

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor Thesis

**Impact of Financial Inclusion on People of Rural Areas in
India**

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Bc. Purvang Jashvantbhai Trambadia

Business Administration

Thesis title

Impact of Financial Inclusion on People of Rural Areas in India

Objectives of thesis

The aim of the bachelor thesis is to determine and evaluate the level of the financial inclusion among the people of rural areas in India. The aim will be fulfilled based on the partial aims. Then, several hypotheses will be defined and verified. Based on the results of an empirical analysis the final conclusions will be introduced.

Methodology

The bachelor thesis will cover both, theoretical and empirical part. Theoretical part will contain theoretical background of the selected topic as well as the methodological framework. Scientific literature will be used to prepare the literature overview. The practical part will be based on own survey. Based on the empirical analysis the results will be presented and some recommendations will be suggested.

The proposed extent of the thesis

30 – 40 pages

Keywords

Financial inclusion, rural area, financial literacy, survey, India

Recommended information sources

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-

Expected date of thesis defence

2021/22 WS – FEM

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Declaration

I declare that I have worked on my bachelor thesis titled "Impact of Financial Inclusion on People of Rural Areas in India." by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on March, 2021

Purvang Trambadia

Acknowledgement

I would like to begin by thanking my thesis supervisor Ing. Lenka Rumánková, Ph.D. for her great support and understanding in the completion of this thesis. Her irreplaceable encouragement led me to this success.

I would like to express my sincere thanks to my faculty professors and Czech University of Life Sciences, Prague for support during my graduation.

Impact of Financial Inclusion on People of Rural Areas in India

Abstract

This thesis focuses on impact of financial inclusion on the people of rural areas of India. The thesis examines the level of financial literacy among rural people about various financial products and services. It also identifies the impact of various initiatives, schemes and programs introduced by RBI and government of India in order to achieve the financial inclusion. This thesis is divided into two parts. The first part contains information about the definition of financial inclusion, factors affecting financial inclusion as well as about the various initiatives taken by RBI for financial inclusion and various schemes launched by government of India for financial inclusion in the part of literature review in thesis. Here, the information about is gathered from secondary resources like publications, journals, books, etc.

The second part of the thesis includes the analysis of primary data. A structured questionnaire is designed to collect the data from rural people in order to know about level of financial literacy and access to financial products by them. India is the targeted country for collecting the primary data. The sample size is 150 respondents which are selected randomly. The analysis of collected data has been done by using SPSS Software. The data is analyzed by using various statistical tools such as the hypothesis testing and one variable analysis etc. The findings and recommendations are provided in the thesis based on the analysis.

Keywords: Financial inclusion, Financial Literacy, Pradhan Mantri Jan Dhan Yojana, RBI initiatives, Sustainable economic growth, financial stability, Weaker section

Dopad finančního začlenění na lidi z venkovských oblastí v Indii

Abstraktní

Tato práce se zaměřuje na dopad finanční inkluze na obyvatele venkovských oblastí Indie. Diplomová práce zkoumá úroveň finanční gramotnosti venkovského obyvatelstva ohledně různých finančních produktů a služeb. Rovněž identifikuje dopad různých iniciativ, schémat a programů zavedených RBI a vládou Indie za účelem dosažení finančního začlenění. Tato práce je rozdělena do dvou částí. První část obsahuje informace o definici finanční inkluze, faktorech ovlivňujících finanční inkluzi a také o různých iniciativách RBI pro finanční inkluzi a různých schématech zahájených indickou vládou pro finanční inkluzi v části přehledu literatury v diplomové práci. Zde se informace o shromažďují ze sekundárních zdrojů, jako jsou publikace, časopisy, knihy atd.

Druhá část práce obsahuje analýzu primárních dat. Strukturovaný dotazník je navržen tak, aby shromažďoval data od venkovských lidí za účelem zjištění úrovně finanční gramotnosti a jejich přístupu k finančním produktům. Cílovou zemí pro sběr primárních dat je Indie. Velikost vzorku je 150 respondentů, kteří jsou vybráni náhodně. Analýza shromážděných dat byla provedena pomocí softwaru SPSS. Data jsou analyzována pomocí různých statistických nástrojů, jako je testování hypotéz a analýza jedné proměnné atd. Na základě analýzy jsou v práci uvedeny poznatky a doporučení.

Klíčová slova : Finanční začlenění, Finanční gramotnost, Pradhan Mantri Jan Dhan Yojana, iniciativy RBI, Udržitelný ekonomický růst, finanční stabilita, Slabší úsek.

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1. Introduction.

Financial inclusion has been one of the most critical factors in the context of inclusive growth and development. Financial inclusion is a process of ensuring the availability of appropriate financial products and services required by vulnerable groups such as vulnerable categories and low-income groups at a fairly costly and transparent cost by common institutional players. The banking sector plays a significant role in bringing financially excluded individuals into the formal financial sector. This will help achieve two goals namely financial inclusion and growth in the banking business of the country. Traditionally, it has been understood to mean the opening of new bank branches in rural and non-bank areas. Nowadays, however, financial inclusion is seen as an alternative to opening bank branches in banking areas to take legal financial services across the country and across the globe.

India is a country with a population of 1.2 billion, spread across 29 regions and seven union areas. There are around 600,000 villages and 640 districts in our country. Most people, especially in rural areas, are excluded from easy access to finance (Gounasegaran, C. Kuriakose, F. and Iyer, D. K., 2013). Forty percent of households have bank accounts, but only 38 percent of the 117,200 branches of organized commercial banks operate in rural areas. Availability of affordable financial services at affordable prices has always been a global problem. Therefore, an inclusive financial system needs more than just India, but it has become a policy document in 828 different countries. Access to finance can improve the financial situation and the quality of life of the poor and needy. Therefore, the RBI has been encouraging the banking sector to expand its banking network by establishing new branches and installing new ATMs (Dangi, N. and Kumar, P., 2013). Financial inclusion means the delivery of financial services, including banking services and credit, at an affordable cost to the vast sections of disadvantaged and low-income groups who tend to be excluding (Chhabra N., 2015). Financial inclusion includes the participation of vulnerable groups such as vulnerable sections of society and low-income groups, depending on their level of access to financial services such as savings and payment accounts, credit insurance, pensions etc. (Singh, C. Mittal, A. Garg, R. Goenka, A. Goud, R. P. and Ram, K. et al., 2014).

Various financial services include access to savings, loans, insurance, payments and remittances offered by the official financial system. This aspect of financial inclusion is critical to providing

economic security for individuals and families (Kelkar V. ,2014). India is one country where the Financial Stability and Development Council (FSDC) has some authority over financial inclusion and financial education. There is a separate technical team for financial inclusion and financial literacy under the FSDC frameworks representing all financial sector managers. In order to further efforts to involve greater financial inclusion, the RBI has established an Inclusive Advisory Committee (FIAC) under the chairmanship of the Deputy Chief Executive Officer from the RBI.

Policymakers have increasingly recognized that stopping the use of organized financial services not only has a positive impact on the client and home standards but, if done right and on a scale, can have far-reaching benefits impact on national economic development by helping to reduce transaction costs, management risks, and reduce economic inequality, a development goal shared by donors and policy makers alike (Karpowicz 2014; Dabla-Norris, et al. 2015; Turegano and Garcia-Herrero 2015).

Understanding the potential impact of financial services for households and economies, policy makers, practitioners, and funders have shifted their focus from classic to microfinance, provision of financial services to the poor by skilled service providers, to financial inclusion, a state where both individuals and businesses have opportunities to access, and the ability to use a diverse range of appropriate financial services that are responsibly and sustainably provided by formal financial institutions (see Figure 1). This step shows a growing awareness that a small amount of cash is just one income point among many (e.g., public payment schemes for individuals, small and medium business finance, digital financial services [DFS], “no frills” bank accounts, etc. to achieve global financial inclusion and associated social and economic development goals.

However, apart from this global transition to responsible financial inclusion, it still exists significant variation in quality, quality, and use of financial services available in the market, with 2 billion adults left with no access (Klapper 2015). Poor and low the leading people - especially women, youth and those living in rural areas - are the majority without to manage their financial needs. At the same time small, medium and micro enterprises (MSMEs), many of which are part of the informal economy, are limited to their potential to sustain and grow their businesses due to a lack of operating funds.



Figure 1: Dimensions of financial inclusion

Seventy percent of MSMEs in developing countries do not have access to formal, informal financial services to be a major obstacle (Stein, Goland, and Schiff 2012). This leaves a lot of work to be done designed to achieve the vision of global financial inclusion.

Historically, the lack of institutional capacity to deliver financial services has been the case it is seen as a major source of income for the poor. So, sponsors have it prioritize financial and technical assistance to support the formation and growth of FSPs, with a large budget allocated to support portfolio growth (Lahaye no March 2015). But while this approach is focused on suppliers, institutional building has helped reduced financial inclusion, failed to address fundamental issues. Client support has been paid very little attention to understanding customer needs, which encourages allowing a regulatory environment, strengthens market infrastructure all the things needed to create the right fit incentives, tools, and control mechanisms for various, innovative, and transparent development financial services markets. At the same time, many FSPs continue to rely on services, which also raises concerns about sustainable access in the long run.

2. Objectives and Methodology.

2.1 Objectives.

The main aim of this thesis is to assess the level of the financial inclusion among the people of rural areas and to analyze the level of financial literacy among rural people about financial products & services.

The partial aim is to identify impact of various initiatives, schemes and programs introduced by RBI and Government of India in order to achieve the financial inclusion.

Hypothesis 1

H0:- There is no relation between age and mobile banking awareness.

H1:- There is relation between age and mobile banking awareness.

Hypothesis 2

H0:- There is no association relationship between education and availing of Insurance.

H1:- There is an association relationship between education and availing of Insurance.

Hypothesis 3

H0:- There is no significant relationship between occupation and awareness about Pradhan Mantri Jan Dhan Yojana.

H1:- There is significant relationship between occupation and awareness about Pradhan Mantri Jan Dhan Yojana.

2.2 Methodology.

The Bachelor thesis is divided into two parts. The first part contains information about the financial inclusion and the literature review. Methodology for the literature review will be based on data collection from specialized publications, websites, journals and other written or online sources. The second part of the study includes the analysis of primary data. The practical part of the thesis will be based on the information gained from the survey. The study has a sample size of 150 people which includes 50 respondents from each village of Gujarat, India such as Nardipur, Rupal and Virochannagar. The survey will be conducted for 150 respondents through structured questionnaire. The first part of questionnaire will contain demographic questions such as gender, age, income and occupation. The second part of the questionnaire will include questions that in turn help in finding out not only the level of financial literacy among people of rural areas but also the impact of various schemes and programs introduced by RBI and Government of India. The survey-based questionnaire will be used in the time span of 2 months. The questionnaire is shown in Appendix 1.

The data collected from the survey will be used to assess the impact of financial inclusion on people of rural areas. The data will be analyzed by using SPSS software. The one variable analysis will be done for each question. Beside this, the hypothesis test will be carried out by using statistical tools such as Chi-Square and correlation. The findings and recommendations are provided in the study based on the analysis. The method of analysis and synthesis will be used to formulate the conclusion for thesis. The definition of financial inclusion as well as various initiatives and schemes introduced for financial inclusion will be included in literary review.

3. Literature Review

3.1 Definition of financial inclusion.

Financial inclusion is defined as “the process by which financial services are secured in a timely and adequate manner in which vulnerable groups such as fragmented and low-income groups are required” (Rangarajan C., 2008).in a report by the Indian financial inclusion Committee. During April 2012, the World Bank conducted a study that revealed that only 9 percent of people had received a bank loan last year and that 35 percent of people had official bank accounts in India and 41 percent in a developing economy.

"Financial inclusion is a process of ensuring the availability of products and appropriate funding needed by all sections of society including vulnerable groups such as vulnerable categories and low-income groups at a fairly costly and transparent cost by ordinary institutional players" (Chakrabarty, K. C. , 2013). The purpose of the financial inclusion (FI) is to facilitate access to financial services for the poorest people in the country. It is an effort to achieve inclusive growth by making money available to the poor. In order to reap the benefits of financial services, many steps have been taken by the Government of India to favor a poor and neglected social class.

Claessens (2006) defined financial inclusion as the acquisition of a supply of high-quality financial services at reasonable cost, where quality is appropriate and the relevant costs should be defined in relation to a specific level of purpose, with costs that reflect both pecuniary and non-pecuniary costs.

Financial exclusion is a process that prevents the poor and the disadvantaged social groups in gaining access to legal financial systems in their country Izama (Conroy 2005).

Mohan (2006) views financial inclusion as opposed to being excluded from finance, namely: Lack of access by certain sections of the public that are appropriate, inexpensive, and impartial secure financial products and services from major suppliers.... This process becomes stronger and is often a factor in exclusion from society, especially communities with limited access to financial products, especially in rural areas.

According to UNITED NATIONS, the "financial sector that provides' credit to all" bankers” people and firms and savings and payment services for everyone. Involvement fees are not

required that everyone who is eligible can use each service, but should be able to choose to use them if you want.

According to the Planning Commission (2009), financial inclusion refers to global reach a range of financial services at reasonable cost. This includes not only banking products but also other products financial services such as insurance and equity products. Family access to financial services including access to event planning, credit creation and wealth creation. Access to emergency planning can help with future savings such as retirement savings, temporary savings and unsafe conditions as well access to credit includes emergency loans, home loans and utility loans. On the other hand, access to wealth creation includes savings and financial inclusions based on the family level of financial literacy and detection of danger.

GOI (2008) defines financial inclusion as a process to ensure the availability of financial services and timely and sufficient credit where needed by vulnerable groups such as weak classes and low-income groups at a lower cost. The implications of financial inclusion include the provision of financial services to the poor incoming groups especially categories of people who are not included in the equitable provision opportunities. The main goal is access to financial services for a better standard of living and income.

According to Chakraborty (2011), investing is the process of ensuring fair access financial products and services required in all sectors of society including vulnerable groups such as weak classes and low-income groups at a costly and transparent cost regular institutional players. The issue began to gain prominence in the media recently.

However, as with many problems in India, financial inclusion is always a good dream with most Indians continue to lack access to banking services.

3.2 Factors affecting access to financial services.

Access to financial services has been identified as an important part of development and greater emphasis is placed on expanding financial services to low-income households as poor lacks the education and knowledge necessary to understand the financial services available to them. Lack of access to finance limits the range of domestic services and credits as well businesses. Although there is some evidence that access is improving, there is still plenty factors affecting access to financial services.

Place of living.

Most commercial banks operate only in commercial areas and these banks organize their branches in beneficial areas. So, people living in rural areas find it difficult to make ends meet services. Although the operational distance works best with transport infrastructure as a portable one distance, overcrowding such as features, rural and remote areas, movement of people (e.g. highly mobile people who do not have a fixed or official address) etc. and affect access to these services.

Absence of legal identity and gender biasness

Minors, economic and political migrants, asylum workers and displaced women access to financial services due to the lack of official IDs such as original birth certificates IDs. It is often difficult to get into debt for those women, who do not get it have possessions and goods. And they needed a male guarantee to get credit anywhere financial institutions.

Limited knowledge of financial services

Incomplete basic education and financial literacy are major barriers to your access various financial services to the people. They do not know the value of the difference financial products i.e., bank accounts, checkpoint, bank loan or overdraft and insurance. If people with proper financial knowledge, increases the use of many financial products separately economic factors such as business writers, NGOs and MFIs and so on.

Income rate and bank charges

People's financial prowess always plays a very important role in accessing available financial services. It is impossible for poor people to access financial services even if these services are available designed for a low-income group. Moreover, in India, there are many hidden bank charges they have find poor communities in accessing these services.

Strict terms and conditions

People are also not interested in using such types of financial products or services attached some fixed terms and conditions. Many different financial institutions rules regarding the use of accounts as minimum balance requirements.

Type of business

The nature of the work is also important in accessing financial services, however small scale, large scale, organized and informal company. Most banks do not like small lenders and informal businesses by providing loans. So these loan applications are common rejection.

3.3 The Global Scenario of financial inclusion.

The term “financial inclusion” has gained prominence since the early 2000s, the result of which pointed to financial disbursement and its direct link to poverty. The United Nations defines financial inclusion objectives as follows:

- Affordable access for all households to a full list of financial services, including savings or financial inclusion services, payment and transfer services, debt and insurance.
- Sound and safe institutions governed by clear regulations and industry standards.
- Financial and institutional sustainability, to ensure continued financial inclusion and security; and
- Competition to ensure selection and affordability of clients.

Financial access to daily life services helps families and businesses plan for long-term goals and unforeseen emergencies. Acquiring a transaction account is the first step in investing, as it allows people to save money, send and receive payments. The transaction account also serves as a

gateway for other financial services. People around the world can access a transaction account as part of a move by the World Bank's Universal Financial Access 2020 team.

The 2014 Global Bank Inclusion (Global Findex) database of the World Bank shows the following:

- The report shows that approximately 62% of adults 15 years of age and older around the world have access to a bank account at an official financial institution or mobile operator. This leaves about two billion people worldwide who do not have a bank account or access to a financial institution by telephone or in any other way.
- In addition, the report shows that these women represent half (55%) of the world's unpaid people and that more than 50% of adults in poor households do not have banks.
- Globally, according to 59% of adults, lack of sufficient funds is a major reason why they do not have a bank account. This means that financial services are currently not expensive or designed to suit low-income users. Other barriers to opening a bank account include distance from financial aid provider, lack of required documentation, distrust of financial providers and religion.
- According to the 2014 Global Financial inclusion Database of women, the rural poor and other people far away or hard to reach and small and medium-sized firms that are not funded more than other groups. Example: - The gender gap in developing countries is estimated at 9%: 59% of men reported having an account in 2014, while only 50% did not.
- Apart from this, most people borrow money on credit from informal sources, such as family, friends or shops.
- As of 2014, 94% of adults had a bank account in OECD high-income countries. While only 54% of adults had bank accounts in developing countries. The Middle East had the lowest number of account holders, with only 14% on average.
- The World Bank's Global Financial Institution (Global Findex) website indicates that in countries such as Finland, Norway and Denmark, 100% of people have a bank account.
- While in Turkmenistan 1.80%, Slovenia 97.20%, Central African Republic 3.30%, Spain 97.60%, Yemen Rep. 6.50%, Estonia 97.70%, Niger 6.70%, Switzerland 98.00%, Guinea 7.00%, Belgium 98.10%, Burundi 7.10%, Germany 98.80%, Madagascar 8.60%,

Australia 98.90%, Afghanistan 10.00%, United Kingdom 98.90%, Iraq 11.00 %, Canada 99.10%, Tajikistan 11.50%, Netherlands 99.30%, Cameroon 12.20%, New Zealand 99.50%, Djibouti 12.30%, Sweden 99.70%, Chad 12.40%, Pakistan 13.00%, Egypt Arab Rep. 14.10% and in Burkina Faso 14.40% of the population has a bank account.

The Universal Financial Access 2020 initiative focuses on 25 priority countries, where 73% of all financially excluded people live.

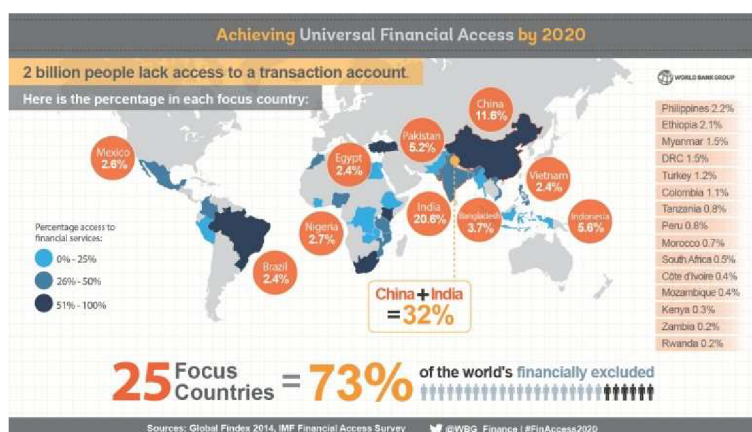


Figure 2: The unbanked Population in various countries

Source: (Global Findex 2014, IMF Financial Access Survey)

Countries that focus on the UFA 2020 program include Bangladesh, India, China, Brazil, Indonesia, Colombia, Cote d'Ivoire, DRC, Egypt, Ethiopia, Kenya, Mexico, Morocco, Mozambique, Myanmar, Nigeria, Pakistan, Rwanda, Peru, Philippines, South Africa, Vietnam, Tanzania, Turkey and Zambia.

India and China have the largest share of people without banks. Both India and China together account for 32% of unregistered adults in the United States India has 21% of the world's unregistered population and China has an estimated 12% of the world's population.

3.4 Global position of India in financial inclusion.

India ranks second in the world in terms of non-financial families behind China. The Indian banking industry has been able to penetrate half of the population over the past few decades. Central Bank of India has made numerous efforts to secure significant financial inclusion over the past five years. However, India has yet to make much progress on financial inclusion.

Data from the World Bank also shows that India is at lower rank compared to OECD countries in terms of financial inflows. Currently, India's financial depth is also lower than other Asian countries. The World Bank paper, "Global Findex Database 2014 - Establishing Global Financial inclusion", states that three countries - India, China and Indonesia account for 38% of the world's unpaired adults, India is -21%, China accounted for 12% and Indonesia 6%.

In India account revenue has increased from 35% to 53% in 2014. Of the adult adults with bank accounts in India, 63% of adults are male and only 43% of adults are women indicating that more than half of all women are unregistered in India.

Table 1: Share of Adults Accessing Account, Formal Savings and Formal Borrowing

Country	Account	Formal Savings	Formal Borrowing
India	53	14	6
Finland	100	57	22
Norway	100	78	29
Denmark	100	65	22

Source: Financial Inclusion Data/ Global Findex (2014)

Apart from this, the table above shows that in India only 14% of people have less legal savings compared to Finland, Denmark and Norway which involves more money than other countries. In addition, only 6% of people have legal loans in India under Norway, Finland and Denmark.

The Reserve Bank of India has developed an integrated Financial Inclusion Index (FI-Index) to capture the level of financial inclusion in the country. The FI-Index is considered as a comprehensive indicator that includes banking, financial inclusion, insurance, postal and pension sector information in consultation with Government and relevant sector regulators. The FI-Index has three broad parameters (brackets indicated in parentheses) namely, Access (35%), Usage (45%), and Quality (20%) for each of these containing different sizes, calculated based on

multiple indicators. Index responds easy to access and use of services, and the quality of services, including all 97 indicators.

The FI-Index is built outside of the 'basic year' and therefore reflects the collection efforts of all stakeholders over the years in the financial inclusion. The annual FI-Index for the period ending March 2021 is 53.9 compared to 43.4 for the period ending March 2017. The FI-Index will be published annually in July each year.

3.5 Indian scenario of financial inclusion.

India is the sixth largest economy in the world by GDP selected in 2017. It is also the third largest economy in the world on the basis of electricity purchasing power (PPP). However, India faces problems of poverty, corruption and inadequate public healthcare.

In India more than 40% of Indians do not have access to financial services. Of the 6,00,000 villages in the country, only about 30,000 or only 5% have a branch of commercial business. The number of people with life insurance is only 10%. There are 13% of Debit card holders and only 2% of credit card holders in India.

According to the 68th National Report of the research sample, Government of India, there are more than 80 million poor people living in major Indian cities who do not have access to basic banking services such as savings accounts, credit, remittances and payment services etc. Apart from this, according to a comprehensive financial inclusion survey in India, 111.5 million households do not have access to formal debt. Only 27% of farm households owe money from legal sources.

In the Indian context, the term 'financial inclusion' was first used in April 2005 in the annual policy statement presented by Y. Venugopal Reddy former governor of the Reserve Bank of India. Later the financial inclusion gained space and was widely used in India and other countries.

In July 2005, an internal group report examining issues relating to payments and Microfinance (Khan Committee) gained strength in a government-issued announcement, Y. Venugopal Reddy

in a policy statement for the year 2005-06, in which he expressed deep concern about a large segment of the population excluded from formal financial services.

In a report by the Khan Committee, the RBI urged banks to make available a "non-frills" bank account in order to achieve greater financial inclusion. The recommendations of the Khan Committee are included in the mid-year policy review (2005-06). In 2005, the financial inclusion resumed when it was implemented by K.C.Crobroborthy, chairman of the Indian Bank. Mangalam, Puducherry became the first village in India where all families were provided with banking facilities.

In January 2006, the Reserve Bank of India allowed commercial banks to use the services of non-governmental organizations, charities, microfinance institutions and other civil society organizations as mediators to provide financial and banking services. These mediators can be used as business facilitators or business correspondents for commercial banks.

Central Bank of India has asked commercial banks to launch a 100% financial inclusion financial inclusion campaign in various locations. The results of the campaign show that Puducherry, Himachal Pradesh and Kerala have announced a 100% financial inclusion in all their districts. The Reserve Bank of India's vision by 2020 is to open 600 billion new bank accounts and provide services to customers through various channels through IT.

Apart from this, the Indian government has introduced Pradhan Mantri Jan Dhan Yojana's plan to secure greater financial inclusion. This program is intended to provide a bank account for all households. The program has provided incentives such as Zero balances, in addition to draft services, Insurance and pension schemes to encourage the opening of new accounts.

The system also provides bank cards to return to the account holder for financial transactions. At the end of December 2017, 30.71 crore accounts have been opened under Pradhan Mantri Jan Dhan Yojana. However, account usage is low and 72% of accounts have zero balance.

With the exception of Pradhan Mantri Jan Dhan Yojana, there are a few initiatives working to increase financial inclusion. In addition, the Reserve Bank of India has taken a number of efforts to achieve the following major financial inclusion:

Opening of no-frills accounts: -

A basic frills bank account has nil or very low balance and costs that make those accounts available to large sections of the population. Banks are advised to provide small overdrafts on such accounts.

Relaxation on know-your-customer (KYC) norms: -

KYC requirements for opening bank accounts were relaxed for small accounts in August 2005, thus simplifying the process by setting that entry by the account holder performed under a complete KYC drill would be sufficient to open such accounts. Banks were also allowed to take any proof of identity and the address of the customer to their satisfaction. It is now even more convenient to enter documents issued by the Unique Identification Authority of India containing details of the name, address and number of Aadhaar.

Engaging business correspondents (BCs):-

In January 2006, the RBI allowed banks to work with business facilitators (BFs) and BCs as mediators, in the provision of financial and banking services. The BC model allows banks to provide door-to-door service delivery, especially cash withdrawals, thus addressing the issue of mileage storage. The list of eligible people and organizations that can be held as BCs is expanded from time to time.

Financial Information Centers: -

Financial Institutions were established by commercial banks at the request of the RBI. FLCs were launched to create public awareness and provide public education on various financial products and services. So that people can access financial products and services. RBI's policy is that the financial inclusion must be accompanied by financial information. Financial Literacy Institutions Supported by RBI.

Use of technology: -

Recognizing that technology has the potential to address the problems of access to and credit delivery in rural and remote areas, the banks have been advised to make effective use of information and communication technology (ICT), providing banking services at the BC gateway where accounts can be used by uneducated customers biometrics, thereby ensuring

transaction security and increasing the confidence of the banking system. A few Pilot projects were in place begin exploring how technology can be used to grow finances installation. Usha Thorat in her speech (June 19, 2007) pointed to a few steps: Smart cards to open bank accounts with biometric identification. Connect to a mobile or mobile connection devices that ensure that transactions are recorded in bank accounts in real time. Some State Governments move the public security payments as payments under the National Rural Employment Program through those smart cards. The same delivery route can be used to provide additional funding services such as low remittances and insurance. IT use too enables banks to handle large volume increases transactions for millions of families through processing, debt scoring goals, credit record and tracking.

Acceptance of EBT: -

Banks were advised to use EBT using ICT-based banking capabilities by BCs to transfer social benefits electronically to the beneficiary's bank account and submit government benefits to the beneficiary's department, thereby reducing cash dependence and reducing transaction costs.

Kisan Credit Card: -

The Kisan Credit Card scheme is a credit card scheme launched in August 1998 by the NDA government. The plan has been developed by the National Bank for Agriculture and Rural Development on the recommendation of R.V. Gupta to provide timely loans and agricultural services. This program aims to provide farmers with adequate and short-term needs during the harvest season. The KCC scheme was first proposed in the 1998-99 budget by Yashwant Sinha, the former Minister of Finance. Following this, NABARD had prepared a Model Kisan Card Card program on the recommendation of the RV Gupta Committee to provide timely loans and agricultural necessities.

General Credit Card

With a view to assisting the poor and the needy with access to easy credit, banks have been asked to consider introducing a standard credit card issuance system up to Rs. 25,000 at their local and urban branches. The purpose of this program is to provide secure credit to bank customers in accordance with the cash flow test without emphasizing the security, purpose or

ultimate use of credit. This is a natural variable that gives the owner the opportunity to withdraw to an allowable limit.

Simplified branch authorization

To address the unequal distribution of bank branches, in December 2009, commercial banks were allowed to open third-tier branches to VI centers with a population of less than 50,000 under the general permit, subject to reporting. In the northeastern provinces and Sikkim, local commercial banks can now open branches in rural, urban and urban areas without the need to obtain RBI approval in each case, according to the report.

Opening of branches in unbanked rural center

Continuing to strengthen the opening of branches in rural areas to improve bank access and immediate financial inclusion, the need to open more blocks and bricks, without the use of BCs, it was heard. Accordingly, the banks were empowered in the April monetary policy statement to allocate at least 25% of the total number of branches. opened during the year in unpaid rural facilities.

3.6 The schemes launched by government of India regarding the financial inclusion

The government of India has chosen a unique route—beyond mandates, policies, and PSU bank for bringing the financial inclusion in country through enabling frameworks such as Pradhan Mantri Jan-Dhan Yojana, RuPay card, and Direct Benefit Transfer scheme, it is ensuring that its financial inclusion drive benefits all strata of the society (iyer, 2016-17). There are various programs introduced by Government to achieve greater financial inclusion. The schemes are as follows:

Pradhan Mantri Jan Dhan Yojana

Pradhan Mantri Jan Dhan Yojana a national financial inclusion campaign was announced by Prime Minister Shri Narendra Modi in a free speech on August 15, 2014. The program was launched with the aim of increasing access to banking services and ensuring that every household has at least one bank account. The program was officially launched on August 28, 2014.

An additional benefit of opening an account under the Pradhan Mantri program Jan Dhan Yojana The customer is offered a Repay Debit Card with an inbuilt Rs insurance. 1 lakh. Apart from this, the customer is offered a place in excess of Rs. 5000 satisfactory account performance for 6 months.

Customers were also given a life cover of Rs. 30,000 to open accounts for a period of time. As of December 6, 2017 under Pradhan Mantri Jan Dhan Yojana 30.71 crore accounts have been opened, out of which 18.05 crore accounts have been opened in rural and urban areas.

Pradhan Mantri Jeevan Jyoti Insurance Yojna

Pradhan Mantri Jeevan Jyoti Bima Yojna covers people between the ages of 18 and 50 with bank accounts. A lifetime cover of Rs 2 lakhs is provided to the insurer in the event of the death of the insured for any reason. As of 12 April 2017 3.10, crore people are registered under Pradhan Mantri Jeevan Jyoti Bima Yojna.

Pradhan Mantri Suraksha Bima Yojna

To provide a social security system for all citizens and especially for the poor and lowly, the government has introduced the Pradhan Mantri Suraksha Bima Yojna. The scheme covers people between the ages of 18 and 70 and the risk discovery of Rs 2 lakhs is offered at an affordable premium of Rs 12 per year only. As of April 12th, 2017, about 10 crore people are registered under Pradhan Mantri Suraksha Bima Yojana.

Atal Pension Yojana

Atal Pension Yojana was launched in 2015. The scheme is open to all bank account holders between the ages of 18 and 40 and can choose different contributions depending on the amount of the pension. Under this scheme a monthly pension is guaranteed to the registrant and after his or her spouse and after their death, the pension money collected up to 60 years is refunded to the nominated registrar.

The Central Government also donates 50% of the contribution up to Rs 1000 per year. As of 31 March 2017, a total of 46.80 registrants from Atal Pension have been registered with a total pension of Rs1713.214crore.

Pradhan Mantri Mudra Yojna

The Pradhan Mantri Mudra Yojna Scheme was launched in April, 2015 to provide official access to financial institutions in the Small and Medium Enterprise Sector. The primary purpose of this program is to promote and secure banking in the unfunded part of the Indian economy. In the Mudra Scheme as of 13 August 2017, the total amount of 8crore 70 lakhs of loans which is still distributed which is 56 thousand lakhs given to a woman.

In this program 75 lakhs were 75 lakhs (1 lakh 88 crores to woman) and 3 lakh 63 crores crores were removed, of which 1 lakh 66 crores were given to a woman. The target for 2016-17 was Rs 1,80,000 crore while the authorized amount is Rs 180528cr indicating the success of the program.

Stand up India

The Stand-up India scheme has been introduced to extend bank loans between Rs 10 lakhs to Rs 1 crore for Greenfield businesses established by SC, ST & women entrepreneurs and provide them with administrative support. By mid-August 2017 38,477 people had been loaned up to Rs 8,277 crores of which 31,000 were women and were given loans amounting to Rs 6,895 crores.

Pradhan Mantri Fasal Bima Yojana

Pradhan Mantri Fasal Bima Yojana was launched in January 2016. The program has replaced two plant insurance schemes namely the National Insurance Scheme and Modified NAIS. Pradhan Mantri Fasal Bima Yojana has been in use since the 2016 Kharif season. The main purpose is to provide insurance for Rabbi and Kharif crops and financial support to farmers in the event of crop damage. The scheme provided only the same 2% insurance to be paid by farmers for the Kharif plants and 1.5% for the Rabbi plants. The annual fee for commercial and agricultural crops will be 5%.

Swabhimaan

Swabhimaan was launched in February 2011 by the Government of India. It was introduced with the aim of bringing banking services to large rural areas.

Sukanya Samriddhi Yojana

Sukanya Samriddhi Yojana was introduced by Prime Minister Narendra Modi in January 2015 as part of the "Very Bachao - Beyond Padhao" program. Through Sukanya Samriddhi Yojana, the government is trying to convey the message of social media that a girl child is not a financial burden if the parents of a girl child protect their future by planning well.

The amount credited to Sukanya Samriddhi's account can be used for the girl herself, either for her educational purposes or for her marriage. Sukanya Samriddhi's account offers an interest rate of 9.2%. Account maturity is 21 years from the date of account opening.

Unlike other financial system where interest can be paid after the maturity of the financial inclusion and financial inclusion plan. A distinctive feature of Sukanya Samriddhi's account is that even if it matures, if the account is not closed by the account holder, interest will be paid into the account until the account is finally closed.

3.7 Financial inclusion index

On June 25, 2013, CRISIL India's leading debt rating firm and the Research Company introduced an indicator to measure the state of financial inclusion in India. The index includes an assessment of the expansion of financial inclusion in 632 regions. CRISIL Inclusix is a reference to a scale of 0 to 100. It covers three critical parameters of basic banking functions namely branch entry, deposit entry and credit entry in one matrix. The Indian CRISIL Inclusix score was increased to 42.8 in 2013 from 35.4 in 2009. The top three countries and Union territories are Puducherry, Chandigarh and Kerala. Apart from this, the top three regions include Pathanamthitta (Kerala), Karaikal (Puducherry) and Thiruvananthapuram (Kerala), Karaikal (Kerala).

3.8 State scenario of financial inclusion

Financial inclusion in Gujarat is lower than in other provinces of India. A report by a senior advisory firm, CRISIL Financial inclusion Index called Inclusix, revealed that Gujarat had failed

to improve its performance over the past four years by offering three critical limitations on banking activities including branch admission, deposit and debt. A January, 2014 report supporting financial inclusion rates in all 35 provinces of India and 638 provinces on the basis of data provided by the RBI found that Gujarat left 17th place in 2009 to 18th in 2011 onwards. 19th in 2012.

Gujarat's Inclusix average was 40.6 on the 100 scale in 2012 which is less than 2.2 points from the national average of 42.8. The CRISIL Inclusix India average was 40.1 in 2011 improved by 2.7 points in 2012. CRISIL has analyzed 26 Gujarat districts. Of the 26 districts, only 10 districts are able to perform better than the national average of 42.8. Areas that performed better than the national average include Porbandar (56.8), Vadodara (54.1), Jamnagar (51.6), Navsari (50.4), Ahmadabad (50.3), Kutch (45.8), Anand (46.8), Rajkot (46.4), Baruch (45.4) and April (44.1).

Gandhinagar the capital of Gujarat is regarded as a "role model" in the development of foreign exchange earnings below the national average. None of the Gujarat districts can reach the top 50 as the state's retreating districts have shown poor performance in financial inclusion. In addition, research shows that in 35 provinces, 22 provinces showed better improvement in their marks in 2012 than in 2011, compared to Gujarat. These areas are Kerala with 4.3 points development, Tamil Nādu 4.2, Karnataka 4.2, Andhra Pradesh 3.5, Maharashtra 3.2, Madhya Pradesh 3.2, Jammu & Kashmir 3.1, Odisha 2.8, West Bengal 2.5, Assam 2.2, Rajasthan 2.1 and Gujarat 2.0. Gujarat's development has been slow compared to other provinces who have suggested that the state has failed to provide financial products and services to rural people in remote areas.

Gujarat also noted the lack of interest in banks in investing in rural areas. According to the State Level Banker Committee (SLBC) of Gujarat, the state has 49 financial institutions in all regions with leading banks and rural banks (RRBs). Of the 49 Financial Literacy Centers, one is in Ahmadabad, 33 are urban and 15 are rural, and no FLC has been opened in rural areas to date. Apart from this, according to 151 SLBC Agenda Note (Gujarat, 2016) of 5,860 BC's which includes banks in government only 4,860 available operating and installed Micro ATMs (Shweta Bambuwala & Dr.Sneha Shukla, 2017).

3.9 Importance of financial inclusion

The value of the financial inclusion can be highlighted from the following (Purvi Shah and Medha Dubhashi, 2015).

1. It is a necessary condition for maintaining balance growth.
2. Protects poor people from being infected many financial professionals.
3. It will enable governments to do payments under such social security schemes such as National Home Employment Certificate Program (NREGA) for beneficiary bank accounts, by electronic transmission. This will reduce transactions costs involving leaks.
4. Provides a way to save on poor in the formal mediation system and invest them.
5. A large amount of lower deposits will give banks an opportunity to reduce their dependence on quantity money to help them and help them better manage both fluids- the risk and liability of the asset.
6. Financial inclusion helps in obtaining sustainable growth by imparting formal identity, access to payment, savings and insurance to the unbanked population (Thorat 2007).

3.10 Financial inclusion: Challenges and Opportunities.

3.10.1 Challenges.

The path of financial inclusion is full of various challenges such as (Ms. Richa Aggarwal, 2014):

1. Financial services are used only by a class of people, excluded rural areas, poor areas there It is difficult to provide these funds highly dependent services informal sectors (lenders etc.) earnings usually rising prices. The biggest challenge for financial inclusion to include rural and poor people in integration place.
2. Financial Illness is also one of the challenges in the financial sector installation. Lack of basic education prevents people from accessing from financial services.
3. Poor living conditions even in urban areas are similar not fully utilizing financial services as they find themselves expensive again less expensive blocking the poor from access to them.

4. Another challenge in the area of financial inclusion that access to legal financial services require various documents of evidence in respect of personal identity, income, birthcertificates, etc. But poor people often do not have these records either therefore they do not have these services.
5. Negative and domestic parts are possible sometimes you sign up for this finance services initially, but may not use them it works like others because of the long distance between the bank and the residence, poor infrastructure etc.
6. Low wage rate by one a challenging area during the process financial inclusion because they think banks provide services only to the rich section.
7. Because of the difficulty of understanding official languages, various texts and many banking practices the process of free people in the use of financialservices.
8. Most people living faraway places finding it difficult to access the file places where banks are common there is.
9. Too many people, who have no basic knowledge and education, they do not know the value of financial products such as insurance, finance, bank accounts, checkpoints etc. challenge to use financial inclusion.
10. Many financial institutions do not to make trade reasons for comprehensive establishment Infrastructure to help poor households so sometimes they go back physical presence in rural or poor areas and set certain restrictions on disable the culture of the poor (e.g., very small account balances).

As a result, they also passed on access called the customers, who had to leave on distant branches and on long faces queue time. As a result, many are poor people deny financial institutions that serve the middle and upper class.

3.10.2 Opportunities.

The opportunities for financial inclusion are mentioned as below (Ms. Richa Aggarwal, 2014):

1. With the help of financial inclusion the idea, by keeping the numbers smaller time, poor people can arrange for funding with the required lump financial inclusion in businesses like buying equipment or purchase of goods in Price for sale.
2. By encouraging re-financial inclusion promoting savings practices as well provide search warrant most productive sources for employment by providing access simple finance and banking services to even in rural areas.
3. Electronic Profit Transfer (EBT): With the help of EBT and information communication technology, banks can transfer public benefits electronically in the bank account of beneficiary and can deliver the government benefits from the door they do not benefit, thus reducing cash dependence and depreciation transaction costs.
4. By profiting from trade sustainable global access, banks programs will be updated to new technologies such as EBT to ensure that access to financial services for all categories at low cost too advanced benefits such as making banking simple that ensures you know transact near where they live and work and ensuring trust among the people that they put their money into it such organizations seem to care to them and who they feel be present when they need it very much to them.
5. Financial inclusion is provided opportunities in the banking sector to took various social threads, regions, gender, and income as well encourage the community to accept banking practice. State Bank of India intervene in the success of financial inclusion by presentation various rules, financial information driving, operating technology etc.
6. Financial inclusion paves the way growth and development through assurance timely and quick discovery in between needy sectors.

4. Practical Part.

Data collected from the survey has been used to evaluate consumer perceptions about the use of digital wallets. Data was analyzed using SPSS Software. One variable analysis was performed

for each question. Apart from this, two variable analysis was performed to meet the objectives stated in the study. Hypothesis testing was done by doing Chi-square and Correlation.

The analysis method was used to form the conclusion of the thesis. Definition of financial inclusion, factors affecting access to financial services, the global scenario of financial inclusion, global position of India in financial inclusion was included in the literature review part of the thesis.

i. **Age.**

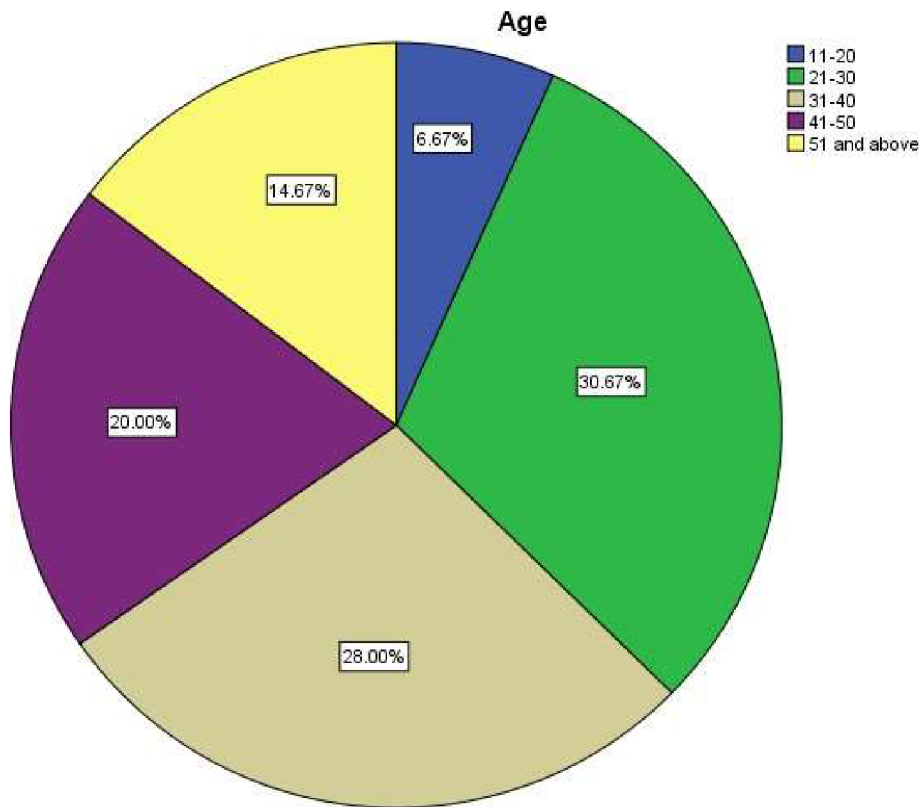


Figure 3: Age

Source: (Primary data, chart prepared by the author)

Interpretation

In our survey, 30.67% respondents belong to the age group of 21-30, whereas 28% respondents belong to 31-40, 20% respondents belong to 41-50, 6.67% respondents belong to the age group of 11-20 and 14.67% respondents are from the age group of 51 and above.

ii. **Gender.**

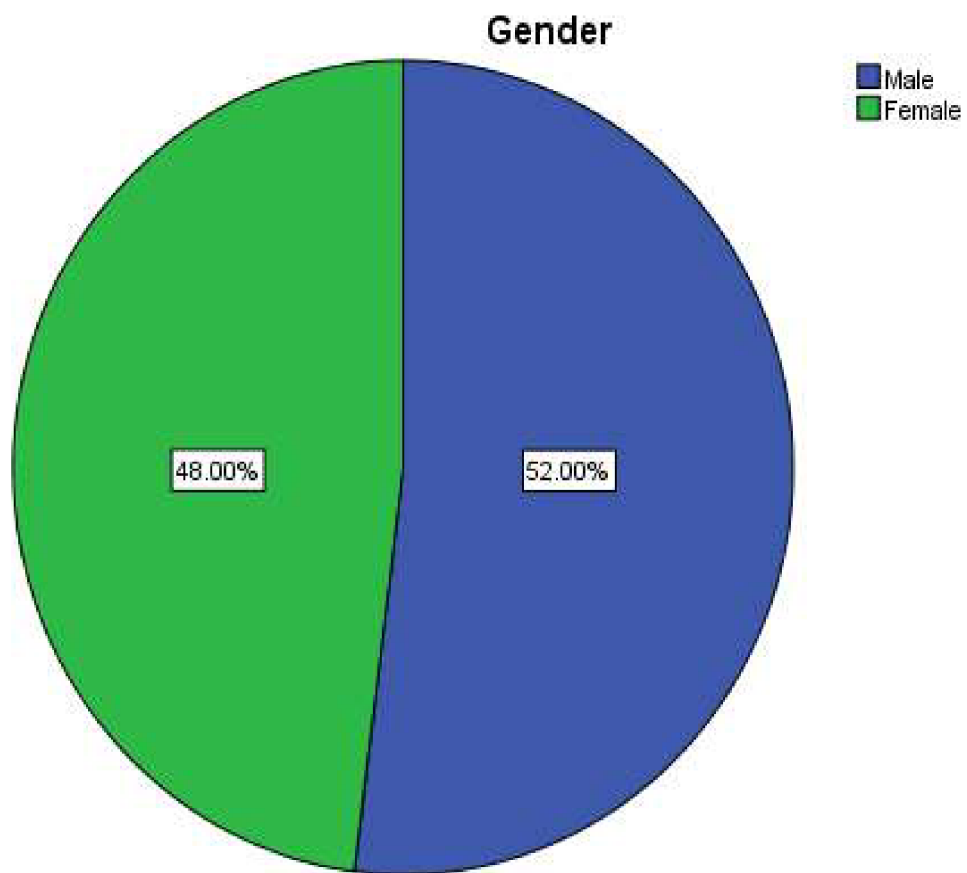


Figure 4 : Gender

Source: (Primary data, chart prepared by the author)

Interpretation

In our survey, there are 52% male and 48% female respondents.

iii. **Occupation**

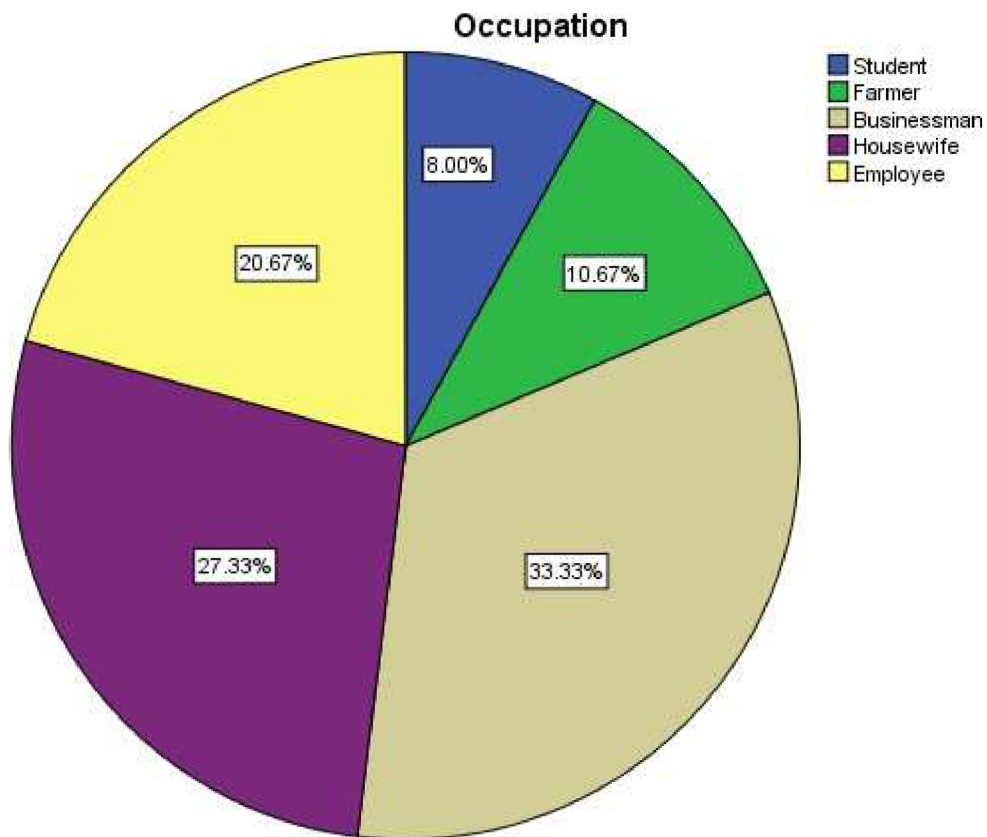


Figure 5: Occupation

Source: (Primary data, chart prepared by the author)

Interpretation

In our survey out of 150 respondents 50 are businessman, 41 are housewife, 31 are employees, 16 are farmers and 12 are students.

iv. **Qualification**

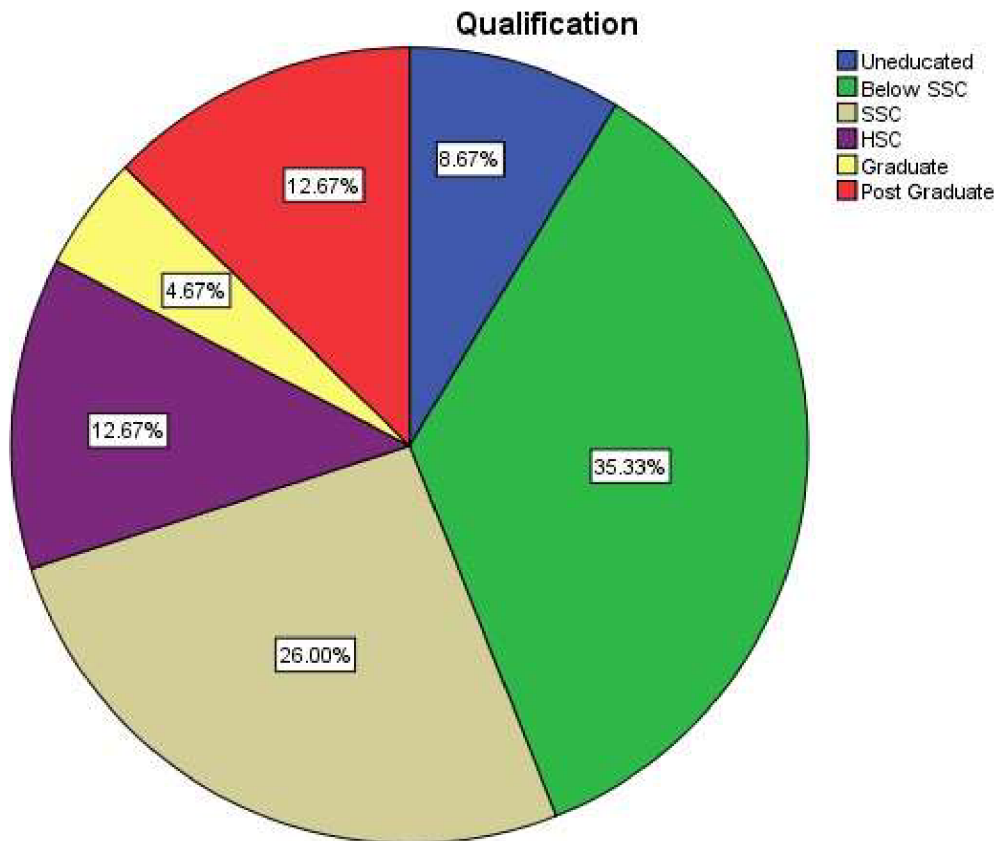


Figure 6: Qualification

Source: (Primary data, chart prepared by the author)

Interpretation

Out of 150 respondents, 13 respondents are uneducated, 53 have a qualification below SSC, 39 respondents are educated up to SSC and 19 respondents are educated till HSC. Apart from this, 7 respondents are graduate and 19 respondents are postgraduate.

v. **Income**

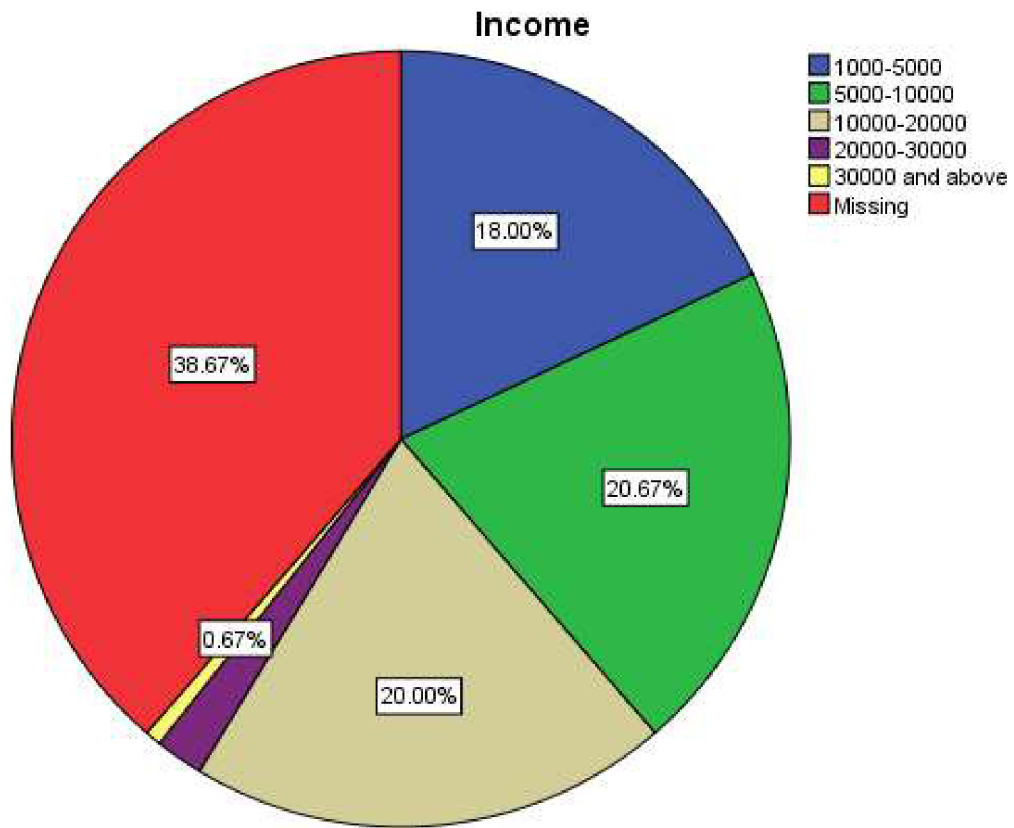


Figure 7: Income

Source: (Primary data, chart prepared by the author)

Interpretation

In our survey, most of the people have a monthly income from 5000 to 10000 rupees and many people are not earning because they are either students or housewives.

vi. **Do you have a bank account?**

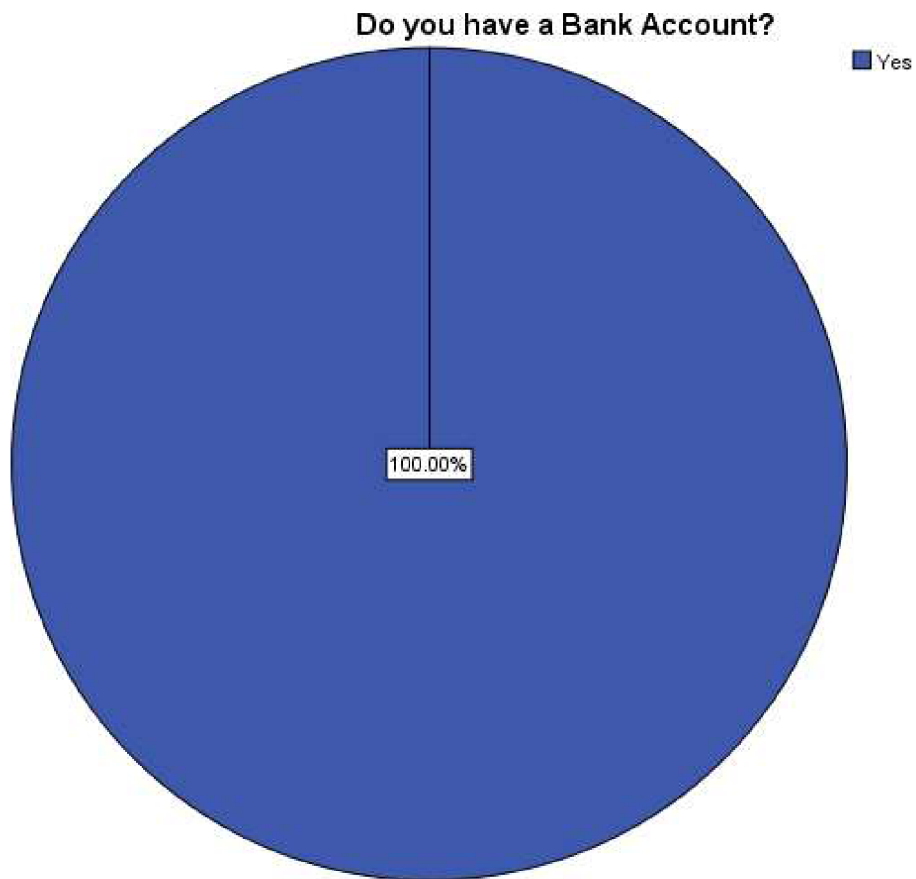


Figure 8: Do you have a bank account?

Source: (Primary data, chart prepared by the author)

Interpretation

From the analysis, we find that all the respondents have a bank account.

vii. **In which type of bank do you have your bank account?**

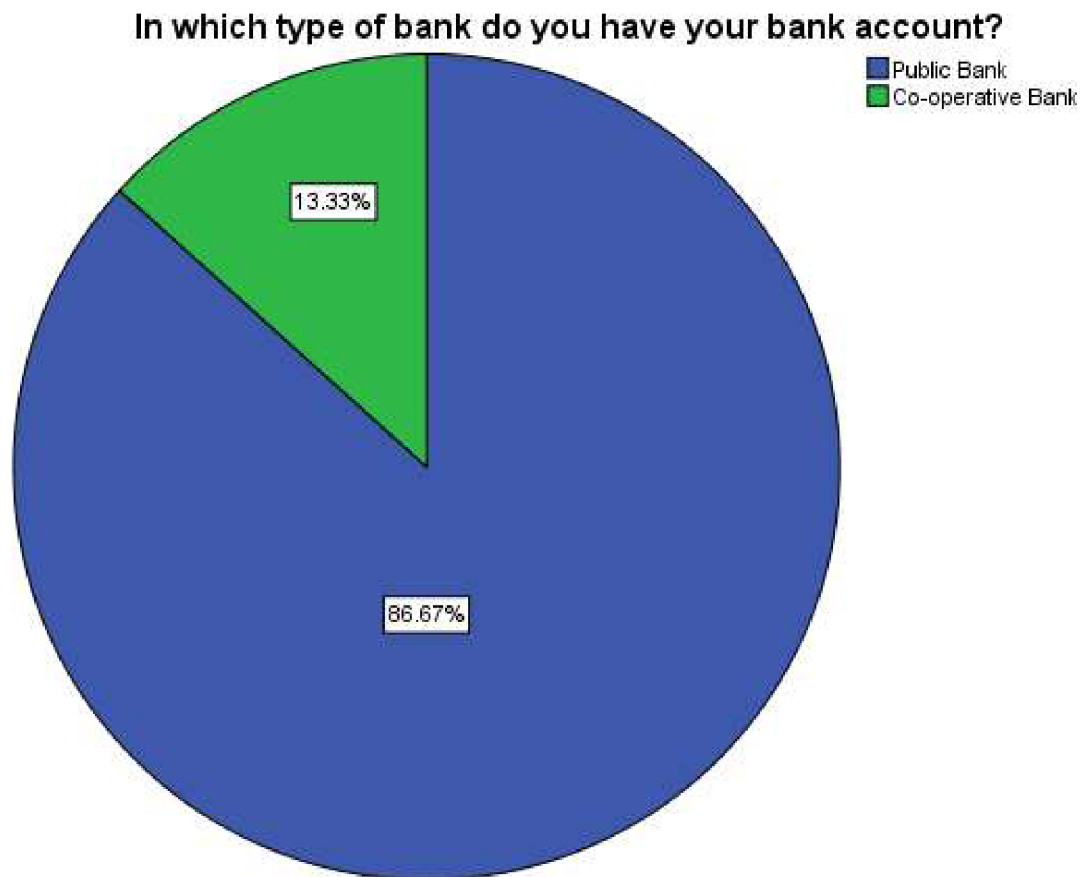


Figure 9: In which type of bank do you have your bank account?

Source: (Primary data, chart prepared by the author)

Interpretation

From our survey, we find that 130 people have their bank account in public bank, whereas remaining 20 people have their bank account in Co-operative bank.

viii. Which type of bank account do you have?

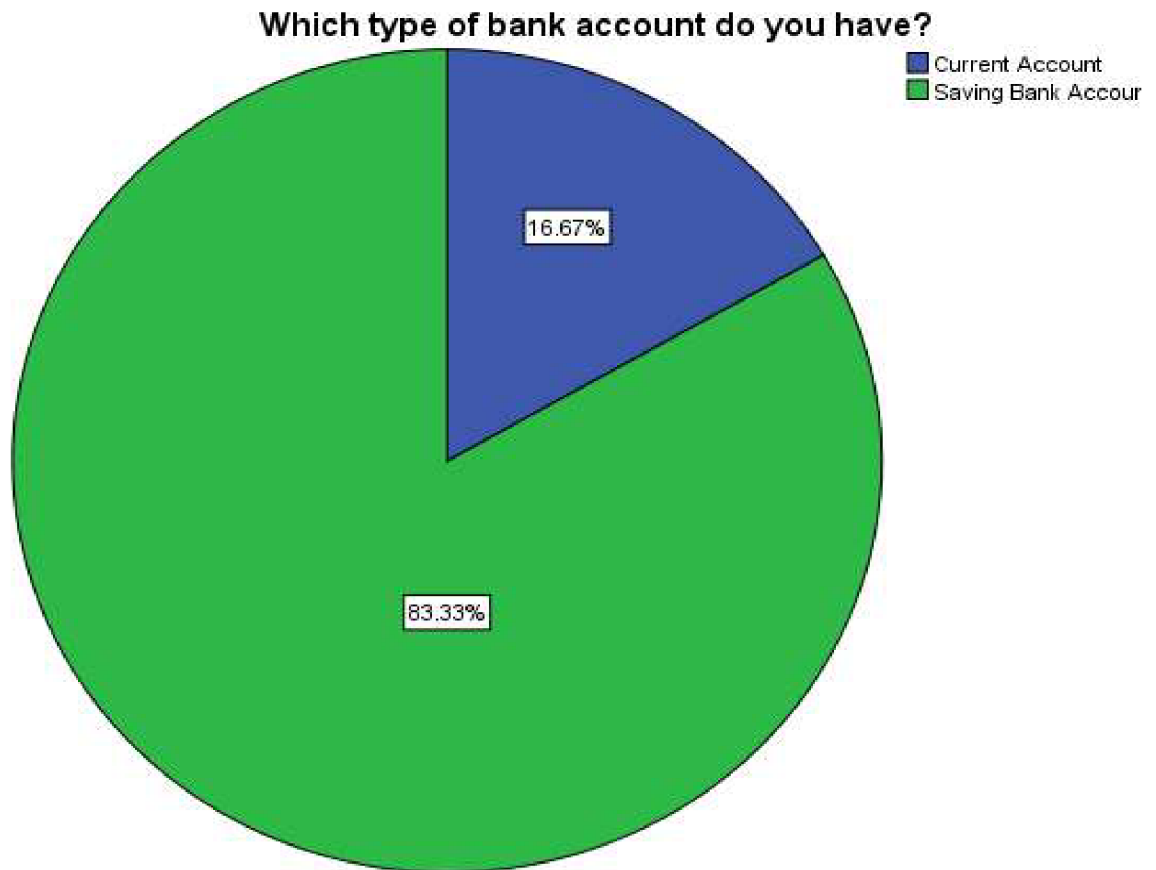


Figure 10: Which type of bank account do you have?

Source: (Primary data, chart prepared by the author)

Interpretation

As per the survey among the Current Account, Saving Bank Account and Fixed Deposit Account, the Saving Bank Account is mostly preferred by people. Besides Saving Bank Account, the Current Account is preferred by 16.67% of respondents.

ix. Rate the distance of the nearest bank from your place of Residence?

Rate the distance of the nearest bank from your place of Residence?

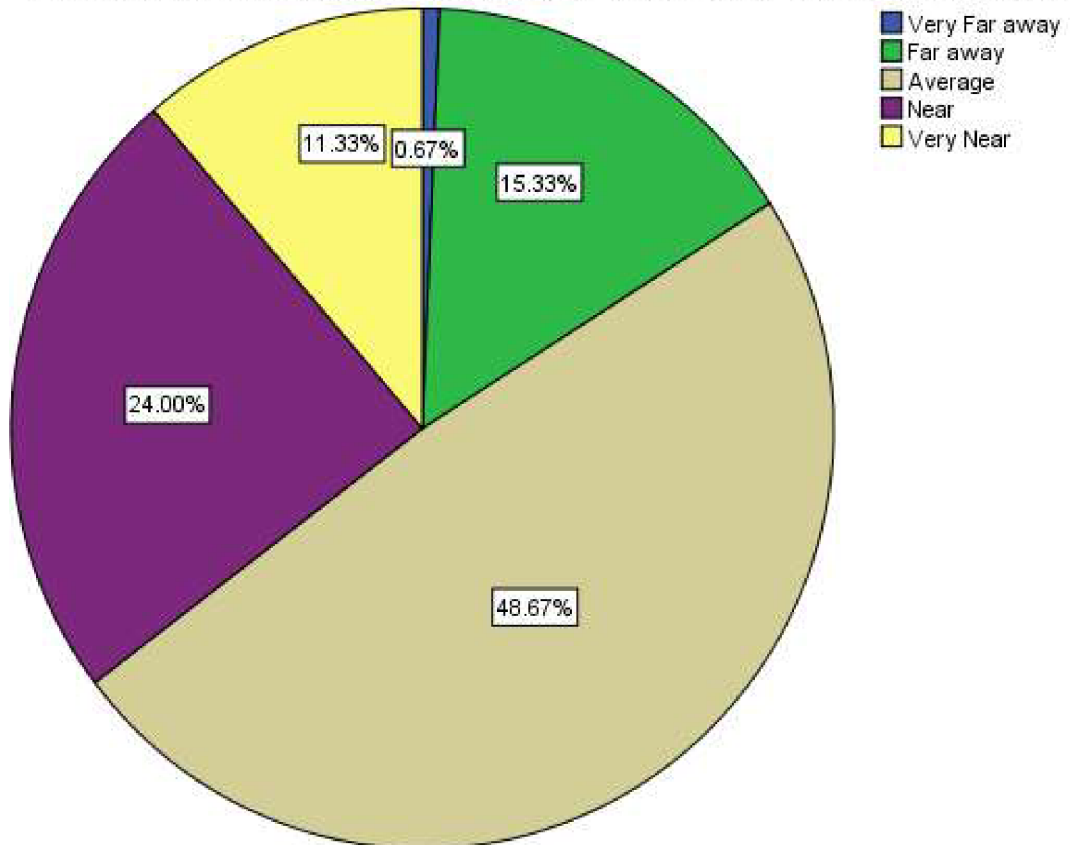


Figure 11: Rate the distance of the nearest bank from your place of Residence?

Source: (Primary data, chart prepared by the author)

Interpretation

According to 48.67% people the bank branch is neither far nor near to their residence, 24% people believe that the bank branch is near to their residence. There are 15.33% people who believed that the bank is located far from their residence, whereas only 0.67% people said that the bank branch is very far away from the residence.

- x. **How much time do you visit the bank in a month for obtaining the banking services?**

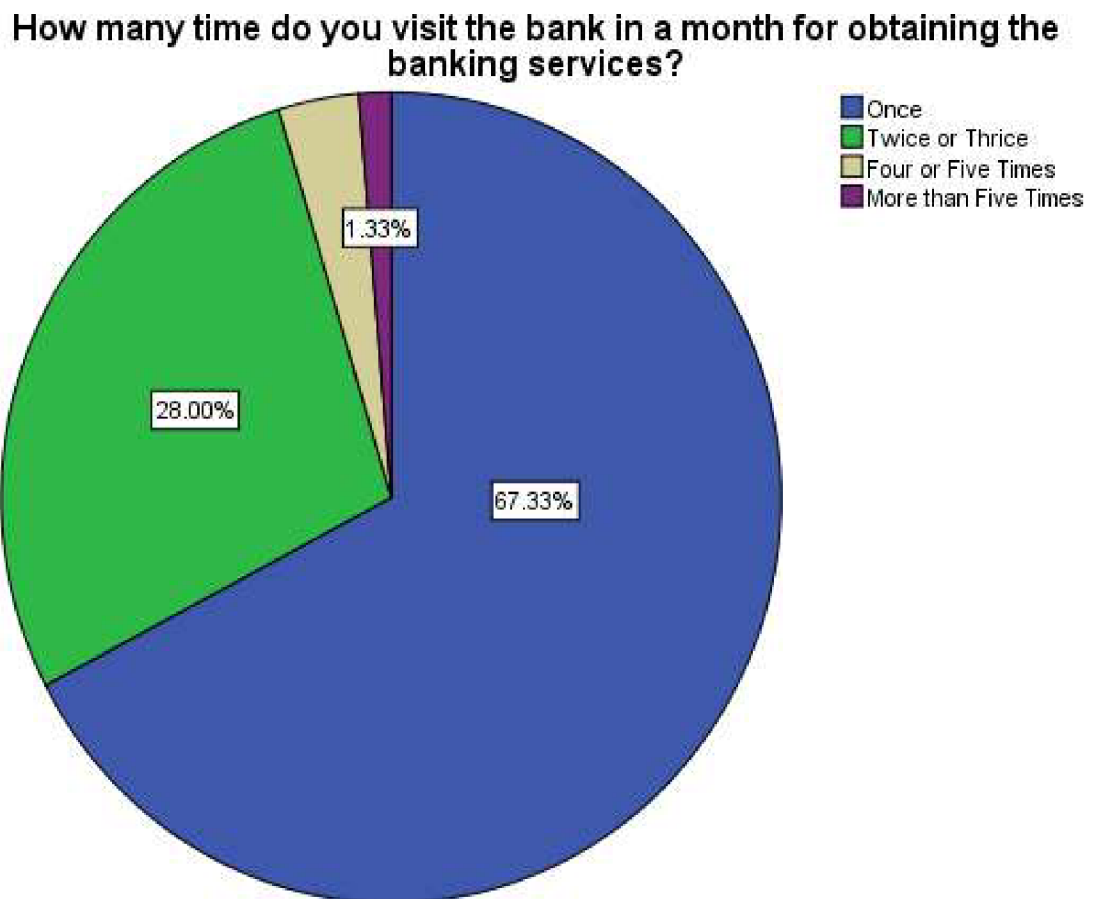


Figure 12: How much time do you visit the bank in a month for obtaining the banking services?

Source: (Primary data, chart prepared by the author)

Interpretation

As per the survey we find that the bank is mostly visited by the people once in a month.

xi. **Have you borrowed a loan?**

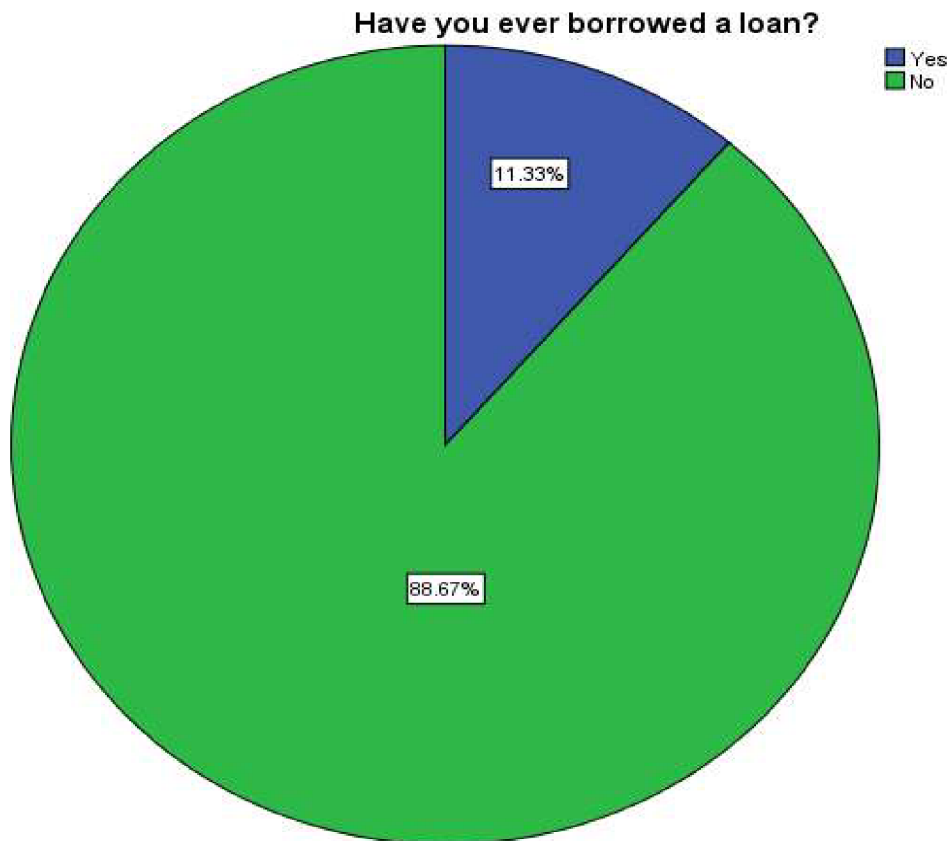


Figure 13: Have you borrowed a loan?

Source: (Primary data, chart prepared by the author)

Interpretation

From the analysis, we find that 88.67% respondents have not borrowed the loan, whereas 11.33% respondents have borrowed a loan.

xii. Which are the sources from which you borrowed a loan?

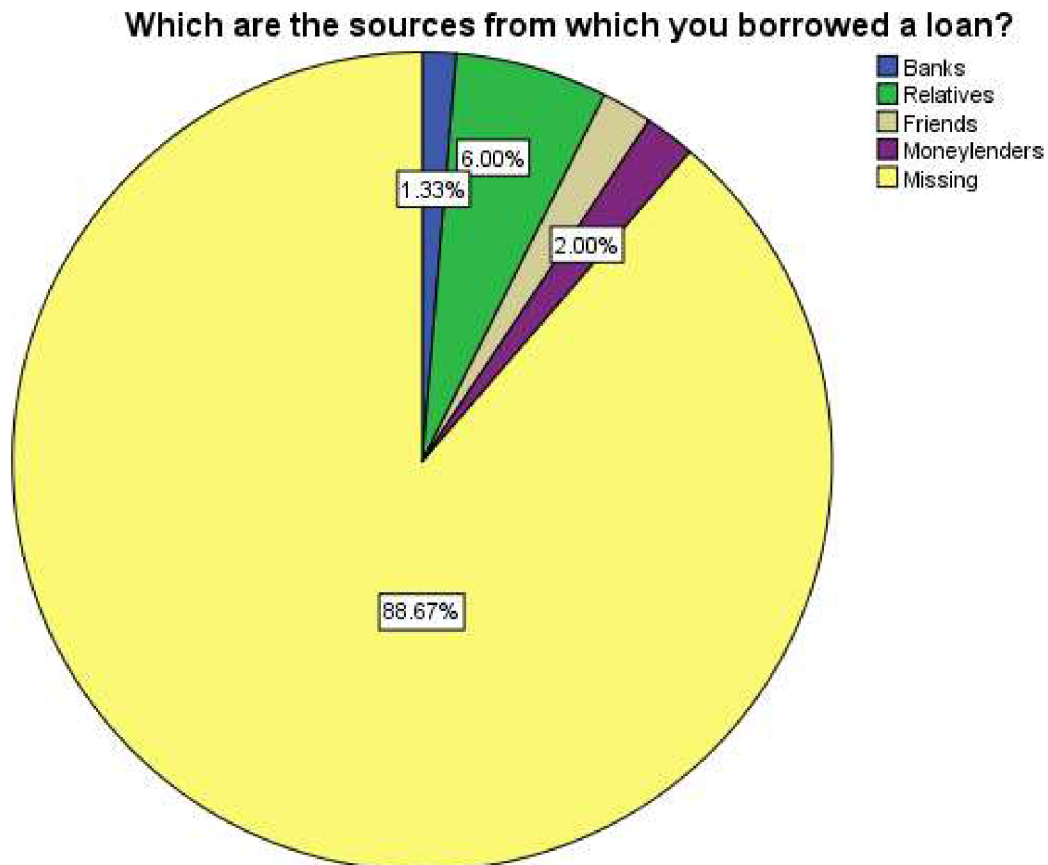


Figure 14: Which are the sources from which you borrowed a loan?

Source: (Primary data, chart prepared by the author)

Interpretation

People who have borrowed a loan they mostly prefer to take Loan from their relatives compare to other sources of Loan. There are 2% people who had taken the loan from any friends and moneylenders. The loan from the bank is taken by only 1.33% people.

xiii. **What is the reason for taking credit from Non-Financial Sources?**

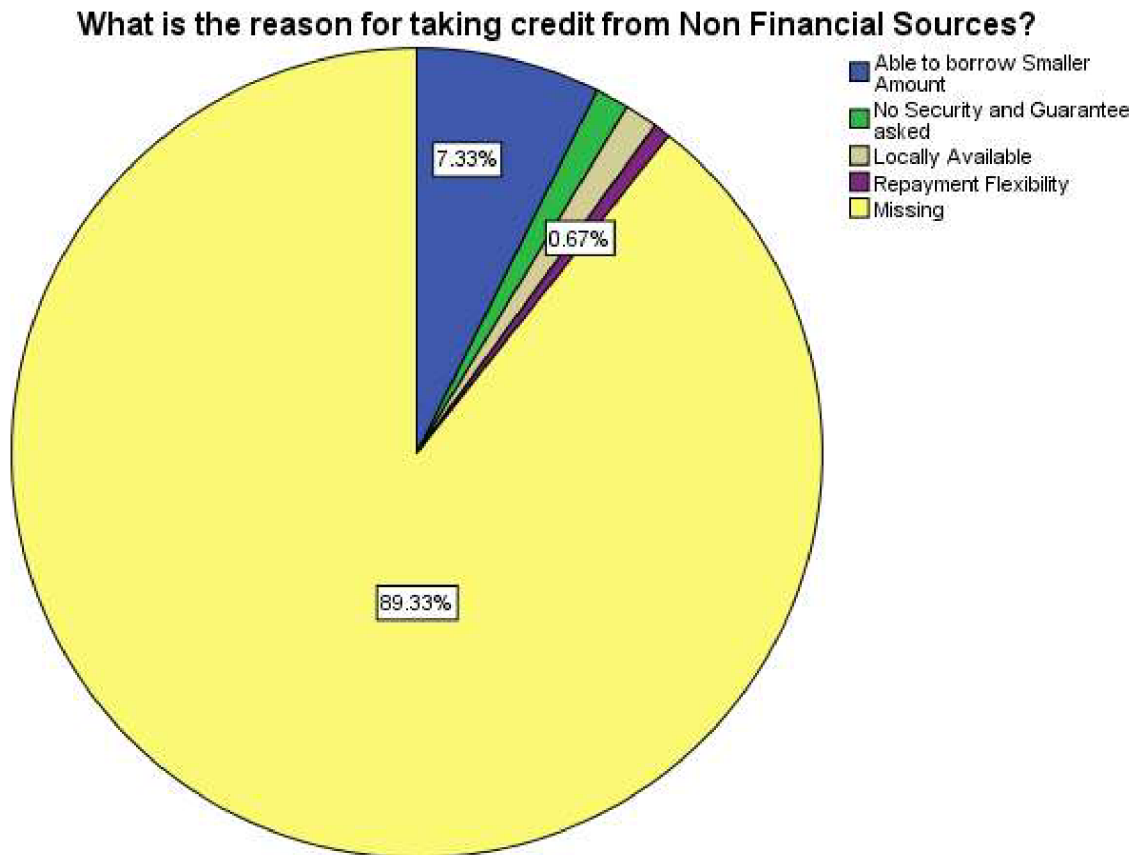


Figure 15: What is the reason for taking credit from Non-Financial Sources?

Source: (Primary data, chart prepared by the author)

Interpretation

As per 11 respondents, they are able to borrow the smaller amount due to that they took the loan from Non-Financial Sources. Besides this, no security and guarantee asked, locally available is the main reason for the respondents in taking credit from Non-Financial Sources.

- xiv. **Given below are some financial products and services, you are requested to state your degree of awareness about each of the financial product and service, as mentioned below on a 5-point scale.**

Table 2: Level of awareness about financial products and services

Serial No.	Services	Not Aware	Poorly Aware	Neither poorly nor fairly aware	Fairly Aware	Very Aware
1.	Internet Banking	98	38	9	3	2
2.	Mobile Banking	98	39	8	3	2
3.	Zero Balance Account	109	26	10	5	0
4.	Credit Card	72	42	16	18	2
5.	Debit Card	77	39	18	14	2
6.	Mortgage	116	24	6	4	0
7.	Overdraft	116	19	9	4	2
8.	Insurance	23	40	32	45	10
9.	ATM Services	41	48	15	33	13
10.	Cheque Book	15	47	26	47	15
11.	Depositing and withdrawing of cash	4	40	19	69	18
12.	Kisan Credit Card	132	10	3	5	0
13.	General Credit Card	147	2	0	1	0

Source: (Primary data, chart prepared by the author)

Interpretation

From the analysis, we find that 65.33% people are not aware about the Internet Banking, 25.33% and 1.3% people are very aware about the Internet Banking. 65.33% people are not aware about the Mobile Banking and there are very few people who are very aware about the Mobile Banking. There is a lack of awareness about the Zero Balance Account among 72.67% respondents.

Out of 150 respondents 72 respondents are not aware about the Credit Card which is higher than the people who are fairly aware or very aware about the Credit Card. While only 1.33% people are very aware about Debit Card and 51.33% people are not aware about Debit Card.

77.33% respondents have no awareness about Mortgage and 4% respondents are neither poorly nor fairly aware about the mortgage. There are only 1.3% people who have more awareness about the overdraft.

According to 15.33% people they are not aware about Insurance, whereas 30% people are fairly aware about Insurance which is higher than the 6.67% people who are very aware about Insurance. 27.33% people are not aware about ATM Services. There are 47 respondents who are fairly aware about the cheque book.

46% people have awareness about withdrawing and depositing cash, whereas 26.67% people have a poor awareness regarding withdrawing and depositing cash. There are 2.67% people who are not aware about the withdrawing and depositing cash. Majority of the people are not aware about Kisan Credit Card. 98% respondents are not aware about General Credit Card.

- xv. Given below are some financial products and services, you are requested to state your level of availing about the each of the services, as mentioned below on a 5-point scale.**

Table 3: Level of availing financial products and services

Serial No.	Services	Never	Rarely	Sometimes	Often	Always
1.	Intenet Banking	141	6	3	0	0
2.	Mobile Banking	141	6	3	0	0
3.	Zero Balance Account	149	1	0	0	0
4.	Credit Card	99	33	18	0	0
5.	Debit Card	127	15	8	0	0
6.	Mortgage	150	0	0	0	0
7.	Overdraft	148	1	1	0	0
8.	Insurance	76	21	48	5	0

9.	ATM Services	92	18	28	8	4
10.	Cheque Book	25	75	45	2	3
11.	Depositing and withdrawing of cash	8	42	84	13	3
12.	Kisan Credit Card	149	1	0	0	0
13.	General Credit Card	149	0	0	1	0

Source: (Primary data, chart prepared by the author)

Interpretation

In our survey, we get to know that there are 94% people who have never used the Internet Banking due to the lack of awareness about Internet Banking Services. There are 4% people who availed the Internet Banking rarely. There are 94% respondents who never availed, 4% respondents who rarely availed and 3% respondents who sometimes availed the Mobile Banking. Most of the people are not using the Zero Balance Account. There is lack of availing the Credit Card as it is never used by the 66% respondents. According to 84.67% people they have not used the Debit Card.

The Mortgage Services provided by the bank is not used by the respondents due to the lack of awareness about Mortgage Services. There are 98.67% people who do not use the Overdraft which is higher than 0.67% people who use Overdraft facility provided by bank sometime. There are 14% respondents who rarely availed the Insurance Services.

According to 61.33% people they do not use ATM Services which is higher than the 18.67% people who use the ATM services for sometimes. In our survey, the cheque book is rarely availed by the 50% of respondents. There are 8 respondents who never use the withdrawing and depositing cash service. As per the analysis, there are 99.33% people do not avail the Kisan Credit Card. The General Credit Card is also not preferred by the 99.33% people as per the analysis.

- xvi. Given below are some statements, you are requested to state your degree of satisfaction/dissatisfaction on each of the statement as mentioned below on a 5-point scale.

Table 4: Degree of satisfaction/dissatisfaction for each statement

Serial No.	Statement	Highly Dissatisfied	Dissatisfied	Neither satisfied nor dissatisfied	Satisfied	Highly Satisfied
1.	Services provided by your bank.	2	3	34	104	7
2.	Distance to the bank is Cost Incentives.	2	4	16	110	18
3.	Bank employees attitude and behavior.	4	40	62	41	3
4.	Reasonable Interest on loan	1	14	108	27	0
5.	Education is given by the banks for obtaining the banking services.	2	18	76	54	0
6.	Competitive banking products and schemes.	1	2	70	77	0
7.	Branch Timings	1	1	8	123	17
8.	Bank Charges	0	2	26	104	18
9.	Banking procedures like documentation and identification.	4	99	37	10	0
10.	Quick access to your deposit and loan account.	0	11	116	22	1
11.	Availability of ATM	1	6	85	52	6

12.	Insurance Services	0	0	84	61	5
13.	Mobile and Internet Banking Services	0	0	133	17	0
14.	Interest on Saving Account	0	12	36	73	29
15.	Overall Satisfaction	0	4	92	53	1

Source: (Primary data, chart prepared by the author)

Interpretation

There are 69.33% people who are satisfied with the services provided by the bank. According to 73.33% people they are satisfied with the distance to bank is cost incentive. 41.3% people are neither satisfied nor dissatisfied with the bank employee's attitude and behavior.

According to 0.67% people, they are highly dissatisfied with the Interest on loan. As per the survey, we find that most of the people are neither satisfied nor dissatisfied with the education given by banks for obtaining banking services.

Out of 150 respondents, 77 respondents are satisfied with the competitive banking products and schemes. Majority of the people are satisfied with the branch timings and most of the people are dissatisfied with the banking procedures like Documentation and Identification. As per the 77.33% respondents, they are neither satisfied nor dissatisfied regarding too quick access to the deposit and loan accounts.

Out of 150 respondents, 56.7% are neither satisfied nor dissatisfied with the availability of ATM Services. There are 56% people who neither satisfied nor dissatisfied with Insurance Services provided by banks. 86.67% people are neither satisfied nor dissatisfied due to lack of availing and awareness and 11.33% are satisfied with Mobile and Internet Banking Services. There are 8% people who dissatisfied with interest on savings account.

As per the survey, 61.3% people are neither satisfied nor dissatisfied with the banking products and services.

- xvii. Given below are some government schemes and various initiatives taken by the government, you are requested to state your degree of awareness about each of the government scheme and various initiative taken by the government as mentioned below on a 5-point scale.

Table 5 : Degree of awareness about government schemes and initiatives taken by government

Serial No.	Various Government Schemes	Not Aware	Poorly Aware	Neither poorly nor fairly aware	Fairly Aware	Very Aware
1.	Pradhan Mantri Jan Dhan Yojana	28	47	18	35	22
2.	Pradhan Mantri Jeevan Jyoti Bima Yojana	94	24	9	21	2
3.	Pradhan Mantri Suraksha Bima Yojana	102	25	7	15	1
4.	Atal Pension Yojana	146	1	0	3	0
5.	Pradhan Mantri Mudra Yojana	149	1	0	0	0
6.	Stand Up India Scheme	150	0	0	0	0
7.	Pradhan Mantri Fasal Bima Yojana	128	14	6	2	0
8.	Swabhimaan	150	0	0	0	0
9.	Sukanya Samridhi Yojana	110	21	5	12	2
10.	Bank Mitra(Business Corespondence)	150	0	0	0	0
11.	Financial Literacy Centers	150	0	0	0	0

Source: (Primary data, chart prepared by the author)

Interpretation

From the survey, we find that 31.33% people are poorly aware about Pradhan Mantri Jan Dhan Yojana.

62.67% people are not aware about Pradhan Mantri Jeevan Jyoti Bima Yojana and 1.33% people are very aware about Pradhan Mantri Jeevan Jyoti Bima Yojana. According to 68% respondents they are not aware about Pradhan Mantri Suraksha Bima Yojana.

There are 97.33% respondents who are not aware about Atal Pension Yojana. There 0.67% respondents are poorly aware and 2% respondents are fairly aware about Atal Pension Yojana. From our analysis, we find that most of the people are not aware about Pradhan Mantri Mudra Yojana. As per the survey, there is lack of awareness about the Stand-Up India Scheme among the respondents.

There are 128 people who are not aware, 14 people are poorly aware, 6 people are neither poorly aware nor fairly aware and 2 people are fairly aware about Pradhan Mantri Fasal Bima Yojana.

From our analysis, we find that people are not aware about the Swabhimaan Yojana introduced by government. As per survey, 73.33% people are not aware, 14% people are poorly aware, 3.3% people are neither poorly aware nor fairly aware, 8% people are fairly aware and 1.3% people are very aware about Sukanya Samridhhi Yojana.

There is a lack of awareness about Business Correspondence which is known as Bank Mites among the respondents. From the analysis, we find that people are not aware about Financial Literacy Centers.

From the analysis, we find that among the various government schemes Pradhan Mantri Jan Dhan Yojana is mostly availed by the people. Apart from Pradhan Mantri Jan Dhan Yojana, 25 respondents avail Pradhan Mantri Jeevan Jyoti Bima Yojana, 11 respondents avail Pradhan Mantri Suraksha Bima Yojana and 10 respondents' avail Sukanya Samridhhi Yojana.

xviii. Given below are some government schemes and various initiatives taken by the government, you are requested to state about the government scheme and various initiative taken by the government used by you.

Level of availing the various government schemes

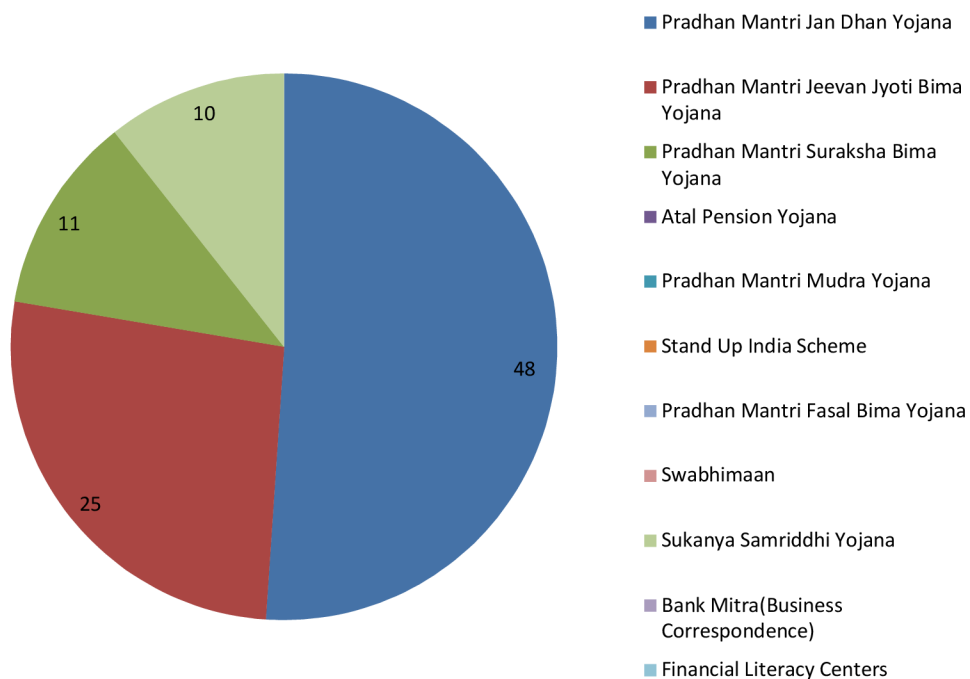


Figure 16: Level of availing the various government schemes

Source: (Primary data, chart prepared by the author)

Interpretation

From the analysis, we find that among the various government schemes Pradhan Mantri Jan Dhan Yojana is mostly availed by the people. Apart from Pradhan Mantri Jan Dhan Yojana, 25

respondents avail Pradhan Mantri Jeevan Jyoti Bima Yojana, 11 respondents avail Pradhan Mantri Suraksha Bima Yojana and 10 respondents' avail Sukanya Samridhhi Yojana.

Hypothesis Testing

H0:- There is no relation between age and mobile banking awareness.

H1:- There is relation between age and mobile banking awareness.

Table 6: Symmetric Measures.

Symmetric Measures					
		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval	Pearson's R	-.264	.054	-3.334	.001 ^c
Ordinal by Ordinal	Spearman Correlation	-.286	.069	-3.626	.000 ^c
N of Valid Cases		150			

Source: (Primary data, table prepared by the author)

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

Interpretation

From the survey, we find that there is no significant relationship between age and awareness of Mobile Banking, as the null hypothesis is accepted.

H0:- There is no association relationship between education and availing of Insurance.

H1:- There is an association relationship between education and availing of Insurance.

Table 7: Symmetric Measures.

Symmetric Measures					
		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval	Pearson's R	.666	.047	10.854	.000 ^c
Ordinal by Ordinal	Spearman Correlation	.637	.052	10.047	.000 ^c
N of Valid Cases		150			

Source: (Primary data, table prepared by the author)

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

Interpretation

As per the survey, the null hypothesis is rejected. Due to that there is significant relationship between education and availing of Insurance Services.

H0:- There is no significant relationship between occupation and awareness about Pradhan Mantri Jan Dhan Yojana.

H1:- There is significant relationship between occupation and awareness about Pradhan Mantri Jan Dhan Yojana.

Table 8: Symmetric Measures

Symmetric Measures					
		Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval	Pearson's R	-.021	.082	-.252	.801 ^c
Ordinal by Ordinal	Spearman Correlation	-.031	.086	-.372	.710 ^c
N of Valid Cases		150			

Source: (Primary data, table prepared by the author)

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.

Interpretation

As per the survey, there is no significant relationship between occupation and awareness about Pradhan Mantri Jan Dhan Yojana, as the null hypothesis is accepted.

5. Result and discussion.

5.1 Result from the study

Two billion people worldwide do not have bank account or access to a financial institution via a mobile phone or any other device. In India, 53% of adults have the bank account, 14% of adults have the formal savings and 6% of adults have the formal borrowing which is lower compared to Finland, Denmark and Norway which has the higher financial inclusion than other countries. The usage of the Pradhan Mantri Jan Dhan Yojana account is low and 72% of the accounts have zero balance. There is no Financial Literacy Centers in rural areas of Gujarat and out of 5,860 BC's only 4,860 BC's were found active in Gujarat.

From the analysis, we find that all the respondents have a bank account. Out of 150 respondents, 130 respondents have their bank account in public bank whereas remaining 20 respondents have their bank account in co-operative bank. As per the survey among the current account, saving bank account and Fixed Deposit Account, the saving account is mostly preferred by people. As all the respondents have a bank account therefore, there is no reason for not having bank account.

According to 48.67% people the distance of the bank branch from their residence is neither far nor near. As per the survey, people mostly visit the bank once in a month. From the analysis, we find that only 11.33% respondents have borrowed a loan and most of them prefer to take loan from their relatives compare to other sources of loan.

According to 11 respondents, they are able to borrow the smaller amount due to that they took the loan from Non-Financial Sources. From the analysis, we get to know that among the various financial products and services 98% people are not aware about General Credit Card, 32% people are poorly aware about ATM Services and 21.33% people are neither poorly nor fairly aware about Insurance.

Beside this, 46% people are fairly aware about withdrawing and depositing cash service, whereas 1.33% people are very aware about Internet Banking, Mobile Banking, Credit Card, Debit Card and Overdraft etc. As per the survey, respondents do not avail the Zero Balance Account and Mortgage. While 50% respondents rarely avail the cheque book and 56% respondents avail the withdrawing and depositing cash service for sometimes.

Apart from this, the Insurance Services are often availed by 33% respondents, whereas 2.67% respondents always avail the ATM services. There are 2.7% people who are highly dissatisfied with employee's attitude and behavior. Apart from this, 66% people are dissatisfied with the banking procedures like Documentation and Identification.

As per 88.67% people, they are neither satisfied nor dissatisfied with the Mobile Banking and Internet Banking Services. Further, 82% people are satisfied with branch timings and 19.33% people are highly satisfied with Interest on saving account. According to 31.33% people, they are poorly aware about Pradhan Mantri Jan Dhan Yojana. While 4.67% people are neither poorly nor fairly aware about Pradhan Mantri Suraksha Bima Yojana. There are 14% people who are fairly aware about Pradhan Mantri Jeevan Jyoti Bima Yojana and 1.33% people are very aware about Sukanya Samriddhi Yojana.

There is a lack of awareness about Stand-up India Scheme, Swabhimaan, Bank Mitras and Financial Literacy Centers among the people. Due to the lack of awareness about various government schemes, only 48 respondents are availing Pradhan Mantri Jan Dhan Yojana, whereas Sukanya Samriddhi yojana is availed by 10 respondents.

In Virochannagar, people are not getting the benefits of subsidies provided by government and benefits of the various government schemes. Apart from this, the bank employees are not behaving in a well manner with the customers. In Nardipur, there is high level of financial illiteracy among the women, as their financial transactions are handled by their husbands and by their sons. Beside this, people are not getting the benefits of Pradhan Mantri Jan Dhan Yojana. In Rural, most of people are uneducated. Therefore, they are not aware about the usage of financial products and services.

5.2 Recommendations

5.2.1 Recommendations for bank

- The bank should provide timely and hassle-free credit to the people because most of the respondents are yet to depend on non-financial sources for their credit needs.
- The bank has to simplify the banking procedures like documentation and identification, as most of the people are dissatisfied with the banking procedures. The bank should

create door to door campaigns, street plays and financial literacy programs in order to avoid financial illiteracy.

- There is a very low level of satisfaction among the respondents regarding the bank employee's attitude and behavior. Therefore, the bank has to improve the employee's attitude and behavior by providing proper training to them. The bank has to encourage the use of Credit Cards, Debit Cards and Zero Balance Accounts among the people for achieving the greater financial inclusion.

5.2.2 Recommendations for government

- The government has to establish Financial Literacy Centers for increasing the level of financial literacy among the people regarding the various financial products and services. The government should establish the business correspondences to cover the unbanked and backward areas in formal financial system.
- Post offices can be used by government for providing financial services to rural people because the postman has the better knowledge of the population and the enormous trust of the people. Apart from this, the Micro Insurance should to be introduced by the government with a view to reach to the people who are financially excluded.
- There is a lack of awareness about the various government schemes such as Stand-up India Scheme, Swabhimaan, Bank Mitras and FLCs among the people. Thus, the government has to promote government schemes through campaigns, hoardings and advertisements in newspapers so that people become aware about the schemes.

5.2.3 Recommendations for customer

- Customer should not depend on the non-financial sources such as money lenders and relatives for their credit needs.
- Customer should use the other financial products and services such as Credit card, Debit card and insurance etc.

6. Conclusion.

Financial inclusion is important for achieving inclusive growth and for reducing poverty. It helps in the development of the country. Financial inclusion refers to providing the access of financial products and services to the large unserved sections of the society at affordable cost. In India only 53% of the adults have their bank accounts. Apart from this, there are no Financial Literacy Centers in the rural areas of Gujarat. This indicates that there is need for financial inclusion in India.

The study shows that most of the people depend on informal sources for their credit needs. There is a lack of financial literacy among the people, as people are not aware about the Internet Banking, Mobile Banking, Zero Balance Account, Credit Card, Debit Card, Overdraft, Insurance, General Credit Card and Kisan Credit Card. Due the lack of awareness people are not availing the various financial products and services. Further, people are dissatisfied with the banking procedures and bank employee's attitude and behavior. Beside this, there is lack of awareness about the various government schemes and initiatives taken by the government for obtaining greater financial inclusion. These government schemes include Stand Up India Scheme, Swabhimaan, Bank Mites and FLCs.

In order to increase the level of financial literacy among the people the government should establish the Financial Literacy Centers in rural areas. The government should establish BCs and use the Post Offices for providing the financial services to financially excluded people. The government also has to promote the benefits of schemes among the people. Apart from government, the bank also has to simplify the banking procedures and educate the people regarding the banking products and services. The bank has to provide proper training to their employees for maintaining good behavior with the customers. The bank also has to provide innovative products which fulfill the needs of the people.

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8. Appendix.
The impact of the financial inclusion on the people of rural areas.

- 1) Name:-
- 2) Age:-
 - 11-20
 - 21-30
 - 31-40
 - 41-50
 - 51 and above
- 3) Gender:-
 - Male
 - Female
- 4) Occupation:-
 - Student
 - Farmer
 - Labor
 - Businessman
 - Housewife
 - Employee
 - Other

- 5) Your education:-
 - Uneducated
 - Below SSC
 - SSC
 - HSC
 - Graduate
 - Post Graduate
- 6) Monthly Income:-
 - 1000-5000
 - 5000-10000

- 10000-20000
- 20000-30000
- 30000 and above

7) Do you have a bank account?

- Yes
- No

If you do not have a bank account then please move to the question 10 directly.

8) In which type of bank do you have your bank account?

- Public sector bank
- Private sector bank
- Micro finance bank
- Co-operative bank
- Community bank

9) Which type of bank account do you have?

- Current Account
- Saving Bank Account
- Fixed Deposit Account
- Any other

10) Rate the distance of the nearest bank from your place of residence.

1 2 3 4 5

Far away

Very near

distance

11) How many time you visit the bank in a month for obtaining the banking services?

- Once
- Twice or trice
- Four to five times
- More than five times

12) Have you ever borrowed a loan?

- Yes
- No

13) Which are the sources from which you borrowed a loan?

- Banks
- Relatives
- Friends
- Moneylenders
- Others

If you have taken the loan from other sources beside the bank then please move to the question 15.

14) What is the reason for taking credit from Non-Financial Sources?

- Able to borrow smaller amount
- No security and guarantee asked
- Locally available
- Repayment flexibility

15) Given below are some financial products and services, you are requested to state your degree of awareness about each of the financial product and service, as mentioned below on a 5-point scale.

Serial No.	Services	Not Aware	Poorly Aware	Neither poorly nor fairly aware	Fairly Aware	Very Aware
1.	Loan					
2.	Intenet Banking					
3.	Mobile Banking					

4.	Zero Balance Account					
5.	Credit Card					
6.	Debit Card					
7.	Mortgage					
8.	Overdraft					
9.	Insurance					
10.	ATM Services					
11.	Cheque Book					
12.	Depositing and withdrawing of cash					

16) Given below are some financial products and services, you are requested to state your level of availing about the each of the services, as mentioned below on a 5-point scale.

Serial No.	Services	Never	Rarely	Sometimes	Often	Always
1.	Loan					
2	Intenet Banking					
3.	Mobile Banking					
4.	Zero Balance Account					
5.	Credit Card					
6.	Debit Card					
7.	Mortgage					
8.	Overdraft					
9.	Insurance					
10.	ATM Services					
11.	Cheque Book					
12.	Depositing and withdrawing of cash					

17) Given below are some statements, you are requested to state your degree of satisfaction/dissatisfaction on each of the statement as mentioned below on a 5-point scale.

Serial No.	Statement	Highly Dissatisfied	Dissatisfied	Neither satisfied nor dissatisfied	Satisfied	Highly Satisfied
1.	Services provided by your bank.					
2.	Distance to the bank is Cost Incentives.					
3.	Bank employees attitude and behavior.					
4.	Reasonable Interest on loan					
5.	Education is given by the banks for obtaining the banking services.					
6.	Competitive banking products and schemes.					
7.	Branch Timings					
8.	Bank Charges					
9.	Banking procedures like documention and identification.					
10.	Quick access to your deposit and loan account.					
11.	Availability of ATM					
12.	Insurance Services					

13.	Mobile and Internet Banking Services					
14.	Interest on Saving Account					
15.	Overall Satisfaction					

18) Given below are some government schemes and various initiatives taken by the government, you are requested to state your degree of awareness about each of the government scheme and various initiative taken by the government as mentioned below on a 5-point scale.

Serial No.	Various Government Schemes	Not Aware	Poorly Aware	Neither poorly nor fairly aware	Fairly Aware	Very Aware
1.	Pradhan Mantri Jan Dhan Yojana					
2.	Pradhan Mantri Jeevan Jyoti Bima Yojana					
3.	Pradhan Mantri Suraksha Bima Yojana					
4.	Atal Pension Yojana					
5.	Pradhan Mantri Mudra Yojana					
6.	Stand Up India Scheme					
7.	Pradhan Mantri Fasal Bima Yojana					
8.	Swabhimaan					
9.	Sukanya Samridhi Yojana					
10.	Bank Mitra(Business					

	Corespondence)					
11.	Financial Literacy Centers					

19) Given below are some government schemes and various initiatives taken by the government, you are requested to state about the government scheme and various initiative taken by the government used by you.

- Pradhan Mantri Jan Dhan Yojana
- Pradhan Mantri Jeevan Jyoti Bima Yojana
- Pradhan Mantri Suraksha Bima Yojana
- Atal Pension Yojana
- Pradhan Mantri Mudra Yojana
- Stand Up India Scheme
- Pradhan Mantri Fasal Bima Yojana
- Swabhimaan
- Sukanya Samriddhi Yojana
- Bank Mitra(Business Corespondence)
- Financial Literacy Centers