ISSN PRINT 2319 1775 Online 2320 7876

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INFLUENCE OF FINANCIAL INCLUSION INITIATIVES ON RURAL REGIONS IN VIRUDHUNAGAR DISTRICT

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ABSTRACT

The weakest sections of society are often disregarded by formal financial institutions because of their haste to turn a profit or the challenges of providing capital to them. Encouraging financially excluded members of society to interact with the formal financial system, promoting financial literacy, and fortifying credit delivery mechanisms to boost financial economic growth are just a few of the formidable obstacles that face the field of financial inclusion. An economy's growth is determined by how its citizens use their money. Equally important is the significance of citizen savings. Financial exclusion happens when financial services are not available to low-income and disadvantaged segments of society; financial inclusion, sometimes referred to as inclusive financing, is the supply of financial services at reasonable costs to these groups.

Anyone looking for financial services can benefit from these plans. Encouraging universal access to banking and payment services for all is the main objective of this public policy. Thus, the process of guaranteeing low-income and vulnerable populations with timely and sufficient financing when needed, as well as cheap access to financial services, is known as financial inclusion. To guarantee that the most vulnerable members of society have access to financial services, nations should take the initiative and implement reforms. In order to increase financial inclusion and give individuals who are now excluded access to high-quality financial products, the Indian government and reserve bank have historically been major players in the construction of banks and other financial infrastructure.

Keywords: Financial Inclusion, Financial Exclusion, Business Correspondents, Kccs, Gccs, Money-Lenders, Digital Banking, Financial Literacy, Rural Banking, Poverty Alleviation, Rural Economy, Financial Technology (FinTech).

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I. INTRODUCTION

The provision of financial services at affordable rates to underprivileged and low-income segments of society is referred to as financial inclusion, or inclusive financing. In contrast, financial exclusion occurs when such services are unavailable or unaffordable. The term "financial inclusion" has gained popularity since the early 2000s due to studies on the relationship between poverty and financial exclusion.

The aim of financial inclusion is to achieve the following:

- Reasonably Priced Access to Banking Services
- Healthy Competition;
- Safe and Sound Industry Governance;
- Sustainable Industry Development and
- Deregulation

In order to increase financial inclusion and give individuals who are now excluded access to high-quality financial products, the Indian government and reserve bank have historically been major players in the construction of banks and other financial infrastructure. In a variety of ways, banks and other significant financial institutions have supported and helped the government, including the Small Industries Development Bank of India (SIDBI) and the National Bank for Agriculture and Rural Development (NABARD).

II. REVIEW OF LITERATURE

The authors of the study "Financial Inclusion in India: An Overview" are Kiran S.P., Rangaswamy K., and Shashikumar T.P. (January - December 2014). The issues and challenges surrounding financial inclusion for inclusive growth in India were investigated by the researchers, along with the factors that may facilitate financial inclusion for inclusive growth in India. One such intervention that seeks to remove the barriers preventing the market process from favoring the poor and disadvantaged is financial inclusion.Published in May 2013, Sunil Ram Gaikwad's article titled "Successful Role Played by State Bank of India in Promoting Financial Inclusion in India"

A study titled "Kisan Credit Card as a Financial Inclusion Tool" was published by Shital Bhatt in April of 2016. The researcher talked about the Kisan credit card's function as a tool for financial inclusion and the advancements made thus far. In order to help formers swiftly and conveniently satisfy their credit needs, the Kisan credit card has developed into an inventive and essential credit delivery tool. Since the beginning, the former has profited from the established advantages.

Panda (2016) said that India's bank nationalization initiative, which began in 1969, was the impetus behind the country's attempts to promote financial inclusion. Since then, a number of significant initiatives have been made in this regard. However, until the recent debut of the PMJDY, which turned out to be the game changer, these attempts could not meet with much success. Was top-level executive assistance responsible for this extraordinary success? Or was it because behavioural design was applied so skillfully? Or did it happen on both? It is now well recognized that behavioural oddities, such as loss aversion, play a

ISSN PRINT 2319 1775 Online 2320 7876

 UGC CARE Listed (Group -I) Journal Volume 11, Iss 08, 2022

significant role in global economic booms and busts. In a similar vein, could ongoing financial exclusion in India and around the world be caused by behavioral anomalies? Are there any particular behavioral barriers that the PMJDY design was able to effectively address among bankers, regulators, and bank customers? Is it possible to attain sustained universal financial inclusion by incorporating behavioral economics into additional banking products and procedures? As there is little information on the behavioral design of effective programs like the PMJDY in the literature, this study looked at the factors that contributed to PMJDY's success and examined real-world uses for behavioural design to promote financial inclusion.

T. Lal (2019), "Measuring impact of financial inclusion on rural development through cooperatives", While inclusive development is a subset of inclusive growth, financial inclusion is a strategy for the latter. This means that benefits must accrue to all, especially to women and children, minority groups, the extremely poor, and those who are pushed below the poverty line by natural or man-made disasters. It evaluates the need of increasing financial literacy, the related problem of updating consumer protection legislation, and the appropriateness aim, which is seen as crucial for inclusion.

Pardeep Kumar and Charu Saxena Sharma's book, "People Empowerment and Financial Inclusion via Microfinance in India," was released in November 2017. According to the authors, the realization of financial inclusion in India and the empowerment of the populace both depend more and more on microfinance. Even while microfinance continues to be the main source of financial services for those with low incomes, it has actively contributed to India's inclusive growth process by using innovative methods. Multifinance institutions (MFIs) can enhance their social engineering capabilities by ensuring that all of their operations are sustainable, accountable, and easily accessible.

III. STATEMENT OF THE PROBLEM

Ensuring that every member of an economy has effortless access to and utilization of the formal financial system is known as financial inclusion. The benefits of having an inclusive financial system are numerous. It makes it possible to provide financial services to underprivileged populations more efficiently. The policy community generally agrees that accessible financial systems are essential, and many nations have recently prioritized financial inclusion in their policies. Governments, the banking sector, and financial regulators have all taken action to advance financial inclusion. Apart from promoting financial inclusion, the Indian banking industry has assumed a leading role. Thus, the researcher has made an effort to investigate the likelihood of financial inclusion in rural regions.

IV. SCOPE OF THE STUDY

Financial inclusion may help developing and growing nations because it encourages equitable growth across all societal sectors, which lowers income and savings disparities. By providing banking services, the weaker sectors are able to mobilize savings that would otherwise accumulate in their homes and use them more effectively for capital growth and economic advancement.

V. OBJECTIVES OF THE STUDY

1. To investigate the importance and necessity of financial inclusion for enhancing economic growth and social welfare in rural area.
2. To examine the extent and effectiveness of financial inclusion initiatives in rural communities, focusing on their reach and impact.
3. To investigate rural residents' access to bank branches and the proliferation of ATMs in these regions, identifying gaps and areas for improvement.
4. To understand the financial needs and expectations of rural populations regarding various banking and financial services.
5. To determine the level of satisfaction and perception of financial services among rural residents, identifying key factors that influence their opinions in the financial system.

VI. SOCIO ECONOMIC STSTUS AND LEVEL OF INTEREST WITH FINANCIAL SERVICES- APPLICATION OF MANN-WHITNEY RANK SUM U-TEST

The MANN-WHITNEY RANK SUM U-TEST was used to see if there was any homogeneity in the amount of interest in financial services.

"There is no significant difference between gender, marital status, type of family of the respondents, and banks degree of interest in financial services," according to the hypothesis.

The researcher used the MANN-WHITNEY RANK SUM U-Evaluate in SPSS to test the aforementioned hypothesis.

6.1 GENDER AND LEVEL OF INTEREST WITH FINANCIAL SERVICES

The following hypothesis was used to determine the relationship between respondents' gender and their level of interest in financial services related to financial inclusion.

Hypothesis

There is no significant association between gender and level of interest with financial services.

To test the above hypothesis, Mann-Whitney Rank Sum U-test is applied and the result is presented in the Table 6.1.a.

Table 6.1.a

Gender and Level of Interest with Financial Services

	Gender	N	Mean Rank
Level of interest with financial services	Male	230	99.26
	Female	166	100.12
	Total	396	

ISSN PRINT 2319 1775 Online 2320 7876

 UGC CARE Listed (Group -I) Journal Volume 11, Iss 08, 2022

Source: Computed Primary Data

From the Table 6.1.a, it is found that the mean rank of male is 99.26 and for female is 100.12. The result of Mann-Whitney Rank Sum U-test is presented in the following Table 6.1.b.

Table 6.1.b

Gender and Level of Interest with Financial Services Mann-Whitney Rank Sum U-Test

	Level of Interest with Financial Services
Mann-Whitney U	4676.000
Wilcoxon W	1100.001
Z	-0.375
Asymp. Sig. (2-tailed)	0.705

Source: Computed Primary Data

From the above results it is found that the significant value for Mann-Whitney Rank Sum U-test is 0.705, which is more than the acceptable level of 0.05.

As a result, the null hypothesis is accepted, and the conclusion is that there is no significant relationship between respondents' gender and their level of interest in financial services. On the level of interest in financial services, male and female respondents appear to have similar opinions.

6.2 GENDER AND LEVEL OF CUSTOMER EXPECTATION

In the competitive world both the men and women are employer for peaceful life and they all are having bank accounts. Hence it is necessary to study the gender is an important socio economic variable that influences their level of expectation.

The gender of the respondents and level of expectation are shown in the Table 6.2.a

Table 6.2.a

Gender and Level of Customer Expectation

			Level of Customer Expectation			Total
			Low	Medium	High	
Gender	Male	Count	22	152	50	224
		% of Total	5.6%	38.4%	12.6%	56.6%
	Female	Count	30	104	38	172
		% of Total	7.6%	26.3%	9.6%	43.4%
Total		Count	52	256	88	396
		% of Total	13.1%	64.6%	22.2%	100.00%

Source: Computed Primary Data

From the Table 6.2.a it has been observed that out of 52 respondents with low level of expectation, 22 of them are male and 30 of them are female. Out of 256 respondents with medium level of expectation, 152 of them are male and 104 of them are female. Finally out of

ISSN PRINT 2319 1775 Online 2320 7876

 UGC CARE Listed (Group -I) Journal Volume 11, Iss 08, 2022

88 respondents with high level of expectation, 50 of them are male and 38 of them are female respectively.

In order to test the relationship between gender and the level of expectation towards factors affecting customer expectation, the following null hypothesis is formulated. There is no significant relationship between gender and the level of expectation towards factors affecting customer expectation.

The chi-square test is applied to examine the null hypothesis and the computed result given below.

Table 6.2.b
Gender and Level of Customer Expectation
Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.564[a]	2	.278
Likelihood Ratio	2.541	2	.281
Linear-by-Linear Association	.864	1	.353
N of Valid Cases	198		

Source: Computed Primary Data

With regard to gender and the level of expectation, the P value of chi-square statistics is 0.278 which are more than 0.05. Therefore the null hypothesis framed is accepted. Hence it is concluded that there is no relationship between gender and level of customer expectation.

VII. FINDINGS & SUGGESTIONS

Vulnerable households had access to essential financial items as well as packages for human development, risk mitigation, and productivity increase. This phenomena highlights how crucial welfare programs are in helping vulnerable populations become more bankable by enhancing their ability to absorb resources and enabling them to escape the cycle of financial exclusion. Consequently, households from the most vulnerable sectors of the economy stand to gain when financial inclusion is pushed within a larger framework of economic inclusion together with aid programs.

Given that a sizable portion of the population is from disadvantaged socioeconomic groups, and because of their increasing wealth and consumption, vulnerable households may find their creative potential unleashed by the formal financial network. By helping underprivileged households to accumulate assets, income, and emergency reserves to handle unforeseen events and economic crises, the formal banking system has the potential to enhance their financial situation and level of living. It also provides leakage-proof transfers of welfare payments to assist the population's impoverished segments. By permitting more transactions, financial inclusion broadens the financial network, creating new opportunities for employment and promoting the inclusive growth of the economy.

Based on a comprehensive investigation, the list of suggestions for enhancing financial inclusion in rural areas is provided below. When it comes to financial services, rural customers are underserved. The lender ought to inform the public about this service as a result. In the modern world, ATMs are extremely important for daily human activity. One major drawback for banks in rural locations is that they do not have ATMs. It is therefore suggested that more ATMs be opened in rural areas. Bankers should give customers' complaints top priority and respond to them as quickly as possible. Consumers ought to be allowed to obtain loans with no upfront financial commitment. The bank needs to make an effort to provide contemporary financial services and products to the impoverished in rural areas. Private sector banks should engage with public sector banks to conduct development projects in rural areas.

VIII. CONCLUSION

Rural residents' opinions on financial inclusion show a basic knowledge of banking and financial services, but they also point out important areas that still need to be improved. India's ambition to become a powerhouse depends on attaining inclusive growth in its rural areas, where the majority of the population lives. India's distinct geopolitical location offers opportunities as well as problems, especially in light of the recent global financial crises. Resolving these issues will need for creative and unorthodox approaches. India needs to take on the challenges of its neighbors in addition to its own in order to further its growth and development plans. Financial inclusion is essentially about giving low-income people access to the structured financial system so they may advance their credit status and enhance their economic standing. The government, banks, and other stakeholders must work together to improve financial services accessible for those who are less fortunate financially. Rural inhabitants can be more effectively incorporated into the financial system by providing specialized financial products and instruction, as well as by streamlining the process of creating and keeping bank accounts. Attaining complete financial inclusion would ultimately empower rural communities, improve their quality of life, and make a substantial contribution to India's overall economic resilience and sustainable development.

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