



A Study on Financial Inclusion among Female Households in Manjeri Municipality

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ABSTRACT

Financial inclusion may be 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 (C.Rangarajan Committee on Financial Inclusion). Increasing the use of financial services and products is very essential for the inclusive growth. Financial inclusion mainly aims to include each and every section of the society in financial activities by giving them basic financial services without any discrimination. One of the most important weaker sections in our society is women. Most of the women are still depend on their husbands or other male member in their family for livelihood. Financial inclusion among female households will directly helps to women empowerment. This paper aims to understand the present position of financial inclusion among female households in Manjeri municipality.

KEY WORDS: women empowerment, female households, financial inclusion

I. INTRODUCTION

Financial activity is an essential part of development of a nation and society with a growing economy. For this, a strong financial system with fully representation is required. Through financial inclusion we can achieve equitable and inclusive growth of the nation.

Financial inclusion is described as the method of offering banking and financial solutions and services to every individual in the society without any form of discrimination. In short it is availability and equality of opportunities to access financial services, it is the key objective of financial inclusion.

The term financial inclusion has gained its importance since the early 2000s, with the identification of financial exclusion and its direct relation with poverty, according to the world bank. Financial inclusion facilitates day to day living and

helps families and businesses plan for everything from long term goals to unexpected emergencies. The Universal Financial Access by 2020 initiatives envisions that adults worldwide, women and men alike, will be able to have access to a transaction account or an electronic instrument to store money, send payments and receive deposits as a basic building block to manage their financial lives (www.worldbank.org)

According to world bank, A great decisive step have been made towards financial inclusion and 1.2 billion adults worldwide have gotten access to an account since 2011. Today, 69% of adults have an account. Countries like China, India, Kenya, and Thailand have 80% or of the population with account. Main reason for this development in these countries is that the private sector innovation, mobile and digitally-enabled payments and a push to open low-cost accounts etc. however , close to one third of adults-1,7 billion are still unbanked, according to the latest index data. About the half of the unbanked people include women poor households in rural areas or out of the workforce.

The gender gap in account ownership remains stuck at 9 percentage points in developing countries, hindering women from being able to effectively control their financial lives. Countries with high mobile money account ownership have less gender inequality (www.woldbank.org) An inclusive financial system is essential in all countries, the main reasons for that ;

- It helps in efficient allocation of productive resources
- With the help of financial inclusion access to financial services will significantly improve the management of finances
- An all inclusive financial system will help reduce the informal sources of finance like moneylenders in rural areas which try to be exploitative.

Financial inclusion in India

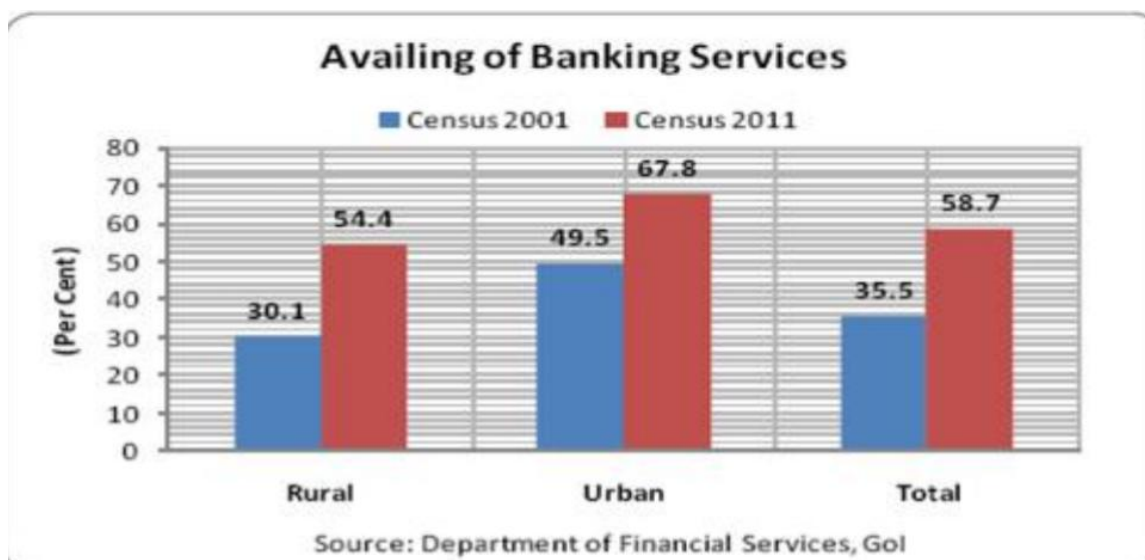


In India financial inclusion plays a vital role in bringing the society to upper level. The concept of financial inclusion was first familiarized in the year 2005 by the Reserve Bank of India through Annual Policy Statement. In the year 2005 Khan Committee report was released which mainly discussed rural credit and microfinance. The committee recommends, minimize regulations regarding account creation process for economically weaker sections of the society. Several banks were asked to work together towards 100% financial inclusion by taking part in campaigns started by the RBI.

India is mainly an agrarian country most of the people of India (more than 50%) still living in rural area, and majority among them do not have access to banking services. In India many

households have no idea about the banking services. So the financial inclusion is mainly focus in to understand the banks and their functions of the poor or households. The banking procedures are too difficult, it will discourage the illiterate people, they can't access the banking facility properly. And also they are not aware about the facilities. The financial inclusion aims to remove the difficulties of banking functions. And also the banking functions reach the poor sections of the society. It also intends to spread awareness about financial services and financial management among people of the society.

As per census 2011, only 58.7% of households are availing banking services in the country. however comparing with previous census it is increased. it is shown below;



Access and use of financial services

According to the international journal of economic and business review, It is estimated that about 2.5 billion people or about half of global population do not have access to any kind of formal banking services. In India, only 55% of the population has deposit accounts. Less than 20% of the Indian population has life insurance coverage and only 10% have an access to any other kind of

insurance coverage. The number of credit cards has hovered around 20-25 million mark in the last four years. House hold access to financial services includes not only banking products but also other financial services such as insurance and equity products (the committee on Financial Sector Reform, Chairman: Dr.RaguramG.Rajan). the household access to financial services is shown below picture;



Source: A Hundred Small Steps- Report of the Committee Financial Sector Reform (Chairman: Dr. RaguramRajan)

In India access and use of financial services as given below;

Indicator	2013	2014	2015	2016
Automated Teller Machines (ATMs) per 100,000 adults	12.87	17.80	19.70	21.24
Branches of commercial banks per 100,000 adults	11.85	12.87	13.54	14.06
Deposit accounts with commercial banks per 1,000 adults	1,160.72	1,337.41	1,541.79	1,731.27
Loan accounts with commercial banks per 1,000 adults	142.48	151.27	154.45	170.77
Mobile money transactions: number per 1,000 adults	36.32	117.21	273.05	635.22

(source : IMF Financial Access Survey 2017 – India statistics)

The government of India formulates many schemes with the aim of financial inclusion. They are;

- PradhanMantriJandhanYojana(PMJJY)
- Atal Pension Yojana(APY)
- PradhanMantriVayaVandanaYojana

- Stand up India Scheme
- PradhanMantri Mudra Yojana

Some of the special financial products provided to include every sections of the society are;



- General Credit Cards(GCC)
- Kissan Credit Cards(KCC)
- ICT-Based Accounts Via BCs
- Increase in ATMs

And also through micro finance and with the help of private companies the financial inclusion implemented in the country as much as possible. Although some sections of the society far away from the aim of including in the set up it is raised as a major challenges for the financial inclusion in india.

Major challenges to financial inclusion in India

In India financial inclusion faces many difficulties because of the existence of the higher number of population and rural characteristics of the society and also the rate of poverty and unemployment also have significant role on it.

- Socio-economic factors.

In India socio economic factors plays an important role in the financial inclusion. The banking behavior of the people closely related with their society and nature of the area which the lives. If the people are not aware about the banking system they can't get the services.

- Lack of formal identification documents

Formal identification documents are required to open bank account is a major hurdle to the financial inclusion of illiterate and weaker section of the society.

- The rural-urban, poor-rich and gender inequality

The rural urban difference is another problem facing the process of financial inclusion. The distance from financial institution and its accessibility is more difficult in rural set up. And also poor sections are very marginal in the financial activity because they earn only for day to day expenses. Income is the main factor on engaging financial activity. So the gender difference also a factor which leads to inequality, males are engaging income earning activity and also they are in financial activity than women.

- Financial illiteracy

Most of the people have correct knowledge about the financial literacy. They have no idea about choosing right product. By providing correct financial literacy to the every section of the society will helpful to the easy implementation of the financial services and by that the development process the right choice by individuals will lead to the better financial decision it will help to develop the financial inclusion.

- Limited availability of appropriate technology

- Other reasons

Other reasons such as religion and belief, characteristics of living area, behavior of bank officials etc

In this study we focus on the financial inclusion among female households in ManjeriMunicipality. Females are low position in the case of financial inclusion. By this paper we are trying to understand major challenges faced by female households in this area.

Objectives

- To understand the extent of financial inclusion among female households in ManjeriMunicipality
- To identify major challenges faced by women in belonging financial sector

II. METHODOLOGY

For fulfillment of the need of satisfying objectives of the study we conduct field survey with a structured questionnaire for collecting primary data. Primary data is the basis of this study. From the sampling framework a random sample of 40 female households are taken from various parts of Manjeri municipality. Secondary data is collected from various sites and books.

III. REVIEW OF LITERATURE

KyleHolloway (2017), in his book, "Women's Economic Empowerment Through Financial Inclusion- A Review of Existing Evidence and Remaining Knowledge Gap" describes that although the demand and supply side barriers to women's financial inclusion are vast, appropriate product design features can help overcome some of these barriers women can enhance their access to financial products, as well as the impact of those products on women ability to make investments and smooth consumption in the face of income shocks.

Sowjanya.S.Shetty (2015), in his "Self Help Groups, Financial Inclusion and Women Empowerment A Critique" concludes that ther have been perceptible and wholesome changes in financial activity and economic security of the SHG members. The SHG –Bank linkage programme is considered as a bench mark in women's empowerment and socio economic development of women. It is essential that SHG are required to overcome the exploitation, create confidence for self reliance among women.

IV. RESULT AND DISCUSSION



Financial inclusion among female household helps to women empowerment and economic development. To understand the extend of financial inclusion among female households in Manjeri municipality here analysed the educational qualification, status of bank accounts, type of bank account, reasons for opening the account, status of usage other forms of financial services or products

and extent of interest towards financial services or products to the respondents.

Educational qualification of the respondents

Education is one of the important determinants of financial literacy. Therefore it is very important to understand the educational qualification of the respondents. Below table shows the educational qualification of the respondents

Table 1

Educational qualification	No of respondents	percentage
Primary	5	12.5
Secondary	11	27.5
Higher secondary	14	35
Graduation and above	10	25
Total	40	100

Source: primary data

The above table shows that out of the total 40 sample respondents 5 persons has only primary education, 11 respondents has secondary education, 14 has higher secondary education and 10 respondents has graduation and above education.

Status of bank account of the respondents

Bank account is one of the important factor for financial inclusion. Therefore it is very important to understand status of bank account of the respondents. Below table shows whether the sample respondents has bank account or not.

Table 2

Status of bank account	No of persons	percentage
Yes	38	95
No	2	5
Total	40	100

Source: primary data

The above table shows that out of the total 40 respondents 95% has bank account and remaining 5% has no bank account for the usage of financial service.

Type of bank account

Below table shows the type of bank account of the respondents such as saving bank account, current account, fixed deposit account and other type of bank account.

Table 3

Type of bank account	No of respondents	Percentage
Saving bank account	24	63
Current account	6	16
Fixed deposit account	4	10.5
Others	4	10.5
Total	38	100

Source: primary data

The above table shows that 63% of the respondents has saving bank account, 16% has current account and remaining 21% of respondents has fixed deposit and other deposits.

Reasons for opening the account

Below table shows what are the reasons for opening the account whether they take account for receiving government payments, for saving money or to request a loan.



Table 4

Reasons for opening account	No of respondents	Percentage
To receive govt payments from schemes	17	45
For saving money	12	31.5
To request a loan	2	5
Others	7	18.5
Total	38	100

Source: primary data

The above table shows that majority (45%) of the respondents are opened bank account for receiving government payments from schemes, 31.5% are opened bank account for saving money and 5% are opened account to request a loan.

Number of time using bank account by the respondents

The below table shows the number of time using bank account by the respondents whether they use weekly, monthly, irregularly or don't use the bank account

Table 5

Duration of using the account	No of respondents	Percentage
Monthly	15	40
Irregularly	17	45
Don't use the account	6	15
Total	38	100

Source: primary data

The above table shows that 40% of the respondents use bank account monthly, 45% use it irregularly and 15% of the respondents are not use the bank account.

Reasons for refusal of bank account

The below table shows what are the reasons for refusal of bank account whether they has no awareness about the banking system, no income or they use spouse account etc

Table 6

Reasons	No. Of persons	Percentage
Lack of awareness about the banking system	2	25
No income	4	50
Use spouse account	1	12.5
Others	1	12.5
Total	8	100

Source: primary data

The above table shows that out of the 8 respondents who has no bank account or do not use the account are refused bank account because 2 persons has not awareness about the banking system, 4 has no income and one refuse because use spouse account. This shows that the financial

inclusion among female households in Manjeri municipality is not fully complete.

Status of usage of other forms of financial services or products

Below table shows whether the sample respondents are use other forms of financial services or products.

Table 7

Status of usage	No of respondents	Percentage
Yes	16	40
No	24	60
Total	40	100

Source: primary data



The above table shows that out of the total 40 samples 40% are use other forms of financial services such as insurance, credit card, debit card etc. Remaining 60% are not use other forms of financial services or products.

Interest towards financial services or products to the respondents

The below table shows the interest of respondents towards financial services or products whether they are very interested, interested or not interested.

Table 8

Extent of interest	No of persons	Percentage
Very interested	6	15
Interested	27	67.5
Not interested	7	17.5
Total	40	100

Source: primary data

The above table shows that out of the total 40 sample respondents 6 persons are very interested in using financial services or products, 27 persons are interested and 7 persons are not interested

V. FINDINGS

- out of the total 40 sample respondents 5 persons has only primary education, 11 respondents has secondary education, 14 has higher secondary education and 10 respondents has graduation and above education.
- It was found that out of the total 40 respondents 95% has bank account and remaining 5% has no bank account for the usage of financial service.
- The study shows that 63% of the respondents has saving bank account, 16% has current account and remaining 21% of respondents has fixed deposit and other deposits.
- It was shows that majority (45%) of the respondents are opened bank account for receiving government payments from schemes, 31.5% are opened bank account for saving money and 5% are opened account to request a loan.
- The study found thstshows that 40% of the respondents use bank account monthly, 45% use it irregularly and 15% of the respondents are not use the bank account.
- Out of the 8 respondents who has no bank account or do not use the account are refused bank account because 2 persons has not awareness about the banking system, 4 has no income and one refuse because use spouse account.
- Among the total 40 samples 40% are use other forms of financial services such as insurance, credit card, debit card etc. Remaining 60% are not use other forms of financial services or products.
- It was found that out of the total 40 sample respondents 6 persons are very interested in using

financial services or products, 27 persons are interested and 7 persons are not interested

VI. SUGGESTIONS

- There is a need to create awareness about the usage of financial services and products among women.
- Provide financial literacy by conducting programmes and through electronic and print media.
- Provide bank accounts with zero balance to all women.
- Facilitate more employment opportunities to female households and support women entrepreneurship.
- Ensure gender equality by supporting women and give them more priority.

VII. CONCLUSION

Financial inclusion among female households is not fully effective in Manjeri municipality. Because somebody not have bank accounts, some are do not use the bank account and most of the respondents are not using other forms of financial services or products such as insurance, debit card, credit card etc. Gender equality is very essential for the financial inclusion among female households. Most of the female households are still depends on their husband or other male member in their family for using financial services or products. The existing programs and policies for financial inclusion do not fully helped women to engaging in financial activities. Therefore gender equality is most important to achieve financial inclusion among female households.

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