

FINANCIAL INCLUSION - A FIELD SURVEY OF THANESAR BLOCK

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Abstract: Financial Inclusion enables the poor and marginalized group of people of our country to avail financial services at affordable cost and enhance their socio-economic empowerment. It has a vital role in ensuring inclusive growth and so it has been a focused area for the government, RBI and others policy makers during last decade. The present study has conducted a field survey through primary data on the status of financial inclusion in select villages of Kurukshetra District. The results states good situation of inclusion. The implications of the study has been identified and discussed. The study may be useful for the bankers, government and other stakeholders who are engaged in policy making relating to financial inclusion.

Keywords: Financial Inclusion, Below Poverty Line, Pradhan Mantri Jandhan Yojana, Financial Literacy

INTRODUCTION

Most of the population below the poverty line is asset-less and resource less. However sizable population under this segment lack credit to start some income generating activities or enterprise which would lead them to generation of income and economic empowerment. Access to finance by the poor is a prerequisite for poverty reduction. Therefore wider access to credit for the poor has been the major focus of Indian policy makers and government towards poverty eradication. Lack of access to financial services is a common feature of poverty. Financial services play an important role in helping the poor for livelihood generation and improving their economic status. Government of India has taken initiative to reduce poverty by improving access to financial services to poor since independence. In this direction financial inclusion has emerged as a vital tool to ensure the growth and development of varied sections of society particularly the poor people. "Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost". (C Rangarajan Report Committee 2008).

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LITERATURE REVIEW

This section reviews the available related literature on the status of financial inclusion which has been divided into two parts. The first part reviews the status of financial inclusion in worldwide and the second one reviews the status on financial inclusion in India.

Financial Inclusion Status - Global Scenario

As per Financial Access Initiative Note (October 2009) it was found that 2.5 billion adults, of world's adult population, are do not have accessibility to formal financial services for saving and credit. 62% adults residing in Asia, Africa and Latin America are unbanked and deprived with the basic financial services.

CGAP Policy Research Working Paper 5537(2011) concluded that more than half of the adults of world are excluded from formal financial services. In rich countries also it was found that twenty percent adult people do not have access to formal banking services.

Kunt & Klapper (2012) in his study on financial inclusion in Africa found that few of adults in Africa hold account in banking and financial institution and majority are dependent on informal way of saving and credit. They observed that most of the micro and small firms are excluded from formal financial system.

The Global Findex Database (2014) reported that during the period 2011 and 2014, total 700 million adult people got bank account and the no. of unbanked people decreased to 2 billion. The growth in account holding basically occurred due to increase in financial inclusion in developing economies.

Studies on Financial Inclusion Status in India

Singh Charan (2014) found in his study that almost half of the households in our country are unbanked and ninety percent villagers are deprived with branch of bank and other financial institutions due to which they are excluded from formal financial services.

Chakrabarty K.C (2012) observed that banking outreach from geographical and population perspective is demanding and its feasibility is touch. There is greater need of coordination between various stakeholders viz., bankers, government, NGO and others to achieve effectively the mission of financial inclusion in our country.

RBI Report (2015) on Financial Inclusion concluded that overall there has been significant increase in the no. of bank accounts however still a sizable amount of people in north east, eastern and central north area is excluded from formal banking system particularly the women. It was also suggested that affordable mobile technology can play vital role in financial inclusion in rural area.

Beck & Peria (2007) studied determinants of financial outreach in comparison to its depth. They also studied the obstacles in access to financial services and suggested policy measures to remove them.

Sharama & Pais (2010) in his study on financial inclusion and development concluded that there is strong relationship between financial inclusion and human development and income level is significant factor for determining the level of financial inclusion. They also observed that level of physical and electronic connectivity and literacy of people significantly impacts the financial inclusion.

Sanford & Cojocar (2013) concluded in his study that majority adults in Brazil have accessibility to financial services and banks. More than 80 percent households in Brazil have atleast one bank account. Banking correspondents have increased financial inclusion and enabled people to avail financial services.

As per Global Microscope (2014) India has got 61 rank in financial inclusion in global ranking. India has done significant progress in focusing the financial inclusion policy and ensuring universal access to financial services.

Shamika Ravi (2015) found in his study on financial inclusion suggested that savings of the poor has to be promoted and there is need of expanding the insurance services for the poor. She observed that there is greater need of technological innovative models to make financial services in remote area viable. There is also need of financial literacy and awareness for the better utilization of financial services.

The various studies and reports emphasize the importance of financial inclusion for the economic empowerment and well being of poor people. Based on the comprehensive review no study was found which has been conducted to know the status of financial inclusion in Kurukshetra district.

The present study is an attempt to fill this gap by conducting a filed survey of Thanesar Block in Kurukshetra District.

METHODOLOGY

Selection of location and area for research study is one of the important task in the research work. In the present study Thanesar block of Kurukshetra district was selected for the field study. Total four villages namely Dhurala, Dayalpur, Jyotisar and Kirmich in Thanesar block were selected for the purpose of field survey. The rationale of selection of these villages were familiarity with the locality and their socio-cultural conditions so that interviews with the respondents could be effective.

For the present field survey a questionnaire was designed containing both open and closed questions for the personal interview of BPL persons in the select villages. The survey was done amongst the BPL persons residing in Dhurala,

Dayalpur, Jyotisar and Kirmich. A total 100 BPL persons were selected conveniently for the field study in the select villages.

For knowing the status of financial inclusion in the select village the following six comprehensive criteria was used :

- i) Access to Bank Account
- ii) Access to PMJDY A/C
- iii) Access to availing credit facility
- iv) Regular Savings in Bank Account
- v) Access to availing Agriculture loan
- vi) Access to availing Insurance facility

In addition to personal interview of BPL persons focus group discussion method was also used to gain in-depth views from the respondents about the financial inclusion issue identified for the study. A total ten groups of ten BPL persons were formed for conducting focus group discussion. The results of the data collected through questionnaire has been analyzed through descriptive statistics. The findings gained through in depth analysis of focus group discussion has been qualitatively analyzed.

Sampling Distribution of Respondents from Villages

<i>Name of Villages</i>	<i>No of Respondents</i>	<i>Percent</i>
Dhurala	20	20
Dayalpur	17	17
Jyotisar	28	28
Kirmach	35	35
Total	100	100

ANALYSIS AND FINDINGS

This section shows the analysis of data collected through field survey on situation of financial inclusion in the villages of Kurukshetra.

Table 1
Gender Distribution

<i>Gender</i>	<i>Frequency</i>	<i>Percentage</i>
Male	57	57
Female	43	43
Total	100	100

Source: Primary Survey Data

It is clear from the table that out of 100 respondents 57 were males and 43 were females. All the respondents were under below poverty line.

Objective 1: To explore and examine access to Bank Account

To know the financial inclusion situation in the select villages data was collected on the number of BPL people having bank accounts and using the financial services.

Table 2
Results on Access to Bank Account

<i>Name of Village</i>	<i>No. of Respondents</i>	<i>No. of people having a Bank Account</i>	<i>Percentage</i>
Dhurala	20	15	75
Dayalpur	17	16	94
Jyotisar	28	24	86
Kirmach	35	32	91

Source: Primary Survey Data

The above table shows the no. of people having bank account with different banks. In the village Dayalpur most respondents have a bank account except one. The reason behind it is presence of banks near to the village. Although village Jyotisar and Kirmach has presence of State Bank of India branch, but the percentage of people having a bank account are less as compared to Dayalpur. In Kirmach 91.4% people have bank accounts and access to banking, whereas in Jyotisar 85.7% have bank accounts. In the village Dhurala the percentage of people having bank account are very low. Only 15 out of 20 respondents have accounts. Dhurala village does not have any bank branch which makes lesser no of bank accounts amongst the people.

Objective 2: To explore and examine access to Credit

Next important dimension of financial inclusion was to know the accessibility to credit facility. The below table shows the results on credit facility availed by the respondents. This objective of the study shows that out of the various respondents how many have access to credit or a taken loan from various banks.

Table 3
Results on Access to Credit Facility

<i>Name of Village</i>	<i>No. of Respondents</i>	<i>No. of people taken Loan</i>	<i>Percentage</i>
Dhurala	20	5	25
Dayalpur	17	2	12
Jyotisar	28	7	25
Kirmach	35	12	34

Source: Primary Survey Data

The above table shows that in the village Dhurala only 25% of people have access to credit through a bank. Same is the situation with village Jyotisar where

out of 28 respondents only 7 has access to credit. But in village Kirmach 34.3% of respondents used the credit services available to them, which is highest in all the villages surveyed. A very low access to credit is found in the village Dayalpur where only 11.8% respondents have used credit facilities. The low presence of bank branch and distant from the village location is the main reason of lower beneficiaries of credit facility.

Objective 3: To explore and examine access to Savings

The next was to know the status on savings situation amongst the people which is an important factor to know the situation of overall financial inclusion. The results of the response generated have been summarized in the below table.

Table 4
Results on Savings Habit

<i>Name of Village</i>	<i>No. of Respondents</i>	<i>No. of people having Bank A/C</i>	<i>No. of people having Regular Savings</i>	<i>Percentage</i>
Dhurala	20	15	12	80
Dayalpur	17	16	14	88
Jyotisar	28	24	24	100
Kirmach	35	32	31	97

Source: Primary Survey Data

The above graph shows that in village Dhurala out of 15 bank account holders, 12 people are saving on regular basis. In village Dayalpur out of 16 people having bank account only 14 are contributing savings in their account. In Jyotisar village saving situation is best where all the people having bank account are regularly savings. In Kirmach village also almost all people having account are saving their money in their bank account.

Objective 4: To explore and examine access to insurance

Another basic dimension of financial service is insurance facility. The below table shows how many of the households having bank accounts got insurance facility which would help in knowing the status on financial inclusion.

The above table shows that in Dhurala village 67 percent people having account availed insurance service. In the case of Dayalpur and Kirmach villages 69 percent people availed insurance facility from bank. The highest no. of insurance beneficiaries were found in Jyotisar village. The overall situation of insurance service availed by the account holders is good which shows reasonable inclusion.

Table 5
Results on access to Insurance facility

<i>Name of Village</i>	<i>No. of people having Bank Account</i>	<i>No. of people availing Insurance facility</i>	<i>Percentage</i>
Dhurala	15	10	67
Dayalpur	16	11	69
Jyotisar	24	18	75
Kirmach	32	22	69

Source: Primary Survey Data

Objective 5: To explore and examine access to Agriculture Loan

Agriculture loan is very important dimension of financial service and government of India and banks are focusing on huge expansion of this facility. In India still majority poor people are directly and indirectly engaged in agricultural activity. Penetration of agriculture loan amongst farmers and poor people is would have significant contribution for achieving the goal of financial inclusion . The results on the situation of agriculture loan in the present survey has been shown in the below table.

Table 6
Results on situation of Agriculture Loan

<i>Name of Village</i>	<i>No. of people having Bank Account</i>	<i>No. of people having availed Agricultural loan</i>	<i>Percentage</i>
Dhurala	15	2	13
Dayalpur	16	0	0
Jyotisar	24	3	13
Kirmach	32	4	13

Source: Primary Survey Data

The above table shows that in the different villages the access towards the agriculture loan is very low. It is a matter of grave concern as agriculture loan is backbone for the farmers and poor people who are mainly dependent on agriculture loan for farming. In village Dhurala , Jyotisar and Kirmach the situation is same and 13 percent people having bank account have availed agriculture loan . In Dayalpur no person having bank account have availed agriculture loan. In Dayalpur it is matter of concern for the bankers near to the location that agriculture loan has to be given to the persons having bank account.

Objective 6 - To explore and examine access to Bank Account PMJDY

Pradhan Mantri Jan Dhan Yojana is flagship largest scheme of government of India for financial inclusion which would enable the persons to avail financial services

to poor. It is very easy and beneficial for the poor people to have account under this scheme. The below table shows the results on accounts opened under PMJDY which provides insurance facility also to the account holders.

Table 7
Results on PMJDY Account

<i>Name of Village</i>	<i>No. of people having Bank A/C</i>	<i>No. of people having Bank A/C under PMJDY</i>	<i>Percentage</i>
Dhurala	15	5	33
Dayalpur	16	7	44
Jyotisar	24	12	50
Kirmach	32	15	47

Source: Primary Survey Data

It is only Jyotisar village wherein half of the people have account under PMJDY which shows that PMJDY has been relatively more effective and successful in this village than compared to others. In Dayalpur and Kirmach 44 and 47 percent people have account under PMJDY scheme. The lowest no. of accounts opened under PMJDY scheme is in Dhurala village where just 5 persons have PMJDY account.

This shows that the financial inclusion scheme from PMJDY perspective is not satisfactory and there is greater need on the part of bankers to aware and publicize the scheme so that more inclusion could be insured.

Major findings based on in depth discussion in Focus Group Discussion through Open Ended Questions

- Financial literacy and awareness about financial services is very low among the people of the villagers.
- It was observed that documentation and official procedure was major constraint for opening account.
- Awareness regarding the various government schemes is not satisfactory. They do not have detailed knowledge about the PMJDY and other schemes of financial inclusion. They lack information about the procedure to avail these schemes.
- Due to non-availability of banks in village areas, it is difficult for the villagers to have access to the bank account which ultimately deprives them to avail the financial services
- Majority of the respondents having bank account but not saving on regular basis said that due to lack of surplus and regular employment it was not possible for them to save regularly.
- There is need of greater door step services as there is low penetration of bank branches. Mobile and other affordable technological tools have to

be used for reaching in those areas where very low bank branch penetration is there.

- Bankers made an effort to include all in financial inclusion through self-help groups, but there are no saving habits found in the village people.
- Due to lack of knowledge and fear poor people are not using reasonably the facilities of ATM and other technology based banking services.
- In case of emergency of financial needs mostly poor people took help from their relative, friends and money lenders so they opined no use of bank for urgent credit requirement.
- The process of bank loans and agriculture loans were lengthy and cumbersome due to which the people are not able to avail the various loan facilities provided by banks.
- Credit process of banks was too hectic that's why BPL people were not availing the credit facilities through them.

Implications for policy and further research

Financial inclusion is the national mission of new government and RBI and bankers have taken various steps to ensure universal inclusion in our country. In this respect it is essential to know the progress and status on the inclusion. Very few studies have been conducted on the status of financial inclusion. This study can be useful for the policy maker as it basically examines the status on financial inclusion in Thanesar block of Kurukshetra district. The present field survey of select villages in Thanesar Block would provide insight and knowledge on the various problems due to which low inclusion on bank account, credit availing, insurance facility and PMJDY account have been found. The limitations of the study can be identified as scope for further exploration and research. Further research is needed on large sample covering more districts in Haryana which would provide larger picture, exploring the lower number of agriculture loans sanctioned despite good no. of bank accounts and lower accounts under PMJDY.

CONCLUSION

Over the last decade the role of financial inclusion in socio-economic empowerment of poor and deprived section of community has been well recognized by the government and policy makers. The progress and status on financial inclusion is much emphasized by the government to know the actual situation of inclusion. There is greater need to conduct study on the situation of inclusion in various parts of India at various level. In this background a field study has been conducted to know the situation of inclusion in the villages of Thanesar block of Kurukshetra district. The study shows that on banking account holding the majority people had bank account situation was very good. However only 26 person had availed

credit facility out of 100 which shows a very poor situation. Almost all people having bank account were found to have regular savings in their account.

Majority people having bank accounts also availed insurance facility from bank which shows comprehensive financial service. The situation of agriculture loan which is a priority sector area and major loan for the farmers and poor was found very bad as just 9 persons had availed this facility. On this front the situation has to be improved drastically by the bankers. Less than half of the people having bank account had opened their account under Pradhan Mantri Jan Dhan Yojana. On the basis of bank account and habit of regular savings which is a major criteria for financial inclusion the situation was found good in the village. However there is need of improving the situation on the front of credit service which is a major component of financial service.

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