GE-International Journal of Management Research
Vol. 4, Issue 4, April 2016 IF- 4.88 ISSN: (2321-1709)

Website: www.aarf.asia Email : editor@aarf.asia , editoraarf@gmail.com

WOMEN IMPOVERMENT THROUGH FINANCIAL INCLUSION

Pukhraj Yadav
Assistant Professor Govt College Ateli (HR)

Sandeep Kumar
Assistant Professor Govt College Ateli (HR)

Concept of financial inclusion

Households in developing countries such as India require finance for many reasons such as consumption, meeting lump-sum expenses like as during a marriage or illness and most importantly for income-generating activities. Since credit is essential for meeting critical needs, access to credit is crucial for maintaining and improving social and economic condition of households. Therefore, adequate credit at reasonable cost is important for economic development. Only formal agencies of credit are able to fulfill both conditions to meet the need of demand of credit for household at an adequate level at low cost. So the term financial inclusion was introduced to include the people in the fold formal financial services. (a) Delivery of banking and financial services, (b) at an affordable cost, (c) to the people who do not have access to financial services, (d) to the people pertaining to low income groups. A person may be said to have access to financial services if he or she is able to use formal or semiformal financial services in an appropriate form at reasonable prices when such services are required. Although efforts were started with the Nationalization of banks in 1969 to financially include the people, but the greater emphasis was given on financial inclusion from last few years. Many studies defined that Financial Inclusion is delivery of financial services at an affordable cost to the vast sections of underprivileged and low income groups. Financial inclusion implies provision of affordable financial services, such as access to payments and remittance facilities, savings, loans and insurance services from the formal financial system to those who tend to be excluded. It is important to recognize that in the policy framework for development of the formal financial system in India, the need for financial inclusion and covering more and more of the excluded population by the formal financial system has always been consciously emphasized. Another study introduced financial inclusion as the delivery of banking services at an affordable cost to the vast section of the disadvantaged and low income groups. A slightly broader definition refers to it as the provision of affordable financial services, access to payments and remittance facilities savings, loan and insurance services from the formal financial system to those who tend to be excluded. The committee on financial inclusion under the chairmanship of C. Rangarajan gives a still wider definition, which defines financial inclusion as the process of access to financial services, and timely and adequate credit needed by vulnerable groups such as weaker sections and low income groups at an affordable cost. Another study on financial inclusion defined that credit is the most important component to say anyone financially included, side by side it also covers various financial services such as savings, insurance, payments and remittance facilities by the formal financial system to those who tend to be excluded. RBI defined financial inclusion as the "provision of affordable financial services" to those who have been left un-attended or under-attended by the formal agencies of the financial system (RBI 2006a). So we can define financial inclusion as a process to provide the formal financial services, at affordable cost, to the vast section of the society. Since financial inclusion and financial exclusion are complementary concepts, the discussion is couched in terms of both concepts.

Importance of financial inclusion

There are a number of studies indicating that a well-developed financial system can be an effective poverty alleviation tool and it also uplifts the living standard of the people. It ensures that poor households and small entrepreneurs need not depend on middlemen. Financial inclusion helps to develop the financial system and facilitate the people with the following benefits. The expansion of financial services to all over the economy is very important because it leads to the promotion of the economic development and growth. It will include poor sections in rural and urban areas like farmers, small vendors, agricultural and industrial laborers, people engaged in unorganized sectors, unemployed, women, children, old people, physically challenged people who can be benefited through the banking inclusion. The poor people belonging to all sections of the society will get the opportunity to come into the banking fold. They will be able to open accounts and become savers and also able to use the credit facilities. The deposits of the poor people also help to increase the resources of banks. Banking habit will help the people to avoid risks associated with holding cash and cash transaction. Banking inclusion will create opportunities for banks to increase the amount of their savings bank accounts. It will help banks to increase their size of business. Lending programs of banks and micro credit will empower people at the bottom and this will enable them to get rid of their poverty themselves. The concept of money banking is bound to become a useful business in the coming years, while providing livelihood to the new financially included. The sustainability will be brought into economic and social life of the people by including them in the mainstream of the financial services. Access to credit, financial assets and deposit products will empower the poor and vulnerable people. It also provides a chance to the people to empower themselves by using bank credit for productive purposes and becoming a part of inclusive growth. Financial inclusion cans really lift the financial condition and living standards of life of the poor and the disadvantaged. This policy will facilitate banks to create many opportunities for them in a big way.

Concept of financial exclusion

Financial exclusion is the denial of access to the most basic financial services and products. In the narrower terms it is the restricted access to financial services, through merely banking services for deposits and withdrawal of money. If a person's bank account is dead or inactive due to absence of transaction for as considerable specified period, under these circumstances it is considered as financially excluded person. Even the non-issuance of the passbooks to the small customers of a savings bank account by the bank can indirectly lead to their financial exclusion. Another study defined that financial exclusion signifies the lack of access by certain segments of the society to appropriate, low-cost, fair and safe financial products and services from formal sources of finance. The literature on financial inclusion also define that there are five major forms of financial exclusion – access exclusion, where segments of population remain excluded from the financial system either due to remoteness or due to the process of risk management of the financial system; condition exclusion, when exclusion occur due to conditions that are inappropriate for some people; price exclusion, when the exclusion happens due to unaffordable prices of financial products; marketing exclusion, when exclusion occurs due to targeted marketing and sales of financial products and self - exclusion, that takes place when certain groups of people exclude themselves from the formal financial system owing to fear of refusal or due to psychological barriers.

Reasons of financial exclusion

Financial exclusion is the denial of access to the most basic financial services and products. In the narrower terms it is the restricted access to financial services, through merely banking services for deposits and withdrawal of money. A person's bank account is dead or inactive due to absence of transaction for as considerable specified period, under these circumstances it is considered as financially excluded person. Even the non-issuance of the passbooks to the small customers of a savings bank account by the bank can indirectly lead to their financial exclusion. Another study defined that financial exclusion signifies the lack of access by certain segments of the society to appropriate, low-cost, fair and safe financial products and services from formal sources of finance. The literature on financial inclusion also define that there are five major forms of financial exclusion – access exclusion, where segments of population remain excluded from the financial system either due to remoteness or due to the process of risk management of the financial system; condition exclusion, when exclusion occur due to conditions that are inappropriate for some people; price exclusion, when the exclusion happens due to unaffordable prices of financial products; marketing exclusion, when exclusion occurs due to targeted marketing and sales of financial products and self - exclusion, that takes place when certain groups of people exclude themselves from the formal financial system owing to fear of refusal or due to psychological barriers. There are several reasons for financial exclusion. In remote hilly, desert and less populated areas, the physical and communication infrastructure is insufficient. As a result accesses to financial services institutions are severely restricted. The barriers to financial inclusion of demand side are illiteracy, lack of awareness and financial literacy, low income, pre-owned collateral /assets and social exclusion. The reasons for exclusion from the supply side are long distance of a branch from the residence, adjustable timings of the branch, complicated procedure and complexities of documentation, unfamiliar language, unsuitable products and staff attitudes. The requirements of documentary proof of identity and residential address are the most important barriers in opening not only the bank account but also in post offices for availing the financial services.

Consequences of Financial Exclusion

Consequences of financial exclusion vary depending on the nature and extent of services denied. It may lead to increased travel requirements, higher incidence of crime, general decline in investment, difficulties in gaining access to credit or getting credit from informal sources at exorbitant rates, and increased unemployment, etc. The small business may suffer due to loss of access to middle-class and higher-income consumers, higher cash handling costs, delays in remittances of money. According to certain researches, financial exclusion can lead to social exclusion.

SEBI, RBI for financially aware and empowered India: Financial sector regulators, including an RBI and SEBI, proposed a nationwide survey for assessing financial inclusion and literacy in the country and educate 500 million adults, besides providing financial education to school children. The draft 'National Strategy for Financial Education' seeks to ‘create a financial awareness and empowered India’ and convert savers into investors. It pitches to a five-year action plan for financial literacy with initial focus on four sectors -- banking, securities market, insurance and retirement planning. The strategy, the draft said, is to undertake a massive financial education campaign to help people manage money more effectively to achieve financial well-being by accessing appropriate financial products and services. In India, we need to convert savers into investors, the draft, pared under the aegis of the Sub Committee of the financial stability and development council (FSDC) and simultaneously released for comments by all financial sector regulators.

On more participation of domestic retail investors in securities market, the draft said it will reduce dependence on foreign investors and domestic savers reaping benefits of corporate growth and reducing strain on government for investment in national infrastructure. Acknowledging that increasing range and complexity of products has made it very difficult for an ordinary person to take an informed decision, the draft said financial literacy will help in protecting society and individuals against exploitative financial schemes and exorbitant interest rate charged by moneylenders. Financial education will help to avoid over-indebtedness, improve quality of services and make wise financial decisions, the draft said.

Profile of financial system in India

The banking sector is the lifeline of any modern economy. It is one of the important financial pillars of the financial sector, which plays a crucial role in the functioning of an economy. It is very important for the development of an economy; because it meets finance the financial requirements of trade, industry and agriculture fulfill higher level of commitment and responsibility. Thus, the development of a country is linked with the development of banking. In a modern economy, banks play the role of leaders of development. They play an important role in the mobilization of deposits and expense of credit to various sectors of the economy. The efficiency of the banking system leads to an increase of economic efficiency by mobilizing savings and allocating them to high return investment. Research confirms that countries with a well-developed banking system grow faster than those with a weaker one. The banking system reflects the economic health of the country. The strength of an economy depends on the strength and efficiency of the financial system, which in turn depends on a sound and solvent banking system. This makes banks capable of meeting their obligation to the depositors.

In India, banks are also playing a crucial role in socioeconomic progress of the country after independence. The banking sector is dominant in India as it accounts for more than half the assets of the entire financial sector. Indian banks have been going through a fascinating phase through rapid changes brought about by financial sector reforms, which are being implemented in a phased manner.

The current progress of transformation should be viewed as an opportunity to convert Indian banking into a sound, strong and vibrant system capable of playing its role efficiently and effectively on their own without imposing any burden on the Government. After the liberalization of the Indian economy, the Government has announced a number of reform measures on the basis of the recommendations of the Narasimhan Committee to make the banking sector economically viable and competitively strong.

Problem statement of the study

Women are an important part in the development, from local to global levels. Economic independence and education of women will go a long way in attaining self-reliance of women. Experience, awareness, education, competence, willingness, confidence, self-motivation, encouragement from family and society contribute to the empowerment of women. Financial services like SHG have better performance, not only provide financial services in terms of augmenting savings, lending and ensuring loan recovery, but also in terms of awareness creation and empowerment. It also leads to the development of human resources and management skills, leadership and motivation. Financial literacy helps women promote and achieve social rights. Financial literacy also helps women to face problems with health and financial crisis and achieve improvements in terms of family disputes. Financial inclusion provides financial services at affordable cost to the weaker section of society male and female so they can increase their living standard. Women in rural area are not economically sound and not financially independent. They cannot take their decision independently. They do not have much knowledge about financial services. This study is constructed on Narnaul block. The population of this area is about 62 thousand and 47 percent of the total population are women, So this study finds out that, how much financial knowledge women have in this particular area and how much they aware and what kinds of problem they were facing. This study also finds out that how much financial inclusion help women in empowering financially independent in Narnaul block and what are the problems they are facing while using these services This study also find out the level of awareness among women regarding financial inclusion in Narnaul block for this purpose the objectives of this study are

Objectives of the study

- To extend the study of financial inclusion in Narnaul
- To study the level of awareness among women.
- To study the understanding the problems of women in Narnaul Regarding Financial Inclusion

Review of literature

There is hardly any research project which is totally unrelated with research that has already taken place. Usually every individual research project only adds to the plethora of evidence on a particular issue. Unless the existing work, conclusions and controversies are properly brought about, most research work would not appear relevant, nor will it appear important in the whole framework. Thus, review of literature is a very important aspect of any research both for planning your work as well as to show its relevance and significance.

Jude L. (1997), conducted a study on Nongovernmental Organizations, Micro-Credit, and Empowerment of Women". The researcher pointed out that Empowerment of women by means of micro-credit-based income generation programs is a new orthodoxy in the development discourse. The first part of the article appraises this phenomenon in a broader historical context. It shows how women's interests are being subsumed by and subordinated to the priorities of mainstream development in ways detrimental to the radical aspirations of the NGOs' empowerment project. The second part is a critical evaluation of the current approaches used in studies on micro-credit and empowerment.

Leeladhar (2005) emphasized to provide the banking services to the poor and needy people. The study argued that financial inclusion is very important, because financial inclusion plays an important role to improve the living standard of the poor people and also contribute to economic growth through generating financial resources for financial initiations. On the other hand financial exclusion may lead to increase the incidence of crime in society, decrease the investment in the economy.

Kamath (2007) found that the Indian banking system deals with the rural financial requirement through several channels, such as cooperative societies, regional rural banks and commercial banks. But in recent times financial inclusion is an emerging issue in the banking system. The study also made an attempt to examine the difference of financial inclusion from the traditional banking system.

Awareness camps for the financial inclusion to bank staff and tell them that "Banking to the poor is not poor banking.

Research methodology

Data Description

The present study is based on the primary data and in nature; it is an empirical and explorative. In order to fulfillment of the objectives of the study, primary data have been used for the assessment of the extent of financial inclusion among women in the normal block. A structured schedule method has been used for collecting the primary data and this questionnaire is prepared on the basis of the objectives of the study such as the awareness level of Narnaul area women and problems of women's regarding financial inclusion. Basically this study is based on women related issues. The structured schedule is containing closed as well as open ended questions regarding financial inclusion for the women of Narnaul block. Before conducting the actual survey, the researcher acquired the population frame- containing the list of households residing in the block. A sample of 100 households was selected using a stratified random sampling technique. Presuming that the caste may be a factor in the determination of financial inclusiveness, the population was first divided into three strata comprising General households, backward households and S.C households. The sample households were drawn randomly from the three groups in proportion to their respective shares (32 from General, 44 from Backward and 24 from S.C households) in the total respondents.

Distribution of Population and Sample Households.

Strata	Sample
General	32
Backward Class	44
Scheduled Class	24
Total	100

Sources: Primary Survey Conducted in May 2013.

For the purpose of collecting information on financial inclusion, a woman member of household is considered as a unit of observation. Even if there are households having more than one account, it is counted as one.

Methods Description-

After the collection of data other work necessary is to correctly analysis that data. So statistical tool to help us to correctly analysis the data work for fulfill the objective of this study method and models is used. As this study required the following statistical and simple methods such as percentage, standard deviation etc. Primary data collected from respondents are shown by drawing a figures and tables.

Binary Logistic Curve

For assessing the influence of socioeconomic factors on the decision of a household about opening or not opening an account in a bank, a binary logistic curve is most suitable. Since the dependent variable is binary taking two values, the household action can be described by a logistic curve,

$$P = \frac{1}{1+e^{-\beta x}} \qquad \ldots.$$

β is a vector of parameters and x is a vector of socioeconomic factors, P is the probability of opening account.

It is easy to verify that as βx ranges from -∞ and +∞, P_i ranges from 0 and 1 and that P is related non-linearly with x and β. But since P is nonlinear in both β and x, this means that we cannot estimate it with the help of a familiar liner OLS technique. But this problem is more apparent than real as the functional form can be linearized as follows;

If P is the probability of opening an account, then the probability of not opening the account is given by

$$1\text{-}P = \frac{1}{1+e^{\beta x}} \qquad \ldots$$

Thus we can write

$$\frac{P}{1-P} = \frac{1+e^{\beta x}}{1+e^{-\beta x}} \qquad \ldots$$

Now $P/_{1-P}$ Which is the ratio of probability of opening an account to the probability of not opening an account, is simply the odds ratio in favor of opening an account, the ratio of the probability that a household will open an account to the probability that it will not open an account. Now if we take natural logarithm, we obtain an interesting linear form which can be estimated by linear techniques of estimation.

$$\text{Lin}\left(\frac{P}{1-P}\right) = \beta x \qquad \ldots.$$

But in the present work the variable P is a dichotomous or binary variable defined as taking value 1 if the household open account and zero if the household does not open an account. If we substitute P = 0 and 1 in the left hand expression of equation (4.2.4), the term loan$(\frac{P}{1-P})$ is not defined and is meaningless. Therefore, the linearized version of the Lorenz curve cannot be estimated by linear techniques like OLS. In such a situation, maximum likelihood (M. L) method should be applied. Thus, it is the maximum likelihood method that has been employed to estimate the binary logit function using SPSS package. In the present work we have considered to examine the effects of socioeconomic factors such as income of the households (Y), land ownership (L), education level of the household (E) and age of the head of the household (A) on the decision of opening an account and have specified the logistic function as:

$$P \quad = \frac{1}{1+e^{((\beta 0+\beta 1Y+\beta 2L+\beta 3E+\beta 4A)}} \qquad \cdots$$

Which is non-linear in parameters and variables. The results based on ML estimates and their interpretations.

Limitation of study

- This study is totally based on primary data which is collected through a structured schedule and depend on respondent information.
- Due to the primary study authenticity of data is affected by the biases of the respondents.
- This study based on the only Narnaul area and sample size has been taken only 100 limited respondents have been taken in this study which represent the whole population of women in Narnaul area.
- The study includes only one gender that is women.

Facts and Findings of the Study

1. The extend of financial inclusion amongst Narnaul area women is 98 %.
2. Only 2% women do not have any bank account.
3. Out of 100 respondents those have account 78 respondents have their saving in the bank and amount of saving is up to 10000 thousand and 12 percent do not have any saving in the bank. This data show that women also have the same income of part which they save for different reasons.
4. There is no relation between qualification and account holding.

5. 50 percent of the total sample are government employee and 4 percent are having their own business or occupation
6. 68 per cent respondents do not access Net Banking, and Mobile Banking. Even, they do not know about net banking and mobile banking.
7. Out of 98 respondents 75 percent does not have ATM cards.
8. Out of 100 respondents 50 % are working, and all have accounts.
9. Only in BC category 27% respondents don't save any money and 6% are saving up to 30000-40000 group.

Conclusion

This study is based on women of Narnaul Block. In this study researcher has been finding out the extend of financial inclusion among women of Narnaul area and awareness level of women about financial services and financial product .The researcher also finds out the problems of women regarding financial inclusion and also some other source- economic problem which directly or indirectly affects women .This study is based on primary data, for the purpose of data collection a schedule has been prepaid. In this schedule 28 questions has been asked to the respondent. By conducting a sample survey, it is found that women of Narnaul block have 98 percent included in financial system ,only 2 percent women are not included in financial system, they do not have any bank account in any public or private bank The result of survey shows only 32 percent of total respondent are aware about Mobile banking, Net banking, and other banking services, and majority of 68 percent women are do not know about these services, This study found that 50 percent women are in government job and 4 percent are self employee and remaining are housewife and student, so majority of respondents are working they take their decision own and spend their own money for children’s fee and other domestic expenses So it can be said that majority of respondents are financial independent and they can take their decision without consulting or hesitation of any family member and others.

For the present work we treat a number of bank accounts as analogous to financial inclusion and analyze the effect of socioeconomic factors on the decision of opening a bank account. For this purpose, we used a binary logistic function and estimated with the help of maximum livelihood method.

The present study revealed that education of the households has a significant effect on the odds ratio in favor of opening a bank account. While the age and occupations of household's head have no significant impact on the odds ratio in favour or against opening the account. In order to know the effect of one unit change in a regresser on the odds ratio, we subtract one from the antilogarithm of the parameter estimate (as reported in the last Colum) and multiply by 100 after subtracting one to get the percent effect on the odds ratio. Which shows that upward change in the category of qualification, the likelihood of odds ratio in favour of opening an account by a household goes up 10 times higher.

Bibliography-

1. SarmaMandira *(2008,)* Index of Financial Inclusion,*National Council of Applied Economic Research(ICRIER), New Delhi* Working Paper No. 215

2. Melissa R. Gilbert (1998). "Race," Space, and Power: The Survival Strategies of Working Poor Women. *Annals of the Association of American Geographers*, Vol. 88, pp. 595-621

3. MahmoodNaushin(2002).Women's Role in Domestic Decision-making in PakistA: Implications for Reproductive Behavior. *The Pakistan Development Review*, Vol. 41, No. 2,pp. 121-148

4. Jude L. Fernando (1997). Nongovernmental Organizations, Micro-Credit, and Empowerment of Women. *Annals of the American Academy of Political and Social Science*, Vol. 554 , pp. 150-177

5. IsaiaEleonora (2005). Micro fund for women: A Case History Of Microcredit In JoRdan .*Savings and Development,* Vol. 29, No. 4, pp. 441-468..

6. Luuk van Kempen (2009). The 'Downside' of Women Empowerment in India: An Experimental Inquiry into the Role of Expectations. *Social Indicators Research Vol*. 94, No. 3, pp. 465-482

7. RamjiMinakshi, (2009), Financial Inclusion in Gulbarga: Finding Usage in Access, *Institute for Financial Management and Research*, Center for Micro Finance, Working Paper Series No. 26.

8. KamathRajalaxmi, (2007), Financial Inclusion Vis-à-vis Social Banking, *Economic and Political Weekly,* 14 April 2007, pp 1334-1335.

9. Rao N.D.S.V. Nageswara, (2010), Financial Inclusion- Banker's Perspective, *The Indian Institute of Banking and Finance*, October- December 2010, pp 20-26.

10. Shetty Naveen. K, (2008), The Micro Finance Promise in Financial Inclusion and Welfare of The Poor: Evidence From Karnataka, India, *Institute For Social and Economic Chang*, Working Paper No. 205

11. Rangarajan, C (2008) Report of the Committee on Financial Inclusion, Government of India, *Report on Currency and Finance*, Annual, 2009.
12. Mishra and Puri, Indian Economy, Himalaya Publishing House

13. Basic Statistical Return, Hand Book of Statistics on Indian Economy, RBI.

14. DuvvuriSubbarao; 2009, Financial Inclusion: Challenges and opportunities, pp5