



Mainstreaming the Financially Excluded (With special reference to the rural population of the Varanasi district of Uttar Pradesh)

KEYWORDS

Financial Inclusion, Financial Exclusion, Micro Finance, Rural Poor

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ABSTRACT About 60% of the population in India does not have access to a bank account. The vast number of poor population in India is situated in the villages. Out of the estimated 260 million Indians of the population who live in poverty are residing in rural areas. The population of financially excluded category in the rural areas mainly comprises of low income groups like landless labourers, small and marginal farmers and socially excluded communities. Poverty as a result of absence of income or irregular income, low education, lack of financial education, and location of financial service providers beyond close proximity, inaccessible terrains making it difficult for the service providers to offer basic financial services are the primary reasons of financial exclusion. However, in recent years, an accelerated exercise has been done through targeted mediations by the government and the Reserve Bank of India. The eleventh five year plan (2007-12) has focused on inclusive growth and has further emphasized the initiatives of financial inclusion as the underprivileged and the poor have enormous potential to contribute in attaining the objective of achieving a higher and faster inclusive growth. Accessing of financial services by the underprivileged and susceptible groups is a precondition for creating employment, poverty reduction, economic development, and social unity which will in the long run enable them to break the shackles of poverty. This research paper is an attempt to understand the penetration of different initiatives of financial inclusion taken by different banks in the rural areas of the Varanasi district of Uttar Pradesh.

Introduction

Financial inclusion is providing the banking services at an expensive cost to the vast majority of underprivileged and groups having low and irregular income. Unrepressed access to public goods and services is the sine qua non of an efficient and open society. As at the very core banking services are meant for the public good, it is crucial that accessibility of banking and payment services to the people without partiality is the primary objective of the public policy.

The banking sector in India has recognized the importance of inclusive growth and as a result has endured a few essential changes over the period of the last twenty years. Banking reforms which began in the early nineties has facilitated the entry of new private and foreign players in the sector which has increased the competition benefiting the consumers and changing the operational mindset of the banks, the new generation private sector banks have introduced a wide range of services and delivery channels using technological breakthroughs. With the increase of use of technology the long-established brick-and-mortar infrastructure like bank branches with full staff have transformed into a system offering services to their customers such as ATM, plastic money in the form of debit / credit cards, e-banking, online funds transfer, etc, thus impacting both the delivery channels and access to financial services.

Financial inclusion is the new model of economic growth which plays a major role in eradicating poverty. The concept of financial inclusion is primary to the process and efforts for achieving inclusive growth and sustainable development of the country. It is a policy of involving a wider section of population deposit mobilization and credit intermediation. The financial stability and development council under the ministry of finance, government of India is committed to provide financial literacy and financial inclusion and it has directed all the financial entities in the country including the financial sector regulators, reserve bank of India, commercial banks and other financial service providers to stay focused on the same cause. Empirical evidence has proved that countries which are having a large excluded population from the services of

the formal financial institutions show a higher rate of inequality and poverty. Thus, we can say that banking sector is a key player in achieving inclusive growth as well as financial inclusion.

However there are still many issues and challenges in the road to achieving 100% financial inclusion. The first challenge is the coverage of the remote areas which are completely unbanked, to some extent this has been taken care of by the Business Correspondent / Business Facilitator model but it involves a higher cost of transaction for the banks as well as the consumer making it commercially unviable. The second challenge is to develop a user friendly and simple model of business and service delivery which will enable the customers to access financial services at their vicinity, there is also a need to develop a strong grievance handling system to address any glitches and issues. The third challenge is the opening of new branches in the unbanked areas with minimum infrastructure. The fourth challenge is to develop new customized products according to the requirements of the poor customers apart from the basic banking services. The fifth and the most important challenge is to develop an ecosystem of collaboration between the regulators, financial institutions, industry players, technology providers, NGOs, civil societies, state level and central level agencies which can stimulate financial inclusion.

The effects of financial exclusion will differ on the character and scope of services denied. It may lead to a higher rate of crimes, downfall in investments, difficulties in obtaining credit or accessing credit from informal sources at inflated interest rates and higher unemployment etc. The small businesses may face problems due to loss of access to middle class and higher income consumers, increased costs of cash handling and delayed remittances of money. According to few studies, financial exclusion can ultimately result in social exclusion.

Objectives of the Study

- To study the gap area between the beneficiaries and providers of financial inclusion.

- To study the impact of financial inclusion for the rural population in the Varanasi district of Uttar Pradesh.
- To study the factor causing reluctance among the population in the Varanasi district for financial inclusion.
- To bridge the gap between normative (What ought to be) and positive (What it is) side of financial inclusion.

Limitations of the Study

- The study is limited to rural geographical area of the district of Varanasi only.
- The sample size is limited and it may not give the opinion of the entire population.
- The period of study is limited.

Universe of Study

The study has been conducted in the eight blocks of the Varanasi district, viz., Araziline, Baragaon, Chiraigaon, Cholapur, Harauhva, Kashi Vidyapith, Pindra and Sevapuri.

Research Methodology

Primary research was conducted to review the present status of financial inclusion in the research universe. A total of 300 questionnaires were distributed and 157 responses received which include 93 male respondents and 64 female respondents. Simple percentage method has been used for the analysis of the collected data. The information and data for the research has been collected through secondary sources i.e. published articles, white papers, journals, news papers, reports, books and websites.

Data Analysis

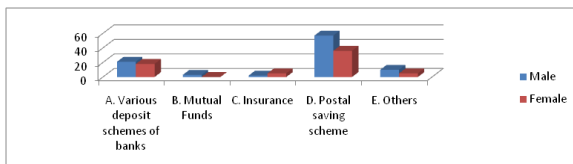
1. Which of the following financial products are you availing?

Variables	Male	%	Female	%	Total	%
A. Various deposit schemes of banks	21	22.58	18	28.13	39	24.84
B. Mutual Funds	3	3.23	0	0.00	3	1.91
C. Insurance	2	2.15	5	7.81	7	4.46
D. Postal saving scheme	57	61.29	36	56.25	93	59.24
E. Others	10	10.75	5	7.81	15	9.55
Total	93	59.24	64	40.76	157	100

Source: Compiled from primary data

Interpretation: The majority of the population (59.24%) is investing in the postal saving scheme followed by various deposit schemes of the banks (24.84%). The proportion of male population is higher(61.29%) for the postal saving schemes in comparison to the female population (56.25%), whereas in case of bank deposits the proportion of the female population is higher (28.13%) in comparison to the male population (22.58%). 75.16 % of the total population does not have a bank account.

Chart 1: Types of financial products availed



2. How did you come to know about the financial products, which you are availing?

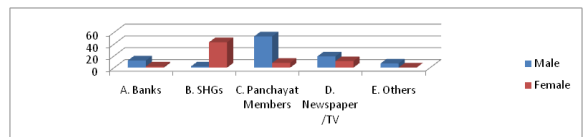
Source	Male	%	Female	%	Total	%
A. Banks	12	12.90	2	3.13	14	8.92

B. SHGs	2	2.15	43	67.19	45	28.66
C. Panchayat Members	53	56.99	8	12.50	61	38.85
D. Newspaper /TV	19	20.43	11	17.19	30	19.11
E. Others	7	7.53	0	0.00	7	4.46
Total	93	59.24	64	40.76	157	100

Source: Compiled from primary data

Interpretation: A majority of the male population (56.99%) have gained information about the financial products from the village panchayats members followed by information published / broadcasted on News paper or TV (20.43%). The females mostly (67.19%) have got the information about the financial products from the various SHGs operating in their area followed by mass media (17.19%).

Chart 2: Awareness about the financial products



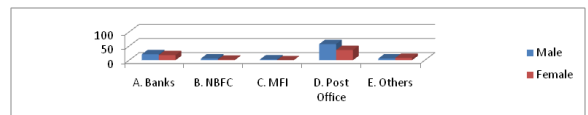
3. From whom are you availing the financial products?

Source	Male	%	Female	%	Total	%
A. Banks	21	22.58	18	28.13	39	24.84
B. NBFC	6	6.45	2	3.13	8	5.10
C. MFI	3	3.23	0	0.00	3	1.91
D. Post Office	57	61.29	36	56.25	93	59.24
E. Others	6	6.45	8	12.50	14	8.92
Total	93	59.24	64	40.76	157	100

Source: Compiled from primary data

Interpretation: Both the male (61.29%) and the female (56.25%) respondents have indicated that they have deposits with the post office in the proximity of their area. Banks are a choice for 22.58% males and 28.13% females. This shows that the banks have still not been able to create a significant impact in the area of study.

Chart 3: Sources of Financial Services



4. Which of the following factors are important to you while choosing a financial service provider?

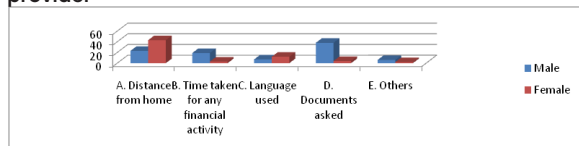
Factors	Male	%	Female	%	Total	%
A. Distance from home	23	24.73	43	67.19	66	42.04
B. Time taken for any financial activity	19	20.43	3	4.69	22	14.01
C. Language used	7	7.53	12	18.75	19	12.10
D. Documents asked	38	40.86	4	6.25	42	26.75
E. Others	6	6.45	2	3.13	8	5.10
Total	93	59.24	64	40.76	157	100

Source: Compiled from primary data

Interpretation: Documentation seems to be the important

factor taken into consideration for males (40.86%) and distance from their home for females (67.19%) while choosing their financial service provider. In males it is followed by the distance from home factor (24.73%) and time taken for any financial activity (20.43%). In females it is followed by the language used (18.75%).

Chart 4: Important Factors for choosing a financial service provider



5. What are the reasons that your household opened the account?

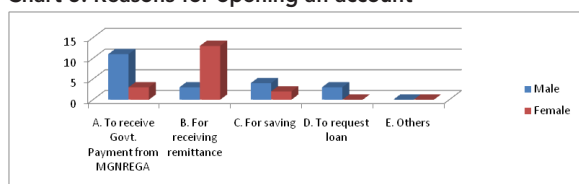
Table 5: Reasons for opening an account

Reasons	Male	%	Female	%	Total	%
A. To receive Govt. Payment from MGNREGA	11	52.38	3	16.67	14	35.90
B. For receiving remittance	3	14.29	13	72.22	16	41.03
C. For saving	4	19.05	2	11.11	6	15.38
D. To request loan	3	14.29	0	0.00	3	7.69
E. Others	0	0.00	0	0.00	0	0.00
Total	21	53.85	18	46.15	39	100

Source: Compiled from primary data

Interpretation: A majority of the male respondents (52.38%) have opened their banks accounts to receive the payments from MGNREGA followed by savings (19.05%) and for receiving remittances (14.29%) from their family members working outside their village and also for the possibility of requesting a loan (14.29%) from the bank. A good majority of the female respondents (72.22%) have opened their accounts for receiving the remittances from their family members followed by receiving payments of MGNREGA (16.67%).

Chart 5: Reasons for opening an account



6. Who helped you open the account?

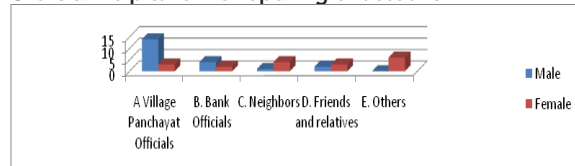
Table 6: Help taken for opening of account

Perception	Male	%	Female	%	Total	%
A Village Panchayat Officials	14	66.67	3	16.67	17	43.59
B. Bank Officials	4	19.05	2	11.11	6	15.38
C. Neighbors	1	4.76	4	22.22	5	12.82
D. Friends and relatives	2	9.52	3	16.67	5	12.82
E. Others	0	0.00	6	33.33	6	15.38
Total	21	53.85	18	46.15	39	100

Source: Compiled from primary data

Interpretation: The village panchayat officials have played a very significant role (66.67%) in helping the male respondents to open their accounts followed by the efforts made by the bank officials (19.05%). In case of the female respondents others (33.33%) which include NGOs and SHGs which have helped them in opening their accounts followed by the advise and help of their neighbors (22.22%).

Chart 6: Help taken for opening of account



7. What is the distance you have to travel to avail of banking services like opening an account, depositing and withdrawing money?

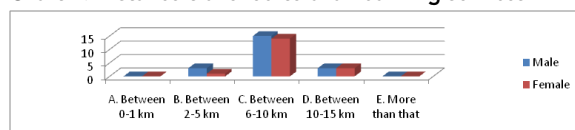
Table 7: Distance travelled to avail banking services

Distance	Male	%	Female	%	Total	%
A. Between 0-1 km	0	0.00	0	0.00	0	0.00
B. Between 2-5 km	3	14.29	1	5.56	4	10.26
C. Between 6-10 km	15	71.43	14	77.78	29	74.36
D. Between 10-15 km	3	14.29	3	16.67	6	15.38
E. More than that	0	0.00	0	0.00	0	0.00
Total	21	53.85	18	46.15	39	100

Source: Compiled from primary data

Interpretation: A majority of both the male (71.43%) and female (77.78%) respondents have indicated that they have to travel a distance in between 6 to 10 kilometers to avail the various banking facilities in their area which is a strong evidence of the missing banking infrastructure in the area of study which could be a possible reason for the population of not having a bank account.

Chart 7: Distance travelled to avail banking services



8. What is the time taken by you to complete your financial transaction?

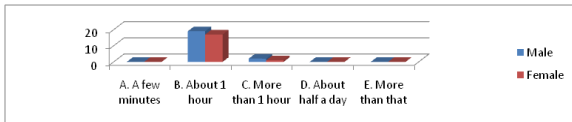
Table 8: Time taken to complete the financial transaction

Time taken	Male	%	Female	%	Total	%
A. A few minutes	0	0.00	0	0.00	0	0.00
B. About 1 hour	19	90.48	17	94.44	36	92.31
C. More than 1 hour	2	9.52	1	5.56	3	7.69
D. About half a day	0	0.00	0	0.00	0	0.00
E. More than that	0	0.00	0	0.00	0	0.00
Total	21	53.85	18	46.15	39	100

Source: Compiled from primary data

Interpretation: Both the male (90.48%) and the female (94.44%) have overwhelmingly indicated that the time taken by them for completing a banking transaction is about an hour irrespective of the use of IT and modernization of the bank branches.

Chart 8: Time taken to complete the financial transaction



9. Are you satisfied with the products/ services to meet your requirements?

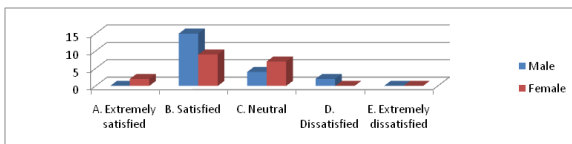
Table 9: Satisfaction level with products/services

Perception	Male	%	Female	%	Total	%
A. Extremely satisfied	0	0.00	2	11.11	2	5.13
B. Satisfied	15	71.43	9	50.00	24	61.54
C. Neutral	4	19.05	7	38.89	11	28.21
D. Dissatisfied	2	9.52	0	0.00	2	5.13
E. Extremely dissatisfied	0	0.00	0	0.00	0	0.00
Total	21	53.85	18	46.15	39	100

Source: Compiled from primary data

Interpretation: Out of the respondents who are availing the banking services 71.43% males and 50% females have indicated that they are satisfied with the products and services being offered by the banks. However 9.52% males have also registered their dissatisfaction with the current setup.

Chart 9: Satisfaction level with products/services



10. Are you presently satisfied with the availability of banking/financial services at your disposal?

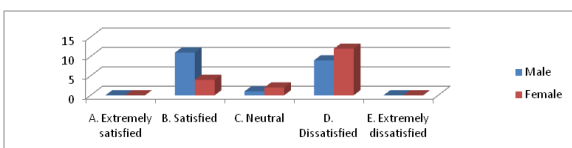
Table 10: Satisfaction with availability of banking/financial services

Perception	Male	%	Female	%	Total	%
A. Extremely satisfied	0	0.00	0	0.00	0	0.00
B. Satisfied	11	52.38	4	22.22	15	38.46
C. Neutral	1	4.76	2	11.11	3	7.69
D. Dissatisfied	9	42.86	12	66.67	21	53.85
E. Extremely dissatisfied	0	0.00	0	0.00	0	0.00
Total	21	53.85	18	46.15	39	100

Source: Compiled from primary data

Interpretation; Amongst the respondents having bank accounts 66.67% females have shown their dissatisfaction with regards to the availability of banking /financial services at their disposal in comparison to 42.86% males. About 52.38% males are satisfied with the availability of banking services in comparison to the 22.22% in females.

Chart 10: Satisfaction with availability of banking/financial services



11. Reasons for not having a bank account?

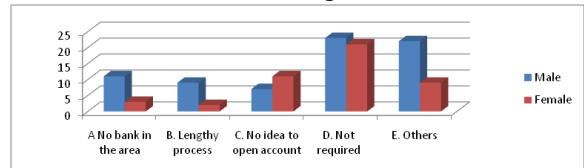
Table 11: Reasons for not having a bank account

Perception	Male	%	Female	%	Total	%
A. No bank in the area	11	15.28	3	6.52	14	11.86
B. Lengthy process	9	12.50	2	4.35	11	9.32
C. No idea to open account	7	9.72	11	23.91	18	15.25
D. Not required	23	31.94	21	45.65	44	37.29
E. Others	22	30.56	9	19.57	31	26.27
Total	72	61.02	46	38.98	118	100

Source: Compiled from primary data

Interpretation: 31.94% male respondents and 45.65% female respondents have said that they do not need a bank account as they do not feel a need for it suggesting a low level of financial literacy in the area of study, 23.91% females do not have a bank account as they do not have any idea as to how they can open a bank account. Others strong reasons are irregular or no income and unemployment for not having a bank account which accounts for 30.56% in males and 19.57% in females.

Chart 11: Reasons for not having a bank account



12. Reasons for being refused a bank account?

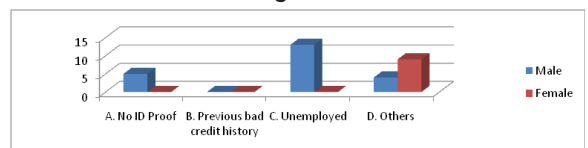
Table 12: Reasons for being refused a bank account

Perception	Male	%	Female	%	Total	%
A. No ID Proof	5	22.73	0	0	5	16.13
B. Previous bad credit history	0	0.00	0	0	0	0.00
C. Unemployed	13	59.09	0	0	13	41.94
D. Others	4	18.18	9	100	13	41.94
Total	22	70.97	9	29.03	31	100

Source: Compiled from primary data

Interpretation: The two main reasons amongst the male respondents of being refused to open a bank account is because they do not have employment (59.09%) followed by lack of ID proof required to open an account (22.73%). The females actually do not have an idea why they have been refused a bank account.

Chart 12: Reasons for being refused a bank account



13. If ever borrowed, what was the type of the credit/loan?

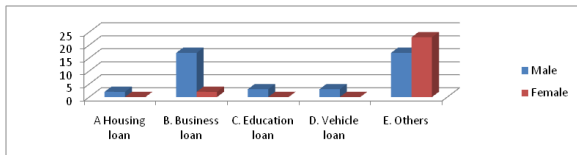
Table 13: Type of credit/loan availed

Perception	Male	%	Female	%	Total	%
A. Housing loan	2	4.76	0	0	2	2.99
B. Business loan	17	40.48	2	8	19	28.36
C. Education loan	3	7.14	0	0	3	4.48
D. Vehicle loan	3	7.14	0	0	3	4.48
E. Others	17	40.48	23	92	40	59.70
Total	42	62.69	25	37.31	67	100

Source: Compiled from primary data

Interpretation: The majority of males have borrowed money for investing in their business activities (40.78%) followed by others (40.48%) which includes small loans for medical emergencies, sending money to their relatives and family members in need or marriage. The majority of females have also borrowed money for other reasons (92%) which include paying off previous credit, medical emergency, sending money and marriage.

Chart 13: Type of credit/loan availed



14. If you borrow loan from bank, which of the following reasons led to this choice?

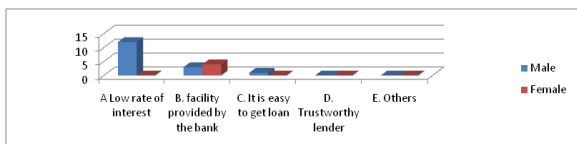
Table 14: Reasons for taking loan from bank

Perception	Male	%	Female	%	Total	%
A. Low rate of interest	12	75	0	0	12	60
B. facility provided by the bank	3	18.75	4	100	7	35
C. It is easy to get loan	1	6.25	0	0	1	5
D. Trustworthy lender	0	0	0	0	0	0
E. Others	0	0	0	0	0	0
Total	16	80	4	20	20	100

Source: Compiled from primary data

Interpretation: The majority of the male respondents (75%) have preferred a bank to take a loan from a bank because of the low rate of interest followed by just the simple fact that the facility of loan was being provided by the bank (18.75%). In case of the female respondents they just happened to take a loan as the banks provided them with an opportunity to take a loan.

Chart 14: Reasons for taking loan from bank



15. In terms of your need for money/credit, are they able to fulfill the needs in time and in the amount you need?

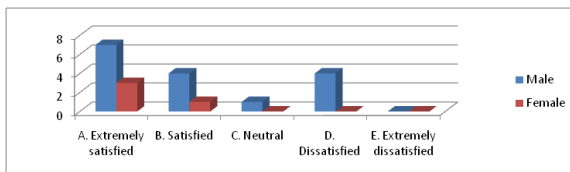
Table 15: Satisfaction of money/ credit needs by banks

Perception	Male	%	Female	%	Total	%
A. Extremely satisfied	7	43.75	3	75	10	50
B. Satisfied	4	25	1	25	5	25
C. Neutral	1	6.25	0	0	1	5
D. Dissatisfied	4	25	0	0	4	20
E. Extremely dissatisfied	0	0	0	0	0	0
Total	16	80	4	20	20	100

Source: Compiled from primary data

Interpretation: Majority of both the male respondents (43.75%) and female respondents (75%) are extremely satisfied with the credit provided to them by the banks with regards to the amount and the time for the money required by them.

Chart 15: Satisfaction of money/ credit needs by banks



16. Do you find a high incidence of hidden things like charges, document requirements, etc?

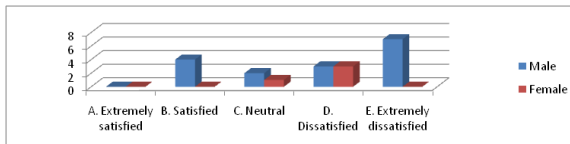
Table 16: Incidence of hidden things like charges, document requirements etc.

Perception	Male	%	Female	%	Total	%
A. Extremely satisfied	0	0	0	0	0	0
B. Satisfied	4	25	0	0	4	20
C. Neutral	2	12.5	1	25	3	15
D. Dissatisfied	3	18.75	3	75	6	30
E. Extremely dissatisfied	7	43.75	0	0	7	35
Total	16	80	4	20	20	100

Source: Compiled from primary data

Interpretation: A majority of the female respondents (75%) are dissatisfied with regards to the incidence of hidden things like charges and documentations whereas in the case of males it is 43.75%.

Chart 16: Incidence of hidden things like charges, document requirements etc.



17. If you borrowed from sources other than banks, which of the following reasons led to this choice?

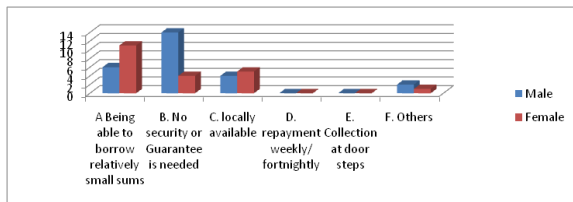
Table 17: Reasons for choosing other sources than banks for credit

Perception	Male	%	Female	%	Total	%
A. Being able to borrow relatively small sums	6	23.08	11	52.38	17	36.17
B. No security or Guarantee is needed	14	53.85	4	19.05	18	38.30
C. locally available	4	15.38	5	23.81	9	19.15
D. repayment weekly/ fortnightly	0	0.00	0	0.00	0	0.00
E. Collection at door steps	0	0.00	0	0.00	0	0.00
F. Others	2	7.69	1	4.76	3	6.38
Total	26	55.32	21	44.68	47	100

Source: Compiled from primary data

Interpretation: The male respondents (53.85%) have indicated that other informal sources do not ask for any security or guarantee for giving credit and they prefer them over formal institutional sources for availing credit. In case of the female respondents (52.38%) it is the ease of borrowing small sums followed by the proximity of availability of funds (23.81%) that led to their choice of borrowing money from sources other than banks.

Chart 17: Reasons for choosing other sources than banks for credit



18. Are you aware about the following?

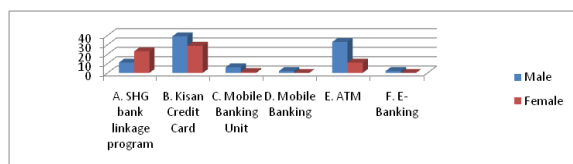
Table 18: Financial awareness

Perception	Male	%	Female	%	Total	%
A. SHG bank linkage program	11	11.83	23	35.94	34	21.66
B. Kisan Credit Card	39	41.94	29	45.31	68	43.31
C. Mobile Banking Unit	6	6.45	1	1.56	7	4.46
D. Mobile Banking	2	2.15	0	0.00	2	1.27
E. ATM	33	35.48	11	17.19	44	28.03
F. E- Banking	2	2.15	0	0.00	2	0.01
Total	93	59.24	64	40.76	157	100

Source: Compiled from primary data

Interpretation: With regards to the financial awareness amongst the male respondents, the majority is aware about the kisan credit card (41.94%) followed by ATM (35.48%). In female respondents the majority is aware about the kisan credit card (35.94%) followed by SHG bank linkage program (35.94%). The concept of mobile banking and e banking is unknown to the female respondents of the study area.

Chart 18: Financial awareness



19. Has the new method of business correspondents been able to address the problems faced by you earlier?

Table 19: Business Correspondents ability to solve problems

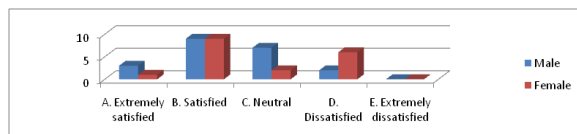
Perception	Male	%	Female	%	Total	%
A. Extremely satisfied	3	14.29	1	5.56	4	10.26
B. Satisfied	9	42.86	9	50.00	18	46.15
C. Neutral	7	33.33	2	11.11	9	23.08
D. Dissatisfied	2	9.52	6	33.33	8	20.51
E. Extremely dissatisfied	0	0.00	0	0.00	0	0.00
Total	21	53.85	18	46.15	39	100

Source: Compiled from primary data

Interpretation: In the study areas as 42.86% male respondents and 50% female respondents have indicated that they are satisfied with the business correspondents in addressing their problems. However 33.33% male respondents and 11.11% female respondents have chosen to remain neutral indicating that there still is a fraction of population which feels that the Business Correspondent model has not been able to

make any impact on addressing the problems faced by them.

Chart 19: Business Correspondents ability to solve problems



20. Are you satisfied with the business correspondent available in your area/village?

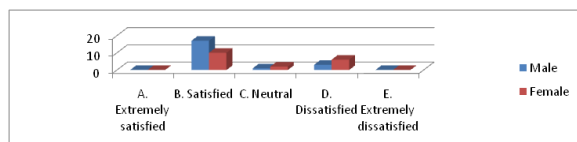
Table 20: Satisfaction in availability of business correspondent

Perception	Male	%	Female	%	Total	%
A. Extremely satisfied	0	0.00	0	0.00	0	0.00
B. Satisfied	17	80.95	10	55.56	27	69.23
C. Neutral	1	4.76	2	11.11	3	7.69
D. Dissatisfied	3	14.29	6	33.33	9	23.08
E. Extremely dissatisfied	0	0.00	0	0.00	0	0.00
Total	21	53.85	18	46.15	39	100

Source: Compiled from primary data

Interpretation: Out of the total account holders in the study area 80.95% male respondents and 55.56% female respondents were satisfied with the business correspondents available in their area. However it was also observed that 33.33% of the female respondents have shown their dissatisfaction towards the banking correspondent model.

Chart 20: Satisfaction in availability of business correspondent



21. Do you agree that opening of accounts with zero minimum balance or no-frill accounts helped the increase in opening accounts in your area?

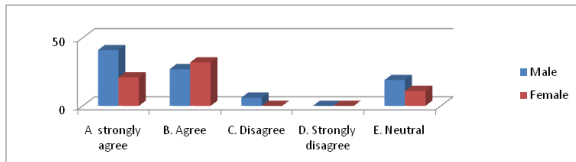
Table 21: Opening of zero balance / no - frill accounts leading to increase in opening accounts

Perception	Male	%	Female	%	Total	%
A. strongly agree	41	44.09	21	32.81	62	39.49
B. Agree	27	29.03	32	50.00	59	37.58
C. Disagree	6	6.45	0	0.00	6	3.82
D. Strongly disagree	0	0.00	0	0.00	0	0.00
E. Neutral	19	20.43	11	17.19	30	19.11
Total	93	59.24	64	40.76	157	100

Source: Compiled from primary data

Interpretation: With regards to the positive effect of the zero balance / no frill accounts on opening of banks accounts both the male respondents (44.09%) and the female respondents (32.81%) strongly agree. About 50% of the female respondents and 29.03% of the male respondents agree to fact that the zero balance account has made an impact on opening a bank account.

Chart 21: Opening of zero balance /no - frill accounts leading to increase in opening accounts



22. What is your perception about the financial education/awareness being provided by the different institutional sources?

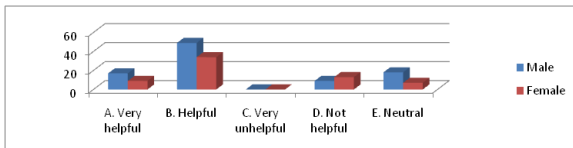
Table 22: Helpfulness of financial education /awareness

Perception	Male	%	Female	%	Total	%
A. Very helpful	17	18.28	9	14.29	26	16.67
B. Helpful	49	52.69	34	53.97	83	53.21
C. Very unhelpful	0	0.00	0	0.00	0	0.00
D. Not helpful	9	9.68	13	20.63	22	14.10
E. Neutral	18	19.35	8	11.11	25	16.03
Total	93	59.62	64	40.38	156	100

Source: Compiled from primary data

Interpretation: The male respondents have indicated that the financial awareness initiatives have been very helpful (18.28%) and helpful (52.69%) whereas the opinion of female respondents remains at very helpful (14.29%) and helpful (53.97%). It is also worth mentioning that 20.63% of the female respondents do not find the financial awareness drive to be helpful.

Chart 22: Helpfulness of financial education /awareness



Suggestions

People in the rural area have shown a pattern of following the traditional way of saving money in post offices and also availing credit from the informal institutional sources.

- ✓ The banks will have to take immediate action in this regard and create an awareness drive which can educate the rural population with regards to the benefits of opening a bank account.
- ✓ Involving the panchayats officials, various SHGs and NGOs operating in the area can yield the desired results.
- ✓ Although, it is a challenging task for the banks to open a bank branch in every village but innovative methods like business correspondents and ultra light branches can help the banks to reach out to the rural population in a much more effective manner.
- ✓ The challenge of proximity to banking services can be overcome by increasing the frequency of visit and the number of business correspondents to a particular area.
- ✓ Induction of female business correspondents can yield desired results.

Concluding remarks

Achieving inclusive growth through financial inclusion is indeed a herculean task. The various initiatives taken by the Reserve Bank of India and the other stakeholders in this direction is highly commendable. Today there exist three categories of people as far as financial inclusion is concerned, viz., people who are financially included, people who are financially excluded and people who choose to remain financially excluded on their own will. The people who are financially excluded are being brought into the mainstream of financial inclusion by policy reforms, process amendments and financial literacy and all the banks are making progress in this path. Zero balance / no frill accounts, relaxation of documentations, removing the barrier of coming to the physical infrastructure of the banks by taking banking to the doorstep of the people, using ICT in making banking transactions simpler or conducting financial literacy drives amongst the rural population are some of the methods employed. The most important challenge is to convince an individual who out of his own will is rejected the idea of interacting with a formal financial system. All the stake holders have to revisit the fundamentals and rework their strategies as far as this category is concerned if we need to achieve someday the target of 100 % financial inclusion.

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