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FINANCIAL INCLUSION: AN EMPIRICAL STUDY ON BANKING HABITS OF THE PEOPLE OF THE RURAL AREA IN KOKRAJHAR DISTRICT OF BORO TERRITORIAL REGION OF ASSAM

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ABSTRACT

It is rightly said that a journey of thousand miles starts with one small step. Likewise, the Government of India has taken a slew of policies, measures and steps since several decades to counter and deal with various issues pertaining to financial exclusions and make the people of the country financially included to boost up the financial inclusion. In comparison to the mainland India, the North East India in general and Assam in particular are far lagging behind in terms of Financial Inclusion according to the data released from time to time from various secondary sources. Moreover, the Boro Territorial Region of the Assam is far behind according to the data realised from CRISIL.

Therefore, a need is felt to make a micro study in the region to find and unearth the status of the people of the region in terms financial inclusion viz a viz banking habit. Further in order to put the endeavour in this line, the statistical data has been presented with help of this article in order to furnish information regarding the aforesaid topic of discussion of this region.

1. Introduction and Background of the Study:

Financial inclusion has earned significant importance in the social policies of the Government during past decades. However, barely 34 % of its population is associated with formal banking channel. India has the second highest number – about 190 million – of financially excluded households in the world (Sinha & Subramanian, 2007). Moreover, it is seen that those who are financially excluded have poor grasp of financial services offerings and also find formal channels cumbersome and time consuming.

2. Review Of Literature:

Globally, about 1.7 billion adults remain unbanked — without an account at a financial institution or through a mobile money provider in the developing world.

India has 29 states and 7 union territories, and having 640 districts with approximately 600,000 villages. A huge part of the population, particularly in rural areas, is believed to be excluded from the easy access to financial services (Gounasegaran, Kuriakose & Iyer, 2013)¹ which includes services like access to savings, loans, insurance, payments and remittance facilities offered by the formal financial system (Kelkar, 2014)².

According to Rajan (2009), financial inclusion refers to universal access to a wide range of financial services at a reasonable cost. This includes not only banking products but also other financial services such as insurance and equity products as well.

V. Leeladhar (2005) defines financial inclusion as a means of distributing and carrying of banking services at an affordable cost to the disadvantaged and low-income groups.³

Usha Thorat (2006) states that financial inclusion is the provision of affordable financial services viz., access to payments and remittance facilities, savings, loans and insurance services by formal financial system to those who tend to be excluded.⁴

Moreover, the Rangarajan Committee on Financial Inclusion (2008) summarized that financial inclusion is a procedure of ensuring reach to financial services and timely and sufficient credit when needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost.

India direct benefit transfer mechanism always been used by the government of India enhance financial inclusion amongst people specially women. Sabherwal, Sharma and Trivedi (2019) studied and highlighted certain inherent issues pertaining to providing financial services in terms of gendered constraints. He further discussed that the inherent constraints to bank the unbanked through social programmes.

3: Objectives of the Study:

The objectives of the study are -

1. To study the status of financial inclusion in Kokrajhar District in the Boro Territorial Region of Assam.
2. To conduct an empirical study on banking habits of the people of the said area at village level.

4: Research Methodology

The Boro territorial Region Of Assam consists of four districts viz Kokrajhar, Chirang, Baksa and Udalguri. Kokrajhar is the headquarter of BTR Assam. The total population of Kokrajhar District is 887142 as per the Census 2011. As many as 5

¹ Gounasegaran et al., (2013), C. Gounasegaran, F. Kuriakose, D.K. Iyer, **Financial inclusion: Progress so far, facts for you** (2013) Retrieved from http://www.efymag.com/admin/issuepdf/25-29_Financial%20Inclusion_Sep-13.pdf

² Kelkar, 2014, **Financial inclusion for inclusive growth**, ASCI Journal of Management, 39 (1) (2014), pp. 55-68

³ Leela Dhar V (2005), "Taking Banking Services to the Common Man – Financial Inclusion", Commemorative Lecture at the Fed bank Hormis Memorial Foundation at Ernakulam.

⁴ Thorat Usha (2006), Deputy Governor of the Reserve Bank of India, Speech at the 4th Program on Human Development and State Finances jointly organized by College of Agricultural Banking, Reserve Bank of India, UNDP and the Planning Commission, at CAB, Pune, 16 January 2006.

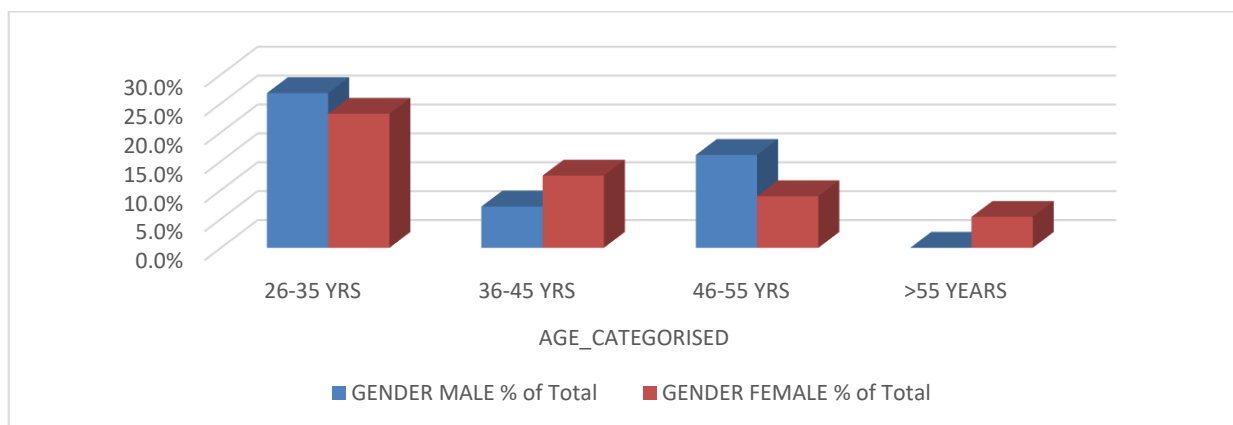
villages have been randomly selected from total villages 1068 and 11(ELEVEN) respondents selected along with one additional respondent from each village totalling 56 for a field study in rural areas of Kokrajhar district of BTR Assam

5: Findings and Analysis:

TABLE 5.1: DEPICTING GENDER VIS A VIS AGE

GENDER WISE		AGE_CATEGORISED				Total
		26-35 YRS	36-45 YRS	46-55 YRS	>55 YEARS	
MALE	% of Total	26.8%	7.1%	16.1%	0	50.0%
FEMALE	% of Total	23.2%	12.5%	8.9%	5.4%	50.0%
TOTAL		50.0%	19.6%	25.0%	5.4%	100.0%

Figure:5.1: DIAGRAM DEPICTING GENDER VIS A VIS AGE



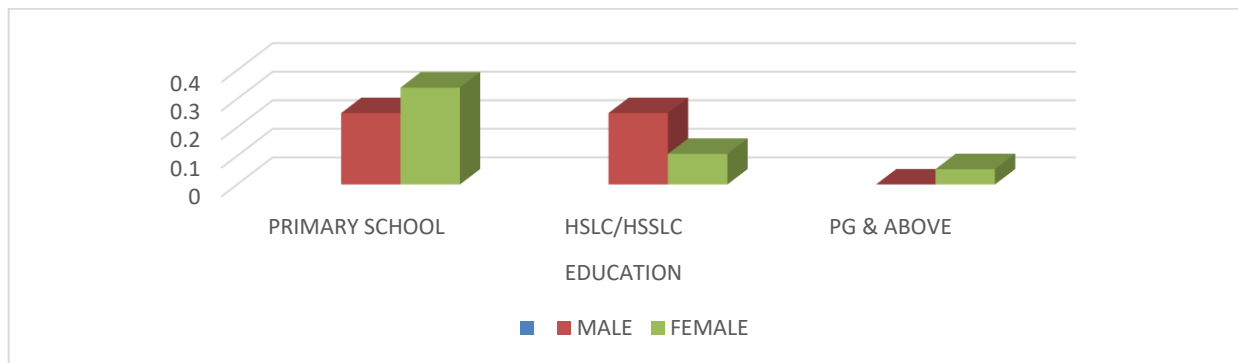
INTERPRETATION:

As seen in the above table 5.1 and figure 5.1, It is observed that 50% of the total respondent’s sample distribution belong to the age category 26-35 followed by 25% under the age category 46-55 years. During the field survey it has been further noticed that the youngest age group like age category 26-35 represents the highest percentage (50%).

TABLE5.2: DEPICTING GENDER VIS A VIS EDUCATION

GENDER WISE	EDUCATION			Total
	PRIMARY SCHOOL	HSLC/HSSLC	PG & ABOVE	
MALE	25.0%	25.0%	0	50.0%
FEMALE	33.9%	10.7%	5.4%	50.0%
% of Total	58.9%	35.7%	5.4%	100.0%

Figure:5.2:DIAGRAM DEPICTING GENDER VIS A VIS EDUCATION



INTERPRETATION:

The above table 5.2 and figure 5.2. depict the district wise sample distribution of respondents from BTR. Overall majority of the represents (59%) of the sample distribution having education background only up to primary schools. During the field survey it is observed that significant number respondents have little awareness about the financial inclusion initiative of the Government of India. Gender wise it is found that although females have more representation in primary school than male counterpart yet they have also more representation in higher education like post-graduation in the area.

TABLE 5.3: GENDER WISE OWNERSHIP OF BANK A/C

GENDER WISE			Total
	NO	YES	
MALE	0	50.0%	50.0%
FEMALE	5.4%	44.6%	50.0%
TOTAL PERCENTAGE	5.4%	94.6%	100.0%

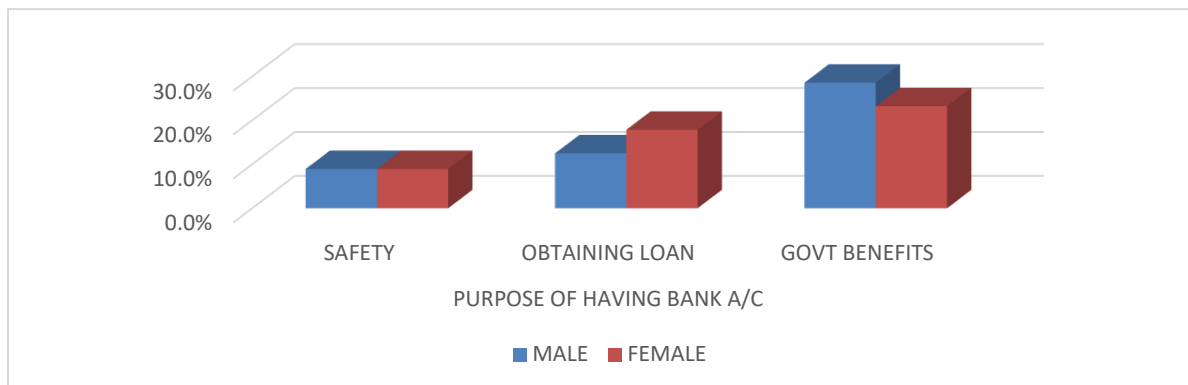
INTERPRETATION:

Table 5.3 depicts all males have been found to have bank account whereas in case of females only 5% do not have any account with the bank. In other words, It can be said females are less financially included than men in the said area and male are observed to be more financially included.

TABLE 5.4: DEPICTING PURPOSE OF HAVING BANK ACCOUNT.

	PURPOSE OF HAVING BANK A/C			Total
	SAFETY	OBTAINING LOAN	GOVT BENEFITS	
MALE	8.9%	12.5%	28.6%	50.0%
FEMALE	8.9%	17.9%	23.2%	50.0%
% of Total	17.9%	30.4%	51.8%	100.0%

Figure:5.4: DIAGRAM DEPICTING PURPOSE OF HAVING BANK ACCOUNT.



INTERPRETATION: From the above table 5.4 and figure 5.4, the people still in this area first opt for having bank account to get benefits under government schemes (52%) followed by second most preferred purpose is obtaining loans from banks (30%) and it is also found that purpose of safety and security in a bank while maintaining banking relations is least preferred in the area.

TABLE 5.5: GENDER * FREQUENCY OF VISIT Crosstabulation

	FREQUENCY OF VISIT			Total
	FORTNIGHTLY	MONTHLY	NEED BASED	
MALE	10.7%	30.4%	8.9%	50.0%
FEMALE	8.9%	35.7%	5.4%	50.0%
% Total	19.6%	66.1%	14.3%	100.0%

INTERPRETATION: The above table 5.5 depicts that the frequency of visiting banks determines the activeness of the people of the area in maintaining relationships with the bank or any other financial institutions. If the people in the area are not active while maintaining banking relationship then it can be easily perceived that they are no longer financially included in the long run. During the field survey it has been observed that 20% of the people visit banks fortnightly and 66% of the people visit monthly. It is also noteworthy that female visit the bank more on monthly basis with 36% participation than males do.

TABLE5.6:GENDER * DID YOU TAKE LOAN PRECEDING YEARS

	CANT SAY	NO	YES	
MALE	5.40%	21.40%	23.20%	50.00%
FEMALE	0	28.60%	21.40%	50.00%
% of Total	5.40%	50.00%	44.60%	100.00%

INTERPRETATION:

The above table shows that availing of loan is one of the criteria to measure the

financial inclusion in that area.

The above table depicts that 50% of the respondents of sample distribution did not avail any kind loan from formal sources of borrowings in their locality. 45% of the respondents of the sample distribution of the area availed loan facility from formal sources. Further, it can be also noticed that the females have lesser access to the loan than males since 29% females did not avail any loan and also only 21% of them have taken loans. Both the percentage is lesser than males.

6. Conclusion:

Financial Inclusion means providing universal access of financial services at affordable cost to the all section of the society in general and to the marginalised and venerable sections of the society in particular. In the sampled area, almost 95% most of the people have banking relations and they either visit banks fortnightly and monthly. It means the people in this sampled area are financially included to some extent however the people in this area opt for bank account in order to avail benefits of government schemes and availing loan only. Through the study it is further revealed that 50% of the sample under study still did not avail loan so far and future study in this regard may be conducted to find the reasons of less borrowing by the people in this area. It is also found majority of the people have lesser awareness about the financial inclusion program of the government of the India. Hence financial literacy camp and digital awareness camp may be organised from the bank in order to make the people particularly women about the various financial products and services under the financial inclusion.

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