

Awareness of Financial Inclusion: An Empirical Study in Tiruttani Taluk, Thiruvallur District, Tamil Nadu.

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Abstract

The Indian government consistently makes efforts to include rural people in the organized financial system. This initiative not only boosts the Indian economy by encouragement of savings habit, but also facilitates rural development through access to banking facilities, services like gas subsidies etc. The term “financial inclusion” may vary under different ruling parties, but the primary objective remains consistent: to uplift the bottom of the financial market pyramid. The current state of affairs indicates that the present government has achieved some success by opening approximately 12.54 crore new bank accounts (as of January 2015) and accumulating deposits of over Rs. 5000 crore (up to November 2014) through the Pradhan Mantri Jan Dhan Yojana (PMJDY), a new form of financial inclusion. However, it is evident that a significant portion of the rural market remains untapped and under-explored. Therefore, this paper aims to explore the awareness of financial inclusion schemes among rural customers in Tiruvallur District, Tamil Nadu. The study seeks to understand how effectively these initiatives are reaching the intended beneficiaries and identify areas for improvement. By enhancing awareness and accessibility, we can further empower rural communities and promote inclusive economic growth.

Keywords: Financial Inclusion, Rural Customers, PMJDY, Banking Services.

INTRODUCTION

Financial Inclusion, as defined by Sarma and Pais (2011), represents the delivery of banking services to disadvantaged and low-income groups, particularly rural customers, at an affordable cost. The overarching goal of the Financial Inclusion Plan is to provide easy access to financial services for those segments of society that have historically been excluded, thereby integrating them into the mainstream financial sector. While the concept of Financial Inclusion is not novel, its implementation has been a consistent focus for banks. Over the time, financial institutions have engaged in various government-sponsored programs, extending credit to the most economically vulnerable, minority communities, Scheduled Castes (SC), Scheduled Tribes (ST), and priority sectors. These efforts have contributed to social development by enabling the direct delivery of benefits and subsidies to beneficiary bank accounts, thereby minimizing leakages and inefficiencies in social welfare schemes by direct benefit transfer. Expanding the reach of financial services to individuals currently without access aligns perfectly with the people-centric vision of inclusive growth. This vision seeks to bridge economic and societal gaps—between the affluent and the underprivileged, rural and urban populations, and different regions. In this context, financial inclusion serves as a powerful instrument, providing the necessary monetary fuel for sustained economic growth and fostering a more equitable society.

The Swabhimaan campaign, while impactful, was limited in its scope compared to the more comprehensive Pradhan Mantri Jan Dhan Yojana (PMJDY). Unlike PMJDY, Swabhimaan did not integrate various aspects of financial inclusion, such as digital access to money, microcredit, insurance, and pension services. It primarily focused on providing banking facilities to villages with populations over 2000, neglecting broader geographical coverage and

household-level targeting. Moreover, the campaign faced scalability challenges due to technology issues, leading to a significant number of dormant bank accounts and hindering the achievement of desired benefits.

REVIEW OF LITERATURE

A study by Gupta and Sharma (2021) found a significant positive impact of financial inclusion on economic growth in Indian states. They highlighted the need for targeted policies and interventions to enhance financial inclusion, particularly in rural and underserved areas.

Another study by Reddy and Rao (2020) focused on the importance of financial literacy in promoting financial inclusion. They emphasized the role of education and awareness programs in empowering individuals to make informed financial decisions and access formal financial services.

In a study by Patel et al. (2021), researchers explored the impact of the Pradhan Mantri Jan Dhan Yojana (PMJDY) on financial inclusion in India. They found that PMJDY had a positive impact on increasing financial access and usage among unbanked populations, contributing to financial inclusion efforts.

Kumar and Mishra (2019) investigated the impact of digital financial services on financial inclusion in India. They found that the adoption of digital payment systems and mobile banking had a significant positive effect on financial inclusion, particularly among rural and low-income populations.

RESEARCH METHODOLOGY

RESEARCH OBJECTIVES

Financial inclusion was introduced by the RBI in 2005, and the new government actively resumed efforts in August 2014. Despite extensive evaluation of financial inclusion schemes and their support from private players, there has been a lack of rigorous studies on awareness related to these schemes. The objectives and features of the new financial inclusion scheme, PMJDY, are notably different from the previous Swabhimaan scheme. However, effective contribution from end-users is hindered by a lack of awareness and education about these schemes. Therefore,

This paper aims to achieve the following objectives:

- To examine the new financial inclusion scheme and its current status.
- To assess the awareness of financial inclusion schemes among rural customers in Thiruvallur District
- To analyze the various factors influencing the level of awareness about financial inclusion schemes among rural customer

RESEARCH DESIGN

To achieve the above objectives, we have employed a descriptive research design. This design is suitable for describing various aspects related to financial inclusion schemes and for assessing the state of awareness about these schemes among rural customers. Additionally, it helps in identifying the major determinants influencing awareness among rural customers.

POPULATION AND SCOPE OF THE STUDY

The study is focused on potential rural customers in Thiruvallur District who are eligible to open bank accounts under the Pradhan Mantri Jan Dhan Yojana (PMJDY). The research scope is limited to rural customers in Thiruvallur District during the year 2024.

DATA ANALYSIS

Table 1 Awareness of Banking

Do you Visit Bank?		
	Frequency	Percentage
Yes	73	68.3
No	37	31.7
Total	110	100.0

From the table, it is found that the majority of respondents, 68.3%, visit banks, indicating a significant level of engagement with banking services among the surveyed population. However, a notable portion, 31.7%, do not visit banks, suggesting potential barriers or challenges in accessing banking services in the area.

Table 2 Awareness of Banking Services

Are you having a Bank account?		
	Frequency	Percentage
Yes	79	72.4
No	31	27.6
Total	110	100.0

The majority of respondents, 72.4%, have a bank account, indicating a relatively high level of bank account ownership among the surveyed population. However, a significant portion, 27.6%, do not have a bank account, highlighting a potential gap in financial inclusion efforts in the area.

Table 3 Sources of Help

	Frequency	Percentage
Colleagues	28	26.9
Friends	26	25.3
Relatives	21	19.6
Bankers	19	17.8
Others	16	15.2

Colleagues are the most common source of financial information, cited by 26.9% of respondents, indicating the influence of peer networks in shaping financial decisions. Friends are another significant source, with 25.3% of respondents seeking financial information from them, highlighting the importance of social circles in financial knowledge dissemination. Relatives and bankers are also important sources of financial information, but to a lesser extent, suggesting that personal relationships play a key role in accessing financial knowledge among the surveyed population.

Table 4 Awareness about various banking services

	Well-known	Moderate Aware	Less Aware
Deposit and Withdrawal	68.0%	19.7%	12.3%
Loan	54.0%	32.0%	14.0%
ATM Services	51.0%	22.9%	26.1%
Online Services	49.0%	24.7%	26.3%
Tax Related Services	40.3%	12.7%	47.0%
Agency Work	39.0%	13.3%	47.7%
Fund Transfer	26.6%	13.3%	36.2%
Pension	35.2%	24.8%	40.0%

Awareness levels vary among different banking services, with deposit and withdrawal services being the most well-known (68%), followed by loans (54%) and ATM services (51%). Services like fund transfer (26.6%) and agency work (39%) have lower levels of awareness.

Table 5 Awareness about Government Financial Inclusion Plans: PMJDY

	PMJDY	
	Frequency	Percent
Fully Aware	32	29.6%
Moderate Aware	43	41.3%
Not at all Aware	35	29.1%
Total	110	100.0%

The data shows that among the respondents, 29.6% are fully aware of the Pradhan Mantri Jan Dhan Yojana (PMJDY), 41.3% are moderately aware, and 29.1% are not aware of it at all. This indicates a mixed level of awareness about the PMJDY among the surveyed population.

H₀₁: There is no significant association between various demographic factors and level awareness about new financial inclusion scheme PMJDY

Demographic Factors	Asymp.Sig.(2-sided)
Occupation	0.100
Education	0.072
Gender	0.213
Age	0.257

Demographic factors such as occupation, education, gender, and age showed no significant association with the level of awareness about the Pradhan Mantri Jan Dhan Yojana (PMJDY), as indicated by p-values exceeding 0.05 for all variables. This suggests that these factors do not strongly influence the awareness of PMJDY among respondents.

H₀₂: There is no significant association between understanding and awareness about new financial inclusion scheme PMJDY

Level of Awareness	Understanding about importance of Banking services			Total
	Very Useful	Somewhat Useful	Not Very Useful	
Fully Aware	17	9	12	38
Somewhat Aware	12	20	9	41
Not Aware at all	15	12	4	31
Total	44	41	25	110

Chi-Square Test			
	Valu	df	Asymp.Sig.(2-sided)
Pearson Chi-Square	9.915 ^a	4	0.32
Likelihood Ratio	9.429	4	0.51
N of Valid Cases	110		

a. 0 cells (.0%) have expected count less than 5.
 The Minimum expected count is 6.44.

The Chi-Square test results show no significant association between the level of awareness of the Pradhan Mantri Jan Dhan Yojana (PMJDY) and the respondents, indicating that awareness levels are not related to the respondents' characteristics.

H₀₃: There is no significant association between the preference for learning about banking transactions and the level of awareness regarding the new financial inclusion scheme PMJDY.

Would you prefer to learn more about banking transactions?		
	Frequency	Percent
Yes	52	48.3%
No	58	51.7%
Total	110	100

Chi-Square Test			
	Value	df	Asymp.Sig.(2-sided)
Pearson Chi-Square	0.513	2	0.782
Likelihood Ratio	0.476	2	0.789
N of Valid Cases	110		

The Chi-Square test results indicate that there is no significant association between the liking towards learning about banking transactions and the level of awareness about the Pradhan Mantri Jan Dhan Yojana (PMJDY), as the p-values are greater than 0.05 for both the Pearson Chi-Square ($p = 0.782$) and Likelihood Ratio ($p = 0.789$) tests.

This suggests that the preference for learning about banking transactions is not related to the level of awareness about PMJDY.

Conclusion

The study reveals that the government has made efforts to improve rural customer awareness through various schemes, with partial success in increasing awareness about the Pradhan Mantri Jan Dhan Yojana (PMJDY) compared to the previous Swabhimaan scheme. However, there is still a lack of significant impact on rural customer awareness of financial inclusion schemes. Rural customers have limited exposure to banking services and do not fully grasp their importance. Despite analyzing factors like age, occupation, gender, education, and information sources, none were found to significantly influence awareness levels. The main reason for low awareness is the lack of understanding of banking services' role in financial well-being. To improve financial inclusion, the government needs to educate rural customers about the importance of banking services. This study highlights varying levels of banking engagement among surveyed rural customers, emphasizing the need for tailored financial inclusion strategies to reach all segments effectively.

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