

**IMPACT OF FINANCIAL INCLUSION INITIATIVES  
ON SOCIO-ECONOMIC STATUS OF WOMEN**

(A study of two districts in Bundelkhand Region of Uttar Pradesh)

**ABSTRACT**

SUBMITTED TO

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## **ABSTRACT**

Financial inclusion is a significant concept today which helps achieve the sustainable development of the country, through making available financial services to the people who are hitherto untouched by such system. Financial development enhances human development, and access to financial services makes a positive impact on people's lives particularly poor people. In addition, financial development reduces income inequality and boosts incomes. Over the last few decades, the government is putting in lot of effort towards financial inclusion. As the majority of the population resides in rural areas and is still not included in the inclusive growth, the concept of financial inclusion becomes a challenge for the Indian economy. Since 2005, many concerted measures are initiated by the Reserve Bank of India and Government of India in favour of financial inclusion but the impact of these did not yield satisfactory results.

Financial inclusion helps in getting formal credit, and majority of the population does not have access to formal credit. This is a serious issue for the economic progress of the country.

Financial inclusion enables improved and better sustainable economic and social development of the country. It helps in the empowerment of the underprivileged, poor and women of the society with the mission of making them self-sufficient and well informed to take better financial decisions. Financial inclusion takes into account the participation of vulnerable groups such as weaker sections of the society and low income groups, based on the extent of their access to financial services such as savings and payment account, credit insurance, pensions etc. The objective of financial inclusion exercise is easy availability of financial services which allows maximum investment in business opportunities, education, save for retirement, insurance against risks, etc. by the deprived individuals particularly the women out of the banking ambit.

The penetration of financial services is very low especially in rural areas of India. The factors responsible for this condition can be looked at from both supply side and demand side and the major reason for low penetration of financial services is, probably, lack of proper supply. What is required is not to create any new institution for providing credit to the excluded, but to enable the existing institutions to extend their outreach.

The reasons for low demand for financial services could be low income level, poverty, lack of financial literacy, ignorance etc. On the other hand, the supply side factors include no bank branch in the vicinity, lack of suitable products meeting the needs of the poor people, complex processes and language barriers.

Women play a crucial role in the family and in building the nation's future. Hence women empowerment is always a subject of great concern. Women from rural areas can be easily seen in a worst condition, they are often exploited by family, society and are vulnerably helpless.

Women especially in rural areas are illiterate, poor and are often seen in a disadvantaged position. Rural livelihood is complex and women are most affected by it. They are poor, malnourished, burdened with all the household chores and raising the children, they are involved in agricultural activities and are also labourers. They have pitiable living standard and are utterly poor and are deprived of the basic facilities such as proper sanitary, hospitals etc.

Hence, poverty reduction and strengthening the poor the unbanked, especially the women whether urban or rural area is the prime objectives of the financial inclusion programs launched by government.

***“The human race is a two-winged bird. One wing is female the other is male. Unless both wings are equally developed, the human race will not be able to fly .Now, more than ever, the cause of women is the cause of mankind.” - Boutros Boutros Ghali- erstwhile Secretary General of the United Nations***

Financial inclusion is the key to women participating in the economy. Given the important role of women in shaping the next generation, financial inclusion will lead to greater security and prosperity for women and men, their families, enterprises and communities. And also when we talk of the growth and development of a country we need to check it at the grass root level and as the large population of India resides in rural/ rurbun areas and is poor and still devoid of financial opportunity, therefore the large section of the society cannot be ignored. And so it is said that if we want to check the success of any program/ policy, we need to check it at the bottom level.

Since a decade the government is at great concern towards inclusive growth and for which a very vital aspect is financial inclusion. The Government through the financial inclusion schemes is making efforts to provide all household in the country with financial services with particular focus to empower the weaker sections of society,

including women, small and marginal farmers and labourers, both rural and urban so as to include the financially excluded people.

The research attempts to study the female worker (main workers) in Bundelkhand Region of Uttar Pradesh. The study is an exploratory and empirical in nature, it attempts to study the Impact of Financial Inclusion initiatives on Socio-Economic status of women.

### ***Defining Financial inclusion***

Financial Inclusion refers to a condition in which all working age adults, especially those currently excluded by the financial system, have accessibility and affordability of financial services provided by the formal financial institutions. The services include the complete gamut from savings, accessing loans and other insurance services from getting credit and making payments and availing insurance policies. The aim behind providing these services is to facilitate poor, financially vulnerable and excluded people the opportunity to come out of poverty and grow financially independent and strong.

Financial inclusion has been today one of the most sought after topics, when it comes to inclusive growth of every segment of the society, be it rural or urban, men or women. It provides credit opportunities that encourage and help the deprived sections, especially women to start their own gainful avenue which could help them grow financially and empower them. It has the potential of promoting equitable growth, and can also reduce the gender gap.

Many researches till date have been done by various researchers regarding financial inclusion and it has been a subject of keen interest to academicians, researchers and policymakers.

Financial inclusion could be measured at different points of time. Like the term Credit channelling was initiated in India in late 1960s, the first phase i.e starting from the late 1960s to the 1980s, the major focus was only on channelling of credit to the neglected sectors of the country.

The term “Financial inclusion” in Indian context, was first time used in April 2005 in the Annual Policy Statement presented by Y.Venugopal Reddy, the then governor, Reserve Bank of India. Later on, this model grew and came to be extensively used in India and abroad.

**Galor & Zeira (1993)**, said that alleviation of poverty results in positive growth of the economy and that can be achieved by providing broader access of financial services to the masses.

**Jafferey (1997)**, found in her that if women are educationally empowered; they cannot attain the goal of political & economic empowerment. She said that only learning can enable women to get or else snatch away the opportunities, that the other section of the society specially men enjoy. with no education the hidden values as well as abilities of women cannot be fully realised.

The former Director General (Securities and Exchange Commission), Nigeria **Arunma Oteh** assured: that “Womens need to have on the global agenda as the inequality of women’s potential to contribute to the economy and to change society, for present and also for future generations.” As his recent research provides concrete evidence that when women who are half of the world’s populace would participate in the financial system, then there would be considerable benefits in terms of economic growth, better equality and societal well-being. He though said that , despite major progress in financial inclusion for both, men and women between 2011 and 2014, women still lag behind in access and usage of financial products and services.

**Leyshon et.al. (1998)**, described the accessibility of an organized financial system as the availability of uniform financial products and services from formal/ regulated institutions. They said that financial products such as Savings, remittances, insurance and credit makes financial planning easier. Savings enables a customer towards consumption smoothing over time. Remittance products are considered safer than the cash payments.

**Zwarteveen, Neupane (1996), Guerin et al. (2013), Rao’s Qualitative studies in (2014), Joshi (2014)** exposed certain assumptions, like economic empowerment leads to the overall empowerment, also the empowerment of the participation in decision-making process will empowers women.

Though vigorous attention has been paid to financial inclusion agenda and many policies framed and dedicated tried to work on ground to enhance the accessibility of it, still there is a shortage of information regarding its usage. The problem existing on the ground level indicated that easy accessibility does not necessarily means it leads to usage.

This knowledge gap creates a significant challenge for the researchers and policy makers to effectively design customised policies paying attention to other problems as well which are existing with the lower class poor people.

#### *Research Problem Area*

India has sufficient schemes, rules, and directives aimed at expanding banking coverage and ensuring service to the unbanked population particularly social groups. There is no end of schemes, plans, and regulations aimed at providing financial services and products to the poor people.

Various researches till date have been undertaken on financial inclusion as impact of financial inclusion on poverty eradication, employment generation and growth acceleration. There are lots of researches which focus on inclusion of excluded people, barriers in financial inclusion etc. Reviews also perceive effectively the importance of access and usage of financial services for the unbanked people.

Still there is a long way for further studies to assess the impact of financial inclusion on rural people. Against this backdrop as a researcher I had chosen the topic entitled “Impact of Financial Inclusion on Socio- Economic Status of Women in Bundelkhand Region.”

Financial inclusion is one of the most reliable and effective tool to attain inclusive growth. Economy cannot be develop as a whole by excluding poor and marginalized people whose contribution strengthen the pillar of the economy.

In India there are multiple socio-economic hindrances that members of particular group’s experience, which limits their access to resources, technology, education, finance and market as well as quality of life (Planning commission, 2011). In this context, financial inclusion can play a noteworthy role in improvement of economic status of the rural poor’s by providing the financial services.

Therefore it is identical momentous to study the impact of financial inclusion on the economic status of rural poor. The present research work will be useful for bank officials, government policy makers in framing future strategies for deeper percolation of financial inclusion benefits in rural area.

The government had taken plenty of initiatives and had launched many financial inclusion schemes that facilitate the low income, poor people with many kinds of financial products and services, so that the people at the bottom level could be benefited and could avail the opportunity to empower themselves.

The financial inclusion schemes also help channelizing the financially excluded people in the banking ecosystem, which contribute the development of the economy at large.

Empowering rural people is an essential first step to eradicate poverty. Poverty reduction and strengthening the poor the unbanked people especially the women is the prime objectives of the financial inclusion programs launched by government as stated by our Prime Minister while launch of the recent financial inclusion scheme i.e. pmjdy.

It is difficult to reach all the rural poor people through a single scheme who are short of funds to take up some of the economic activities. Hence the government through various schemes is making attempt towards helping the people (especially the poor and excluded) towards empowerment and economic uplifting. The poorest of the rural poor are always difficult to target for governments specially women often illiterate and isolated, they have such great needs that reaching them on a significant scale remains a challenge.

Reaching the poorest and the excluded is the main aim of the government inclusive policies. The women are found to be at the most disadvantaged position in the society. They are most vulnerable and have pitiable living standard. The study focused on the awareness among women towards financial inclusion initiatives taken by the government.

#### *Need of The Study*

The proportion of women in the workforce in UP Bundelkhand and MP Bundelkhand is generally higher than the India average, and much higher than the UP average. (The proportion of women in the workforce is also called female work participation, and is calculated as percentage of main+ marginal female workers in total female population. While discussing Census data, we refer to 'females' rather than 'women', as working persons below the age of 15 also come under the Census definition of 'workers'.)

While, according to Census 2001, female workers constituted around 25% of the total female population in India, and only around 16% of the female population in UP, in all Bundelkhand districts except Jhansi and Jalaun, they constituted over 30% of the female population. This may indicate that cultural norms which discourage women from working in UP are not generally as deeply rooted in Bundelkhand.

However, higher female work participation could also be seen as sign of higher economic vulnerability.

Near about 50% of female workers in Bundelkhand are 'main workers' - engaged in economic activity for the major part of six months or more in the year. The percentage of female main workers is the highest in Jhansi and Chitrakoot districts, in all the UP Bundelkhand districts according to census 2001 and also according to census 2011. The women are in vulnerable conditions, the aim of this study is to find out whether the women (main worker) are aware of the Financial Inclusion Initiatives of the government and are they taking the benefits of it and how it's affecting their life.

Jhansi among all the UP Bundelkhand districts is more urban (41.70% urban, 58.30% rural according to census 2011) and Chitrakoot (9.71% urban and 90.29% rural). It is the most rural not only in Bundelkhand region but it also comes amongst the most backward districts of the country. According to Reserve Bank of India report, Uttar Pradesh is the most populous state in the country with more than 199 million people living here, which is approximately equal to the population of Pakistan, the fifth most populous country in the world. Uttar Pradesh accounts for 16.50% of the total country population 1,210,854,977. The state has the total population of 19,98,12,341 (Census 2011) out of which 77.73% of the total population lives in the rural area and 22.27% lives in the urban area. (Office of Registrar General of India, Ministry of Home Affairs, 13 Feb 2015).

The Bundelkhand Region which consists of Seven Districts of U.P Bundelkhand and Six Districts of M.P Bundelkhand which ranks among the least developed regions of either state, with low industrialisation and low urbanisation. Occupation related to agriculture and labour is predominant in the region and was higher than 60, and much higher than state and national averages, in all districts of Bundelkhand. According to the Census 2011, Bundelkhand has a population of around 15.5 million. The total population of UP Bundelkhand districts was around 8.2 million and the population of MP Bundelkhand districts was around 7.3 million. In all districts of U.P Bundelkhand Region over three-fourths the population was living in rural areas, according to Census 2011. In Chitrakoot district, less than 9.71% of the population resided in urban areas, and 90.29% of the population resides in rural areas. In all districts of Bundelkhand region the highest population residing in Rural area is

in Chitrakoot and the lowest population residing in Rural area is in Jhansi district or it could be said as that the highest urban population is residing in Jhansi district. Jhansi is the largest city/ district in Bundelkhand and it has the highest urban population. It is a major educational, transportation, cultural and economic hub and Chitrakoot is the district which has the highest rural region in all the districts of Bundelkhand region.

#### *Significance of Study*

The region of Bundelkhand especially Chitrakoot and Jhansi has always been at forefront of major financial policies directed at improving socio economic environment necessary for further growth and development. Hence, inclusive growth becomes an important criteria to be judged to find the potency of the financial inclusion measures. However, it has never been able to achieve high levels of development underlining limitations of the inclusive measures. This has intrigued many researchers and social scientists who have been trying to find out if the development has been result of the financial inclusive measures direct or indirect. The districts of Chitrakoot and Jhansi are limited by poor literacy levels and lack of financial and employment opportunities. Hence, financial inclusion has failed to reach its desired objectives.

Hence, a need arises to exactly find out major factors behind existing socio economic levels of women and further to find out whether there is a clear association between financial inclusion and socio economic development.

#### *Rationale of study*

Financial inclusion and socio economic development are closely associated and interdependent. Financial inclusion provides varied financial services at a low cost while and the people are in a position to use all these resources. Still, the levels of socio economic development is very average and hence it presses to find out the reason as to all what can be the reason for such a slow state of affairs.

The chances of people taking an active participation in the formal financial system and their better levels of social and economic development will bring more clarity as to all parameters which help to lay the framework for financial inclusion and related socio economic development.

The financial inclusion levels in India has undergone changes creating varying meanings for varied sections of the society. The academicians have ever emphasized

the importance of financial inclusion and its impact on improving the social dynamics and economic achievements.

In other words, women will become more capable when they will be in a position to use financial resources for achieving their economic needs.

### *Objectives*

To make the study systematic, and to achieve the principal objective of investigating the impact of financial inclusion on economic status of rural poor women, the following specific objectives have been outlined:

1. To understand the nature and level of financial inclusion in last ten years.
2. To analyze the impact of financial inclusion initiatives on the socio-economic status of women.
3. To find out the reasons that hampers the participation of the women in financial inclusion system.
4. To find out the awareness level of women in context of financial inclusion initiatives.
5. To analyze the relationship between awareness, income and financial inclusion of women in selected sample districts.

### *Research Hypothesis*

The entire research centres around the framework which states that the financial inclusion measures improve upon other dynamics of the society on social and economic front.

The research is designed on the basis of the following hypotheses which have been created in the case of objective 2 and objective 5 where an attempt is made to find out some sort of association between variables of interest.

H<sub>0</sub>: There is no significant impact of financial inclusion initiatives on socio economic status of women.

H<sub>0</sub>: There is no significant association between overall financial awareness and the socio-economic profile of the women measured in terms of location.

H<sub>0</sub>: There is no significant association between overall financial awareness and the socio-economic profile of the women measured in terms of income.

H<sub>0</sub>: There is no significant association between overall financial awareness and the socio-economic profile of the women measured in terms of occupation.

The research was based on both explanatory and conclusive approach. The study included the explanation of features related with the availability and usage of formal financial system or financial inclusion services so as to gauge the level and degree of financial inclusion. The effect of availability and usage of financial services on the socio economic profile of women in urban and rural areas of the society in the sampling districts of Chitrakoot and Jhansi. The research uses a combination of deductive and inductive method to achieve at a sound base for beginning of the data collection in the primary research method. The data collected and then was analysed with the help of both methods of descriptive and conclusive methods coupled with inferential statistics. The research indicates that it's not about the number of initiatives taken officially unless it leaves a positive impact in the lives of the most deprived ones. It's not that more initiatives are required to be formed but it's all about the proper implications. It's the responsibility of the supply side to check why the ones on demand side are still lagging behind in so many respect, even after such good opportunities are made in their reach. Many of them are still ignorant of the financial initiatives. Women who can afford to use the banking services are nervous to approach. Many women are found that their financial position is too puny but they can't afford to avail the credit as they lack in collateral. Hence the government and policy makers still need to study the problems from the demand side, in order to fix it. The analytical data of the survey helped further to provide an understanding of the study and also helped to draw inferences and conclusions of the study.

### ***Findings of the study***

The findings are the outcome of the extensive analysis of the data. All the findings given below are related and are also in context with the set out objectives of the research.

#### **5.2.1 Demographics Data and Financial Inclusion**

- i. Most of the women surveyed are married and there is a less skewed contribution in terms of unmarried women. Further unmarried include lesser components of widows.
- ii. It is found that 78% of the total households have 01-02 working members, 22% households have above 03 working members.
- iii. Nearly 31 per cent were dependent on agriculture work, nearly 21% worked as tenant cultivator (which is seasonal), near to 17% worked in construction as labourer's.
- iv. The population of 15% was involved as household worker in urban area, 8% worked under govt schemes nearly 9 per cent were involved in miscellaneous activities.

- v. Majority of the sampling units being surveyed have an education below class 8<sup>th</sup> (52% of the respondents from Jhansi, and 58% from Chitrakoot) followed by high school pass women. The least education in terms of post graduation and graduation is also represented by around 10 percent sampling population. This can be interpreted to say that the educational grounding is least among the sampling units surveyed.
- vi. The most common form of ID verification. Nearly three fourth of the respondents had a voter id card (82%, 73% in Jhansi and Chitrakoot respectively). Second to this was the job card (63%, 59% in Jhansi and Chitrakoot respectively) which most women respondents had to validate the point that most sought jobs and relied upon job cards as a means to avail employment opportunities. The caste certificate was another ID card which was being carried out by most respondents (32%, 37% in Jhansi and Chitrakoot respectively). It also may be noticed that Aadhar card was still not prevalent among respondents (19%, 13% in Jhansi and Chitrakoot respectively). And same could be attributed for domicile and pan cards.
- vii. It is found that 82% in Jhansi has access to electricity and 62% respondents in Chitrakoot have access to it, which shows that the very basic facility is not accessible to many still. Also the very basic facility such as public water still is not accessible to nearly more than half of the respondents in Chitrakoot.
- viii. The accessibility of mobile is 28% in Chitrakoot respondents, and 61% respondents in Jhansi reported that they have access to mobile phones. Internet is the least accessible in Chitrakoot (i.e only 8%), still Jhansi respondents reported that they have access to internet (26%) even though it's less.
- ix. The vehicle registration was very low, (Only 19% from Jhansi and 14% from Chitrakoot), nearly four fifth of the sampling population had no transport means for daily usages and resorted to public means of transportation.
- x. Only 15 % of respondents from Jhansi and 11 % of the respondents from Chitrakoot had two wheel means of transportation. The vehicle registration was not only low but was mostly skewed in respect of two wheelers. Only around one tenth of the entire sampling population had two wheeler vehicles registered under their name. Most of them didn't have any means of transport and a handful of them had a tractor or a third wheeler vehicle.

- xi. There is a high awareness of PMJDY schemes among the sampling respondents of Jhansi (89%) and Chitrakoot (86%). Nearly nine tenth of the total population has an awareness regarding the Pradhan Mantri Jan Dhan yojana.
- xii. There is a high percentage of sampling population which has a PMJDY account in comparison to a bank account (63% respondents from Jhansi & 72% from Chitrakoot had pmjdy accounts). Further, it was also found out that such accounts were opened up to assure and avail subsidy payments. However, the transactions in these accounts were far less than the transaction in the bank account.
- xiii. Most respondents reasoned that this was due to the fact that the disinterest levels were high among the respondents and most relied upon unorganized sector for their cash needs. Further, distance (19%, 21% in Jhansi & Chitrakoot respectively) was still one factor that inhibited people from their banking needs. Lack of awareness and lack of documents is also among the reasons for not opening of a bank account. Local transportation and withdrawal fees is also among the reasons of less banking penetration and therefore most of the respondents relied upon unorganised sector for their cash needs.
- xiv. The frequency is mapped across less than 3 months, between 3 and 6 months, 6 to 9 months, and between 9 to 12 months. The frequency of banking across sampling districts of Chitrakoot and Jhansi is also found to be low, only 20% of the total respondents in both the districts approach banks after long intervals i.e in 9-12 months. It can be seen that the frequency is rare and transactions take place at long intervals indicating the low volume of banking transactions.
- xv. It is found that most of the respondents have not accessed formal financial services to meet their loan/credit requirements (only 11% from Chitrakoot and 16% from Jhansi districts have been recorded to access formal financial services). This also says that the fact that people still lack trust in formal financial system. Further, around only one tenth of the total sampling respondents have used formal financial system for getting their loan requirements.
- xvi. It is also found that most respondents avail their finance needs from post offices (68% in Jhansi and 59% in Chitrakoot) as they are trustable and most traditional setups in financial system. Further, they also use banks as the next sought after method of financing. Also, the channel of SHG or NGOs is still very popular for availing credit needs. The use of insurance channel is still very non-existent.

- xvii. Most respondents in Chitrakoot and Jhansi state that they use deposits (52%, 49% in Jhansi & Chitrakoot respectively) and loans (39%, 45% in Jhansi & Chitrakoot respectively) more often as compared to remittances (4%, 2% in Jhansi & Chitrakoot respectively) and other financial services.
- xviii. Almost all respondents denied using an overdraft facility (97% from Jhansi & 98% from Chitrakoot denied using OD) indicating that they could not match the balance requirements stipulated for using the OD facility in their bank accounts.
- xix. Most respondents resorted to sell finished agricultural produce to draw loans (42% in Jhansi, 49% in Chitrakoot), also pledged monthly salary (Jhansi 33%, Chitrakoot 37%), their ornaments of their agricultural produce for drawing loans. Further they also sold their lands – agriculture (38%, 43% in Jhansi & Chitrakoot respectively) or otherwise to draw loans meeting emergencies. Hypothecation of Land/house records was least resorted option for drawing loans (5%, 7% in Jhansi & Chitrakoot respectively).
- xx. Most respondents had an access to Pradhan Mantri Suraksha Bima Yojana Policy in both the sampling districts (64% from Jhansi, 58% from Chitrakoot). LIC policy still continued to be favourites among the respondents as nearly one third of the respondents continued to have this insurance. Pradhan Mantri Jeevan Jyoti Bima Yojana and Pradhan Mantri Vaya Vandana Yojana still had lesser penetration comparatively.
- xxi. The Sukanya Samridhi Yojana (52% from Jhansi, 47% from Chitrakoot) followed by Ujjawala Yojana (62%, 68% in Jhansi & Chitrakoot respectively) continued to be the most prevalent of all the government schemes among the respondents. Schemes of pregnancy Aid yojana (77%, 81% in Jhansi & Chitrakoot respectively) also were resorted to by most respondents and were quite popular among the respondents in sampling districts. Schemes such as Dhanalakshmi Scheme and Mudra Yojana were still undesired by a majority of the respondents (11%, 8% from Jhansi Chitrakoot respectively) and the Jan Aushadhi Scheme was relatively very new and hence was not catered to by most of the respondents.
- xxii. Further, less than one fourth of the respondents have an access to financial inclusion when the institution is located far away where the distance stretches from 5km to 15km.
- xxiii. Financial inclusion is higher when the distance is less than 5km and would reduce when the distance would increase.
- xxiv. It is found that most respondents have an average and above average level of financial inclusion when the income ranges between 1000 and 3000.

- xxv. Nearly three fourth of the respondents in the category of assets ranging beyond 100000 have higher levels of financial inclusion.
- xxvi. Nearly three fourth of the respondents in the category of assets less than 50000 have below average financial inclusion.
- xxvii. Also, for the category of respondents having assets between 50000 to 100000, nearly half of them have an above average level of financial inclusion.
- xxviii. Nearly half of the respondents in the general category have above average level of financial inclusion.
- xxix. Also, the scheduled castes and tribes have very low level of financial inclusion and also half of the OBC category respondents have average and above average level of financial inclusion.
- xxx. The level of financial inclusion is relatively high for those occupations where the people are employed in farming or construction.
- xxxi. The women working under government schemes also have a substantial level of financial inclusion.
- xxxii. Most respondents mentioned that the awareness was lacking (12%, 17% in Jhansi & Chitrakoot respectively) which was as high as two third of the women respondents quoting the same reason. Others mentioned lack of documentation (13%, 19% in Jhansi & Chitrakoot respectively) for low banking usage.
- xxxiii. It is found that three fifth of the respondents have insurance that mostly are sponsored by govt. agencies. It is also found that the usage of insurance cover is very less, only a one fifth of the women respondents in Chitrakoot and two fifth of the women respondents in Jhansi could use insurance cover.
- xxxiv. The habit of saving money was not prevalent among the women section in the sampling districts of Chitrakoot and Jhansi. However the women in Jhansi had a higher saving habit as compared to the women in Chitrakoot (51%, 23% in Jhansi & Chitrakoot respectively)
- xxxv. It was found that the credit card was not used by the women respondents in either of the sampling district (nil in Chitrakoot, and only one percent in Jhansi). Most used banking product was Debit card in Chitrakoot and Jhansi ( 66%, 81% respectively). Least women found using online banking from both the districts; further mobile banking was also not much in use in the sampling districts.

- xxxvi. Around one fourth of the women respondents disagreed that they ever enjoyed greater freedom and awareness.
- xxxvii. One fourth of the women respondents had more choices while spending upon personal needs.
- xxxviii. Most women respondents in Chitrakoot and Jhansi had agreed that they enjoyed more awareness with respect to government health schemes.
- xxxix. Only one fifth of the total respondents having an awareness and yet below average level of financial inclusion.
- xl. The additional ability of households to match and meet emergency needs after accessing and availing financial services was high.

### **5.2.2 Demographic Data and Socio Economic Dimensions**

- i. It was found that one fourth of the respondents in the Jhansi and Chitrakoot district agreed that they still had lesser expenditure even after increase in number of financial institutions. Most respondents near to half of them still had the same level of expenses before and after the usage and access to financial institutions.
- ii. Near to two fifth of the respondents in both the districts have agreed that they have noticed a substantial change in their earning capacity after financial inclusion initiatives. Nearly half of the population has also noticed that the earning capacity has been static irrespective of the financial inclusion measures.
- iii. There is a definite rise in the levels of literacy and the number of children going to school as the respondents agree to the fact that they are in a much better position to send their ward to schools and receive basic and elementary education since they are enjoying more economic freedom and have access to various educational schemes making it easier for them to get an access to education.
- iv. Nearly half of the respondents agree to the fact that there is a higher level of literacy now and there is a substantial rise in the level of literacy post financial inclusion initiatives. Only around one fourth of the respondents have disagreed with the above argument in the total population surveyed.
- v. Nearly two fifth of the respondents agreed and strongly agreed that their skills to achieve basic livelihood increased over a span of time in the area of service sector, self employment and other technical skills.

- vi. It was found that women respondents had more awareness with respect to govt. health schemes (71%, 62% in Jhansi and Chitrakoot respectively), and the least awareness was found for health insurance (29%, 19% in Jhansi and Chitrakoot respectively).
- vii. Nearly 26% of the total sampling districts are aware of the human/fundamental rights (38%, 14% in Jhansi and Chitrakoot respectively). Comparatively Jhansi still has better awareness of it.
- viii. Almost 12.2% of the Chitrakoot respondents had an involvement in social service while 15.40% of the respondents in Jhansi involved in social service.
- ix. Their contribution to family income is around 60% by Chitrakoot respondents and 72% by Jhansi respondents. They also deal with public having contribution from 75% and 82% by Chitrakoot and Jhansi respectively. They also had a significant participation while talking to government officers amounting to 60.4% and 82% in Chitrakoot and Jhansi respectively.
- x. The respondents showed greater mobility in terms of mobility to employment places (71%, 72% in Chitrakoot and Jhansi respectively), government offices, and hospitals for the treatment purpose found to be 60%, 70% and 70%, 82% respectively in Chitrakoot and Jhansi. Both the district respondents reported to have good mobility (accessibility) to financial institutions, to employment places, hospitals and government offices.
- xi. It is found that 24 percent of the total respondents had an above average material change while 62 percent of the respondents experienced average material change, and 14% of the respondents experienced below average level of material change.
- xii. Near to one fifth of the respondents from the sampling respondents did not agree to experience the material change.
- xiii. Among the revenue divisions, women after access and usage of financial services, nearly more than seventy five percent of both the districts agreed that had experienced a significant cognitive change after using financial services. Around twenty two percent of the populations didn't however agree to the same fact. In total, almost more than seventy eight percent had found a significant change in cognitive life after usage and access of financial services.
- xiv. More than half of the respondents had an average or above average level of perception changes after financial inclusion initiatives. Less than one fourth of the total population had a below average level of perception changes even after the financial inclusion initiatives.

- xv. We find that the more than seventy five eight of the respondents had an average or above average level of perception changes after financial inclusion initiatives across revenue divisions of Chitrakoot and Jhansi. Less than one fourth of the total population had a below average level of perception changes even after the financial inclusion initiatives.
- xvi. The construct of cognitive change which is an indicator of the net social impact on the people and also reflects the approach to inclusive growth has good correlation coefficient of 0.538 indicating positive and direct correlation between the two constructs.
- xvii. The construct of extent of financial inclusion perceptual change which is an indicator of the net social impact on the people and also reflects the approach to inclusive growth has good correlation coefficient of 0.624 indicating positive and direct correlation between the two constructs.
- xviii. We find that 38percent of respondents in Chitrakoot and 28percent of respondents in Jhansi agreed that lack of awareness is one of the reasons behind low levels of financial inclusion.
- xix. The second factor in the form of low income was also believed to be a major hurdle behind lower levels of financial inclusion and that was consented by 49percent of respondents in Chitrakoot and 48percent of respondents in Jhansi.
- xx. Social exclusion was also cited a problem in utilizing financial services and that was evident when the survey was taken and it was agreed by 43percent of respondents in Chitrakoot and 43percent of respondents in Jhansi.
- xxi. Both the sampling districts also stated that poor customization of products was also a reason for which the respondents never bought a financial product from a formal financial system. This was seen by the 58 percent of respondents in Chitrakoot and 52 percent of respondents in Jhansi.
- xxii. We also find that 61 percent of respondents in Chitrakoot and 66 percent of respondents in Jhansi agreed that Documenting procedures and strict KYC requirements is one of the reasons behind low levels of financial inclusion.
- xxiii. We see that 42 percent of respondents in Chitrakoot and 48 percent of respondents in Jhansi agreed that high charges and transaction cost is one of the reasons behind low levels of financial inclusion.
- xxiv. At the end, we also find that 73 percent of respondents in Chitrakoot and 69 percent of respondents in Jhansi agreed that distance of the financial institutions is one of the reasons behind low levels of financial inclusion.

- xxv. The respondents are more aware of the schemes in the area of Jhansi as compared to Chitrakoot it is less in terms of its awareness among the masses in both the sampling districts.
- xxvi. Talking of insurance, the respondents have high access to Pradhan Mantri Suraksha Bima Yojana (PMSBY) (64%, 58% in Jhansi and Chitrakoot respectively) also has relatively lesser respondents are in the area of Chitrakoot as compared to Jhansi.
- xxvii. LIC Policy still continued to be lesser accessed in both the districts (29%, 17% in Jhansi and Chitrakoot respectively)
- xxviii. Pradhan Mantri Vaya Vandana Yojana still had very low penetration in both the sample districts(11%, 8% in Jhansi and Chitrakoot respectively)
- xxix. Both the sampling areas have similar knowledge and awareness levels in the case of Pradhan Mantri Jan Dhan Yojana (PMJDY).
- xxx. Nearly half of the respondents have an insurance cover in both the sampling districts.
- xxxi. Government other schemes such as Ujjawala(62%, 68% in Jhansi and Chitrakoot respectively) and Sukanya Samriddhi Yojana (71% , 74%)continued to be most prevalent in both the districts
- xxxii. Only two fifth of the total respondents have a cover in the form of pension plan. It also indicates that respondents from Jhansi have a higher access to insurance as compared to Chitrakoot.
- xxxiii. Pension Yojana is also low in usage in both the districts. Jhansi has a higher number of respondents with access to pension facilities as compared to Chitrakoot i.e 32.00%, 25.00% respectively.
- xxxiv. Respondents from Jhansi have highest level of financial awareness followed by Chitrakoot. Only one third of the respondents in Chitrakoot have an average or above level of financial awareness as compared to three fifth of the respondents in Jhansi.

### **5.2.3 Findings for Objective 1: Nature of Financial Inclusion in India**

- i. Still, the country scaled massively behind the other countries in OECD (Organization for Economic Co-operation and Development) economies on questions of branches per 1,000 square kilometer, loan accounts per 1,000 adult population ATM penetrations.
- ii. The branches of commercial banks have doubled in last ten years. The branches of credit unions and financial cooperatives have risen by nearly 10percent.

- iii. The accounts have increased several times to reach more than thrice its original number in last ten years. The deposit accounts with commercial banks per 1000 adults have also almost tripled in last decade or so.
- iv. The progress of financial inclusion has been steady with a steady rise in loan accounts with commercial banks emphasizing the rapid rise of credit accounts with people. The numbers of loan accounts with commercial banks per 1000 adults have also increased over 50 percent in last decade.
- v. The number of ICT enabled bank accounts has also increased by a significant number highlighting the fact that financial inclusion can only go up from this point and so on. The BSBD accounts have also increased via Business correspondents and facilitators.

**5.2.4 Findings for objective 2: To analyze the impact of financial inclusion initiatives on the socio-economic status of women.**

- i. A good enough chunk of the women in the sampling districts were recipients and beneficiaries of Government funded poverty alleviation schemes.
- ii. The effect of using financial services on socio economic profile was high both in urban and rural areas across the sampling districts. This was considered in terms of change in the income, ownership, consumption expenditure.
- iii. The capacity of women in households to manage urgent situations had a constructive impact on it after using formal financial services and it was exceptionally high both in urban and rural areas.
- iv. There was a positive impact in housing conditions and employment conditions of the women in revenue divisions of Chitrakoot and Jhansi.
- v. The usage and its mere availability of the formal financial services also lead to perceptual changes among the women of the households. This was again quantified as the confidence level of the women and their participation level in local panchayats and governments as well as organizations.
- vi. There were relational changes also in the case of women across the revenue divisions after availing and using formal financial services. The improved impact was evident in their decision making and mobility.
- vii. Nearly two fifth of the respondents had an insurance. This was mostly in the form of an insurance plan sponsored by the government agencies. This also signals that there was adequate awareness level regarding the insurance product.

- viii. The major purpose of drawing loans was to meet expenses related to housing construction or modification. Also, loans were drawn for toilet construction and it was also realized that most of the funds were not used for the purpose for which it were drawn. Further, loans were drawn to meet education and religious functions or marriages. Some took loans for purchase of basic mobile phones while some also took agricultural loans.
- ix. The needs such as quantity of food and caring their child is the most vital needs satisfied after availing credit from formal financial services.
- x. 52% agree that they have better dwelling conditions after availing financial services.
- xi. Nearly one fourth of the women respondents in Chitrakoot and Jhansi had felt higher self esteem and self confidence after availing financial conditions.
- xii. More than half of the respondents in the urban and rural areas agreed that they had more control over financial resources than ever before.

**5.2.5 Findings for objective 3: To find out the reasons that hampers the participation of the women in financial inclusion system.**

- i. One of the reasons for low levels of access by the women was the distance from the financial institution of the people (the level of financial inclusion is seen above average when the distance is less than 5 km)
- ii. Means of transportations also plays an important role. The vehicle registration was very low. Nearly four fifth of the sampling population had no transport means for daily usages and resorted to public means of transportation.
- iii. Nearly three fourth of the respondents in the category of assets ranging beyond 100000 have higher levels of financial inclusion.
- iv. Majority of the sampling units being surveyed have an education below class 8<sup>th</sup> followed by high school pass women. This can be interpreted to say that the educational grounding is least among the sampling units surveyed, and which again plays a vital role in accessing and approaching formal financial system.
- v. Identity proof is also again, a hurdle. The most common form of ID verification found among respondents women was voter ID card. Nearly three fourth of the respondents had a voter id card. Second to this was the job card which most women respondents had to validate the point that most sought jobs and relied upon job cards as a means to avail

employment opportunities. The caste certificate was another ID card which was being carried out by most respondents. It also may be noticed that Aadhar card was still not prevalent among respondents. And same could be attributed for domicile and pan cards. Today Aadhaar card has become the most important verification mode, and women still lack possessing it.

- vi. Most respondents agreed to the fact that they have disinterest in approaching banks because of so many formalities and therefore most relied upon unorganized sector for their cash needs. Further, distance was still one factor that inhibited people from their banking needs. Other major reasons included lack of awareness and lack of documents as reasons for not opening of a bank account.
- vii. It is found that most respondents have an average and above average level of financial inclusion when the income ranges between 1000 and 3000.
- viii. Most women Lack in collaterals, possession of assets and therefore which hampers them from approaching accessibility of formal credit.
- ix. We find that more than half of the total respondents in Chitrakoot and Jhansi agreed that lack of awareness is one of the reasons behind low levels of financial inclusion.
- x. Both the sampling districts also stated that poor customization of products was also a reason for which the respondents never bought a financial product from a formal financial system. This was seen by more than half of the total respondents (58 percent of respondents in Chitrakoot and 52 percent of respondents in Jhansi).
- xi. Low income also came out one of the major hurdle that hampered women, since their earning is not very much more than their expenditure.
- xii. Social exclusion also keep women lacked behind from approaching formal system 86% of the total respondents reported it.

#### **5.2.6 Findings for objective 4: To find out the awareness level of women in context of financial inclusion initiatives.**

- i. Women had more awareness of financial inclusion initiatives (89% respondents from Jhansi, 86% respondents from Chitrakoot) , but its usage is very low (16% from Jhansi, 11% from Chitrakoot) still women in urban households had more access and availability with usage of formal financial services as compared to rural counterparts.
- ii. It was found that there was high awareness of PMJDY schemes among the sampling respondents of Jhansi and Chitrakoot. Nearly nine tenth of the total population has an awareness regarding the Pradhan Mantri Jan Dhan Yojana.

- iii. Women in urban households were more aware regarding the facility of no-frill accounts.
- iv. A reasonable proportion of the women in the sampling districts in rural and urban households had availed government funded Human Development Programmes.
- v. The access to the financial services provided to the women in households resulted in understanding changes among the women of the households. The changes were gauged in terms of increased education level. There was also a marked improvement in earning skills, awareness levels of women with respect to financial system.
- vi. We also find that 39 percent of respondents in Chitrakoot and 38 percent of respondents in Jhansi agreed that illiteracy or the lack of financial education is one of the reasons behind low levels of financial inclusion.

**5.2.7 Findings for objective 5: To analyze the relationship between awareness, income and financial inclusion of women.**

- i. The level of financial inclusion is least when the income level is less than 1000. It is also found that the financial inclusion increases when the income increases beyond 3000 indicating a direct positive correlation between income and financial inclusion levels.
- ii. The level of financial inclusion is clearly high in areas where the respondents have a higher level of awareness of a financial institution or a banking product or an institution.
- iii. The construct of material change which is an indicator of the net economic impact on the people and also reflects the approach to inclusive growth has good correlation coefficient of 0.684 indicating positive and direct correlation between the two constructs.

**5.3 Some of the characteristic findings include:**

- i. The commercial banks have become as prominent channels for various formal financial services for the women across the revenue divisions of the sampling districts of Chitrakoot and Jhansi.
- ii. A reasonable section of the women in both urban and rural areas had an access to formal financial institutions and it was more evident across Jhansi as compared to Chitrakoot.
- iii. One of the reasons for low levels of access by the women was the distance from the financial institution.
- iv. The schemes such as Employment Guarantee Schemes had more offerings and representation for women in rural areas.
- v. A good enough chunk of the sampling respondents were recipients and beneficiaries of Government funded poverty alleviation schemes.

- vi. The impact was above average level in Jhansi and was below average in case of Chitrakoot. Overall, it was average across the sampling districts.
- vii. The wage payment to women is irregular and also significantly low as compared to male counterparts that hamper them to meet the daily household needs.
- viii. Women lack in collateral which again hampers them to approach formal financial institutions.
- ix. The impact of financial inclusion was such that it led to incremental positive changes in the socio-economic profile of the women in the sampling districts of Chitrakoot and Jhansi.
- x. There was a noteworthy outcome after availing and using formal financial services of the socio-economic profile of women in households belonging to the sampling districts of Chitrakoot and Jhansi, resulting in the incremental and inclusive growth of the economy.
- xi. Financial inclusion and impact of availing financial services is one of the important contributing factors of inclusive growth.

#### **5.4 MAJOR FINDINGS:**

The study employed sample survey technique for analyzing the extent, nature of financial inclusion and its overall impact on the socio economic profile of the women in the regions of Chitrakoot and Jhansi. The study outlines a platform to determine the various features and impact of financial inclusion. Premised on the major findings, the study provides the following conclusions:

- (i) There is inconsistency in levels of financial inclusion at overall level of the economy and across the urban and rural divisions of Chitrakoot and Jhansi. The research gap so recognized illustrates that, even after financial inclusion measures, there is still a segment which is living on marginalized levels and have no access to basic financial services and have no awareness too.
- (ii) The all-embracing observed evidence in literature suggests a major relationship between financial usage and growth. There seems to be a clear cut association between both financial usage and inclusive growth but still how and the mechanism to achieve the overall inclusive growth via financial access and usage still is not clear.

#### **1.5 Recommendations**

The increase in the lifespan as well as increased complexity of financial products and services has also led to increase in the overall responsibility of an individual.

The analysis and findings have enabled the financial education providers as well as policy makers to introduce the need to promote methods and ways to increase financial inclusion procedures.

### **5.5.1 For Policy makers**

- a) Greater attention must be paid on the financial awareness to increase the levels of financial inclusion so that there can be a more tangible impact on the socio economic dimensions.
- b) Due to lower levels of financial awareness, there are more cases of financial mismanagement and they fail to create a financial roadmap for themselves leading to more failures in financial decision making.
- c) More emphasis should be placed on creation of financial awareness and inclusion measures which should be pressed upon and awareness should be created so that apt decisions are taken when needed.
- d) The people with lower income and those who work on casual basis have relatively lower levels of financial awareness and financial inclusion and hence resort to more informal financial services industry which is costlier and hence it necessitates a greater need to educate people with higher money management skills so that they have a higher level of real money at the end of meeting all their expenses.
- e) The minimum wage payment should be made mandatory by the government of India for all the labor classes working in informal sector as per the latest Minimum Wage Act, and their pay should be revised according to the amendments done in the wages act.
- f) Their minimum wages should be protected by legal tender, arbitrary deductions should be made mandatory which makes their future secure.
- g) The concept of minimum universal basic income may be incorporated for all the people in working in informal sector.
- h) There is urgent need of social will, the concept of “Social will” truly needs to be developed from the top controlling authority up till the bottom implementing authorities only then maximum inclusion can take place.
- i) The NGOs working for women empowerment and social inclusion must see that financial awareness building exercises are a must for everything else to take place and hence there

should be a need to come up with such drives that can scale the pace of such measures intending to create an all-inclusive society.

### **5.5.2 For other Stakeholders**

- a) Companies should also emphasize upon financial inclusion of the society by providing financial education to various masses as a part of Corporate Social Responsibility.
- b) Financial awareness drives complement the important aspects like greater transparency, policies on consumer protection and regulation of financial institutions.
- c) Financial inclusion should be laid on a sound common structure and a common approach so that it can be spread in a comprehensive manner. These efforts should aim at empowering consumers to understand and select the financial products and services that best suit their needs, goals and personal circumstances.
- d) The overall efforts by regulatory authorities, N.G.O.s and community groups should be structured in the direction to enable the individuals to develop the ability to make informed judgments, to be able to identify financial products and services that address their needs, to take effective decisions regarding the use and management of their money and to avoid to be a victim of bad selling.
- e) It can enable holistic, generic and non-commercial financial education to employees in their place of work through accessible resources and seminars delivered by experienced and specially trained professionals.

### **5.6 Limitations of the study**

Care and attention has been taken to ensure that the research was designed and conducted to optimize the ability to achieve the objectives of the research. Some other limitations of this study are mentioned below.

- a) The method adopted for primary data collection was non-probability convenience sampling method, which does possess its own limitations; hence these limitations automatically apply to the study.
- b) The people who have just started to make savings are new to jobs making savings and investment decision on the basis of others 'recommendation, without any analysis of their own. It was difficult for them to answer the questions about financial awareness

- c) The bias in respondents 'views cannot be ignored.

### **5.7 Scope for further research**

No research in any subject can be complete in itself. An attempt was made to determine the impact of financial inclusion on socio economic profile of the women and the impact of various determinants of financial inclusion as well. The study is hence basically focusing on two prime objectives in a specific sample of two selected districts. However, more areas can be taken up for futuristic research taking the present study as a base. Some of the scope for further research is as under:

- a) As illustrated in the limitations, this study bases itself upon the responses in the two districts only. One can extend the work and include other districts as well.
- b) The analysis is performed on the basis of the data collected from various age groups and income groups. The analysis however can be further filtered and focused on a specific age group or an income group.
- c) The results can be better interpreted in the context of financial exclusion and financial education curriculum can be devised considering the changing context of financial integration in a developing economy.
- d) The Self Help groups are strengthened and empowered through various financial capability building exercises and financial education initiatives leading to the upliftment of their socio economic profiles. One can hence include these groups as target respondents in their specific study as well.
- e) The pattern of progress and development of Financial Inclusion and Financial Awareness in Bundelkhand may be further explored as it may uncover various obstacles to financial inclusion and financial literacy.
- f) The present study is performed in the region of Bundelkhand. The study can be extended to other parts of the nation as well. Further inter-state comparison can also be done.
- g) The learning from behavioral economics and finance coupled with social marketing lessons can be implemented to make most of the findings and results that have been obtained as a part of the study.

The current research is an offshoot to the existing initiatives in the field of exploratory research in the domain of financial inclusion. The entire essence of

the research has been to explain the modalities of the framework in the context of women in the Bundelkhand region. The outcome of research and its results reflects clearly and concludes thereby that, a lot has to be done with respect to the socio economic profile of the women in the region by speeding up the financial inclusion initiatives. The research indicates that it's not about the number of initiatives taken officially unless it leaves a positive impact in the lives of the most deprived ones. It's not that more initiatives are required to be framed but it's all about the proper implementation. It's the responsibility of the supply side to check why the ones on demand side are still lagging behind in so many respect, even after such good opportunities are made in their reach. Many of them are still ignorant of the financial initiatives. Women who can afford to use the banking services are nervous to approach. Many women are found that their financial position is too puny but they can't afford to avail the credit as they lack in collateral. Hence the government and policy makers still need to focus the problems from the demand side, in order to fix it.