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TO STUDY THE AWARENESS LEVEL OF PEOPLE REGARDING FINANCIAL INCLUSION WITH SPECIAL REFERENCE TO KOTTAYAM DISTRICT

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ABSTRACT: *Financial Inclusion is the process of banking the unbanked in an economy irrespective of any kinds of discrimination such as economic, social or educational. It aims to provide financial products and services to all sections of the society at a cheap and affordable rate. Educating people about the existence of various financial products and services and its relevance in one's day to day affair is the basis of financial inclusion. Hence, financial inclusion and financial literacy goes hand in hand with one another. The government along with the Reserve Bank of India (RBI) as an initiative to bring people together besides their differences by giving them a means to develop themselves and hence paving a way to contribute for the development of the economy introduced the concept 'financial inclusion'. The study is aims to identify the factors that contribute to financial inclusion and to measure the level of awareness of people so as to identify the unaware and unreached category of people to provide them financial literacy and financial inclusion. Though the nationalisation of banks in 1969 helped in reaching the common people to meet their credit needs to a certain level, as per 2017 data 191 million Indians above the age of 15 do not own a bank account i.e., 1 in every 5 is unbanked, this gives rise to the need of financial literacy and in turn financial inclusion in the country.*

***Keywords*: Financial inclusion, Financial literacy, Demonetization**

1. INTRODUCTION

Dr. Y Venugopal Reddy, the governor of RBI in 2005 coined the term financial inclusion as he was concerned about the vast section of the financially excluded of the society. So in 2008, to investigate the barriers of financial inclusion in India financial inclusion committees were appointed. On 1st January 2013 the government introduced direct benefit transfer scheme were subsidies allowed to people will be directly transferred to their bank accounts. It aims to bring more transparency and to avoid larceny during the process of fund distribution by the central government. It also ensures financial inclusions as owning a bank account is mandatory to receive subsidies. On 15th August 2014 Prime Minister NarendraModi introduced the scheme PradhanManthri Jan DhanYojna (PMJDY)/ AyushmanBharathYojana scheme applicable to 18 - 65 year age group which aims to make financial services such as bank accounts, remittances, credits, insurance etc. accessible to all category of people. It is one of the major step taken by the government towards the process of financial inclusion.

2. STATEMENT OF THE PROBLEM

A Financially inclusive economy will have lesser gap between the poorer and the richer sections of the society. Through financial literacy, growth and development of the economy can be achieved by providing the people of all categories with financial products and services. The government of India along with the Reserve Bank of India (RBI) is constantly in work to achieve financial inclusion by introducing various policies and programmes to educate as well as to spread the need of financial inclusion among the heterogeneous people in the economy. Though, in large scale, efforts have been made by the various financial institutions, it fails to reach the entire economy especially among the poor and the illiterate who are totally ignorant about the need for financial products and services and the various benefits it offers. Reaching out for these categories of people and addressing their problems are one of the major concerns the Indian economy is facing. The study aims to measure the awareness of people about financial inclusion and to reach out for them.

3. OBJECTIVES OF THE STUDY

1. To understand the various schemes and policies introduced by the Government of India and RBI to improve financial inclusion in India.
2. To know the awareness of people regarding the various financial services offered by banks.
3. To analyse the impact of 2016 demonetization on financial inclusion

4. RESEARCH METHODOLOGY

The study is empirical in nature. The population of the study consist of people in the urban, semi-rural and rural areas of Kottayam district, A total of 200 respondents constitute the sample for this study. The data for this study has been collected by administering a self-designed structured questionnaire. Primary data related to this study was collected through conducting interviews, schedules by using a structured questionnaire. The secondary data has been collected from journals, books, research articles dissertations, brief notes, websites etc. Purposive Sampling will be used to select the sample from the universe. Here, the universe is the people who is living in kottayam district. Data collected for the study are properly tabulated and presented through Percentage analysis. For analysing the data and testing the hypothesis, Karl Pearson's Chi- Square test, One-Way ANOVA and t-test were used.

5. HYPOTHESIS OF THE STUDY

- H0: There is no significant difference between education and the level of awareness about the various financial products and services
- H0: There is no significant difference between in the results post-demonetisation and the factors affecting Financial Inclusion

6. REVIEW OF LITERATURE

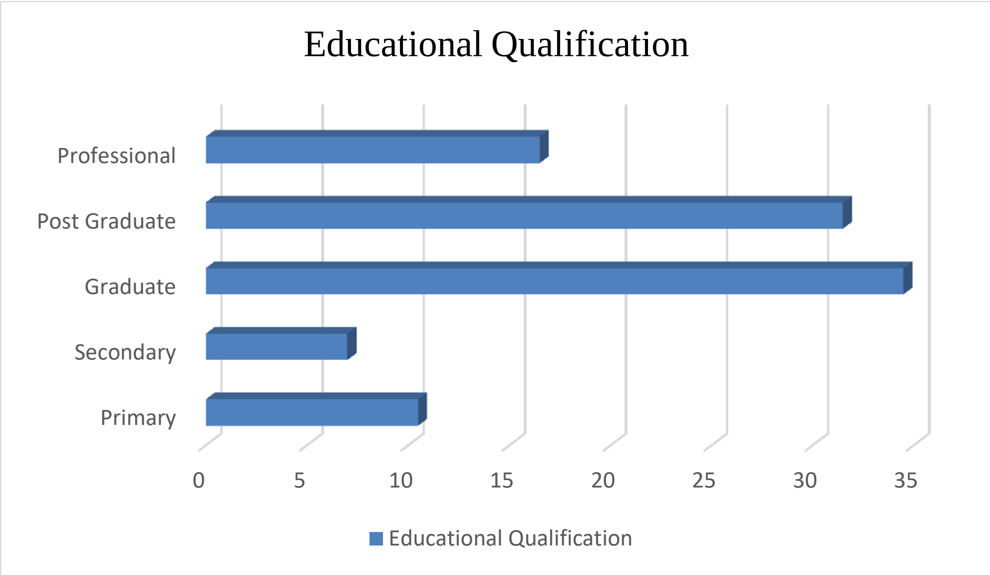
DiaAmadou (2018) Financial Inclusion has its benefits at micro, company and state level which in turn contribute to the economy as a whole in turn benefits the rural population of the country to eliminate poverty. It helps in the upliftment of the women population. The article explains the extent to which financial inclusion can contribute to poverty reduction. **George Varghese, Lekshmi Vishwanathan (2018)** Financial inclusion is not just about money or saving, it also aims to eradicate social exclusion prevailing in the economy. One of the best ways to it is through financial inclusion by reducing the gap between rich and poor, urban and rural, men and women etc. varied schemes and policies were introduced in this aspect to improve the rate of financial inclusion in the economy. The study also discusses the opportunities and challenges of financial inclusion. **Dr. M Shekar (2018)** Though there is a tremendous growth in the banking sector, more than 1/3rd of the total Indian population is unbanked. Financial exclusion of certain communities will slow down the process of economic development, eradication of poverty and financial untouchability. The two major steps taken by the NarendraModi government, launching of PMJDY scheme in August 2014 was an approach to improve the financial literacy and financial freedom of people and secondly the demonetization which aimed to eradicate corruption and black money from the Indian economy. **HasinaDaya, Philip Mader (2018)** The 2016 demonetisation during the period of Modi government period came with social and economic costs particularly affecting the lower class of the economy. The promises made by the government were several from black money eradication, corrupt free economy, digitalisation to removal of terrorism. Although the results regarding these are matters of doubt this paper aims to find out whether it has contributed to financial inclusion. As per findex survey 2014-2017 there was an immediate rise in the bank account ownership while more meaningful metrics suggest the opposite. It says, for a developing country like India which fails to provide basic sanitation facilities in the rural areas, people couldn't afford education, struggling for their daily means aiming for a cashless economy lead to causing social and economic costs.

7. DATA ANALYSIS AND INTERPRETATION

Table 7.1: Educational Qualification of the respondents

Educational Qualification	Frequency	Percentage
Primary	21	10.5
Secondary	14	7.0
Graduate	69	34.5
Post - Graduate	63	31.5
Professional	33	16.5
Total	**200**	**100**

Source: Primary Data



Interpretation

Majority of the respondents are graduates, that is 34.5 percentage, followed by post graduates with 31.5 percentage, professionals with 16.5 percentage, primary qualified category with 10.5 percentage. Secondary qualified people were the minority among the respondents with 7 percentage.

Table 7.2: Difficulties faced during demonetisation

Descriptive Statistics

	Mean	Std. Deviation
Difficulty in Cash Withdrawal	1.4301	.88772
Difficulty in Money Transfer	1.8073	1.07292
Difficulty in making Payments	1.6667	1.01987
Difficulty in Exchange Process	1.9948	1.07849
Poor Implementation	1.6495	1.00301

Source: Computed Data

Interpretation

Above table depicts that the main problem encountered by people during the cause of demonetisation was difficulty in cash withdrawal. People have a strong feeling that demonetisation was poorly implemented by the government. Difficulty faced in making payments is another major issue faced by the people during demonetisation further followed by difficulty in money transfer and difficulty in exchange process.

8. ANALYSIS RELATED TO HYPOTHESIS OF THE STUDY

8.1 H0: There is no significant difference between education and the level of awareness about the various financial products and service

ANOVA

		Sum of Squares	df	Mean Square	F value	P value
Deposits	Between Groups	.408	1	.408	1.080	.300
	Within Groups	72.203	191	.378		
	Total	72.611	192			
Loans	Between Groups	.001	1	.001	.002	.968
	Within Groups	113.812	190	.599		
	Total	113.813	191			
Insurance	Between Groups	3.714	1	3.714	3.283	.072
	Within Groups	216.120	191	1.132		
	Total	219.834	192			
Debit Card	Between Groups	.065	1	.065	.098	.754
	Within Groups	126.429	190	.665		
	Total	126.495	191			
Credit Card	Between Groups	7.148	1	7.148	4.278	.040
	Within Groups	317.518	190	1.671		
	Total	324.667	191			
Internet Banking	Between Groups	7.776	1	7.776	4.720	.031
	Within Groups	313.037	190	1.648		
	Total	320.812	191			
Text Alerts	Between Groups	8.159	1	8.159	7.096	.008
	Within Groups	218.461	190	1.150		
	Total	226.620	191			
E-statements	Between Groups	7.224	1	7.224	4.133	.043
	Within Groups	330.295	189	1.748		
	Total	337.518	190			
Wealth management	Between Groups	5.432	1	5.432	3.609	.059
	Within Groups	284.442	189	1.505		
	Total	289.874	190			
Online Payments	Between Groups	8.207	1	8.207	5.033	.026
	Within Groups	304.936	187	1.631		
	Total	313.143	188			
Mobilecheck payments	Between Groups	6.378	1	6.378	3.707	.056
	Within Groups	318.306	185	1.721		
	Total	324.684	186			
Foreign Exchange	Between Groups	4.662	1	4.662	3.461	.064
	Within Groups	251.888	187	1.347		
	Total	256.550	188			
Mortgage	Between Groups	.196	1	.196	.214	.644
	Within Groups	170.160	186	.915		

	Total	170.356	187			
Pension	Between Groups	.241	1	.241	.198	.657
	Within Groups	229.238	188	1.219		
	Total	229.479	189			

Source: Computed Table

Interpretation

The table depicts that at 5 percentage level of significance if the P value is less than 0.05 it implies that the hypothesis is being rejected. As per the table, credit cards, internet banking, text-alerts, e-statements and online payments has a P value less than 0.05 causing the rejection of the hypothesis. So there is a significant difference between education and the level of awareness about credit cards, internet banking, text-alerts, e-statements and online payments and there is no significant difference between education and the level of awareness about deposits, loans, insurance, debit cards, wealth management, mobile check payments, foreign exchange, mortgage and pension.

8.2 H0: There is no significant difference between in the results post-demonetisation and the factors affecting Financial Inclusion

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Difficulty in Cash Withdrawal	Between Groups	13.938	19	.734	1.030	.431
	Within Groups	104.020	146	.712		
	Total	117.958	165			
Difficulty in Money Transfer	Between Groups	18.306	19	.963	.851	.643
	Within Groups	164.094	145	1.132		
	Total	182.400	164			
Difficulty in making Payments	Between Groups	20.305	19	1.069	1.108	.349
	Within Groups	139.877	145	.965		
	Total	160.182	164			
Difficulty in Exchange Process	Between Groups	37.578	19	1.978	1.987	.012
	Within Groups	144.325	145	.995		
	Total	181.903	164			
Poor Implementation	Between Groups	24.433	19	1.286	1.491	.097
	Within Groups	126.801	147	.863		
	Total	151.234	166			
Paved way to Digital Economy	Between Groups	52.262	19	2.751	1.548	.077
	Within Groups	264.756	149	1.777		
	Total	317.018	168			
Dependence on E-wallets	Between Groups	56.637	19	2.981	1.595	.064
	Within Groups	274.788	147	1.869		
	Total	331.425	166			
Eradication of Black Money	Between Groups	45.596	19	2.400	1.484	.099
	Within Groups	242.527	150	1.617		
	Total	288.124	169			
Usage rate of Internet banking	Between Groups	53.914	19	2.838	1.706	.041
	Within Groups	246.157	148	1.663		
	Total	300.071	167			
Improved frequency of bank Transaction	Between Groups	59.997	19	3.158	1.974	.013
	Within Groups	239.891	150	1.599		
	Total	299.888	169			

Source: Computed Table

Interpretation

The analysis aims to identify whether or not there is a significant difference between in the results post-demonetisation and the factors affecting Financial Inclusion. If the P value is less than 0.05 the hypothesis will be rejected. Here, for the post demonetisation factors difficulty in the currency exchange process, improved internet usage and improved frequency of bank transaction has a P value less than 0.05 implying the rejection of the hypothesis. The factors difficulty in cash withdrawal, difficulty in money transfer, difficulty in making payments, poor implementation of demonetisation, demonetisation has paved way towards a digital economy, increased dependence on e-wallets and eradication of black money has P value greater than 0.05 causing the acceptance of the hypothesis, that is, there is no significant difference between the accessibility factor affecting financial inclusion and the post demonetisation factors.

9. FINDINGS

1. It was found that there is a significant difference between education and the level of awareness about credit cards, internet banking, text-alerts, e-statements and online payments and there is no significant difference between education and the level of awareness about deposits, loans, insurance, debit cards, wealth management, mobile check payments, foreign exchange, mortgage and pension.
2. There is a significant difference between the post demonetisation factors difficulty in the currency exchange process, improved internet usage and improved frequency of bank transaction and the factors affecting Financial Inclusion while there is no significant difference between the factors difficulty in cash withdrawal, difficulty in money transfer, difficulty in making payments, poor implementation of demonetisation, demonetisation has paved way towards a digital economy, increased dependence on e-wallets and eradication of black money factors of financial inclusion and the accessibility factor affecting financial inclusion.

3. There is no significant difference between the factors post demonetisation and the factors affecting financial inclusion.

10. CONCLUSION

Financial inclusion is thus a crucial step that should be given prominence at both individual level, as it helps people in ensuring an income on regular basis, to get access to financial products and services to all category of people at affordable cost and to get the benefit offered by the government without getting cheated; at a larger view point, financial inclusion helps in pooling the scattered resources together ensuring a continuous circulation of financial resources to all category of people, helps in poverty reduction and social inclusion. In this study the researcher carefully unleashes how demonetisation has impacted financial inclusion, to study the various schemes and policies introduced by the government of India and the Reserve Bank of India and the opinion of people regarding the effectiveness of various schemes to improve financial inclusion.

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