CHAPTER - VII
FINDINGS, CONCLUSION AND SUGGESTION

Financial literacy, Financial access and Financial inclusion can lead to poverty alleviation. Infact, India, was serious about bringing changes to the life of rural and urban downtrodden people. Our policy makers have taken several measures to curb poverty and bring in growth. Our five year plans have been focussing on ‘equality of income and social justice’ for the population representing the lower strata. Access to finance, especially by the poor and vulnerable group are prerequisite for employment, economic growth, poverty reduction and social cohesion. There is a strong sign of inequality prevailing among the regions and due to which situation like haves and have-nots affect the economic growth.

Another area of concern is financial exclusion, this leads for dependence of the on non-formal source of financing arrangements. This hampers the economic growth and in turn it affects the GDP of the nation itself. To bring this excluded population into the financial inclusion, Government of India nationalised the banks and marked a paradigm shift towards mass banking from the class banking practices. Yet, banking services have not reached a vast segment of population, especially the underprivileged sections of the society. So, the Financial Inclusion plays a multitude of dimensions, reflecting the variety of possible financial services, from payments and savings accounts to credit, insurance, pensions and securities markets. Keeping these information sources as a base, the research on “Impact of Financial Inclusion on the Socio Economic Conditions of Weaker Section of the Society” was undertaken. The study focussed on the awareness of respondents on various schemes of financial inclusion and the impact of financial inclusion on the socio economic conditions of
the people who were part of it. This chapter presents the summary of findings, suggestions and conclusion of the study.

7.1 Major Findings of the Study

The important findings of the study are given in this section. The findings are classified into those related to study of awareness among the general public on financial inclusion and those related to study of impact of financial inclusion on the socio economic conditions of the weaker section of the society.

7.1.1 Findings related to Awareness among the General Public on Financial Inclusion

The study has been carried out in two phases. In the first phase the awareness of the respondents about financial inclusion is studied. In the second phase the impact of financial inclusion is studied on the socio economic condition of the weaker section of the society. For studying the awareness of respondents on financial inclusion 254 respondents were selected. The results of it are given here in brief manner.

1. From the personal profile of the respondents, it is noticed that, the respondents above 45 years have responded close to 50 percent of the total respondents. Next to this, the respondents in the age group between 36-45 years have responded close to 24 percent. Around 71 percent of the respondents belong to male population. Around 85 percent of the respondents are the married. Majority of the dependants (67%) fall into adult category and are also in the age limit of above 45 years. It is noticed that around 50% of the respondents are either graduates or postgraduates and around 30 percent of the respondents are non-degree holders.

2. It is observed from the family profile of the respondents that, around 70 percent of the respondents are living in a nuclear family set up. This is in line with real
situation, where most of the population prefer to live in a nuclear family set up. Among the total respondents, around 23 percent of the respondents spouses are undergraduates and around 23 percent of the respondents spouse are non-degree holders. With regard to respondents children education, it can be noticed that, around 25 percent of the children are having college education and rest of the children are either pursuing HSC or pursuing lower level of standards. Around 50 percent of the respondents children are studying in government institutions viz a viz to respondents children studying (17%) in the private institution and 17 percent of the children studying in professional institutions.

3. From the observation on Socio Economic Profile of the respondents, it is found that, around 32 percent of the respondents are earning an income of Rs.10,000 and less per month and at the same time around 28 percent of the respondents are earning an income of Rs.30,000 and above. Major group of the respondents (33.5%) were employed in private organisation and only 24 percent of the respondents were employed in government services. Among the total respondents, around 95 percent of the respondents have the bank account and rest of the respondents (5%) do not have bank account and these respondents may fall into the excluded category. Around 87 percent of the respondents have bank account with nationalised bank and rest of the respondents have bank account either with private bank, foreign bank or with cooperative bank. This indicates that priority of financial inclusion implementation is seen highly with nationalised bank. Majority of the respondents (71%) have bank account along with ATM facility and uses regularly the ATM facility. 29 percent of the respondents have bank account with ATM facility but they do not use that facility.
Out of the total respondents selected, 48 percent of the respondents have credit card facility and around 52 percent of the respondents do not have credit card facility. It is necessary that, usage of credit card is must and will substantially reduce cash transactions. So the banks and other institutions have to step up its awareness campaign. It is observed that among the cardholders, 84 percent of the respondents have availed debit card services and only 16 percent of them have availed credit card services. This clearly indicates that reach of debit card is much higher than the reach credit card facility. It is advantageous situation, where both the card is used against the cash transactions. Among the card establishment in large, VISA card is more prevalent and the majority of the respondents (55.4%) are using VISA credit card. One fourth of the respondents (24.8%) use the card which is issued by the respective banks. Once Master card was more prominent in India but the study has presented that around 20 percent of the respondents only are using.

4. The findings from the investment into utilities owned by the respondents gives us the understanding like; around 96% of the respondents own a mobile phone (s) but very little percentage of the respondents, that is 3 percent only does not own a mobile phone (s). Almost 46 percent of the respondents have invested lesser than Rs.5,000 in mobile phone. At the same time 22 percent of the respondents have invested Rs.10,000 in the mobile phone. It is observed that almost 72 percent of the respondents possess a vehicle and only 28 percent of the respondent do not possess a vehicle. This indicates that respondents are having favourable economic situation. In addition, almost 86 percent of the respondents own a two wheeler, either a scooter or a motorcycle. Rest of the respondents (14%) own a car. Around 39 percent of the respondents have
invested around Rs.40,000 – Rs.50,000 in the vehicle they own and at the same
time 20 percent of the respondents have invested around R.30,000 to Rs.40,000.
This provides information that income disparity is prevailing among the
respondents.

5. Findings from the social identities, insurance policies and facilities held by the
respondents reveal that, majority of the respondents (81%) are holding Aadhaar
card and 19 percent of the respondents are still to take Aadhaar card. As
government insist on this subject matter, most of the respondents do possess
Aadhaar card. Likewise PAN card is also becoming mandatory aspect, so 68
percent of the respondents are holding PAN card and still 32 percent of the
respondents have to secure PAN card. Since, regulators are insisting the PAN
card for all the income and expenditure, the increase in PAN card holding is
seen to the previous occasion during the study.

Almost 64 percent of the respondents have Life insurance policy but still
36 percent of the respondents have to go for procuring Life insurance policy.
Though health insurance is becoming essential to respondents, however, study
reveals that 50.4 percent of the respondents are not having the health insurance
policy and only (49.6%) of the respondents are having health insurance policy.
It clearly indicates that respondents are not having awareness about medical
treatment charges. Another area of concern is, around 42 percent of the
respondents only have accident insurance coverage and around (58%) of the
respondents do not have accident insurance coverage. This clearly indicates that,
respondents are not considering life as a precious asset.

As large as 72 percent of the respondents have vehicle insurance policy
and about 28 percent of the respondents do not have vehicle insurance policy.
Most of the respondents are aware of vehicle maintenance is becoming costly affair and especially when accident occurs. So most of them have preferred to go for buying vehicle insurance policy and indirectly, accident insurance also gets covered. Around 65 percent of the respondents are not availing mobile banking facility and around (35%) of the respondents only are availing mobile banking facility. Although there are so many mobile users are available in this country, still bank transactions are not carried out through mobile application. More awareness from the respective departments needs to be stepped up. Likewise, around 54% of the respondents are not having net banking facility and only 46% of the respondents are having net banking facility. This is another area where promotion is required to facilitate online business and to increase cashless transactions.

6. In the findings of living condition of the respondents and minimizing the risks of dependents; it is observed that majority of respondents (50%) are living in the same address for more than seven years. This will enable them to avail certain benefits from the government agencies. Around 58 percent of the respondents are living in their own houses and 41 percent of the respondents are living in the rented houses. Further findings have led to the information that 57 percent of the respondents have purchased the house on their own savings and around 43 percent of the respondents have purchased their houses through the loan acquirements. Further findings have provided information that about 78 percent of the respondents have acquired the housing loan from the banks and next level of source of loan is 14 percent acquired from cooperative society. 27 percent of the respondents are repaying around Rs.10, 000 – Rs.15, 000 towards loan
amount on a monthly basis and around 24 percent of the respondents are repaying less than Rs.5,000 per month.

While analysing further, it is observed that around 49 percent of the respondents are still repaying the loan amount. Likewise, around 38 percent of them have settled the loan. The respondents living in the rented house, that is, 94 percent of them are paying rent of Rs.10,000 – Rs.20,000 per month and around 78 percent of the respondents are paying a rent of Rs.5,000 - Rs.10,000. While investigating further, around 87 percent of the respondents are not receiving any amount from the employer as a contribution towards rent. But, 44 percent of the respondents receive some amount (without specification) as a contribution towards rent from their employers. 33.4 percent of the respondents have taken the house on contract for 5 years period.

It is observed that 60 percent of the respondents have not taken life insurance policy for their spouse and children and 40 percent of the respondents have taken life insurance policy for their spouse and children. Another finding is, around 64 percent of the respondents have not taken health insurance policy for their spouse and children and only around 36 percent of them have taken health insurance policy. Around 79 percent of the respondents have not taken any accident insurance policy for their family members and around 21 percent of the respondents have taken accident insurance policy for their family members. Around 67 Percent of the respondents have taken Aadhaar card for their family members and around 33 percent of the respondents have not taken Aadhaar card for their spouse and children.

7. One way ANOVA test was conducted to identify the influences of demographic variables over the factors of financial inclusion like (a) Credit/Debit cards &
banking services (b) Mobile/Net banking services (c) Knowledge & Awareness of financial services (d) Capital Market & Financial Services (e) Financial Incentives and Schemes. The personal variables such as age, gender, marital status, education, monthly income and nature of organisation are studied with the awareness of the respondents on the factors of financial inclusion. A null hypothesis was formulated and framed for each personal variable to factors of financial inclusion. ‘F’ values of the personal variables have significant influence over the factors of financial inclusion and hence the null hypothesis was rejected. However, ‘gender’ and ‘marital status’ do not significantly influence on one of the factor of financial inclusion, that is, ‘Credit/Debit cards & Banking services’.

Findings on the basis of mean values are given below:
(a) Lesser age group of respondents in the classification have more understanding and influence on the factors of financial inclusion than the respondents with higher age group. (b) Among the gender classification, females have more understanding and influence on the factors of financial inclusion except on ‘Credit/Debit cards& banking services’ over the male respondents. (c) In comparison to the married respondents, unmarried respondents have more understanding and influence on the factors of financial inclusion except on ‘Credit/Debit cards& banking services’. (d) Among the educational levels of the respondents, postgraduate respondents are having more understanding and influence over the factors of financial inclusion except the factor ‘Financial Incentives & Schemes’. (e) The respondents earning a monthly income of above Rs.30, 000 per month are having better understanding and influence over the factors of financial inclusion. (f) The respondents working in the public limited
organisation have good understanding and influence over the factors of financial inclusion except on ‘Credit/Debit cards & banking services’ and ‘Mobile/Net banking services’.

8. To test the significant difference in the mean values with respect to different factors of the study, a null hypothesis was framed, details of which are given below; “There is no significant difference between the mean responses for (i) Credit/Debit Card & Banking services (ii) Mobile/Net Banking services (iii) Knowledge & Awareness of Financial Services (iv) Capital Market & Financial Services (v) Financial Incentives & Schemes”. One sample t-test was applied to test the hypothesis. It was found that there is significant difference among the mean response of the factors selected for the study. Therefore the null hypothesis was rejected other than two factors namely, Knowledge & Awareness of Financial Services and Financial Incentives & Schemes.

9. For measuring the overall awareness of financial inclusion, five factors comprising of 68 items were taken into account. The factors selected for the study were: Credit/Debit Card & Banking services, Mobile/Net Banking services, Knowledge & Awareness of Financial Services, Capital Market & Financial Services, and Financial Incentives & Schemes. The perception of respondents on these factors was studied. On the basis of mean responses, the factors were classified into high and low level categories. The factors which secured mean score below 3 out of the 5 point scale measure indicated low level of awareness on financial inclusion among the respondents. Similarly, the factors which secured above 3 mean score indicated the high level of awareness on financial inclusion among the respondents. Hence, it was concluded that the respondents of the study had a high level of mean score except the mobile/net
banking services with relation to awareness on financial inclusion. Therefore, it is evident that except the mobile/net banking services, respondents are having high level of awareness about financial inclusion.

10. Among the personal variables, gender was considered as a categorical variable to identify the relationship between the group of independent variables, namely, credit/debit cards & banking services, mobile/net banking services, knowledge & awareness of financial services, capital market & financial services, and financial incentives & schemes. The interest is to identify how many dimensions are required to express this relationship. The Discriminant analysis for group predictability of respondent’s gender for awareness level towards financial inclusion was applied. The result of descriptive of awareness towards financial inclusion shows that between the gender classifications, mobile/net banking service mean score is the lowest among the other factors (aspects) of financial inclusion. The standardized discriminant function coefficient indicates the relative importance of independent variables in predicting the dependent variable gender.

11. Among the facilities held by the respondents, mobile banking was considered as a categorical variable to identify the relationship between the group of independent variables, namely, credit/debit cards & banking services, mobile/net banking services, knowledge & awareness of financial services, capital market & financial services, and financial incentives & schemes. The interest is to identify how many dimensions are required to express this relationship. The Discriminant analysis for group predictability of mobile banking facility for awareness level towards financial inclusion was applied. The result of descriptive of awareness towards financial inclusion shows that mobile banking
facility with that factors show that, mobile/net banking service mean score is the lowest among the other factors (aspects) of financial inclusion. Hence the discriminant function does better than chance at separating the groups.

12. Exploratory factor analysis was done further to understand the one factor’s influence over others within the factor. Totally 68 variables were loaded into the factors of financial inclusion, namely, credit/debit cards & banking services, mobile/net banking services, knowledge & awareness of financial services, capital market & financial services and financial incentives & schemes. The results of the KMO measure of sampling adequacy and Bartlett’s test of sphericity indicates that application of factor analysis was appropriate for the data. Further the variables have adequate communalities. On the basis of factor analysis, a single factor solution for each factor of the financial inclusion was identified.

13. Chi-square test was done to study the association between the living status, period of living, and type of houses and awareness on financial inclusion. Cross tabulation of personal variables and awareness on financial inclusion reveal that there is significant association exist between living status and awareness on financial inclusion. Whereas, period of living and type of houses have no significant association and awareness on financial inclusion. Hypothesis was formulated and tested. The analysis on living status reveals that major group of the respondents (48.1%) living in the joint family has low level of awareness on financial inclusion. Analysis on period of living in the same address reveals that, there is no association with the awareness on financial inclusion. Likewise, there is no significant association exist between type of house and awareness on financial inclusion.
14. Cross tab analysis was done to identify the association of the socio economic variables such as bank account, bank account with ATM facility, type of banks, credit card and credit services on financial factors, namely, credit/debit cards & banking services, mobile/net banking services, knowledge & awareness of financial services, capital market & financial services and financial incentives & schemes. To ascertain the association, the two way test was conducted. The columns highlight on the awareness level of financial inclusion as low, moderate and high.

15. To ascertain the association between mobile phone and awareness on financial inclusion, two way test analysis was conducted. Majority of the respondents have revealed that they possess mobile phone. But 37.3 percent of the respondents have low awareness on financial inclusion.

7.1.2 Findings Related to Impact of Financial Inclusion on the Socio Economic Conditions of Weaker Section of the Society

The impact of financial inclusion on the socio economic conditions of weaker section of the society was studied. The important findings relating to it are given below:

There were 251 respondents selected for this study.

1. Personal profile of the respondents indicates that, the respondents in age group of 30-35 years have responded around 34 percent of the total respondents. Next to this, the respondents in the age group between 35-40 years have responded around 22 percent. Among the responses, around 52 percent of the respondents belong to female population. 78.1 percent of the respondents are married. Around 55% of the respondents have a nuclear family set up. It is noticed that
around 30 percent of the respondents are graduates and around 28 percent of the respondents have done only high school.

2. The result of the living status of the respondents shows that 67 percent of the respondents are living in the concrete house. Around 38 percent of the respondents are living in the same address for more than seven years. Likewise, 32.3 percent of the respondents live in the same address between 2-5 years. This indicates about the new arrival of families into this area. 59 percent of the respondents are living in their own house and around 40 percent of the respondents live in the rented house. Around 61 percent of the respondents have used their savings as a source to own their houses.

3. The results of the services held by the respondents reveal that 55.6 percent of the respondents have debit card services. But only 23.8 percent of the respondents are having the credit card services. Among the respondents, around 71 percent do not have mobile banking facility and likewise around 63 percent of the respondents do not have net banking facility. 73.7 percent of the respondents have taken Life insurance policy, 66.5 percent of the respondents have taken health insurance policy and only 58.6 percent of the respondents have taken vehicle insurance policy.

4. The analysis of the socio economic profile of the respondents points out that 38.6 percent of the respondents are having their own business (Small in nature) as occupation, the respondents working in other sector is 45.8 percent. About 35.9 percent of the respondents are earning in the range of Rs.5,000-Rs.10,000 per month and 32.7 percent of the respondents are earning within the range of Rs.5,000 per month. Major group of the respondents spouses (45.8%) have not revealed of their monthly earnings. However, 19.1 percent of the respondents
spouses were earning in between Rs.5,000 to Rs.10,000 per month. About 89.6 percent of the respondents felt that education for children was essential to manage career prospectus. Among the selected respondents for this study have determined that, majority (81.7%) of the respondents belong to the districts of Tamilnadu state. The remaining portion of population indirectly informs of migration from other areas.

5. The results of the availing of banking services by the respondents are in line with the requirement of financial inclusion side. 95.2 percent of the respondents have bank account and most of the respondents (33.9%) have account with private bank and then with nationalised bank (24.7%). Likewise, 77.3 percent of the respondents are using ATM facility and most of the respondents (81.2%) are having ATM card for withdrawing cash purposes only. 55.6 percent of the respondents have debit card but only 23.8 percent of the respondents have credit card and 20.5 percent have Rupay card. This denotes that, deferred payment pattern are not being practiced.

6. Findings with regard to possession of social identities, it is also on the positive side of the financial inclusion. 87.3 percent of the respondents are having ration card, 95.7 percent have voters card and 87.6 percent of the respondents are having Aadhaar card. 57 percent of the respondents are having driving licence.

7. The results of the family background of the respondents in terms of responsibilities are also driving more or less towards the positive side of the financial inclusion. 74.5 percent of the respondents are able to take decision independently for their house. 68.4 percent of the respondents make their own budget from their income source. In terms of sharing of responsibility in the
house, 56.3 percent of the respondents receive supports from other household member.

8. Findings of the financial commitments and responsibilities are less oriented towards the financial inclusion side. 36.7 percent of the respondents children are not availing any scholarships and majority of the respondents (51.4%) have answered not applicable category, this denotes that they are not aware of availability of various scholarships particulars and some of them have very small age of children. Only 14.3 percent of the respondents have availed education loan for their children studies and major portion of the respondents, i.e., (49%) have answered not applicable category. Again this denotes that either they are not aware of availability of education loan or may have children of smaller age group. 72.2 percent of the respondents have acquired education loan from banks and 16.7 percent have taken support from microfinance institutes.

Among the respondents availed housing loan, 28.7 percent of the respondents have availed the loan from the banks and 8 percent of them have acquired loan from the microfinance institutions and majority of the respondents (51%) have answered not applicable category. Some of them own the ancestral property or owning a house in an encroached area. Housing loan denotes not only full construction but also about carrying out repair works and maintenance. 11.2 percent of the respondents are repaying less than Rs.2, 000 per month towards the housing loan amount and 10.4 percent of the respondents repay between Rs.3, 000 to Rs.4, 000 per month towards the housing loan. Majority of the respondents (65.3%) have not answered. Among the respondents living in the rented house, 13.5 percent of the respondents are paying rent of Rs.3, 000 – Rs.4, 000 per month and 12 percent of the respondents pay a rent of Rs.2, 000 –
Rs.3, 000 per month. At the same time most of the respondents (60.2%) have not answered.

9. Results of the respondents desire fulfilment has been brought out here for understanding. 86.1 percent of the respondents own mobile phone(s), 84.1 percent of the respondents own television, but 65.7 percent of the respondents do not own a computer, 72.5 percent of the respondents are having vehicle for their personal commutation purposes and 89.6 percent of the respondents have cable connection in their houses. The above mentioned data provides information that, respondents are moving towards upgrading their life styles and improving their living standards. This shows that responses are driving to positive side of the financial inclusion.

10. Findings about the respondents acquiring the type of utility and desirous products/services are brought out here for an understanding. 76.7 percent of the respondents own laptop, 75.4 percent of the respondents own a normal colour television and around 21 percent of the respondents own a LCD colour television, 52.2 percent of the respondents own a motorcycle and 29.7 percent of the respondents own a scooter. This denotes that respondents are improving their economic condition and shows the positive side of financial inclusion.

11. Chi-square test was conducted to study the relationship between household decision making and impact of financial inclusion. (a) The association between decision maker and impact of financial inclusion were significant. (b) The association between rent paid by the decision maker and the financial inclusion have significance. (c) The relationship between the rent contribution from employer and impact of financial inclusion were significant and are associated.
12. For evaluating access to financial services and the impact of financial inclusion, five factors of financial services were taken into account. These are banking services, mobile/net banking services, knowledge & awareness of financial services, financial incentives and schemes, and women and their contributions. One sample t-test was done to analyse the data on the impact of financial inclusion among the respondents. The results of the analysis indicated that there is a significant difference among the mean scores relating to all the factors. The mean scores were laid down between 3.00 and 3.74. Hence, it is concluded that all the factors of financial inclusion except mobile/net banking services are highly influential. This indicates that respondents are positively driven towards the financial inclusion side.

13. To study the association between the impact of financial inclusion and their demographic variables, one-way ANOVA test was done. The personal factors such as age, gender, marital status, living status, education, occupation, monthly income, spouse education, and spouse employment were studied with selective factors of services such as banking services, mobile/net banking services, and knowledge and awareness of financial services towards impact of financial inclusion. Of the 10 personal variables, except for spouse employment, all other variables were influencing the impact of financial inclusion significantly. The null hypothesis was formulated and tested.

14. One-way ANOVA test was also separately applied on personal and socio-economic variables of the respondents and the impact of financial incentives & schemes being one of the factors of financial inclusion. The null hypothesis was framed and tested.
The personal factors such as age, gender, marital status, living status, education and occupation were studied with financial incentives & schemes (considered as exclusive factor) to know the impact of financial inclusion. Of the 6 personal variables all variables except for living status influence the impact of financial incentives & schemes significantly.

The socio economic like monthly income, education, spouse employment, type of house and period of living in the same address and the impact of financial incentives & schemes being one of the factors of financial inclusion. Out of 5 socio economic variables, monthly income, education, spouse employment and type of house are the four socio economic variables other than period of living in the same address influence the financial incentives & schemes significantly.

15. The personal/socio economic variables of the respondents (women) contribution and impact of financial inclusion was studied through One-way ANOVA analysis.

The personal variables such as age, marital status, living status, education and occupation on women’s contribution towards impact on financial inclusion were studied. Out of 5 personal variables, only age and living status are the two personal variables influence on women’s contribution significantly. Hence, it was concluded that personal variables such as age and living status have their bearing on the impact of financial inclusion.

The socio economic variables such as, monthly income, spouse education, spouse occupation, type of house and period of living in the same address with that of women’s contribution towards of impact of financial inclusion. Of the 5 socio economic variables, monthly income, spouse education and spouse occupation are the only three socio economic variables influencing the women’s
contribution significantly. Hence, it was concluded that socio economic variables like monthly income, spouse education and spouse occupation have their bearing on the impact of financial inclusion.

16. Group predictability of respondents Aadhaar card and impact of financial inclusion was studied through discriminant analysis. Among the social identities, Aadhaar card was considered as a categorical variable to identify the relationship between the group of independent factors, namely, banking services, mobile/net banking services, knowledge & awareness of financial services, financial incentives & schemes and women and their contributions. The interest is to identify how many dimensions are required to express this relationship. The Discriminant analysis for group predictability of respondent’s Aadhaar card for impact level towards financial inclusion was applied. The result of descriptive of impact towards financial inclusion shows that between the Aadhaar card and mobile/net banking service mean score is the lowest among the other factors (aspects) of financial inclusion.

17. Among the facilities held by the respondents, life insurance policy was considered as a categorical variable to identify the relationship between the group of independent factors like banking services, mobile/net banking services, knowledge & awareness of financial services, financial incentives & schemes and women and their contributions. The Discriminant analysis for group predictability of life insurance policy facility for impact level towards financial inclusion was applied. The result of descriptive of awareness towards financial inclusion shows that life insurance policy facility with the factors show that, mobile/net banking service mean score is the lowest among the other factors (aspects) of financial inclusion.
18. Group predictability among the facilities held by the respondents, net banking facility and impact of financial inclusion was studied through discriminant analysis. Among the facilities, net banking facility was considered as a categorical variable to identify the relationship between the group of independent variables, namely, banking services, mobile/net banking services, knowledge & awareness of financial services, financial incentives & schemes and women and their contributions. The Discriminant analysis for group predictability of respondent’s net banking facility for impact level towards financial inclusion was applied. The result of descriptive of impact towards financial inclusion shows that between the net banking facility and mobile/net banking service mean score is the lowest among the other factors (aspects) of financial inclusion.

19. Exploratory factor analysis was done further to understand the one factor’s influence over others within the factor. Totally 56 variables were loaded into the factors of financial inclusion, namely, banking services, mobile/net banking services, knowledge & awareness of financial services, financial incentives & schemes and women and their contributions. The results of the KMO measure of sampling adequacy and Bartlett’s test of sphericity indicates that application of factor analysis was appropriate for the data. Further the variables have adequate communalities. On the basis of factor analysis, a single factor solution for each factor of the financial inclusion was identified.

7.3 Conclusion

On the basis of findings related to awareness of respondents on financial inclusion, it can be concluded that the respondents are having high level of awareness on various factors affecting financial inclusion. However, the awareness level of the
respondents about the mobile/net banking service is low. This shows that mobile/net banking services has not reached to the bottom level of the customers. The analysis of findings related to the impact of financial inclusion on the socio economic condition of the weaker sections of the society reveals that financial inclusion is having strong impact on the socio economic condition of the weaker sections of the society. Owning mobile phone, SB account with ATM card, television, computer, cable connections and motor vehicle by the majority of the respondents are evident for this. In short, it can be concluded that financial inclusion is having good impact on the standard of living of the people.

To ascertain the group predictability of respondents Aadhaar card, life insurance policy and net banking facility and impact of financial inclusion was studied through discriminant analysis. Exploratory factor analysis was done further to understand the one factors influence over others within the factor. The variables have adequate communalities.

7.4 Suggestions

On the basis of findings of the study the following suggestions are given to make the financial inclusion an effective one.

1. The Government of India and Reserve bank of India have been taking a lot of effort in promoting financial inclusion. The main objective of these agencies is to identify a clear solution to wipe out the poverty and bring in inclusive growth to the country. According to understanding of ‘Gyan Sangam’ a step towards new banking paradigm conclave document (2015), following the standard of achieving universal financial inclusion, the house holds not availing banking services had fallen to 41% (2011) from 65% in census 2001. The ratio of deprived households without getting credit support from banks and other
financial institutions were sizeably reduced from 79% in 2009 to 33% in 2014. It is also seen that, substantial increase in access to financial services. Hence it is suggested that the Pradhan Manthri Jan Dhan Yojana scheme should go on war footing by all the financial institutions to make the financial inclusion a success one.

2. Business Correspondents (BCs) should be productively utilised to improve their services towards alleviating the fear among the financially excluded households. BC’s should be trained well to act as promising pick-me agent at rural areas and at urban areas where downtrodden people are living. The findings of the research denote that, still households are not getting the full support from BCs. Therefore number of BCs is to be increased throughout the country.

3. Banks branches need to be expanded in certain deep pockets of rural areas because ATM’s alone cannot give solutions. The confidence among the households can be created only through the personal contacts. The personal touch or contact gap between the banks and the people can be misused by the money lenders and private financial institutions. If the access to the banks is limited obviously they approach the money lenders, although the households are aware of higher interest is being charged. Credit requirement may fall into two categories, one is planned availing of credit for the reasons like, children education, modifying the house or to undertake certain maintenance activities for the house, marriage expenses, etc., and other circumstance arise out of emergency. During the disaster times households may require credit support on urgency to revamp the house or agriculture activities. Such times cumbersome procedures of the banks distance themselves from providing credit to these deprived households and absence of bank branches becomes unapproachable.
4. Post office services to be utilised in a large scale to increase the financial inclusion depth. As staff of post offices have more knowledge about the local community people and have close contact with them, Government of India and RBI can extend small bank licence to promote deposit and credit operations. This may further strengthen the arms of post office to become competitive in their services. May be a wild thought, but can be tried out like engaging courier services to join hands with local post offices to pick deposits from the households and deposit the same with nearby post offices. Courier services can also learn new business. Post offices also can consider of providing ATM services to their customers by linking with banking network tree. Likewise, post offices also can offer loan to the deprived customers by linking Aadhaar card or post office identity card to their bank account.

5. Deferred payment system is not in full force. The banks should provide small credit supports to the deprived customers through credit card system. Present debit card system does not find any benefits to the banks but only easy operation for withdrawal money from ATMs. As government is encouraging cashless operations, it is better banks make use of Rupay card by extending small credit operations at least for purchases. Point of sale operations can enable the customers to avail the benefits without usage of passwords. This system is used in the country like Australia, where small credit operations for the purchases does not require any password.

6. Insurance spread is not reached to the level of the population growth. Promotion need to be stepped up and the importance of it to be educated to low income earners and deprived households. Insurance Regulatory and Development Authority should join hands with commercial banks to link life insurance
products to be promoted along with bank products by BCs in rural areas and among slum dwellers in urban areas. Certain schools nurture savings habits among the children and maintain bank deposits of their school children. As an encouragement, insurance companies should be able to offer products to these children to inculcate the savings aspect and to make use of the matured amount at a later date for investment purposes or to meet the emergency expenses. At young age, the premium amount will be less and duration of maturity can also be longer period to ensure that amount is useful to them for the higher education purposes.

7. Growing concern is hospitalisation and expenses incurred for medical treatments are on the higher side. Poor and deprived households are unable to afford themselves for medical treatments. Research study indicates that more than fifty percent of the population don’t have health insurance. Government along with IRDA can offer subsidized health insurance products to the low income earners. Furthermore, health insurance products can be added along with microfinance institutions to offer small credit to the self-help groups. The purpose of the product can ensure family protection in terms of health aspect.

8. Accident and Athal pension yojana schemes are promoted by government but awareness has not reached to the lower segment of the population. Further, promotion needs to be increased to make the scheme successful.

9. The present study reveals that penetration of mobile/net banking services like credit/debit card banking services are low. Hence creating awareness on these factors has become essential and usages of these services have to be improved. The households must be encouraged to use debit/credit cards while making purchases. Unless the households use card services they will not be able to use
mobile/net banking services for their purchases and to encourage cashless transactions. Banks and other service providers have to adopt various promotion and strategies to develop the habit of using mobile banking system.

10. Another aspect of penetration is required in the factor capital market and financial services. Most of the investors belong to the category of small investor type and are unable to invest into the secondary market. To encourage them, mutual fund companies should design and find an appropriate product to promote to this segment of population. At the same time their agents should be adequately trained to arrest miss-selling of the proposal. SEBI as a regular should be able to intervene time to time and encourage these companies to introduce innovative products. As a step forward, BCs can be trained to handle mutual fund products in addition to the regular brokers who sell securities. Thereby, BCs can handle financial services products in a basket to provide an appropriate product and services to their clients. The remuneration for the BCs will also increase and in turn it will attract them to be involved in promoting financial inclusion plan. One can explore the option of bringing in post office into this service to help their account holders.

11. Microfinance institutions and Small Banks can also play a pivotal role in bringing changes among their clients in facilitating the small credit for investments and improve their standard of living. So, it is important that regulators and government support these organisations.

12. Financial incentives & Schemes promoted by the government and other agencies are not understood and enjoyed by the low income earners because of leakages into the system. To arrest the leakages, government have to follow both subsidy method and passing of financial incentives into the bank account to take
control aspect. Introduction of Aadhaar to claim financial incentives should be seen with good spirit and every agency should take up this task with utmost care through checks and balances. The reforms and re-evaluating tax structures are also one of the steps to take care of the bottom liners. To monitor and assess the situations, one can involve certain trustworthy NGOs to provide education about the benefits to the low income earners and deprived population. This can remove not only financial exclusion but also social exclusion.

13. Finally, it can be understood that, one step alone cannot bring about changes and solution to financial inclusion plan but collective of ideas and all stakeholders and the beneficiaries’ participation only can bring in wholesome achievement of financial inclusion.

7.5 **Scope for further Research**

Research has showed several improvements in achieving financial inclusion. But at the same time further dimensions can be explored like Mobile/Net banking service penetration and impact of financial inclusion. The role of small banks and their support to low income earners and deprived people can be studied. Similarly, a separate study can be carried out on Health Insurance penetration and its impact of financial inclusion. A detailed research can also be made on the role of Philanthropists and NGOs in promoting financial inclusion. Demonetisation has created a lot of impact on the life of the people and economy as a whole. An in-depth study can be carried out on effect of demonetisation and financial inclusion.