

IMPACT OF FINANCIAL INCLUSION ON RURAL PEOPLE WITH SPECIAL REFERENCE TO JAMMU AND KASHMIR BANK

MUSHTAQ AHMAD BHAT* & Dr. Shiv Kumar Singh**

*Ph.D Research Scholar, School of Commerce and Business Studies
Jiwaji University, Gwalior(M.P), India.

**Professor, School of Commerce and Business Studies , Jiwaji
University, Gwalior(M.P), India.

Received: May 07, 2018

Accepted: June 09, 2018

ABSTRACT

Simple access to wellsprings of back i.e., Financial Inclusion is accepted to be an imperative instrument to neediness mitigation and comprehensive development. Money related incorporation or comprehensive financing is the conveyance of monetary administrations, at moderate expenses, to segments of burdened and low pay fragments of society. Taking after the suggestion of Khan Commission-2004, different reformative measures have been taken by Reserve Bank of India and Government of India to advance the degree of Financial Inclusion in India. To accomplish most extreme money related consideration, banks all through the nation scaled up their drives to accomplish their objectives for Financial Inclusion and have prevailing with regards to doing as such to a vast degree. Nonetheless, in Jammu and Kashmir the outcomes are not up to the stamp. The credit-store proportion is far underneath the national benchmark. Jammu and Kashmir figures among the states where money related incorporation is underneath normal. It has a CRISIL Inclusive score of 36.9 contrasted with the national score of 42.8. Therefore the present review endeavors to find out the role of Jammu and Kashmir bank in money related incorporation on backward individuals in Kulgam District.

Keywords: *Financial Inclusion, Financial awareness, Financial Services.*

Introduction

Financial inclusion is the current idea which accomplishes the feasible improvement of the nation, through accessible money related administrations to the unreached individuals with the assistance of budgetary establishments. Budgetary consideration can be characterized as simple access to formal money related administrations or frameworks and their use by all individuals from the economy. The panel on money related consideration, of legislature of India, has characterized monetary incorporation as the way toward guaranteeing auspicious access to budgetary administrations and satisfactory credit where required by helpless gatherings, for example, the weaker areas and low pay bunches at a reasonable cost (**Rangarajan Committee, 2008**).

The procedure of Financial Inclusion comprises of guaranteeing financial balances to every family unit and offering their incorporation in the saving money framework (**Reddy, 2010**). Access to monetary administrations advances social incorporation, and fabricates fearlessness and strengthening. In an address Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India at the National Finance Conclave 2010, has specified that budgetary incorporation is no longer an approach decision however it is a strategy impulse today. What's more, managing an account is a key driver for comprehensive development.

Rangarajan committee (2008) defined financial inclusion as, "the way towards guaranteeing access to budgetary administrations and auspicious and sufficient credit where required by defenseless gatherings, for example, weaker areas and low pay bunches at a moderate cost."

Review of Literature

K.C. Chakrabarty, Deputy Governor, Reserve Bank of India, Financial Inclusion is the way toward guaranteeing access to suitable money related items and administrations required by all areas of the general public when all is said in done and defenseless gatherings, for example, weaker segments and low pay bunches specifically at a moderate cost in a reasonable and straightforward way by standard institutional players.

Joseph Massey (2010) said that, part of budgetary foundations in a creating nation is fundamental in advancing money related inclusion. The endeavors of the administration to advance monetary incorporation and developing can be additionally improved by the star animation with respect to capital market players including money related organizations. Lack of financial literacy is the major hindrance in

spreading financial inclusion. This has resulted in the more than 50 per cent of savings of the household sector and of the financially illiterate getting drained in non-financial investments.

Oya Pinar Ardic et al (2011) clarified that utilizing the money related get to database by CGAP and the World Bank gathering, this paper checks the quantity of unbanked grown-ups far and wide, examinations the condition of access to store and credit benefits and in addition the degree of retail systems, and talks about the condition of monetary incorporation orders far and wide. The discoveries show that there is yet much to be done in the money related incorporation field. Fifty-six percent of grown-ups on the planet don't approach formal budgetary administrations.

Bagli and Duta (2012) demonstrate that the mass monetary education and mindfulness among the minimized areas of individuals are completely important to accomplish money related incorporation. The level of money related consideration of the states in India have a low mean and high dissimilarity budgetary organizations should be socially mindful and also agreeable to accomplish finish monetary incorporation.

Chiurisa, et al., (2013) found that monetary incorporation can possibly lose new dangers to the money related framework, that if not appropriately oversaw would turn into a wellspring of budgetary unsteadiness. An administrative component that would guarantee that budgetary incorporation prompts money related dependability would incorporate control one-sided shopper security, monetary education and budgetary trustworthiness.

Sharma and Tuli (2012) demonstrated that the budgetary incorporation is turning into the 'Developing Roots' in India keeping money with giving monetary and also simpler managing an account and money related administrations to poor and ghetto people groups of the economy. RBI and other presumed government establishments like as NABARD, SIDBI, and so on and furthermore assuming extremely overwhelming part for the fruitful execution of this framework.

Rahman(2012) highlights that the monetary incorporation assumes a noteworthy part in driving a way the neediness from the nation. Money related consideration alludes to conveyance keeping money administrations to mass including special and hindered individuals at a reasonable terms and conditions. It upgrades general budgetary force of farming as well as help in expanding provincial nonfarm exercises which prompt advancement of country economy and enhance financial state of individuals. Money related consideration assumes a noteworthy part in heading out the destitution from the nation. In India a day will come when all Indian have their ledgers and everyone will partake in money related consideration.

In the views of **V.Leeladhar**, Reserve bank of India announcement, Jan 2006, Financial Inclusion is conveyance of keeping money administrations at a moderate cost to the tremendous areas of advantaged and low pay groups. Unrestrained access to open merchandise and ventures is the sine qua non of an open and productive society. As keeping money administrations are in the way of open great, it is fundamental that accessibility of managing an account and installment administrations to the whole populace without segregation is the prime target of the general population arrangement.

Research Methodology

Success or failure of any project entirely depends upon methodology adopted by the researcher. Methodologies basically use different methods of research systematically and scientifically. Objectives if the study, its research design, its sampling design, coding and editing methods, presentations and analyses of the data together with interpretation of the data are essential part of research methodology.

This study examines the impact of financial inclusion on rural people at kulgam district in Jammu and Kashmir.

Objectives Of Study:

- To study the association between household having bank account and household not having bank account.
- To study the association between household opening bank account and household refused a bank account.
- To study the impact of financial exclusion on the poor and backward people.
- To identify people who have not yet availed banking facilities.
- To study the people who need financial assistance, the bank could identify them and their request will be fulfilled.

Hypothesis

H01: There is no association between households having a bank account and households not having a bank account.

H02: There is no association between household opened the bank account and households refused a bank account.

Scope Of Study

The study is undertaken in Kulgam District of Jammu and Kashmir, in India.

Research Design

An exploration configuration is the particular of techniques and methods for procuring the required data. Configuration to be embraced here is descriptive and in addition exploratory research. It fundamentally tries to remove data about financial inclusion from individuals of Jammu and Kashmir. In this investigation, an example size of 50 is considered and the questionnaire was given to the general population of Kulgam of Jammu and Kashmir.

Sampling

A fundamental part of research configuration is the inspecting plan. Particularly it tends to three inquiries: who to study (test unit) what number of to review (test size) and how to choose them (inspecting technique). Influencing the overview to investigation of the whole universe will be unimaginable on the record of restrictions of time and cash. Thus inspecting strategies representate information of the whole populace.

Data collection

Information accumulation is a fundamental piece of each exposition or proposition. Achievement or disappointment of any paper completely relies upon the method for gathering of information. Questionnaire was utilized as an apparatus for the accumulation of information, predominantly on the grounds that it gives the shot for convenient criticism from respondents. In addition respondents don't hesitate to uncover all vital detail while filling up a questionnaire.

Sampling plan

Sample Size: The sample size was 50 in my study.

Sample Unit: Educationally and financially backward people.

Sampling Method: Convenience Sampling.

Data Analysis and Interpretation:**Q.1: Are you aware about financial inclusion?**

Options	Respondents	%age
Yes	11	22
No	39	78

Interpretation:

From the analysis we can say that 22% of Respondents have awareness about financial inclusion and 78% of Respondents did not have awareness about financial inclusion. Thus the Jammu and Kashmir bank should take such step through which people get awareness about financial inclusion.

Q.2: Is your household having a bank account?

Options	Respondents	%age
Yes	17	34
No	33	66

Interpretation:

From the analysis we can say that 34% of Respondents have a bank account and 66% of Respondents have not bank account. Thus the jkbank is required to provide information about various accounts to the people so that they will to open different bank accounts.

Q.3: No. of accounts in your household:

Options	Respondents	%age
1	27	54
2	12	24
3	08	16
Above 3	03	06

Interpretation:

From the above analysis,54% of respondents have 1 bank account ,24% of Respondents have 2 bank accounts,16% respondents have 3 bank accounts and 6% respondents have above 3 bank accounts.Thus maximum respondents have one account in their family, it means that J&K bank facilities are not reach to them properly

Q.4: Which type of account do you have?

Options	Respondents	%age
Savings Bank a/c	21	42
Current a/c	08	16
Recurring Deposit a/c	11	22
Fixed Deposit a/c	10	20

Interpretation:

From the above analysis 42% respondents have saving bank account, 16% Respondents have current bank account,22% respondents have recurring deposit bank accounts and 20% respondents have fixed deposit bank account. Maximum respondents said that they saving bank accounts,it means that they are not aware about other bank accounts,thejk bank should take step for this purpose.

Q.5: Reasons for not having a bank account:

Options	Respondents	%age
I have little money to put in	11	22
No bank in this area	22	44
Tried to open but was refused	13	26
Lengthy processes	04	08

Interpretation:

From the analysis, 22% respondents have not a bank account because they have little money to put in,44% respondents have not a bank account because there is no bank in this area ,26% respondents have not bank account because they Tried to open but was refused and 8% respondents have not a bank account. Maximum respondents gave response that there is no bank in their area.Thejk bank should expand its branches in order to reach all types of services to them.

Q.6: What were the reasons that your household opened the bank account?

Options	Respondents	%age
To receive Govt. payments from schemes	12	24
For saving money	27	54
To request a loan	5	10
Others	6	12

Interpretation:

From the analysis,24% respondents opened bank accounts to receive govt. payments from schemes,54% respondents opened bank accounts to save money,10% respondents opened bank accounts to request a loan,12% respondents for other purpose.Thus according to respondents view they opened account for saving purpose because they do not aware properly. The Jammu and Kashmir bank should take a step in order to aware them about various accounts.

Q.7: Reasons for being refused a bank account:

Options	Respondents	%age
No ID	15	30
Unemployed	12	24
Had, but have a minimum amount	07	14
Had debts	16	32

Interpretation:

From the above pie chart, 30% respondents refused bank account because they have no ID, 24% respondents refused a bank account because they are unemployed, 14% respondents refused a bank account because they have a minimum amount and 32% respondents refused a bank account because they had debts. Maximum respondents report that they have no ID. The Jammu and Kashmir bank should reduce such restrictions so that everyone will get registration.

Q.8: How did you find out that banks were opening such 'no-frills' accounts?

Options	Respondents	%age
Bank Officials	12	24
SHG Members	15	30
NGOs Neighbours	10	20
Village Panchayat officials	13	26

Interpretation:

From the above analysis, 24% respondents found that the banks were opening no frill accounts through bank officials, 30% respondents found that the banks were opening no frill accounts through SHG members, 20% respondents found that the banks were opening no frill accounts through NGO neighbours, 26% respondents found that the banks were opening no frill accounts through Village Panchayat Officials. Thus the JK bank should increase more and more bank centres in order to aware public about no frill accounts.

Q.9: Is there any financial advice centre/credit counseling centre in your area?

Options	Respondents	%age
Yes	22	44
No	28	56

Interpretation:

From the above analysis, 44% respondents said that there are credit counseling centre in their area and 56% respondents said that there is no credit counseling centre in their area. Thus Jammu and Kashmir bank should expand more and more credit counseling centres to aware people about various services.

Q.10: Are you aware that banks are opening zero balance accounts for every one?

Options	Respondents	%age
Yes	18	36
No	32	64

Interpretation:

From the above diagram, 36% respondents are aware about zero balance accounts and 64% respondents are unaware about zero balance accounts. Thus the bank should aware people about zero balance accounts.

Q.11: Have your household ever borrowed or taken a loan?

Options	Respondents	%age
Yes	23	46
No	27	54

Interpretation:

From the above graph, 46% respondents have borrowed loan from bank and 54% respondents have not borrowed loan from bank. Maximum respondents did not borrow loan from bank, they may have no accounts or do not aware about loans. The Jammu and Kashmir bank should look upon this point.

Q.12: If ever borrowed, what was the type of the credit/loan?

Options	Respondents	%age
Housing loan	11	22
Business Loan	13	26
Training/Education loan	07	14
Vehicle loan	09	18

Interpretation:

From the above chart,22%respondents borrowed housing loan,26%respondents borrowed business loan,14%respondents take education loan and 18%others borrowed vehicle loan.It is found that maximum respondents took business loan rather than others, the jk bank should make people aware about each and every type of loan.

Q.13: What would you do if you needed money in an emergency?

Options	Respondents	%age
Ask friends	20	40
Take out a bank loan	09	18
Take loan from other sources	08	16
Sell something	12	24

Interpretation:

From the above analysis 40% respondents ask friends for money in an emergency, 18% respondents take a bank loan,16% respondents take loan from other sources 24% respondents sell something.Maximum respondents gave response that they took money from friends rather than banks,they may or may not have a bank account or any other problem. The Jammu and Kashmir bank should look upon this problem.

Q.14: Which of the following services are you utilizing:

Options	Respondents	%age
Self Help Group(SHG)	12	24
Micro Financing	11	22
Small Overdraft Facility	10	20
General Credit Card Facility/KCC	17	34

Interpretation:

From the above analysis 24% respondents are utilizing self-help groups (SHG's), 22% respondents are utilizing micro financing ,20%respondents are utilizing small overdraft facility and 34% respondent are utilizing general credit card facility.Maximum respondents use kccfacility,thejk bank should aware people about all services.

Q.15: Are you using any other form of financial service?

Options	Respondents	%age
Yes	21	42
No	29	58

Interpretation:

From the analysis, 42% respondents are using other services in addition of above and 58% respondents are not.It is to be found that there is unawareness among people about financial services.

Q.16: What were the reasons for not availing any form of insurance?

Options	Respondents	%age
Can't afford it	10	20
I am in process of doing it	09	18
No insurance men coming to door now	25	50
Others	06	12

Interpretation:

From the analysis,20% respondents do not avail insurance because they cannot afford it,18% are in process of doing it,50% respondents said that there is no insurance men coming to their doors and 12% come have other purpose.Maximum respondents complaint that is no person who will aware them about insurance, the J&K bank should recruit more and more persons in order to overcome this facility

HYPOTHESIS:

H01: There is no association between households having a bank account and households not having a bank account.

Have a bank account * Have not a bank account (Cross tabulation)

Have account	No account				Total
	I have little money to put in	no bank in this area	Try to put but was refused	lengthy process	
Yes	7 25.9%	12 44.4%	6 22.2%	2 7.4%	27 100.0%
No	4 17.4%	11 47.8%	7 30.4%	1 4.3%	23 100.0%
Total	11 22.0%	23 46.0%	13 26.0%	3 6.0%	50 100.0%

Table 1 (Chi-Square Tests)

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.958 ^a	3	.811
Likelihood Ratio	.969	3	.809
Linear-by-Linear Association	.198	1	.656
N of Valid Cases	50		

The Table 1 shows that the Pearson Chi-Square significance is more than the 5 per cent level of significance. Hence, we failed to reject null hypothesis or we can say null hypothesis is accepted. Thus there is no association between households having a bank account and households not having a bank account.

H02: There is no association between household opened the bank account and households refused a bank account.

Opened a bank account * Refused a bank account (Cross tabulation)

Opened account	Refused bank account				Total
	No ID	Unemployed	Minimum amount	had debts	
To receive govt. payments	4 36.4%	3 27.3%	1 9.1%	3 27.3%	11 100.0%
For saving money	8 28.6%	10 35.7%	4 14.3%	6 21.4%	28 100.0%
To request a loan	2 40.0%	1 20.0%	0 .0%	2 40.0%	5 100.0%
Others	1 16.7%	1 16.7%	2 33.3%	2 33.3%	6 100.0%
Total	15 30.0%	15 30.0%	7 14.0%	13 26.0%	50 100.0%

Table 2 (Chi-Square Tests)

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.770 ^a	9	.854
Likelihood Ratio	5.114	9	.824
Linear-by-Linear Association	.864	1	.353
N of Valid Cases	50		

The Table 2 shows that the Pearson Chi-Square significance is more than 5 per cent level of significance. Hence, we failed to reject null hypothesis. Thus there is no association between household opened the bank account and households refused a bank account.

Suggestions

The J&K Bank is a standout amongst the most energetic managing an account establishments and is performing great. The financial inclusion is expanding step by step however is still low when contrasted with middle people and need to acknowledge further. The J&K Bank from most recent couple of decades has been performing great. The bank is the main establishment whose commitment towards J&K economy is the most. Still there is the extent of change in the distinctive fields. Beneath given are a few suggestions, which may help the bank. Banking services should be made available to all people inclusively in Jammu and Kashmir and every person must get its benefits.

- The staff should also give information about loans to the customers, so that the customers apply for loan to bank rather than other intermediaries.
- Campus must be organized throughout the state to create awareness among the people about various services provided by JK bank and create curiosity among the people to open their accounts and avail the bank facilities.
- **The bank has recruited the various Relationship Executives/ Financial Service Executives for promoting its business, but they are not having proper direction of what they have to do and also the branches are not coordinating with them fully.**
- A special team to be formulated in every bank whose job will be to find out those who are deprived of the banking facilities and who don't have bank accounts and encourage them to save money and deposit it in their accounts.
- RBI should take certain steps to make financial inclusion obligatory upon every bank so that a dream of economically sound India is fulfilled.
- Small amounts should be encouraged in the banks and they should be given encouragement to save more and more.

Conclusion

It is becoming increasingly apparent that addressing financial exclusion will require a holistic approach on the part of the JK bank in creating awareness about financial services, education, and advice on money management, debt counseling, savings and affordable credit. The JK bank would have to evolve specific strategies to expand the outreach of their services in order to promote financial inclusion. One of the ways in which this can be achieved in a cost effective manner is through forgoing linkages with microfinance institutions and local communities.

On the measurement challenges, first, it needs to be reckoned that financial inclusion concepts, policies, delivery models and implementation processes are still evolving. It is, therefore, essential that the policy for achieving total financial inclusion also keeps changing to adapt to the needs of the environment.

References

1. Bagli, S. & Dutta, P. (2012). A study of Financial Inclusion in India: Radix International Journal of Research in Economics and Business Management 1(8). 1-18.
2. Chiurisa, O, Tadu, R., & Muyambiri, B. (2013). Financial inclusion and financial stability: The important role of financial regulation in explaining the relationship. Empirical review, Journal of Research in International Business and Management, 3(4), 139-149.
3. Chakrabarty K.C (2009), "Financial Inclusion, RBI Initiatives" at National seminar on launching a National initiative for financial inclusion, DFS GoI.
4. Joseph Massey (2010), Role of Financial Institutions in Financial Inclusion. Issue: 4, October.
5. Oya Pinar Ardic Maximilien Heimann Nataliya Mylenko. (2011). Access to Financial Services and the Financial Inclusion Agenda Around the World, The World Bank, pp 1-17.
6. Reddy, A. (2010). Rural Banking Strategies for Inclusive Growth, <http://ssrn.com/abstract=1532226> [accessed 25 Oct 2011].
7. Rangarajan, C. (2008). Report of the committee on Financial Inclusion, GoI, January pp-1.
8. Rahman, A. (2012). Financial inclusion and Growth of Indian banking system, Journal of Business and Management, 1(3), 25-29.
9. Sharma, P., & Tuli, R. (2012). Financial inclusion plans (FIPs) - Growing roots in the light of good governance of RBI, International Journal of Management, IT and Engineering, 2(8), 597-604.
10. V. Leeladhar, Taking Banking Services to the Common Man - Financial Inclusion.