

**FINANCIAL INCLUSION –MOVING BEYOND BANK ACCOUNTS****Mrs.M.MAHESWARI, Ph.D Scholar, Department of Commerce,****Manonmaniam Sundaranar University, Tirunelveli****&****Dr. B. REVATHY, M.Com, M.Phil, B.Ed, Ph.D, DCA, MBA,****Associate Professor, Department of Commerce,****Manonmaniam Sundaranar University, Tirunelveli****Abstract**

*Financial inclusion is the key to a holistic and sustainable growth for India in the years to come. High GDP growth in India, triggered by an open economy has created job opportunities in urban and semi-urban India and it will go further into rural India, increasing the potential for growth to vast sections of disadvantaged and low income groups. Financial Inclusion would help in bringing much needed access to the unbanked masses, which are the future growth engine of the economy. While government in India has already set up various initiatives to support Financial Inclusion, they also need to be backed by progressive policies. These can be effectively implemented only through private-public partnerships powered by ubiquitous technologies.*

**INTRODUCTION**

Financial inclusion is the delivery of financial services at affordable costs to sections of disadvantaged and low income segments of society. Unrestrained access to public goods and services is a feature of an open and efficient society. It is argued that as banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of public policy. The term "financial inclusion" has gained importance since the early 2000s, and is a result of findings about financial exclusion and its direct correlation to poverty. The one who are excluded are the underprivileged ones. Financial inclusion is now a common objective for many central banks among the developing nations. Exercise of Financial inclusion is not new but in existence since the last 4 decades.

Financial inclusion or banking sector outreach is the process of availing a range of required financial services, at a fair price, at the right place, form and time, through formal means and without any form of discrimination to the populace.

In India, the drive for financial inclusion, initiated by the Reserve Bank of India, has thus far involved ensuring access to at least one zero minimum-balance no frills savings bank account to every household. In this context, at least one district in each state has been brought under the

purview of this drive with public sector banks in the region taking the lead to open at least one bank account per family in the district.

The broad objective of Financial Inclusion is to extend the scope of activities of the organized financial system to include within its ambit people with low incomes. Through graduated credit, the attempts must be to lift the poor from one level to another so that they come out of poverty. Inclusive growth encompasses ideas related to basic needs and equity. It focuses on broad – based growth so that growth covers all strata of society. It seeks to bridge the various divides that may fragment the society. Reduction in poverty and disparities of income and ensuring everyone a basic minimum standard of living are the objective of inclusive growth. In this context access to finance by the poor and vulnerable groups has to be recognized as a pre- requisite for poverty reduction and social cohesion. It has to become an integral part of the efforts to promote inclusive growth. In fact, providing access to finance is a form of empowerment of the vulnerable groups. Thus, limited access to affordable financial services such as savings, loan, remittance and insurance services by the vast majority of the population in the rural areas and unorganized sector is believed to be acting as a constraint to the growth impetus in these sectors. Access to affordable financial services - especially credit and insurance - enlarges livelihood opportunities and empowers the poor to take charge of their lives. Such empowerment aids social and political stability. Apart from these benefits, Financial Inclusion imparts formal identity, provides access to the payments system and to savings, safety net like deposit insurance. Hence Financial Inclusion is considered to be critical for achieving inclusive growth; which itself is required for ensuring overall sustainable overall growth in the country. The financially excluded sections largely comprise marginal farmers, landless labourers, oral lessees, self employed and unorganized sector enterprises, urban slum dwellers, migrants, ethnic minorities and socially excluded groups, senior citizens and women.

Inclusive financial system allows broader access to financial services, and leads to faster and more equitable growth. Such a system allows poor households to save and manage their money securely, decreases their vulnerability to economic shocks and allows them to contribute more actively to their development. Increasingly, with the proliferation of micro finance initiatives, there is evidence that inclusive financial systems can empower poor households socially as well in other words financial inclusion is delivery of banking services at an affordable cost to the vast sections of disadvantaged and low-income groups. Although credit is the most important component, financial inclusion covers various financial services such as savings insurance, payments and remittance facilities by the formal financial system to those who tend to be excluded.

Financial inclusion has different facets which include savings, investments, loans, insurance, remittances and the like. A well developed financial system brings poor and disadvantaged people in

the economy into the formal credit system. Poverty and locational setting have been the two prime concerns which favour financial exclusion. As a result of poverty and rural locational setting, many a women being a disadvantaged group in the society are denied of financial inclusion.

This article analyses the relationship between socio-economic variables and financial inclusion among rural women in Tirunelveli District.

### **SOCIO ECONOMIC CONDITIONS OF RURAL WOMEN**

The details of the socio-economic conditions of rural women such as age, marital status, religion, social group, family system, number of members in the family, status in the family, educational qualification, occupation, pattern of remuneration, monthly income, monthly savings, assets and liabilities are presented below.

#### **Age**

Age is a variable which has relationship with financial inclusion. Rural women of different ages have been availing banking, postal, insurance and other financial services from formal and informal sources. Age wise classification of the sample rural women in the study area is presented in table 1.

**Table 1**

#### **Age**

<b>Sl. No</b>	<b>Age</b>	<b>No. of Respondents</b>	<b>Percentage</b>
1	Below 30 years	2	.4
2	30-40 years	191	34.7
3	40-50 years	186	33.8
4	50-60 years	114	20.7
5	Above 60 years	57	10.4
	<b>Total</b>	<b>550</b>	<b>100.0</b>

**Source: Primary Data**

It is clear from table 1 out of 550 respondents in the study area, 191 respondents (34.7 per cent) are in the age group of 30 to 40 years, about 186 respondents (33.8 per cent) are in the age group of 40 to 50 years, 114 respondents (20.7 per cent) are in the age group of 50 to 60 years, 57 respondents (10.4 per cent) are in the age group of above 60 years and only 2 respondents (0.4 per cent) are in the age group of below 30 years. It shows that majority of the respondents are in the age group of 30 to 40.

It is clear that young age and old aged respondents because of their risk aversion character keep themselves away from banks, postal, insurance and other financial services. Hence they are

reluctant to avail of banking, postal, insurance and other financial services and are financially excluded.

## 2 Marital Status

Marital status is another variable which has relationship with financial inclusion. On the basis of marital status rural women respondents are classified as married, unmarried, widow and divorcee. The marital status wise classification of the sample rural women in the study area is presented in table 2.

**Table 2**  
**Marital Status**

Sl. No	Marital Status	No. of Respondents	Percentage
1	Married	443	80.5
2	Unmarried	38	6.9
3	Widow	66	12.0
4	Divorce	3	.5
	<b>Total</b>	<b>550</b>	<b>100.0</b>

**Source: Primary Data**

The table 2 could be viewed that in the study area, 443 respondents (80.5 per cent) are married, 66 respondents (12 per cent) are widow, about 38 respondents (6.9 per cent) are unmarried and 3 respondents (0.5 per cent) are divorcee. It shows that majority of the respondents are married.

The reason for the high incidence of financial inclusion is that married respondents independently open account in banks and post offices. But the unmarried respondents are not financially liberated. They are in the control of their parents. Hence, married respondents are highly financially included than unmarried.

## 3 Religion

Religion of the respondents may be different such as Hindu, Christian and Islam. Religion wise status of the sample rural women in the study area is presented in table 3.

**Table 3**  
**Religion**

Sl. No	Religion	No. of Respondents	Percentage
1	Hindu	456	82.9
2	Christian	85	15.5
3	Muslim	9	1.6
	<b>Total</b>	<b>550</b>	<b>100.0</b>

**Source: Primary Data**

From table 3 it could be understood that out of 550 respondents in the study area, 456 respondents (82.9 per cent) are Hindus and 85 respondents (15.5 per cent) are Christians and 9 respondents (1.6 per cent) are Muslims. It shows that majority of the respondents are Hindus.

It shows that the majority of the respondents are Hindus who have been availing more banking, postal, insurance and other financial services. The main reason is that this religion is dominant in the study area. Most of the population belongs to the Hindu religion in the study area.

#### 4 Social Group

Social group represents the community to which the rural women belong to. On the basis of social groups women respondents are classified as FC, BC, MBC, SC and ST. Social group wise status of the sample rural women in the study area is presented in table 4.

**Table 4**  
**Social Group**

Sl. No	Social Group	No. of Respondents	Percentage
1	FC	43	7.8
2	BC	243	44.2
3	MBC	117	21.3
4	SC	146	26.5
5	ST	1	.2
	<b>Total</b>	<b>550</b>	<b>100.0</b>

**Source: Primary Data**

Table 4 reveals that out of 550 respondents in the study area, 243 respondents (44.2 per cent) are of backward castes, 146 respondents (26.5 per cent) are of scheduled castes, 117 respondents (21.3 per cent) are of most backward castes, 43 respondents (7.8 per cent) are forward castes and only one respondent are of schedules tribes. It shows that majority of the respondents are backward caste. This is also because of the reason that most of the people in Tirunelveli district belong to backward castes.

#### 5 Family System

Rural women of two different type of the family such as joint family and nuclear family have been availing banking, postal, insurance and other financial services from formal and informal sources. Family system wise classification of the sample rural women in the study area is presented in table 5.

**Table 5****Family System**

Sl. No	Family System	No. of Respondents	Percentage
1	Joint Family	152	27.6
2	Nuclear Family	398	72.4
	<b>Total</b>	<b>550</b>	<b>100.0</b>

**Source: Primary Data**

From table 5 it could be understood that out of 550 respondents, 398 respondents (72.4 per cent) belong to nuclear family and 152 respondents (27.6 per cent) belong to joint family. It shows that majority of the respondents belonging to nuclear family. It shows that the respondents belong to nuclear family have been availing more banking, postal and insurance services than that of respondents from joint family system. The reason for this is in nuclear family system, the number of members in the family is limited and so it is able for such family to avail banking, postal and insurance services. Whereas in case of joint family, the number of members are more and their earnings is sufficient only to meet their daily expenses and hence they do not get excess money to avail banking, postal and insurance services.

#### **6 Number of members in the family**

Number of members in the family represents size of the family. Number of members in the family wise classification of the sample rural women in the study area is presented in table 6. **Table 6**

**Number of members in the family**

Sl. No	Number of members in the family	No. of Respondents	Percentage
1	1-3	141	25.6
2	3-5	312	56.7
3	Above 5	97	17.6
	<b>Total</b>	<b>550</b>	<b>100.0</b>

**Source: Primary Data**

From the table 6 it could be viewed that of the total 550 respondents, 312 respondents (56.7 per cent) are in the size of the family of 3 to 5 members and 141 respondents (25.6 per cent) are in the size of the family of 1 to 3 members and 97 respondents (17.6 per cent) are in the size of the family of above 5 members. It is evident from table that majority of the respondents belong to the family size of 3 to 5 members.

It shows that the respondents belonging to the family size of 3 to 5 members have been availing more banking, postal and insurance services. This is because of the reason that they are running a planned life and there is more than one earning member in the family. In families having 1

to 3 family members, there is only one earning member who looks after the family and in families having above 5 family members, there is insufficient income and more expenses due to which they do not approach banks, postal, insurance and financial services.

## 7 Status in the family

Status in the family represents whether the person is dependent of the family or an independent earning member. Status in family wise classification of the sample rural women in the study area is presented in table 7.

**Table 7**  
**Status in the Family**

Sl. No	Status in the Family	No. of Respondents	Percentage
1	Head	74	13.5
2	Dependent	476	86.5
	<b>Total</b>	<b>550</b>	<b>100.0</b>

**Source: Primary Data**

Table 7 indicates that of the total 550 respondents in the study area, 476 respondents (86.5 per cent) are dependent and 74 respondents (13.5 per cent) are heads of the family. It is inferred from table that majority of the respondents are dependent.

## 8 Educational Qualification

Rural women of different educational qualifications have been availing banking, postal, insurance and other financial services from formal and informal sources. They are illiterate, educated upto V standard, VI to X standard, HSC, Graduates, Post Graduates and posses professional degree. Educational qualification wise classification of the sample rural women in the study area is presented in table 8.

**Table 8**  
**Educational Qualification**

Sl. No	Educational Qualification	No. of Respondents	Percentage
1	Illiterate	75	13.6
2	Up to 5	198	36.0
3	VI-X	212	38.5
4	HSC	49	8.9
5	Graduate	10	1.8
6	Post Graduate	1	.2
7	Professional degree	5	.9
	<b>Total</b>	<b>550</b>	<b>100.0</b>

**Source: Primary Data**

Table 8 shows that out of 550 respondents in the study area, 212 respondents (38.5 per cent) are with education from VI to X standard and 198 respondents (36 per cent) are having education up to V standard. It is found that 75 respondents (13.6 per cent) are illiterates, 49 respondents (8.9 per cent) have HSC educational qualification and 10 respondents (1.8 per cent) are graduates. The reason is that being rural area, the people belonging to previous generation are having only less educational qualification. Those generation people are now the earning members of the family and hence they are having bank account and post office accounts and also avail insurance services.

## 9 Occupation

Occupation represents the work that a rural woman does to earn a living. It may be a profession, business, farmers and cooli. Occupation wise classification of the sample respondent of rural women in the study area is presented in table 9.

**Table 9**  
**Occupation**

Sl. No	Occupation	No. of Respondents	Percentage
1	Employee	10	1.8
2	Business	9	1.6
3	Farmer	107	19.5
4	Professional	1	.2
5	Unemployed	58	10.5
6	Cooli	365	66.4
	<b>Total</b>	<b>550</b>	<b>100.0</b>

**Source: Primary Data**

Table 9 shows that 365 respondents (66.4 per cent) are cooli and 107 respondents (19.5 per cent) are farmers and 58 respondents (10.5 per cent) are unemployed. Table further reveals that 10 respondents (1.8 per cent) are employees and only 9 respondents (1.6 per cent) are businessmen. It shows that majority of the respondents are cooli. Tirunelveli district being consisting of more rural areas, many of the rural women are working for daily wages, weekly wages and so on. Since these kinds of people are more, most of the respondents also belong to this kind. Therefore, the percentage of respondents belonging to the occupation of cooli is also more.

## 10 Pattern of Remuneration

Rural women are getting different pattern of remuneration for their works such as daily, weekly, monthly and yearly. Pattern of remuneration of the sample rural women in the study area is presented in table 10.

**Table 10****Pattern of Remuneration**

Sl. No	Pattern of Remuneration	No. of Respondents	Percentage
1	Daily	27	4.9
2	Weekly	314	57.1
3	Monthly	130	23.6
4	Yearly	79	14.4
	<b>Total</b>	<b>550</b>	<b>100.0</b>

**Source: Primary Data**

From table 10 it could be understood that 314 respondents (57.1 per cent) are earning weekly remuneration and 130 respondents (23.6 per cent) are earning monthly remuneration and 79 respondents (14.4 per cent) are earning yearly remuneration and only 27 respondents (4.9 per cent) are earning daily remuneration. It shows that majority of the respondents are earning weekly remuneration in the study area. Because of getting wages on weekly basis, the rural women can save their earnings in banks, post office and insurance services.

### 11 Monthly Income

Monthly income is one of the main sources of income from, which the rural women can make their savings. Monthly income wise classification of the sample rural women in the study area is presented in table 11.

**Table 11****Monthly income**

Sl. No	Monthly income	No. of Respondents	Percentage
1	Below Rs.2000	238	43.3
2	Rs.2000-4000	274	49.8
3	Rs.4000-6000	25	4.5
4	Rs.6000-8000	7	1.3
5	Rs.8000-10000	4	.7
6	Above Rs.10000	2	.4
	<b>Total</b>	<b>550</b>	<b>100.0</b>

**Source: Primary Data**

From table 11 it could be inferred that of the total 550 respondents, 274 respondents (49.8 per cent) are earning a monthly income of Rs.2000 to 4000 and 238 respondents (43.3 per cent) are earning a monthly income of below Rs.2000. Table further shows that 25 respondents (4.5 per cent) are earning a monthly income of Rs.4000 to 6000, 7 respondents (1.3 per cent) are earning a monthly income of Rs.6000 to 8000, 4 respondents (0.7 per cent) are earning a monthly income of Rs.8000 to 10000 and only 2 respondents (0.4 per cent) are earning a monthly income of above

Rs.10000. It is inferred from table that majority of the respondents are earning a monthly income of Rs.2000 to 4000.

## 12 Monthly Savings

Savings is very essential in a rural women's life and it helps her to meet unexpected expenses that occurs. Monthly savings wise classification of the sample rural women in the study area is presented in table 12.

**Table 12**  
**Monthly savings**

Sl. No	Monthly savings	No. of Respondents	Percentage
1	Below Rs.1000	264	48.0
2	Rs.1000-2000	272	49.5
3	Rs.2000-4000	10	1.8
4	Rs.4000-6000	2	.4
5	Above Rs.6000	2	.4
	<b>Total</b>	<b>550</b>	<b>100.0</b>

**Source: Primary Data**

It is clear from table 12 that 272 respondents (49.5 per cent) have monthly savings of Rs.1000 to 2000 and 264 respondents (48 per cent) have monthly savings of below Rs.1000. Table further shows that 10 respondents (1.8 per cent) have monthly savings of Rs.2000 to 4000 and 2 respondents (0.4 per cent) have monthly savings of Rs.4000 to 6000 and another 2 respondents (0.4 per cent) have monthly savings of above Rs.6000. It shows that majority of the respondents have monthly savings of Rs.1000 to 2000. The reason is that since most of the rural women in Tirunelveli district are earning only a medium amount of income and also because of the high cost of living, it is possible for them to save only upto an amount of Rs.1000 to 2000 after meeting all their expenses.

## 13 Assets

Assets indicate the financial strength of an individual. Assets wise classification of the sample rural women in the study area is presented in table 13.

**Table 13**  
**Assets**

Sl. No	Assets	No. of Respondents	Percentage
1	Below Rs.50000	121	22.0
2	Rs.50000-100000	145	26.4
3	Rs.100000-200000	226	41.1
4	Rs.200000-400000	51	9.3
5	Above Rs.400000	7	1.3
	<b>Total</b>	<b>550</b>	<b>100.0</b>

**Source: Primary Data**

From table 13 it could be understood that 226 respondents (41.1 per cent) have assets of Rs.1,00,000 to 2,00,000 and 145 respondents (26.4 per cent) have assets of Rs.50,000 to 1,00,000 and 121 respondents (22 per cent) have assets of below Rs.50000. Table further shows that 51 respondents (9.3 per cent) have assets of Rs.2,00,000 to 4,00,000 and 7 respondents (1.3 per cent) have assets of above Rs.400000. Table shows that majority of the respondents are having assets of Rs.1,00,000 to 2,00,000 in Tirunelveli district, because of the fact that they can get more income from their assets and hence they can save in banks, post office, insurance and other financial services.

#### 14 Liabilities

Liabilities represent the responsibilities of rural women to pay back their debt. Liabilities wise classification of the sample respondent of rural women in the study area is presented in table 14.

**Table 14**  
**Liabilities**

Sl. No	Liabilities	No. of Respondents	Percentage
1	Below Rs.25000	453	82.4
2	Rs.25000-50000	74	13.5
3	Rs.50000-100000	19	3.5
4	Rs.100000-200000	3	.5
5	Above Rs.200000	1	.2
	<b>Total</b>	<b>550</b>	<b>100.0</b>

**Source: Primary Data**

From table 14 it could be known that 453 respondents (82.4 per cent) have liabilities of below Rs.25,000 and 74 respondents (13.5 per cent) have liabilities of Rs.25,000 to 50,000. Table further reveals that 19 respondents (3.5 per cent) have liabilities of Rs.50,000 to 100000, 3 respondents (0.5 per cent) have liabilities of Rs.100000 to 200000 and only one respondent has liabilities of above Rs.200000. Table shows that majority of the respondents are having liabilities of less than Rs.25,000. This is because when the respondents have less liabilities can save the earnings in banks, post office, insurance and other financial services.

#### CONCLUSION

The Indian growth story has been chartering exponential graphs since quite some time and there is little doubt that the potential for further growth is only getting bigger with each passing day. The demographic dividend is a significant factor behind the optimism prevailing in the economy as policy makers realize the significant competitive advantage on account of the same. Channelizing this demographic dividend might well be the biggest challenge confronting our ambitious plans to take on the world and make our mark on the global economy. Financial Inclusion therefore, assumes

paramount importance in the light of the aforementioned vision. With the majority of the masses still outside the purview of the financial system, it remains to be seen how soon can the Indian economy bring these neglected few into the folds of the 'burgeoning' economy and utilise their services in generating significant and lasting momentum in our growth plans. It is therefore no surprise when one observes the prevailing belief in the current global economic scenario - the more developed the society is, the greater the thrust on empowerment of the common person and low income groups.

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