REVIEW OF LITERATURE

It is desirable to review the relevant literature while handling a research problem. A review of literature places a research study in its proper perspective by showing the amount of work already carried out in the related areas of the study. The following are the studies, which enabled the researcher to undertake this study. Studies on financial literacy for financial inclusion among households in India context are scanty. Hence studies on assessment of financial literacy for financial inclusion among individual and household in India and also abroad are briefly reviewed here.

The literature pertaining to the topic “Assessment of Financial Literacy for Financial Inclusion among Low Income Households” were presented under the following heads.

2.1 Money Management
2.2 Debt management
2.3 Saving and Banking Practices
2.4 Financial inclusion and
2.5 Financial Literacy

2.1 Money Management

Lise Mckean, Sarah Lessem and Elizabeth Bax (2005) studied, “Money management by low-income households: Earning, Spending, Saving and Accessing Financial Services.” The study aim to analyse household income and expenses, attitudes and experiences with bank, familiar patterns of banking and saving, borrowing and lending money, barriers to save and use of non-bank financial services with the sample size of 77 households selected using purposive sample method. The study found that household maintained bank account to manage money were aware of spending and also saving more, saving account help for achieving saving goal, improving credit, earning interest, saving money on currency exchange etc., household maintained bank account to manage money.
Mini Sugumar (2009) studied “Income and Expenditure Pattern of Working Women in the context of Emerging Consumer Culture.” The study aimed to investigate the women’s contribution to the total household income and their relative freedom to spend money for their personal choices and the influence which affect their spending choice. The sample size of 200 respondents was selected by using multi-stage sampling with mix of judgment and convenient sampling. It was observed that when women prefer to do household money management when income greater than expenditure, and income equal to expenditure. This study found that majority of respondents have more expenditure over income because of livelihood problem and illness affected the saving habit. Most of the respondents spent their income to meet their medical expenses and repayment of loan

David Rothwell and Nahid Sultana (2012) studied “Cash flow and Savings practices of Low-Income households - Evidence from a follow-up study of Individual Development Account participants.” In order to match savings intervention to examine self-reported financial practices (cash flow and saving) five years after the intervention terminated. The sample sizes of 758 households were selected by using multi-stage sampling method by using M plus 5 software. Latent class analysis produced three group of financial practices-high, medium and low functioning. Result showed that some of the low-income households were carefully managing their finance; psychological sense of mastery was positively related to high functioning cash flow and savings. It was suggested that antipoverty intervention should assess the financial practices of participants at the time of service enrolment, further, social services providers should not assume that households are not carefully managing their finance.

2.2 Debt Management

Robert I. Lesman (2005) conducted a study entitled “Are Low Income Household Accumulating Asset and Avoiding Unhealthy Debt?” This study aim to investigate level of asset, liabilities, saving and investigate choice among low and moderate income families. The sample sizes of 2000 households were selected by using random sampling method. The primary data was collected through structured interview schedule. It is observed that married couple had more asset
than single head. Low income families had low debt and low asset. Low income household headed by graduate accumulated higher asset than other group. The elders, under low income group who skew towards blue-collar jobs and saved for their retirement, rental household were twice as likely as likely as household owners had more debt than asset.

Meenu Verma (2007) analysed “Wealth Management and Behavioural Finance – the effect of demographics and personality on investment choice among Indian investors.” The study aims to investigate the effect of demographic and personality type on investment choice. The sample sizes of 500 respondents were selected by using non-probability sampling with a mix of judgment sampling. Mann-Whitney U-test, Kruskal-Wallis test and multivariate analysis were applied for this study. It is observed that conservative, medium conservative and moderate investor prefer safer investments like provident fund, post office deposit, bank fixed deposits and NSC, whereas medium aggressive and aggressive ones go for equity shares, derivatives and mutual fund. The study provides the evidence that investment choice depends on and was affected by the demographic variable as well as various personality types. The investment preferences were dynamic due to the changes in social-economic and political atmosphere as well as introduction of new investment avenues.

Catalina Amuecho (2008) examined “Remittance Income Uncertainty and Household Asset Accumulation.” The sample sizes of 63000 households were selected by using random for data sampling method collection. Benchmark models, OLS were applied for data analysis study. The study found that remittance received by households were spend relatively more on asset accumulation as captured by their expenditure namely human, physical and financial asset and uncertainty of remittance inflows also play a role in household spending pattern.

Rajalaxshmi Kamath. et al., (2008) analyzed “Ramangaram Financial Diaries: Loan repayment and cash pattern of the urban slums.” The study was conducted tracking the three months daily cash inflow and out flows of urban slum households. The sample size of 23 households were selected by random sampling method. Indebtedness of many of these households to multiple
microfinance institutions found. Secondly, a rather disturbing finding related to this, is that each household's budget that goes towards serving loan repayments. Loan repayments viewed with food in the expenditure profiles of most of these households. The households were observed to recycle their debts to finance various kinds of borrowings, including Microfinance and Self Help Group borrowings. Most of these borrowings were taken as small sums from several entities also did not boost the use of these funds towards productive purposes.

Vasanthagopal and Suby Baby (2010) studied, “Access to bank credit by Agriculturist and MSMEs: an empirical study with reference to Kerala.” The study focus on the access to bank credit by agriculture and MSME borrowers in the public and private sector bank in Kerala and to assesses whether the agriculture and MSME borrowers of public and private sector banks could get proper awareness and access to credit requirements adequately, with the sample size of 600 respondents drawn through multistage systematic random sampling technique. The study brought out theoretical observation on bank lending. There has been significant favourable changes in the lending policy of both the public and private sector banks in Kerala towards the agriculture and MSME borrowers.

2.3 Savings and Banking Practices

Burney and Khan (1992) examined the effect of various socio-economic and demographic factors on household savings in Pakistan. Primary data were collected from 16580 households out of which 7443 were urban and 9104 were rural households. Data were collected from Household Integrated Economic Survey (HIES). Ordinary Least Square Method was employed as estimation technique. The study concluded that income, earning status of head of household, occupation of head of household and age square of head of household were found to be positively related and inverse of household income, dependency ratio, education levels of head of household, employment status of head of household, secondary earners in household and age of household were found to have negative relationship with households saving in urban as well as in rural Pakistan. It was also concluded that value of Marginal Propensity to save was 0.22 in urban households and 0.37 in rural households.
Somasundaram V.K. (1999) studied, “Saving and Investment Pattern of Salaried Class in Coimbatore District,” with the aim to analyse saving and investment pattern, expectation and problems of investor, awareness level of investor and their attitude towards saving and investment pattern. The sample size 500 respondents were selected by using judgment sample methods. Inferential analysis, factor analysis, bi-serial correlation, concord test, descriptive statistics were applied for this study. It was found that majority of the respondents known about bank deposit and also highly satisfied with their saving.

Sourushe Zandrakili (2000) examined “Dynamics of Earning and Inequality among Female Headed Households in the United States.” The earning inequality among male and female headed households were compared with the sample size of 3033 households of which 1009 were female headed households, using random sampling method. Weighted average test and Cob Douglas type aggregation functions were applied for the study. The study found that short term inequalities generally have a rising trend and contain transitory components. Long term inequalities decline in the early years because of a smoothing of transitory component and within group inequalities. The principle determinant of overall inequality was education, race, age and marital status were considered as possible.

Balachandar and Panchanathan (2000) analysed “Economic Profile and Financial Decision of Beedi Workers in Tirunelveli.” This study aimed to investigate the mode of saving, loans availed and source among the beedi workers. The object has been to relate the economic status of the workers with pattern of financial and related decisions. With the sample size of 100 respondents, selected by quota sampling method and the data were collected through personal interviews. It is observed that investor prefer chit funds, bank deposits, insurance, land and gold etc., and considerable percentage of respondents were non-savers because, wages were not enough to meet their basic family needs. They save the money in chit fund only and also got loan from local financial institutions. This study concluded that they cannot save much due to insufficient earnings, family crises, unexpected expenditure and capital scarcity.
Kasilingam and Jayabal (2000) studied the “Impact of Family Size and Family Income on the Investment Behaviour of Salaried Class Investor.” The sample sizes of 614 respondents were selected by using multi-stage random sampling method. This study revealed that the family income has significant influence in size of saving, number of physical asset owned, number of insurance policies and choice criteria. The impact of family income was more in contractual saving rather than discretionary saving. It is concluded that the income difference has significant impact on saving and investment activities. Family income is the very important demographic variable for any investment behaviour studies.

Mohammad, Kabir and Abdullah (2001) analysed on “Banking Behavior of Islamic Bank Customers in Bangladesh.” First, most of the customers of Islamic banks fall in the age category of 25-35 years. Islamic bank customers are highly educated and have durable relationships with the banks. Second, high customer awareness and usage exist for various deposit mobilization instruments but there is not high awareness and usage of any individual financing facilities of Islamic banks. Third, income category and education have a significant role in customers’ usage of various Islamic bank products and services. Fourth, customers seem to be satisfied with a number of products and services of Islamic banks. Fifth, among the service delivery elements, ‘employees’ deserve an immediate attention for improving customer satisfaction. Finally, ‘religious principles’ is the key bank selection criterion of the Islamic bank customers, while customers’ demography plays some role in determining which selection criteria matter more than others do.

Unny C.J. (2002) examined the “Determinants of Saving of Rural Households in Kerala.” The sample size of 100 respondents were selected by using two stages stratified sampling method. This study identified the negative and positive influences on saving behaviour of rural households. Whereas level of income, extent of income inequalities, values of assets and level of education exert a positive influence on saving, dependency ratio and number of male children have negative influence.
Denizer (2002) in his study analysed “Household Saving in the Transition.” This study explored household saving decision in Bulgaria, Hungary and Poland during transition. The size of sample were 2466 households in Bulgaria, 8105 households in Hungary and 16,051 households in Poland, were selected using stratified random sampling. Log, square log, regression analysis, U shape distribution were used in the study. The study found that women headed household had higher saving rate, precautionary saving motives and consumption was smooth. Majority of households had saving pattern with the exceptions of a negative link between saving and the educational attainment of the head of the household. The study found that household owning only a few standard durable asset exhibit higher saving rate, ceteris paribus, consistent with the view that these household do not have access to retail credit market and hence forced to accumulate saving and use in durable asset purchase. It is concluded that there is a negative wealth elasticity of household saving.

Martin Ravallion and Shaohug Chec (2003) studied “Hidden impact of household saving in response to poor-area development project” in China. It aims at regular intervals over the course of projects disbursement, to analyse change in consumption and income within project villagers compared to those found in the comparable non project village, with sample size of was 2000 households using random sampling method. Simple bench mark models, permanent income hypothesis (PIH) were used in the study. It is found that in different estimate for impact as mean income and consumption on comparing income change in project village versus those in matched non-project village. The project resulted in average gain over the five years of disbursement, ten percent increase in the impact of government pre-existing assistance to poor areas and found that half of cumulative income group was saved. So that the project and it impact is far less evident in participants consumption.

Li-Chen Chang (2003) conducted a study on “Savings and Investment Pattern among Low Income Households,” to understand the effect of financial inclusion among low income households in Taipei family development programme in Taipei city, Taiwan. The sample size of 184 low income households was selected by using random sampling technique. The study found that most of the respondents in Taipei family development account were females, middle aged, single parent and high school graduates. They saved the money for
purchasing home. This programme was innovative, more progressive that ever promoted an alternative opportunity to equality and social inclusion by integrating low income families into mainstream society through social and economic development.

Michel, Kristen and Fred (2005) analysed “Saving and asset accumulation among low-income families with children in Individual Development Accounts. The low income families with children, have many motives to save however the cost of raising children, low wage employment, mean tested programme and need for child care to make it difficult for them to save. Sample sizes of 1801 low income families with children in one individual development programme were selected. Ordinary least square regression analysis (OLS), hierarchical regression, means were applied for the study. The study examined saving performance of low income families with children in a matched saving programme in individual development programme accounts. The result indicates that household with children in Individual Development Accounts can save when they were provided structured opportunities. The institutional factor not merely individual characteristics were associated with Individual Development Account saving performance and have importance in explaining saving performance in Individual Development Accounts.

Elaine, Stephen and Sharon (2005) in their study examined “Incentives to Save-Encouraging Saving among Low-Income Households.” The study investigates the personal character, money management, saving habit, banking habit, debt management relating to saving gateway participation in United Kingdom. The sample size of the respondent were 1478 selected, using judgment sampling techniques. The study found that working people save more than non-workers. The respondents with age above thirty years saved more than that of teen age people, owners occupier saved more than tenant, higher income people saved more than lower income people. The unexpected expenditure affected saving habit of the people and debt management. Respondents felt that debt was inevitable. It was concluded that most of the respondents felt that saving had led to them to save more money. About half of the respondents participated in the saving gateway had no lasting effect on their saving behaviour, the most half of the respondents thought that they might start to save again in foreseeable future.
Aman Srivastava (2006) in her survey analysed the “Behaviour of Investors in India.” The main objectives of the study were to analyse the expectation that investors have about the future performance of stock market in India to measure the ‘confidence’ or the degree of tranquility those investors have regarding their investment. The convenient sample was drawn from the households sector in India with the sample size of 500 male and female investors. The primary data was collected through questionnaire. This survey was a moderate attempt to measure the expectation and confidence of the retail investor in Indian stock market.

Manish Mital and Vyas (2006) studied “Demographic and Investment Choice among Indian Investors.” The study employed non-probabilistic sampling method to select the respondents. A judgment and convenient sampling was used to select 428 respondents and collected data through questionnaire. The statistical tools used in the study were ANOVA, Mann-Whitney U-test and Chi-Square test. The study surveyed about traditional economics distribution of human being as rational decision maker, but it has been observed that investor do not always act rationally. In behavioral finance, a new emerging science which focuses on understanding hero psychology affecting investment decision. The demographic variables, such as age, education, income, marital status affect individual investment decisions. The study investigates how the investment choices get affected by demographics of the investors. Such knowledge will be highly useful to the financial advisors, as it will help them advise their client regarding investments which were appropriate with respect to their demographic profile. The study provides evidence that the investment choice depends on and affected by the demographic variables.

Gina and Chow (2006) analysed “Saving performance among rural households in Sub-Saharan Africa: the effect of Gender” The study investigate savings performance among participants in a matched saving programme in Uganda, modeled after the Individual Development Accounts (IDA) in the United States. Comparison of saving behaviour by gender, level of education, marital status and type of work was performed. The study employed random sampling method to select 145 respondents and data were collected by well structured interview schedule. The study reveals that saving performance was significantly
different between men and women, married and unmarried. It found that both men and women were saving successfully. However, women were saving better than their male counterparts across the level of education, marital status and type of work. The matched asset building account provide a model that can encourage saving among the poor in Sub-Saharan Africa. The study suggested that more research is needed to investigate the perception of the participants with regard to the asset building account and their participation and such findings will provide further understanding of the factors that encourage saving in the project.

Gana Desigan, Kalaiselvi and Anusuya (2006) in their study examined “Women Investors Perception towards investment - an empirical study.” The study examined investment pattern, preference towards investment avenues, and factors influencing selection of investment avenues and level of awareness of women investors. The results showed that majority of the respondents deposited money in bank for safety and security. It was concluded that there were certain problems in investment but still they can be rectified by including more and more women investors to invest in the various investment outlets.

Krishna Moorthy (2007) studied the “Investment Pattern and Awareness of the Salaries Class Investors in Nilgiris District.” with 600 respondents using well structured questionnaire. The level of awareness of salaried class investor measured through the construction of awareness scale that is classified into low, medium and high. The study analysed the profile of the salaried class investor and their awareness level toward the nature of investment. Majority of the investor recognized bank deposit followed by insurance product. The study concludes that level of awareness strongly depend on the level of investment of respondents.

Jaince and Maire (2007) determined “New Zealand Households Attitudes towards Saving, Investment and Wealth - A Report on Phase I,” to understand the reason for preferring investment in prospering over other investment particularly financial investment. The study used three sources of information published studies, a review of policy and setting interview with individuals. Knowledge about investment and savings behaviour, and attitudes were analysed. Interview with eighty consumers aged between 30 and 50 years was
conducted. The study found that consumer decision on saving were influenced by newer proposed changes in the investment environment and in particular the inducement to take up kiwi savers the application of lower taxes to earning in manage funds and forthcoming regulatory changes aimed at improving disclosure and prudential arrangements likely to have an impact. The study suggested other possible changes to increase investor protection, information and confidence.

Yesodha Devi (2007) studied the “Investment Behaviour of Salaried Person in Coimbatore City.” The study examined the attitude of 200 salaried respondents about their saving and investment pattern. The respondents were selected by probability sampling techniques. The awareness of investment schemes through various media, to analyse the reason for preference of particular investment schemes to know the role of government in protecting the interest of the investors were collected with the help of structured questionnaire. Majority of respondents have given top rank for bank deposit with the factor of first preference of being safety. The result of chi-square analyse shows that personal factors like marital status and occupation had significant influence among all the factors. For majority of investment decisions there is significant influence between the type of investment and reason for investing in their investment. The weighted average ranking shows that the respondents have given top rank for bank deposit.

Fasoranti (2007) evaluated influence of rural saving mobilization on economic development of rural dwellers. Primary data were collected through questionnaire of 100 respondents from five villages of Nigeria. Ordinary Least Square Method was used for estimation. Results showed that income, human capital, investment and assets were positively contributing to total savings. It was concluded that 98 percent variation in total savings was explained by income, human capital, investment and assets. It was also suggested that rural dwellers should be properly mobilized to join co-operative societies.

Newman et al., (2008) investigated the “Determinants of Household Savings in Rural Vietnam.” Cross Sectional data of 2324 households from 12 provinces of Vietnam were taken by Vietnam Access to Resources Household Survey (VARHS). The study concluded that wealthier households were more
likely to save; negative effects of age of household head were found; no education effects were found; financial savings were low and share of formal savings were relatively small in rural Vietnam. It was suggested that Government should improve savings institutional framework.

Shollapur and Kuchanur (2008) conducted a study entitled “Identifying Perception and Perceptual Gaps: a study on Individual Investors in selected Investment Avenues.” The study attempted to measure the degree of investors’ agreeableness with the selected perception as well as to trace the gap between their perception and the underlying relatives. The sample size of 100 respondents was selected using random sampling method. Mean, standard deviation, Gap analysis and Co-Efficient of variation were applied for this study. The study considers the popular investment avenue offered by banks, post office, life insurance companies, government agencies and corporate entities. The study analysed the investors’ affordability, regular and steady income, capital appreciation, tax benefit, premature withdrawal, and liquidity risk accessibility, time of investment, lock-in period, information accessibility, service delivery and collateral security. The result reveals that investors strongly agree on the perception in case of the bank deposit, the gap analyses present certain revelations, corporate security were less preferred, government security do not provide regular and steady income investment in insurance policies appreciate in value and bank deposit require more transaction cost there is a need to help the investors to develop a right perspective of the investment schemes and their attributes.

Motek Singh Ahluwalia, (2008) in his study titled, “Indians are wise savers but poor investors,” analysed the effect of demographic and personality type on investment choice. The sample size of 63,016 households equally divided between rural and urban areas were selected by using random sampling method. The survey reveals that most of Indians saved in liquid asset like post office and cash at home and also saved money for emergency purpose only. Indian habit of savings were good but the way of saving were not good enough as only a meager part of total saving came under the government account that not enough to conduct various plans properly.
Sushant Nagpal and Bodla (2009) examined the “Impact of Investor Life Style on their investment pattern.” The Investors were classified into three category, aggressive, moderate and conservative on the basis of their lifestyle. The primary data were collected from 350 respondents who were drawn through random sampling method from urban areas of Haryana, Chandigarh and Delhi. The study found that individual investor prefer investment with low risk such as insurance policies, fixed deposit with bank and post office, public provident fund and NSC. Occasions of blind investment were scarce as majority of investor were found to be using same source and reference groups for taking decisions. Investors collect information through journals, magazine and television advertisement. The study revealed that mental shortcut that allows making decisions ineffectively without formal analysis.

Abhiject Chandra (2009) examined “Individual Investor Trading Behaviour and the competence effect.” In this study 250 respondents were selected on the basis of random sampling method. The study models competence as a combined function of investor characteristics such as gender, age, education and income. The study also uses the estimate co-efficient from regressing competence on the characteristics to construct and predict competence for each investor included in the survey and to rate their level of comfort in understanding different investment product, service option and opportunities offered in the market for that purpose, Five point Likert scale was administrated. This feeling of competence results in more trading decision by individual investor. Socio-economic factor were found to be the most influencing factor of the individual investors competence in the stocks market activities and trading behaviour. It was shown that the investor who feel more competent tend to trade more frequently than those with less perceived competence.

Ramakrishna Reddy (2009) in his study surveyed “Investment Behaviour of Rural Investor.” The study aims to investigate the socio-economic profile of investor and to assess their impact on the investment habit of the people and also analyse the awareness, preference and experiences of small and household investor in respect of various investment avenues. A sample of 526 respondents was selected with the help of random sampling method. The study observed that majority of the respondents were male and they are highly aware of traditional
investment avenue like real-estate, bullion, bank deposit, life insurance schemes and small saving schemes. They were unaware of corporate investment avenues like preference shares, mutual funds, corporate debt securities and deposits.

Kalavathi (2009) in her study analysed “Saving and Investment Behaviour of Salaried Persons with special reference to Coimbatore City.” The study examined income, consumption, expenditure of salaried individual and their amount of saving and investment and level of awareness of investors. The sample size 540 respondents were selected using convenient random sampling method. The study found that respondents have great awareness about bank saving, investment, share, debenture and bonds. Financial literacy was found very high in this survey.

Suran and Narayan (2009) in their study to analyse “The deluge of debt understanding the financial needs of poor households.” The study examined the different sources of income and expenditure of poor households residing in a coastal settlement in Kerala. Based on financial diary method for data collection with the sample sizes of 13 households frequency test and gap analysis (fungibility) were applied for the study. It was found that more than fifty percent of poor households in the socially excluded hamlet were not yet connected with formal institutionalized system for their financial needs. The study concluded that poor household spent high on food expenditure so that they could not save the money.

Rehman et al., (2010) investigated the “Determinants of households saving in Multan district of Pakistan.” Data of 293 respondents were drawn through field survey in by adopting stratified random sampling technique. Sample contains information about rural and urban households. To observe households saving behaviour in Pakistan especially in Multan district, they have practiced Multivariate regression model. The study analyzed the determinants of household savings. The study supported life cycle hypothesis. Age has positive relationship and square of age is negatively related to household savings. Education of household head, children's educational expenditures, family size, liabilities, marital status and value of house were significantly and inversely affecting household savings.
Hareena Issahaku (2011) analysed “Determinants of Saving and Investment in Deprived District Capital in Ghana - a case study of Nadowhi in the Upper West Region of Ghana.” The study employed stratified random sampling technique to select 60 respondents and data were collected by well structured questionnaires and interview schedule. The study found that higher education is also assumed to be associated with higher or better income. There is strong and positive correlation between income and saving, educational status and occupation have positive influence on saving. The number of dependent exerts a negative influence on saving. It was also found that age composition and asset do not have a significant effect on saving. The factors that drive household investment were occupation, expenditure, asset and saving.

Anil Suryanvanshi (2011) conducted a study on “Appraisal of Investment Avenues - an empirical study of selected Investors in Kolhapur City.” It was found that professionals and salary earners had uniform range of saving while others have low saving because of pattern of working, selection of investment avenues were mostly depend upon behaviour pattern and psychological attitude of the respondents. The study further revealed that majority of respondents preferred return, safety, liquidity, tax benefit and maturity at the time of investing. The respondent’s preferred investment in bank, real estate, gold, insurance, mutual fund, shares, postal saving schemes and other beneficial instruments.

Joseph Anbarasu (2011) conducted “An empirical study on Saving Demographic Characteristics of Investors and its Impact on Pattern of their Savings and Risk Coverage through Insurance Schemes.” The study attempted to investigate the perception of people about importance of saving and investment opportunities in the field of insurance. The sample sizes of 550 respondents were selected for the study. The study analysed the perception of people about importance of saving and investment opportunities in the field of insurance, the factors affecting the period of saving, the amount of saving, main mode of saving, and purpose of saving were determined. It was found that those who were educated and had more earning members in a family prefer banks rather than insurance. The study reveals that the people were aware about the importance of saving but less aware about investment opportunities. Investment companies need to offer schemes that are affordable by the low income,
uneducated, salaried families with children. Investment companies should make provision to increase benefits for their schemes to allow people to invest in the monthly mode which is preferred by most investor if people to invest in long term schemes and infrastructure, the national saving rate will increase which in turn will lead to a more prosperous India.

Gedela (2012) examined the "Determinants of the Saving Behaviour of the tribal and rural Households in the district of Visakhapatnam." The data of 120 sample households has been collected from both tribal and rural households by using interview schedule. The study used the Multiple Regression Model and Logistic Regression Model for finding out the determinants of saving behaviour of households situated in tribal and rural areas. The results ultimately revealed that the age of the head of the household, sex, dependency ratio, income and medical expenditure were significantly influencing the saving behaviour in the entire study area. In the tribal area, dependency ratio and medical expenditure has severely affected of household saving. Income is the most crucial factor of the saving behaviour in the entire study. The study found that male headed households save more than female headed households.

2.4 Financial Inclusion

Ganapathy and Muthu Kumar (2010) studied “Awareness Level of Services offered by Depository Participant in Coimbatore, Tamilnadu.” The sample sizes of 100 respondents selected using random sampling techniques. It was found that the respondents' awareness level was less about the service offered by depository participant. Further, task found that the respondents did not have awareness about different service schemes due to lack of information and lack of education.

Dhevan and Ravichandran (2010) in their study examined that “Financial Inclusion in Karaikal Region - a case of Indian Bank, Niravi.” It investigated financial inclusion schemes implemented by Niravi Indian bank branch and the impact of the financial inclusion policy, with sample sizes of 7500 respondents. The study found that the respondents’ financial awareness level was increased over a period of time. Majority of respondents were disbursed the payment
through cheque only and also visit the bank monthly. All the respondents were opened no frill account and saved money only to meet emergency. The bank should give awareness to the account holder to retain same amount with bank for their future emergency use in order to develop the bank habit among the villagers.

Hemavathy and Mythili (2010) assessed the “Status of Financial Inclusion in Vellore Town With Special Reference to Beedi Workers.” The study aimed to bring out the concept, status, drawback strengthen and improvement of financial inclusion among beedi workers in slum area. The sample size of 60 respondents was selected by using random sampling methods. It examined the factors affecting the financial inclusion such as employment, illiteracy, lack of awareness about financial service, poverty etc., and suggested remedial measures to improve the present status of financial inclusion. It was found that due to illiteracy, unemployment problem, lack of awareness and heavy medical expenses respondents were unable to operate bank account. They were not covered by provident fund, medical insurance. It was suggested that bank and insurance sectors need to conduct awareness programme frequently and should give individual attention.

Jerinabi U. and Sareena A. (2010) studied “Micro Finance Inclusion,” with the prime objective to assess the saving and lending activities of SHG rural women in Erode District. The study highlighted the financial inclusion of women under SHG and bank linkage programme. The study found improvement in saving habit after joining SHG, in Bank, Post office, Co-operative society and Insurance products. The study concluded that SHG provide loans to group members through that they start business and they can change their life style. The development of long term organizational vision, mission, objectives and strategies of SHG have the ability to reach out to unreached poor and it network guidance and support them. SHG create a silent revolution which must be viewed as “change agents” in rural areas SHG under bank linkage not only enhance the national conscience but also enable in achieving Millennium Development Goal.

Sathyanarayana and Shrilekha (2010) conducted a study on “Financial Inclusion and Poverty Allocation.” With the objective of assessing the financial
inclusion among rural poor households and analysed their financial decision-making habits. Primary data were collected by using convenient sampling techniques from Kanchipuram district from sample size of 86 rural respondents. The study found that information relating to the profile of borrower, social status, details of present borrower perception about the bank, reason for not borrowing from banks, and reason for reluctance to borrow from bank. Majority of the respondents felt saving as a time consuming length process and complicated formalities and also the bank agree to sanction loan and insisting on deposits. It was suggested that it is important for the bank staff to develop positive attitude towards neglected segment of the population. In this regard bank have long way to cover those excluded from the main stream by devising new system and procedures to make it customer friendly.

Kanchana Devi P. and Bhuvaneshwari Ramanujan (2010) examined the “Financial Inclusion Thrift and Credit Purchase of Self-Help Groups in Coimbatore District.” The study investigate the thrift and credit purchase of self help group members and the lending and repayment pattern of loans available from bank. The sample sizes of 320 SHG respondents were selected by using multi stage sampling method. The study reveals that the SHG membership benefit by the support and assistance provided by the bank. The loans given by the bank have enabled the member to improve their standard of living. It has also included financial discipline and the level of awareness about the investment. It is concluded that the income, expenses, saving and investment pattern of urban vary according to their socio-economic status.

Santhi P. and Thiravia Mary Gloria J. (2011) studied “Financial Inclusion through Saving and Investment of Urban Slum Women – a socio-economic analysis.” It analysed the financial liabilities and sources of awareness about the investment and pattern of saving among urban slum women in Coimbatore city. The sample size of 125 respondents were selected using cluster sampling method. The study found that all respondents were financially liable. Majority of the respondent's ranked first priority towards insurance products. Urban women who live in slum were directly influenced by their socio-economic status. Multiple regression result showed that purpose of saving, pattern of saving, schemes of investment and monthly saving of urban slum women have association with their
types of occupation and also correlated with one another. It is revealed that the loan pattern, collateral free bank loan and loan provided by the group to the members at the affordable cost have relieved them from the clutches of money lenders who provide credit at an exorbitant rate of interest.

Natrajan, Puspanadhan and Thirupurasundari (2011) conducted an empirical study on “Evidence of Financial Inclusion in Pondicherry The study covered saving facility, credit management, electronic fund transfer, commercial loan, overdrafts facility, cheque facility, lowest financial service, insurance, micro credit etc. It was found that most of the respondents opened bank account. The banks provide service only for high and middle income people and not for poor people. Financial inclusion programme are not covered fully the development of social aspect of banking customer and poor people.

Govindadass J. and Sabari N. (2011) brought into light “Financial Inclusion of SC/ST Women through SHGs-Bank Linkage in Nagapattinam District.” The data were collected from 25 SC/ST women respondents by using random sampling techniques and ‘t’ test and regression model were used in this study. The objectives of financial inclusion are to provide access to financial service for all the people in a transparent and equitable manner at an affordable cost. It is imperative to provide banking service to the people below poverty line who were uncovered under basic banking service. It is even more important to serve the poorest of the poor and socially excluded have been reached out successfully by the microfinance SHG bank linkage programme to under privileged women.

Sangram Panigrahi and Deepakshah (2011) examined “Financial Inclusion of Households Living below Poverty,” focusing on the formal and informal sources of loan, causes, types and places of saving by households living below poverty line in Karnataka with the sample size of 999 households selected based on stratified random sampling method. It was found that even after two decades of financial revolution; still money lenders play a dominant role in providing loan. It is due to the easier and quick loan supply without collateral and longer repayment period by the lender helps borrower to get debt quickly from informal sources. The different unproductively purposes pushed the poor
household to borrow from the informal sources at the high rate of interest. There is imperative need to modify the credit and financial service delivery by bank, financial institution and government that would provide access of finance to the below poverty line households.

Meenakshi Bawa and Sanchilina Faria (2011) studied “Financial Inclusion of the Rural Poor in Goa - a study of BPL Households in Canacona Taluk.” The main objective of the study was to examine the extent of financial inclusion among below poverty line households in terms of access and usage of bank accounts and examine the level of financial literacy with the sample size of 69 households selected using random sample techniques. Majority of the respondents kept their saving as cash at home so as to meet emergency needs. The respondents used their bank account only to receive money from government schemes and withdraw the same and they did not availed of any other bank facilities. The access to a bank account has not always led to usage of account, the transaction that have taken place are largely due to the fact of the respondents received payment under various government schemes. Moreover, the household did not have enough money to save. This can be considered as one of the important reason for the low usage of account. This study concluded that bank needs to play a more proactive role in informing people about financial inclusion.

Ramachandran and Raju Deepa (2011) analyzed “Financial Inclusion in Pondicherry region with particular reference to Bahour Commune.” The study analyzed the budget and saving habit, accesses to saving facilities and credit facility for rural households with sample size of 150 households selected based on random sampling techniques. Majority of the respondents just opened bank account did not continue operation because of no proper education and awareness. Lack of collateral, increasing service cost of the bank to handle small amount of saving from individuals and such others were reduced through all SHG operation.

Afroza and Rumanat (2012) studied “Commercial Bank Selection Process used by Individual Customers: Factor Analysis on Banks of Bangladesh.” Necessary data are collected from 206 respondents using random sampling
method. It was found that easy account opening is the most important variable. From varimax rotation matrix it is observed that responsiveness is the most important factor to customers which includes friendliness, personality, counseling and foreign exchange service. Special services such as loan and deposit schemes, electronic fund transfer service, cash management service, merchant banking, supporting the customer in bad time have also been found as important. Convenience, assurance, reliability and safety factors are also of considerable importance to customers to choose a bank.

2.5 Financial literacy

Anna Maria Lusardi (2008) analysed “Household Saving Behaviour and the Role of Financial Literacy Information and Financial Education Programmes.” The study aimed at how well-equipped are individuals to make saving decisions. A sample size of 401 respondents were selected and data were collected using depth interview schedule from both employee and human resource administrator. The statistical tools used in the study were mean, median, Quintile-regressions, Pseudo R square, cohort and percentile of net worth. The above study revealed that active decisions have not been made and individuals have not had to calculate as how much they had to save so that they may not end up with inadequate resources for retirement. They may not learn much more became financially save; they were so default enrollment in mortgage loans, credit card or children education fund. Individuals may be carrying credit card debt or high interest mortgages. Respondents were enrolled in pension scheme. This behaviour may detract from the benefit of increasing retirement saving also.

Fenella Sharon Jeremy and Billal (2008) examined “The ABC of Financial Literacy Experimental Evidence on Attitudes Behaviour and Cognitive Basis,” With the sample size of 1200 households were selected by using random sampling techniques and also financial counselling and goal setting treatment were administered through personal visit after the video training were completed. Detailed follow up surveys then conducted thrice a months after the interval baseline summary statistics, randomization test, P-value, OLS regression were applied for this study. This study found that per capital household income in strongly associated with financial participation. The financial literacy programme had no impact on other question about financial attitude. The study suggested a
limited role of pure financial education in equipping individuals to evaluate financial tradeoffs on their own.

Prabarakara Raja R. and Rajendran K. (2009) in their study attempted to analyse “Awareness about microfinance among rural women in Tamilnadu.” The study examined level of awareness among self-help groups, account maintenance and book keeping, managerial aspects of groups and banking procedures. The study carried out in four dimensions of awareness, awareness on book keeping and accounts, group management aspects, group constitution and banking procedure aspect. There is a significant relationship between education status of the respondents and amount of microfinance loan and period of membership in Self-help group and awareness of the selected dimension of microfinance. It is concluded that there is high and complete awareness about microfinance among the women in Vellore district.

Shantha B. Kurup, Jerinabi U. and Deepa S. (2010) conducted a study entitled “Financial Literacy-Key Element for Financial Inclusion.” Only SHG which have already completed at least four years of bank linkage were included. The sample size of 250 respondents was selected by using random sampling method. The study analysed impact between before joining SHG and after joining SHG. It was found that after joining SHG, respondents income improved, monthly and weekly saving were positive. The respondents were not even aware of financial measures and about many financial products. SHG helped them to knew about the financial services provided by the bank even non-financial literacy is not enough. There is a need to focus on it to attain the goal of financial inclusion for all. SHG members well aware of financial services provided by the banks than before joining SHG. The study concluded that attainment of financial inclusion for all could be achieved through SHG’s.

Manal Orozco, Elisabeth Burgess, Nancy and Castillo (2010) examined “Remittance and Development of Financial Literacy in an International Perspective.” The sample size of 35,089 respondents was selected by using random sampling techniques among four countries. The study identified two ways in saving that is formal and informal saving. Most of the respondents saved informally, one third of agriculture saved informally, teachers, business owners
and professional saved at financial institution for high rate of interest. This study found that financial education was most effective among urban people than rural background. Rural area have a lower incidence of budgeting as to people with uncertain future income there is a higher percentage saving among urban respondents who budget and those save tend to have higher income and receive more remittance than those who did not budget or save.

Kaboor A. and Marudhu Pandian P. (2010) examined “Determinants of Investor Financial Literacy.” This study measure the extent of financial literacy of individual investors and find out whether there were any similarities in the determinants among rural, semi urban and urban investors. This study employed random sampling method to select 906 respondents. The study analysed individual financial literacy. Normal investors were familiar with investment in banks, post office deposit, jewels, insurance policy, mutual fund and real estate. The study concluded that the level of financial literacy differ from individual to individual.

Martin, Kalyan and Abdul (2010) conducted the study on “School teachers awareness towards financial literacy in Ramanadhapuram.” The study employed non-probability method of sampling to select the respondents with a purposive sampling and collected data from 100 respondents by comprehensive interview. The study analysed the awareness of school teachers towards financial literacy. The awareness level were classified as high level, medium and low. The factors influencing the level of awareness of school teacher towards financial literacy such as personal finance, saving, investment, credit etc. Majority of respondents invest their money in retirement plan for their comfortable retirement and happy living. Financial education programme help to improve saving and financial decision making.

Maarten Van Rooij (2011) analysed “Financial Literacy, Retirement Planning and Household Wealth,” with the objective to investigate the relation between financial sophistication and household net worth relaying on specific measures of financial knowledge and skill rather than crude proxies. The sample size of 1091 respondents were selected. The data were collected through internet survey and experiment on response behaviour in a web based environment. The
study used Hansen J-test, F-test, mean, median, standard deviation, weighted average analysis and robust standard errors in parenthesis. This study highlighted and documented evidence of two important channels that could drive. This relation which is the fact that financially literate person are more likely to invest in stocks and have a higher propensity to plan for retirement and also having high net worth level.

Devaraju B.H., Shasidharandrshira A.S. and Shankar S. (2011) conducted a study on "Financial Literacy." The study has ascertained if the financially-illiterate people believe that they have contributed to the country’s economic growth, the respondents were familiar with the concept underlying compound interest, laws concerning tenancy, immovable property, investing in gold and respondents were not familiar with insurance products, commodity market products, tax laws and the capital market.

Santhi P. and Thiravia Mary Gloria J. (2011) conducted study on “Financial Literacy as a Tool for Financial Inclusion with special reference to Coimbatore City," with the sample size of 84 respondents were selected from the slum by using cluster sampling. The study concluded that the cash management among urban slum respondents were poor due to low monthly income and having more debts. Majority of them borrowed from the money lenders.

Sam Allgood and William B. Walstad (2011) conducted a study on “The effect of perceived and actual financial literacy on financial behaviours.” A combined measure of financial literacy that includes both a test score of actual financial literacy and a self-rating of overall financial literacy was used in this study. It was found that the combined measure provides greater understanding about how financial literacy affects financial behaviours. A large national survey of U.S. adults and households with sample size of 28,146 were used to investigate how this overall financial literacy affects financial behaviour across five financial elements namely credit cards, investments, loans, insurance, and financial advice. For each topic four to five financial behaviours were included to demonstrate the consistency of the findings within and across topics. The results from the probit analysis showed that both actual and perceived financial literacy significantly influence financial behaviours and that perceived financial literacy
can be as important as or more important than actual financial literacy. The studies reviewed highlighted the socio-economic and demographic profiles associated with saving and banking habit, money management, debt practices, financial inclusion and financial literacy.

In the light of the studies reviewed above, the importance and need for in-depth and comprehensive research on financial literacy for financial inclusion was felt essential. The studies in Indian context on the above issues addressed were on exclusively either for one or two themes of financial literacy either among urban or rural subjects. However, the present study aims to bridge the existing gap and to bring out a comprehensive idea on financial literacy among the low income households covering the broad theme of financial literacy, so as to suggest the Government of India, Reserve Bank of India, Non-Governmental organization to improve their service provided to low income groups. The socio-economic, saving and banking practice, money management, debt management among low income households, will be brought out into limelight in order to frame strategic measures to include them in the robust financial stream.