

FINANCIAL INCLUSION AMONG RURAL HOUSEHOLDS: RETROSPECTS AND PROSPECTS

Vaibhav Singh¹, Prof. (Dr.) Sanjay Srivastava²,

¹Research Scholar, Himalayan University, Arunachal Pradesh

²Professor, FGIET, Raebareli, Uttar Pradesh

Abstract— Sustainable Growth requires participation of all segments of society. Financial Inclusion is a drive towards attaining inclusive growth and sustainable development and plays a major role in driving away the poverty from the country. The primary purpose of financial Inclusion is to deliver and spread awareness regarding banking and financial services at affordable costs to the unbanked sections of disadvantage and low income sections of society so as to unlock their savings and investment potential. The objective of the study is to examine the major problems and hurdles in accessing financial product and services of the study area and to justify the role of government for opening bank account, accessing loan facility, and services offered by bank. The study was conducted through collection of primary data from 400 respondents in rural household in their respective blocks in the Varanasi district. By analyzing the data it was identified that the rural people are unaware about the financial instruments and hurdles in accessing the banking services. The calculated value of Chi-square test and p-value for the economic indicators were significant. The data analysis reveals hurdles in accessing the financial services, the importance of financial inclusion and it gives us an insight to strengthen the functioning of financial inclusion in Varanasi district. Inclusive financial system helps the deprived section of people to get access to formal credit, saving products and other services which help them to overcome poverty and to reduce income inequality existing in the Indian economy. Government of India and Reserve Bank of India should make efforts to reach the rural population through the expansion of banking services.

Index Terms— Financial Inclusion, Financial Services, Awareness, Savings, Credit.

I. INTRODUCTION

India is a country with diverse economic condition. This diversity is prominent in every aspect of life including financial services. Household with low income often lack access to banking services. These families find it more difficult to save and to plan financially for the future. Lack of accessible, affordable and appropriate financial services has always been a global problem and has an impact on the economic condition of the people as well as the economic health of the country. In fact, the significantly large section of population still lack access to the most basic banking services that is holding a bank account. This is termed as financial exclusion which further leads to social exclusion. In India, only 55% of the population has deposit accounts and 9% have credit accounts with banks. Studies have proved that lack of inclusion or rather exclusion

from the banking system results in a loss of 1 per cent to the GDP. Thus, financial inclusion is not just an economic imperative but also a socio-political one. Financial inclusion is delivery of financial services at an affordable cost to the vast sections of the disadvantaged and low-income groups. The Rangarajan Committee, Government of India (2008), defines financial inclusion as “the process of ensuring access to financial services and timely, adequate credit where needed, to vulnerable groups such as weaker sections and low income groups, at an affordable cost”. However there are still many issues and challenges in the road to achieving 100% financial inclusion. Financial inclusion has become crucial for inclusive development of the economy.”

“The present study tried to understand the problems and hurdles in accessing financial product and services among small and marginal farmers and rural section of the respondent within the various blocks in the Varanasi district in the process of financial inclusion. Insufficient income is reported to be the key issue in the process of financial inclusion among all the categories of the small and marginal farmers and the rural respondent. The next major problem reported by most of the respondents is the requirement of securities for availing loans. This is a pertinent and aggravating issue due to which the farmers and other rural respondents are helpless in providing collaterals which they do not have. Another major issue reported by the respondents is the procedural formalities to be fulfilled in connection with the documents required for securing credit. Banks and other financial institutions demand various documents as a requirement for the processing of the applications for providing financial services. The poor farmers and other rural respondents being unable to meet these requirements would often shift to semiformal and informal financial services. Another important finding is that poor people avoid banks because of complicated forms, procedures etc. There is an opportunity for the financial services to offer the services in the regional languages. It has been found that financial services are used only by a section of the population. There is demand for these services but it has not been provided. The excluded regions are rural, poor regions and also those living in harsh climatic conditions where it is difficult to provide these financial services.

II. FINANCIAL INCLUSION

Financial inclusion is all about providing banking services to underprivileged segment and low income people with reasonable cost. Hence banking services too should be for all the people without any bias. It is the duty of regulating authority to see the banking services should be offered to all people. In spite of the fact that in so many parts of India women are still confined only to the four walls of houses performing household activities. This does not mean that they are not able to do activities like academics, politics, administration, social work and so on. All this shows that there is a need of financial inclusion for empowering rural women. As woman's needs are closely linked to their socially defined gender roles, responsibilities, and social structures. Despite a Government's approach to improve access to financial inclusion in India, research shows that in comparison to men, women are largely financially excluded. The Global Financial Inclusion (Global Findex) database suggests that only 26% of female adults in India have an account with a formal financial institution as compared to 44% of male adults (World Bank 2014). In Indian society, as we can see that all the people of the society whether males or females are taking advantage of public goods and services except banking services. Hence banking services too should be available for all without any bias. So it is the duty of the government to see that the banking services should be offered to all people.

III. LITERATURE REVIEW

Various studies have been conducted and the glimpses of some of them are: **Raghuram Rajan Committee (2007)** views Financial Inclusion, broadly, "as universal access to a wide range of financial services at a reasonable cost. These include not only banking products but also other financial services such as insurance and equity products". **Joseph and Varghese (2014)** analyzed the effect of financial inclusion on the development of Indian economy by bank growth rate in terms of number of bank branches, usage of debit card and credit cards. It has been observed that the usage of debit cards increased tremendously throughout the study period and decreased the number of people with access to the products and services offered by the banking system continues to be very limited, even years after introduction of inclusive banking initiatives in the country.

Shastri (2014) discussed the role of financial inclusion in Madhya Pradesh with reference to Rural Population. The study has critically analyzed the issues and a challenge involved in financial inclusion for inclusive growth and has also successfully attempted to highlight the factors that can aid in achieving financial inclusion for inclusive growth.

Hastak and Gaikwad (2015) explained issues relating to financial inclusion and banking sector in India. The study also reviews the current scenario as well as current and future plans of RBI for Financial Inclusion. After analysing the facts and figures it is concluded that though, various steps are taken by

RBI and Government of India to improve financial inclusion there is a long way to achieve the total financial inclusion.

Dr Manohar V. Serrao, Dr A. H. Sequeira, Dr K.V.M Varambally (2016) explained in their study that the results shows that, there is disparity in nature and extent of financial inclusion across the rural and urban segments of the vulnerable sections. Accessing and availability of formal financial services that leads towards the impact of positive changes in the socio-economic status of households of the vulnerable sections which are correlated, and leads to inclusive growth of an economy.

IV. RESEARCH PROBLEM

To achieve greater financial inclusion, financial services should reach the poor and socially excluded groups of our country. Banks and other financial institution have played a vital role in filling up this gap. This study helps us to know the problems and hurdles in accessing financial product and services and the extent working of financial inclusion practices in Varanasi district. The research will try to find out the obstacles in achieving complete financial inclusion."

A. Objectives of the Study

This study has been aimed with following objectives in mind:

1. To examine the major problems and hurdles in accessing a financial product and services of the study area.
2. To justify the role of government for opening bank account, accessing loan facility, and services offered by bank.
3. To make remedial measures and suggestions for future study.

B. Research Methodology

The present study is based on primary and secondary data. Secondary data was collected through various reports, websites, books and journal. Primary data was collected through questionnaire. The data was collected with the help of well-designed questionnaire from a sample size of 400 respondents in rural areas of respective blocks namely Arajilina, Baragaon, Chiraigaon, Cholaipur, Harauha, Kashi Vidyapith, Pindra and Sevapuri of Varanasi district. In collecting requisite data and information, rural areas of Varanasi district were covered. Convenience sampling was used to collect the data. Further, the data will be analyzed through appropriate statistical tools such as Chi square, mean standard deviation have been used to draw the meaningful inferences from the study.

C. Hypothesis of the study

On the basis of the objectives of the study, following hypothesis has been formulated:

H01. There is no significant difference in the opinion of respondents on problems and hurdles in financial services among rural masses in the area under study.

HA1. There is a significant difference in the opinion of respondents on problems and hurdles in financial services among rural masses in the area under study.

V. DATA ANALYSIS & INTERPRETATION

Table 1.1 Demographic Profile of the respondents

| Particulars | Total | Mean | Standard deviation | Chi-square (χ^2) | Degree of freedom | P-value |
|------------------|-------|--------|--------------------|-------------------------|-------------------|---------|
| age | 400 | 1.9500 | .59246 | 45.500 | 2 | .000 |
| Marital status | 400 | 1.8900 | .76403 | 65.680 | 3 | .000 |
| Type of family | 400 | 3.4300 | 1.24117 | 12.500 | 4 | .014 |
| Education | 400 | 3.7900 | 1.73085 | 15.560 | 5 | .008 |
| Occupation | 400 | 2.5100 | 1.14146 | 71.240 | 5 | .000 |
| Income (Monthly) | 400 | 1.9800 | .92091 | 27.120 | 3 | .000 |

Source: Primary Data

The above table depicts the demographic profile of the respondents. It is found that the demographic profile of the respondent's age, marital status, occupation and income are significant because P- value of the study indicates .000 which is less than the significance value and therefore it is concluded that there is significant difference in the opinion expressed by respondents at 5% significance level among the rural woman in the Varanasi District where as type of

family and education are not significant because p-value of the study indicates .014, .008 which is less than the significance value. It is further observed that the mean value of age, marital status and income of respondents of the standard deviation is not much deviated from the mean value, indicates that the data collected from Varanasi district is relevant not scattered, while others are much deviated from the mean value.

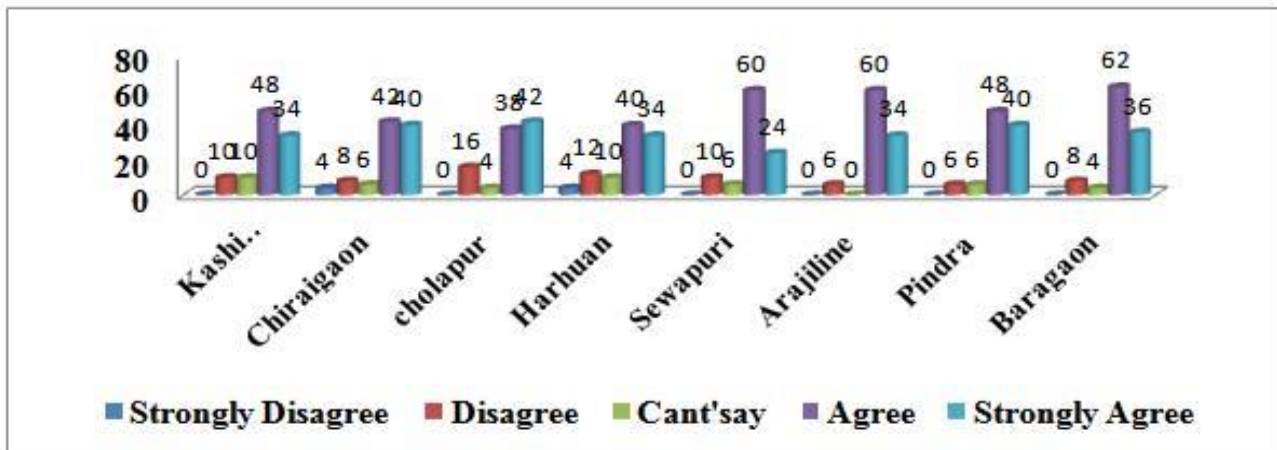
Table: 1.2 Lengthy procedures for opening a bank account

| Block | | Strongly Disagree | Disagree | Cant' say | Agree | Strongly Agree | Total | Mean | SD |
|-------------------|-----------|-------------------|----------|-----------|--------------|----------------|-------------|-----------------|---------|
| Kasha Vidyapeeth | Frequency | 0 (0) | 5 (10) | 4 (10) | 24 (48) | 17 (34) | 50 (100.0) | 4.0600 | .91272 |
| Chiragaon | Frequency | 2 (4) | 4 (8) | 3 (6) | 21 (42) | 20 (40) | 50 (100.0) | 4.0600 | 1.07684 |
| Cholapur | Frequency | 0 (0) | 8 (16) | 2 (4) | 19 (38) | 21 (42) | 50 (100.0) | 4.0600 | 1.05772 |
| Harhuan | Frequency | 2 (4) | 6 (12) | 5 (10) | 20 (40) | 17 (34) | 50 (100.0) | 3.8800 | 1.13641 |
| Sewapuri | Frequency | 0 (0) | 5 (10) | 3 (6) | 30 (60) | 12 (24) | 50 (100.0) | 3.9800 | .84491 |
| Arajiline | Frequency | 0 (0) | 3 (6) | 0 (0) | 30 (60) | 17 (34) | 50 (100.0) | 4.2200 | .73651 |
| Pindra | Frequency | 0 (0) | 3 (6) | 3 (6) | 24 (48) | 20 (40) | 50 (100.0) | 4.2200 | .81541 |
| Baragaon | Frequency | 0 (0) | 4 (8) | 2 (4) | 31 (62) | 13 (26) | 50 (100.0) | 4.0600 | .79308 |
| Total | Frequency | 4 (1) | 38 (9.5) | 22 (5.5) | 199 (49.8) | 137 (34.3) | 400 (100.0) | 4.0675 | .93011 |
| $\chi^2 = 32.742$ | | (Table Value=) | | | P-Value=.245 | | Df=28 | Sig. value=0.05 | |

Source: Primary Data

Note: Number shown within parentheses refers to %

Figure: 1.1 Lengthy procedures for opening a bank account



The above table represents lengthy procedures for opening a bank account. It is found that maximum number of respondents have agreed by 49.8 percent, whereas 9.5 percent have disagreed with the statement, strongly disagreed consists of 1 percent respondents, can't say consists of 5.5 percent respondents who did not have any opinion on the statement, strongly agreed consists of 34.3 percent with the statement. It is further observed that the mean value of Arajiline and Pindra block is higher by 4.22 respectively than other blocks under study. Since, Chi-square value is 32.742 (df=28, N=400),

$p > 0.05$ is significant at 28 degree of freedom, the P value of the study indicates .245 which is more than the significance value and therefore it is concluded that there is significant difference in the opinion expressed by respondents at 5% significance level within the various blocks in Varanasi district, Based on the above output statistics, we accepted null hypothesis and rejected alternative hypothesis, hence there is a significant difference for the reasons that made to lengthy procedures for opening a bank account among rural masses in Varanasi district.

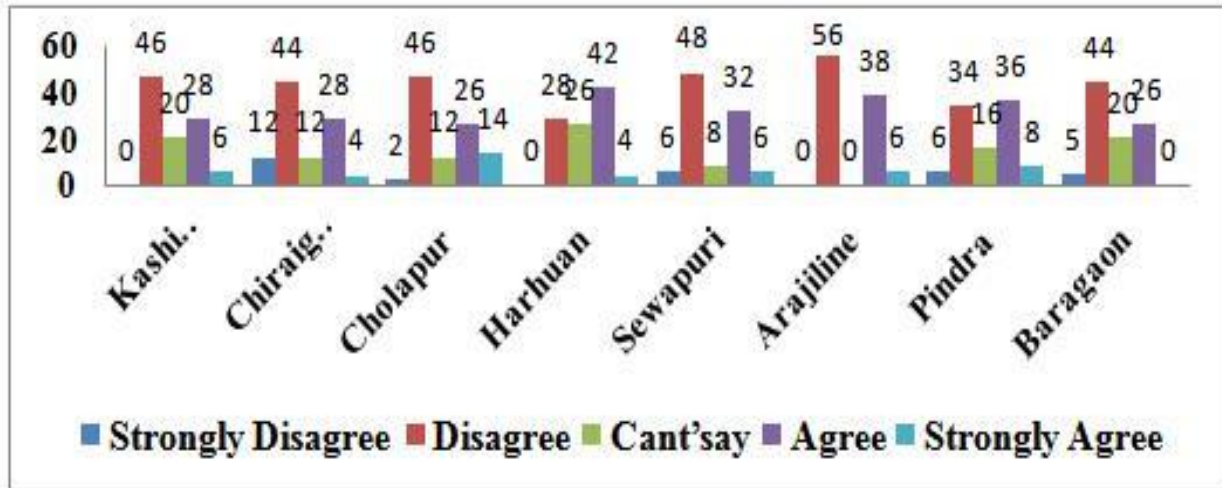
Table: 1.3 Non- relevant / non suitable products and services offered by the bank.

| Block | | Strongly Disagree | Disagree | Cant' say | Agree | Strongly Agree | Total | Mean | SD |
|-------------------|-----------|-------------------|------------|-----------|--------------|----------------|-------------|----------------|---------|
| KashiVidya peeh | Frequency | 0 (0) | 23 (46) | 10 (20) | 14 (28) | 3 (6) | 50 (100.0) | 2.9400 | .99816 |
| Chiraigaon | Frequency | 6 (12) | 22 (44) | 6 (12) | 14 (28) | 2 (4) | 50 (100.0) | 2.6800 | 1.13281 |
| Cholapur | Frequency | 1 (2) | 23 (46) | 6 (12) | 13 (26) | 7 (14) | 50 (100.0) | 3.0400 | 1.17734 |
| Harhuan | Frequency | 0 (0) | 14 (28) | 13 (26) | 21 (42) | 2 (4) | 50 (100.0) | 3.2200 | .91003 |
| Sewapuri | Frequency | 3 (6) | 24 (48) | 4 (8) | 16 (32) | 3 (6) | 50 (100.0) | 2.8400 | 1.13137 |
| Arajiline | Frequency | 0 (0) | 28 (56) | 0 (0) | 19 (38) | 3 (6) | 50 (100.0) | 2.9400 | 1.09563 |
| Pindra | Frequency | 3 (6) | 17 (34) | 8 (16) | 18 (36) | 4 (8) | 50 (100.0) | 3.0600 | 1.13227 |
| Baragaon | Frequency | 5 (10) | 22 (44) | 10 (20) | 13 (26) | 0 (0) | 50 (100.0) | 2.6200 | .98747 |
| Total | Frequency | 18 (4.5) | 173 (43.3) | 57 (14.3) | 128 (32) | 24 (6) | 400 (100.0) | 2.9175 | 1.08103 |
| $\chi^2 = 53.017$ | | (Table Value=) | | | P-Value=.003 | | Df=28 | Sig.value=0.05 | |

Source: Primary Data

Note: Number shown within parentheses refers to %

Figure: 1.2 Non- relevant / non suitable products and services offered by the bank



The above table represents non- relevant / non suitable products and services offered by the bank. It is found that maximum number of respondents have disagreed by 43.3 percent, whereas 32 percent have agreed with the statement, strongly disagreed consists of 4.5 percent respondents, can't say consists of 14.3 percent respondents who did not have any opinion on the statement, strongly agreed consists of 6 percent with the statement."

"It is further observed that the mean value of Harhuan block is higher by 3.22 respectively than other blocks under study. Since, Chi-square value is 53.017 (df=28, N=400),

$p < 0.05$ is significant at 28 degree of freedom, the P value of the study indicates .003 which is less than the significance value and therefore it is concluded that there is significant difference in the opinion expressed by respondents at 5% significance level within the various blocks in Varanasi district. Based on the above output statistics, we rejected null hypothesis and accepted alternative hypothesis, and therefore there is a significant difference in the reasons that non- relevant / non suitable products and services offered by the bank among rural masses in Varanasi district.

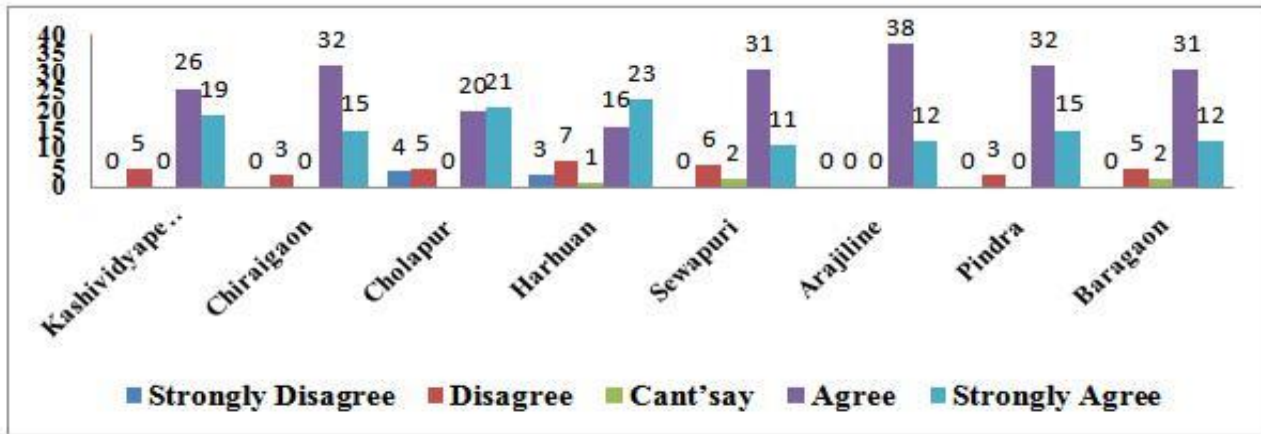
Table: 1.4 Poor language / illiteracy are the major hurdles in understanding the financial products and services

| Block | | Strongly Disagree | Disagree | Cant'say | Agree | Strongly Agree | Total | Mean | SD |
|-------------------|------------------|-------------------|-----------------|----------------|-------------------|-----------------|--------------------|----------------|---------------|
| KashiVidyapeeth | Frequency | 0 (0) | 5 (10) | 0 (0) | 26 (52) | 19 (38) | 50 (100.0) | 4.1800 | .87342 |
| Chiraigaon | Frequency | 0 (0) | 3 (6) | 0 (0) | 32 (64) | 15 (30) | 50 (100.0) | 4.1800 | .71969 |
| Cholapur | Frequency | 4 (8) | 5 (10) | 0 (0) | 20 (40) | 21 (42) | 50 (100.0) | 3.9800 | 1.25340 |
| Harhuan | Frequency | 3 (6) | 7 (14) | 1 (2) | 16 (32) | 23 (46) | 50 (100.0) | 3.9800 | 1.26958 |
| Sewapuri | Frequency | 0 (0) | 6 (12) | 2 (4) | 31 (62) | 11 (22) | 50 (100.0) | 3.9400 | .86685 |
| Arajiline | Frequency | 0 (0) | 0 (0) | 0 (0) | 38 (76) | 12 (24) | 50 (100.0) | 4.2400 | .43142 |
| Pindra | Frequency | 0 (0) | 3 (6) | 0 (0) | 32 (64) | 15 (30) | 50 (100.0) | 4.1800 | .71969 |
| Baragaon | Frequency | 0 (0) | 5 (10) | 2 (4) | 31 (62) | 12 (24) | 50 (100.0) | 4.0000 | .83299 |
| Total | Frequency | 7 (1.8) | 34 (8.5) | 5 (1.3) | 226 (56.5) | 128 (32) | 400 (100.0) | 4.0850 | .90821 |
| $\chi^2 = 60.525$ | | (Table Value=) | | | P-Value=.000 | | Df=28 | Sig.value=0.05 | |

Source: Primary Data

Note: Number shown within parentheses refers to %

Figure: 1.3 Poor language / illiteracy are the major hurdles in understanding the financial products and services



The above table represents poor language / illiteracy as the major hurdle in understanding the financial products and services. It is found that maximum number of respondent have agreed by 56.5 percent, whereas 8.5 percent have disagreed with the statement, strongly disagreed consists of 4.5 percent respondents, can't say consists of 1.3 percent respondents who did not have any opinion on the statement, strongly agreed consists of 32 percent with the statement. It is further observed that the mean value of Arajiline block is higher by 4.24 and Kashi Vidyapeeth and chiraigaon by 4.18 respectively than other blocks under study. Since, Chi-square value is 60.525

(df=28, N=400), $p < 0.05$ is significant at 28 degree of freedom, the P value of the study indicates .000 which is less than the significance value and therefore it is concluded that there is significant difference in the opinion expressed by respondents at 5% significance level within the various blocks in Varanasi district. Based on the above output statistics, we rejected null hypothesis and accepted alternative hypothesis, and therefore there is a significant difference in the reasons that poor language / illiteracy are the major hurdles in understanding the financial products and services among rural masses in Varanasi district.

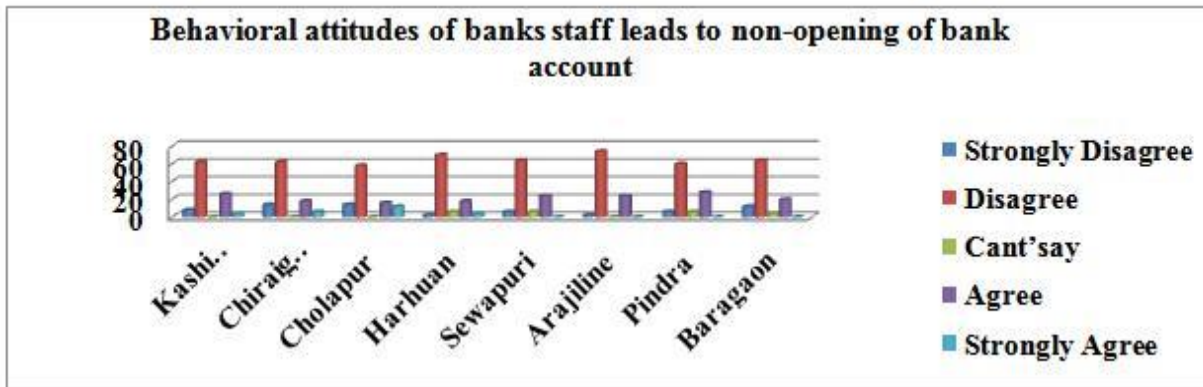
Table: 1.5 Behavioral attitudes of banks staff leads to non-opening of bank account.

| Block | Strongly Disagree | Disagree | Cant' say | Agree | Strongly Agree | Total | Mean | SD |
|-------------------|-------------------|----------------|-----------|--------------|----------------|-------------|------------------------------|---------|
| KashiVidyapeeth | 4 (8) | 13 (26) | 0 (0) | 31 (62) | 2 (4) | 50 (100.0) | 2.5600 | 1.09096 |
| Chiraigaon | 7 (14) | 9 (18) | 0 (0) | 31 (62) | 3 (6) | 50 (100.0) | 2.4000 | 1.12486 |
| Cholapur | 7 (14) | 8 (16) | 0 (0) | 29 (58) | 6 (12) | 50 (100.0) | 2.5400 | 1.26507 |
| Harhuan | 1 (2) | 9 (18) | 3 (6) | 35 (70) | 2 (4) | 50 (100.0) | 2.5200 | .95276 |
| Sewapuri | 3 (6) | 12 (24) | 3 (6) | 32 (64) | 0 (0) | 50 (100.0) | 2.4800 | .93110 |
| Arajiline | 1 (2) | 12 (24) | 0 (0) | 37 (74) | 0 (0) | 50 (100.0) | 2.4600 | .88548 |
| Pindra | 3 (6) | 14 (28) | 3 (6) | 30 (60) | 0 (0) | 50 (100.0) | 2.5600 | .97227 |
| Baragaon | 6 (12) | 10 (20) | 2 (4) | 32 (64) | 0 (0) | 50 (100.0) | 2.3200 | .93547 |
| Total | 32 (8) | 87 (21.8) | 11 (2.8) | 257 (64.3) | 13 (3.3) | 400 (100.0) | 2.4800 | 1.02088 |
| $\chi^2 = 46.205$ | | (Table Value=) | | P-Value=.017 | | Df=28 | Sig.value=0.05, p-value=.017 | |

Source: Primary Data

Note: Number shown within parentheses refers to %

Figure: 1.4 Behavioral attitude of bank's staff leads to non-opening of bank account



The above table represents behavioral attitudes of bank's staff leading to non-opening of bank account. It is found that maximum number of respondents have agreed by 64.3 percent, whereas 21.8 percent have disagreed with the statement, strongly disagreed consists of 8.0 percent respondents, can't say consists of 2.8 percent respondents who did not have any opinion on the statement, strongly agreed consists of 3.2 percent with the statement. It is further observed that the mean value of kashividyapeeth and Pindra block is higher by 2.54 respectively than other blocks under study. Since, Chi-square value is 46.205 (df=28, N=400), $p > 0.05$ is significant at 28

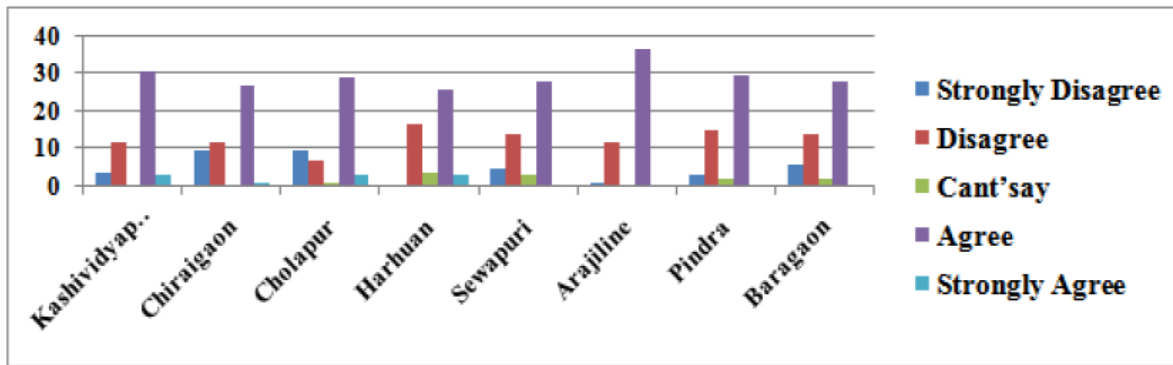
degree of freedom, the P value of the study indicates .017 which is more than the significance value and therefore it is concluded that there is significant difference in the reasons to open the bank account for saving money among the respondents at 5% significance level within the various blocks in Varanasi district. Based on the above output statistics, we accepted null hypothesis and rejected alternative hypothesis, and therefore there is a significant difference in the reasons that behavioral attitudes of bank's staff leads to non-opening of bank account among rural masses in Varanasi district.

Table: 1.6 Fear of refusal of banking transactions by the employees of the bank

| Block | | Strongly Disagree | Disagree | Cant' say | Agree | Strongly Agree | Total | Mean | SD |
|-------------------|------------------|-------------------|-------------------|---------------|-----------------|-----------------|--------------------|---------------|----------------|
| KashiVidya peeth | Frequency | 4 (8) | 12 (24) | 0 (0) | 31 (62) | 3 (6) | 50 (100.0) | 2.5800 | 1.12649 |
| Chiraigaon | Frequency | 10 (20) | 12 (24) | 0 (0) | 27 (54) | 1 (2) | 50 (100.0) | 2.3400 | 1.11776 |
| Cholapur | Frequency | 10 (20) | 7 (14) | 1 (2) | 29 (58) | 3 (6) | 50 (100.0) | 2.2800 | 1.12558 |
| Harhuan | Frequency | 0 (0) | 17 (34) | 4 (8) | 26 (52) | 3 (6) | 50 (100.0) | 2.9400 | 1.05772 |
| Sewapuri | Frequency | 5 (10) | 14 (28) | 3 (6) | 28 (56) | 0 (0) | 50 (100.0) | 2.5200 | 1.01499 |
| Arajiline | Frequency | 1 (2) | 12 (24) | 0 (0) | 37 (74) | 0 (0) | 50 (100.0) | 2.4600 | .88548 |
| Pindra | Frequency | 3 (6) | 15 (30) | 2 (4) | 30 (60) | 0 (0) | 50 (100.0) | 2.5800 | .99160 |
| Baragaon | Frequency | 6 (12) | 14 (28) | 2 (4) | 28 (56) | 0 (0) | 50 (100.0) | 2.4800 | 1.03490 |
| Total | Frequency | 39 (9.8) | 103 (25.8) | 12 (3) | 236 (59) | 10 (2.5) | 400 (100.0) | 2.5225 | 1.05464 |
| $\chi^2 = 50.446$ | | (Table Value=) | | p-value=.006 | | Df=28 | Sig.value=0.05 | | |

Source: Primary Data, Note: Number shown with in parenthesis refers to %

Figure: 1.5 Fear of refusal of banking transactions by the employees of the bank



The above table depicts fear of refusal of banking transactions by the employees of the bank. It is found that maximum number of respondents have agreed by 59 percent whereas 2.5 percent have strongly agreed with the statement, strongly disagreed consists of 9.8 percent respondents, can't say consists of 3.0 percent respondents did not have any opinion on the statement, disagreed consists of 25.8 percent with the statement. It is further observed that the mean value of Harhuan block is higher by 2.94 and Kashi Vidyapeeth and Pindra by 2.54 respectively than other blocks under study. Since, Chi-square value is 50.446 (df=28, N=400), p<0.05 is

significant at 28 degree of freedom, the P value of the study indicates .006 which is less than the significance value and therefore it is concluded that there is significant difference in the opinion expressed by respondents at 5% significance level within the various blocks in Varanasi district. Based on the above output statistics, we rejected null hypothesis and accepted alternative hypothesis, and therefore there is a significant difference in the reasons fear of refusal of banking transactions by the employees among rural masses in Varanasi district

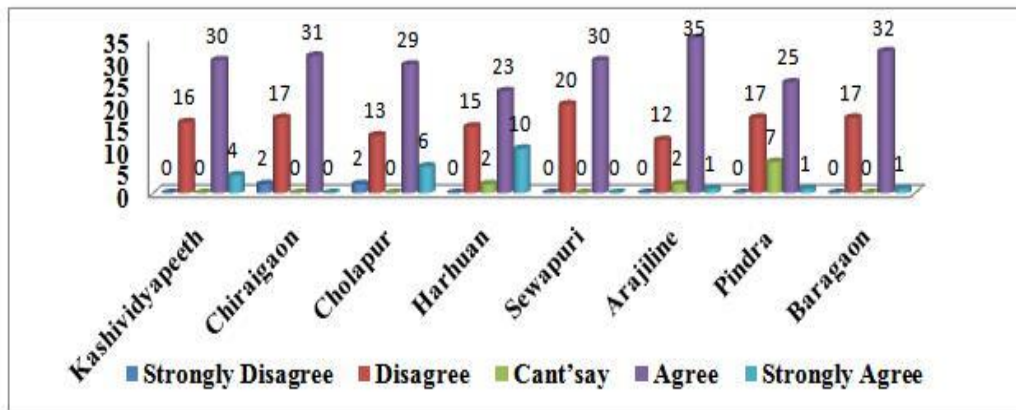
Table: 1.7 Branches located far away from the residence.

| Block | | Strongly Disagree | Disagree | Cant'say | Agree | Strongly Agree | Total | Mean | SD |
|-------------------|------------------|-------------------|-------------------|-----------------|-------------------|-----------------|--------------------|----------------|----------------|
| KashiVidya peeth | Frequency | 0 (0) | 16 (32) | 0 (0) | 30 (60) | 4 (8) | 50 (100.0) | 2.8800 | 1.11831 |
| Chiraigaon | Frequency | 2 (4) | 17 (34) | 0 (0) | 31 (62) | 0 (0) | 50 (100.0) | 2.6400 | 1.00529 |
| Cholapur | Frequency | 2 (4) | 13 (26) | 0 (0) | 29 (58) | 6 (12) | 50 (100.0) | 2.8400 | 1.21823 |
| Harhuan | Frequency | 0 (0) | 15 (30) | 2 (4) | 23 (46) | 10 (20) | 50 (100.0) | 3.2400 | 1.23817 |
| Sewapuri | Frequency | 0 (0) | 20 (40) | 0 (0) | 30 (60) | 0 (0) | 50 (100.0) | 2.8000 | .98974 |
| Arajiline | Frequency | 0 (0) | 12 (24) | 2 (4) | 35 (70) | 1 (2) | 50 (100.0) | 2.5800 | .92780 |
| Pindra | Frequency | 0 (0) | 17 (34) | 7 (14) | 25 (50) | 1 (2) | 50 (100.0) | 2.8800 | .96129 |
| Baragaon | Frequency | 0 (0) | 17 (34) | 0 (0) | 32 (64) | 1 (2) | 50 (100.0) | 2.7400 | 1.00631 |
| Total | Frequency | 4 (1) | 127 (31.8) | 11 (2.8) | 235 (58.8) | 23 (5.8) | 400 (100.0) | 2.8250 | 1.07109 |
| $\chi^2 = 79.662$ | | (Table Value=) | | | P-Value=.000 | | Df=28 | Sig.value=0.05 | |

Source: Primary Data

Note: Number shown within parentheses refers to %

Figure: 1.6 Branches located far away from the residence



The above table represents branches located far away from the residence. It is found that maximum number of respondents have agreed by 58.8 percent whereas 5.8 percent have strongly agreed with the statement, strongly disagreed consists of 1.0 percent respondents, can't say consists of 2.8 percent respondents who did not have any opinion on the statement, disagreed consists of 31.8 percent with the statement. It is further observed that the mean value of Harhuan block is higher by 3.24 and Kashi Vidyapeeth and Pindra by 2.88 respectively than other blocks under study.”

Since, Chi-square value is 79.662 (df=28, N=400), $p < 0.05$ is significant at 28 degree of freedom, the P value of the study indicates .000 which is less than the significance value and therefore it is concluded that there is significant difference in the opinion expressed by respondents at 5% significance level within the various blocks in Varanasi district, Based on the above output statistics, we rejected null hypothesis and accepted alternative hypothesis, and therefore there is a significant difference in the reasons that branches located far away from the residence among rural masses in Varanasi district.

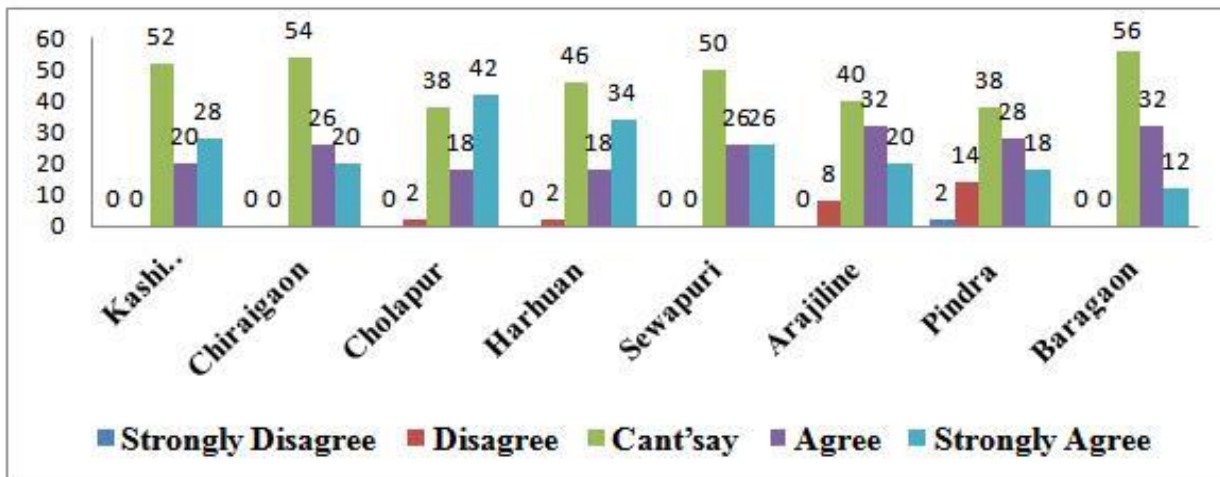
Table: 1.8 Hurdles in accessing loan facility.

| Block | Strongly Disagree | Disagree | Cant'say | Agree | Strongly Agree | Total | Mean | SD |
|-------------------|-------------------|----------------|------------|--------------|----------------|-------------|----------------|---------|
| KashiVidyapeeth | 0 (0) | 0 (0) | 26 (52) | 10 (20) | 14 (28) | 50 (100.0) | 3.7600 | .87037 |
| Chiragaon | 0 (0) | 0 (0) | 27 (54) | 13 (26) | 10 (20) | 50 (100.0) | 3.6600 | .79821 |
| Cholapur | 0 (0) | 1 (2) | 19 (38) | 9 (18) | 21 (42) | 50 (100.0) | 4.0000 | .94761 |
| Harhuan | 0 (0) | 1 (2) | 23 (46) | 9 (18) | 17 (34) | 50 (100.0) | 3.8400 | .93372 |
| Sewapuri | 0 (0) | 0 (0) | 25 (50) | 13 (26) | 12 (26) | 50 (100.0) | 3.7400 | .82833 |
| Arajiline | 0 (0) | 4 (8) | 20 (40) | 16 (32) | 10 (20) | 50 (100.0) | 3.6400 | .89807 |
| Pindra | 1 (2) | 7 (14) | 19 (38) | 14 (28) | 9 (18) | 50 (100.0) | 3.4600 | 1.01439 |
| Baragaon | 0 (0) | 0 (0) | 28 (56) | 16 (32) | 6 (12) | 50 (100.0) | 3.5600 | .70450 |
| Total | 1 (0.3) | 13 (3.3) | 187 (46.8) | 100 (25) | 99 (24.8) | 400 (100.0) | 3.7075 | .88538 |
| $\chi^2 = 56.968$ | | (Table Value=) | | P-Value=.001 | | Df=28 | Sig.value=0.05 | |

Source: Primary Data

Note: Number shown within parentheses refers to %

Figure: 1.7 Hurdles in accessing loan facility



The above table depicts hurdles in accessing loan facility. It is found that maximum number of respondents have can't say by 46.8 percent, whereas 25 percent have agreed with the statement, strongly disagreed consists of 0.3 percent respondents, strongly agreed consists of 24.8 percent with the statement. It is further observed that the mean value of Cholapur block is higher by 4.00 than other blocks under study. Since, Chi-square value is 56.968 (df=28, N=400), $p < 0.05$ is significant at 28 degree of freedom, the P value of the study indicates .001 which is less than the significance value and therefore it is concluded that there is significant difference in the opinion expressed by respondents at 5% significance level within the various blocks in Varanasi district, Based on the above output statistics, we rejected null hypothesis and accepted alternative hypothesis, and therefore there is a significant difference in the reasons that that hurdles in accessing loan facility among rural masses in Varanasi district.

VI. MAJOR FINDINGS

1. It is found that 84.1 percent (49.8+34.3) respondents have agreed because too much formalities are there for opening a bank account, banking procedures are cumbersome, documents required for opening an account, long procedures etc., and only 10.5 percent (9.5+1.0) respondents have not satisfied with lengthy procedures for opening a bank account within the various blocks in Varanasi district.

2. It has been observed from the study that 47.8 percent (43.3+4.5) respondents have disagreed that there are most of the respondents in the study area were unaware and they were not knowing about different types of product/services offered by the bank i.e. non-relevant / non suitable products and services offered by the bank and only 38.0 percent (32.0+6.0) respondents have satisfied with non-suitable products and services offered by the bank.

3. It has been observed from the study that 88.5 percent (56.5+32.0) respondents have agreed that poor and vernacular

language are used by the bank staff and also a major hurdle for accessing the banking services and only 10.3 percent (8.5+1.8) respondents have satisfied with language used by the bank staff.

4. It has been observed from the study that 67.6 percent (64.3+3.3) respondents have agreed that the behavioral attitudes of banks staff leads to non-opening of bank account because the main reason behind that the most of the bank employees were not interested to share the information about the banking services, and only 29.8 percent (21.8+8.0) respondents have not satisfied with behavioral attitudes of banks staff within the various blocks in Varanasi district.

5. It has been observed from the study that 61.5 percent (59+2.5) respondents have agreed that most of the rural peoples were fearful about refusal of banking transactions by the employees of the bank and this is also the main reason for exclusiveness of the financial inclusion affecting the economic development of the country and only 35.6 percent (25.8+9.8) respondents have not satisfied with fear of refusal of banking transactions by the employees of the bank within the various blocks in Varanasi district.

6. It is found that 64.6 percent (58.8+5.8) respondents have agreed that branches located far away from the residence thus, it hinders the banking services to door to door facilities provided by the bank and it affects the major factors responsible for the financial exclusion in an Indian economy and only 32.8 percent (31.8+1.0) respondents have not satisfied with the branches located far away from the residence because they were accessing the different services which are offered by the bank within the various blocks in Varanasi district.

7. It is found that 49.8 percent (24.8+25) respondents have agreed that there are hurdles in accessing loan facility because too much formalities are required and also they did not take a loan from the bank due to insufficient balance, banking procedures are cumbersome and 46.8 percent of respondents have can't say because from the study it revealed that more

than half of the respondents were not availing and accessing this service from the bank.

VII. CONCLUSION

The problem of financial exclusion needs to be tackled with urgency if we want our country to grow in an equitable and sustainable manner. Traditional and conventional banking solutions may not be the answer to address the problem of financial inclusion in India. From the study it has been observed that there is illiteracy / poor language and hurdles in accessing the banking services among the households in various blocks of Varanasi District. The study found the major problems in this research paper are Lengthy procedures, Non-relevant / non suitable products and services, Poor language / illiteracy, Behavioral attitudes of banks staff, Fear of refusal of banking transactions, Branches located far away, Hurdles in accessing loan facility among the rural respondents etc. and people are not aware about various financial services and its benefits. Chi-square test and p-value was conducted to find out the significance of difference among the respondents. The government and the banks should collectively make efforts to organize more and more about the financial awareness program, opening more and more branches of banks, simple procedure for opening a bank account. Government of India and Reserve Bank of India should make efforts to reach the rural population through the expansion of banking services. They need to deploy new technologies and create financially viable models to take forward the process of financial inclusion in an effective manner.

VIII. RECOMMENDATIONS

Government should focus more on these rural areas as the basic financial literacy is not achieved by many of them. More of campaigns are required, financial education weeks or months to be organized. It can also be observed from the review that considerable progress has been made in implementing the reforms. Reserve Bank of India is committed to its mission and is encouraging other banks to adopt a structured and planned approach. The banks can further simplify the lengthy procedures for opening the bank account, Successful implementation of financial literacy programmes is most required, the banks should focus more on simplifying the procedures for lengthy loan sanctioning, opening of more branches in a particular area. The Reserve Bank can also conduct surveys across states to identify the gaps and ascertain the extent of financial literacy. The findings will give a better understanding to the policy-makers of the demand-side challenges. Region specific issues can be identified by the rural branches and schemes can be devised for inclusion of different groups with varied income levels. A more robust set of quantitative and qualitative indicators can be developed

covering the access and usage dimensions of financial inclusion. Therefore, it is suggested that the bankers has to take appropriate steps to arrange the grievances redressal system for the rural people to access the financial services in a convenient way in their respective blocks in the Varanasi district.

REFERENCES

- [1] AdityaShastri (2014). Financial Inclusion In Madhya Pradesh A Study With Reference To Rural Population. Journal of business management and social science research, volume 3, no. 12, December 2014, Pp 9-13.
- [2] Chandan, Kumar. & Srijit, Mishra. (2011). Banking Outreach and Household level Access: Analyzing Financial Inclusion in India, M.Phil. thesis. Indira Gandhi Institute of Development Research (IGIDR). Mumbai.
- [3] Dr Manohar V. Serrao, Dr A. H. Sequeira and Dr K.V.M Varambally (2016). Impact of Financial Inclusion on the Socio-Economic Status of Rural and Urban Households of Vulnerable Sections in Karnataka. Retrieved from: <https://www.researchgate.net/publication/289220260>.
- [4] Hastak, Anuradha and Gaikwad, Arun (2015). Issues Relating to Financial Inclusion and Banking Sectors in India, The Business and Management Review, Vol.4 (4), pp 194-203.
- [5] Joseph and Varghese (2014). Role of Financial Inclusion in the Development of Indian Economy, Journal of Economics and Sustainable Development, ISSN 2222-1700 (Paper) ISSN 2222-2855 (Online), Vol.5, No.11, 2014, Pp. 6-11.
- [6] Pandey, A. Raman, R. (2013). Financial inclusion in Uttar Pradesh and Bihar, Prajnan-NIBM. Pune.XLI (2). 125-146.
- [7] Raghuram Rajan Committee (2007). A Hundred Small Steps Report of the Committee on Financial Sector Reforms, SAGE Publications India Pvt Ltd.
- [8] Ramji, Minakshi. (2009). Financial inclusion in Gulbarga: Finding usage in Access Centre for Microfinance, Institute for financial management and Research. Chennai. Working paper seriesno.26.January.
- [9] Sangram, Panigarh. & Shah, Deepak (2011). Financial inclusion of households living below povertyline- An empirical findings from Gulbarga District of Karnataka. Growth with equity inclusion. Department of commerce and Pondicherry University.
- [10] Shabna, Mol. TP. (2014). A study on extent of financial Inclusion among rural Households in Kerala. Department of commerce and center of Research. Vol-2 Issue-9.
- [11] Sharma, A., Kukreja, S. (2013). An analytical study: Relevance of Financial Inclusion for developing nations. International Journal of Engineering and Science, 2(6), 15-20.
- [12] Srijanani, D. (2012). Financial inclusion: Taking banking services to the common man. International Journal of Management and Business Studies. 2(3). 54-58.
- [13] Uma, H. R. and Rupa, K. N., (2013). The Role of SHGS in Financial Inclusion: A Case Study, International Journal of Scientific and Research Publications, Vol- 3, Issue-6, pp.1-5