

## **Need for Financial Inclusion – A Study on Bank Officials Opinion of Davangere District**

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### **Abstract :**

Since independence the GOI and RBI are working together for inclusive growth. By leaving a large group behind nation cannot march towards development. So, in this direction to uplift the poor/ unprivileged people various schemes have been introduced through banks so that to get benefit of those schemes people should open account and take the formal banking facilities. As banks have considered as the means of financial inclusion, researcher felt it is necessary to study the bank officials opinion. So bank officials opinion have been collected regarding the need for Financial inclusion. The researcher conducted this study with the objective of analyzing the bank officials opinion regarding the financial inclusion need and the schemes introduced time to time in this direction by the Government of India as well as RBI.

Key Words: Inclusive growth, Financial Inclusion, Bank Officials.

### **Introduction**

Over the past few decades, the RBI and GOI have implemented numerous steps. A nation's financial system is strengthened overall by financial inclusion. It improves the financial resources' accessibility. Above all, it reinforces the idea of savings among the impoverished who reside in both rural and urban locations. It contributes significantly to long-term economic advancement in this way. Due to their vulnerability, impoverished individuals are particularly susceptible to fraud, and wealthy landlords and unlicensed moneylenders may take advantage of them. We have the power to alter this grave and perilous circumstance with the aid of financial inclusion. Including the underprivileged in formal banking with the goal of setting aside a minimum amount is known as financial inclusion with the available economic resources. Most importantly, it strengthens the concept of savings among the poor living in both urban and rural areas. In this way, it makes a lasting contribution to economic progress. Many poor people are prone to fraud, and because poor people are vulnerable, they can even be exploited by wealthy landlords and unlicensed money lenders. With the help of financial inclusion, we can change this serious and dangerous situation. Financial inclusion involves involving the poor informal banking with the aim of

setting a side a minimum amount of funds for future use. There are many families with farmers and artisans who do not have enough facilities to save their hard-earned money.

### **Literature Review**

**Ranjan Kumar Nayak (2012)** this article examines how cooperative banks might be a feasible choice for equitable growth in India. The current study relies on secondary data. The data set was comprised of the RBI's report on the trend and progress of banking in India, the annual report of NABARD (National Bank for Agriculture and Rural Development), and the Report of the Task Force to Study the Cooperative Credit System and Suggest Measures for its Strengthening. For the analysis, compound growth rate and percentage change with graphical and tabular representation were employed. The research spans the years 1981 through 2011. It is apparent that Indian growth is not inclusive because real GDP percent change per annum and real GDP per head per annum growth follow a rising trend, yet consumption inequality in India has increased quickly since 2004-05.

**Sadhan Kumar (2011)** the study results reveals that Maharashtra has the highest IFI value, followed by Karnataka. Only two states have IFI ratings of 0.5 or above, putting them in the high IFI category. A poll was also performed in West Bengal, and the results show that around 38% of respondents believe they do not have enough money to create a bank account. It is also discovered that, despite the widespread presence of banks in rural regions, moneylenders remain a prominent source of rural credit. In a nutshell, despite the fact that numerous strategies for financial inclusion have been implemented, the success rate has not been determined to be significant. However, solely the supply side element is not to blame for financial exclusion. The demand side aspect is also to blame. And suitable policies are required to address each of these issues. To make financial inclusion more meaningful and successful, a concerted effort from all sectors of society, including banks, beneficiaries, and regulators, is required.

**Chandan Kumar (2011)** This study seeks to quantify and comprehend financial inclusion by examining the supply of (banking outreach indicators such as the number of deposit and credit accounts, the number of bank branches, the average deposit and credit amount per account and credit utilised) and demand for (household level access indicators such as the proportion of households with saving, credit, and insurance facilities) financial services. Separate composite Financial Inclusion Indices (FIIs) are computed using both data sets for the year 2002-03 (since the most current household level data available is for this year) for all of India's States/Union Territories and utilised in tandem to provide a comprehensive picture. In all situations, there is significant diversity among states and between rural and urban areas. Even within a state, there are considerable variations between rural and urban regions for the many indices evaluated.

**Anurag Rai (2010)** The goal of this study is to provide a method for monitoring the level of operationalization of No-Frills (NF) Accounts (equivalent to Saving A/c of Banks with a balance limit of Rs.50,000) created during the first phase of Financial Inclusion in Karnataka. As criteria, the report finds utilisation in 6 distinct facilities of NF Accounts from banking facilities. Through the Lead Bank System, a Sampling Survey is created and data is gathered from 26 Districts and 48 Public, Private, and Regional Rural Banks. These factors are used to create an Operationalisation Index, which evaluates activity in various facilities for banks and in a district as a proportion of total No Frills A/Cs.

### Objectives

To analyse bank officials opinion of the Davanagere District about Financial Inclusion

To analyse Talukwise opinion of the bank officials regarding financial inclusion.

### Research Methodology

Research has been conducted by using Primary data collected by through structured questionnaire.

150 bank officials have been selected for the study. Stratified random sampling method followed for selecting bank officials. Analysis of bank officials opinion on financial inclusion schemes has been made by using chi-square test and ANOVA test.

### Need for Financial Inclusion

Just introducing various schemes is not enough it is necessary to consider the opinion of the implementing authority, opinion regarding the usefulness of the schemes and are these schemes helping in achieving the goals of the Government and RBI. So in this direction the bank officials opinion has been collected by applying five point likert scale. The information pertaining to the opinion of the bank officials is presented in the table 1.1.

Codes assigned for the questions asked in the questionnaire

	Code
<b>Need for Financial Inclusion</b>	
It improves the Country's financial system on a large scale	Q1
It improves the accessibility of economic resources	Q2
Re enforces the concept of savings among poor people in both urban and rural areas	Q3

Consistently contributes to the advancement of society	Q4
Financial inclusion changes the exploitation of rich landlords on poor people	Q5
It brings the poor people into formal banking system	Q6
It provides meagre finances for future	Q7
House holds and formers or artisans in availing financial assistance	Q8

**Table 1.1**

**Opinion of Bank officials on the Need for Financial Inclusion**

Variables		SA	A	N	DA	SDA
Q1	Count	110	35	5	0	0
	%	73.3	23.3	3.3	0	0
Q2	Count	85	51	8	6	0
	%	56.7	34	5.3	4	0
Q3	Count	67	57	26	0	0
	%	44.7	38	17.3	0	0
Q4	Count	71	42	37	0	0
	%	47.3	28	24.7	0	0
Q5	Count	70	34	40	6	0
	%	46.7	22.7	26.7	4	0
Q6	Count	80	51	18	1	0
	%	53.3	34	12	0.7	0
Q7	Count	58	52	32	8	0
	%	38.7	34.7	21.3	5.3	0
Q8	Count	64	56	22	8	0
	%	42.7	37.3	14.7	5.3	0

Source: Survey Result(SA=Strongly Agree, A= Agree, N=Neutral, DA=Disagree, SDA= Strongly Disagree)

Table 1.1 examines bank executives' degree of agreement regarding the necessity of financial inclusion. Of the bank officials, 73.3 percent strongly agree and 23% agree that it makes a significant improvement to the nation's financial system. The statement that financial inclusion increases the accessibility of economic resources is supported by the bank officials' opinions, which are also displayed in the table. 34 percent of

banks agree with the statement, and 57 percent of bank officials strongly agree. The table also shows that, among bank executives, 45% strongly agree and 38% agree that financial inclusion helps impoverished people in both urban and rural areas understand the value of saving. The bank officials' opinions about the claim that financial inclusion continuously advances society are also displayed in the table. Of the bank officials, 28% agree, and 47% strongly agree; the remaining bank officials are all in agreement. Additionally, it demonstrates how financial inclusion modifies the way wealthy landlords take advantage of the poor. Of the officials, 47 percent strongly agree with the statement, 23 percent agree, and none strongly disagree. Additionally, according to the table, 34% of bank officials agree and 53% strongly believe that financial inclusion helps the underprivileged enter the formal system. The opinion of the officials about the claim that financial inclusion offers meagre money for the future is also displayed in the table. Of the bank officials, 64 highly agree, 56 agree, 22 are neutral, 8 disagree, and none are severely disagree. Additionally, it demonstrates how financial inclusion facilitates financial assistance access for households, farmers, and craftsmen. 34 percent of bank officials agree with the statement, and 38 percent strongly agree. The table makes it evident that bank officials agreed on almost every question regarding the necessity of financial inclusion and that most of them firmly believed that it greatly enhances the nation's financial system. As a result, financial inclusion plays a significant role in improving the nation's financial system.

Need for Financial Inclusion		T1	T2	T3	T4	T5	T6	Total
Q1	Affirmative	25	12	22	65	12	9	145
	Non Affirmative	0	2	1	2	0	0	5
Q2	Affirmative	19	13	23	62	11	8	136
	Non Affirmative	6	1	0	5	1	1	14
Q3	Affirmative	20	14	20	54	9	7	124
	Non Affirmative	5	0	3	13	3	2	26
Q4	Affirmative	13	13	19	54	8	6	113
	Non Affirmative	12	1	4	13	4	3	37
Q5	Affirmative	14	13	17	45	8	7	104
	Non-Affirmative	11	1	6	22	4	2	46
Q6	Affirmative	24	14	18	60	8	7	131
	Non Affirmative	1	0	5	7	4	2	19

Q7	Affirmative	10	14	18	53	8	7	110
	Non Affirmative	15	0	5	14	4	2	40
Q8	Affirmative	15	14	18	57	8	8	120
	Non Affirmative	10	0	5	10	4	1	30

**.Taluk wise opinion of the Officials on the need for financial inclusion**

Taluk-wise opinions are gathered to determine whether bank officials' opinions differ dependent on location. Information about the officials' opinions of the taluk is displayed in 1.2. The hypothesis is formulated and put to the test using a one-way ANOVA analysis.

**Hypothesis 1**

H<sub>0</sub>: There is no significant difference in the opinion of Bank officials on the Need for Financial Inclusion among different Taluks

**Table: 1.2**

**Taluk wise Opinion of the Officials regarding Need for Financial Inclusion**

Source: SPSS Output

Note : T1-Channagiri T2-Honnali T3-Harihara T4-Davanagere T5-Jagaluru T6-Nymathi

**One-Way ANOVA**

ANOVA							Status of the Hypothesis
Need for Financial Inclusion		Sum of Squares	Df	Mean Square	F	Sig.	
It improves the Country's financial system on a large scale	Between Groups	3.44	5	0.688	2.603	0.028	Accepted
	Within Groups	38.06	144	0.264			
	Total	41.5	149				
It improves the accessibility of economic resources	Between Groups	17.598	5	3.52	4.773	0	Rejected
	Within Groups	106.195	144	0.737			
	Total	123.793	149				
Re enforces the concept of savings among poor people in both urban and	Between Groups	4.553	5	0.911	1.698	0.139	Accepted
	Within Groups	77.24	144	0.536			

rural areas	Total	81.793	149				
Consistently contributes to the advancement of society	Between Groups	10.878	5	2.176	3.504	0.005	Rejected
	Within Groups	89.416	144	0.621			
	Total	100.293	149				
Financial inclusion changes the exploitation of rich landlords on poor people	Between Groups	20.808	5	4.162	4.213	0.001	Rejected
	Within Groups	142.232	144	0.988			
	Total	163.04	149				
It brings the poor people into formal banking system	Between Groups	7.24	5	1.448	2.947	0.015	Rejected
	Within Groups	70.76	144	0.491			
	Total	78	149				
It provides meagre finances for future	Between Groups	15.112	5	3.022	4.097	0.002	Rejected
	Within Groups	106.222	144	0.738			
	Total	121.333	149				
House holds and farmers or artisans in availing financial assistance	Between Groups	16.189	5	3.238	4.792	0	Rejected
	Within Groups	97.304	144	0.676			
	Total	113.493	149				

Source: *Source: Survey Result SPSS Output*

Table 1.2 shows that, with the exception of two instances, all other cases have  $p < 0.05$  at the 5% significance level. This indicates that the alternative hypothesis is accepted and the null hypothesis is rejected, indicating a difference in the opinions of officials regarding the necessity of financial inclusion. There are only two instances where bank officials in the chosen taluks had the same opinion.

### Findings:

- 73.3 percent of the bank officials strongly agree that the Financial Inclusion significantly improves the nation's financial system.
- Financial inclusion helps to increase the accessibility of economic resources.

**Suggestions:**

- Financial inclusion schemes must be implemented in all the taluks properly by all the banks.
- Financial inclusion needed in rural and urban areas equally.

**Conclusion:**

It is evident from the study that nearly all of the bank officials in the district who were polled felt that financial inclusion was necessary since it promotes inclusive growth in the nation. The bank authorities' taluk-wise assessment using the ANOVA test demonstrated that there is difference. From the study it became very clear that the almost all the bank officials surveyed in the district agreed that there is need for financial inclusion as it contributes for the inclusive growth of the country. The taluk wise opinion of the bank officials test by applying ANOVA test proved that there is difference in the opinion of the officials based on the geographical region. But in few cases there is no difference in the opinion. In a nut shell financial inclusion needed as per the bank officials opinion.

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