

SOCIO- ECONOMIC STATUS AND FINANCIAL INCLUSION: A STUDY OF PRATAPGARH DISTRICT OF RAJASTHAN

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ABSTRACT

India from a long time recognized as the social and economic imperatives for development of inclusive growth and has made an enormous contribution to economic development by finding innovative ways to empower the poor. Starting with the nationalization of banks, priority sector lending requirements for banks, lead bank scheme, establishment of regional rural banks (RRBs), service area approach, self-help group-bank linkage programme, etc., multiple steps have been taken by the Reserve Bank of India (RBI) over the years to increase access to the poorer segments of society. Despite all these efforts, a significant proportion of the households, especially in rural areas, still remained outside the coverage of the formal banking system. It is estimated that about 40% of Indians lack access even to the simplest kind of formal financial services. Government of India took initiative of financial inclusion for the achievement of inclusive growth in the country. Keeping in mind the theme of financial inclusion, an attempt has been made to find out the usage of financial services, and to analyze the socio economic status of people and its impact on financial inclusion. The study concludes that majority of households are having bank account, MNREGA & subsidies arising out of various government schemes are found to be main motives in opening bank .The study also analyzed the impact of literacy, income, card, education etc. towards access of financial services using regression model.

KEYWORDS: *Financial Inclusion, RBI, RRB, MNREGA, Economic, Regression.*

Introduction

Despite India's successes in the global economy, major sections of the population are under poor strata, especially those who are living in rural and tribal areas. They remain poor from birth to death, major cause behind is they are unable to access financial institutions and therefore cannot take part in banking, borrowing, and saving. The access of the poor to the banking services is important for the alleviation of the poverty. Their access to the banking services will contribute a lot to the growth and development of our country's economy. This could be made possible through successful implementation of financial inclusion which involves the delivery of financial services at an affordable cost to the vast segments of low income and disadvantaged groups. The objective is to develop a model of an inclusive financial system which will support full participation of the neglected and unprivileged section of the society in the financial system.

Review of Literature

Singh (2017) Paper summarizes some of the basic concepts encompassed in the term "financial inclusion," and discusses various empirical and institutional studies on various aspects of financial inclusion in the context of developing countries. The paper then outlines several recent studies for India sponsored by the International Growth Centre, which pertain to specific aspects of financial inclusion.

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Srivastava & Sharma (2016):-Study based on financial inclusion in rural area of Udaipur. The objective of study is to find out the level of awareness and access of financial services in the area. The results obtained from the study revealed that people are attached with bank account but not well prone with financial services. Study also suggested that PMJDY played an important role in promoting financial inclusion in rural area of Udaipur.

Verma & Garg (2016), study made an attempt to find out the level of influence of Pradhan Mantri Jan Dhan Yojana by analyzing the effectiveness of the financial literacy program and awareness towards the scheme. The study was carried on the workers of Central University of Rajasthan and villagers of Bandrasindri village in Ajmer district of Rajasthan. The primary data was collected in the form of discussions held with respondents for the period of 2015. Findings of the study suggested that there is a long way which needs to be covered to mitigate financial untouchability in actual sense.

Kaur & Singh (2015), research attempts to study the recent trends in Financial Inclusion in India with special reference to Pradhan Mantri Jan Dhan Yojana (PMJDY), highlighted action plans and its key areas. Study revealed that till (31-12-2014) 819.09 lakhs account has been opened which comprises 496.97 lakhs from the rural and 332.13 lakhs from urban areas of country. Study also suggested strategies that opening bank account procedure should be simplified to ensure maximum Financial Inclusion for the underprivileged and unbanked areas. The widely acknowledged & successful launch of the PMJDY scheme also strengthens the resolves that, when coordination, dedication, opportunism, commitment, formalization, dependence, trust, satisfaction, cooperation and continuity is provided by all the constituents and stakeholders, a framework of construct is created which acts as a dominant force for accomplishment of the mission.

Monalisa (2015), study analyzed the extent of Financial Inclusion in the rural areas of district Hisaran suggested some measures to speed up the process of Financial Inclusion. It also highlighted the problems faced by the respondents in the selected sample with the present banking system and suggestion given by them to tackle the problems. The sample size consists of covering 367 respondents. The methodology used in the research for selecting a respondent as a sample is convenient and random sampling. The study found that 65.67% households of rural areas of district Hisar have been financially included.

Scope of the Study

It is a general acceptance that the level of financial inclusion in India is at the grass root step for achieving the inclusive growth in the country. Moreover, it helps in removing the financial exclusion from the country and will enrich the standard of living of the poor masses. It has been observed from the reviews that the financial inclusion is a significant concept in the Indian financial system. As in recent past, Financial Inclusion has become an essential need and requirement for the government and attractive area of the research. It is also observed that socio economic status have kind of effect on the access of financial services, keeping in mind the theme study undertook to assess the effect of social economic status on financial inclusion. It is believed that the findings and suggestions made in the current study will be useful to the large spectrum of analysts, researchers, academicians and experts in drawing and understanding the functional feasibility in the general region as well as in the Tribal Sub Plan region.

Objectives of the Study

- To know the banking awareness and liasoning with households of banks in the Pratapgarh District.
- To assess the effect of social economic status on financial inclusion in the area.

Hypothesis

H₀:1 There is no significant impact of Socio – Economic status on the access of financial services (financial inclusion) in the area.

Universe

The universe of the survey is the family decision makers residing in Pratapgarh district of Rajasthan including BPL, APL families, marginalized people, and tribal people of nearby areas.

Sample Size

The sample size for the study is 200 respondents from household residing in Pratapgarh district of Rajasthan was selected for the study covering Tehsils Chhotisadri, Arnod, Pipalkhunt, Dhariyawad and Pratapgarh.

Data Collection

- Primary data**

The data were collected primarily through direct administration of the schedule. The questions were translated into Hindi. This has helped in augmenting the validity of the data.

- Secondary Data**

The study uses secondary data to support and substantiate primary data and also to form a strong theoretical base. The secondary data were collected from Research paper, SSRN, shodhganga, Local bodies, research journals, newspaper, articles, SEBI modules, RBI circulars, and published data of RBI, NSSO, and IBA, NIBM and also from selected websites.

Tools for Analysis

For the purpose of analysis various descriptive as well as inferential statistical tools are used like percentage, mean and Regression model.

Sample Design for Household Survey

Sr. No.	District	District HQ	Population (2011)	Growth	Sex Ratio	Literacy	Area (km2)	Density (/km2)
1	Pratapgarh	Pratapgarh	867848	22.78%	983	55.97	4112	211

Demographic Characteristics

Gender		Literacy		Age		Income		House		Card	
Male	136	Illiterate	52	18-28	24	Less Than 5000	112	Kaccha	68	BPL	42
Female	64	Upto 8th	68	28-35	46	5000-10000	43	Pakka	132	APL	158
		Upto12	55	35-50	107	10000-20000	25				
		Graduation	20	50 and above	23	20000 and above	20				
		Post Graduation	5								

Liasoning of Households with Banking Habits

Bank Account	Frequency	Percentage (%)
Having Bank Account	152	76
Not Having Bank Account	48	24
Total	200	100
Reason of opening bank account	Percentage (%)	
For Availing Banking Services	40	20
For Availing Subsidy from Govt.	76	38
For receiving MNREGA Payment	60	30
For kind of pension	20	10
For other reason	4	2

Period of Association with Various Financial Services

	Association				Total
	Below 1 Year	1-3 years	3-5 years	Above 5 Years	
Frequency	35	70	42	53	200
Percentage (%)	22.5	35	21	26.5	100

Testing of Hypothesis**Model Summary**

Model	R	R Square	Adjusted R square	Std. Error of the estimate
1	.612	.378	.269	.501

Table 1

a. **Predictors:** (Constant): Age, Income, House, Card, Literacy

ANOVA (Table II)

Model	Sum of square	DF	Mean square	F	Sig.
Regression	56.72	5	11.34	40.11	.000
Residual	93.85	194	.251		
Total	150.573	199			

a. Predictors: (Constant): Age, Income, House, Card, Literacy

b. Dependent Variable : Access of Financial Services

Coefficient**Table III**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.097	.124		.782	.435
Literacy	.216	.028	.353	7.675	.000
Income	.105	.038	.123	2.765	.006
House	.467	.056	.369	8.375	.000
Card	.141	.056	.110	2.536	.012
Age	-.045	.039	-.053	-1.168	.244

Dependent Variable: Access of Financial Services

From the output of model it is inferred that there is significant impact of socio-economic status on the access of financial services (financial inclusion) in the area, because P value is less than .05 which do not support the null hypothesis. Taking independent variables individually study finds that there is significant impact of income, literacy, types of house and card holders (BPL/APL) on the access of financial services (dependent variable) as significant levels less than 0.05 however, in the case of age there is no significant impact as the results highlighted in the table III which supports the null hypothesis. (P value is more than .05).

Findings

The study was based on descriptive approaches, which involved the description of characteristics associated with the liasoning of people with various banking services in order to measure the nature, extent of financial inclusion. The analysis involved both descriptive and inferential tools using SPSS 19.0. The study arrives at the following findings based on the analysis of data collected from 200 households.

- Under baseline assessment, gender constitutes 68% respondents male and 32% female.
- With respect to age factor, majority of respondents (48%) lies in between the age group 18-38 years, which are basically the family decision maker.
- Similarly, education level of respondents shows that 26% households are illiterates and 68% are below secondary level education which reflects that the respondents are not much educated. Only 8% constitute graduation and post –graduation level. Overall the area reflect that it is deprived from the education, there is a need to address the literacy rate in the area.
- It is derived from the monthly income variable that, 56% of the respondents are earning income Rs. below 5000, 21.5% fall in the income group 5000-10000 and Rs. 10000 & above are 10%. The overall economic scenario depicts that maximum of the households get income by engaging themselves with daily wage earner, farmers and involved with MNREGA scheme which hardly fetches them a two square meal.
- The household belonging to BPL category is 22% and rest belongs to APL group. It has been observed during the survey that BPL card holders are also belong to the higher income group by giving the fictitious information they get the BPL card to get advantage of the government ongoing schemes.

- The households having bank account are 75% and the results obtained indicates that the period of association with various financial/banking services under different segments of time period shows that, majority of the respondents associated between 1-5 years. All these indicators confirm moderate level of banking inclusion in the district and it implies that majority of the respondent are financially included recently.
- MNREGA and subsidies arising out of various government schemes are found to be main motives in opening bank accounts at large scale which has been conform by the data analysis as well as personal interaction during collection of data.
- The study also states that the socio -economic status has a significant impact on the accessibility of financial services based on the independent variable like-income, literacy, card and types of house, which is quite evident from the results of linear regression model. However, in the case of age there is no significant impact as the results highlighted in the table

Conclusion and Suggestions

Inclusive growth is necessary for sustainable development and equitable distribution of wealth and prosperity. Achieving inclusive growth is the biggest challenge in a country like India. Bringing millions of people living in rural India into the mainstream is the biggest concern. It is also a bare fact that the tribal areas (Pratapgarh Rajasthan) have been deprived of the basic amenities and necessities, therefore, people residing in this area remained economically as well as socially backward. The study was undertaken to know the reach of financial inclusion as well impact of socio economic status on access of financial services. The result derived from the study concludes that people are using the financial services but still there is gap of achieving inclusive growth. Financial inclusion is not a onetime effort, it is an ongoing process. If this is to be achieved, it requires the passionate involvement, dedication and commitment of all stakeholders because every new thing to implement in large scale requires determination and attitude towards success path. There must be change in the mindset of every individual involved – banker, bureaucrat, regulator, proper monitoring and persuasion by RBI and Government et al, and creating awareness at all levels.

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