



A Study on Opportunities and Challenges of Financial Inclusion in India with Current Perspective

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Abstract: *Social Welfare is a generalized term which covers all aspects aimed at social upliftment of the weaker and downtrodden members of the society. In past social welfare was not done in an organized manner. As per the analysis we found that people of urban area is somewhat aware about this Government's welfare programs but they give negative response and also not using it. In rural area, people aware about the government schemes they also use it but, lack of the documents, illiteracy, low income are the barrier for maximum utilization of it, selected Government welfare programs Pradhan Mantri Jan Dhan Yojna is most popular.*

Keywords: *Government Schemes, Welfare, Pradhan Mantri Jan Dhan Yojna.*

I. INTRODUCTION

Indian Government, at all levels, announces Welfare Schemes for a cross section of the society from time to time. These schemes could be either Central, State specific or a joint collaboration between the Centre and the States.

A **social welfare** system is a **program** that provides assistance to needy individuals and families. The types and amount of welfare available to individuals and families vary for country, state or region.

“Social Welfare” has been (at least theoretically) at the center of our policy making from the time of independence itself. **From the “First Five Year Plan” itself Programmes and schemes have been launched related to social welfare issues as like agriculture and rural development, employment and labor welfare, healthcare, education, etc.** Indeed in the initial 20-30 years in spite of scarcity of economic means the government was focused on the welfare policies and inclusive development.

Today it is the responsibility of the government to look after the welfare of the people with a view to have the objectives like, Providing adequate facilities to meet the basic needs of minimum level such as food, clothing and shelter, Ensuring satisfactory family life and access to recreational facilities, Providing adequate opportunity of self-expression, Ensuring social justice to all, Ensuring adequate status to woman in family and in society, Gradual rehabilitation of weaker and disabled people etc.

II. REVIEW OF LITERATURE

Exploring the impacts of “Pradhan Mantri Jan-Dhan Yojana”- PMJDY, in urban areas, w.r.t. Mumbai Prof. Sreelatha Guntupalli (Assistant Professor, Sinhgad Institute of Management, Chandivali, Mumbai)

The PMJDY scheme of the government, with support from all banks and participation of many supporting agencies, is trying hard to bring in the under privileged into the financial inclusion circuit. The major barriers to financial inclusion, as identified in the survey of Dharavi, are lack of financial understanding or information, poor people's low income and erratic cash flow, lack of suitable products and processes from formal financial service providers that cater to the needs of poor people. Most of the schemes of government for financial inclusion focused on rural areas, but the PMJDY scheme intends to focus on rural as well as urban areas. With the help of bank mitr or business correspondents, banks need to penetrate the services into the urban areas. It is important to note that the inclusion process can be expedited by many more financial literacy programs.

Causes and Effects of Financial Unawareness on Financial Products- A Study on Notified Areas of Guwahati Municipal Corporation (Swapna Boruah and Kalyan Mukherjee)

Economic development of a nation can be accelerated only when all segments of the population will be within the ambit of financial services, especially the weaker sections of the society and the rural poor. Financial exclusion owing to financial unawareness leads to a number of social and economic problems. In Guwahati, a sizeable segment of the population is financially



excluded as per Guwahati Municipal Corporation records as such it becomes very essential to know the reasons because of which a large segment of the population is financially excluded. Hence, through this study the impact and significance of financial unawareness on financial exclusion has been studied. Based on the study it has been observed that most of the investors who have investable surplus do not possess sufficient knowledge about all the financial services and schemes which they can avail off. Of the schemes and financial services regarding which they have information most of the respondents have received information regarding them through friends and relatives and are availing them. Thus, financial literacy regarding the various savings mobilization schemes targeted at the financially excluded population is very essential for financial inclusion.

III. OBJECTIVES OF STUDY

Primary objective of this research is to discuss an Awareness and access of Selected Government Welfare program amongst the people. That is whether people have heard about government schemes, if yes, then from where, and whether they are already use it in their routine life.

IV. METHODOLOGY

4.1 Problem statement

- Because of Illiteracy in people they don't understand importance and usefulness of the financial services.
- Lack of documents is barrier for using financial services.
- Not has sufficient income to use financial products.
- Financial institution is too much far from the resident address that is why people ignore financial services.
- In villages there are many banks which are not follows RBI guidelines. That banks are not trustworthy to use.
- Lengthy legal procedures
- Ineffective advertisements

4.2 Objective of Project

Primary objective:

Primary objective of this research is to discuss an Awareness and access of Selected Government Welfare program amongst the people. That is whether people have heard about government schemes, if yes, then from where, and whether they are already use it in their routine life.

Secondary objective:

- To understand the awareness level of the scheme amongst the people.
- To understand whether the present route of implementation of Government's welfare programme is matching with the expected direction of the RBI.
- To measure effectiveness of government welfare scheme amongst the people.
- To check satisfaction level of people on the basis of their access.

4.3 Research Design:

We used Descriptive research design for the study of this project.

4.4 Sampling size:

- In this study we used 300 Sample size. 150 from the nearest village of the Ahmedabad and remaining 150 from the Ahmedabad only.
- In urban area there is possibility that many people like, road side vendors, out siders of the state etc. do not have an account in bank because of insufficient documents so they are the respondents.

4.5 Sampling Area:

- Sampling area for this study is rural and urban both.
- In rural area small villages near by Ahmedabad.
- In urban area small income group societies.

4.6 Sampling Tools and Instrument:

We used questionnaire as a sampling instrument. To study filled up questionnaire we took help of the SPSS stastical software and MS excel.



4.7 Sources of Data:

- Primary Source of Data:-The Primary data will be collected from the people of rural and urban area through a Personal Interview.
- Secondary Source of Data: - Secondary data will be collected from the government websites, journals, articles, research papers.

4.8 Limitation of study

- Our research area is limited to urban area of Ahmedabad city and nearby rural villages only so it cannot be generalized on a detail concept.
- Because of cost constraint and lack of awareness in people we have taken only 500 respondents who are aware about the any one out of three selected governments programme.
- The respondents may not give correct answers due to personal bias.
- As we are not the expertise in this field, the results may not be as perfect as it should be for the Government or to publish in media.

4.9 Beneficiaries

- Banks
- Government
- Various financial institutions

V. OPPORTUNITIES AVAILABLE AND CHALLENGES FACED BY THE FINANCIAL INCLUSION IN INDIA

5.1 OPPORTUNITIES

- With the help of financial inclusion concept, by saving small amounts overtime, poor people can arrange funding for the lump investment needed in businesses like for purchasing equipments or buying goods at a wholesale price.
- With an increase in business opportunities, national income of our country will also increase, which in turn results in increased GDP.
- Financial access will also attract global market players in our country that will result in increasing business and employment opportunities.
- Electronic benefit transfer (EBT): With the help of EBT and information and communication technologies, banks can transfer social benefits electronically to the bank account of the beneficiary and can deliver government benefits at the doorstep of beneficiaries, thus reducing dependence on cash and lowering transaction costs.

5.2 CHALLENGES

There are many challenges faced by banks in India on financial inclusion process. Even though there are many villages in the country without bank branches, penetration of bank branches in to rural areas is difficult as they are unviable, saturated and having higher transaction cost. The villages are fragmented limiting the scale of operation of banks in rural areas. This necessitates last mile of financial inclusion to be met with a combination of agents and providers through technology leverage

- **Lack of financial literacy:** In India there is a lack of financial literacy among the poor people. Due to which the financial inclusion programmes can't achieve their targets.
- **Lack of Banking Facilities in Some Villages:** Even though there are many villages in the country without bank branches. Without adequate Banking facilities the success of financial inclusion is impossible.
- **Lack of Advance Technology:** Advanced Technology is prerequisite for the grand success of the financial inclusion programme. But in India the Banking technology is not much advance as a result of this the per transaction cost with the bank is increased.
- **Lack of Adequate Infrastructure:** There is a lack of adequate infrastructure in India. Due to this the objective of financial inclusion cannot be achieved successfully.
- **Low Income:** Low level of income of the Indian people is an another great problem in the path of the financial inclusion.



- **Cumbersome Documentation Procedure:** In India the documentation procedure for financial transactions is very difficult. It is not possible for a layman to understand and follow up this procedure. Due to this reason the path of full financial inclusion is very difficult.

VI. FINANCIAL INCLUSION – RBI AND GOVERNMENT INITIATIVES

- Basic Saving Bank Deposit (BSBD) accounts
- Relaxed and simplified know your customer (KYC) norms
- Simplified Branch Authorization Policy
- Overdraft facilities in saving Account
- Compulsory Requirement of Opening Branches in Un-banked Villages
- Opening of intermediate brick and mortar structure
- Financial Inclusion Plan (FIP)
- Financial Literacy Centres (FLCs)
- Opening of no-frills accounts
- General credit cards
- Expansion of ATM network
- Opening of Bank Branches
- Ensuring reasonableness of bank charges
- Swabhimaan Campaign
- Rural Infrastructure Development

VII. RESULTS

Independent Two Sample T-Test Gender-Pradhan Mantri Jan Dhan Yojana

H0 :- There is no significant difference between Male & Female about Pradhan Mantri Jan Dhan Yojana

H1 :- There is significant difference between Male & Female about Pradhan Mantri Jan Dhan Yojana

Independent Samples Test			
Gender-PMJDY		Levene's Test for Equality of Variances	
		F	Sig.
Summated_PMJDY	Equal variances assumed	1.417	.235
	Equal variances not assumed		

Interpretation:-

The significant value is 0.235 which is more than 0.005. It suggest that H0 is accepted. Hence there is no significant difference between Male & Female about Pradhan Mantri Jan Dhan Yojana.

Independent Two Sample T- Test Geder-Pradhan Mantri Suraksha Bima Yojana

H0 :- There is no significant difference between Male & Female about Pradhan Mantri Suraksha Bima Yojana

H1 :- There is significant difference between Male & Female about Pradhan Mantri Suraksha Bima Yojana

Independent Samples Test			
Gender-PMSBY		Levene's Test for Equality of Variances	
		F	Sig.
Summated_PMSBY	Equal variances assumed	.643	.424
	Equal variances not assumed		

Interpretation:-

The significant value is 0.424 which is more than 0.005. It suggests that H0 is accepted. Hence there is no significant difference between Male & Female about Pradhan Mantri Suraksha Bima Yojana.



One way Anova
Age-Pradhan Mantri Jan Dhan Yojana

H0 :- There is no significant difference amongst various age group with respect to Pradhan Mantri Jan Dhan Yojana
H1 :- There is significant difference amongst various age group with respect to Pradhan Mantri Jan Dhan Yojana

ANOVA					
Age Group-PMJDY					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	234.974	5	46.995	4.386	.001
Within Groups	3439.087	321	10.714		
Total	3674.061	326			

Interpretation:-

To understand the difference amongst various age group and Pradhan Mantri Jan Dhan Yojana we have applied one way anova analysis.

The table value is 0.001 which is less than 0.005. It means H1 is accepted. Hence there is a significant difference amongst age group of 20-30 Years, 31-40 Years, 41-50 Years, 51-60 above 60 Years.

One way Anova

Monthly Income					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.083	5	1.217	.557	.733
Within Groups	423.417	294	2.183		
Total	429.500	299			

H0 there is no significant difference
H1 there is significant difference

Here value is 0.733 that means more than 0.05.
So we can say 73.3% of people are dependent upon monthly income

VIII. CONCLUSION

- ❖ We have selected three government welfare program because the recognition of the government program is not good. So we decided to check effectiveness and awareness of those government welfare programs.
- ❖ To conduct this study we have framed the research objectives
- ❖ To discuss an Awareness and access of Selected Government Welfare program amongst the people. That is whether people have heard about government schemes, if yes, then from where, and whether they are already use it in their routine life.
- ❖ To fulfil this objective we have used primary data collection method by filling up questionnaire from rural and urban area people. We used descriptive research design and SPSS statistical software to analyze the research study.
- ❖ We have analyze data by one way anova, paired t test, independence sample t test etc.
- ❖ If the value of Cronbach Alpha is 0.5 the reliability of data is acceptable and if the value of Cronbach Alpha is more than 0.7 the reliability of data is Desirable.
- ❖ From our analysis we can conclude that PMJDY is most aware amongst the peoples. Though PMSBY and DDUGJU have scope for more improvement.
- ❖ Accessibility of financial services because of the government welfare program is also good.
- ❖ Respondents mostly use public sector bank and regional rural bank it's a good achievement for the government.



- ❖ If we talk about progress report of PJDY scheme than 21,31,34,708 Accounts are opened under this scheme Among them 8,23,83,121 accounts are opened in rural areas and 13,07,51,587 accounts are opened in urban areas
- ❖ Under this scheme mostly states are having 100% coverage of households. Only few states are there which do not having 100% coverage but they all are having approximately 99% coverage of households
- ❖ Out of 2131.25 lacs total accounts 1677.22 lacs accounts are opened by the Public sector Banks while 377.22 and 76.81 lacs accounts are opened by Regional Rural Banks and Private Banks respectively.
- ❖ There are total 1762.66 lacs Rupay debit cards are issued under this scheme. The total balance in accounts is 13484165.35 lacs. If we talk about number of accounts with zero balance then it is 592.44 lacs.

