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## Research Article

# FINANCIAL INCLUSION AMONG RURAL HOUSEHOLDS IN PARLIKAD VILLAGE, THRISSUR DISTRICT

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### ABSTRACT

Financial Inclusion is a socio-economic concept in India that aims to change the dynamics in development by providing financial services at affordable costs to the underprivileged, who might not otherwise be aware of or able to afford these services. Global trends have shown that in order to achieve inclusive development and growth, the expansion of financial services to all sections of society is of utmost importance. However, in recent years, the Government and Reserve Bank of India has been pushing the concept and idea of financial inclusion. As income levels and consequently, savings in the rural areas increase, it is essential to help them to manage their funds and facilitate their financial services. Allowing people to create simple, no-frills current and savings accounts, relaxing KYC norms and directly crediting social benefits to account owners will bolster an inclusive approach to finance & banking in rural areas.

The present study attempts to gather the perception of rural households on the concept of financial inclusion and to examine the extent of financial inclusion in terms of access and usage of bank accounts. The paper analyses the level of interest in financial services, the level of satisfaction on the services offered and level of expectation of respondents towards financial inclusion. The study found that there is no significant association, between socio- economic factors of the respondents and the level of satisfaction towards financial services.

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### INTRODUCTION

Financial Inclusion a much talked about term is about expanding the reach of financial services to include marginal sections of the society. The aim is to bring about improvements in income level, reduce disparities in income distribution and enhance overall economic development. Mainstream banking facilities are still out of reach for many people across the globe. This could be due to reasons such as illiteracy, poor bank branch network, high cost of banking, lack of awareness and customer friendly atmosphere. Besides this, self-exclusion wherein people decide not to opt for a financial product due to their misconceptions also forms reasons for being unreachable. By studying the perception of rural people towards the formal financial services we can analyze the reasons for their self-exclusion.

According to the Planning Commission, of India, the concept of 'inclusive growth' has been seen as a process of including the underprivileged sections, whose participation is essential in the development of the country. Access to finance plays a crucial role in achieving this, which in turn increases the importance of financial inclusion.

This paper is an attempt to analyze the perception of rural households towards financial inclusion and to examine the extent of financial inclusion in terms of access and usage of bank accounts. The paper also aims to test the hypothesis that there is no significant association, between socio- economic factors of the respondents and the level of satisfaction towards financial services.

### REVIEW OF LITERATURE

To understand the extent of financial inclusion throughout India, and the relationship between financial inclusion and the rural perception towards it past literature shows that no specific studies were made in villages in Kerala. Studies by Sharma and Kukreja (2013) states that financial inclusion is the key factor for inclusive growth which makes India stand out on a global platform. Even though financial inclusion is playing an important role in the economic and social development of the society it has a long way ahead to achieve the desired goals.

Kumar and Mukhopadhyay (2013) analyzed the financial behavior among rural and urban clients in Tamil Nadu. Both urban and rural women members saved with the MFI's due to

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the mandatory savings requirements. The poor women are desperately in need of financial literacy programmes that enable them to be informed about the financial services.

Garg and Agarwal (2014) attempted to study the approaches adopted by various banks and analyses their performance towards achieving the goals of financial inclusion. They state that the most common reason for not having a bank account is the lack of enough money, distance, cost and lack of necessary documentation.

Mamatha (2015) assesses the banking service facilities for financially excluded people. Banks have to set up their branches in remote corners of the country to bring a large segment of the society under the umbrella of financial inclusion. RBI has to take initiatives for providing public awareness campaigns in remote and urban slums for spreading financial literacy to the excluded households.

Selvakumar, Mathan and Sathyalakshmi (2015) states that the inclusive development in the rural areas of the country is essential for its growth as the major portion of the countries people are living in the rural areas.

Birla (2016) observes that many activities are promoted by the RBI, Central Government and NABARD for including the financially excluded people to the formal financial system. They were training and capacity building of the staff of cooperatives, RRB's, Business Correspondents (BC's), Business Facilitators (BF's) including PACS, opening up of Financial Literacy Centers, Financial Literacy Campaigns, etc. Sundaram, Sriram and Kanniah (2016) say that the ICT based financial inclusion is to be improved by the means of Financial Service Kiosk, NEFT, RTGS and IMPS. Banks should expand its services by opening a bank account with Information and Communication Technology and the account holders should come forward to know the technology based financial inclusion to transform traditional financial system and to achieve the speedy reach of financial inclusion.

## METHODOLOGY

The research study is descriptive in nature and rural households in Parlikad Village in Thalappilly Taluk, Thrissur constitute the sample. Simple random sampling technique was employed to select 150 households. For data analysis tools like percentage, weighted average ranking method, one sample t-test, and Chi-square test were used.

## RESULTS AND DISCUSSION

The tests expose that there is a need for awareness among rural households and that the level of interest, level of satisfaction and level of expectation from the financial services are far below standards. The study reveals that gender, age, level of education, and the type of family have little association to the level of satisfaction, while occupation and monthly income have considerable influence on the level of satisfaction of the respondents.

$H_{01}$  = The respondent's opinion regarding the awareness about financial services are equal to the average.

**Table 1** Showing Awareness In The Various Financial Services

Sl. no	Services	Mean	Std Deviation	t	p
1.	Loans	4.61	.554	35.495	<.001**
2.	Internet Banking	3.03	1.058	.386	.700
3.	Mobile Banking	2.95	1.051	-.544	.587
4.	Credit Cards	3.23	.915	3.122	.002
5.	Mortgage	4.41	.716	24.178	<.001**
6.	Depositing/Withdrawing	4.92	.376	62.577	<.001**
7.	Cheque Book	4.56	.690	27.686	<.001**
8.	Overdraft	3.66	.947	8.535	<.001**
9.	Insurance	4.41	.625	27.567	<.001**
10.	Kisan Credit Cards (KCC)	3.15	.885	2.029	.044*
11.	ATM's	4.55	.651	29.240	<.001**

Source: Primary Data

\*\* 1% level of significance. Test value = 3 \* 5% level of significance.

**Interpretation:** The table 1 above shows the respondents' level of awareness with various financial services. Since p value is less than 0.01 the null hypothesis is rejected at 1% significance level. Hence, it is concluded that the opinion regarding all statements except statement 4 about awareness of financial services are not equal to the average. Based on mean score it can also be concluded that the opinion weighs towards the agreeability of the respondents and that there is a need of awareness about the financial services for better financial inclusion.

The rural perception towards financial inclusion is analyzed through the study of:

1. Level of interest in financial services.
2. Level of satisfaction on the services offered.
3. Level of expectation of respondents towards financial inclusion.

$H_{02}$  = The respondents level of interest in financial services are equal to the average.

**Table 2** Showing Level of Interest In Financial Services

Sl.no	Services	Mean	Std Deviation	t	p
1.	Saving small amount of money	4.87	.334	68.752	<.001**
2.	Information about new product/ services	4.22	.802	18.640	<.001**
3.	Taking a loan at reasonable rate	3.74	.823	11.016	<.001**
4.	Advice about welfare benefits	4.23	.743	20.215	<.001**
5.	Usage of plastic money (Debit/ Credit cards)	3.62	1.127	6.736	<.001**
6.	Taking insurance policies	4.07	.783	16.686	<.001**

Source: Primary Data \*\* 1% level of significance. Test value = 3

**Interpretation:** The table 2. above shows the respondents' level of interest in various financial services. Since p value is less than 0.01 the null hypothesis is rejected at 1% significance level. Based on mean score it is concluded that the opinion regarding all statements about the interest in financial services are not equal to the average.

$H_{03}$  = The respondents level of satisfaction on their expectations or services offered are equal to the average.

**Table 3** Showing Level of Satisfaction on the Services Offered

Sl. no	Services	Mean	Std Deviation	t	p
1.	Services provided by the bank	4.38	.609	27.733	<.001**
2.	Attitude of bank officials	3.40	.724	6.771	<.001**
3.	Rate of interest on loan	2.72	.706	-4.858	<.001**
4.	Interest on savings	2.67	.766	-5.332	<.001**
5.	Quick access to savings & loan facilities	4.15	.689	20.377	<.001**
6.	Insurance services (schemes offered)	3.97	.789	14.999	<.001**
7.	Educating customers/ providing information	3.79	.771	12.601	<.001**
8.	Usage of plastic money (Debit/ Credit cards)	3.59	.868	8.274	<.001**
9.	Bank charges	2.21	.877	-11.079	<.001**
10.	Internet banking	3.07	.609	1.340	.182
11.	ATM facilities	3.81	.745	13.365	<.001**
12.	Government policies/ Initiatives towards financial inclusion	3.90	.576	19.124	<.001**

Source: Primary Data  
 \*\* 1% level of significance. Test value = 3

**Interpretation:** The above table (Table 3.) shows the respondents' level of satisfaction on the services offered. Since p value is less than 0.01 the null hypothesis is rejected at 1% significance level. Hence, it is concluded that the opinion regarding all statements except statement 10 about the interest with financial services are not equal to the average.

H<sub>04</sub> = The respondents level of expectation towards financial inclusion programmes are equal to the average.

**Table 4** Showing Level of Expectation of The Respondents Towards Financial Inclusion

Sl. no	Expectations	Mean	Std Deviation	t	p
1.	It helps in promoting savings and mobilization of funds	4.55	.550	34.589	<.001**
2.	Aims at providing basic banking services for all	4.63	.572	34.943	<.001**
3.	It helps in expanding banking, financial & insurance sector	4.10	.809	16.654	<.001**
4.	Allow direct cash transfer to the targeted beneficiaries	4.64	.627	32.039	<.001**
5.	Intended to eliminate money lenders and agents/ intermediaries	4.15	.702	20.115	<.001**
6.	It helps the Govt. to directly pay all subsidies	4.72	.520	40.536	<.001**
7.	All the initiatives taken for financial inclusion are successful to a large extent	4.16	.544	26.096	<.001**

Source: Primary Data  
 \*\* 1% level of significance. Test value = 3

**Interpretation:** The above table (Table 4.) shows the respondents' level of expectation towards financial inclusion. Since, p value is less than 0.01 the null hypothesis is rejected at 1% level of significance. Further the mean score of the statements are above average which explains the agreeability of the respondents' level of expectation towards the financial inclusion programmes.

Using chi-square test the association between socio-economic factors and level of satisfaction of respondents towards financial services is analyzed.

Note: The value within ( ) denotes % within Gender and within [ ] denotes % within Level of expectation.

H<sub>05</sub> = There is no significant association between gender and the level of satisfaction towards financial services.

**Table 5** Showing the Association between Gender and the Level of Satisfaction Towards Financial Services

Gender	Level of satisfaction of respondents			Total	X <sup>2</sup>	p value
	low	medium	high			
count	27	47	31	105		
Male	(25.7) [69.2]	(44.8) [74.6]	(29.5) [64.6]	(100.0) [70.0]		
count	12	16	17	45	1.317	.518
Female	(26.7) [30.8]	(35.6) [25.4]	(37.8) [35.4]	(100.0) [30.0]		

Source: Primary Data \* Significance @ 5% level

**Interpretation:** Table 5. shows the association between gender and the level of satisfaction towards financial services. Based on row, % male respondents have 25.7% at low level, 44.8% at moderate level and 29.5% at high level, whereas female respondents have 26.7% at low level, 35.6% at moderate level and 37.8% at high level. The Pearson Chi-Square statistic is = 1.317 and p value is = .518, since p value is greater than 0.05, we can conclude that there is no association between gender and the level of satisfaction on financial services availed.

H<sub>06</sub> = There is no significant association between Age and Level of satisfaction towards financial services.

**Table 6** Showing the Association between Age and the Level of Satisfaction towards Financial Services

Age	Level of satisfaction of respondents			Total	X <sup>2</sup>	p value
	low	medium	high			
count	9	15	12	36		
Less than 30	(25.0) [23.1]	(41.7) [23.8]	(33.3) [25.0]	(100.0) [24.0]		
count	18	34	28	80	4.132	.659
30-50	(22.5) [46.2]	(42.5) [54.0]	(35.0) [58.3]	(100.0) [53.3]		
count	8	11	4	23		
50-60	(34.8) [20.5]	(47.8) [17.5]	(17.4) [8.3]	(100.0) [15.3]		
count	4	3	4	11		
60 & above	(36.4) [10.3]	(27.3) [4.8]	(36.4) [8.3]	(100.0) [7.3]		

Source: Primary Data \* Significance @ 5% level

**Interpretation:** Table 6. shows the association between Age and Level of satisfaction towards financial services. Based on row, percentage age less than 30 years have 25.0% at low level, 41.7% at moderate level and 33.3% at high level. Percentage age between 30-50 years have 22.5% at low level, 42.5% at moderate level and 35.0% at high level. While percentage age between 50-60 years has 34.8% at low level, 47.8% at moderate level and 17.4% at high level, and for age group of 60 years and above have 36.4% at low level, 27.3% at moderate level and 36.4% at high level. The Pearson Chi-Square statistic is = 4.132 and p value is = .659, since p value is greater than 0.05, the null hypothesis is accepted.

H<sub>07</sub> = There is no significant association between Level of Education and the Level of satisfaction towards financial services.

**Table 7** Showing the Association between Education And The Level of Satisfaction Towards Financial Services

Education	Level of satisfaction of respondents			Total	X <sup>2</sup>	P value
	low	medium	high			
count below SSLC	5 (27.8) [12.8]	8 (44.4) [12.7]	5 (27.8) [10.4]	18 (100.0) [12.0]	16.113	.041*
count SSLC	26 (36.6) [66.7]	25 (35.2) [39.7]	20 (28.2) [41.7]	71 (100.0) [47.3]		
count Higher Secondary	4 (14.3) [10.3]	17 (60.7) [27.0]	7 (25.0) [14.6]	28 (100.0) [18.7]		
count Graduate	4 (14.8) [10.3]	9 (33.3) [14.3]	14 (51.9) [29.2]	27 (100.0) [18]		
count Post Graduate	0 (0.0) [0.0]	4 (66.7) [6.3]	2 (33.3) [4.2]	6 (100.0) [4.0]		

Source: Primary Data

\* Significance @ 5% level

**Interpretation:** Table 7. shows the association between Level of Education and the Level of satisfaction towards financial services. The Pearson Chi-Square statistic is = 16.113 and p value is = .041, since p value is less than 0.05, it is concluded that there is an association between the level of education of the respondents and their satisfaction towards various financial services offered by the financial institutions.

H<sub>08</sub> = There is no significant association between Level of Education and the Level of satisfaction towards financial services.

**Table 8.**Showing The Association between Type Of family And The Level of Satisfaction Towards Financial Services

Type of family	Level of satisfaction of respondents			Total	X <sup>2</sup>	p value
	low	medium	high			
count Joint family	2 (11.1) [5.1]	11 (61.1) [17.5]	5 (27.8) [10.4]	18 (100.0) [12.0]	3.637	.162
count Nuclear family	37 (28.0) [94.9]	52 (39.4) [82.5]	43 (32.6) [89.6]	132 (100.0) [88.0]		

Source: Primary Data \* Significance @ 5% level

**Interpretation:** Table 8. shows the association between level of education and the level of satisfaction towards financial services. Based on row, joint families have 11.1% at low level, 61.1% at moderate level and 27.8% at high level, whereas the nuclear families have 28.0% at low level, 39.4% at moderate level and 32.6% at high level. The Pearson Chi-Square statistic is = 3.637 and p value is = .162, since p value is greater than 0.05, we can conclude that there is no association between the family type and the level of satisfaction towards financial services.

H<sub>09</sub> = There is no significant association between the Occupation and the Level of satisfaction towards financial services.

**Table 9** Showing the Association between Occupation And The Level Of Satisfaction Towards Financial Services

Occupation	Level of satisfaction of respondents			Total	X <sup>2</sup>	P value
	low	medium	high			
count Farmer	5 (31.3) [12.8]	4 (25.0) [6.3]	7 (43.8) [14.6]	16 (100.0) [10.7]	24.208	.007*
count Own business	1 (3.3) [2.6]	20 (66.7) [31.7]	9 (30.0) [18.8]	30 (100.0) [20.0]		
count Govt. employee	3 (13.0) [7.7]	14 (60.9) [22.2]	6 (26.1) [12.5]	23 (100.0) [15.3]		
count Pvt. employee	20 (33.3) [51.3]	19 (31.7) [30.2]	21 (35.0) [43.8]	60 (100.0) [40.0]		
count Retired	3 (50.0) [7.7]	2 (33.3) [3.2]	1 (16.7) [2.1]	6 (100.0) [4.0]		
count Coolie	7 (46.7) [17.9]	4 (26.7) [6.3]	4 (26.7) [8.3]	15 (100.0) [10.0]		

Source: Primary Data \* Significance @ 5% level

**Interpretation:** Table 9. shows the association between the Occupation and the Level of satisfaction towards financial services. The Pearson Chi-Square statistic is = 24.208 and p value is = .007, since p value is less than 0.05, the null hypothesis stands rejected at 5% level of significance.

H<sub>07</sub> = There is no significant association between Monthly Income and the Level of satisfaction towards financial services.

**Table 10** Showing the Association between Monthly Income and The Level of Satisfaction Towards Financial Services

Monthly Income	Level of satisfaction of respondents			Total	X <sup>2</sup>	P value
	low	medium	high			
count less than 5000	5 (50.0) [12.8]	1 (10.0) [1.6]	4 (40.0) [8.3]	10 (100.0) [6.7]	23.006	.003*
count 5000-10000	20 (41.7) [51.3]	15 (31.3) [23.8]	13 (27.1) [27.1]	48 (100.0) [32.0]		
count 10000-20000	7 (13.5) [17.9]	23 (44.2) [36.5]	22 (42.3) [45.8]	52 (100.0) [34.7]		
count 20000-30000	7 (19.4) [17.9]	22 (61.1) [34.9]	7 (19.4) [14.6]	36 (100.0) [24.0]		
count 30000 & above	0 (0.0) [0.0]	2 (50.0) [3.2]	2 (50.0) [4.2]	4 (100.0) [2.7]		

Source: Primary Data

\*Significance @ 5% level

**Interpretation:** Table 10. shows the association between Monthly Income and the Level of satisfaction towards financial services. The Pearson Chi-Square statistic is = 23.006 and p value is = .003, since p value is less than 0.05, there is strong evidence to reject the null hypothesis at 5% level of significance.

## CONCLUSION

The objective of any study on financial inclusion is to provide an insight on the accessibility, transparency and equitable access to financial services for all the people. This access to financial services can generate income, increase the standard of living, reduce poverty, decrease regional disparities, creates

agricultural growth and provide more employment opportunities across all sections of the economy. Reaching out to the unbanked segments of the population and providing basic financial services is the aim of financial inclusion. Even though various initiatives are taken by financial institutions to bring under its purview the rural masses, a major segment of the population still do not have access to these facilities.

In order to overcome this, there is the need to expand the scope of financial inclusion initiatives to reach out to people at the grass-root level. The study found that the rural masses, are not reluctant to accept the new changes, but they have much inhibition in availing these services. This is to be removed if any major change is to be expected among the rural people. The respondents have a positive perception towards financial inclusion and they themselves feel proud to be a part of the financial inclusion programme.

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