

ENSURING SOCIAL EQUITY THROUGH FINANCIAL INCLUSION PROGRAMMES IN RURAL TAMIL NADU – A STUDY

Dr. B.Chinnamuthu, Assistant Professor,
Department of Commerce, Madras Christian College.
East Tambaram, Chennai – 600 059, Tamil Nadu, India.

Anitharaj M.S., Assistant Professor,
Department of Commerce, Madras Christian College.
East Tambaram, Chennai – 600 059, Tamil Nadu, India.

Abstract

Social Equity refers to the inclusion and empowerment of the socially marginalized and vulnerable sections of the society through government legislations, policies and programmes. Financial inclusion policies and programmes calls in for one of the most important factor in ensuring social equity by delivering formal financial products and services at affordable costs to the disadvantaged and deprived sections of the society. It aims at including the whole economy into the ambit of banking and financial services for the overall socio-economic development of the society. India being a highly populated country having majority of population living in rural areas it is more significant for the country to have more effective inclusion schemes. However, schemes like Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Mudhra Yojana and the Financial Literacy Credit Centres (FLCC) make it possible for the positive outcomes on financial literacy in India. Due to Demonetisation and push for cashless economy, awareness has been created regarding use of formal financial products and services among people which would drive people towards greater financial inclusion. The present study examines the challenges and problems in attaining social equity through financial inclusion programmes. The outcome of this paper would help the Government and banking sector to identify the challenges and take suitable actions for the attainment of inclusive and sustainable growth in the economy.

Keywords: *Social Equity, Financial Inclusion programmes, Inclusive Growth, Sustainable Development, Government of India, Rural Tamil Nadu.*

INTRODUCTION:

Financial inclusion has been recognized as a key building block which will form the foundation for achieving several of UN's Sustainable Development Goals. It helps in considering the common man to be included in the mainstream economy by empowering them with ample financial and credit products and services. Financial inclusion programmes and services designed by the government ensures that the socially

vulnerable section of the society also participate in the capital formation and sustainable development of the economy.

Definition of Social Equity:

Social Equity is defined as “The fair, just and equitable management of all institutions serving the public directly or by contract; the fair, just and equitable distribution of public services and implementation of public policy; and the commitment to promote fairness, justice, and equity in the formation of public policy.” (National Academy of Public Administration)

Definition of Financial Inclusion:

According to Dr. Raghuram G. Rajan (2009), the chairman of The Committee on Financial Sector Reforms, Financial Inclusion refers to universal access to a wide range of financial services at a reasonable cost. These include not only banking products but also other financial services such as insurance and equity products.

Thus, ensuring Social Equity through Financial Inclusion Programmes includes improving service delivery to the poor, by expanding the beneficiaries to include all the citizens from the bottom of the pyramid through greater accountability. This research paper attempts to provide an understanding about the practical difficulties and challenges in ensuring social equity through financial inclusion programmes in India with regards to the rural population.

LITERATURE REVIEW:

Agarwal, Yadav, Pandey, (2016) the study found that Financial inclusion makes the people to enable for services which they were not able to access earlier. So they would be linked with elite section of society which will make the people financially as well as socially strong. It suggested that awareness should be imparted to all the people without any discrimination on the grounds of sex, colour, caste, creed etc.

Radhika Dixit and M. Ghosh (2013) the study focuses on understanding inclusive growth phenomenon, its need and financial inclusion as an instrument to attain it with reference to its extent in Indian States. The study suggested that for attaining inclusive growth there is a need for resources, and for resource generation and mobilization financial inclusion is required. It plays a very crucial role in the process of economic growth.

Chakrabarty K.C (2011) in the article - Financial inclusion is the process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost in a fair and transparent manner by mainstream institutional players. Financial inclusion has become one of the most critical aspects in the context of inclusive growth and development.

Rationale of the study:

This research work is unique as it is focusing to identify the challenges in ensuring social equity through financial inclusion programmes in rural Tamil Nadu. The present study will help the Government to identify the problems and challenges in achieving equity and empowerment of the socially marginalised and vulnerable sections in rural Tamil Nadu. Inclusive financing pertaining to the rural population of the country in achieving social equity is the main focus of this research study which is found to be a grey part in the earlier literatures.

Objectives of the Study:

1. To study the various financial inclusion programmes that ensures social equity.
2. To study the challenges in achieving social equity through financial inclusion programmes.
3. To suggest measures to overcome the problems in achieving social equity through financial inclusion programmes.

Hypotheses of the Study:

1. H_0 - There is no significant difference between Educational Qualification of the respondents and the Awareness level of Financial Inclusion Schemes.
2. H_0 - There is no significant influence between financial inclusion schemes and social equity of the people.

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 Judgment sampling method and the limited sample of 300 respondents have limited the findings of the study.

Research Methodology:

The research work is empirical in nature. A survey questionnaire designed and distributed under Judgment sampling method to find out the people's Awareness about the Financial inclusion schemes and programmes in Kancheepuram district. 300 samples are considered for the study. Books, journals and web sites constitute the secondary data.

ANALYSIS AND INTERPRETATION:

The data analysis is completely done with the help of SPSS (15th version). The reliability of the data per Cronbach's Alpha is 81.33%. In order to achieve the objectives of the study statistical techniques are used and the results are presented below.

Table 1 showing the Demographic Profile of the Respondents

Demographic Profile	Frequency (n=300)	Percent
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Age (In Years)	Upto 20 years	35	11.67%
	21-30 years	87	29.00%
	31-40 years	99	33.00%
	41-50 years	46	15.33%
	Above 50 years	33	11.00%
Gender	Male	162	54.00%
	Female	138	46.00%
Educational Qualification	Illiterate	32	10.67%
	Primary/Middle	56	18.67%
	SSLC/Higher Secondary	86	28.67%
	Diploma Holder	41	13.67%
	Under Graduate	33	11.00%
	Post Graduate/Professional	52	17.33%
Marital Status	Single	49	16.33%
	Married	251	83.67%
Occupation	Farmer	31	10.33%
	MNREGA Worker	31	10.33%
	Labour	67	22.33%
	Private Employee	103	34.33%
	Government Employee	29	9.67%
	Self-Employed/Professional	39	13.00%

Source: Primary Data

Inference: It is inferred from the above table that majority (33%) of the respondents belong to 31-40 years age group. 54% of the respondents are male and 46% of the respondents are female. Around 28% of the respondents have qualification up to SSLC/Higher Secondary level. 83% of the respondents for the studied are married and around 34.33% of the respondents are employees of private sector. So it is an important area for the government to concentrate more on the younger and earning population of the society for a more reliable social inclusion.

Table 2 showing the Awareness level of respondents on Financial Inclusion Schemes by the Government of India

Financial Inclusion Schemes	Frequency (n=300)		Percent	
	Yes	No	Yes	No
Pradhan Mantri Jan Dhan Yojana	215	85	71.67%	28.33%

Pradhan Mantri Jeevan Jyoti Bima Yojana	153	147	51.00%	49.00%
Pradhan Mantri Suraksha Bima Yojana	127	173	42.33%	57.67%
Atal Pension Yojana	127	173	42.33%	57.67%
Direct Benefit Transfer	110	190	36.67%	63.33%
PAHAL Scheme	161	139	53.67%	46.33%

Source: Primary Data

Inference: It is inferred from the above table that around 71% of the respondents are well aware about the Pradhan Mantri Jan Dhan Yojana. Majority of the respondents are also aware about PAHAL Scheme (53.67%) and Pradhan Mantri Jeevan Jyoti Bima Yojana (51%). Around 42.33% of the respondents are aware about Pradhan Mantri Suraksha Bima Yojana and Atal Pension Yojana. Only 36.67% are aware about the Direct Benefit Transfer Scheme. Thus it is implied that all the schemes have a fairly higher level of awareness among the rural population.

Table 3 showing the influence of Educational Qualification on the Awareness level of Financial Inclusion Schemes

Independent t-test technique was utilised to analyse the influence of Educational Qualification on the Awareness level of Financial Inclusion Schemes. The following table reveals the result of the test.

Independent Samples Test

Financial Inclusion Schemes	t-value	P-value
Pradhan Mantri Jan Dhan Yojana	2.949	0.004*
Pradhan Mantri Jeevan Jyoti Bima Yojana	3.930	0.000*
Pradhan Mantri Suraksha Bima Yojana	2.741	0.007*
Atal Pension Yojana	2.430	0.017*
Direct Benefit Transfer	3.397	0.001*
PAHAL Scheme	3.847	0.000*

Source: Computed Data

*5% Level of Significance

H₀ - There is no significant difference between Educational Qualification of the respondents and the Awareness level of Financial Inclusion Schemes.

From the above table it is inferred that the t-value and p-value disclosed a strong influence of educational qualification towards the awareness level of financial inclusion schemes at 5% level of significance. Hence, it can be concluded that there is a no significant difference between Educational Qualification and the Awareness level of Financial Inclusion Schemes. Thus, the null hypothesis is rejected.

Table 4 showing the influence of Financial Inclusion Schemes on Social Equity

The multiple linear regression analysis was used to check the influence of financial inclusion schemes initiated by the Government of India on the social equity of the people. The results are presented as follows:

Table 4.1 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.248 ^a	.062	.042	.79288

Source: Computed Data

Table 4.2 ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	12.091	6	2.015	3.205	.005 ^b
Residual	184.198	293	.629		
Total	196.289	299			

Source: Computed Data

Table 4.3 Co-efficients

Financial Inclusion Schemes and Social Equity	Standardized Coefficients	t	Sig.
	Beta		
(Constant)		13.518	.000
Pradhan Mantri Jan Dhan Yojana	-.159	-2.219	.027*
Pradhan Mantri Jeevan Jyoti Bima Yojana	.105	1.220	.223
Pradhan Mantri Suraksha Bima Yojana	.040	.466	.642
Atal Pension Yojana	.031	.339	.735
Direct Benefit Transfer	.179	2.247	.025*
PAHAL Scheme	-.124	-1.770	.049*

Dependent Variable: SOCIAL EQUITY

5% Level of Significances

Source: Computed Data

H₀ - There is no significant influence between financial inclusion schemes and social equity of the people.

From the above table it is found that there is a strong influence of financial inclusion schemes introduced by the Government of India on the social equity of the people at 5% level of significance. It is further inferred that the Pradhan Mantri Jan Dhan Yojana, Direct Benefit Transfer and PAHAL Scheme are having a strong relationship towards the social equity of people. Therefore, the null hypothesis is rejected.

CONCLUDING OBSERVATIONS:

In this study the researcher was able to find out that the financial inclusion programmes and policies brought by the government has a major impact on the social equity and growth of the economy especially with regard to the rural population. There is no significant difference between the Educational Qualification of the respondents and the Awareness level of Financial Inclusion Schemes. The initiatives taken by the government has brought unbanked society, especially in the rural population of the country into the mainstream financial participation. With these continued support and awareness schemes created by the government soon the financial policies will benefit in capital formation and contribute for a balanced and sustainable growth of the Indian economy. Thus, the positive roadmap evolving will help India emerging as an economically superpower nation among the developed and developing economies globally.

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