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A STUDY OF FINANCIAL INCLUSION OF ECONOMICALLY MARGINALIZED PEOPLE IN JHARKHAND- A CASE STUDY OF EAST SINGBHUM DISTRICT

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ABSTRACT

Financing exclusion has been used to describe a lack of simple access to credit. Since the year 2000, poverty has been referred to by the UN as "financial exclusion." Banking products and financial inclusion were deemed public goods by RBI's Khan Commission, which was set up in 2004. The system of financial inclusion seems to have stabilised a decade after its inception. If inclusion has had a good impact on the impoverished, this study will explore it. The research interviewed 300 persons from Jharkhand's East Singhbhum District; all of them were from low-income families.

Keywords: *Financial Inclusion, Banking Habits, Loaning Habits, RBI's, Low-Income Families.*

Introduction

During investigation for a paper, Researcher came across the case of one Ms. Sarita Biswas (the name has been changed to protect her identity). Despite having eight children to raise on her alone, she is the wife of a low-wage worker and manages the family with just one hand. As she recounted her experience at a State Bank of India branch trying to open an account, she was turned away despite having all the appropriate papers. A "Chit Fund" scammed her of more than one and a half million rupees in a frantic quest for an account. Many others are like her; in fact, she isn’t the only one.

GOI development plans have now been acknowledged to have not reached the bottom echelons of Indian society. The benefits of economic progress have not been equally dispersed. As a fundamental impediment to attaining social justice, India’s lack of social and economic equality A sociology professor isn’t required to understand the unpleasant realities of our country’s recent past.

Some of the most serious obstacles to financial inclusion in India include the following: India must improve its financial literacy and build up its financial infrastructure before it can help its most disadvantaged citizens get access to the banking system.

Financial knowledge is clearly a product of education and its associated issues. Second, the political will of governments to make banking accessible to the general population is more significant than the first one. Aristocratic bankers were tough to deal with until central bank rules were issued to make "no-frill accounts" available to the poor with little paperwork (RBI 2006).

Literature Review

Rangarajan (2008) emphasises and recommends remedies to India’s financial inclusion concerns in his report to the Ministry of Finance on financial inclusion. After identifying roughly 49.5 percent as financially excluded, he presents a compelling case for increasing "Demand Side" determinants for financial inclusion, such as human and physical resource endowment, productivity, risk minimization, and market links.

India has a long history of financial inclusion, as Subba Rao (2007) properly points out. The underlying goal has always been the engagement of the general people in the banking and financial system, from the founding of cooperative banks and the supply of agricultural credit in the 1950s to the nationalisation of banks in 1969. Regional Rural Banks (RRIs) were established in 1975 as a step toward inclusion, with forward and backward links to microcredit and agricultural loans.

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According to Deb (2007), rural India still has a big section that relies on informal money lending, particularly in areas where crop failure is common. In terms of financial inclusion, India falls behind in a number of sectors, according to the report. This lack of inclusion is attributed to three major factors: a lack of infrastructure to support financial inclusion growth, a lack of products to categorically include the poor in financial inclusion, and, last but not least, a government desire to increase financial literacy among the poor and marginalised.

According to Indian experts, the following are significant challenges and limiting factors for financial inclusion in India.

- V. Leeladha (2006) Lack of bank outreach and timely bank action in rural and impoverished areas.
- Lack of inclusion owing to non-uniform banking reach was identified by Sendhilvelan.M and Kathikeyan.K (2006).
- According to Bhandari and Kale (2008), the high cost of technology and banking is one of the reasons why banks are unable to reach out to the poor.
- Ghorude (2009) sees the misalignment of social and economic goals in the government's economic policies as a fundamental challenge in financial inclusion.
- One of the key reasons for financial exclusion, according to Muthiah and Muthia (2010), is inadequate access to financial services.

Research Gap

A study on financial inclusion in the East Singhbhum area of Jharkhand was found to be lacking, thus one may be conducted there.

The Construct of Financial Inclusion

In 2008, Rangarajan proposed a broad framework for defining financial inclusion in India.

Financial Inclusion = Total impact on impoverished and disadvantaged people of the Reach of Bank in No Frills accounts, Mutual Funds, Other financial institutions, as well as Information technology

Therefore

FI = BC + NFA

Where;

FI - Financial Inclusion

BC is the Banking, Other financial institutions, Mutual funds, and Information technology

NFA= No Frill Accounts or;

FI = NFA + Banks + Mutual Funds + Other financial Institutions + Information technology

Banking and bank accounts (no-frill accounts) have been used as a point of reference to explain financial inclusion in the research, which makes use of the Rangarajan Construct.

Objective of the Study

- Determine whether the sample's age and financial inclusion are significantly different from one another.
- To determine whether there is a statistically significant difference in income and financial inclusion between the samples under investigation.
- To determine whether there is a statistically significant difference in gender and caste and financial participation in the sample under investigation.

Data Analysis and Interpretation

This study examined the banking habits of 300 households in Jharkhand's East Singhbhum region, which is home to some of the poorest and most marginalised people in the state.

Table 1: Gender by Age Distribution

Respondent Profile (in Years)	Male	Female
18-26 Years	54	30
26-36 Years	60	44
36-46 Years	34	20
Above 46 Years	34	24
Total	**182**	**118**

Source: Primary Data

The research included 182 males and 118 females. In the table above, you can see how things are distributed throughout the board.

Table 2: Education by age Distribution of the Respondents

Respondent Profile (in Years)	Less than Matric	10th (Matric)	12th Intermediate	12+ Till Graduate
18-26 Years	64	6	6	4
26-36 Years	74	8	0	22
36-46 Years	42	4	6	6
Above 46 Years	54	4	0	0
Total	**234**	**22**	**12**	**32**

Source: Primary Data

The distribution of education among the sample's various ages is shown in the table above. According to the chart, a significant proportion of respondents was only schooled and did not complete their matriculation.

Table 3: Income by Age Distribution of the Respondents

Respondent Profile (in Years)	Less than 15,000	₹15001-₹35000	Above ₹ 350001
18-26 Years	62	12	0
26-36 Years	78	34	0
36-46 Years	26	8	20
Above 46 Years	46	8	6
Total	**212**	**62**	**26**

Source: Primary Data

The income distribution of the sample by age is shown in the table above. According to the data, there are a lot of people who earn less than Rs. 15,000 every month.

Table 4: Occupation by Age Distribution of the Respondents

Respondent Profile (in Years)	Farmers	Service	Business	Land Labor	Others
18-26 Years	4	22	10	24	12
26-36 Years	20	44	28	2	8
36-46 Years	2	30	10	8	6
Above 46 Years	2	14	38	4	12
Total	**28**	**110**	**86**	**38**	**38**

Source: Primary Data

The table above shows the distribution of occupations based on the age of the participants. As a whole, the cluster is dominated by services and business.

Hypothesis

The study tests the following hypothesis through ANOVA for validating its objective.

H_o^1: There is no significant relationship between age group and banking services.

H_o^2: There is no significant relationship between occupation and banking financial inclusion.

Statistical Tools Used

- **Analysis of Variance (ANOVA)**

The study has used Analysis of Variance for the purpose of dealing with the hypothesis. One way ANOVA has been used to deal with the mean variance between the various groups to understand the degree of financial inclusion in the study.

Analysis and Interpretation

In this section we will deal with the analysis of the data that had been collected through the administered questionnaire.

Table 5: Relationship between the Age Group and Banking Services

Preference	Frequency		
	Yes	No	Can't say
18-26 Years	59	20	05
26-36 Years	69	31	04
36-46 Years	34	16	04
Above 46 Years	48	08	02

Table 6: ANOVA Analysis

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	4987.5	2	2493.75	23.4644	0.000268	4.256494
Within Groups	956.5	9	106.2777778			
Total	5944	11				

Source: Computed

The ANOVA for the link between age group and banking services is shown in Table 6. The table shows an F value of 23.46 against a p value of .00002. Since the F value is significant as the p value is almost zero. Hence it is interpreted that there is no relation between the age group and the banking service. Hence it can be said that in the sample under consideration the person across the age group do not have any significant relation in banking service, In other words, most of them do not use banking facilities that are generally available.

Table 7: Relationship between Occupation and Banking Financial Inclusion

Preference	Frequency		
	Yes	No	Can't say
Less than ₹15000	154	34	24
₹15001-₹35000	32	20	10
Above ₹35001	20	06	00

Table 8: ANOVA for Relationship between Occupation and Banking Financial Inclusion

Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	5730.7	2	2865.333333	1.47225	0.30184	5.14325
Within Groups	11677	6	1946.222222			
Total	17408	8				

Source: Computed

Table 8 indicates the ANOVA for relationship between occupation and banking financial inclusion of the sample. It is found the F is significant 1.4722, Hence we accept the hypotheses. Therefore one can conclude in this case that there is no significant relationship between occupation and banking financial inclusion in the sample.

Interpretation

Table 9: The Hypothesis Tested for ANOVA and the Implication of the Test (Across the Sample of the Study)

S. No.	Statement of Null Hypothesis	Accepted or Rejected at 5%	suggestion
1.	There is no significant relationship between age group and banking services.	Rejected	There is significant relationship between age group and banking services.
2.	There is no significant relationship between occupation and banking financial inclusion.	Accepted	There is no significant relationship between occupation and banking financial inclusion.

Key Findings

- People of diverse ages, occupations, and genders have different banking habits, suggesting that age and profession determine whether or not they hold a bank account.
- Diverse age groups and occupations have different loaning tendencies, indicating that marginalised people's inclination to accept or reject loans is impacted by their age and profession.
- For people on the edges, gender has an influence on financial inclusion and loan availability.
- A person's gender influences their willingness to borrow money, whether from a bank or a moneylender.
- Age is a key determinant in the reasons for taking out a loan among the disadvantaged people surveyed.

The Factor analysis carried on the people who did not have bank account shows the following key findings:

- The lack of a bank account and financial inclusion is mostly due to personal causes such as financial illiteracy and poor income.
- The second factor for financial exclusion is institutional issues such as paperwork, inconvenient bank time, and bank personnel' lack of collaboration with new marginalised customers.

Conclusion of the Study

A study was undertaken in the East Singhbhum region of Jharkhand to investigate whether financial inclusion is taking place among the country's poor and disadvantaged people. For the purpose of the study, a total of 300 respondents were questioned over the course of three months using a schedule in and around the city of Jamshedpur. Two hypotheses were tested using a one-way ANOVA to investigate whether there was any difference in mean variance among demographic groups, banking habits, and loaning habits. Certain groups were observed to have significant disparities in banking habits, whereas others exhibited little variances. The researchers discovered that there was very little financial inclusion in the region after conducting their investigation.

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