

TO STUDY THE ROLE OF FINANCIAL INCLUSION TO REDUCE UNEMPLOYMENT AND ITS AWARENESS LEVEL IN MANDVI REGION*

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ABSTRACT: *The financial inclusion plays very important role in the growth of Indian Economy. The majority of the rural population is still not included in the inclusive growth thus the concept of financial inclusion becomes a critical perspective for the Indian economy. Financial development not only promotes economic growth but it also creates social equality. The easy access to credit by the poor enables them to come out of poverty by investing in their human capital and microenterprises. In last decade significant measures has been initiated by the Reserve Bank of India and Government of India in favour of financial inclusion but the impact of these did not yield satisfactory results. Whereas there are positive developments towards financial inclusion by the Financial Stability and Development Council that includes a Technical team for dedicated attention to this issue and schemes like the Pradhan Mantri JanDhan Yojana in August 2014 and the Jan Dhan Aadhaar Mobile as per the Government's Economic Survey for the year 2014-15. This study aims to study financial inclusion growth in relation to the unemployment status in Gujarat region wise on the basis of the secondary data. The study also aims to know awareness level regarding financial inclusion efforts and schemes available in the Mandvi Region.*

Key Words: *Financial Inclusion, Rural Finance, Financing Schemes*

INTRODUCTION

Financial inclusion is certainly not a current scenario it's an important concern from many year. In India, inception of financial inclusion can be traced back to 1904, to the beginning of the co-operative movement. A focal event in the evolution of financial inclusion was the bank nationalisation programme in 1969, when 14 major commercial banks were nationalised; the lead bank scheme was opened. The financial inclusion program was stimulated in the early 2000s in India following the publication of a series of findings about the lack of financial inclusion and its direct correlation to poverty. Varied studies asserted that exclusion from the banking system results in a loss of 1 per cent to the country's gross domestic product. In February 2011, the Government of India and the Indian Banks' Association jointly launched Swabhimaan, a nationwide programme for the development in financial inclusion. RBI also made the requirement that banks provide no-frills accounts, improve the outreach of banking services through the business facilitator and business correspondent models, and set up goals to provide access to formal banking to rural. The goal towards financial inclusion was accordingly was more deepened in June 2012 by the Financial Inclusion Plan 2013-16, banks have shared a roadmap to cover the remaining villages. There are positive developments towards financial inclusion by the Financial Stability and Development Council that includes a technical team for dedicated attention to this issue and schemes like the Pradhan Mantri JanDhan Yojana in August 2014 and the Jan Dhan Aadhaar Mobile as per the Government's Economic Survey 2014-15.

Some notable financial inclusion schemes like RuPay card USSD-based mobile banking, Direct Benefit Transfer (DBT). The first phase of DBT was started in 43 districts, and later on 78 more districts were added in 27 schemes regarding scholarships, women, child and labour welfare. In 2014, its reach was further expanded and seven new scholarship schemes and the Mahatma Gandhi National Rural Employment Guarantee Act were brought under DBT, in 300 recognized districts with high Aadhaar (biometric-based unique identification number) enrolment. The major enablers of DBT so far have been Jan-Dhan, Aadhaar, and Mobile. DBT now has 84 schemes, and in FY 2016-17, total direct benefit transfer amounted to more than R44, 382.03 crore, and total number of transactions stood at more than R91.67 crore. Financial development not only promotes economic growth but it also creates social equality. The easy access to credit by the poor enables them to come out of poverty by investing in their human capital and microenterprises.

LITERATURE REVIEW

(Dr. Anurag B. Singh, 2012) the paper discussed about handling disparity between people by ways of financial inclusion through micro finance models and it also studied how that leads to the economic development of a country.

(Lakshmi Kumar, 2012) paper asserts Making MFIs as the business correspondent and incentivising them through mobile technology would be the first step towards financial inclusion.

(Purvi Shah, 2015) the study recommended that the government should boost the banks to adopt financial inclusion by means of financial assistance, financial literacy, advertisement, awareness program, etc. to achieve the goals of 11th plan of Inclusive Growth.

(Caroline Priyanka Koorse, 2015) the study conducted revealed the betterment in the state of Tamilnadu after the implementation of financial inclusion in terms of financial literacy, reduction of poverty.

(Sonu Garg, 2014) this study focused on approaches adopted by various Indian banks towards achieving the crucial goal of financial inclusion for inclusive growth in India and analyses of past years progress and achievements.

(Charan Singh, 2014) the paper aimed to focus on using the existing resources such as Mobile phones, Banking Technologies, India Post Office, Fair Price Shops and Business Correspondents (BCs) thereby making it more efficient and user friendly for the interest of the rural population as well as the formal sector.

(Abheek Barua, 2016) the paper reviewed modes of delivery and the regulatory structure being contemplated or recently introduced. It assessed the appropriateness of objective envisioned as critical for inclusion, associated challenge of revamping consumer protection laws, and imperative of improving financial literacy. The paper also discussed the case of micro, small, and medium-sized enterprises in the given context.

RESEARCH METHODOLOGY

The research has been done using secondary data. The secondary data have been taken from government official reports and website. The various data related to financial inclusion schemes has been studied for its implementation results. The observation method is used for analysing factors related to financial inclusion in Mandvi.

SIGNIFICANCE OF THE STUDY

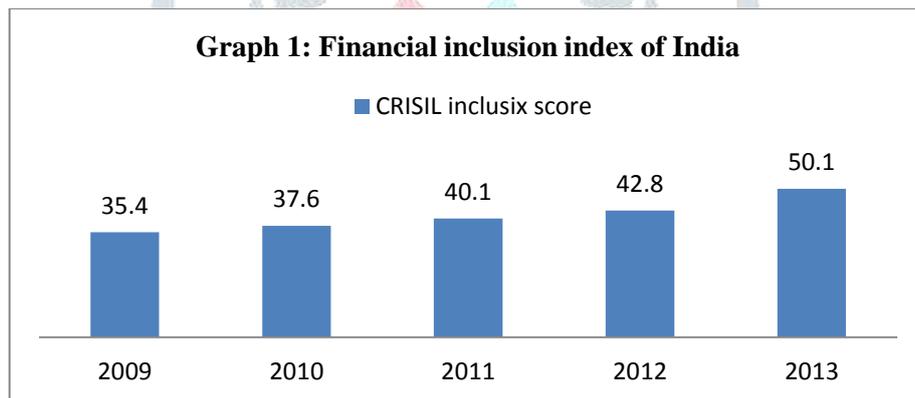
India is a savings oriented society and has well developed financial regulations but still its highly concentrated .It is important to have each income group’s access to these regulations so that larger population get benefitted for the growth of India. According to the Global Wealth report, Credit Suisse Group AG showed the top 1 percent of India’s adult held 58 percent of its wealth up from 36% in 2000. Whereas impact on specific segments of society differs on the basis of income and demand basket. Financial inclusion is significantly has better growth in south India as per the RBI data. Thus there is need to study the inclusion level in Gujarat to understand and borrowings to encourage less effluents to start up their own.

OBJECTIVE OF THE STUDY

- To identify the trend of banking penetration in financial inclusion in India.
- To study the growth rate of financial inclusion in India.
- To study financial inclusion level in Gujarat.
- To study the employment generation through borrowing and various schemes.

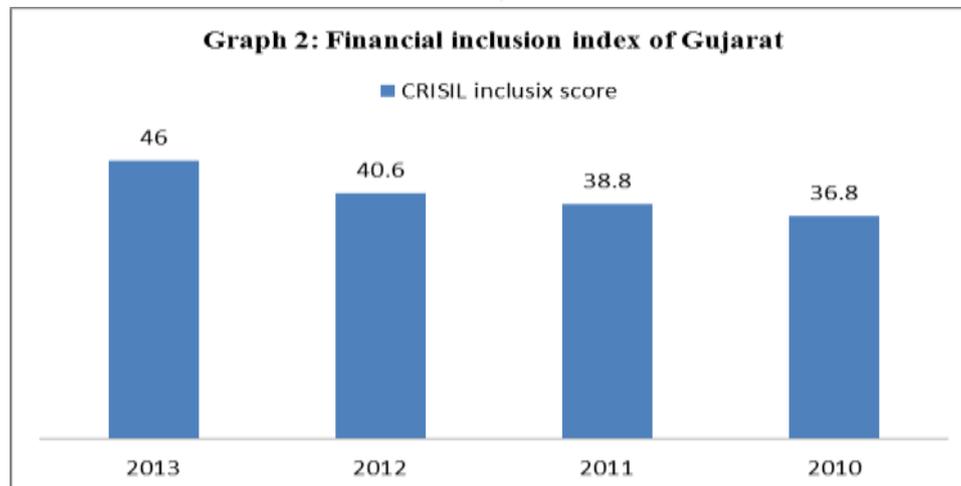
DATA ANALYSIS AND INTERPRETATION

The continued progress of banking services is along the three dimensions of financial inclusion-branch, deposits and credit penetration. Firstly the interpretation of CRISIL inclusix score to measure level of financial inclusion is as follows: below 25 its low;25-40 its below average;40-55 its above average and more than 55 shows higher financial inclusion level.



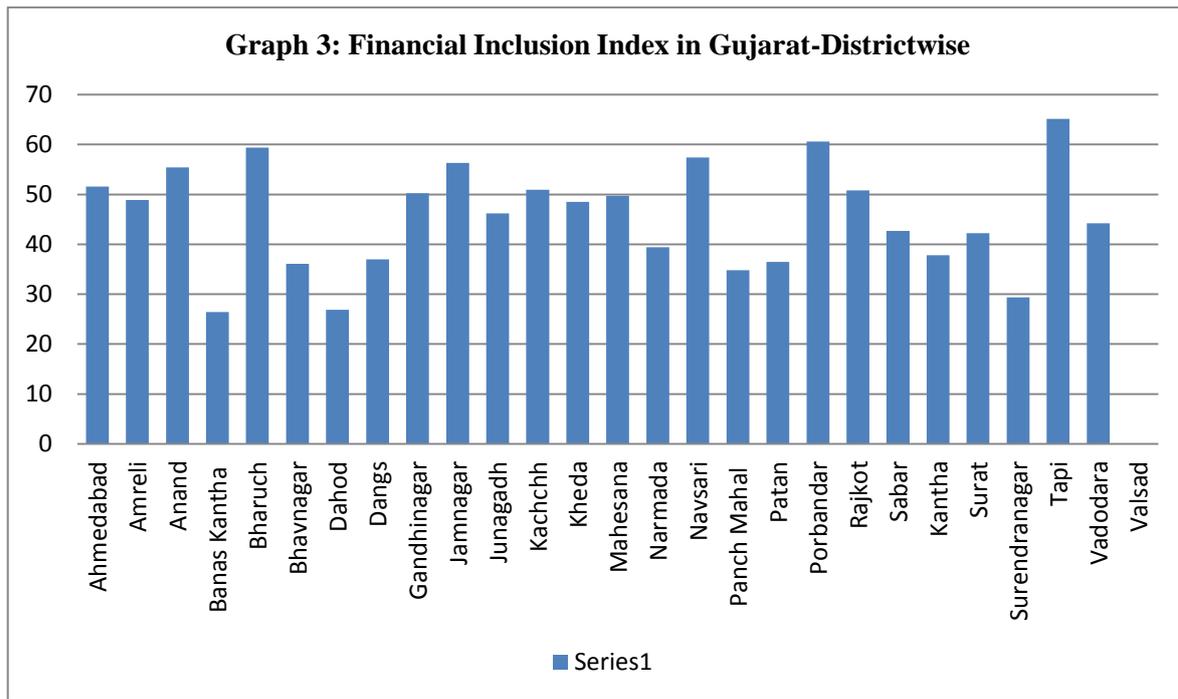
Source:CRISIL Inclusix,Volume III,June 2015

The graph 1 gives the financial inclusion level of india which depicts that there is a increasing trend.the financial inclusion level is 50.1 for the year which is above average.



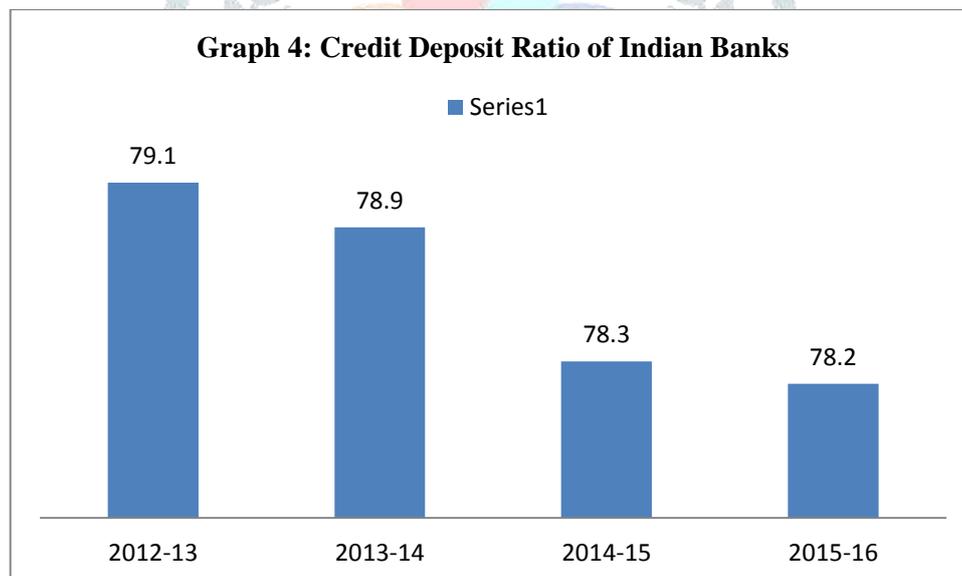
Source:CRISIL Inclusix,Volume III,June 2015

The graph 2 gives the financial inclusion level of Gujarat which depicts that there is a increasing trend.the finanacial inclusion level is 46 for the year which is above average.



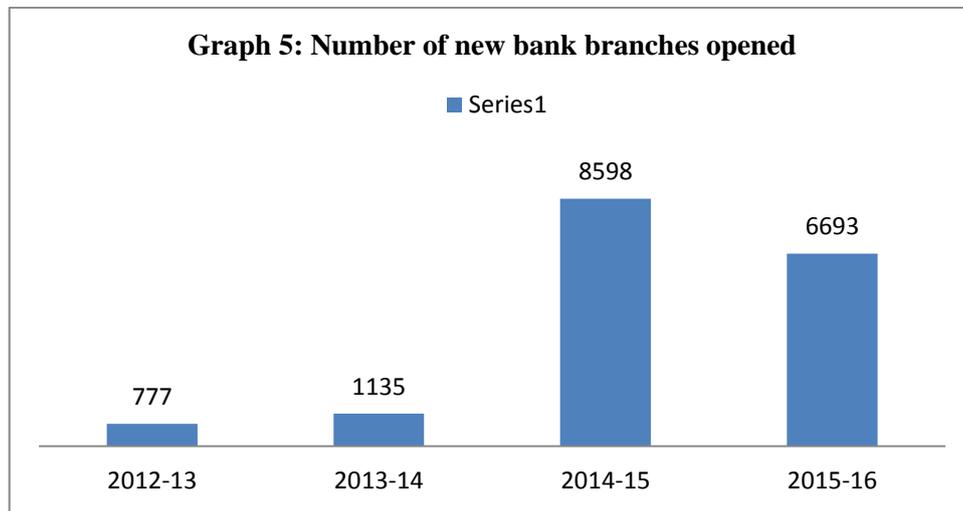
Source:CRISIL Inclusix, Volume III, June 2015

The graph 3 gives the finanacial inclusion level of india which depicts that there is a increasing trend.As on 2013 data the finanacial inclusion level is high for districts Bharuch,jamnagar, Ananad,Navsari,Porbandar,Tapi being score above 55.The following district have low financial level: Banas Kantha, Bhavnagar,Dahod,Dangs,Panch Mahal,Patan,Kantha,Surendranagar being score below 40.



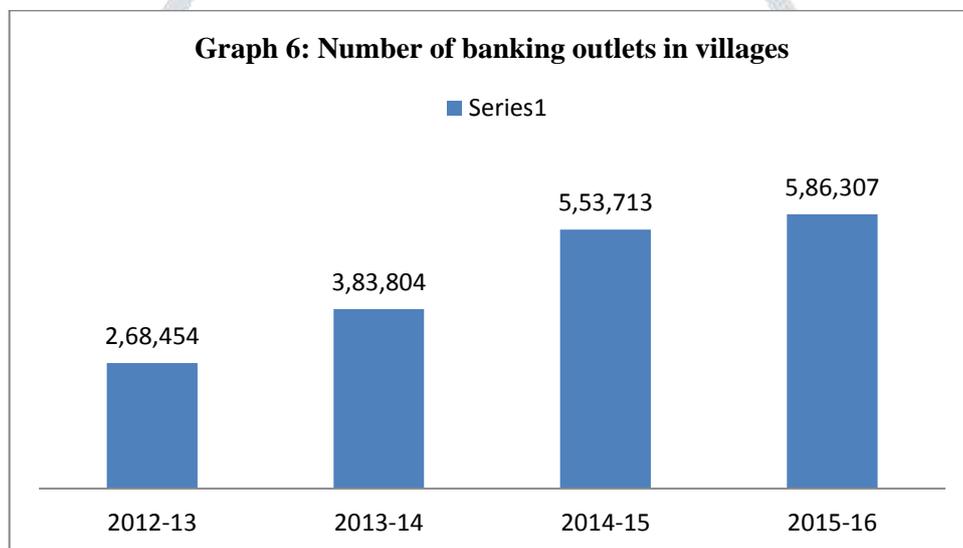
Source:CRISIL Inclusix, Volume III, June 2015

Graph 4 shows CD Ratio 78.2 which means for every Rs. 100 deposits bank is lending Rs. 78.2.If the reserve requirements as statutory liquidity ratio and CRR is considered the CD Ratio should not cross 73%.Thus 78.2 % depicts that banks are borrowing from market to lend for projects and working capital rather than from lower cost deposits.



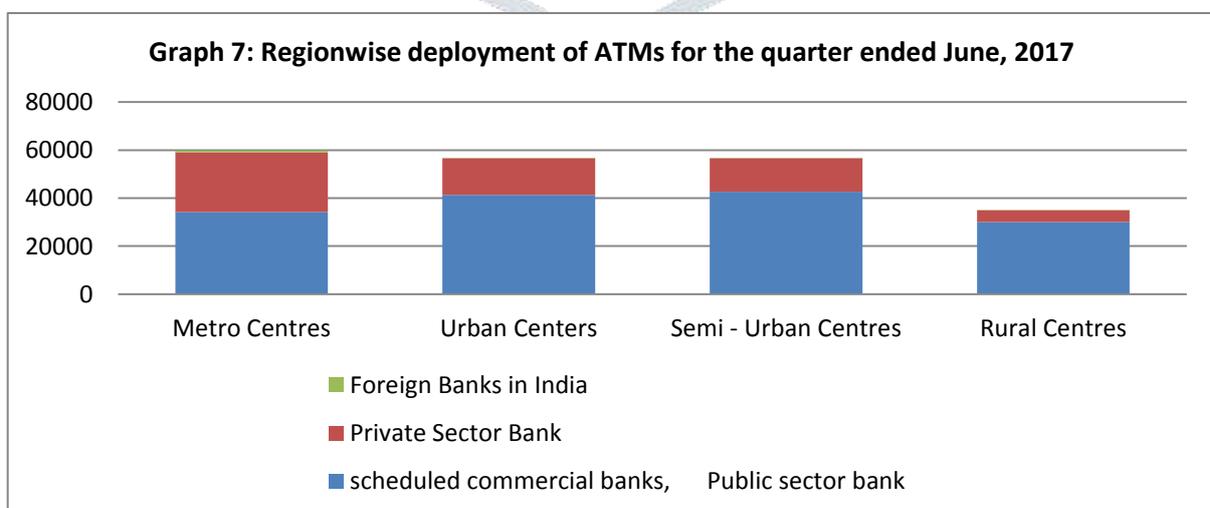
Source: chart prepared from data releases from RBI

Graph 5 shows that there is a increase in number of new bank branches opened.In 2015-16 there is a decrease it may be conferred that this results may be due to digitalization, net banking mobile banking.



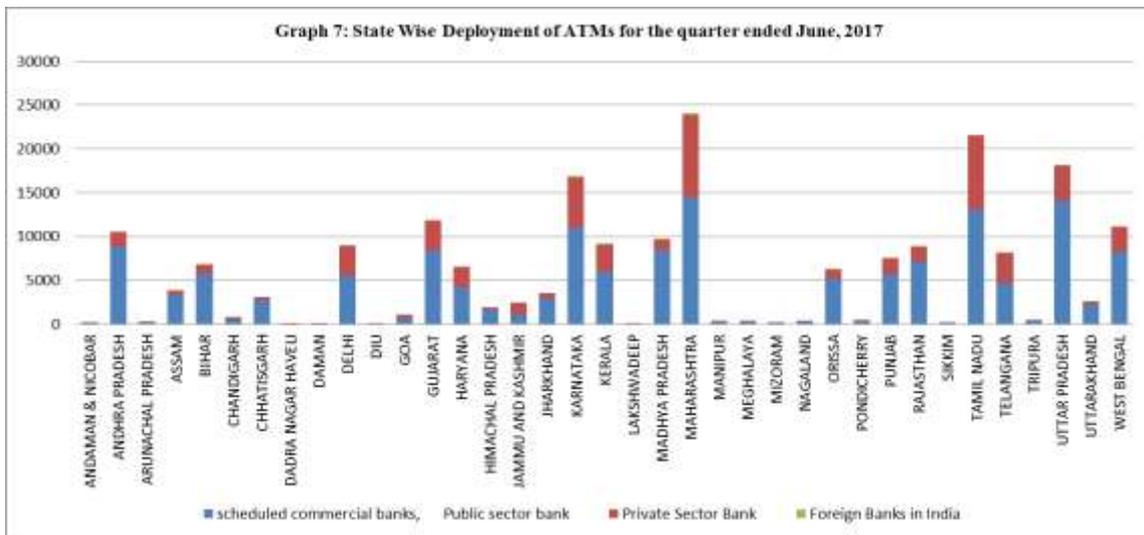
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Graph 6 shows that there is a continous increase in number of new bank outlets opened in village.This is a good indication that banks are extending in rural.



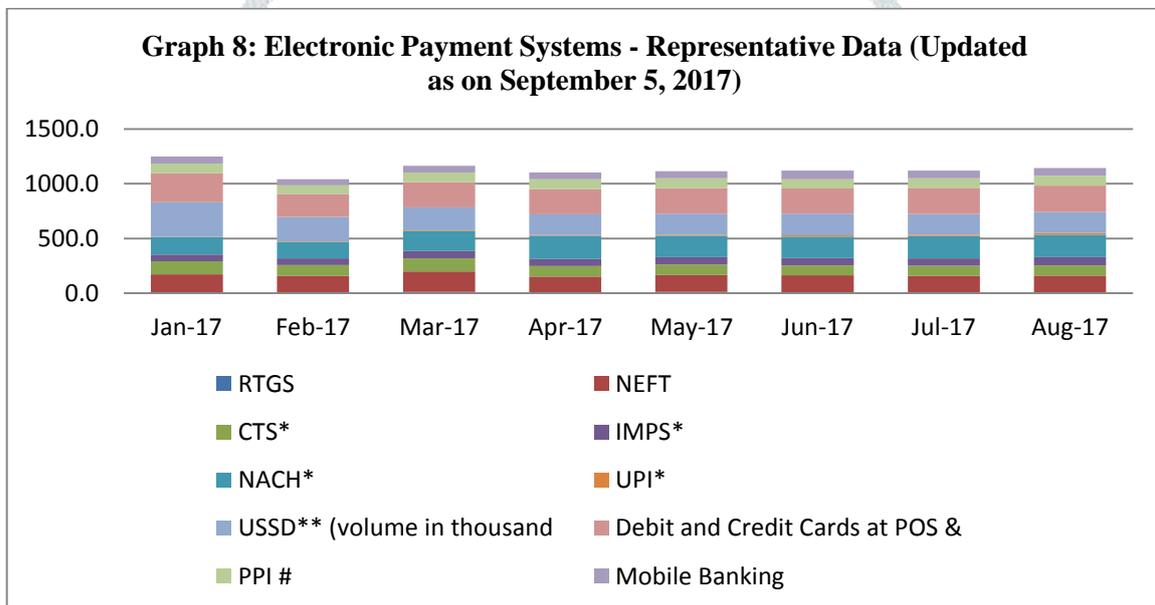
Source: chart prepared from data releases from RBI

Graph 7.1 shows that deployment of ATMs are more in Metro Centres and Semi Urbans.Private Bank has less deployment of ATMs as compare to scheduled commercial and public banks. The foreign banks in India has negligible deployment of ATMs



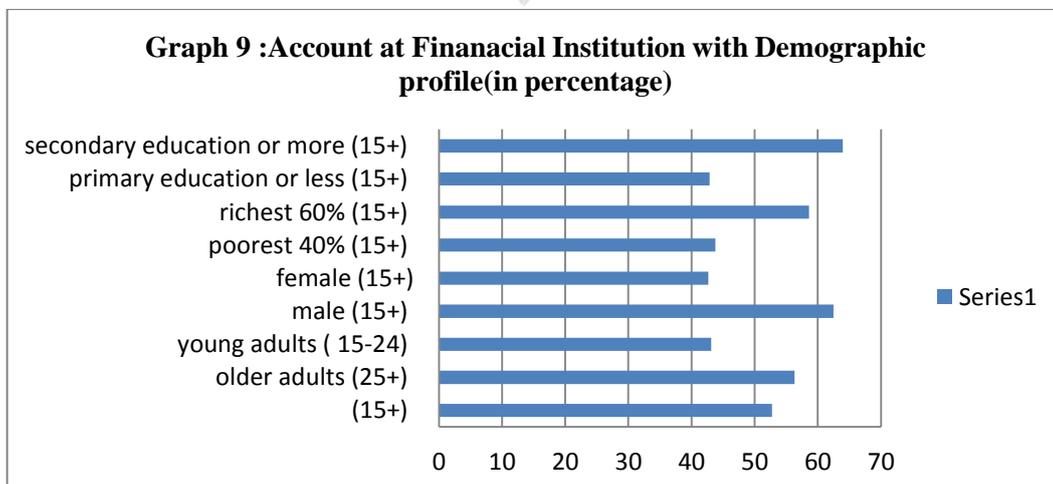
Source: chart prepared from data releases from RBI

Graph 7.2 shows deployment of ATMs state wise which shows Maharashtra, Tamilnadu, Uttar Pradesh, Gujarat and West Bengal has high deployment of ATMs as compare to other state.



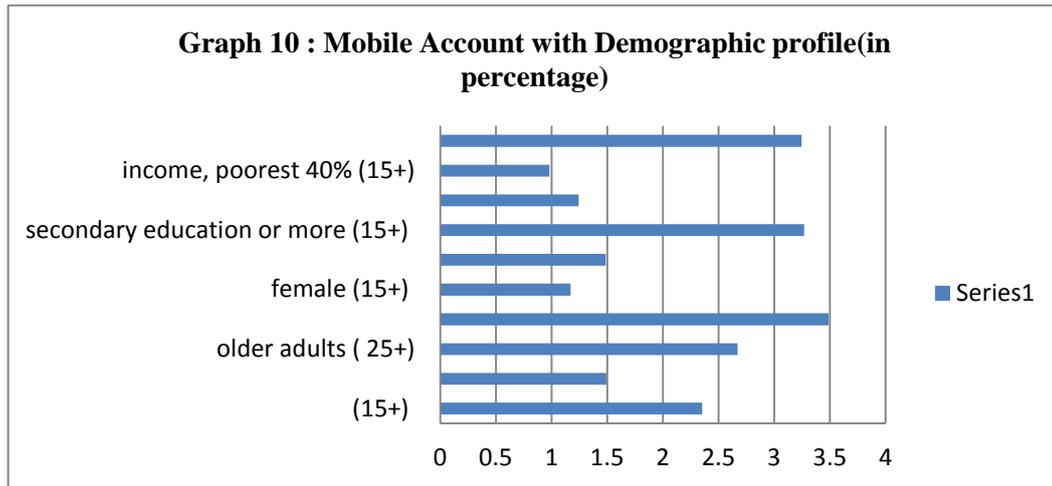
Source: chart prepared from weekly data releases from RBI

Graph 8 shows that electronic payments have a decrease in Feb-17 than Jan-17. In March-17 again its increased may be as a result of demonization implementation duration. There is a steady increment from April-17 to Aug-17.



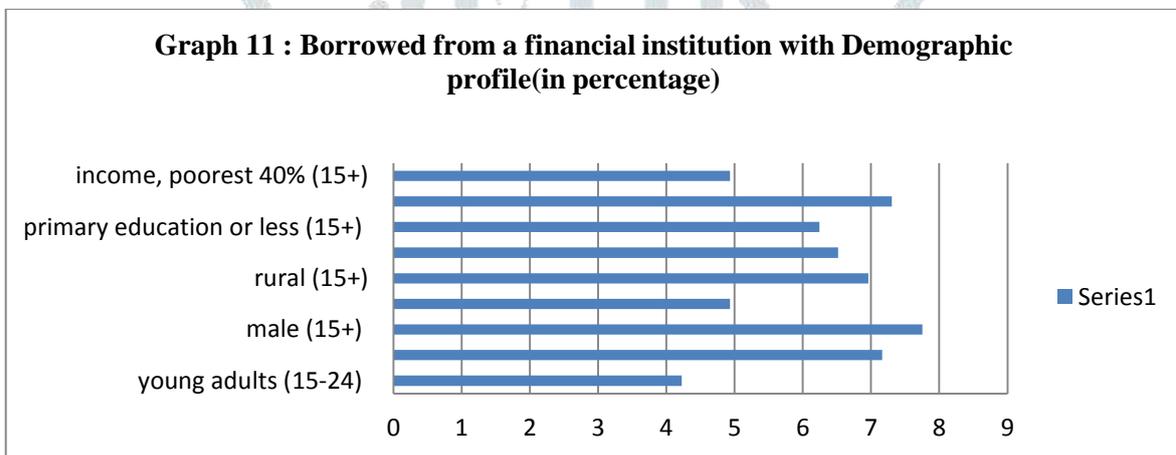
Source: chart prepared from database: World Bank Group Global Financial Inclusion Last Updated: 04/15/2015, Demirguc-Kunt et al., 2015

Graph 9 shows the percentage of account at financial institution it may joint account also. It is depicted that it is less for poorest, female, young adults and primary education or less.



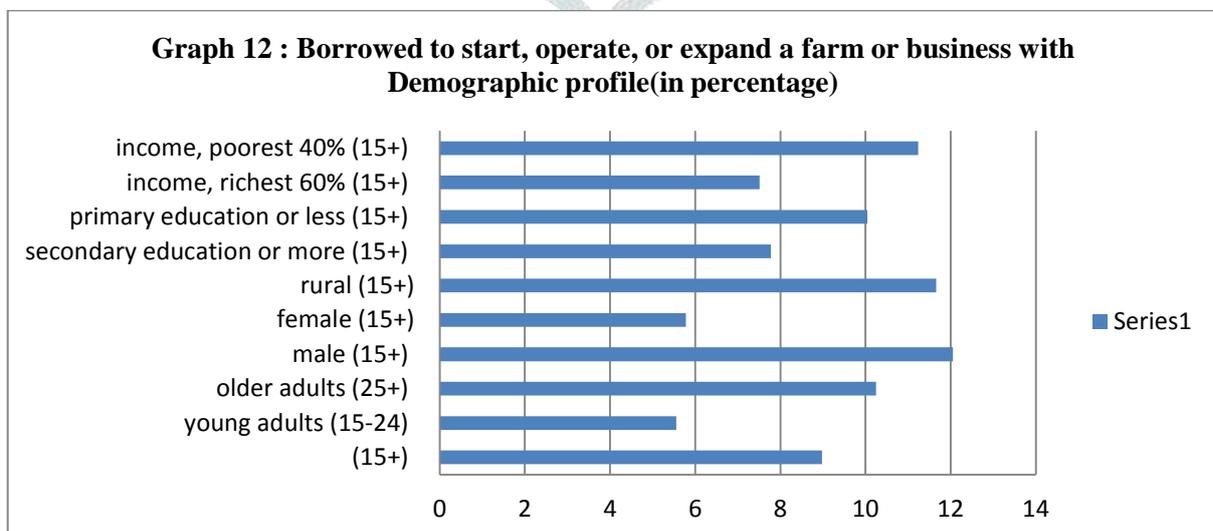
Source: chart prepared from database: World Bank Group Global Financial Inclusion
Last Updated: 04/15/2015, Demirguc-Kunt et al., 2015

Graph 10 shows the percentage of mobile account. It is depicted that it is less for poorest, female, young adults and primary education or less. Its less in rural and overall percentage of people using mobile account is also low.



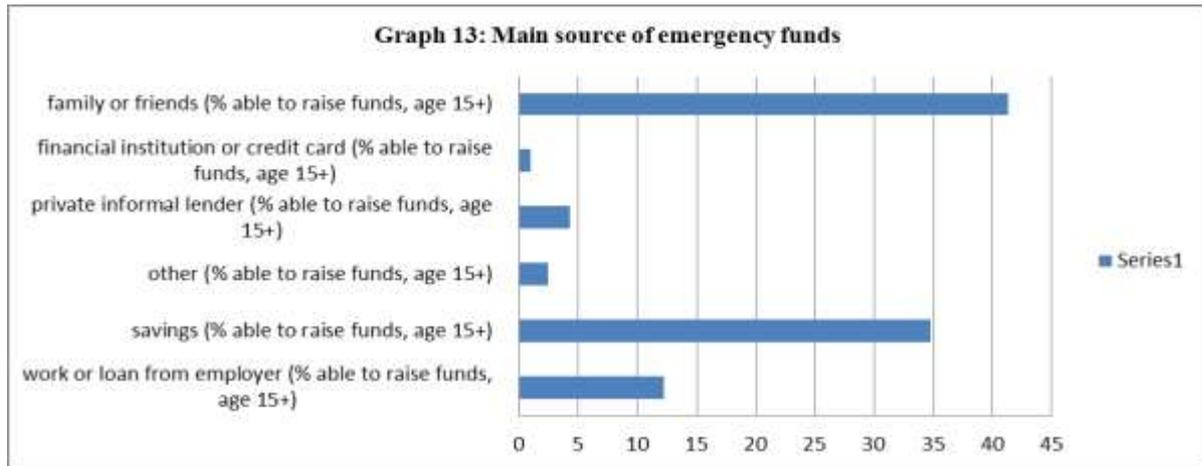
Source: chart prepared from database: World Bank Group Global Financial Inclusion
Last Updated: 04/15/2015, Demirguc-Kunt et al., 2015

Graph 11 shows the percentage of individual or joint has taken borrowing from a financial institution. It depicts that poorest, female and young adults have less borrowing than richest, male, older adults. The overall percentage of borrowing is also less.



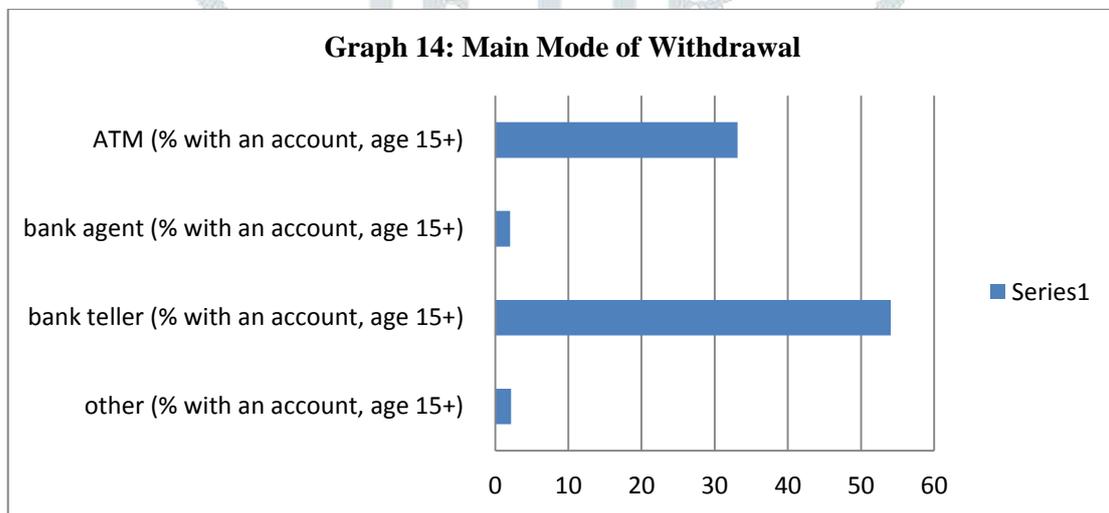
Source: chart prepared from database: World Bank Group Global Financial Inclusion
Last Updated: 04/15/2015, Demirguc-Kunt et al., 2015

Graph 12 shows the percentage of individual or joint borrowed for starting, operating, or expanding a farm or business and it reveals that borrowing is more in rural, poorest, male, older adults and amongst having primary or less education.



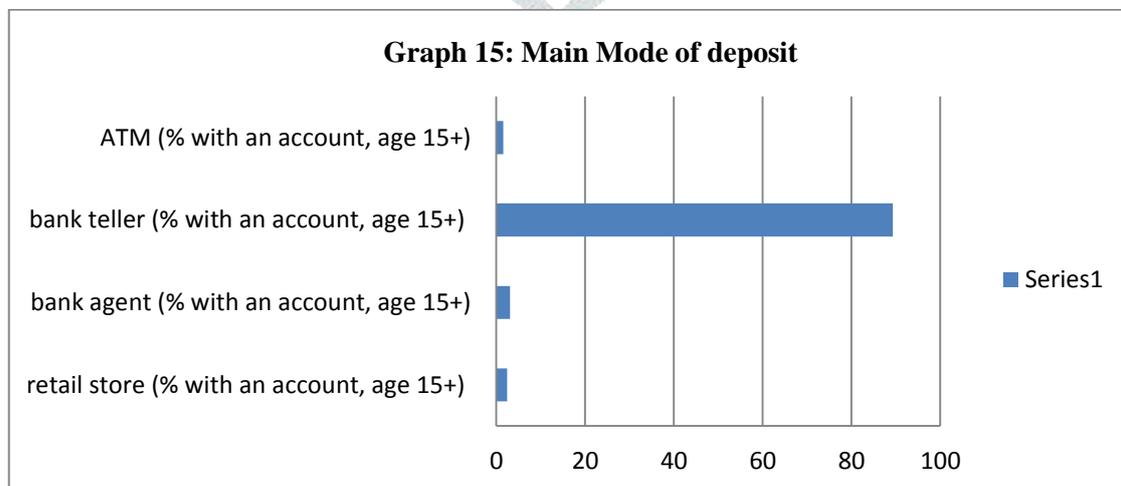
Source: chart prepared from database: World Bank Group Global Financial Inclusion
Last Updated: 04/15/2015, Demirguc-Kunt et al., 2015

Graph 13 shows the percentage of main source of emergency funds and it is found that in emergency mostly funds are taken from family or friends, savings and work or loan from employer respectively.



Source: chart prepared from database: World Bank Group Global Financial Inclusion
Last Updated: 04/15/2015, Demirguc-Kunt et al., 2015

Graph 14 shows that for the individual above age 15 usually withdraw through bank teller and ATM.



Source: chart prepared from database: World Bank Group Global Financial Inclusion
Last Updated: 04/15/2015, Demirguc-Kunt and Klapper, 2012

Graph 15 shows that for the individual above age 15 usually deposit through bank teller.

In Mandvi Taluka out of total population, 102,445 were involved in work activities. 81.4% of workers term their work as Main Work (Employment or Earning more than 6 Months) while 18.6% were involved in Marginal activity providing livelihood for less than 6 months and of 102,445 workers involved in Main Work, 25,074 were cultivators (owner or co-owner) while 39,631 were Agricultural labourer. The IDBI, Dena, UCO, Bank of Baroda, Kisan Credit, services like remittance for scholarship, women's, farmers has been observed. There is need to increase awareness level and private banks should also take initiatives to expand for the development towards financial inclusion.

CONCLUSIONS AND IMPLICATIONS:

The financial inclusion level as per CRISIL inclusix is above average for India and Gujarat. The financial inclusion level is high for districts Bharuch, Jamnagar, Anand, Navsari, Porbandar, Tapi and low for Banas Kantha, Bhavnagar, Dahod, Dangs, Panch Mahal, Patan, Kantha, Surendranagar. It can be observed that districts with industrial and agricultural developments have high score as compare to districts having low employability, industrial development and having agricultural dependent on rain. The CD ratio 78.2 percent depicts that banks are borrowing from market to lend for projects and working capital rather than from lower cost deposits. Increase in number of new bank outlets opened in village is a good indication that banks are extending in rural whereas private banks need to be involved more in financial inclusion implications. There is a steady increase in electronic payments. The financial inclusion dimension like account in financial institution, borrowings it is found that poorest, female and younger adults has less percentage whereas borrowings are more in rural for business and agri purpose.

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