "Financial illiteracy" and nearly 57% of respondents reported "Negative Experiences with Banks" and "Adding other bank accounts and then letting no-frills become in-active" cause low operations in no-frill accounts. However, a statistically significant difference was found in the perception of employees.

- **Threat of competition from other institutions in the Financial Inclusion sector**

100% of sample employees favoured "competition will make the processes more efficient" however, nearly 57% denied "Competition will limit client base but still profitable". However, a statistically significant difference was found in the perception of employees.

- **Others**

Sample employees were enquired about other constraint in FI and nearly 57% agreed that "KYC norms act as a barrier towards inclusion". Due to single variable, chi squared test can't be applied for this variable.

6.1.2.3 Prospects of Financial Inclusion

- **View about Financial Inclusion**

Sample employees reported their perceptions about prospects of Financial Inclusion. 100% of respondents agreed that "Inclusion is a win-win proposition", "It is perceived to be a win-win over the long term", and "This is not the right time to implement". Hence, no distribution difference was found, so chi squared test can't be applied for this main variable.

- **Benefit of government channels like EBT**

Nearly 71% of sample employees stated "People are encouraged through financial advice to maintain balance in their accounts and they use their accounts frequently" as a benefit of government channels. Nearly 64% agreed "People are encouraged through financial advice but they remove all the balance at once. Hence the account acts as one-time transaction accounts". Moreover, half of respondents reported about "Financial advice is not provided but they do maintain balance and do frequent transactions on the account" and "Financial advice is not provided and EBT acts as one-time transaction". However, a statistically significant difference was found in the perception of employees as there was high value of negative perception also.

- **Others**

100% of sample employees were agreed with "UID initiative would change FI Scene", "Initiatives towards financial inclusion a part of the performance appraisal process for managers", and "Financial Inclusion can lead to social and economic empowerment of the customers". Hence, no distribution difference was found, so chi squared test can't be applied for this main variable.

6.1.2.4 **Mechanism of Financial Institutions**

- **Sources for information on financial inclusion**

In response to "Intranet" 71% (approx.) of respondents favoured it as a mechanism of FI. More than 85% said "Training programs from institutions" and 100% reported "RBI website" and "Newspapers and Magazines" act as mechanisms for achieving FI. However, a statistically significant difference was found in the perception of employees as there was high value of negative perception also.

- **Modes used by financial institution for financial inclusion in your area of operation**

  Sample employees were enquired about modes used for FI and more than 85% of respondents favoured "Provision of loans to Self Help Groups" and "Direct disbursement of Small Loans". Nearly 79%

of respondents agreed "Partnership Model, where most MFIs/NGOs act as Business Correspondents who disburse bank loans to the clients". However, no statistically significant difference was found in the perception of employees.

6.2 CONCLUSION

1. As per the findings, only 30% sample households residing in South East Rajasthan are financially excluded but the actual scenario is much more unpleasant. Out of those who are financially included, most of them are not actively participating in the formal financial system of the economy. Thus, the purpose of achieving complete financial inclusion is still very far to achieve.
2. Among respondents having active financial inclusion status, a majority belonged to 20-29 years of age groups while out of respondents having no financial inclusion status, a majority belonged to 30-39 years.
3. Among respondents having active financial inclusion status, nearly equal percentage of respondents were Female and Male. Out of respondents having passive financial inclusion status and no financial inclusion status, a majority were Female. Thus, more females need to be brought into the formal financial system.
4. In rural areas, majority of respondents are financially excluded and among those who are financially included, most of the households are passive. On the other hand, in semi-urban areas a majority of sample households are having active financial inclusion status. Still, 1/5 of respondents are financially excluded and a large percentage is having status of passive financial inclusion.
5. Among respondents having active financial inclusion status, a majority were Married, out of respondents having passive financial inclusion status, a majority had other marital status while, among respondents having no financial inclusion status, a high majority were Married.
6. Among respondents having active financial inclusion status, nearly half of the respondents secured Graduation and above, out of respondents having

passive financial inclusion status nearly majority were equally distributed between Illiterate and Higher Secondary qualifications while, among respondents having no financial inclusion status, a majority were Illiterate. Thus, illiteracy or low qualification of respondents causes hurdle in achieving complete financial inclusion.

7. Among respondents having active financial inclusion status, a high majority had Joint family, out of respondents having passive financial inclusion status, nearly an equal percentage of respondents had Nuclear family and Joint family while, among respondents having no financial inclusion status, and a very high majority had Nuclear family. Thus households having joint families are more actively participating in formal financial system.
8. Among respondents having active financial inclusion status, a majority were Salaried, out of respondents having passive financial inclusion status, a majority were Labour while, among respondents having no financial inclusion status, a majority were Labour. Thus, labour class is the least financially included.
9. Among respondents having active financial inclusion status, a high majority had monthly income between Rs. 10000-20000, out of respondents having passive financial inclusion status, nearly half of the respondents had monthly income between Rs. 10000-20000 while, among respondents having no financial inclusion status, a high majority had monthly income less than Rs. 10000.Thus, lower income is another hurdle in active financial inclusion.
10. Most of the respondents had Saving A/c. and only few were having Current A/c. which indicates low usage of banking transactions in business by them.
11. Among respondents having active financial inclusion status, majority got opened their bank account for taking loan while, out of respondents having passive financial inclusion status nearly half of the respondents got bank account opened for availing Government benefits. Thus it can be concluded that the main reason behind getting the bank account opened

among backward class is availing Government benefits because they don't have enough money to deposit in the account.

12. Among respondents having active financial inclusion status, nearly half of the respondents had one A/c. in their family, out of respondents having passive financial inclusion status and no financial inclusion status a high majority had one A/c. in their family. It can be interpreted that backward class families have only one income earning member thus they believe to have one bank account in the family is enough.

13. Among respondents having active financial inclusion status, a high majority was having a distance of less than 3 km from the nearest bank while, out of respondents having passive financial inclusion or no financial inclusion status, a majority (60%) had distance of 3 or more km. Therefore, it can be concluded that much distance from the nearest bank poses hurdles in achieving financial inclusion.

14. Among respondents having active financial inclusion status, a very high majority (90%) were using ATM while, out of respondents having passive financial inclusion status, a majority (80% approx.) did not use ATM. It indicates that due to lack of money in their bank account they do not use ATM.

15. Among respondents having active financial inclusion status and respondents having passive financial inclusion status, 70% and 60% of respondents were having a distance of 3 or less km from the nearest ATM, respectively.

16. Among respondents having active financial inclusion status, a majority deposited in Financial Institutions, out of respondents having passive financial inclusion status, a majority deposited in Informal Groups while, among respondents having no financial inclusion status, nearly half of the respondents deposited in Informal Groups. It indicates that financially excluded households rely more on informal groups while depositing their savings.

17. Among respondents having active financial inclusion status, a majority borrowed from Financial Institutions while, out of respondents having passive financial inclusion status and no financial inclusion status, a majority borrowed from Desi Bankers. Hence, it can be concluded that when in need of money, financially excluded households move to Desi bankers and other informal channels.

18. Among respondents having active financial inclusion status, a majority took loan for housing, out of respondents having passive financial inclusion status no financial inclusion status, a majority took loan for marriage. It indicates that financially excluded households take loan for marriage purpose which again increases their financial burden.

19. Most of the respondents stated about facing procedure and documentation related issues which indicate that backward households face this issue because of their ignorance, lack of knowledge and inadequacy of required documents.

20. Among financially included households, most of the respondents agreed to avail the benefits of PM Jan DhanYojna followed by respondents who reported to be a beneficiary of PM Mudra Yojna. Hence, it could be concluded that popularity of PMJDY propelled the backward households to get their bank account opened.

21. Among financially included households, most of the respondents never used financial services followed by respondents who were using these services regularly.

22. Among respondents having active financial inclusion status and passive financial inclusion status, a majority participated in training program organized by Financial Institutions & Banks while, among respondents having no financial inclusion status, a majority never had any training. Hence, it can be interpreted that increasing participation in training programs can improve financial inclusion status.

23. In response to activities run by financial institutions for financial inclusion, most of the sample employees agreed that their organization

provides all the mentioned services for achieving financial inclusion including, A/c. opening, Smart/ATM card and Credit Card facilities.

24. Most of the sample employees agreed that they participate in training programs run by their organizations, they provide financially literacy booklets and personal advice to financially disadvantaged customers. Most of them also favoured that they are encouraged to attain training from third party trainers.

25. A high majority of respondents agreed that their organization take various initiatives to increase financial awareness among people including, running training institute for spreading financial literacy, organizing financial literacy awareness programs, etc.

26. Most of the sample employees favoured that they inform unbanked people about no-frills account and encourage them to get it opened.

27. All the sample employees agreed that their organization provides majority of the mentioned schemes including, No frill accounts, Kisan credit card, general credit card, and BC/BF Model. Most of respondents favoured about promoting Self-help group bank linkage model and Micro insurance scheme offered by bank branches.

28. A high majority of sample employees agreed that High default rate/ slow collection is a major constraint in achieving financial inclusion. Moreover, most of the respondents mentioned Lack of motivation for management, Unavailability of Technological support, Unskilled Employees, and Language Constraint also pose problems to achieve the objective of FI.

29. In response to reason for a large number of passive no-frill account holders, most of the respondents reported that financial illiteracy, unemployment and requirements from employers to open a particular bank account. Moreover, Negative Experiences with Banks and Adding other bank accounts and then letting no-frills become in-active also cause inactiveness among no-frill account holders.

30. All the sample employees agreed that competition among financial institutions can make it easy to achieve the goal of FI. Moreover, most of them denied that it will limit the client base but would be profitable.

31. A majority of respondents agreed that KYC norms act as a barrier towards inclusion.

32. All the sample employees agreed that FI is a win-win position for both the institutions and account holders and it has bright prospects. However, they were also agreed upon choosing wrong timing to implement this strategy.

33. Most of the sample employees reported that people are encouraged through financial advice to maintain balance in their accounts and they use their accounts frequently however, most of them agreed that financial advice is provided but customers they remove all the balance at once and their accounts remain inactive.

34. All the sample employees agreed that UID initiative would change FI Scene and it has lot of potential to uplift social and economic empowerment of the customers.

35. A high majority of the sample employees positively responded to the mechanism adopted by their organization for getting information about financial inclusion including, intranet, RBI website newspapers and magazines, and training to employees.

36. Most of the sample employees favoured the modes used by financial institution for financial inclusion in their area of operation viz., provision of loans to Self Help Groups and direct disbursement of small loans and adopting partnership model, where most MFIs/NGOs act as business correspondents who disburse bank loans to the clients.

The study further concludes the results of stated hypotheses which have been shown as under-

- **Hypotheses Results**

The Government of India and the Reserve Bank of India have been making concerted efforts to promote financial inclusion as one of the important national objectives of the country. According to the study a majority of households are having bank accounts. Still, a large percentage of them is passive in operating their accounts due to lack of financial awareness, poor social network and lack of technological knowledge. Moreover, a significant section of the backward society is still not financially included. Thus, sincere efforts on the part of both central and state government are needed along with the contribution of financial institutions to make the whole society financially included so that they can access financial services as and when they need, which will ultimately contribute to economic development of the nation.

- **Hypotheses Results**

Objective	Hypothesis	Test Applied	Inference
Objective-2: To examine the association between financial awareness and financial inclusion	H01: There is no significant association between financial literacy and financial inclusion.	Chi Square	Null hypothesis is rejected
Objective-3: To examine the association between social networks and financial inclusion	H02: There is no significant association between social networks and financial inclusion.	Chi Square	Null hypothesis is rejected
Objective-4: To association between technological up-gradation and financial inclusion.	H_{03}: There is no significant association between technological up-gradation and financial inclusion.	Chi Square	Null hypothesis is rejected

Objective	Hypothesis	Test Applied	Inference
Objective-5: To study employees' perceptions towards the financial inclusion activities conducted by their institution.	H04: There is no significant difference in Employees' perceptions towards financial inclusion activities conducted by their institution.	Chi Square	Null hypothesis accepted
Objective-6: To study employees' perceptions towards Problems & Constraints faced in conducting Financial Inclusion Activities	H05: There is no significant difference in Employees' perceptions towards Problems & Constraints faced in conducting Financial Inclusion Activities	Chi Square	Null hypothesis accepted
Objective-7: To study employees' perceptions towards Prospects of Financial Inclusion	H06: There is no significant difference in Employees' perceptions towards Prospects of Financial Inclusion	Chi Square	Null hypothesis accepted
Objective-8: To study employees' perceptions towards Mechanism of Financial Institutions for Financial Inclusion	H07: There is no significant difference in Employees' perceptions towards Mechanism of Financial Institutions for Financial Inclusion	Chi Square	Null hypothesis rejected

6.3 SUGGESTIONS

A. Suggestions for Commercial Banks and other Financial Intuitions-

1. Banks are providing various traditional financial services to their customers. But to attract more customer, banks should introduce some more innovative financial products, RBI can take lead in this context.

2. It has been seen in the study that Employee training programs had been conducted by financial institutions but more active participation of employees is required to attain more knowledge and skills.

3. The study of employee's perception stated that financial institutions are spreading financial literacy through booklets and other materials to financially disadvantaged customers but there is less availability of formal channels for financial literacy programs, so financial institutions are suggested to develop more formal channels for spreading financial literacy.

4. No frill account is good tool to achieve financial inclusion, but in the studied region, few banks and financial institutions are informing clients about No frill accounts moreover they suggested them to open saving account for their unsaid reasons. So, the banks and financial institutions are suggested to inform customers about benefits of No frill accounts.

5. The banks and financial institutions should encourage the households through financial advice to maintain balance in their accounts and use their accounts frequently to avail various benefits of government and others.

6. Banks and financial institutions are suggested to be upgraded in context of technology.

7. Self help groups and micro finance institutions are significant players in financial inclusion programs. So, Banks are suggested to maintain provisions for Self help groups. They should disburse more loans of small amounts to serve the purpose of inclusion of deprived and poor sector of the society.

8. On the basis of published data and this study, it can be said that, in south east Rajasthan there are bank branches in gram panchayat headquarters but there is

absence of branches in remote villages comes under that gram panchayat. So, the figures shows that there is no block left unincluded but the fact is there is problem of access of banks and other financial institutions in remote location villages. So, the banks are suggested to approach such villages for actual inclusion of all sectors of the region.

9. A financial literacy and credit counseling centre shall be organized by the banks in every district of south east Rajasthan with suitable financial experts, bank officials, accordingly to Coney necessary skills concerning to financial inclusions among the households. Additionally, Bankers should conduct Motivational campaign frequently for inseminating saving habit in the minds of the rural people especially.

10. The financial institutions should be more attentive on the progression of rural domain to diminish poverty by enactment of various financial inclusions plans.

B. Suggestions to Government-

1. There is an existence of various technological issues like periodic machine breakdowns, persistent difficulty with connectivity, lack of consistent application of technology throughout the banks which hindered the absolute involvement and influenced the confidence of the customers in formal banking and related channels. So, the government is suggested to resolve such technical issues for smooth flow of financial system.

2. The Indian government is requisite to be congratulated for flourishing execution of dream of high financial inclusion, but the actual scenario in south east Rajasthan is that, the people are included into the financial system but large proportion is passively financially included which make no sense of inclusion. they are just dummy participant and are not contributing towards capital formation and economic development. Hence to achieve success in accomplishment of financial inclusion, the government would need to contemplate out-of-the box ideas to make a difference and such Innovations should be supported by financial literacy to the population.

3. Government should furnish diverse products to ensemble different sections of economy. It is requisite to have diverse products for its unbanked population.

Consequently, there is a need to have micronized schemes, it is preferred to introduce different schemes for rural areas and urban areas.

5. It is found in published data that number of smart phones users is following a constantly increasing trend in India. But a large portion of population is not using mobiles for mobile banking. This reluctance is high in rural area specially. Hence the government is recommended to spread awareness of mobile banking amongst rural people. In addition to that common consumer knowledge about dialing to a toll-free number should be provided to people in rural areas.

6. The State Government should provide more funds for financial inclusion programs in south east Rajasthan and should focus on the upliftment of households in underdeveloped areas.

c. Suggestions to Households-

1. The households should visit financial institution frequently with whom they avail loans and grade them on the basis of their quality of service. The financial status of households has enhanced due to regular sanction of loans from credit institutions like banks. Access to credit has empowered female households to handle income accusing activates.

2. In the study it was found that female households are more passively included or they are excluded from the financial system, so it is recommended for more involvement of females and they should attend financial literacy programs, it is a way for their betterment and empowerment as well as it is requisite for balanced economic development of the nation.

3. Households should give and understand the due importance to financial inclusion and related activities. They should take interest and actively participate in the related sessions and programs.

4. It was found in the study that deprived households of southeast Rajasthan are having their trust in Desi bankers and local landlords for their savings and loans purposes. Hence it is suggested to them to be the part of formal financial institutions which will ultimately help themselves in capital formation.

5. The households are suggested to have active access to their bank account on regular interval basis. They should not use bank accounts only for getting government benefits, in fact they must avail all services associated with bank accounts along with government schemes and should have regular access to financial services.

6. The households should enhance their level of financial knowledge regarding financial products and services. They must be aware of requisite documents and other formalities related to financial products access. This can be done by upgrading their financial awareness through attending training sessions, financial literacy programs and seminars organized by various financial bodies.

7. The households should productively use their social networks for information related to financial products and services. This is helpful for improving their financial wellbeing.

8. The households should use their smart phones for mobile banking and net banking, this will improve their active participation in financial system. They should use smart cards for transactions it will reduce the requirement of handling cash in the pocket.

6.4 SCOPE FOR FUTURE RESEARCH

- The ideas and empirical findings reported in this research suggests future researchers to identify the optimal level of financial inclusion by using various parameters in further studies.
- It would be very captivating to carry out another study within the same area of research, with comparative study with the other regions, states and different aspects of supply side of financial inclusion, which will provide unified outcomes to the research topic and greater efficacy to the specialists, administration and government.
- Future studies should analyze additional interventions that will enhance the level of financial inclusion. The admired interventions include, digitalization of technology, financial literacy and various small amount loan schemes and others. The new ideas should be investigated so that a numerous innovative alternatives are available to policy makers.

SUMMARY

Chapter 1 CONCEPTUAL FRAMEWORK

1.1 Introduction-

The recent past has observed the attention of Government authorities, financial institutions and general public across the globe towards the idea of Financial Inclusion. It has been a universal problem to ensure the availability of accessible, affordable and appropriate financial services. Sustainable economic and social development of a country is possible only with constant efforts towards financial inclusion. It aims to empower underprivileged and poor people and enable them to be self-reliant and well-versed to take better financial decisions. Financial inclusion ensures participation of deprived section of the society based on the extent of accessing financial services such as savings bank account, facilities concerning to overdraft, micro insurance, pensions, loans and advances etc.

1.2 Concept of Financial Inclusion-

Financial Inclusion is a method of providing banking and financial services to individuals without having any element of discrimination. To include one and all in the society is the basic aim of financial inclusion by giving them access to financial services without considering their income or savings. Its main focus is to provide consistent financial solutions to economically deprived people with no chance of unfair treatment.

As per the Rangarajan Committee report (2008), Dr. K.C. Chakrabarty, former Deputy Governor, Reserve Bank of India defined financial inclusion as "the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as the weaker sections and low-income groups at an affordable cost".

1.3. Background of the study -

The term financial inclusion came into practice in India actually much before the formal adoption of it as the objective of the Central Government of India. Initiatives taken by government including nationalization of banks, Lead Bank Scheme, incorporation of Regional Rural Banks, Service Area Approach and formation of Self-Help Groups aimed to extend banking services to the masses.

Furthermore, financial inclusion received a boost through the implementation of PMJDY in 2014. PMJDY added 336.6 million new bank accounts expanding the base of such accounts to 536 million by the end of March 2018. It has enabled unprivileged people to deposit savings in their accounts, access micro credits and to obtain government subsidies through Direct Benefit Transfer scheme.

Statistical data show that a large number of bank accounts opened under PMJDY are not active. A lot of gap exists between the deposit accounts, saving accounts and credit accounts. Though much progress has occurred in account opening, but with regard to usage of such accounts, insignificant improvement has undertaken.

1.4 Significance of the Study

The study intends to develop a more predictive and normative approach which explains the financial consumer's personal capabilities that are fundamental in determining choice, decision making and, specifically, financial behaviour in the FI context. On the other hand, the study aims to provide guidance to formal financial service providers within a developing country context using the demand side insights derived. This perhaps provided possible strategies to enhance their use of formal financial services.

1.5 Status of Financial Inclusion-

In the recent years, GOI and RBI have undertaken several initiatives to expand the financial outreach to the unbanked people of India. For example, RBI introduced no-frill account in the year of 2005 for providing basic banking services to the unbanked people and to increase financial inclusion in India. Similarly, other major schemes viz., Know Your Customer (KYC), Electronic Benefit Transfer (EBT), Unique Identification Authority of India (UIA), Direct Benefit Transfer (DBT), PMJDY and Mudra banks have been launched in India to widen financial inclusion.

1.6 Challenges/Obstacles to Financial Inclusion

A number of challenges exist that affect the goal of strengthening financial inclusion to the fullest. For better understanding, these challenges or obstacles have been divided into two heads i.e., Demand side obstacles and supply side obstacles. Demand side obstacles include lack of financial awareness, technological barriers etc. and Supply side obstacles include inadequate Infrastructure, poor network connectivity, etc.

Chapter 2 REVIEW OF LITERATURE

2.1 Introduction

In this research, forty national-level studies and thirty international-level studies are incorporated for the review. The various literature reviews concerned with financial inclusion have been classified into two categories i.e., national-level studies and international-level studies.

2.2 National-Level Studies

RBI (2020) The RBI annual report 2020 Section IV Credit Delivery and Financial Inclusion stated that various Initiatives are taken for accelerating credit delivery and expanding the approach of financial inclusion during the year. To catalyse the financial inclusion, National Strategy for Financial Inclusion (NSFI) for the period 2019-24 was developed. Anticipating concurrence of efforts of all stakeholders towards achieving the objectives of financial inclusion. Efforts towards financial literacy were go through by the development of a "Train the Trainers" module for capacity building of Business Correspondents (BCs), widening the centers for Financial Literacy to tribal blocks and intensifying the digital payment ecosystem.

Ahmed and Singel (2020) highlighted the understanding related to the opportunities and challenges of financial inclusion in India and they studied the initiatives taken by Reserve Bank of India (RBI) to accelerate financial inclusion in India. According to researchers, for advancement of the financial inclusion, it is necessary that people should have basic financial literacy, financial skills and product knowledge. Moreover, they suggested that availing the financial inclusion to rural population can be easily accomplished with the help of ICT (Information and Communication Technology), developing digital infrastructure to provide various solutions like mobile banking, e-wallets, virtual cards.

Sharma and Goyal (2017) mentioned in their study that 75.3% of the households, with a poverty rate of 64.2% are financially excluded in Rajasthan. They have stated that Rajasthan is securing position in the 'low' index of financial inclusion. The main objective of this paper is to evaluate the financial inclusion initiatives and strategies in Rajasthan which is concluded by offering suggestions for policymakers to enhance the level of financial inclusion.

Gandhi (2017) critically communicated all concerned issues elaborated in achieving the national objective of accomplishing the complete financial inclusion. The paper critically examines the initiatives taken by the Banks in financial inclusion and the endeavour made for IT enabled financial services. This paper emphasized the demand of sensible, positive orientation and perspective and sound strategy to achieve the objective of developed financial inclusion. The paper also glimpses at several business models and significant elements of profitable models for financial inclusion hence to increase the consequential and complete participation of the banks to succeed financial inclusion.

2.3 International-Level Studies

Mader, Philip. (2018) fundamentally evaluated financial inclusion as a mediation in the expansion space. It assessed the revolve from microfinance to financial inclusion, with the foundation of new players and exercises; innovative ideas and theories of modifications; and new expectancy toward clients. Further it deliberated three key subjects in the context of financial inclusion and contend the arguments developed by apostles of financial inclusion about them. Afterwards, it critically analysed the opinion made for financial inclusion includes driving comprehensive development conclusions, conveying direct benefits to poor and deprived people, and constructing good business sense.

Wang and Guan (2017) studied the state of financial inclusion worldwide by utilizing the financial inclusion index and the Global FINDEX database of World Bank. The research disseminates that developed European and North American countries adored higher levels of financial inclusion in comparison to the less developed countries of Africa and most of Asia. The dimensional stochastic research discovered that income of individual, education level and utilization of communications apparatus are significant factors that describe the level of financial inclusion.

Chapter 3 RESEARCH METHODOLOGY

3.1 Introduction

This present chapter details the research plan through which the objectives and gaps outlined have been dealt with. Further, it aims at providing comprehensive information about the existing research methodology components that have been implemented for the current study as well as the rationale behind using the same. It also highlights various approaches for collecting data with an appropriate research design including sampling design, data collection tools, statistical techniques used for analysing data to draw suitable inferences.

3.2 Research Gaps

After the intense literature review, the researcher has identified the following gaps-

- Problems and challenges in achieving complete financial inclusion have been analyzed in many scholars' work but the researcher could not find sufficient matter in reference to the South-East Rajasthan. Therefore, the current study focuses on this gap.
- There is a need to provide conflicting views on prospects of financial inclusion to summarise past research endeavours. The intended contribution of the present study is to overcome the non-existence of a comprehensive review of existing studies in this domain.
- In previous studies, not much work was done to discuss the perceptions of employees belonging to commercial banks regarding problems faced in financial inclusion and initiatives taken. The current study is a step ahead and aims to identify the opportunities and challenges in financial inclusion in South-East Rajasthan from the perspectives of both the households as well as bank employees.

3.3 Statement of Problem

To get a deep understanding of the concept of financial inclusion, its current status in South-East Rajasthan and to examine the challenges and prospects involved, the topic of the study was identified and entitled as-

"Financial Inclusion – Problems and Prospects. A Case study of Unbanked and Deprived Households of South – Eastern Rajasthan".

3.4 Objectives of Study

- To find out the status of financial inclusion in South-East Rajasthan (Hadoti region).
- To examine the association between financial awareness and financial inclusion.
- To examine the association between social networks and financial inclusion.
- To examine the association between technological up-gradation and financial inclusion.
- To study employees' perceptions towards the financial inclusion activities conducted by their institution.
- To study employees' perceptions towards Problems & Constraints faced in conducting Financial Inclusion Activities
- To study employees' perceptions towards Prospects of Financial Inclusion
- To study employees' perceptions towards Mechanism of Financial Institutions for Financial Inclusion

3.6 Hypothesis of Research work

- H01: There is no significant association between financial awareness and financial inclusion.
- H02: There is no significant association between social networks and financial inclusion.

- H03: There is no significant association between technological up-gradation and financial inclusion.
- H04: There is no significant difference in Employees' perceptions towards Financial Inclusion Activities conducted by their institutions.
- H05: There is no significant difference in Employees' perceptions towards Problems &Constraints faced in conducting Financial Inclusion Activities
- H06: There is no significant difference in Employees' perceptions towards Prospects of Financial Inclusion
- H07: There is no significant difference in Employees' perceptions towards Mechanism of Financial Institutions for Financial Inclusion

3.6 Research Design

In accordance with the research questions and objectives of the study, the research design chosen for the study is descriptive.

3.8 Sampling Design

- **Population of the Study**

The present study seeks to collect opinions of households belonging to unbanked and deprived section of south-east Rajasthan. This region covers four districts namely, Kota, Bundi, Baran and Jhalawar.

Moreover, employees of commercial banks constitute another sample for collecting their opinions on financial inclusion in their area of operation.

- **Sampling Technique**

The current study utilizes convenience sampling technique to randomly select households belonging to deprived section of south-east Rajasthan. An intensive survey was conducted from November 2019 to March 2020.

- **Sample Size**

600 questionnaires were distributed among households, out of which 540 were found complete in all senses and were considered for final analysis. Moreover, 42 employees of financial institutions have also been surveyed to know their

opinions about financial inclusion challenges and initiatives taken by Government.

3.8 Method of Data Collection

A. Primary data – through Questionnaires

B. Secondary Data –reports (published and unpublished) and annual proceedings from RBI, NABARD, Rajasthan Government, etc., Articles from Magazines, Journals & Newspapers, Research papers, web sources, published and unpublished research projects, surveys and reports.

3.9Reliability

Pilot study was conducted on a sample of 50 households and a reliability test was applied using Cronbach's Alpha and the results are as below:

Reliability Statistics

Cronbach's Alpha	N of Items
0.875	24

3.10 Statistical Techniques

Pearson Chi square test was applied for carrying out the analysis and for testing the hypothesis.

3.11 Limitations of Study

- Collection of primary data was done through the survey method where respondents filled the questionnaire. As most of the respondents belonged to rural areas and were having very poor academic background, it was time consuming and difficult to make them understood the purpose of the study.
- Since respondents are naturally biased in their responses, they may be guided by their mood and cognitive limitations at the time of giving responses. They may have interpreted the questions in a different manner which results in inappropriate responses.

- Employees of financial institutions including, commercial banks were contacted at their work place. It was very difficult to get their responses due to their busy schedule. Moreover, to ensure them about the confidentiality of the information sought was another major hurdle in collecting their responses.
- The current study is confined to South-East Rajasthan. Thus, the study reflects just and only the status of that particular region, which can be different from the rest of the state and the country as a whole.
- Although the study covers respondents belonging to deprived section having bank accounts, it does not cover the impact of financial inclusion on their wellbeing.

Chapter 4 INITIATIVES TAKEN BY RBI, GOI AND VARIOUS FINANCIAL INSTITUIONS

4.1 Introduction

This chapter covers the various initiatives taken in order to achieve desired level of financial inclusion in India. The chapter is further divided into 5 sections, which are as follows:

4.2 Initiatives taken by GOI

- Stand Up India Scheme
- Pradhan Mantri Mudra Yojana
- Pradhan Mantri Suraksha Bima Yojana (PMSBY)
- Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)
- Atal Pension Yojana
- Pradhan mantri Jan Dhan Yojna

4.3 Initiatives taken by RBI and Banks

- Financial Literacy
- National Strategy for Financial Inclusion (NSFI)

- Credit Counseling
- BC/BF model
- Relaxed KYC norms
- KCC/GCC
- No-Frill Accounts
- Opening of branches in unbanked rural centers
- Use of Technology and mobile banking
- Other Initiatives

4.4 Initiatives taken by NABARD

4.5 Financial inclusion in Rajasthan

4.6 Case study

Chapter 5 FINDINGS, CONCLUSION & RECOMMENDATIONS

5.1 Findings

5.1.1 Respondents' Demographic Details

10. Out of the total respondents, nearly 40% were having status of passive financial inclusion. 30% of the respondents had having status of no financial inclusion while, 29.8% had status of active financial inclusion.
11. Majority (26.2%) of the respondents fall in the age group between 20 to 29 years, nearly 23.2% were of age between 30-39 years, nearly 20% of belonged to less than 20 years age group, 16.9% were of 50 and above years while, only 13.8% of the respondents belonged to 40-49 years age group.
12. Majority of respondents (approx. 61%) were Female while, 38.9% were Male.
13. Out of the total respondents, majority (54.3%) belonged to Rural area while, 45.7% were from Semi-Urban/Urban area.

14. Most of the respondents (approx. 45%) were Married, nearly 28% were having 'Other' status which includes separated, widow, divorcee while, 27% approx. were Unmarried.

15. Most of the respondents (approx. 27%) had done Higher Secondary, 24.5% were Illiterate, nearly 20% of them had done primary schooling, and approx. 19% were Graduate whereas only 10% of them did High Schooling.

16. Majority of respondents (approx. 53%) had Nuclear Family while, 47% belonged to Joint Family.

17. Majority (approx. 38%) were Labourers, 25.6% were Salaried, 19.5% of respondents has 'Other' occupation, and nearly 10% had their own business whereas only 7% were agricultural labourers.

18. Most of the respondents (47%) had monthly income between Rs. 10000-20000, nearly 43% had been earning less than Rs. 10000 a month whereas nearly 10% of them were earning Rs. 20000-30000 a month.

Objective-1 To find out the status of financial inclusion in South-East Rajasthan (Hadoti region).

Following section fulfils objective-1 of the study

5.1.2 Respondents' Financial Inclusion Profile

15. Out of respondents having bank account, nearly 75% were having Saving account while, 25% had Current account.

16. Among respondents having bank account, nearly 38% got their bank account opened for availing Government benefits, 30% respondents took it for taking a loan, nearly 18% for depositing salary/wages whereas nearly 14% for depositing savings.

17. Nearly 64% of respondents had one bank account in their family, approx. 26% had 2 accounts in the name of their family members while nearly 10% were having 3 or more accounts in their family.

18. Nearly 51% of respondents stated that the distance of their home from the nearest bank is 3 KM or more while, nearly 49% were less than 3 KM away from the nearest bank.

19. Nearly 30% of respondents were not having any bank account, 35.2% denied to use ATM while, 34.6% agreed to use it.

20. Out of respondents having bank account, approx. 64% stated that the distance of ATM from their residence is less than or equal to 3 km while, nearly 36% said more than 3 km.

21. Approximately 30% of respondents deposited their savings in Informal Groups, nearly 20% deposited in Financial Institutions, 19.7% deposited in Post Office, 19.2% with Desi Bankers whereas nearly 11% of them deposited their savings in other channels.

22. Nearly 40% of respondents borrowed money from Desi Bankers, 30% respondents from Informal Groups, 15.8% from Financial Institutions whereas 14% of them borrowed from Post Office.

23. Approx. 31% of respondents stated took a loan for marriage purpose, nearly 17% for health and an equal percentage for purchasing vehicle. Nearly 13% took it for business, 12% approx. for housing while, only 10.3% took loan for education.

24. Nearly 52% faced procedures and related issues in accessing financial services, 13% had problems with distance from the bank 11% with requirement of Collateral Security, nearly 10% with bank timings, 7% with delayed services while, only 6.8% were hesitant due to behaviour of Bank staff.

25. 32% of respondents participated in training programs organized by financial institutions & banks, nearly 21% never participated in such trainings. Nearly 15% of respondents joined trainings organized by Advertising Agencies, 11.6% by financial literacy centres, 11% by Community based organizations/ non-Government organizations while, only 9.2% Government agencies.

26. Out of respondents having bank accounts, nearly 49% had been availing the benefits of PM Jan Dhan Yojna, 21% got enrolled in PM Mudra Yojna, 15% in PM Suraksha Bima Yojna, nearly 7% in Atal Pension Yojna, 6.1% in PM Jivan Jyoti Bima Yojna while, only 2.1% were beneficiaries under Start-up India Scheme.
27. Out of respondents having bank accounts, 54% denied to ever use the financial services, 26.3% reported to use them regularly. Nearly 9% of respondents had used it weekly, 6.8% Monthly while, the least i.e. 3.4% were using it Quarterly.
28. Nearly 70% of respondents were having bank accounts followed by nearly 15% of respondents who didn't have account due to lengthy procedures. Nearly 9% of respondents could not open account due to no or little money while, 6.1% were hesitant due to ignorance that's why did not have bank account.

5.1.3 Finding Related to Hypotheses Testing

1 Association between Financial Awareness and Financial Inclusion

- **Aware of the formal financial products and services (savings, loans, insurance and payments/remittances)**

Most of the respondents were disagreed to be aware of the formal financial products however, their awareness regarding formal financial products and services varies with their financial inclusion status. Analysis indicates that lack of awareness about formal financial products and services causes less financial inclusion.

- **Have the necessary documents required to open an account**

Most of the respondents agreed to have the necessary documents required to open an account however, their perceptions regarding having the necessary documents required to open an account varies with their financial inclusion status. Analysis shows inadequacy of necessary documents indicates less financial inclusion.

- **Being Uncertain of getting Customer Support on the use of the Financial Services**

Most of the respondents agreed to be uncertain of getting customer support on the use of the financial services however, their perceptions about this variable varies with their financial inclusion status. Analysis shows uncertainty of getting customer support causes less financial inclusion.

- **Being Able to utilize a variety of financial services offered**

Most of the respondents were neutral to be able to utilize a variety of financial services offered however, their perceptions about this variable varies with their financial inclusion status. Analysis shows inability to utilise a variety of financial services offered indicates less financial inclusion.

- **Easily send and receive money through the formal institutions and services**

Most of the respondents were agreed with the ease of sending and receiving money through the formal institutions and services however, their perception about this variable varies with their financial inclusion status. Analysis shows the ease of sending and receiving money through the formal institutions and services indicates more financial inclusion.

- **Being Aware of No Frill Accounts**

Most of the respondents were disagreed to be aware of No Frill Accounts however, their awareness regarding formal financial products and services varies with their financial inclusion status. Analysis indicates awareness about No Frill Accounts follows more financial inclusion.

- **Aware of BC/ BF Facility of Banks**

Most of the respondents were agreed to be aware of BC/ BF Facility of Banks however, their awareness regarding this variable varies with their financial inclusion status. Analysis indicates awareness about BC/ BF Facility of Banks follows more financial inclusion.

- **Earning of interest on savings is ensured with formal institutions**

Most of the respondents were agreed with earning of interest on savings is ensured with formal institutions however, their perception regarding this variable varies with their financial inclusion status. Analysis indicates lack of agreement about earning of interest on savings with formal institutions follows less financial inclusion.

- **Using formal financial services is safe for financial transactions**

Most of the respondents were disagreed with safety of using formal financial services for financial transactions however, their perception regarding this variable varies with their financial inclusion status. Analysis shows lack of safety of using formal financial services for financial transactions indicates less financial inclusion.

- **Aware of getting Govt. Benefits by opening bank account**

Most of the respondents agreed with being aware of getting Govt. Benefits by opening bank account however, their perception regarding this variable varies with their financial inclusion status. Analysis shows lack of awareness of getting Govt. Benefits by opening bank account indicates less financial inclusion.

2 Association between Social Networking and Financial Inclusion

- **Social networks are the most important source of financial information**

Most of the respondents agreed the statement "social networks are the most important source of financial information" however, their perception regarding this variable varies with their financial inclusion status. Analysis shows disagreement with the said statement indicates less financial inclusion.

- **Social networks have enabled you find out where financial institutions are located**

Most of the respondents disagreed the statement "social networks have enabled you find out where financial institutions are located" however, their perception regarding this variable varies with their financial inclusion status. Analysis shows disagreement with the said statement indicates less financial inclusion.

- **Rely on others in your networks to make financial decisions**

  Most of the respondents were neutral to relying on others to make financial decisions however, their perception regarding this variable varies with their financial inclusion status.

- **Social networks are important in obtaining a loan from a financial institution (referee/guarantor)**

Most of the respondents disagreed the statement "Social networks are important in obtaining a loan from a financial institution or Local Financer" however, their perception regarding this variable varies with their financial inclusion status.

- **Recognized by a financial institution because of the social network you belong to**

Most of the respondents were neutral to the statement "Recognized by a financial institution or Local Financer because of the social network you belong to" however, their perception regarding this variable varies with their financial inclusion status. Analysis shows lack of agreement with the said statement indicates less financial inclusion.

- **The people who influence your decisions expect you to save money in the bank**

Most of the respondents agreed the statement "The people who influence your decisions expect you to save money in the Formal Banks/ Desi Bankers" however, their perception regarding this variable varies with their financial inclusion status. Analysis shows lack of agreement with the said statement indicates less financial inclusion.

- **The people important to you think that formal financial services are cheaper to use**

Most of the respondents agreed the statement "The people important to you think that formal financial services are cheaper to use" however, their perception regarding this variable varies with their financial inclusion status. Analysis shows disagreement with this statement indicates less financial inclusion.

- **Get involved in activities within your networks that improve your financial wellbeing**

Most of the respondents strongly agreed the statement “Get involved in activities within your networks that improve your financial wellbeing” however, their perception regarding this variable varies with their financial inclusion status. Analysis shows disagreement with this statement indicates less financial inclusion.

3 Association between technological up-gradation and financial inclusion

In order to examine the association between technological up-gradation and financial inclusion, only respondents having bank account (70%) were taken into account for analysis based on active financial inclusion and passive financial inclusion.

- **Receive prompt information through SMS regarding your transactions**

Most of the respondents strongly disagreed the statement “Receive prompt information through SMS regarding your transactions” however, their perception regarding this variable varies with their financial inclusion status. Analysis shows disagreement with the said statement indicates passiveness towards financial inclusion.

- **Mobile/Net banking is safe to use**

Most of the respondents strongly agreed the statement “Mobile/Net banking is safe to use” however, their perception regarding this variable varies with their financial inclusion status Analysis shows the lack of agreement with the said statement indicates passiveness towards financial inclusion.

- **Mobile/ Net banking allows you to transfer and receive money as and when you need**

Most of the respondents strongly agreed the statement "Mobile/ Net banking allow you to transfer and receive money as and when you need" however, their perception regarding this variable varies with their financial inclusion status. Analysis shows the lack of agreement with the said statement indicates passiveness towards financial inclusion.

- **Smart cards facilitate you to transact without keeping much money in the pocket**

Most of the respondents strongly agreed the statement "Smart cards facilitate you to transact without keeping much money in the pocket" however, their perception regarding this variable varies with their financial inclusion status. Analysis shows the lack of agreement with the said statement indicates passiveness towards financial inclusion.

- **Craze of online shopping pushes you to get a bank account opened**

Most of the respondents strongly agreed the statement "Craze of online shopping pushes you to get a bank account opened" however, their perception regarding this variable varies with their financial inclusion status. Analysis shows the lack of agreement with the said statement indicates passiveness towards financial inclusion.

- **Easily get your problems resolved through online customer support service provided by banks**

Most of the respondents strongly agreed the statement "Easily get your problems resolved through online customer support service provided by banks" however, their perception regarding this variable varies with their financial inclusion status. Analysis shows the lack of agreement with the said statement indicates passiveness towards financial inclusion.

- **It is easy to track potential fraudulent transactions**

Most of the respondents strongly agreed the statement "It is easy to track potential fraudulent transactions" however, their perception regarding this variable varies with their financial inclusion status. Analysis shows the lack of agreement with the said statement indicates passiveness towards financial inclusion.

5.1.4 Findings related to Employees' Perceptions

1. Activities related to Financial Inclusion

- **Services Provided**

100% respondents agreed that their organization provides all the mentioned services including, A/c. opening, Smart/ATM card and Credit Card. Hence, no distribution difference was found, so chi squared test can't be applied for this main activity.

- **Employee Training Programs on Financial Inclusion**

Nearly 71% of respondents were agreed with "Your organization conduct Employee training programs on financial inclusion" and "Most of the employees/members actively participate in Employee training programs on financial inclusion". Further, more than 85% of them were having positive response about "employees/members are encouraged to attain training from third party trainers". However, no statistically significant difference was found in the perception of employees.

- **Providing financial literacy booklets/material to financially disadvantaged customers**

A very high majority (93% approx.) positively responded about "There is a training institute for spreading financial literacy", "Booklets for financial literacy are provided but there is no training institute", and "Formal channels are not there but personal advice is given occasionally". However, a little less percentage of respondents (86% approx.) reported to be agreed with "Formal channels are not there but financial literacy awareness programs are conducted occasionally". However, no statistically significant difference was found in the perception of employees.

- **Pattern of Opening of no-frill accounts for clients**

In response to the statement "Clients are informed about no-frills account and they are encouraged to open no-frills account" 93% approx. of respondents were disagreed. Nearly 64% said yes to "Clients are informed about no-frills account but it is recommended to open a savings account rather than no-frills" and "Neither, Clients are informed, nor no-frills account opened". However, more than 86% respondents denied the statement "Clients are not informed about no-frills, and it is opened only if they have asked for". However, a statistically significant difference was found in the perception of employees.

- **Financial inclusion schemes offered by bank branches**

100% respondents agreed that their organization provides majority of the mentioned schemes including, No frill accounts, Kisan credit card, general credit card, and BC/BF Model. Nearly 93% of respondents agreed Self-help group bank linkage model and nearly 79% said yes for Micro insurance scheme offered by bank branches. However, a statistically significant difference was found in the perception of employees.

2. **Problems & Constraints in Financial Inclusion Activities**

- **Major constraint to achieve financial inclusion in your area of operation**

Nearly 64% of sample employees stated that main constraints in achieving FI include- "Lack of motivation for management", "Unavailability of Technological support", "Unskilled Employees", and "Language Constraint". Moreover, nearly 57% of respondents reported about "Low financial literacy in target group" and 71% approx. mentioned "High default rate/ slow collection" as major constraints. However, no statistically significant difference was found in the perception of employees.

- **Reason for low operational rate (active accounts) in no-frills**

In response to the statements "Unemployment" and "Requirements from employers to open a particular bank account" 71% approx. of respondents favoured these as reasons for low operational rates in no-frill. More than 85% said

"Financial illiteracy" and nearly 57% of respondents reported "Negative Experiences with Banks" and "Adding other bank accounts and then letting no-frills become in-active" cause low operations in no-frill accounts. However, a statistically significant difference was found in the perception of employees.

- **Threat of competition from other institutions in the Financial Inclusion sector**

100% of sample employees favoured "competition will make the processes more efficient" however, nearly 57% denied "Competition will limit client base but still profitable". However, a statistically significant difference was found in the perception of employees.

- **Others**

Sample employees were enquired about other constraint in FI and nearly 57% agreed that "KYC norms act as a barrier towards inclusion". Due to single variable, chi squared test can't be applied for this variable.

3. Prospects of Financial Inclusion

- **View about Financial Inclusion**

100% of respondents agreed that "Inclusion is a win-win proposition", "It is perceived to be a win-win over the long term", and "This is not the right time to implement". Hence, no distribution difference was found, so chi squared test can't be applied for this main variable.

- **Benefit of government channels like EBT**

Nearly 71% of sample employees stated "People are encouraged through financial advice to maintain balance in their accounts and they use their accounts frequently" as a benefit of government channels. Nearly 64% agreed "People are encouraged through financial advice but they remove all the balance at once. Hence the account acts as one-time transaction accounts". Moreover, half of respondents reported about "Financial advice is not provided but they do maintain balance and do frequent transactions on the account" and "Financial advice is not provided and EBT acts as one-time transaction". However, a statistically significant difference was found in the perception of employees as there were high value of negative perception also.

- **Others**

100% of sample employees were agreed with “UID initiative would change FI Scene”, “Initiatives towards financial inclusion a part of the performance appraisal process for managers”, and “Financial Inclusion can lead to social and economic empowerment of the customers”. Hence, no distribution difference was found, so chi squared test can’t be applied for this main variable.

4. **Mechanism of Financial Institutions**

- **Sources for information on financial inclusion**

In response to “Intranet” 71% (approx.) of respondents favoured it as a mechanism of FI. More than 85% said “Training programs from institutions” and 100% reported “RBI website” and “Newspapers and Magazines” act as mechanisms for achieving FI. However, a statistically significant difference was found in the perception of employees as there was high value of negative perception also.

- **Modes used by financial institution for financial inclusion in your area of operation**

More than 85% of respondents favoured “Provision of loans to Self Help Groups” and “Direct disbursement of Small Loans”. Nearly 79% of respondents agreed “Partnership Model, where most MFIs/NGOs act as Business Correspondents who disburse bank loans to the clients”. However, no statistically significant difference was found in the perception of employees.

5.2 Conclusion

37. As per the findings, only 30% sample households residing in South East Rajasthan are financially excluded but the actual scenario is much more unpleasant. Of those who are financially included, most of them are not actively participating in the formal financial system of the economy. Thus, the purpose of achieving complete financial inclusion is still very far to achieve.

38. Among respondents having active financial inclusion status, a majority belonged to 20-29 years of age groups, of respondents having no financial inclusion status, a majority belonged to 30-39 years.

39. Among respondents having active financial inclusion status, nearly equal percentage of respondents were Female and Male. Of respondents having passive financial inclusion status and no financial inclusion status, a majority were Female. Thus, females need to be brought into the formal financial system.

40. In rural areas, majority of respondents are financially excluded and among those who are financially included, most of the households are passive. On the other hand, in semi-urban areas a majority of sample households are having active financial inclusion status. Still, 1/5 of respondents are financially excluded and a large percentage is having status of passive financial inclusion.

41. Among respondents having active financial inclusion status, a majority were Married, of respondents having passive financial inclusion status, a majority had Other marital status while, among respondents having no financial inclusion status, a high majority were Married.

42. Among respondents having active financial inclusion status, nearly half of the respondents secured Graduation and above, of respondents having passive financial inclusion status nearly majority were equally distributed between Illiterate and Higher Secondary qualifications while, among respondents having no financial inclusion status, a majority were Illiterate. Thus, illiteracy or low qualification of respondents causes hurdle in achieving complete financial inclusion.

43. Among respondents having active financial inclusion status, a high majority had Joint family, of respondents having passive financial inclusion status, nearly an equal percentage of respondents had Nuclear family and Joint family while, among respondents having no financial inclusion status, and a very high majority had Nuclear family. Thus

households having joint families are more actively participating in formal financial system.

44. Among respondents having active financial inclusion status, a majority were Salaried, of respondents having passive financial inclusion status, a majority were Labour while, among respondents having no financial inclusion status, a majority were Labour. Thus, labour class is the least financially included.

45. Among respondents having active financial inclusion status, a high majority had monthly income between Rs. 10000-20000, of respondents having passive financial inclusion status, nearly half of the respondents had monthly income between Rs. 10000-20000 while, among respondents having no financial inclusion status, a high majority had monthly income less than Rs. 10000.Thus, lower income is another hurdle in active financial inclusion.

46. Most of the respondents had Saving A/c. which indicates their low involvement in business transactions.

47. Among respondents having active financial inclusion status, majority got opened their bank account for taking loan while, of respondents having passive financial inclusion status nearly half of the respondents got bank account opened for availing Government benefits. Thus it can be concluded that the main reason behind getting the bank account opened among backward class is availing Government benefits because they don't have enough money to deposit in the account.

48. Among respondents having active financial inclusion status, nearly half of the respondents had one A/c. in their family, of respondents having passive financial inclusion status and no financial inclusion status a high majority had one A/c. in their family. It can be interpreted that backward class families have only one income earning member thus they believe to have one bank account in the family is enough.

49. Among respondents having active financial inclusion status, a high majority was having a distance of less than 3 km from the nearest bank

while, of respondents having passive financial inclusion or no financial inclusion status, a majority (60%) had distance of 3 or more km. Therefore, it can be concluded that much distance from the nearest bank poses hurdles in achieving financial inclusion.

50. Among respondents having active financial inclusion status, a very high majority (90%) were using ATM while, of respondents having passive financial inclusion status, a majority (80% approx.) did not use ATM. It indicates that due to lack of money in their bank account they do not use ATM.

51. Among respondents having active financial inclusion status and respondents having passive financial inclusion status, 70% and 60% of respondents were having a distance of 3 or less km from the nearest ATM, respectively.

52. Among respondents having active financial inclusion status, a majority deposited in Financial Institutions, of respondents having passive financial inclusion status, a majority deposited in Informal Groups while, among respondents having no financial inclusion status, nearly half of the respondents deposited in Informal Groups. It indicates that financially excluded households rely more on informal groups while depositing their savings.

53. Among respondents having active financial inclusion status, a majority borrowed from Financial Institutions while, of respondents having passive financial inclusion status and no financial inclusion status, a majority borrowed from Desi Bankers. Hence, it can be concluded that when in need of money, financially excluded households move to Desi bankers and other informal channels.

54. Among respondents having active financial inclusion status, a majority took loan for housing, of respondents having passive financial inclusion status no financial inclusion status, a majority took loan for marriage. It indicates that financially excluded households take loan for marriage purpose which again increases their financial burden.

55. Most of the respondents stated about facing procedure and documentation related issues which indicate that backward households face this issue because of their ignorance, lack of knowledge and inadequacy of required documents.
56. Among financially included households, most of the respondents agreed to avail the benefits of PM Jan Dhan Yojna followed by respondents who reported to be a beneficiary of PM Mudra Yojna. Hence, it could be concluded that popularity of PMJDY propelled the backward households to get their bank account opened.
57. Among financially included households, most of the respondents never used financial services followed by respondents who were using it regularly.
58. Among respondents having active financial inclusion status and passive financial inclusion status, a majority participated in training program organized by Financial Institutions & Banks while, among respondents having no financial inclusion status, a majority never had any training. Hence increasing participation in training programs can improve financial inclusion status.

The study further concludes the results of stated hypotheses which have been shown as under-

- **Hypotheses Results**

Objective	**Hypothesis**	**Test Applied**	**Inference**
Objective-2: To examine the association between financial literacy and financial inclusion	H01: There is no significant association between financial literacy and financial inclusion.	Chi Square	Null hypothesis is rejected
Objective-3: To examine the association between social networks and financial inclusion	H02: There is no significant association between social networks and financial inclusion.	Chi Square	Null hypothesis is rejected

Objective	Hypothesis	Test Applied	Inference
Objective-4: To association between technological up-gradation and financial inclusion.	H_{03}: There is no significant association between technological up-gradation and financial inclusion.	Chi Square	Null hypothesis is rejected
Objective-5: To study employees' perceptions towards the financial inclusion activities conducted by their institution.	H04: There is no significant difference in Employees' perceptions towards financial inclusion activities conducted by their institution.	Chi Square	Null hypothesis accepted
Objective-6: To study employees' perceptions towards Problems & Constraints faced in conducting Financial Inclusion Activities	H05: There is no significant difference in Employees' perceptions towards Problems & Constraints faced in conducting Financial Inclusion Activities	Chi Square	Null hypothesis rejected
Objective-7: To study employees' perceptions towards Prospects of Financial Inclusion	H06: There is no significant difference in Employees' perceptions towards Prospects of Financial Inclusion	Chi Square	Null hypothesis accepted
Objective-8: To study employees' perceptions towards Mechanism of Financial Institutions for Financial Inclusion	H07: There is no significant difference in Employees' perceptions towards Mechanism of Financial Institutions for Financial Inclusion	Chi Square	Null hypothesis rejected

5.3 Recommendations

A. Recommendations for Commercial Banks and other Financial Intuitions-

1. Banks are providing various traditional financial services to their customers. But to attract more customer banks should introduce some more innovative financial products, RBI can take lead in this context.

2. It has been seen in the study that Employee training programs had been conducted by financial institutions but more active participation of employees is required to attain more knowledge and skills.

3. The study of employee's perception stated that financial institutions are spreading financial literacy through booklets and other materials to financially disadvantaged customers but there is less availability of formal channels for financial literacy programs, so financial institutions are suggested to develop more formal channels for spreading financial literacy.

4. No frill account is a good tool to achieve financial inclusion, but in the studied region, few banks and financial institutions are not informing clients about No frill accounts moreover they suggested them to open saving account for their unsaid reasons. So, the banks and financial institutions are suggested to inform customers about benefits of No frill accounts.

5. The banks and financial institutions should encourage the households through financial advice to maintain balance in their accounts and use their accounts frequently to avail various benefits of government and others.

6. Banks and financial institutions are suggested to be upgraded in context of technology.

7. Self-help groups and micro finance institutions are significant players in financial inclusion programs. So, Banks are suggested to maintain provisions for Self-help groups. They should disburse more loans of small amounts to serve the purpose of inclusion of deprived and poor sector of the society.

8.On the basis of published data and this study, it can be said that, in south east Rajasthan there are bank branches in gram panchayat headquarters but there is absence of branches in remote villages comes under that gram panchayat. So, the figures shows that there is no block left unincluded but the fact is there is problem of access of banks and other financial institutions in remote location villages. So, the banks are suggested to approach such villages for actual inclusion of all sectors of the region.

9. A financial literacy and credit counseling centre shall be organized by the banks in every district of south east Rajasthan with suitable financial experts, bank officials, accordingly to convey necessary skills concerning to financial inclusions among the households. Additionally, Bankers should conduct Motivational

campaign frequently for inseminating saving habit in the minds of the rural people especially.

10. The financial institutions should be more attentive on the progression of rural domain to diminish poverty by enactment of various financial inclusions plans.

B. Recommendations to Government-

1. There is an existence of various technological issues like periodic machine breakdowns, persistent difficulty with connectivity, lack of consistent application of technology throughout the banks which hindered the absolute involvement and influenced the confidence of the customers in formal banking and related channels. So, the government is suggested to resolve such technical issues for smooth flow of financial system.

2. The Indian government is requisite to be congratulated for flourishing execution of dream of high financial inclusion, but the actual scenario in south east Rajasthan is that, the people are included into the financial system but large proportion is passively financially included which make no sense of inclusion. they are just dummy participant and are not contributing towards capital formation and economic development. Hence to achieve success in accomplishment of financial inclusion, the government would need to contemplate out-of-the box ideas to make a difference and such Innovations should be supported by financial literacy to the population.

3. Government should furnish diverse products to ensemble different sections of economy. it is requisite to have diverse products for its unbanked population. Consequently, there is a need to have micronized schemes, it is preferred to introduce different schemes for rural areas and urban areas.

5. It is found in published data that number of smart phones users is following a constantly increasing trend in India. But a large portion of population is not using mobiles for mobile banking. This reluctance is high in rural area specially. Hence the government is recommended to spread awareness of mobile banking amongst rural people. In addition to that common consumer knowledge about dialing to a toll-free number should be provided to people in rural areas.

6. The State Government should provide more funds for financial inclusion programs in south east Rajasthan and should focus on the upliftment of households in underdeveloped areas.

c. Recommendations to Households-

1. The households should visit financial institution frequently with which they avail loans and grade them on the basis of their quality of service. The financial status of households has enhanced due to regular sanction of loans from credit institutions like banks. Access to credit has empowered female households to handle income accusing activates.

2. In the study it was found that female households are more passively included or they are excluded from the financial system, so it is recommended for more involvement of females and they should attend financial literacy programs, it is a way for their betterment and empowerment as well as it is requisite for balanced economic development of the nation.

3. Households should give and understand the due importance to financial inclusion and related activities. They should take interest and actively participate in the related sessions and programs.

4. It was found in the study that deprived households of southeast Rajasthan are having their trust in Desi bankers and local landlords for their savings and loans purposes. Hence it is suggested to them to be the part of formal financial institutions which will ultimately help themselves in capital formation.

5. The households are suggested to have active access to their bank account on regular interval basis. They should not use bank accounts only for getting government benefits, in fact they must avail all services associated with bank accounts along with government schemes and should have regular access to financial services.

6. The households should enhance their level of financial knowledge regarding financial products and services. They must be aware of requisite documents and other formalities related to financial products access. This can be done by

upgrading their financial awareness through attending training sessions, financial literacy programs and seminars organized by various financial bodies.

7. The households should productively use their social networks for information related to financial products and services. This is helpful for improving their financial wellbeing.

8. The households should use their smart phones for mobile banking and net banking. This will improve their active participation in financial system. They should use smart cards for transactions it will reduce the requirement of handling cash in the pocket.

5.4 Scope for future Research

- The ideas and empirical findings reported in this research suggest future researchers to identify the optimal level of financial inclusion by using various parameters in further studies.
- It would be very captivating to carry out another study within the same area of research, with comparative study with the other regions, states and different aspects of supply side of financial inclusion, which will provide unified outcomes to the research topic and greater efficacy to the specialists, administration and government.
- Future studies should analyze additional interventions that will enhance the level of financial inclusion. The admired interventions include digitalization of technology, financial literacy and various small amount loan schemes and others. The new ideas should be investigated so that a numerous innovative alternatives are available to policy makers.

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A STUDY AND REVIEW OF PRADHAN MANTRI JAN DHAN YOGNA WITH SPECIAL REFERENCE TO RAJASTHAN STATE

Ankita Birla*

ABSTRACT

Financial Inclusion is described as the method of offering banking and financial solutions and services to every individual in the society without any form of discrimination. Financial inclusion is a subject of serious concern and however banking sector is growing rapidly but there is a large section of population remains unbanked and excluded from financial system of the economy. Though the Government of India and the Reserve Bank of India have been trying to include unbanked, deprived and vulnerable section of society in the financial system to achieve the objective of inclusive Growth. To alleviate this issue of financial exclusion, Hon'ble Prime Minister Narendra Modi announced a new scheme on 15th Aug 2014, and called it as the National Mission on Financial Inclusion (NMFI) for unbanked and vulnerable groups. This scheme was launched on 28th august 2014. Slogan of this scheme was "MeraKhata – Bhagya Vidhata. On the inaugural day of Pradhan Mantri Jan Dhan Yogna, Banks managed to open a record 1.5 crore new accounts. This paper aims to study and review the impact of Pradhan Mantri Jan Dhan Yogna with special reference to Rajasthan state. Past studies omitted some dimensions of impact study of this scheme. It attempts to cover various dimensions to study the progress of financial inclusion through PMJDY. The paper is divided into 3 sections. First section is introduction, second section is conceptual framework which consist of financial inclusion status along with progress of PMJDY and status in Rajasthan state and third section is conclusion. This scheme of government will indeed go a long way in promoting inclusive economic growth and reducing poverty.

Keywords: *Financial Inclusion, Inclusive Growth, Financial Exclusion, PMJDY, National Mission.*

Introduction

The Economic Development of a nation is highly depends upon a sound banking system which can facilitate mobilization of financial resources and channel them towards productive purpose which will results to high degree of capital formation. Lack of access to finance for small/marginal farmers and weaker sections of the society has been recognized as a serious threat to economic progress especially in developing countries. Moreover prolonged and persistent deprivation of banking services to a large segment of the population leads to a decline in investment and has the potential to fuel social tensions causing social exclusion. In this context government of India announced schemes like Pradhan Mantri

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Jan Dhan yogna. This scheme will pull the unbanked and deprived people to be get included into the system willingly, So that the more number of people have been the part of system in productive manner and their money can be utilized for productive purposes. It will results to high capital formation and the government can move forward on the path of inclusive growth.

Financial Inclusion in India

The concept of Financial Inclusion is the burning issue for government of India, so has been given much more importance.This concept helps to achieve the sustainable development of the country, through available financial services to the unreached people with the help of financial institutions.

In order to expand the credit and financial services to the wider sections of the population, a wide network of financial institutions has been established over the years. The organized financial system comprising Commercial Banks, Regional Rural Banks (RRBs), Urban Co-operative Banks (UCBs), Primary Agricultural Credit Societies (PACS) and post offices caters to the needs of financial services of the people. The initiatives taken by the Reserve Bank and the Government of India towards promoting financial inclusion since the late 1960s have considerably improved the access to the formal financial institutions.

The committee on financial inclusion, of government of India, has defined financial inclusion as the process of ensuring timely access to financial services and adequate credit where needed by vulnerable groups such as the weaker sections and low income groups at an affordable cost (Rangarajan Committee, 2008).

In an address Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India at the National Finance Conclave 2010, has mentioned that financial inclusion is no longer a policy choice but it is a policy compulsion today. Effective banking system is a key driver for inclusive growth.

The Khan Commission (2004) and The Rangarajan committee (2008) were the major initiators of Financial Inclusion in India. The reserve bank of India setup commission in 2004 known as Khan commission to initiate financial inclusion. The recommendation given by the committee were incorporated in the midterm review policy(2005-06).So, India has prominence in Financial Inclusion in 2005, when it was introduced, through a pilot project in UT of Pondicherry, by Dr. K. C. Chakraborthy, the chairman of Indian Bank. Mangalam Village became the first village in India where all households were provided banking facilities. The commercial banks start a 100% Financial Inclusion Campaign by getting inspired by it. As the result of this campaign States and UT like Pondicherry, Himachal Pradesh and Kerala have announced 100% financial inclusion in all their districts.

Reserve Bank of India's vision for 2021 is to open nearly 700 million new customers' accounts and service them through a variety of channels by leveraging on IT. However there are number of problems which create hurdles in success path. There is a lack of banking habits especially in rural areas of India. Illiteracy, increasing population is continued to be a road block to financial inclusion in many states. RBI, Government of India and NABARD are working continually to achieve the objective of financial inclusion. Government of India and RBI introduced many schemes like Pradhan mantra jhandhanyogna, Atal bima Yojna Sarv siksha abhiyan to promote financial education. Many financial Education centres are providind education about banking and financial services. All such efforts will results into the positive effect on living standard of people and economic growth of the nation.

Pradhan Mantri Jan Dhan Yogna (PMJDY)

Pradhan Mantri Jan-Dhan Yojana (PMJDY) is National Mission for Financial Inclusion to ensure access to financial services, namely, Banking/ Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in an affordable manner. Account can be opened in any bank branch or Business Correspondent (Bank Mitra) outlet. PMJDY accounts are being opened with Zero balance. However, if the account-holder wishes to get cheque book, he/she will have to fulfill minimum balance criteria.

Special Benefits under PMJDY Scheme

- Interest on deposit.
- Accidental insurance cover of Rs.1.00 lac
- No minimum balance required.
- Life insurance cover of Rs.30,000/-
- Easy Transfer of money across India
- Beneficiaries of Government Schemes will get Direct Benefit Transfer in these accounts.

- After satisfactory operation of the account for 6 months, an overdraft facility will be permitted
- Access to Pension, insurance products.
- Accidental Insurance Cover, RuPay Debit Card must be used at least once in 45 days.
- Overdraft facility upto Rs.5000/- is available in only one account per household, preferably lady of the household.

Phases of PMJDY Scheme

Comprehensive Financial Inclusion of the excluded sections is proposed to be achieved soon, 3 phases as under:

***Phase I* (15 Aug, 2014 - 14 Aug, 2015)**

- Universal access to banking facilities in all areas except areas with infrastructure and connectivity constrains like parts of North East, Himachal Pradesh, Uttarakhand, J&K and 82 Left Wing Extremism (LWE) districts.
- Providing Basic Banking Accounts and Ru-Pay Debit card which has inbuilt accident insurance cover of 1 lakh. Aadhaar number will be seeded to make account ready for DBT payment
- Financial Literacy Programme

***Phase II* (15 Aug, 2015 - 14 Aug, 2018)**

- Overdraft facility up to ‘ 5000/- after six months of satisfactory operation / history
- Creation of Credit Guarantee Fund for coverage of defaults in A/Cs with overdraft limit up to ₹ 5,000/-.
- Micro Insurance.
- Unorganized sector Pension schemes like, Swavalamban.

***Phase III*(15 August 2018 to current day and in continuation)**

- Increased number of beneficiaries.
- State government efforts
- More Financial Inclusion

Objective of Study

- To explore the concept of Pradhan Mantri Jan Dhan Yogna
- To review the impact of Pradhan Mantri Jan Dhan Yogna with special reference to Rajasthan.
- To study the current status of financial inclusion on the basis of Pradhan Mantri Jan Dhan Yogna.

Review of Literature

Sakshi Sachdeva (2015) explained the role of public sector banks in financial inclusion. In this report she discussed about the “Pradhan Mantri Jan Dhan Yojna” which aims to provide financial services to each and every part of country. She talked about the various initiatives taken by R.B.I and various banks for encouraging financial inclusion services to achieve rural and growth. Moreover, she argued that financial inclusion is possible only through proper mechanism and governance of banking sector.[1]

Thankom Arun and Rajalaxmi Kamath (2015) study the policies and practices of Financial Inclusion in their paper. They studied the progressive approach to financial inclusion in which they argued that financial inclusion has emerged as a key global priority. They had discussed two key principle i.e. Financial inclusion is a progression with payments as the optimal entry point and The usage of products is not guaranteed because of adoption and must be an explicit goal. They concluded that the sequence of interventions and experience in India in the arena of financial inclusion gives valuable insights and can guide future policy.[2]

Divyesh Kumar (2014) discussed about the concept of financial inclusion and Pradhan Mantri Jan Dhan Yojna.In this paper he explored the concept of financial inclusion tried to list out the negative implications of PMJDY. He talked about the Six Key elements, implementation and probable threat of PMJDY. [3]

Ashish Pathak et al (2014) focused their Study on number of accounts would be open by prime minister jan-dhanyojna.They attempted to study that how the weaker section will be benefited from this scheme and how people make the saving. They collect some primary data from various banks, on the basis of that they conclude that this project "Pradhan Mantri Jan – Dhan Yojana" is going a step forward to ensure the poorest citizens and their families a safe and secured life. Banks have been playing a pivotal role in enriching the economic and social life of the nation.[4]

Raihanath (2014) studied the role of commercial banks in the financial inclusion programme. He explains the phases of Financial Inclusion (Evolution of Commercial Banks) in his study. He talk about the role of commercial banks to be performed as part of financial inclusion programme in which he discuss about Financial literacy, Credit counselling, BC/BF model, KYC norms , KCC/GCC ,No-frill accounts, Branch expansion and Mobile banking.[5]

Dr. Anupama Sharma (2013) explored the need and significance of financial inclusion for economic and social development of society. The researcher analysed the current status of financial inclusion in Indian economy. The paper attempted to study the access of rural people to bank branches and the number of ATM opened in those areas an d studied the progress of State Cooperative Banks in financial inclusion plan. She explained the Forthcoming Plan of Banks for Financial Inclusion in her paper. [6]

Shafi (2016) reviewed the status of financial inclusion of banks through PMJDY and compared the financial performances of Banks with respect to pre and post periods of PMJDY. The paper stated that the ultimate aim of PMJDY is to reach out economic activity around poor to bring them into formal banking channel. In this paper quantitative analysis has been done by using Paired Sample t-test with the help of SPSS. They concluded that the overall study on PMJDY program explicates gradual penetration of bank branches, opening bank accounts and incrimination of business correspondents. However, the detailed review of this program will be possible only after the second phase implementation in which this mission will cover all adults, students and households to bring formal financial channels. [7]

Research Methodology

The proposed research work based on descriptive research and analytical research The research is based on Secondary data which will be collected through Newspapers, Research Articles, Research Journals, E-Journals, RBI Publication, World bank publication and Government of India, Ministry of Statistics and Programme and Publications of Ministry of Finance etc.

II Conceptual Framework

Key features of Pradhan Mantri Jan Dhan Yogna

"Economic resources of the country should be utilised for the well-being of the poor. The change will commence from this point."

Shri Narendra Modi

Hon'ble Prime Minister of India

In order to ensure financial inclusion various initiatives were taken up by RBI/ GoI like Nationalization of Banks, Expansion of Banks branch network, Establishment & expansion of Cooperative and RRBs, Introduction of PS lending, Lead Bank Scheme, Formation of SHGs and State specific approach for Govt. sponsored schemes to be evolved by SLBC etc.

The Pradhan Mantri Jan-Dhan Yojana was launched on 28 August, 2014, across the nation simultaneously. It was launched formally in Delhi with parallel functions at the state level and also at district and sub-district levels. Camps are also been organized at the branch level. The Pradhan Mantri Jan-Dhan Yojana lies at the core of development philosophy of "Sab Ka Sath Sab Ka Vikas".

With a bank account, every household would gain access to banking and credit facilities. This will enable them to come out of the grip of moneylenders, manage to keep away from financial crises caused by emergent needs, and most importantly, benefit from a range of financial products. As a first step, every account holder gets a RuPay debit card with a ' 1, 00,000/- accident cover. Further, they will be covered by insurance and pension products. There is need to enrol over 7.5 crore households and open their accounts.

Mission Mode Objectives (6 Pillars)

PMJDY to be executed in the Mission Mode envisages provision of affordable financial services to all citizens within a reasonable distance. It comprises of the following six pillars:

- Universal access to banking facilities: Mapping of each district into Sub Service Area (SSA) catering to 1000-1500 households in a manner that every habitation has access to banking services within a reasonable distance say 5 km by 14 August, 2015. Coverage of parts of J&K, Himachal Pradesh, Uttarakhand, North East and the Left Wing Extremism affected districts which have telecom connectivity and infrastructure constraints would spill over to the Phase II of the program (15 August, 2015 to 15 August, 2018).
- Providing Basic Banking Accounts with overdraft facility and RuPay Debit card to all households: The effort would be to first cover all uncovered households with banking facilities by August, 2015, by opening basic bank accounts. Account holder would be provided a RuPay Debit Card. Facility of an overdraft to every basic banking account holder would be considered after satisfactory operation / credit history of six months.
- Financial Literacy Programme: Financial literacy would be an integral part of the Mission in order to let the beneficiaries make best use of the financial services being made available to them.
- Creation of Credit Guarantee Fund: Creation of a Credit Guarantee Fund would be to cover the defaults in overdraft accounts.
- Micro-Insurance: To provide micro- insurance to all willing and eligible th persons by 14 August, 2018, and then on an ongoing basis.
- Unorganized sector Pension schemes like Swavalamban: By 14 August, 2018 and then on an ongoing basis.

Impact of Pradhan Mantri Jan Dhan Yogna

Table 1: Beneficiaries of PMJDY 2021

(All Figures are in crore)

Bank Name / Type	Number of Beneficiaries at rural/semiurban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	No Of Rural-Urban Female Beneficiaries	Number of Total Beneficiaries	Deposits in Accounts(In Crore)	Number of Rupay Debit Cards issued to beneficiaries
Public Sector Banks	21.07	12.77	18.56	33.84	110988.86	26.66
Regional Rural Banks	6.76	0.96	4.47	7.73	27668.16	3.36
Private Sector Banks	0.69	0.57	0.69	1.26	4291.43	1.11
Grand Total	**28.53**	**14.31**	**23.73**	**42.83**	**142948.46**	**31.12**

Source: https://pmjdy.gov.in/account

Table 1 depict about the total number of beneficiaries under the PMJDY Scheme in 2021 through Public, Private and Regional Rural Banks respectively. From the data it is clear that maximum beneficiaries under the scheme are through Public Sector Bank which is followed by Regional Rural Bank and then Private Banks under this scheme. On the basis of analysis of data we found that around 42.83 crore beneficiaries are included under the scheme in which 33.84 crore are at Public Sector Bank, which state that PMJDY scheme is doing effectively through the public sector bank, if we talk about the Regional Rural bank it is 7.73 crore under the scheme and private Bank has just covered around 1.26 crore beneficiaries. The same flow of data can be seen in deposits and Ru-pay Debit cards also. Hence from the above data it is clear the financial inclusion mission through PMJDY is effective with through Public Sector Bank.

Table 2: Report on Overdraft (Sanctioned/Disbursed) under PMJDY as on 10.06.2016

Total No Accounts Offered For Overdraft(OD)	6414519
Total No Accounts OD Sanctioned	3688323
Total No Accounts OD Availed	2016580
Amt. Total OD Availed (In Lacs)	Rs. 26631.09

Source: Publication of Ministry of Finance

Table 3 explains about the overdraft sanctioned under the scheme. There are 3688323 accounts sanctioned for overdraft facility and the figure for availed is 3688323 accounts. Under the scheme 26631.09 lacs Rupees availed for overdraft facility as on 10 June 2016 so it can depict that a large amount of overdraft facilities sanctioned and provided under the scheme.

Impact on Rajasthan State

Rajasthan is one of Indian state where a number of Rural, unbanked and deprived households exists. Absence of banking habits, lack of awareness, lower level of literacy and standard of living can be the reasons of financial exclusion. Pradhan Mantri Jan Dhan Yogna opened a path for such deprived and unbanked households to be get involved in the financial system.

Table 3: Beneficiaries in Rajasthan Report 2021

S.No	State Name	Beneficiaries at rural/semi-urban centre bank branches	Beneficiaries at urban/metro centre bank branches	Total Beneficiaries	Balance in beneficiary accounts (in crore)	No. of RuPay cards issued to beneficiaries
1	Rajasthan	1,95,86,154	1,02,30,316	2,98,16,470	11,627.48	2,34,97,077
2	Total	1,95,86,154	1,02,30,316	2,98,16,470	11,627.48	2,34,97,077

Source: https://pmjdy.gov.in/account

The above Table 3 shows the number of beneficiaries in Rural as well as urban areas of Rajasthan till the year 2021 under the scheme. Total 2,98,16,470 beneficiaries are there in Rajasthan under the scheme out of which 1.95.86.154 beneficiaries were from rural areas where as 1,02,30,316 beneficiaries were from urban areas. The data shows more involvement of rural households under the scheme, however more rural people involved in the financial system which is a good sign for state economy.

Table 4: Report of Deposits, Rupay Cards and Zero Balance Accounts as on 15-6-2016

Deposit (in Crore)	Aadhaar seeded	Zero Balance Accounts	Rupay Card Issued
3109.24	10592978	3814982	15059115

Source: Publication of Ministry of Finance

Table 4 depicts about the deposits, Aadhar seeded, Zero balance accounts and Rupay card issued under the scheme as on 15 June 2016 in Rajasthan. The study shows that 3109.24 crores of deposits placed, 10592978 aadhar seeded, 3814982 zero balance accounts opened and 15059115Rupay cards issued in Rajasthan under the scheme. This will leads to more inclusion of households in the financial system.

Table 5: House hold Report

Alloted Wards-SSAs	Wards-SSAs Survey Done	Wards-SSAs Survey Pending	Total House Hold	Covered House Holds	House Hold Coverage %
14169	14169	0	11463959	11462956	99.99%

Source: Publication of Ministry of Finance

Above table 5 explains the households report. 14169 wards surveyed under the schemes as on 15 June 2016 out of which not even a single ward remained untouched under the survey. It itself depicts the success story of the scheme. The Accuracy and efficiency percentage of household coverage was 99.99%.

Impact of Pradhan Mantri Jan Dhan Yognaon Financial Inclusion

The Pradhan mantri Jan Dhan Yogna seems like a boon for rural, derived and vulnerable households. Though this scheme is in the process of development but still it helps government to include vulnerable section of society in to the financial system. This scheme aids in the function of financial inclusion so that the objective of inclusive growth can be achieved .However PMJDY motivating households but it also promote banks too. Banks are opening more branches especially in rural and deprived areas to provide more facilities to more number of households so that more and more people witness the inclusive growth of nation. Following table shows the progress of commercial banks:

bring about comprehensive financial inclusion of all the households in the country it has approximated effectively by achieving massive number of account opened under scheme, not only account opened electronic card (Rupay card) also issued and availing Zero Balance Account especially to rural and low income groups, which increase the effectiveness of this scheme. Pradhan Mantri Jan Dhan Yogna reveals a path for unbanked, deprived and vulnerable section of society to be got include into the financial system. Increasing number of opened bank accounts of households depicts the increasing banking habits and increasing level of financial Literacy, which will ultimately results to inclusive economic growth of the Nation. Financial Inclusion on the basis of the PMJDY scheme causes increasing number of Bank Branches in rural as well as in urban areas which facilitate more benefits to the households. Such involvement of households in the financial system creates the higher values of nation on global platform.

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ROLE OF COMMERCIAL BANKS IN FINANCIAL INCLUSION: A STUDY IN RESPECT TO INDIAN ECONOMY

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ABSTRACT

Commercial banks play a major role in the economic development of a country like India. The level of financial education is low in developing countries. This will result that a sizeable section of the population, particularly the vulnerable groups, deprived and weaker sections and low income groups will remain excluded from the financial system and are not availing even the most basic facilities and services provided by the financial sector. This paper discuss about the roles of commercial banks in financial inclusion and initiatives taken by the Government of India and R.B.I. The government' initiative aims to facilitate financial services to every part of country including the bottom of Pyramid with the purpose of inclusive economic growth. The number of branches of banks is increasing in both urban and rural areas. The conceptual framework explains the impact of financial inclusion initiatives and efforts on Indian economy on the basis of financial parameters. Thus the paper concludes the initiatives, Schemes and efforts of banks, Reserve bank of India, NABARD and Government of India to enhance financial inclusion to achieve Inclusive Growth objective in India.

Key words: Central Bank, Financial Inclusion, Financial Parameters, Inclusive Growth, NABARD

I. INTRODUCTION

1.1 Overview

The Economic Development of a nation is highly depends upon a sound banking system which can facilitate mobilization of financial resources and channel them towards productive purpose which will results to high degree of capital formation. The effective banking system of nation plays a vital role in executing productive planning. This planning can be optimize by involvement of unbanked and deprived people in the system and avail the credit and financial services to them. It would ultimately results into a economic growth and overall development of a nation.The process of economic growth, especially when it is on high growth trajectory, must strive to encompass participation from all sections of society. Lack of access to finance for small/marginal farmers and weaker sections of the society has been recognized as a serious threat to economic progress especially in developing countries. Moreover prolonged and persistent deprivation of banking services to a large segment of the population leads to a decline in investment and has the potential to fuel social tensions causing social exclusion. The concept of Financial Inclusion is the burning issue for government of India, so has been given much more importance.This concept helps to achieve the sustainable development of the country, through available financial services to the unreached people with the help of financial institutions.

In order to expand the credit and financial services to the wider sections of the population, a wide network of financial institutions has been established over the years. The organized financial system comprising Commercial Banks, Regional Rural Banks (RRBs), Urban Co-operative Banks (UCBs), Primary Agricultural Credit Societies (PACS) and post offices caters to the needs of financial services of the people. The initiatives taken by the Reserve Bank and the Government of India towards promoting financial inclusion since the late 1960s have considerably improved the access to the formal financial institutions. [1]

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1.2 Financial Inclusion in India:

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Reserve Bank of India's vision for 2020 is to open nearly 600 million new customers' accounts and service them through a variety of channels by leveraging on IT. However there are number of problems which create hurdles in success path. There is a lack of banking habits especially in rural areas of India. Illiteracy, increasing population is continued to be a road block to financial inclusion in many states. RBI, Government of India and NABARD are working continually to achieve the objective of financial inclusion. Government of India and RBI introduced many schemes like Pradhan mantra jhandhan yogna , Atal bima Yojna Sarv siksha abhiyan to promote financial education. Many financial Education centres are providind education about banking and financial services. All such efforts will results into the positive effect on living standard of people and economic growth of the nation. [2]

1.3 Objective of study:

- To analyze the Role of Commercial Banks in India.
-To introduce the Initiatives taken by government of India and R.B.I. to promote financial inclusion.

- To explain the impact of financial inclusion initiatives and efforts on Indian economy on the basis of financial parameters.

1.4 Review of literature

1. A study by Ms G.S. Nalini in (2012) on Role of Banks in Financial Inclusion states the measures taken by the banks for financial inclusion. It examines the difficulties involved in the adoption and to enhance the extent of financial inclusion. In this paper a study was conducted among the banks in Tiruchendur area of Tamil Nadu. She suggested that the banks should encourage the people to access banking services by ways of no frills account, financial inclusion campaign , business correspondent, advertisement and awareness programme etc. to achieve the aim of 11th plan of Inclusive Growth. [3]

2. Radhika dixit & Munmun ghoshthe (2013) focused on the understanding of inclusive growth phenomenon and its need, this Paper attempts to disscuss financial inclusion as an instrument to attain it with reference to its extent in Indian states. The paper explains the meaning and need for inclusive growth, the role of financial inclusion in inclusive growth and to the extent of diversity in Indian states with regard to financial inclusion[4]

3. Dr. Anupama Sharma (2013) explored the need and significance of financial inclusion for economic and social development of society. The researcher analysed the current status of financial inclusion in Indian economy. The paper attempted to study the access of rural people to bank branches and the number of ATM opened in those areas an d studied the progress of State Cooperative Banks in financial inclusion plan. She explained the Forthcoming Plan of Banks for Financial Inclusion in her paper.[5]

4. Archana H. N (2013) directed her paper towards understanding the importance of Financial Inclusion for Inclusive Growth. It also aims at analyzing the role of various institutions like MFIs, SHGs, and RRBs in achieving Financial Inclusion. According to her an initial effort has been made for the widespread network of banking system through the establishment of Regional Rural Banks, Microfinance Institutions, self Help Groups etc with the objective of providing easy and timely finance. But she argued that despite of various initiatives undertaken, there are still many obstacles cropping up in attaining Financial Inclusion. Hence, both public and private sector institutions should work together to overcome these challenges and contribute towards Inclusive Growth. [6]

5. DR.A.TAMILARASU(2014) said that financial inclusion is the key for inclusive growth. In his study he talked about role of banking sectors on financial inclusion.he discussed that India is considered as largest rural populations in the world and belongs to agriculture activities so he argued that financial inclusion is aimed at providing banking and financial services to all people in a fair, transparent and equitable manner at affordable cost.He said that Financial Inclusion growth is possible only through proper mechanism which channelizes all the resources to all the direction of the customers.[7].

6. Raihanath (2014) studied the role of commercial banks in the financial inclusion programme. He explains the phases of Financial Inclusion (Evolution of Commercial Banks) in his study. He talk about the role of commercial banks to be performed as part of financial inclusion programme in which he discuss about Financial literacy, Credit counselling, BC/BF model, KYC norms , KCC/GCC ,No-frill accounts, Branch expansion and Mobile banking.[8]

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every part of country. She talked about the various initiatives taken by R.B.I and various banks for encouraging financial inclusion services to achieve rural and growth. Moreover she argued that financial inclusion is possible only through proper mechanism and governance of banking sector. [9]

1.5 Research Methodology

The study is partly descriptive, partly analytical .For this study data and information has been collected from secondary sources, with the help of Newspapers, Research Articles, Research Journals, E-Journals, RBI Publication , World bank publication and Government of India, Ministry of Statistics and Programme etc.

II. CONCEPTUAL FRAMEWORK

2.1 Role of Commercial Banks in India

The role of Commercial Banks of a country is very crucial. They provide an opportunity to utilize the basic financial services of fundamental financial system by the people of that country. The larger number of commercial banks creates larger scope of inclusion of all levels of people-pyramid of economy .It provides a platform which facilitate related financial products and services.

TABLE 1: Progress of Commercial Banks in India in Different Periods

IMPORTANT INDICATORS	March 2010	March 2011	March 2012	March 2013	March 2014	March 2015
No. of Commercial Banks	169	169	173	155	151	152
(a) Scheduled Commercial Banks	165	165	169	151	146	148
Of which: Regional Rural Banks	82	82	82	64	57	56
(b) Non-Scheduled Commercial Banks	4	4	4	4	5	4
Number of Offices of Scheduled Commercial Banks in India	85393	90263	98330	105437	117280	125672
(a) Rural	32624	33683	36356	39195	45177	48498
(b) Semi-Urban	20740	22843	25797	28165	31442	33703
(c) Urban	17003	17490	18781	19902	21448	22997
(d) Metropolitan	15026	16247	17396	18175	19213	20474

Source: (RBI Publication: Progress of Commercial Banking at Glance)

In the above table 1, we can see that numbers of bank offices are increasing year by year. In rural area the number of offices of commercial banks are increased by +48.65%, +62.5% in Semi- urban Areas, +35.25% in Urban and +36.25%in Metropolitan area from 2010 to 2015. It symbolize that banks are opening more branches in rural and Semi Urban areas to include rural and unbanked people into the financial system.

TABLE 2: Population per office, deposits and credit level of Commercial Banks

IMPORTANT INDICATORS	March 2010	March 2011	March 2012	March 2013	March 2014	March 2015
Population per office (in thousands)	13.8	13.4	12.3	11.9	10.8	10.3
Deposits of Scheduled Commercial Banks in India (` Billion)	44928.26	52079.69	59090.82	69342.80	79134.43	88989.01
Of which (a) Demand	6456.10	6417.05	6253.30	7671.61	8272.11	7800.53
(b) Time	38472.16	45662.64	52837.52	61671.19	70862.32	81188.48
Credit of Scheduled Commercial Banks in India (` Billion)	32447.88	39420.82	46118.52	53931.58	61390.45	64998.29
Deposits of Scheduled Commercial Banks per office (` Million)	526.1	577.0	600.9	657.7	674.7	708.1
Credit of Scheduled Commercial Banks per office (` Million)	380.0	436.7	469.0	511.5	523.5	517.2

Source: (RBI Publication: Progress of Commercial Banking at Glance)

By analyzing the above Table 2, it can be interpret that the deposits of commercial banks are increased by 44060.75 billion from 2010 to 2015. This shows that banking habits of people is having increasing trend . On the other hand credits of commercial banks are also increased by 32550.41 billion which indicates high credit facility is being availed by the commercial banks to make people willing to get included into the system. But unfortunately the population per office is having declining trend which is not a good symbol from financial inclusion point of view.

Table 3: Number of ATMs (Per100000 adults)

2011	2012	2013	2014	2015
8.95	11.13	13.05	18.07	19.37

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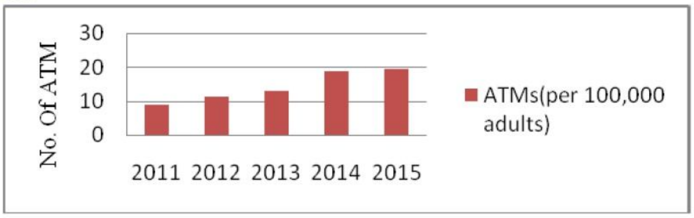

Figure 1: Number of ATMs (Per 100000 adults)

Source: World Bank Data

By taking the above Table 3 and Figure1 into consideration it can be said that the number of ATMs is increasing from the year2011 to the year 2015 by 10.42 ATMs per 1, 00,000 adults. Which shows that banks are providing more financial services to the people and people can access more ATMs to fulfil their requirements as numbers of ATMs are increasing year by year.

2.2 Schemes Initiatives taken by RBI, Central Government and NABARD:

2.2.1 Prioritized activities / institutions for support from Financial Inclusion Fund (FIF)

Training and Capacity Building of the staff of cooperatives including Primary Agricultural Cooperative Society (PACS)

- Training and Capacity Building of the staff of RRBs / Business Correspondents (BC) / Business Facilitators (BF)
- Financial Literacy Centres by Cooperative Banks and RRBs.
- Financial Literacy Campaign/Programmes.
- Projects involving awareness at field level and support in opening of accounts for micro insurance / pension.
- Generic content to be developed on Financial Literacy.

2.2.2Prioritized activities / institutions for support from Financial Inclusion Technology Fund (FITF)

- Support to weak State Cooperative Banks (SCB) / Central Cooperative Banks (CCB) / Urban Cooperative Banks (UCB) for implementing Core Banking Solution (CBS).
- Support to SCBs / District Central Cooperative Banks (DCCBs) / Regional Rural Banks (RRBs) for implementing Information and Communication Technology (ICT) based solutions.
- Support for establishing ATMs for weak Cooperative Banks / RRBs.
- ICT enabled Kisan Credit Cards (KCC) for both RRBs & Cooperatives.
- Onboarding of Aadhaar Enabled Payment Systems (AEPS) for RRBs / Cooperative Banks

2.2.3Other Financial Inclusion Schemes:

- Pradhan mantra surakha bima yogna (PMSBY)
- Pradhan mantri jeevan jyoti bima yojana (PMJJBY)
- Pradhan mantri jan dhan yojana (PMJDY)
- Sarva shiksha abhiyan (SSA)
- Atal pension yojana (APY)
- Suraksha bandhan scheme (SBS)

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The above schemes will pull the unbanked and deprived people to be get included into the system willingly, So that the more number of people have been the part of system in productive manner and their money can be utilized for productive purposes. It will results to high capital formation and the government can move forward on the path of inclusive growth.

2.3 Impact of Financial inclusion schemes on Indian Economy:

This section will aim to analyze impact of financial inclusion scheme on Indian economy on the basis of following financial parameters:

- Quality of life Index
- Social Progress Index
- Where to be born Index`
- GDP/GNP Progress and Growth Forecast

2.3.1. Quality of Life Index

Quality of life index measure the quality of life or well-being of a country. The value is the average of three statistics: basic literacy rate, infant mortality, and life expectancy at age one, all equally weighted on a 0 to 100 scale. It is different from standard of living concept. It is more related with expected quality of life.

Table 4: Asia: Quality of Life Index (Position of India)

Year	Rank	Quality of Life Index
2016	7	109.28
2015	16	78.60
2014	10	78.01
2013	11	73.70
2012	8	44.01

The above table 4 shows that India possessing 44.01 weights in the year 2012 which increased year by year and becomes 109.28 in the year 2016. This growth of 65.27 weight point indicates the increasing quality of life in India. In 2016 India posses 7th Rank in quality of life index of Asia ,this shows that the level literacy increased. The efforts of Government of India to provide education to all, to increase banking habits and to include people in the constructive system are going on the path of success.

2.3.2. Social Progress Index

The Social Progress Index measures the extent to which countries provide for the social and environmental needs of their citizens. Fifty-four indicators in the areas of basic human needs, foundations of wellbeing, and opportunity to progress show the relative performance of nations.

Table 5: Score of India on Social Progress Index

Year	Rank	Social Progress Score
2015	101	53.60
2014	102	50.24
2013	43	39.51

A beta version of the Social Progress Index for 50 countries in 2013 to measure a comprehensive array of components of social and environmental performance and aggregate them into an overall framework. The Social Progress Index was released in 2015 for 133 countries

India with a score of 53.6 is ranked 101st and is placed in the Low Social Progress Group. In 2015, India with a score of 50.24 was ranked 102 out of 132 countries in 2014 and with a score of 39.51 was ranked 43 among 50 countries.

India is among Low social progress group, however India is trying to improve its performance on global scale. As it shown in above Table 5, the score f India is increasing from year 2013 to the year 2015 The Government and supporting bodies of India are trying to improve the social progress.

2.3.3. Where to be born Index

The Economist Intelligence Unit's where-to-be-born index (previously called the quality-of-life index, abbreviated QLI) attempts to measure which country will provide the best opportunities for a healthy, safe and prosperous life in the years ahead. It is based on a method that links the results of subjective life-satisfaction surveys to the objective determinants of quality of life across countries along with a forward-looking element.

The index was calculated for 2013 and includes data from 80 countries and territories. The survey used ten quality of life factors along with forecasts of future GDP per capita to determine a nation's score.In 2013Ranked 66 among 80 countries and score was 5.67 out of 10.

2.3.4. Human Development Index

The Human Development Index (HDI) is a composite statistic of life expectancy, education, and income per capita indicators, which are used to rank countries into four tiers of human development

Table 6: Score of India on Human Development index

Year	1990	2000	2010	2011	2012	2013	2014
HDI Score	0.428	0.496	0.586	0.597	0.600	0.604	0.609

Source: publication of UNDP

India's HDI value for 2014 is 0.609, which puts the country in the medium human development category. India ranked 130 among 188 countries and territories in 2014 in Human Development Report 2015 released on Monday by the United Nations Development Programme (UNDP). The country's rank was 135 in 2013 according to the 2014 report. India up 5 spots, ranks 130th from 135th in Human Development Index. This indicates that the efforts and initiatives of Nation are going in positive way.

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2.3.5. GDP growth of India

Table 7: GDP/ GVA/ GNI and NNI Growth in India

2011-12 series								
Year	Growth at 2011-12 prices				Growth at current prices			
	GDP	GVA	GNI	NNI	GDP	GVA	GNI	NNI
2015-16	7.6	7.3	7.5	7.6	8.6	6.8	8.7	8.7
2014-15	7.2	7.1	7.3	7.2	10.8	10.5	10.8	10.8
2013-14	6.6	6.3	6.6	6.2	13.3	12.7	13.2	13.2
2012-13	5.6	5.4	5.3	4.7	13.9	13.6	13.6	13.3

Source: Planning Commission, Government of India, Ministry of Statistics and Programme, Implementation, Economic Survey of India 2014-15, International Monetary Fund (2016).

Table 7 shows GDP (Gross Domestic Product), GVA (Gross Value Added), GNI (Gross National Income), NNI (Net National Income) from financial year 2012-13 to financial year 2015-16. As on the basis of above table the GDP growth in India can be analyzed in following way:

From Financial year 2012-13 to the financial year 2015 -16 GDP increased from 5.6 to 7.6. This increase of 2% shows that the initiatives taken by Indian Government are pursuing in positive manner. The Positive growth rates symbolize the effective execution of Government policy and initiatives. In the same manner GVA, GNI and NNI are also having increasing trend which is a positive sign for the nation. but still there is a scope of improvement as all factors are increasing positively but the quantum of increase is low, such deficiency can be overcome by government by more optimized execution of strategy.[21]

III CONCLUSION

Financial inclusion is core tool for economic growth of a developing nation like India. India is country where level of poverty is high .there are lots of section of society including vulnerable ,deprived, low income group, illiterate household are still suffering from lack of availability of financial services. The cause of such unavailability can be lack of awareness, absence of financial literacy, lack of interest, absence of banking and saving habits etc. In this context government of India is implementing multiple schemes for the purpose of inclusion of unbanked sector of society to achieve the objective of inclusive growth. Commercial banks play significant role by opening new branches especially in rural areas, introducing attractive schemes of investments avail financial education centres and increasing the number of ATMs to attract more and more people towards banking and financial system. The initiatives taken by government of India have mixed impact on Indian economy as the performance is unsatisfactory on some financial parameters. The position of India at Quality of life Index, social Progress Index, Where to be born Index is among average performing countries. It should take into consideration by government to bring the performance on track.

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APPENDIX

Questionnaire for Households

Dear respondent,

I am conducting research under faculty of Commerce and management, University of Kota, Kota, Rajasthan for the study of ***"Financial Inclusion- Problem and Prospects. A Case Study of Unbanked and Deprived Households of South-Eastern Rajasthan."*** Your cooperation is deeply solicitude to provide the relevant information as per the contents of the Questionnaire. Information given by you will be confidential and during analysis suitable coding will be done to conceal the respondent's identity.

Section A Background Information

1. Age
   a) Below 20 b) 20-29 c) 30-49 d)>= 50
2. Gender
   a) Male ( ) b) Female ( ) c) Other ( )
3. Locality
   a) Rural ( ) b) Semi-Urban/ Urban ( )
4. Marital Status
   a) Single ( ) Married ( )
5. Qualification
   a) Illiterate ( )
   b) Primary School ( )
   c) High School ( )
   d) Higher Secondary ( )
   e) Graduate and Above ( )
6. Type of family
   a) Nuclear family b) Joint family
7. Occupation
   a) Salaried b) Labour c) Business
   d) Agricultural labour e) other (please specify)
8. Monthly Income?
   a) less than Rs. 10000
   b) 10000-20000
   c) 20000-30000
9. Reason for not opening Bank account
   a) No or little money c) Lengthy procedures
   b) Hesitant due to ignorance d) Other.........................
10. Type of Bank Account
    a) Saving b) Current

11. Purpose of opening Bank account

a) Deposit Saving   c) Loan

b) Govt. benefits   d) Salary and Wages

12. Number of bank accounts in family

a) 1   b) 2   c) >=3

13. Distance from the nearest bank

a) ≤3 Km   b) □=3 Km.

14. Do you use ATM?

a) Yes   b) No

15. Distance from the nearest ATM

a) ≤= 3 Km.   b) □3Km.

16. From where do you borrow money?

a) Financial Institutions

b) Post Office

c) Informal Groups

d) Desi Bankers

17. Purpose of Loan

a) Marriage   b) Health   c) Housing

d) Education   e) Business   f) Vehicle

18. Which of the channel you used to deposit your savings other than Banks?

a) Financial Institutions ( )

b) Informal Groups( )

c) Post Office ( )

d) Desi Bankers ( )

e) Other... ( )

19. What are the huedles faced by you in accessing Financial Services?

a) Distance From Bank   b) Bank Timings

c) Procedure and Documentation   d) Delayed Services

e) Behaviour of Bank Staff   f) Requirement of Collateral Security

20. Which government scheme you are aware of and availing benefits?

a) PM jan Dhan Yojana   b) PM Mudra Yojana

c) PM Jivan Jyoti Bima Yojana   d) PM Suraksha Bima Yojana

e) Atal Pension Yojana   f) Start-up India Scheme

21. Frequency of usage of Financial Services

a) Regularly

b) Weekly

c) Quarterly

d) Never

22. Participation in training program organized by any of the following agencies

a) Community based organizations/ Non- Government organizations

b) Financial literacy centres

c) Financial institutions like banks, cooperative societies, regional rural banks, etc.

d) Government agencies like DRDA/ National Skill Development Council (NSDC)/ Zila Parishads, etc.

e) Advertising Agencies

f) None

Section B Information related to Financial Awareness

23. Please indicate your response with a tick mark ( )

S. No.		Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
1.	You are aware of the formal financial products and services (savings, loans, insurance and payments/remittances)					
2.	You have the necessary documents required to open an account					
3.	You are assured of getting customer support on the use of the financial services					
4.	You are able to utilise a variety of financial services offered					
5.	You can easily send and receive money through the formal institutions and services					
6.	You are aware of No-Frill Accounts					
7.	You are aware of BC/BF Facility of Banks					
8.	The Earning of interest on savings is ensured with formal institutions					
9.	Using formal financial services is safe for financial transactions					
10.	You are aware of the Government benefits offered by opening bank account					

Section C Information related to Impact of Social Networking

24. Please indicate your response with a tick mark ( )

		Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
1.	Social networks are the most important source of financial information					
2.	Social networks have enabled you find out where financial institutions are located					
3.	You rely of others in your networks to make financial decisions					
4.	Social networks are important in obtaining a loan from a financial institution (referee/guarantor)					
5.	You are recognized by a financial institution because of the social network you belong to					
6.	The people who influence your decisions					

		Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
	expect you to save money in the bank					
7.	The people important to you think that formal financial services are cheaper to use					
8.	You get involved in activities within your networks that improve your financial wellbeing					

Section D Information related to Impact of Technological Up-gradation

25. Please indicate your response with a tick mark ( )

		Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
1.	You receive prompt information through SMS regarding your transactions					
2.	Mobile/Net banking is safe to use.					
3.	Mobile/ Net banking allows you to transfer and receive money as and when you need					
4.	Smart cards facilitates you to transact without keeping much money in the pocket					
5.	Craze of online shopping pushes you to get a bank account opened.					
6.	You can easily get your problems resolved through online customer support service provided by banks					
7.	It is easy to track potential fraudulent transactions					

26. In your opinion, what would be the impacts of financial inclusion in your area? State in few sentences.

…………………………………………………………………………………
…………………………………………………………………………………
…………………………………………………………………………………
…………………………………………………………………………………
…………………………………………..

Questionnaire for Employees of Financial Institutions

Dear respondent,

I am conducting research under faculty of Commerce and management, University of Kota, Kota, Rajasthan for the study of ***"Financial Inclusion-Problem and Prospects. A Case Study of Unbanked and Deprived Households of South-Eastern Rajasthan."*** Your cooperation is deeply solicitude to provide the relevant information as per the contents of the Questionnaire. Information given by you will be confidential and during analysis suitable coding will be done to conceal the respondent's identity.

(Financial Inclusion Related Information)
Please tick in the appropriate box [].

S. No.	Particulars	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
A	**Major constraint to achieve financial inclusion in your area of operation-**					
1.	Lack of motivation for management					
2.	Unavailability of Technological support					
3.	Unskilled Employees					
4.	Low financial literacy in target group					
5.	High default rate/ slow collection					
6.	Language Constraint					
7.	Social Norms					
B	**Sources for information on financial inclusion-**					
1.	Intranet					
2.	Training programs from institutions					
3.	RBI website					
4.	Internet (excluding SBI and RBI site)					
5.	Newspapers and Magazines					
C	**Modes used by financial institutions for financial inclusion in your area of operation-**					
1.	Provision of loans to Self Help Groups (through SHG bank linkage program)					

S. No.	Particulars	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
2.	Direct approach with customers Direct disbursement of Small Loans (less than Rs. 20000)					
3.	Partnership Model, where most MFIs/NGOs act as Business Correspondents (agents) who disburse bank loans to the clients					
D	**Financial Inclusion Schemes offered by the bank branches:**					
1.	No Frill Account					
2.	Kisan Credit Card					
3.	Self Help Group Bank Linkage Model					
4.	General Credit Card					
5.	BC/BF Model					
6.	Micro Insurance					
E	**Reason for low operational rate (active accounts) in no-frills**					
1.	Unemployment					
2.	Financial illiteracy					
3.	Negative Experiences with Banks					
4.	Adding other bank accounts and then letting no-frills become in-active					
5.	Requirements from employers to open a particular bank account					
F	**Employee Training Programs on Financial Inclusion**					
1.	Your organization conduct Employee training programs on financial inclusion					
2.	Most of the employees/members actively participate in Employee training programs on financial inclusion (though it is not mandatory)					
4.	employees/members are encouraged to attain training from third party trainers					
G	**Pattern of opening of no-frill accounts for clients**					
1.	Clients are informed about no-frills account and they are encouraged to open no-frills account					

S. No.	Particulars	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
2.	Clients are informed about no-frills account but it is recommended to open a savings account rather than no-frills					
3.	Clients are not informed about no-frills and it is opened only if they have asked for					
4.	Neither Clients are informed nor no-frills account opened					
H	**Benefit of government channels like EBT (Electronic Benefit Transfer) to achieve inclusion**					
1.	People are encouraged through financial advice to maintain balance in their accounts and they use their accounts frequently					
2.	People are encouraged through financial advice but they remove all the balance at once. Hence the account acts as one-time transaction accounts					
3.	Financial advice is not provided but they do maintain balance and do frequent transactions on the account					
4.	Financial advice is not provided and EBT acts as one-time transaction					
I	**Providing financial literacy booklets/material to financially disadvantaged customers**					
1.	There is a training institute for spreading financial literacy					
2.	Booklets for financial literacy are provided but there is no training institute					
3.	Formal channels are not there but financial literacy awareness programs are conducted occasionally					
4.	Formal channels are not there but personal advice is given occasionally					

S. No.	Particulars	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
J	**View about Financial Inclusion**					
1.	Inclusion is a win-win proposition (for bank in generating business and for the customer in getting financially included)					
2.	It is perceived to be a win-win over the long term (recovering initial costs and generating profits takes time)					
3.	This is not the right time to implement (inadequate technology/man power to generate profits and cover costs)					
K	**Threat of competition from other institutions in the Financial Inclusion sector**					
1.	competition will make the processes more efficient					
2.	Competition will limit client base but still profitable					
L	**Other**					
1.	KYC norms act as a barrier towards inclusion (even after significant relaxations)					
2.	UID initiative would change FI Scene					
3.	Initiatives towards financial inclusion (design a module/ field surveys and visit) a part of the performance appraisal process for managers					
4	Financial Inclusion can lead to social and economic empowerment of the customers					