



## AWARENESS AND ACCESS OF FINANCIAL INCLUSION DRIVE A STUDY OF BELOW POVERTY LINE HOUSEHOLDS IN KERALA

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### ABSTRACT

Financial inclusion plays a major role in driving a way the poverty from the country. The main focus of financial inclusion in India is to promote sustainable development in rural areas. The study investigated that the level of awareness about financial inclusion forces and examined the extent of financial inclusion among below poverty line households in terms of access and continuous usage of bank account. Data are collected from below poverty line households by using interview schedule and multi stage random sampling was used for the selection of households. The study revealed that the BPL households are aware to some extent about financial inclusion drives and access bank account only for the enjoying the government benefits and schemes. This work conclude that most of the BPL household are included in the financial inclusion system in terms of access of bank account it does not lead to continues usage of bank account.

**Keywords:** financial inclusion, sustainable development, access.

### INTRODUCTION

India is a country with diverse economic condition. This diversity is prominent in every aspect of life including financial services. Households with low income often lack access to banking services. These families' finds more difficult to save and to plan financially for the future. The lack of financial services has impact on the economic condition of the people as well as economic health of the country. Financial exclusion is a both symptom and cause of poverty. For an accelerated growth of the economy it is necessary that all the people should be covered by the financial sector through the financial inclusion. All the people should have some basic banking services such as savings, credit, e-banking and insurance. Financial inclusion is the delivery of financial services at an affordable cost to the vast sections of disadvantaged and low income group of people who have been excluded from it. Financial exclusion is a problem that exists throughout the world and it arises as a result of various social and economic factors. Achieving financial inclusion is necessary to improve and achieve social inclusion. Countries around the world have come up with different policies in order to achieve financial inclusion. In India, the Government of India and the Reserve Bank of India (RBI) have taken various steps over the years commencing from nationalization of banks in 1969/1980 to the recent 'no frills' savings account scheme.

However, despite the attention paid to financial inclusion and policies devoted to enhancing access to finance, there is a dearth of information regarding access to finance. The problem of inadequate information is compounded by the fact that access does not always lead to usage. This knowledge gap poses a significant challenge in designing effective policy interventions. Since 2005, the Reserve Bank of India (RBI) has promulgated a drive for financial inclusion, whereby banks promote the participation of every household at the district-level via savings accounts for the 'unbanked'. This study is an attempt to the extent of financial inclusion among below poverty line households in terms of access and usage of bank account and also find out whether access to a bank account has led to its continues usage.

### FINANCIAL INCLUSION

Financial Inclusion is delivery of basic banking services at an affordable cost to the vast sections of disadvantaged and low income groups. It includes access to formal financial system such as financial institutions, markets and instruments, like savings, loans, remittances and insurance services, at affordable prices. A committee on financial inclusion was formed under the chairmanship of C.Rangarajan and the committee defined as "The process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost". Financial products and services provided to the people through financial inclusion. Such products and services are Service facility, Overdraft facility, Payment and remittance services, Low cost financial services, Cheque facility, Credit and Debit Cards access, Insurance etc.

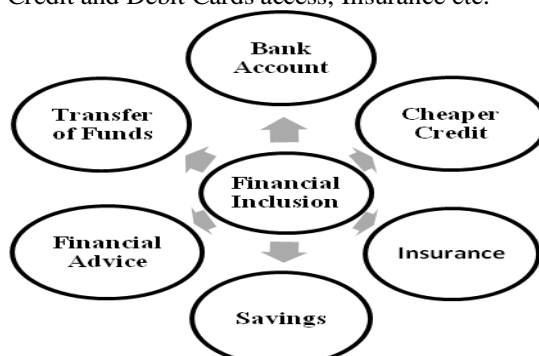


Figure 1. An overview of Financial Inclusion Services

## LITERATURE REVIEW

AmithK.Bandari(2009)in his study on”Access to banking services and poverty reduction:A state wise assesment in India”, investigated that the banks outreach among various section of popualation in the form of the saving and deposit accounts during diffrent periods.The result showed that reform periods was worst in terms of deposit account .Rural area fared better in terms of deposit accounts during pre reform period,while during post reform period highest growth in the bank accounts observed in metroplitian areas.He suggested that the growth in bank account is not significantly associated with the reduction in below poverty line population across states.As a poverty reduction strategy,developing inclusive financial system shoulsd give priority,which is financially and socially sustainable.

S.Thyagarajan and Jayram Venkatesan(2008) have analysed the result of no frills financial inclusion in cuddalor district of Tamilnadu in terms of coverage by geographical and other categories,cost involved in account opening and maintainance as also the transactional usage behaviour of such accounts.15% of the customers were operating the account and bulck of account hadn't even operated once .An analysis on the operating account showed a steady balances over one year from thier account opening date.

Dr.B.C Patnaik(etal) attempted to understand the perception of beneficiatires in general towards the basic banking service accessibility in the district of ganjam,Osdisa,study depict that the lack of regular and substancial income is one of the reason for the financial exclusion People with low income do not qualify for a loan.Most of the excluded customers are not aware of the bank's products wich are beneficial for them.

## RESEARCH PROBLEM

In India, the focus of the financial inclusion at present is confined to ensuring a bare minimum access to a savings bank account without frills, to all. The study focused on the extend of financial inclusion among below poverty line households in terms of access and usage of bank account and also examines whether access to a savings account leads to usage of that account and of other formal financial services.

## OBJECTIVES OF THE STUDY

- ❖ To examine the level of awareness about financial inclusion forces among BPL households
- ❖ To examine the extent of financial inclusion among below poverty line households in terms of access and usage of bank account
- ❖ To finds out whether access to a bank account has led to its continues usage

## METHODOLOGY

The study was conducted in a descriptive style using both secondary and primary data. Secondary data collected from various secondary sources i.e. published articles, journals, reports, books and websites, Primary data collected with the help of interview conducted among the BPL households. Area of the study is confined to Malappuram District.200 respondents are randomly selected by using Multi stage random sampling .Likert scale, mean, percentage and ratios are used for analysis.

## ANALYSIS AND DISCUSSION

According to this study, demographic factors like gender, age group, occupation and literacy level which are influenced the BPL household in terms of awareness, access and usage of bank accounts. Middle age group are more aware about financial inclusion, and Awareness, access and continuous usage of bank account are depending upon the literacy level of respondent.

**Table.1 Demographic profile of respondent**

Variable	Classifications	Frequency	Percentage
Gender	Male	144	72
	Female	56	28
Age	20-30	12	6
	30-40	36	18
	40-50	60	30
	Above51	92	46
Occupation	Farmer	38	19
	Agricultural labour	64	32
	coolie	86	43
	Others	12	6
Literacy Level	Illiterate	25	12.5
	Primary	99	49.5
	Secondary	68	34
	Graduate	8	4

Financial inclusion drives such as no frill bank account,kisan credit card, general purpose credit card,ATM,debitcard,internet banking are used for measuring the awareness level of BPL household. Most of the respondents are fully aware about the no frill bank account. Least of the respondents are aware about kisan credit card and general purpose credit card. None of them are aware about the debit card and internet banking .Mean score of financial inclusion drive is1.76.It depict that BPL household are aware to some extend about financial inclusion drive.

**Table.2 Awareness level about financial inclusion drive**

Financial Inclusion Drive	Fully aware	Aware to some extent	Un aware	Mean score
	frequency	frequency	frequency	
No frill bank account	110	78	12	2.49
Kisan credit card	34	66	110	1.72
General purpose credit card	20	55	125	1.48
ATM	52	94	54	2.46
Debit card		45	155	1.23
Internet banking		6	194	1.06
Total mean score				<b>1.76</b>

Most of the BPL households are using bank account for the benefits and subsidies offered by the government in various schemes. Bank accounts are opened by households for savings and loans are comparatively very low.

**Table3 Reasons for opening bank account**

Reasons	Frequency	Percentage
Savings	32	17
To get loans	41	22
To enjoy the benefits & subsidies offered by the Govt. in various schemes	115	61
Other reason	-	
Total	188	100

BPL Households are not frequently use the bank account because they can use bank account only for the benefits & subsidies offered by the Govt. in various schemes. Some of the respondents are using but they have no fixed time. Least of them are frequently using banking services.

**Table.4 Frequency of usage of bank account**

Frequency of usage	Frequency	Percentage
Never	88	47
Monthly	18	10
Six monthly	4	2
Annually	14	7
No fixed Time	64	34
Total	188	100

According to this study, very small number of respondents is using banking services like Kisan credit card, General purpose credit card and ATM. No one of them are using banking services like debit card and credit card.

**Table.5 Usage of Banking Services**

Banking Services	Yes		No	
	frequency	percentage	frequency	percentage
Kisan credit card	24	13	164	87
General purpose credit card	10	5	178	95
ATM	42	22	146	78
Debit card	-		188	100
Credit card	-		188	100

## MAJOR FINDINGS.

- Demographic variables which are influenced the BPL household in terms of awareness, access and usage of accounts. Literacy level and occupation of respondents are highly influenced to access and continuous usage of bank account.
- The result found that BPL households are aware to some extent about financial inclusion drives. Most of the respondents are fully aware about the no frill bank account. Least of the respondents are aware about kisan credit card and general purpose credit card.
- The study revealed that most of the respondents have bank account. It is opened only for the enjoying the government benefits and schemes like MGNREG, LPG.
- BPL households have access bank account, it does not lead to continuous usage of bank account and, very small number of respondents is using banking services like Kisan credit card, General purpose credit card and ATM.

## CONCLUSION

Financial inclusion primarily represents to a bank account backed by deposit, access to affordable credit and the payment system. This work conclude that most of the BPL household are included in the financial inclusion system in terms of access of bank account. It is only for the enjoying the government benefits and schemes. It must be noted that access to a bank account does not necessarily mean usage of the account. The level of awareness about the features and

benefits of bank account and banking services are comparatively low. Bank must take step to increase the awareness among people about all schemes and services provided by them. To induce saving habit among BPL households it will lead to continuous usage of bank account. All this will lead to achieving financial inclusion system in effectively for the growth of our economy.

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