

# PROBLEMS OF RURAL WOMEN TO ACCESS FORMAL FINANCIAL PRODUCTS AND SERVICES – A STUDY (With Special reference to Kancheepuram District of Tamil Nadu)

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**Abstract :** Empowerment of Women has become a buzz term globally as it has got a potential significance universally. The World Bank (WB) and International Monetary Fund (IMF) are constantly supporting the women empowerment programmes to achieve global socio-economic growth and sustainability. The Organisation for Economic Co-operation and Development (OECD) working papers revealed that empowerment of women can be achieved through financial awareness and financial education. Likewise, the Government of India and Reserve Bank of India forcefully implemented varied policies and programmes in order to enhance women empowerment both economically and socially. However, this research study attempts to provide a clear insight on achieving women empowerment through inclusive financing in rural India. The research work is empirical in nature, in which the primary data is collected through structured questionnaire by using judgment sampling covering respondents from rural Kancheepuram district of Tamil Nadu state in India.

**Key Words - Women Empowerment, Financial Inclusion, Policies and Programmes**

## INTRODUCTION

The Indian Government adopts various positive discriminations in favour of women with envisioned objectives of women advancement, development and empowerment. Ministry of women and child development, National Commission for Women and various other government organisations are tirelessly working for the protection and security of women. In addition, the Government of India and the Reserve Bank of India are coming up with timely policies and programmes in order to support women communities especially in the rural geography. While discussing the concept of women empowerment, economics is given more importance, which positively triggers socio-political empowerment in the nation. This paves a need for making women population financially included in the country. Hence, this research paper intends to create a better perception about the problems faced by rural women to be financially included.

## FINANCIAL INCLUSION

Financial inclusion defined as providing access to an adequate range of safe, convenient and affordable financial services to disadvantaged and other vulnerable groups, including low-income, rural and undocumented persons, who have been underserved or excluded from the formal financial sector. (The Financial Action Task Force, 2013)

Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way. (The World Bank, 2016)

## PROBLEMS OF RURAL WOMEN IN ACHIEVING FINANCIAL INCLUSION

Traditionally speaking, India is named for the country of women discrimination. Our history has recorded so many data exclaiming the poor and underprivileged status of women in the socio-economic and political background. But in present conventional and globalised society, women development and gender equality is given greater importance. Likewise in implementation process, Indian banking sector also contributes their best to create encouragement of the economic empowerment of women.

In spite of all strenuous efforts taken by Reserve Bank of India and Government of India, there are so many factors affecting women to take up formal financial services. According to the report published by the Ministry of Statistics and Programme Implementation, Government of India (2012), the number of accounts operated by females in the year 2010 in all commercial banks was 153.18 Crores compared with 487.37 crore accounts operated by males. The deposit amount was Rs. 517209.74 crore

for females and Rs. 1838826.25 crore for males. Therefore, Out of 640.55 (In Crores) Bank accounts only 24% belongs to women. Hence, identification of challenges faced by women to take up formal banking services is much essential and alarming too. Common barriers for women to avail banking services are listed as follows:

1. Absence of regular financial sources for majority of women and status of being dependent
2. Lack of financial literacy and awareness about financial products and services
3. No tailor made and profitable financial services for women
4. Credit is not easily available due to lack of collateral security
5. Social problem including the chauvinistic attitude of men towards women development

## LITERATURE REVIEW

United Nations Development Programme (2012) project on financial inclusion along with the National Bank for Agriculture and Rural Development (NABARD) worked on improving the financial literacy of the rural poor in order to achieve financial inclusion in India. The project resulted in benefitting 10,000 rural people with the customised packages of financial literacy which intended to provide information in financial products and services. Also, nearly 5,000 rural households Jharkhand state were linked with the formal financial products and services.

Pulidindi Venugopal (2012) studied the level of financial inclusion and women empowerment with a sample of 300 respondents in Andhra Pradesh. 66.67% of the respondents strongly believed women empowerment can be achieved through financial inclusion. The researcher stated education is a vital tool for women to get better status in the society. Moreover the benefits of banking services should be informed to women for the attainment of better inclusive growth and social development. This study also explored the role of working women in progression of Indian economy. Hence, it is very clear that women empowerment can be positively streamered through creating financial inclusion which envisages powerful nation sustained economy.

Anuj Batra (2013) conducted an exploratory study with 150 samples in three districts of North India on Financial inclusion and women empowerment. The researcher identified that women who are part of self-help groups are economically empowered and also get good respect in their family and society. This study revealed that women are utilising only 31% of banking services by participating in self-help groups and various microfinance institutions. The researcher suggested more knowledge and awareness about the formal financial products and services are to be propagated to women community which enables them to be financially included. Hence, by this study it is understood there is a strong correlation between financial inclusion and women empowerment.

Lindi Hlanze, Zoe Stephenson and Achim Deuchert (2013) studied about promoting women's financial inclusion in the U.K. The research study included a scope that the financial inclusion of women population will result in the women empowerment in the country. Hence the study recommended that the government should concentrate more in providing better access for women in regards to varied financial products and services. The study strongly suggested the government to improve awareness of financial services among women population which encourages the financial inclusion.

Pratisha Padmasri Deka (2015) studied the various problems faced by women while taking up formal financial services. The research suggested financial awareness is the main ingredient to enrich financial inclusion among women. Moreover, by providing special and unique banking services tailored to meet the needs of women will effectively increase the inclusivity of women with banking industry.

## RATIONALE OF THE STUDY

This research work is unique as the study concentrates specifically on the problems faced by rural women to be financially included. The population of the study covers only the rural areas which require more focus in order to attain balanced growth and development across the nation. This research paper helps to understand the problems of rural women in taking up formal financial products and services. Also, it reveals better insight about the rural women's usage of banking services.

## OBJECTIVES OF THE STUDY

1. To study the problems of rural women to access formal financial products and services.
2. To analyse the influence of demographic factors of rural women towards their need for banking services.
3. To suggest measures to overcome the problems in achieving women empowerment in rural India.

## HYPOTHESIS OF THE STUDY

1.  $H_0$  - There is no significant influence between demographic factors of the respondents and their banking service needs.

## RESEARCH METHODOLOGY

The research work is empirical in nature. A survey questionnaire designed and distributed under Judgment sampling method to find out the problems of rural women to access formal financial products and services in rural Kancheepuram district. Out of 200 respondents only 159 valid samples are considered for the study. Books, Journals and web sites constitute the secondary data.

## LIMITATIONS OF THE STUDY

1. The sample for the study is confined to Kancheepuram district only. Hence the findings cannot be treated as representative of the entire nation.
2. The random sampling method and the limited sample of 159 respondents have limited the findings of the study.

3. Time is also a major concern; with in the short span of time the research work has been done, this also causes a limitation for the study.

### DATA ANALYSIS AND INTERPRETATIONS

The data analysis is completely done with the help of SPSS (15th version). The reliability of the data per Cronbach's Alpha is 93.1%. In order to achieve the objectives of the study statistical techniques are used and the results are presented below.

**Table: 1 showing the reliability statistics of the variables used for analysis**  
**Reliability Statistics**

Cronbach's Alpha	N of Items
.931	47

Source: Computed Data

**Table: 2 showing the socio-demographic factors of the respondents**

Demographic Factors	Classification	Frequency	Percent
Age	Less than 20 years	16	10.06%
	20-30 years	80	50.32%
	31-40 years	38	23.90%
	41-50 years	16	10.06%
	Above 50 years	9	5.66%
Educational Qualification	School level	30	18.87%
	College level	112	70.44%
	No formal Education	17	10.69%
Occupation	Home Maker	30	18.87%
	Govt. Employee	21	13.21%
	Private Employee	82	51.57%
	Labour	9	5.66%
	Self-Business	17	10.69%
Monthly Income	Less than Rs.5000	12	7.55%
	Rs.5, 001 to 10,000	39	24.53%
	Rs.10, 001 to 15,000	39	24.53%
	Rs.15, 001 to 20,000	22	13.84%
	Rs.20, 001 to 25,000	15	9.43%
	Rs.25, 001 & above	22	13.83%
	No Income	10	6.29%
Marital Status	Single	63	39.62%
	Married	91	57.23%
	Separated/Divorced	1	0.63%

	Widowed	4	2.52%
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Source: Primary Data

It is inferred from the above table that majority (50.32%) of the respondents belong to the age group of 20-30 years. 70.44% of the respondents have underwent college education. 51.57% of the respondents are working in private organisations. 24.53% of the respondents are earning a monthly income of Rs.5,001 to 10,000 and Rs.10, 001 to 15,000. Among the women respondents considered, 57.23% of them are married

**Table: 3 showing the descriptive analysis of Problems faced by rural women in availing Banking services**

Problems in availing Banking services	Mean (N=159)	Std. Deviation
Complicated Banking Procedures	3.51	1.01
Lack of Knowledge about financial services	3.49	0.99
Lack of Documents	3.45	0.97
Lack of Trust	3.39	0.96
High Transaction cost	3.32	1.00
Delay in service	3.29	0.98
No Money to transact	3.25	1.06
No Profitable services	3.23	0.99
No Customer services	3.13	1.00
No Banks in my area	2.55	1.30
No need for banking services	2.45	1.25
<b>Over All Mean Score of Variables</b>	<b>3.19</b>	

Source: Computed Data

The various challenges of women in availing banking services are ranged with a score of 5 (Strongly Agree) to 1 (Strongly Disagree). The overall mean score of the variables is 3.19 which actually revealed that women agree that they are facing many aforesaid problems while availing formal financial products and services with the banking industry. Complicated Banking Procedures, Lack of Knowledge about financial services, Lack of Documents and Lack of Trust are the major challenges of women in availing banking services.

**Table: 4 showing the influence between Demographic factors and the banking service needs of the respondents**

H<sub>0</sub>- There is no significant influence between demographic factors of the respondents and their banking service needs. Multiple Linear Regression Analysis is conducted in order to test the hypothesis. The results of the regression analysis are clearly presented in the table below

**Table: 4.1 Model Summary for Response**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.474(a)	.224	.199	1.115

Source: Computed Data

From the above table it is found that  $R=0.479$ ,  $R^2=0.224$ , Adjusted  $R^2=0.199$ , Standard Error=1.115 are highly significant in relating the bank service needs and demographic factors of the respondents. It is found that the factors are found to explain 22.4% variance on. The relationship between independent and dependent factors is clearly explained in the following ANOVA table.

**Table: 4.2 ANOVA for Response**

Model		Sum of Squares	df	Mean Square	F	P-value
1	Regression	55.052	5	11.010	8.855	.000(a)
	Residual	190.244	153	1.243		
	Total	245.296	158			

Source: Computed Data

From the above table it is found that  $F=8.855$ ,  $p=0.000$  are statistically significant at 5% level, therefore it can be concluded that there is a significant influence between Demographic factors and the banking service needs of the respondents. The individual influence of demographic factors of the respondents are presented in the following coefficient table

**Table: 4.3 Coefficients table for Response**

	Unstandardized Coefficients		Standardized Coefficients	t-value	P-value
	B	Std. Error	Beta		Std. Error
(Constant)	1.607	.376		4.279	.000
Age	.338	.106	.271	3.194	.002
Marital Status	-.354	.170	-.178	-2.084	.039
Financial institution	.253	.075	.251	3.351	.001
Family type	.803	.219	.316	3.659	.000
No of Family members	-.470	.151	-.262	-3.111	.002

Source: Computed Data

The demographic variables such as Age, Financial Institution and family type got a positive co-efficient. However, marital status and No. of family members revealed a significant negative co-efficient, indicating that married women and women having higher number of members in their families are discouraged and negatively motivated to possess bank accounts on their own.

From the above table it is found that Age ( $B=0.338$ ,  $t=3.194$ ,  $p=0.002$ ), Marital Status ( $B=-0.354$ ,  $t=2.084$ ,  $p=0.039$ ), Financial Institution ( $B=0.253$ ,  $t=3.351$ ,  $p=0.001$ ), Family type ( $B=0.803$ ,  $t=3.659$ ,  $p=0.000$ ) and No. of Family members ( $B=-0.470$ ,  $t=-3.111$ ,  $p=0.002$ ) are statistically significant at 5% level as the p-value is less than the table value of 0.05. Hence, the null hypothesis rejected. Therefore it can be concluded that is a significant influence between Demographic factors and the banking service needs of the respondents.

## RESEARCH FINDINGS

1. Majority (50.32%) of the respondents belong to the age group of 20-30 years. 70.44% of the respondents have underwent college education. 51.57% of the respondents are working in private organisations. 24.53% of the respondents are earning a monthly income of Rs.5, 001 to 10,000 and Rs.10, 001 to 15,000. Among the women respondents considered, 57.23% of them are married
2. The overall mean score of the variables in regards to problems of women in availing formal financial products and services with the banking industry is 3.19. Complicated Banking Procedures, Lack of Knowledge about financial services, Lack of Documents and Lack of Trust are the major challenges of women in availing banking services.
3. There is a significant influence between Demographic factors and the banking service needs of the respondents.

## SUGGESTIONS

The present research work revealed that rural women communities are facing many problems in experiencing formal financial products and services. Financial literacy centres and financial counselling centres are to be constituted in every region under the regulatory guidelines of Reserve Bank of India in order to protect the rural women by effective inclusive financing. Customised and productive financial products should be introduced by the Indian Banking industry to attract the rural women. Along with the banking services, Government of India should ensure women empowerment by facilitating with proper necessities and facilities. Therefore, the economic empowerment of women can be easily achieved through financial inclusion and social empowerment can be achieved through effective policies and programmes by Government of India.

## CONCLUSION

The empowerment of women in varied sectors will directly impact the socio-economic growth of the nation. The essentiality in enhancement of women's status and their standard of quality living is a global consideration. So, the Government of India should take productive steps to enrich the growth, development and advancement of women. Banking industry should help the nation to achieve women empowerment for sustainable economy. Hence, it is obvious that Women empowerment can be easily achieved by making them financially included.

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