

# A study on rural people perception and awareness towards financial inclusion

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## Abstract

Financial Inclusion is the fundamental concept for opening a bank branch in rural areas. It is the delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income group. The various financial services include savings, loans, insurance, payments, remittance facilities, financial counseling and advisory services by the formal financial system. This helps to connect the unprivileged groups with the mainstream for receiving government schemes, transfer of benefits, granting of credit, training and other facilities. This study has been undertaken to find out the status of Financial Inclusion program in Huralichikkanahalli and silvepura villages access of rural households to banking services, awareness and perception of non-accounts holders towards banking, socio-economic factors for opening bank account and availability of bank services in the area of study.

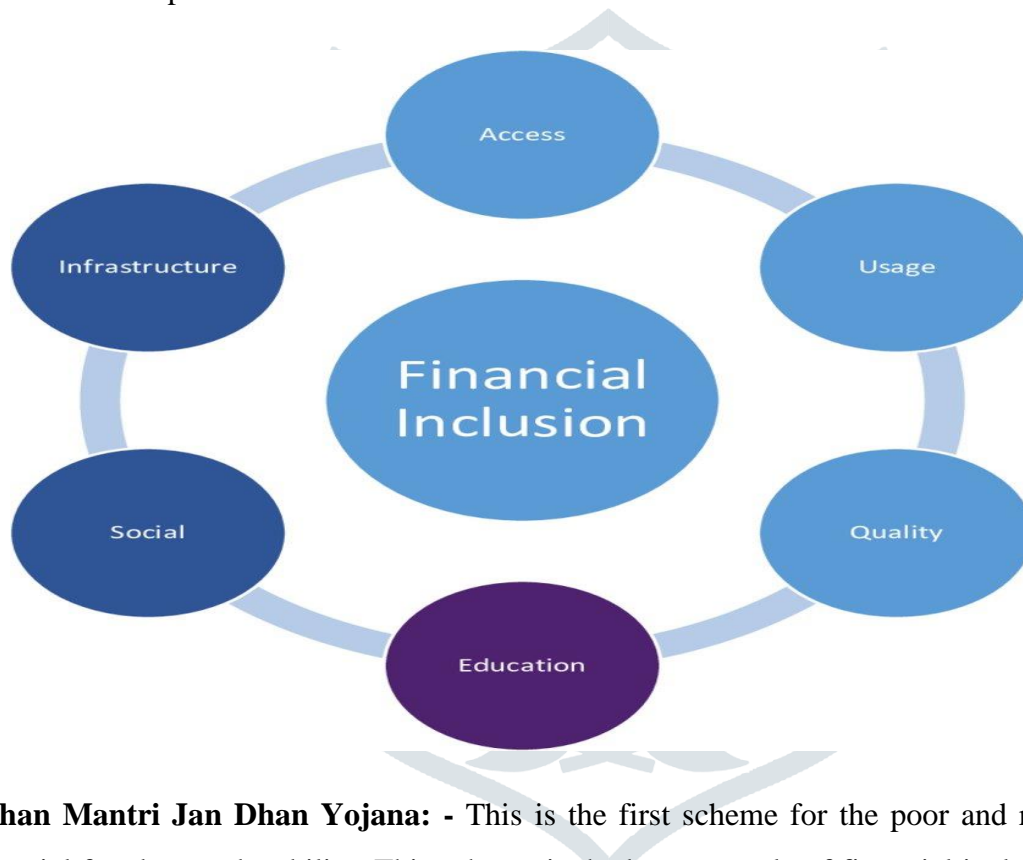
Keywords: awareness level, perception, PMJDY, APY, PMJJBY.

## Introduction

India is the land of villages where 69% of population lives in rural area. Rural sector continues to play an important role in terms of contribution to GDP and employment generation in India. Rural economy is adding significantly for bringing prosperity to the nation. But still a large section of rural population is below poverty line and disconnected with the mainstream. Hence serious steps should be taken to fulfill the urgent need of empowering rural population for the socio-economic development of the nation.

The term 'inclusive growth' is very popular all over the globe. Inclusive growth implies participation as well as sharing the benefits from the growth process. Thus inclusive growth is both an outcome and a process. The

Indian economy is one of the fastest growing economies of the world. The present government has focused on their development agenda. The government found that the financial inclusion is the first and important area where they have to start their work. And they know it is the essence of sustainable economic growth and development. Indian economy is an agriculture based economy and around 70 percent of total population resides in rural areas (villages). Only focusing on urban part of the country, the government cannot think about the development. Mahatma Gandhi had said- “The future of India lies in its villages.” Thus, the government is working for the development of rural areas and putting them into the main stream of financial inclusion. They have announced many social schemes (like Pradhan Mantri Jan Dhan Yojana, , Pradhan Mantri Jeevan Jyoti Bima Yojana, Atal Pension Yojana) not only for the urban areas but taking more interest for the rural areas. So that they can be main part of the financial inclusion and avail the financial services.



**A) Pradhan Mantri Jan Dhan Yojana:** - This is the first scheme for the poor and rural population giving them financial freedom and stability. This scheme is the best example of financial inclusion with the objective of to cover all households in the country with a bank account. Under this scheme every account holders will be provided zero balance bank account with over draft of Rs 5000 after 6 months and a RuPay Debit Card with a accidental insurance cover of Rs 1 lakh.

**B) Atal Pension Yojana:** - This is one of the important yojana which provides pension to unorganized sector of poor people. The minimum age of joining this yojana is 18 years and maximum 40 years. And the minimum period of contribution by any person under this yojana would be 20 years or more. The person would receive the fixed minimum pension of Rs 1000, 2000, 3000, 4000 or 5000 per month at the age of 60 years.

**C) Insurance Scheme:** - This scheme is best scheme introduced by the Government specially for the poor and rural people of the country is:

**Pradhan Mantri Jeevan Jyoti Bima Yojana:** - This is a one year life insurance scheme, covers death due to any reason to the age group of 18 to 50 years. This scheme is renewable from year to year with a premium of Rs 330/ per annum and covers of Rs 2 lakhs.

## Review of literature

**Radhika dixit and munmun ghosh** [2013] study was made on the financial inclusion growth in Indian states. The author main objective is to understand the growth phenomenon and its need for financial inclusion and to analyze the extent of diversity in Indian states with regard to financial inclusion. The author collected secondary data for the study such as books, magazines, and journals. The author main findings is to analysis the natural hierarchical grouping cluster of GDP,per capita income, unemployment rate in few Indian states. The author concludes with inclusions growths are depending upon a equitable distribution of growth opportunities.

**Paramjit sujana and chhavi kiran** [2018] study was analyzed on the status of financial inclusion in India. The author main objective is to find the insight various aspects of financial inclusion. The author used secondary data such as books, journals, magazine . Reports issued from RBI, ministry of finance and World Bank. The main findings of the study were all the banks are growing by adopting the new polices so in order to bring the continuous improvement the RBI bank have to adopt financial inclusion. The author concludes that there need to be provide a quality of banking service in rural area for economic growth.

**Dr. anurag .B singh and priyanka tendon** [2016] an analysis of financial inclusion in India. The author main objective is to review the present status of financial inclusion and highlight the measures taken by the government of India along with RBI for promoting financial inclusion. The author used secondary data such as published articles, journals, newspapers, reports, books and websites. The author gives a suggestion saying that financial inclusion is been growing to a greater extent there is a need for the rural people to get benefits given by the government t of India. The author concludes with an aim to achieve the goal of total financial inclusion, policymakers, banks, MFIs NGOS have to work together.

**M.P desai** [2016] the study was made on the present scenario of financial inclusion in India. The researcher main objective is to examine the present scenario of financial inclusion of rural and urban households. The researcher collected secondary data for the study such as books, websites, journals, newspapers. The main findings of the study were India has adopted several measures to advance financial inclusion an estimated 40 percent of its population are not still access to financial inclusion. The study concludes to convey about assessment of financial inclusion efforts in our country.

**Kunal samanta**[2018] an empirical study was made on the financial inclusion in India. The researcher main objective is to investigate the factors affecting access to financial inclusion and impact on financial inclusion indicators in growth on Indian economy. The data is taken from journals and research papers, newspapers articles, websites and published reports. The findings of the study are the penetration of financial services in the

rural areas of India is still very low. The study concludes that addressing financial exclusion will require a holistic approach on the part of the banks in creating awareness about financial products.

Dr. parul agarwal and Sonu garg[2014]study was made on the reviews of initiatives and achievements in financial inclusion. The author main objectives find out the approaches adopted by banks, steps taken by regulatory bodies and various government initiatives to achieve financial inclusion. The author collected data through secondary data such as journals, articles, reports of RBI, reports of NABARD and online resources. The findings of the study are to examine the benefits given by the banks towards financial inclusion. The study concludes that banks have to adopt the special initiatives in order to improve the financial inclusion for the growth of the country.

**Chattopadhyay Sadhan Kumar** (2011) conducted a study titled “Financial Inclusion in India: A case-study of West Bengal”. An Index of Financial Inclusion (IFI) has been developed in the study using data on three dimensions of financial inclusion. It is revealed from the index that Kolkata district leads with the highest value of IFI, while rest of the districts show a very low level of financial Inclusion. The survey conducted in the state in order to gauge the financial inclusion in rural Bengal and revealed that around 38 per cent of the respondents do not have sufficient income to open a savings account in the bank.

**Pal Rama and Pal Rupayan** (2012) in their study titled “Income Related Inequality in Financial Inclusion and Role of Banks: Evidence on Financial Exclusion in India”, analyzed income related inequality in financial inclusion in India using a representative household level survey data, linked to State-level factors. The paper also provides estimates of the effects of various socio, economic and demographic characteristics of households on propensity of a household to use formal financial services, and compare that for rural and urban sectors. A notable result is that greater availability of banking services fosters financial inclusion, particularly among the poor.

### **Objective of the study**

1. To understand the financial inclusion and its importance.
2. To know the awareness about pradhan mantra Jan dhan yojana, atal pension yojana, pradhan mantri jeevan jyoti bima yojana.
3. To study the impact of financial l inclusion on the growth of Indian economy.
4. To understand the problems faced by the rural people to adopt the schemes.

### **Research methodology**

These studies have been carried out on financial inclusion. Mainly on primary data collected through structured questionnaires. This research is mainly focus on rural people perception secondary data have been collected from various sources including websites, newspapers, and various published articles.

Sample size: the sample size was determined by both qualitative and quantitative approach. This study was conducted in two villages namely huralichikkanahalli and silvepura village's. The sample size of the study was 75 rural respondents who are members of financial inclusion.

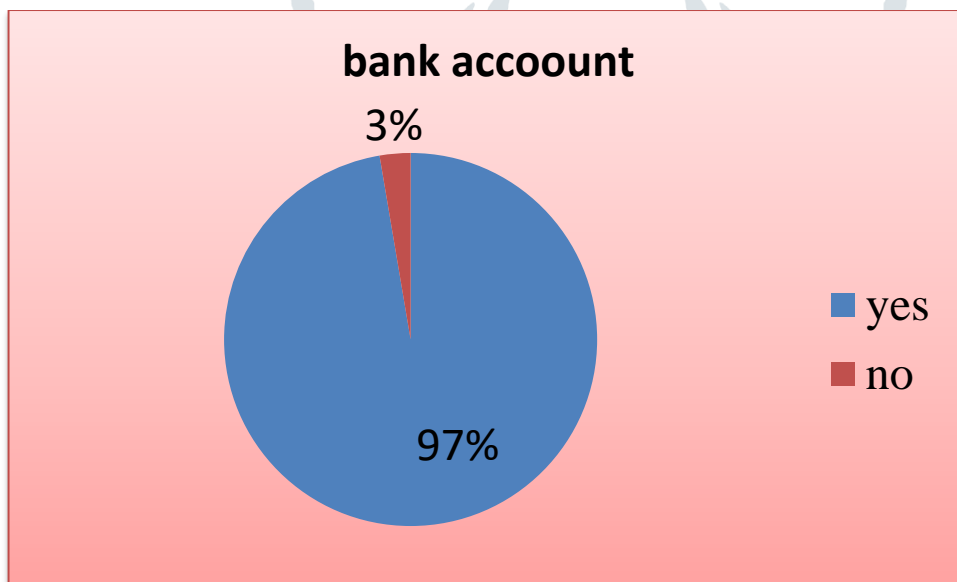
### **Data analysis and interpretations**

Studied have been out on financial inclusion and questions are related to perception and awareness towards financial inclusion in which given below table are clearly explained through the help of pie charts, graph and weighted average score.

Table 1: bank account

Bank account	No of respondents	Percentage
Yes	73	97.3%
No	2	2.7%

Source: primary data



This pie- chart represents the respondents having the bank account

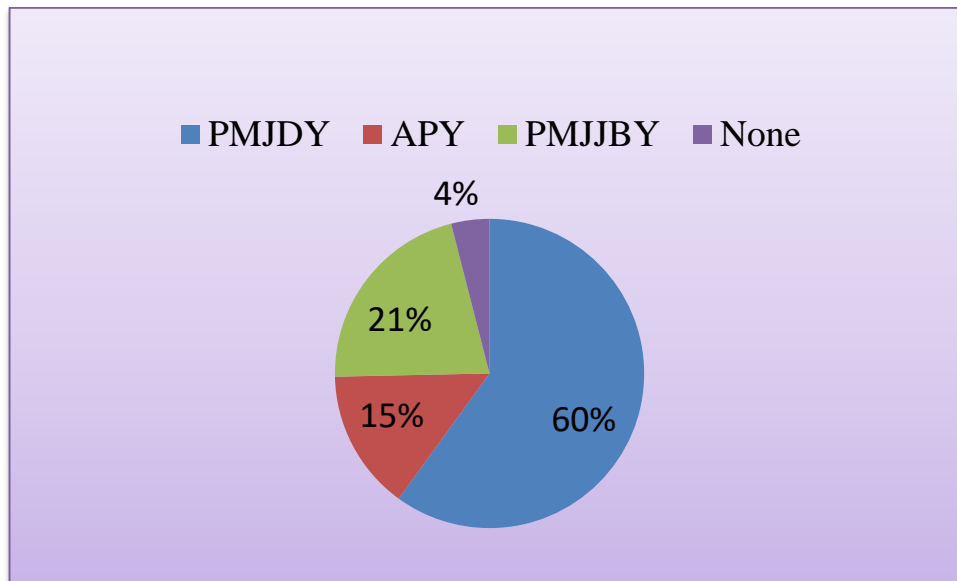
### **Analysis**

From the above table and pie-chart shows that respondents in the rural area of both the villages are having the bank account. The highest percentage stands for the respondents having the bank account comprises of 97% out of 100 percentage and remaining 3% of the respondents are given opinion that there are not having bank account with them.

Table 2: awareness level of the respondents

Awareness level	No of respondents	Percentage
PMJDY	45	60%
APY	11	15%
PMJJBY	16	21%
None	3	4%

Source: primary data



The pie-chart represents the awareness level of the respondents

### Analysis

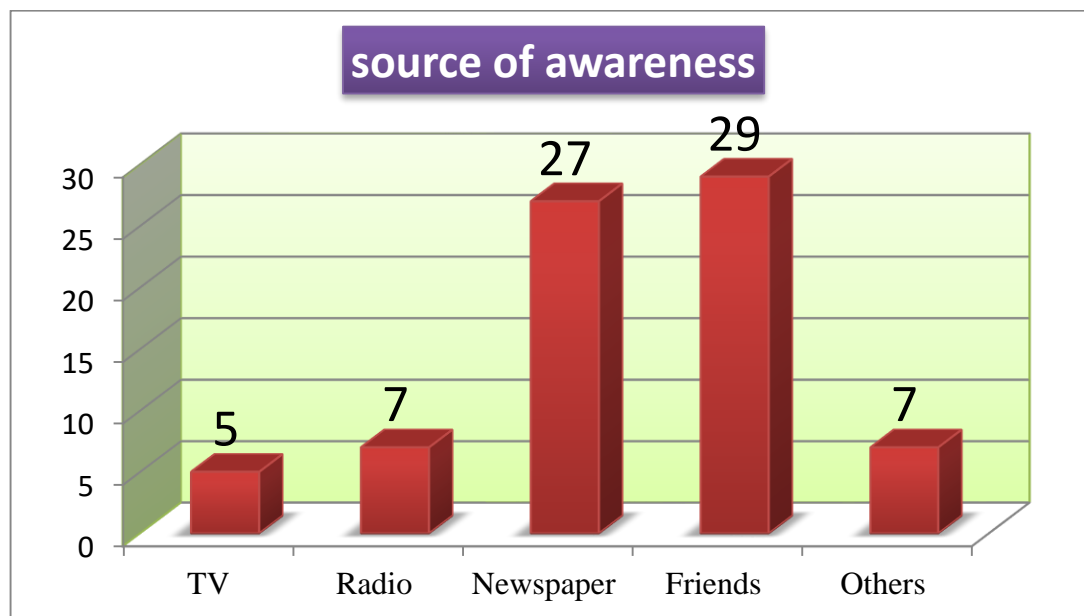
Form the above table and pie-charts which represents the awareness level of the respondents towards financial inclusion of PMJDY, APY, and PMJJBY. The respondents are located in Huralichikkanahalli and silvepura villages are given the opinion of their awareness level of the 3 schemes which comprises of 60% stands for the highest percentage of PMJDY. The second highest percentage stands for the 21% of PMJJBY. The third percentage stands for the APY and finally for the other schemes stands for the 4% out of 100 percentage of the respondents. 70% of the respondents are given a positive result out of 100% and reaming 30% are given a opinion that they are not aware of the 3 schemes which is provided by the government. This pie-chart shows that the highest percentage which stands for the positive result of awareness level.

Table 3: source of awareness about 3 schemes

Source	No of respondents	Percentage
TV	05	6.6%
Radio	07	9.6%

Newspaper	27	36%
Friends	29	38.6%
Others	7	9.3%

Source: primary data



This column charts represents the source of awareness about 3 schemes

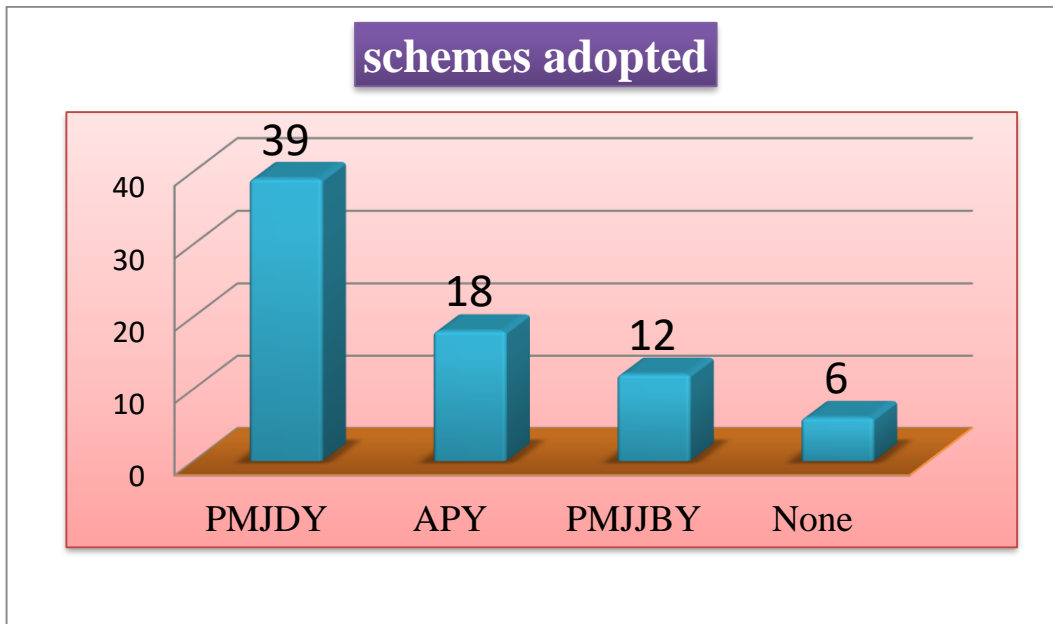
**Analysis**

From the above table and column charts represents the source of awareness about the 3 schemes. in this column charts highest percentage stands for the for influence by the friends of 38.6% of the total respondents. The second highest percentage stands for the newspaper of 36%to get aware of the schemes. The third highest percentage stands for the radio of 9.6% and fourth percentage given for the others who was made aware of the these schemes and for the last stands for the television advertisements of 6.6%.

Table 4: which schemes have to adopted

Adopted	No of respondents	Percentage
PMJDY	39	52%
APY	18	24%
PMJJBY	12	16%
None	6	8%

Source: primary data



This column charts represents the schemes adopted

Analysis

From the above table and column charts shows that the respondents in the two villages have adopted the schemes. In this the highest percentage stands for the PMJDY of 52% are people have already having the bank account. The second percentage stands for the APY of 24% have enrolled for the pension scheme. The third highest percentage stands for the PMJJBY of 16% have getting the benefit of the insurance scheme and finally for the others scheme it is having 8% have adopted by the rural people.

Table 5: problems faced by the rural people in order to adopt the 3 schemes

Problems	No of respondents	Percentage
Lack of awareness	11	
Lack of social security	26	
Illiteracy	08	
Policy are not as per your expectations	30	

Source: primary data

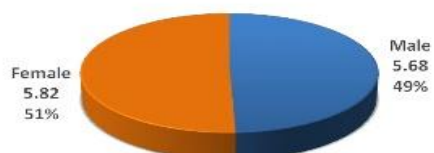
Table 6: growth in Indian economy about 3 schemes



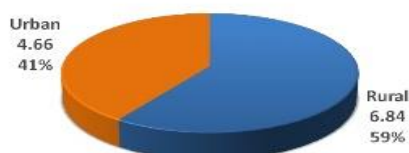
**PMJDY**

**PMJDY Progress - No of Accounts & Rupay Cards**

**Total Accounts - Gender**



**Total Accounts – Rural / Urban**



Total Accounts	Male	Female	Rural	Urban
11.50 Cr	5.68 Cr	5.82 Cr	6.84 Cr	4.66 Cr
<b>% of Total</b>	<b>49.37</b>	<b>50.63</b>	<b>59.49</b>	<b>40.51</b>

Data as on 17th Jan 2015 from banks

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**PMJJBY**

<b>Particulars</b>	<b>No of people enrolled</b>
<b>No of people enrolled</b>	<b>5.35 crore</b>
<b>Received benefit</b>	<b>102848 lakh received</b>
<b>Period covered</b>	<b>1<sup>st</sup> June 2018 to 31<sup>st</sup> may 2019</b>
<b>Age covered</b>	<b>18 to 50 years</b>

**APY**

Age of Entry	Years of Contribution	Monthly pension of Rs. 1000. Indicative return of corpus Rs 1.70lacs	Monthly pension of Rs. 2000. Indicative return of corpus Rs3.40 lacs	Monthly pension of Rs. 3000. Indicative return of corpus Rs 5.10 lacs	Monthly pension of Rs. 4000. Indicative return of corpus Rs6.80 lacs	Monthly pension of Rs. 5000. Indicative return of corpus Rs 8.50lacs
18	42	42	84	126	168	210
19	41	46	92	138	183	228
20	40	50	100	150	198	248
21	39	54	108	162	215	269
22	38	59	117	177	234	292
23	37	64	127	192	254	318
24	36	70	139	208	277	346
25	35	76	151	226	301	376
26	34	82	164	246	327	409
27	33	90	178	268	356	446
28	32	97	194	292	388	485
29	31	106	212	318	423	529
30	30	116	231	347	462	577
31	29	126	252	379	504	630
32	28	138	276	414	551	689
33	27	151	302	453	602	752
34	26	165	330	495	659	824
35	25	181	362	543	722	902
36	24	198	396	594	792	990
37	23	218	436	654	870	1,087
38	22	240	480	720	957	1,196
39	21	264	528	792	1,054	1,318

## Findings

1. Majority of the respondents are having the bank account in order to get the benefit from the 3 schemes.
2. The awareness level of the respondents is more towards the PMJDY which is having the zero balance bank accounts.
3. Majority of the respondents are given opinion saying that there are source of awareness about these 3 scheme mainly influence by the friends and newspapers.
4. The respondents are adopted PMJDY scheme more than that of others scheme in both the villages.

## Suggestions

1. Gram panchayat can take these schemes to the ground level of the each people of the village.
2. The government and banks has to take still more steps in reaching these schemes for all the rural peoples.

## **Conclusion**

All these social welfare schemes are the best example of the financial inclusion. In this era of information and technology only 30-35% of rural population enjoy the banking facilities in India. The majority of the rural people do not have a single account in bank. These schemes have become a landmark initiative for the rural people so that they can facilitate the services of bank. Promotion can play a vital role for creating awareness among the people about these schemes.

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