3. OBJECTIVES

3.1 Research Gap:

Financial inclusion is a nationwide agenda and many policy measures and initiatives are taken till date by important stakeholders like Government of India, RBI, NABARD, etc. So there is a need to measure the effectiveness of such policy measures and initiatives.

Measurement of this type of initiatives provide the results which helps the decision making process and advises the action plan required to overcome the obstacles identified in implementation of FI initiative.

In order to measure the effectiveness of such outcomes, financial inclusion index is prepared by the researcher, wherein various dimensions have been covered, suggesting the achievement and implementation of financial inclusion drive in India as well as Gujarat state.

The index provides a common measure which can be used for making comparison of achievement of various initiatives of financial inclusion drive across different countries, states and even districts at micro level. This also provides an understanding of the progress made by the economy in achievement of financial inclusion drive by comparing the index score across number of years under the study.

In this study the researcher has constructed an index covering the financial inclusion index across five years starting from 2012 – 13 to 2016 – 17. The measure aims to measure the supply side of financial inclusion by covering the dimensions like number of bank branches, number of ATMs, number of deposit accounts, number of credit accounts, credit – deposit ratio, etc.

In order to analyse the demand side of financial inclusion, the researcher has conducted a primary survey across the households, who are the members of self
help groups and are residing in the urban areas of Gujarat state namely, Junagadh, Rajkot, Jamnagar & Bhavnagar. Hence in light of the above situations, the researcher formulated following key objectives for the research:

### 3.2 Objectives:

1. To get insights on several steps, policies, programs and projects undertaken by RBI, NABARD and other Government bodies towards the success of FI in the country so far.

   To study supply side of FI

2. To build a FI index of India for the last 5 years (from the year 2012 – 13 to 2016 – 17) and study the status of FI

3. To construct FI index of Gujarat for last 5 years (from the year 2012 – 13 to 2016 – 17) and study status of FI

   To study demand side of FI:

4. To study the impact of SHG membership on the degree of FI of the respondents for the urban poor of Saurashtra region.

5. To study the impact of FI on the socio-economic position of the respondents.

Related hypothesis framed for achievement of above objectives are:

1. There is no association between Degree of FI & Membership in a SHG

2. There is no significant difference between the mean values of the two variables,
   - Frequency of Bank visits
   - Savings behavior
   - Credit/loan availed and
   - Composite Financial Inclusion Score by the respondents of
Objectives

Bhavnagar, Jamnagar, Junagadh, & Rajkot
Pre & Post joining SHG

3. Banking and Savings nature of the respondents does not contribute towards the determination of Financial Inclusion Score of the respondent before joining a Self help group

4. Knowledge or awareness level of various Financial Inclusion Initiatives and activities, of the respondents does not contribute towards the determination Financial Inclusion Score of the respondent before joining a Self help group

5. Self help group dynamics does not contribute towards the determination of Financial Inclusion Score of the respondent after joining a Self help group

6. Financial Inclusion composite scores of the respondents are equal before and after joining Self Help Groups

7. Different categories of self help group members assign same mean towards their opinion stating the impact of financial inclusion on their social empowerment

8. Different categories of self help group members assign same mean towards their opinion stating the impact of financial inclusion on their economic empowerment
3.3 Scope of the study:

The concept of financial inclusion is very wide. It not only includes the access to formal financial products and services but also aims to provide them to each and every excluded household of the country and that too at an affordable cost.

This research aims to cover the demand and supply side of the financial inclusion drive in India. For this, self help group respondents are surveyed and financial inclusion status of such respondents was determined to study the achievements of the financial inclusion drive in India from the demand side.

While considering the supply side of the financial inclusion, this study aims to measure the key indicators of financial inclusion drive by creating an index which provides a comprehensive measure of financial inclusion.

Hence, this study tries to measure both the sides of financial inclusion, providing a holistic view to the stake holders and policy decision makers regarding the current status of financial inclusion in India.

3.4 Limitations of the study:

Every study may have limitations from various dimensions of the research. As a part of such domain, this research has some limitations, which the researcher has tried to overcome up to a greater extent. The limitations of the research are as follows:

- From the demand side, this research is covering only urban areas of the Saurashtra region of Gujarat state. This is done by sampling the women self help groups which are formed and based at the municipal corporations of Saurashtra region, which are: Bhavnagar, Jamnagar, Junagadh and Rajkot.
- From the supply side, this research is done from the years 2012-13 to 2016-17. Many approaches have been adopted to measure the supply side of financial inclusion in the recent years, but this study has adopted the financial inclusion index calculation, which was adopted by UNDP for calculating Human Development Index and other similar indexes.
• Also only seven indicators have been adopted to construct financial inclusion index, which represents only the basic formal financial products and services. Insurance and pension plan are still such products which have not been included in the present study, which makes a complete financial inclusion index.

In spite of the above limitations, the researcher has adopted the best possible and available data and has tried to fulfil the requirement of a good research and justify the objectives and title of the study.

3.5 Further scope of the study:
Following points highlights further scope of the study:

• The construction of the financial inclusion index can be extended to more number of years as well as more indicators like insurance and pension payments can be used to make it more holistic.

• Many other methods have been adopted to construct financial inclusion index, which can be adopted to make a more comprehensive index to measure the financial inclusion drive in India.