

Vol 5 Issue 10 July 2016

ISSN No : 2249-894X

*Monthly Multidisciplinary
Research Journal*

*Review Of
Research Journal*

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Review Of Research



ANALYTICAL STUDY OF FINANCIAL INCLUSION WITH SPECIAL REFERENCE TO PUNE DISTRICT

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ABSTRACT:

The Financial inclusions are important simply because it is a necessary condition for sustaining equitable growth. There are few, if any, instances of an economy transiting from an agrarian system to a post-industrial modern society without broad-based financial inclusion. As people having



comfortable access to financial services, we all know from personal experience that economic opportunity is strongly intertwined with financial access. Such access is especially powerful for the poor as it provides them opportunities to build savings make investments and avail credit. In this research paper the hypothesis of the study is

to check the relationship between difficulties in bank services faced by respondents and efficiency of Bank to provide services also check the association between non-satisfaction of bank services and awareness of banking services to increase the efficiency of bank.

KEY WORDS: Financial inclusions, financial services, financial access, bank services.

1. INTRODUCTION OF FINANCIAL INCLUSION

Access to finance by the poor and vulnerable groups is a prerequisite for poverty reduction and social cohesion. This has to become an integral part of our efforts to promote inclusive growth. In fact, providing access to finance is a form of Empowerment of the vulnerable groups.

- Financial inclusion denotes delivery of financial services at an affordable cost to the vast sections of the disadvantaged and low-income groups. The various financial services include credit, savings, insurance and payments and remittance facilities. The objective of financial inclusion is to extend the scope of activities of the organized financial system to include within its ambit people with low incomes.

1.1 Definition of Financial Inclusion

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. The Committee on Financial Inclusion (Chairman: Dr. C. Rangarajan, 2008)

SWABHIMAN - State Financial Inclusion Plan – Maharashtra State

The swabhiman movement facilitate opening of bank accounts, provide need based credit, remittance facilities and help to promote financial literacy in rural India using various models and technologies including branchless banking models through Business correspondents. Financial exclusion is a harsh reality in India with almost half the country being unbanked

2. INCLUSIVE GROWTH: A KEY OBJECTIVE

- The Eleventh Five Year Plan (2007-12) envisions inclusive growth as a key objective. The Plan document notes that the economic growth has failed to be sufficiently inclusive particularly after the mid-1990s. The Indian economy, though achieved a high growth momentum during 2003-04 to 2007-08, could not bring down unemployment and poverty to tolerable levels. Further, a vast majority of the population remained outside the ambit of basic health and education facilities. Thus, the Eleventh Plan Document tries to restructure the policies in order to make the growth faster, broad-based and inclusive by reducing the fragmentation of the society. It clearly stated that 'The development of rural India is an imperative for inclusive and equitable growth and to unlock huge potential of the population that is presently trapped in poverty with its associated deprivations' (GoI, 2007). Huge investments in education and health, and rural infrastructure were the key elements of the inclusive growth strategy as envisaged.

There are enormous benefits at the aggregate level too. The first and more obvious benefit is that financial inclusion provides an avenue for bringing the savings of the poor into the formal financial intermediation system and channels them into investment. Second, the large number of low cost deposits will offer banks an opportunity to reduce their dependence on bulk deposits and help them to better manage both liquidity risks and asset-liability mismatches.

3. SCOPE OF THE STUDY

The Government and the Reserve Bank have taken various steps to bring the underprivileged and weaker sections of the society within the ambit of banking, which have had a favorable impact. However, the magnitude of the problem is enormous and still a sizeable portion of the rural and urban low income population has very little access to financial services. These groups pay a high price for accessing credit from moneylenders and other informal sources. There is, thus, a need to expand the outreach of the formal financial system to include rural and urban poor. More detailed work needs to be done to assess the progress of financial inclusion in the country and to then devise further strategies for promoting it.

4. LIMITATIONS OF THE STUDY

- 1.The information collected solely depends upon the answers by respondents and accuracy of information could vary
- 2.Getting actual information from the respondents was difficult.
- 3.According to the sample size, the findings might be only suggestive and not conclusive.
- 4.The time constraint was a major limitation to the study.

5.HYPOTHESIS OF THE STUDY

- 1.There is statistical significant relationship between difficulties in bank services faced by respondents and efficiency of Bank to provide services.
- 2.There is statistical significant association between non-satisfaction of bank services and awareness of banking services to increase the efficiency of bank.

5.1 Research Method

The present study was predominantly descriptive in nature and its primary aim was to know the availability of banking services in unbanked villages in Pune district.

5.2 Primary Data

The data was collected from rural households and business correspondents by using structured questionnaire.

5.3 Secondary Data

The data obtained from internet, data published by government websites and government reports, National and International journals etc.

5.4 Sample Unit

The data was collected from rural households and business correspondents in selected taluka's in Pune District.

5.5 Sample Size

The structured Questionnaires were distributed among 250 rural households and business correspondence from different villages in Pune district.

Sampling technique was used Non Probability Sampling method which is Purposive Sampling.

5.6 Statistical tools and techniques used:

RxC Chi-Square Test has been used for the testing the There is statistical significant relationship between difficulties in bank services faced by respondents and efficiency of Bank to provide services. For data analysis purpose researcher used statistical software like as IBM-SPSS (Statistical Package for Social Science, version 23.0) and MS- Excel. Using statistical software researcher computed descriptive statistics like as Frequency and percentage for different dataset collected by researcher. Using MS-Excel, researcher draws the graphical representation of his study to better know the trend or nature of given dataset.

6. DATA ANALYSIS AND INTERPRETATION

6.1 Statistical hypothesis for testing Difficulties are affected in bank services to promote efficiency of Bank to provide services?

H_0 : There is no statistical significant relationship between difficulties in bank services faced by respondents and efficiency of Bank to provide services.

Against

H_1 : There is statistical significant relationship between difficulties in bank services faced by respondents and efficiency of Bank to provide services.

(Note: 1= Strongly Agree, 2= Moderately Agree, 3= Neutral, 4=Moderately Disagree, 5=Strongly Disagree)

Table No.1 Observed frequency table of difficulties in bank services faced by respondents

Sr. No.	Difficulties in bank services	1	2	3	4	5	Total
1	Waste Of Time In Travelling	185	45	5	8	7	250
2	Unable To Perform Bank Procedure	120	101	6	11	12	250
3	Waste Of Money	145	66	13	12	14	250
4	Lack of Transportation	64	154	12	10	10	250
5	Can Not Meet Bank Hours	122	102	8	9	9	250
6	Long Distance for bank	79	113	16	26	16	250
7	Consumption Of Time In Bank	97	142	3	4	4	250
8	Illiterate hence Cannot Understand bank Procedure	62	178	2	3	5	250
9	Rush and Long Queue in bank	113	93	13	12	19	250
10	No Proper Information	170	65	1	9	5	250
11	Lack of time to Visit Bank	178	65	2	3	2	250
12	Long time for Loan Sanction	86	151	4	5	4	250
	Total	1421	1275	85	112	107	3000

Table No. 2 Expected frequency table of difficulties in bank services faced by respondents

Sr. No.	Difficulties in bank services	1	2	3	4	5	Total
2	Waste Of Time In Travelling	118	106	7	9	9	250
3	Unable To Perform Bank Procedure	118	106	7	9	9	250
4	Waste Of Money	118	106	7	9	9	250
5	Lack of Transportation	118	106	7	9	9	250
6	Can Not Meet Bank Hours	118	106	7	9	9	250
7	Long Distance for bank	118	106	7	9	9	250
8	Consumption Of Time In Bank	118	106	7	9	9	250
9	Illiterate hence Cannot Understand bank Procedure	118	106	7	9	9	250
10	Rush and Long Queue in bank	118	106	7	9	9	250
11	No Proper Information	118	106	7	9	9	250
12	Lack of time to Visit Bank	118	106	7	9	9	250
13	Long time for Loan Sanction	118	106	7	9	9	250
	Total	1421	1275	85	112	107	3000

Table No.3 P-Value table of difficulties in bank services faced by respondents

Sr. No.	Difficulties in bank services	P-Value
2	Waste Of Time In Travelling	0.00000000000
3	Unable To Perform Bank Procedure	0.77063636511
4	Waste Of Money	0.00000533181
5	Lack of Transportation	0.00000000035
6	Can Not Meet Bank Hours	0.98167138252
7	Long Distance for bank	0.00000000000
8	Consumption Of Time In Bank	0.00007933061
9	Illiterate hence Cannot Understand bank Procedure	0.00000000000
10	Rush and Long Queue in bank	0.00078351810
11	No Proper Information	0.00000000322
12	Lack of time to Visit Bank	0.00000000000
13	Long time for Loan Sanction	0.00000082408

DECISION CRITERIA

The chi-square test is for testing the null hypothesis, which states that there is no significant relationship between the expected and observed result. If P-value is less than or equal to the level of

significance i.e. alpha is less than or equal to 0.05 then researcher may reject the null hypothesis i.e. H_0 . Otherwise researcher may accept the alternative hypothesis H_1 .

INTERPRETATION:

In the above table of P-Values, researcher noticed that most of the P-Values are less than the smallest level of significance i.e. 0.05 so that, researcher may reject the null hypothesis H^0 and accept the alternative hypothesis H^1 .

It means that, there is statistical significant relationship between difficulties in bank services faced by respondents and efficiency of Bank to provide services.

The only two p-value i.e. respondents Can Not Meet Bank Hours and Unable To Perform Bank Procedure are 0.98167138252 and 0.77063636511 respectively which is greater than smallest level of significance i.e. 0.05 so that, researcher may reject the alternative hypothesis H_1 and accept the null hypothesis H_0 .

It means that, there is statistical no significant relationship of respondents Can Not Meet Bank Hours and Unable To Perform Bank Procedure on efficiency of Bank to provide services.

The bank has to focus the most significant difficulties and minimize to these difficulties to evolving the specific strategies to expand the outreach of their services in order to promote the financial inclusion

6.2 Statistical hypothesis for testing satisfaction of different Reasons of bank services are affected in efficiency of Bank to provide services

H_0 : There is no statistical significant association between non-satisfaction of bank services and awareness of banking services to increase the efficiency of bank.

Against

H_1 : There is statistical significant association between non-satisfaction of bank services and awareness of banking services to increase the efficiency of bank.

(Note: 1= Strongly Satisfied, 2= Moderately Satisfied, 3= Neutral, 4=Moderately Satisfied, 5=Strongly Satisfied)

Table No. 4 Observed frequency table of Reasons for non-satisfaction of bank services

Sr. No.	Reasons for non-satisfaction of bank services	1	2	3	4	5	Total
1	Assistance to illiterate customer	180	50	3	7	10	250
2	Connectivity problem	122	102	8	9	9	250
3	Do not get loan	144	67	12	11	16	250
4	improve Proper behavior with customers	66	151	11	12	10	250
5	Need Assistance to fill forms	80	149	7	10	4	250
6	No passbook updating	119	101	9	11	10	250
7	Provide Assistance to Senior citizens	95	138	3	6	8	250
8	Reduction of interest rate of Loan	118	98	12	13	9	250
9	Rush & long queue in bank	111	95	13	12	19	250
10	Should provide sufficient information	166	66	3	9	6	250
11	Simplify & Shorten the loan procedure	170	70	4	2	4	250
12	Speed up procedures of work	84	149	6	5	6	250
	Total	1455	1236	91	107	111	3000

Table No.5 Expected frequency table of Reasons for non-satisfaction of bank services

Sr. No.	Reasons for non-satisfaction of bank services	1	2	3	4	5	Total
1	Assistance to illiterate customer	121	103	8	9	9	250
2	Connectivity problem	121	103	8	9	9	250
3	Do not get loan	121	103	8	9	9	250
4	improve Proper behavior with customers	121	103	8	9	9	250
5	Need Assistance to fill forms	121	103	8	9	9	250
6	No passbook updating	121	103	8	9	9	250
7	Provide Assistance to Senior citizens	121	103	8	9	9	250
8	Reduction of interest rate of Loan	121	103	8	9	9	250
9	Rush & long queue in bank	121	103	8	9	9	250
10	Should provide sufficient information	121	103	8	9	9	250
11	Simplify & Shorten the loan procedure	121	103	8	9	9	250
12	Speed up procedures of work	121	103	8	9	9	250
	Total	1455	1236	91	107	111	3000

Table No.6 P-Value table of Reasons for non-satisfaction of bank services

Sr. No.	Reasons for non-satisfaction of bank services	P-Value
1	Assistance to illiterate customer	0.0000000000
2	Connectivity problem	0.99975308419
3	Do not get loan	0.00005428087
4	improve Proper behavior with customers	0.00000000033
5	Need Assistance to fill forms	0.00000012718
6	No passbook updating	0.92559000054
7	Provide Assistance to Senior citizens	0.00025554602
8	Reduction of interest rate of Loan	0.31074831264
9	Rush & long queue in bank	0.00221018103
10	Should provide sufficient information	0.00000085048
11	Simplify & Shorten the loan procedure	0.00000003914
12	Speed up procedures of work	0.00000042654

DECISION CRITERIA

The chi-square test is for testing the null hypothesis, which states that there is no significant relationship between the expected and observed result. If P-value is less than or equal to the level of significance i.e. alpha is less than or equal to 0.05 then researcher may reject the null hypothesis i.e. H_0 . Otherwise researcher may accept the alternative hypothesis H_1 .

Interpretation:

In the above table of P-Values, researcher noticed that most of the P-Values are less than the smallest level of significance i.e. 0.05 so that, researcher may reject the null hypothesis H_0 and accept the alternative hypothesis H_1 .

It means that, there is statistical significant association between non-satisfaction of bank services and awareness of banking services to increase the efficiency of bank.

The p-values of respondents has connectivity problem, No passbook updating and Reduction of interest rate of Loan are 0.99975308419, 0.92559000054 and 0.31074831264 which are greater than smallest level of significance i.e. 0.05 so that, researcher may reject the alternative hypothesis H_1 and accept the null hypothesis H_0 .

It means that, there is no statistical significant association between non-satisfaction of bank services and awareness of banking services to increase the efficiency of bank.

The bank has to take effort on the furthest major non-satisfaction reasons of respondents and try to minimize these non-satisfaction reasons of respondents for creating awareness about the financial products and money management to evolving the specific strategies to expand the outreach of their services in order to promote the financial inclusion

7.CONCLUSION OF THE STUDY

Covering all the villages under Financial Inclusion is a very long process. Result of which is

accelerating growth and reducing financial disparities and poverty could be seen after few years. Once households will open their accounts with the banks, in years ahead they will cultivate the habit of saving and operating the account. Provision of credit even of very small amounts will enable rural households to raise their income levels and improve their standard of living. The bank has to take effort on the furthest major non-satisfaction reasons of respondents and try to minimize these non-satisfaction reasons of respondents for creating awareness about the financial products and money management to evolving the specific strategies to expand the outreach of their services in order to promote the financial inclusion The bank has to focus the most significant difficulties and minimize to these difficulties to evolving the specific strategies to expand the outreach of their services in order to promote the financial inclusion

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