FINANCIAL LITERACY LEVEL - A STUDY ON RURAL WOMEN

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ABSTRACT:

Financial inclusion is the delivery of financial services at affordable costs to vast sections of disadvantaged and low income groups. Financial inclusion is expected to make significant changes in the economy, especially the rural economy, which is expected to witness a revolution in availability of financial instruments. A large segment of the world's population fall below the poverty line; and it is this vulnerable group which has low/no income who are excluded from most of the basic financial services provided by the financial sector. Including them into the main economic stream has been the focus of Governments and financial institutions in the last couple of decades. This results in a win-win situation as it raises the standard of living of the masses on the one hand and it helps to promote economic development and stimulates inclusive growth on the other. This paper attempts to study the initiatives adopted by the Indian commercial Banks in terms of technology, distribution channels, and proposals for financial education of the households. Further, the benefits will also automatically extend to the general public to create awareness regarding the procedure which is to be undertaken to avail the facilities offered by banks as a result of financial inclusion and to widen the horizon of banks by including the unbanked masses. The preliminary objective of this paper is to identify the strategies adopted by Syndicate Bank and to study the financial literacy and knowledge about the importance of financial inclusion among rural women. Primary data will be collected by means of a questionnaire from 50 women who lives in rural areas to explore the potential predictors of financial inclusion. The findings of the paper will reveal vital insight to both banks and policy makers for successful implementation of the 'policy of financial inclusion for sustainable growth of Indian economy'.

(Key words: Financial instruments, unbanked masses, financial literacy, Inclusive growth)

Introduction:

"Financial inclusion is defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost" (Rangarajan, C. 2006). While there is a consensus regarding the importance of financial inclusion, its definition can vary depending on the national context and on the stakeholders involved. From "banking the unbanked" to "branchless banking," a variety of catchy phrases are sometimes used as near synonyms for financial inclusion, when in fact they describe specific aspects of a broader concept. In general terms, financial inclusion involves providing access to an adequate range of safe, convenient and affordable financial services to disadvantaged and other vulnerable groups, including low income, rural and undocumented persons, who have been underserved or excluded from the formal financial sector. Financial inclusion also involves making a broader range of financial products and services available to individuals who currently only have access to basic financial products. Financial inclusion can also be defined as ensuring access to appropriate financial products and services at an affordable cost in a fair and transparent manner.

2. Research Methodology:

2.1 Objectives: The main objective of this study is to study and analyse the banking habit, knowledge and financial literacy among the Rural women. The secondary objective is to understand the concept of financial inclusion

2.2 Data collection methods

Primary Data: Primary data was collected from a sample of 50 respondents residing in some rural areas of Udupi district. A structured questionnaire was administered comprising of questions to enable the researchers to identify the financial literacy among rural women.

Secondary data: Informations collected form books, online journals and different websites

4. DATA ANALYSIS

4.1 Demographic Characteristics

Particulars	Number	Percentage
Age		
20 -30	05	10

30 -40	15	30
40 -50	15	30
50 -60	10	20
60 above	05	10
Education		
PUC	25	50
Graduation	15	30
Post Graduation	10	20
Annual Income		
Less than 1 lakh	10	20
1 lakh to 3 lakhs	30	60
3 lakhs and above	10	20
Occupation		
Employment	10	20
Business	20	40
Government service	03	06
Agriculture	17	34

Source: Survey

4.2. Other Variables

I Savings

1. Do you have a Bank Account?	Yes: 50		No: Nil		
2. No. of Accounts you have?	01-30	02 - 15	More than 03 - 05		
3. Which type of Account do you have?	SB-15	CD- 08		FD-20	All-07
4. You have the bank Account with a cheque book?	Yes: 35		No: 15		

The reasons that you have opened the	**How frequently do you save in your account**

accounts			
To receive scheme payments and remittances	18	Less than once in a month	03
For saving money	15	Once in a Month	12
For borrowing loan	08	As and when I can	35
All the above	09	Don't save / Never	Nil

Source: Survey

II. Borrowings:

Have your ever borrowed loan		**Yes: 40.** **No**: 10	
Reasons for borrowing		**Types of credit/Loan**	
Easy formalities	05	Housing Loan	05
Low rate of Interest	05	Education Loan	10
Flexibility of repayment	10	Business Loan	10
Trustworthy lender	10	Vehicle Loan	10
All the above	10	Personal Loan	05

Source: Survey

III Delivery Channels

Do you have ATM/Global Debit Card **Yes: 45 No: 05**		**Do you have Credit Card** **Yes: 10 No: 40**			
What benefits do you get?		**What benefits do you get?**		**Reasons for not having**	
Saves time	15	No risk of holding cash	03	Expensive	10
No risk of holding cash	10	To purchase and make payment	03	Risk of fraud	10
To purchase and make payment	10	To get credit facility	02	Temptation to buy	05
All the above	10	All the above	02-	All the above	15

Source: Survey

5. FINDINGS:

5.1 Demographic variables:

Age of respondents: this was more or less evenly distributed among various age groups. Majority of the respondents belongs to 30-50 age group. This highlights the fact that in recent years more and more young people are involved in banking transactions at a relatively young age.

Education: All respondents under study had a minimum qualification of PUC and it was noted that they are all involved in some form of financial transactions.

Income: Almost 60% of the population under study had only the minimum income of Rs.100000 to Rs. 300000 p.a.; yet they were involved in financial transactions.

Occupation: 20% of the respondents are engaging in employment activities. 40% are doing their own business, 6 % are in government services. Remaining 34% are engaging in Agricultural activities

5.2 Savings:

All the respondents are having bank accounts. 15 respondents are having more than 3 types of Accounts. 07 respondents are having all types of Accounts. Majority of them have the knowledge of Cheque Book also.

!8 respondents are opinion is that by having banking knowledge it becomes easy to receive the remittances and 15 of them said that they have practiced the habit of saving. 8 of them said that borrowing is easy.

The survey shows majority of the respondents are having the saving habit and they are all having the knowledge of that also.

5.3 Borrowings:

Majority of the respondents are having the knowledge of borrowing facilities. Only 10 respondents have not borrowed so far. All 40 respondents availed different types of loans.

5.4 Delivery Channels:

90% of the respondents are having ATM debit cards. They all know the benefits of having the ATM cards and they are having the knowledge of how it saves time and how safe it is to handling the Card instead of handling huge amount of cash. They responded that that purchasing also becomes easy. But in the study areas only 10 persons are having credit card.

They know the benefits. But 40 respondents are not having credit card. They responded that the risk is high and it influences unnecessary buying.

6. SUGGESTIONS:

The lower income category has been living under the constant shadow of financial duress mainly because of the absence of savings. So far the unbanked population has been vulnerably dependent of informal channels of credit like family, friends and moneylenders. Availability of adequate and transparent credit from formal banking channels shall allow the entrepreneurial spirit of the masses to increase outputs and prosperity in the countryside.

7. CONCLUSION:

Today, there is a direct need to include the excluded. This is even more essential in case of financial products and services. Steps must be taken to ensure that inclusion is taken to the next level. Financial education seems to be a key factor influencing financial inclusion worldwide. The study concludes that financial inclusion intervention measures should continue, the array of products that make up financial inclusion should be identified and provided. Proper measures of financial inclusion which include both access and usage should be applied, since access and usage are not the same but supplementary.

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