CHAPTER VI
FINDINGS, SUGGESTIONS AND CONCLUSION

"Microcredit and microfinance will however reach the maximum number of poor clients only when it is recognized as a national priority and integrated into the financial sector. Our goal is far beyond extending more credit to more poor people. Our goal is to figure out how to work together in partnership to build financial sectors that work for everyone and in particular for those that are trying desperately to climb the economic ladder to get out of poverty."


The term ‘financial inclusion’ was explicitly used for the first time in the Annual Policy Statement for 2005-06. It observed that there were legitimate concerns in the banking practices that tended to exclude vast sections of population, in particular, pensioners, self-employed and those employed in the unorganized sector. The objectives of the study are - To review the current status of financial inclusion initiatives of the Commercial Banks in India, To ascertain the views of the bankers and business correspondents of the Commercial Banks on financial inclusion initiatives, To assess the rate of financial inclusion through Financial Inclusion Initiatives taken by Commercial Banks, To know the attitude of the selected respondents on financial inclusion initiatives taken by the Commercial Banks and To evaluate the awareness of the respondents on financial inclusion initiatives of the Commercial Banks in Nagapattinam District, Tamil Nadu. Based on the population size three blocks of the district such as Mayiladuthurai, Nagapattinam and Sembanarkovil have been selected. In the selected blocks, villages having population of more than 2000, population from 1600 to 2000, and the population of less than 1600, were chosen for the study. The following villages viz., Varadampattu, Kurichi,
Seruthiyur, Akkaraipettai, Agalangan, Andanapeetai, Kidarankondan, Chandrapadi, Visalur have been selected in the Sample blocks on the basis of maximum population in those category villages in the district. Simple random sampling method was adopted to collect the data from the respondent. The total sample size of 509 Questionnaires from the village residents of selected blocks respectively, 51 Questionnaires from bankers and 50 Questionnaires from BCs were collected in the Nagapattinam District.

6.1 FINDINGS OF THE STUDY

1. Public Sector Banks and Other Scheduled Commercial Banks were having significant differences with No. of offices, No. of employees, Deposits, Investments, Advances, Interest income, other income in India.

2. The maximum number BCs and other modes rose to 1217.89% and 2115.49% under Financial Inclusion Initiatives year ended March 2012 in India.

3. The maximum number / amounts of no-frills account with OD were 1405.56% and 980% in the year ended March 2012.

4. The classification results of population reveal that 43.2%, 64%, 79.8%, and 76.7% of respondents were classified correctly into Rural, Semi-urban, Urban and Metropolitan. The classification results of region reveal that 37.6%, 30.8%, 91%, 48.6%, 39% and 55% of respondents were classified correctly into Central Region, Eastern Region, North Eastern, Northern, Southern and Western.

5. The $R^2$ Value of 0.973 depicts that the explained variance is higher where the explanatory variable (No. of Branches) explains the dependent variable (No. of Villages covered), The $R^2$ Value of 1.000 depicts that the explained variance is higher where the explanatory variable (No. of BCs) explains the dependent
variable (No. of. Villages covered) and the $R^2$ Value of 0.996 depicts that the explained variance is higher where the explanatory variable (Other modes) explains the dependent variable (No. of. Villages covered) in a better manner.

6. The sample consists of a sizeable preponderance (93.9%) of rural respondents over semi-urban (6.1%) respondents. Most of the surveyed respondents (20%) are from Akkaraipettai. Majority (41.8%) of the respondents belong to Nagapattinam Block. The respondents are mostly spread between the ages of 31 to 45 (37.3%). The sample consists of a sizeable (61.7%) of male respondents over female (38.3%) respondents with (45.2%) of the respondents are school education only.

7. A majority of the respondents (78.8%) are unmarried while (20.6%) are married. The family size of less than or equal to four, are (63.1%). Majority (84.5%) of the respondents are Hindu, (67%) are Most Backward Class. The occupation, close to one fourth (25.1%) is agricultural labour and (82.7%) of the respondents fall in the income range of Rs. Less than 25000.

8. The sample residents everyone holds bank account, (43.2%) are having single account in Nagapattinam District. Majority of the respondents (57.8%) are having Savings Bank account and No-frills account (11.6%). The respondents of (29.9%) are received information about the availability of No-frills accounts through SHGs.

9. The respondents are (87.4%) are known the advantages of holding bank account. Most of the respondents (36.1%) are not having bank account before FII taken by the banks due to poor financial condition. (57.6%) of the respondents does not having cheque book and (40.7%) of the respondents are visited the banks for withdrawals.
10. The respondents are (71.5%) well known about the banks offering instructions in Tamil and (49.5%) respondents are holding the bank accounts for the purpose of receiving MNREGS remittances.

11. The sample residents (67%) of respondents having borrowing habits in which (39.9%) are borrowed from banks. The respondents (25.9%) mostly prefer banks due to low rate of interest and (13.8%) education loan availed. Most of (27.9%) respondents received the loan up to Rs. 50000.

12. The study is based on a sample of 51 bankers in Nagapattinam District. The sample consists of a sizeable preponderance (64.7.9%) of Managers. Most of the surveyed respondents (72.5%) are Public sector banks. The public sector banks and private sector banks were located at rural (35.3%), semi-urban (64.7%).

13. A majority of the respondents (96.1%) of the respondents are males. In terms of academic qualifications, it is not surprising that majority (49.0%) of the respondents are post graduates. Majority (23.5%) of the respondents are having the service with 31 years and above. The study is based on a sample of 50 BCs in Nagapattinam District.

14. Most of the surveyed respondents (80%) are BCs, followed by USBs (20%). Majority (74%) of the respondents belong to Public sector banks. The sample consists of a sizeable preponderance (100%) of rural areas. The respondents are mostly spread between the ages of 18 to 30 (80%). The sample consists of a sizeable (64%) of female respondents. it is not surprising that majority (72%) of the respondents are school education only.

15. A majority of the respondents (56%) of the respondents are unmarried. The family size of less than or equal to four, the respondents are (86%). Majority (80%) of the
respondents are having 2 years of service experience. Also indicates that as high as (74%) of the respondents fall in the income range of Rs. Less than 5000.

16. There is a significant difference in PSBs’ offices, deposits in rural and semi-urban areas and OSCBs’ offices, credit and deposits in rural and semi-urban areas at 1% level. It also shows that there is no significant difference in PSBs’ credits rural and Semi-urban areas in the Nagapattinam district, Tamil Nadu. Hence H0,1, H0,3, H0,4, H0,5, H0,6, were rejected and H0,2 is not rejected.

17. There is a significant difference in branches, credit sanctioned and the deposits made for both the rural and the semi-urban areas by the PSBs and OSCBs in the Nagapattinam district, Tamil Nadu. Hence H0,7 , H0,8 and H0,9 were rejected at 1% level.

18. The mean value of PSBs rural and semi-urban offices, credit and deposits were 44.4231, ₹.690.6154, ₹.588.8846 and ₹.589.7308, ₹.1280.1923 respectively. The mean value of OSCBs rural and semi-urban offices, credit and deposits were 34.0000, ₹.30.6923, ₹.65.6154 and 16.6923, ₹.180.0385, ₹.414.2308 respectively. The t-test results show that there is a significant difference in rural and semi-urban offices, credit, deposits and PSBs & OSCBs at 1% level in the Nagapattinam district, Tamil Nadu. Hence H0,1, H0,11, H0,12, H0,13, H0,14, H0,15 were rejected.

19. There is no significant difference in the designation, age, education, service and views of bankers on Financial Inclusion Initiatives in the Nagapattinam district, Tamil Nadu. Hence H0,16, H0,17, H0,18, H0,19 were not rejected.
20. There is no significant difference in the age, education, and income with respect to Financial Inclusion Initiatives views of BCs. in the Nagapattinam district, Tamil Nadu. Hence $H_{0,20}, H_{0,21}, H_{0,22}$, were not rejected.

21. There is a significant difference in the villages, age, occupation, who help to open bank a/c block religion and attitude on Financial Inclusion Initiatives in the Nagapattinam district, Tamil Nadu. Hence $H_{0,23}, H_{0,24}, H_{0,25}, H_{0,26}, H_{0,27}, H_{0,28}$ were rejected.

22. There is a significant difference in the age, who help to open bank a/c and awareness before Financial Inclusion Initiatives in the Nagapattinam district, Tamil Nadu. Hence $H_{0,29}, H_{0,30}$ were rejected.

23. There is a significant difference in the age, No of accounts, reason for taking bank loan, Year of loan, Type of loan, education level, occupation and awareness after Financial Inclusion Initiatives in Nagapattinam district, Tamil Nadu. Hence $H_{0,31}, H_{0,32}, H_{0,33}, H_{0,34}, H_{0,35}, H_{0,36}$ and $H_{0,37}$ were rejected.

24. The views of bankers on Financial Inclusion Initiatives have identified eight factors were - Essential Banking, Awareness Banking, Customer Retaining and Banking, Rural Banking, Product and Relationship Banking, Security Need Banking, Literacy and Banking, Agri Banking.

25. The views of bankers on Financial Inclusion Initiatives have identified six factors were - Rural and Advancement Banking, Concentration Banking, Utility Banking, Rural Relationship Banking, Banking With Trust, Rural Banking.

26. The attitude of residents on Financial Inclusion Initiatives has identified twelve factors were - Nurturing Banking, Transaction and Banking, People with Banking
Fold, Attraction Banking, Banking Cs, Banking Ds, Essential Banking, Services Access, Mobile with Banking, Custodian Banking, Info Banking, Agri Banking.

27. The awareness of residents before the Financial Inclusion Initiatives have identified seven factors were - Customer Centered Banking, Agri Cum Financial Services Banking, Rural Banking, Product Banking, Money Banking, Necessity Banking, Social Security Banking.

28. The awareness of residents after the Financial Inclusion Initiatives have identified ten factors were - Basic Banking, Mutual Banking, Societal Protection Banking, Facility Banking, Basic Inclusion Banking, Ordinary Banking, Agri Banking, Social Banking, Cash Banking, Advantage Banking.

29. The chi-square test indicates that there is a significant association between designation, type of banks, sex, family size and BCs views on Financial Inclusion Initiatives.

30. The chi-square test indicates that there is no significant association between region and attitude, awareness before Financial Inclusion Initiatives and, that there is a significant association between region and awareness after Financial Inclusion Initiatives.

31. The chi-square test indicates that there is a significant association between villages and attitude, awareness before and awareness after Financial Inclusion Initiatives.

32. The chi-square test indicates that there is no significant association between blocks and attitude, and there is a significant association between blocks and awareness before, awareness after Financial Inclusion Initiatives.
33. The chi-square test indicates that there is a significant association between age and attitude, awareness before and awareness after Financial Inclusion Initiatives.

34. The chi-square test indicates that there is no significant association between sex and attitude and awareness after Financial Inclusion Initiatives, whereas there is a significant association between sex and awareness before Financial Inclusion Initiatives.

35. The chi-square test indicates that there is no significant association between educational level and attitude, and there is a significant association between educational level and awareness before and awareness after Financial Inclusion Initiatives.

36. The chi-square test indicates that there is no significant association between marital status and attitude, and that there is a significant association between marital status and awareness before and awareness after Financial Inclusion Initiatives.

37. The chi-square test indicates that there is a significant association between family size and attitude, and there is no significant association with awareness before and awareness after Financial Inclusion Initiatives.

38. The chi-square test indicates that there is a significant association between religion and attitude, awareness before and awareness after Financial Inclusion Initiatives.

39. The chi-square test indicates that there is no significant association between community and attitude, and there is a significant association between community and awareness before and awareness after Financial Inclusion Initiatives.
40. The chi-square test indicates that there is a significant association between occupation and attitude, awareness before and awareness after Financial Inclusion Initiatives.

41. The chi-square test indicates that there is a significant association between annual income and attitude, awareness before and awareness after Financial Inclusion Initiatives.

42. The chi-square test indicates that there is a significant association between bank account and attitude, and there is no significant association with awareness before and awareness after Financial Inclusion Initiatives.

43. The chi-square test indicates that there is a significant association between number of accounts and attitude, awareness before and awareness after Financial Inclusion Initiatives.

44. The chi-square test indicates that there is a significant association between type of accounts and attitude, awareness before and awareness after Financial Inclusion Initiatives.

45. The chi-square test indicates that there is a significant association between information about No-frills a/c and attitude and awareness after Financial Inclusion Initiatives, whereas no significant association with awareness before Financial Inclusion Initiatives.

46. The chi-square test indicates that there is a significant association between document asked and attitude and awareness after Financial Inclusion Initiatives. But there is no significant association with awareness before Financial Inclusion Initiatives.
47. The chi-square test indicates that there is no significant association between banker explained advantages of bank account and attitude, awareness before and awareness after Financial Inclusion Initiatives.

48. The chi-square test indicates that there is no significant association between reason for not having ac before Financial Inclusion Initiatives and attitude, whereas there is a significant association with awareness before and awareness after Financial Inclusion Initiatives.

49. The chi-square test indicates that there is no significant association between bank a/c with cheque book and attitude, awareness before and awareness after Financial Inclusion Initiatives.

50. The chi-square test indicates that there is a significant association between purpose of bank visit and attitude, but there is no significant association with awareness before and awareness after Financial Inclusion Initiatives.

51. The chi-square test indicates that there is a significant association between instructions in Tamil and attitude and awareness after Financial Inclusion Initiatives. But there is no significant association with awareness before Financial Inclusion Initiatives.

52. The chi-square test indicates that there is a significant association between reason for having bank ac and attitude, awareness before and awareness after Financial Inclusion Initiatives.

53. The chi-square test indicates that there is no significant association between who help to open a/c and attitude, awareness before and awareness after Financial Inclusion Initiatives.

54. The chi-square test indicates that there a significant association between how frequently save in a/c and attitude and awareness before Financial Inclusion
Initiatives. And there is no significant association between how frequently save in a/c and awareness after Financial Inclusion Initiatives.

55. The chi-square test indicates that there is a significant association between advice about money matters and attitude, awareness before and awareness after Financial Inclusion Initiatives.

56. The chi-square test indicates that there is no significant association between household borrowed and attitude, awareness before and awareness after Financial Inclusion Initiatives.

57. The chi-square test indicates that there a significant association between from where and attitude, awareness before and awareness after Financial Inclusion Initiatives.

58. The chi-square test indicates that there is a significant association between reason for taking bank loan and attitude and awareness after Financial Inclusion Initiatives. Whereas there is no significant association in awareness before Financial Inclusion Initiatives.

59. The chi-square test indicates that there is a significant association between type of loan and attitude and awareness after Financial Inclusion Initiatives. Whereas there is no significant association with awareness before Financial Inclusion Initiatives.

60. The chi-square test indicates that there is a significant association between amount of loan and attitude and awareness after Financial Inclusion Initiatives. But there is no significant association with awareness before Financial Inclusion Initiatives.

61. The chi-square test indicates that there is a significant association between year of loan and attitude, awareness before Financial Inclusion Initiatives and awareness after Financial Inclusion Initiatives.
6.2 SUGGESTIONS OF THE STUDY

1. The GOI, RBI and State Government should motivate the banks in a way to expand the furnished branches, deposits, credits, ATMs, Bio - Metric ATMs, Mobile ATMs, GCCs and KCCs and also strengthen the BCs model / USBs.

2. The bank managers and officers should be encouraged and feel at ease in financing poor households and its development. GOI, RBI and State Government have to be engaged substantial attempt in financing by the banks.

3. New private sector banks should be aware that the priority sector lending and utilization of loans to get rid of poverty and ensure welfare of the rural community to achieve sustainable development of the nation.

4. The banks and micro finance institutions also make sure the appropriate development, nurturing and capacity building and sufficient finance to the SHG members to act autonomously. Microfinance and SHGs makes poor people to avoid the loans from money lenders.

5. Loan utility by the poor people is to be optimised by branch managers of the financing banks, microfinance institutions and SHGs in which asset creation is to be generated. Income will be the only way for creating assets then only repayment will be guaranteed and poor population will alleviate the poverty.

6. Banks should procure their employees in the same state for avoiding the language barrier and also maintain the retention policies to avoid switchovers. BCs and USBs requirements should be filled from SHGs only to know better on the population. And also it will be increased.
7. Employees should be nurtured how to manage the customer relationship in the banks through which higher number of population and self-help groups are to be included in the banking fold.

6.3 CONTRIBUTIONS OF THE STUDY

The study found that the banks throughout India have been participating in the Financial Inclusion Initiatives as per the instructions of GOI, RBI and State Governments through opening of bank accounts, GCCs, KCCs, ATMs, Bio - Metric ATMs and Mobile ATMs, etc., In addition the Nagapattinam district being the victim of maximum disasters was deprived of financial inclusion. Henceforth, the study also focussed on the bankers who played key role in attracting the deposits and disbursing the loans to include vulnerable section of this district in the financial services sector. The business correspondents have done their job as well by the way of linking the people to bank. The views of the customers or the residents who have been availing various financial services offered by the banks in the form of Financial Inclusion Initiatives in this district have not been discussed so far in the previous studies. Thus, this study differs from the previous work and contributes to the policy makers and the Banks to make further initiatives or strengthen their drives. Further studies will attempt to analyze the impact of financial inclusion on various household using relevant economic theory and empirical methodology.

6.4 CONCLUSION

Financial inclusion will strengthen financial deepening and provide resources to the banks to expand delivery of credit. The trend of increasing commercialization of agriculture and rural activities should generate greener pastures, and banks should examine the benefits of increasing penetration therein. The role of banking sector is
balanced to increase in the financing pattern of economic activities within the country. The banks need to mobilize resources from a wider deposit base and extend credit to activities hitherto not financed by banks to meet the growing credit demand. Thus, financial inclusion will lead to financial development in our country which will help to accelerate economic growth. The significance of financial inclusion as a prerequisite to inclusive development has widely been recognized across states in India. A country in look upon to financial inclusion delivery, has adopted the BC model which is in the transitional phase and time will speak for its success or otherwise. Since financial access in India is reported to be poor, there is need for healthy financial inclusion policy and strategies. It is believed that with the growth of information technology and allied services, if financial literacy in the region is properly addressed, financial inclusion drive in the India would definitely progress and show results.

6.5 AREAS FOR FURTHER RESEARCH

The study paves the way for further research to examine the role of - MFIs, SHGs, BCs, MGNREGS, IAY, Public sector banks, Private sector banks, Foreign banks, RRBs, Co-operative banks, Insurance, Post offices, Micro insurance on financial inclusion initiatives. The study can be extended to state wise development, population wise development, across other developing countries in the world and the impact of financial inclusion on the economic growth.

“To me, the poor are like Bonsai trees. When you plant the best seed of the tallest tree in a six-inch deep flower pot, you get a perfect replica of the tallest tree, but it is only inches tall. There is nothing wrong with the seed you planted; only the soil-base you provided was inadequate. Poor people are bonsai people. There is nothing wrong with their seeds. Only society never gave them a base to grow on.”

- Muhammad Yunus, Founder of Grameen Bank and Nobel Peace Prize recipient.