

**ANALYSIS OF LEVEL OF AWARENESS AND ISSUES AMONG
UNDERPRIVILEGED POPULATION IN MUMBAI SUBURBAN AREA
WITH RESPECT TO SELECT GOVERNMENT INITIATIVES
TOWARDS FINANCIAL INCLUSION**

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ABSTRACT

Financial inclusion (FI) is considered as a critical indicator of development and well-being of a society. Available literature shows that government's financial inclusion schemes and banking facilities have reached to the masses in India. Mumbai, being financial capital of India and representative of the mass Indian population, we have decided to restrict our study to the underprivileged areas of Mumbai to ascertain peoples' awareness towards aforesaid schemes. Though the schemes are in place but whether the target people are actually taking benefit of those schemes. Due to limited literacy level and complex processes or documentation such people still prefer traditional ways for meeting their financial requirements and savings. The researchers have approached 109 respondents from certain economically deprived areas in Mumbai suburbs and taken their response to the structured questionnaire to find out their awareness towards government schemes for financial inclusion. For this study, we have considered government schemes like No frill account, Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal pension Yojana and Direct Benefit Transfer (subsidies). Banks or financial service providers, who are involved in reaching out to the masses for aforesaid government initiatives have their own set of requirements such as various identification proofs, minimum balance in the accounts, introduction for new account opening etc, which might lead to the reluctance among people to go for such facilities. Our study will be restricted to the underprivileged population of Mumbai suburban areas.

Keywords: Financial inclusion, financial literacy, Indian government's initiatives, banking services

Introduction:

Financial inclusion ensures access to financial services such as affordable banking product and availability of credit facilities, insurance and equity products etc at an affordable cost in a fair and transparent manner to all in the society. It aims to save especially the poorer strata from the exploitative nature of the moneylenders in terms of getting support from traditional sources for getting credit from unorganized sources like landlords,

patpedhi, bhishi and facilitate them to modern avenues of financial services at affordable cost. The study here involves response from urban poor from economically deprived background towards their awareness and usage of Indian government initiatives for financial inclusion. The study has analysed response of the urban poor towards understanding and usage of no frill account (Jan Dhan Yojana), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha

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Bima Yojana(PMSBY), Atal pension Yojana and Direct Benefit Transfer (subsidies). Mumbai being financial capital of India and supposed to be offering most modern culture and avenues, we have chosen it for our study.

Need for study:

Available literature shows that financial inclusion schemes and banking have reached to population in Mumbai along with other parts of India, but awareness among the people of Mumbai has not been ascertained. So we tried to study the awareness of selected financial inclusion schemes among people of city like Mumbai, as it is the financial capital of India. Lack of knowledge and exposure, stringent documentation and complex procedures for availing benefit of government schemes are the disruptors in achieving desired aim of financial inclusion. The researchers tried to get evidence from the respondents to validate these facts and to ascertain the success level of these schemes through this study. Accordingly, below research objectives have been framed.

Objectives:

- To study the awareness among people residing in Mumbai suburban areas towards government schemes - No frill account (under Jan Dhan Yojana), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal pension Yojana and Direct Benefit Transfer (subsidies)
- To gauge the number of people using bank facilities and their preference vis-à-vis traditional ways of availing credit
- To study gender wise usage towards above schemes.
- To analyse public response towards current processes for using bank facilities or financial services.

Literature Review:

Divya Joseph (2014), in her paper titled 'A Study On Financial Inclusion And Financial Literacy' studies banking habits, awareness level and different

sources of information regarding different financial services and products and opinion about them and reason for preference between public and private banks among people. The data was collected through primary and secondary sources. Primary data was collected through 100 respondents of residing in Piravom Panchayat in Ernakulam District. The paper concludes that many changes have been taken place to overcome financial inclusion and through discussion and debates policy framework has been emerged.

Singh and Shunmugasundaram (2018), in their paper titled ' A Study on Extent of Problems and Hurdles in Financial Inclusion Practices among Rural Households in Varanasi District' studies major problems and hurdles in accessing financial product and services and the role of government in opening bank account, accessing loan facility, and services offered by bank. Primary data was collected through sample size of 400 respondents from rural areas of Varanasi. The paper concludes that there are various problems in accessing financial services such as lengthy procedures, poor language, illiteracy, location of branch, obstacles in accessing loan facilities among other factors.

Chhabra Bharti (2017) in her paper titled 'Financial inclusion – A steering growth through Government Initiatives in India' studies the various measures taken by Banks, Government of India and RBI for Financial Inclusion plans in India. The study is based on the secondary sources of data like books, journal articles, newspapers and related websites especially of RBI and Government of India have been consulted. The study concludes that when India's GDP will rise it will open opportunities of further advancement in FI plans through financial services offered by banks and capital markets.

Singh and Naik (2017), It studies the measures undertaken by the RBI, NABARD and the Government for financial inclusion. It is focused on desk research and a survey was taken of a specified rural area near Bangalore. It concludes that government policies have been despite having bank accounts, farmers still preferred to take loans from

moneylenders. This was mainly due to transportation problem and the time of interaction between farmers and moneylenders and farmers and formal institutions. The same is the case with the non-farmers here.

Goswami Mani (2016), The researchers have studied the key areas which ensure achievement of financial inclusion and the practices adopted for the same in the country. The researcher has conducted exploratory research based on the secondary data sources such as journals, magazines, articles, and reports of RBI. It is concluded that though the progress is seen, there are still few gaps to bridge. The banking infrastructure is poor in rural and semi-urban areas. The biggest problem of financial inclusion is the financial illiteracy. People are unaware of the open financial option, policies, schemes and financial instruments.

Research Methodology:

The data required for the research was collected from primary sources as well as secondary sources. Primary data was collected from a sample of 109 respondents belonging to localities from Dahisar, Andheri and Dadar with the help of a structured questionnaire along with the help of local self-help group and NGOs. Sources of secondary data are the research articles, papers, journals, Government sites and reports, which are available in public domain.

Conceptual Framework:

1. Financial inclusion and exclusion: Having equal access to financial resources at affordable cost to everyone in the society leads to financial inclusion and opposite denies the access and hence, it's termed as exclusion. Economic and social growth of any country depends upon the quality of life of the people of that country. With this aim, government of India has taken lot of initiatives for financial inclusion of Indian population.
2. Financial literacy: Only access to financial resources does not serve the purpose of financial inclusion but, providing knowledge and taking informed decisions based on the knowledge lead to the success of inclusion initiatives. Thus, financial

literacy towards all the financial avenues is required across all the people in the country.

3. Government initiatives:

1. No Frill Account: It is a basic Saving Bank deposit account under Pradhan Mantri Jan Dhan Yojana, wherein a person can open a bank account with zero balance. Started since year 2014, this saving account also provides insurance cover of Rs 1 lakh, now Rs 2 Lakhs for accounts opened after 28.08.2018 for Rupay card holders and overdraft facility upto Rs 10000.

2. Atal Pension Yojana: Launched in the year 2015 (previously known as Swavalamban Yojana), it aimed at providing guaranteed monthly pension specially to people belonging to economically weaker section of the society. Monthly pension ranges from Rs 1,000 to Rs 5,000 depending on the contribution by the beneficiary. People aged between 18 to 40 years are eligible to contribute in this scheme, who will be eligible to pension at the age of 60 years. The Government contributes to the extent of 50% of contribution amount or Rs 1000, whichever is lower for 5 years. This benefit is available for those people who joined the scheme in the period June 1 to December 31, 2015 and who were not covered under any statutory social security scheme and also who were not the tax payers at that time.

3. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana(PMSBY): It is a life insurance scheme valid for one year and renewable every year at a mere cost of Rs 330 every year. This scheme can be availed by person aged between 18 to 50 years. It provides cover of Rs 2 lakhs in the event of death of the policy holder. Pradhan Mantri Suraksha Bima Yojana (PMSBY) is a scheme to cover accidental death or disability between 18 to 70 years of age. In this scheme if the policy holder dies or suffers full disability then he gets benefit of Rs 2 lakhs and in case of partial permanent disability the benefit is upto Rs 1 lakh. The premium to be paid is Rs 12 per annum and the policy is to be renewed every year.

4. Direct Benefit Transfer (subsidies): This scheme aims at transferring the subsidies directly in the bank account of the beneficiaries to achieve fair practices and to reduce the bureaucracy and middle man while receiving subsidies. It also played another role as it brings the subsidy holders into the ambit of banking.

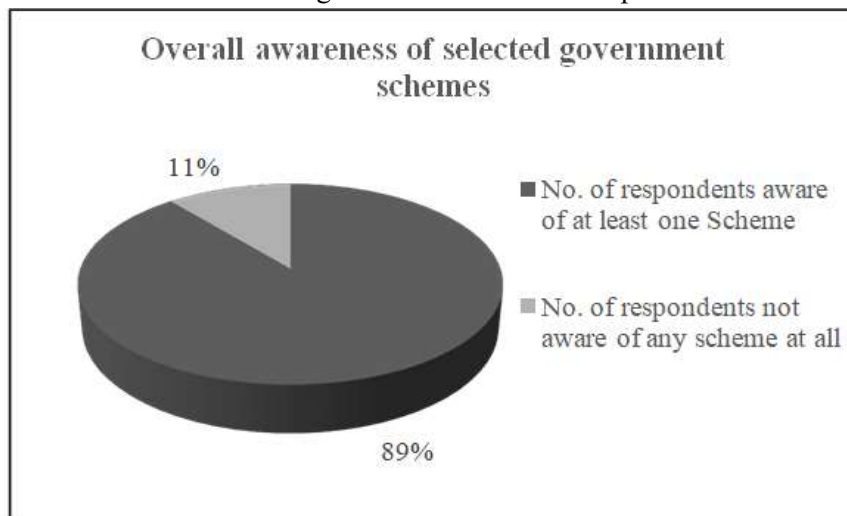
The subsidies include LPG subsidy, student scholarship, old age pension, mid-day meal. Public distribution system, etc. It is safe as it uses Aadhar card biometric identification and hence, fake and duplicate beneficiaries will be eliminated and also reduces delays in transfer of money.

Analysis:

Findings and Interpretations:

1. Overall Awareness among respondents towards government financial inclusion initiatives:

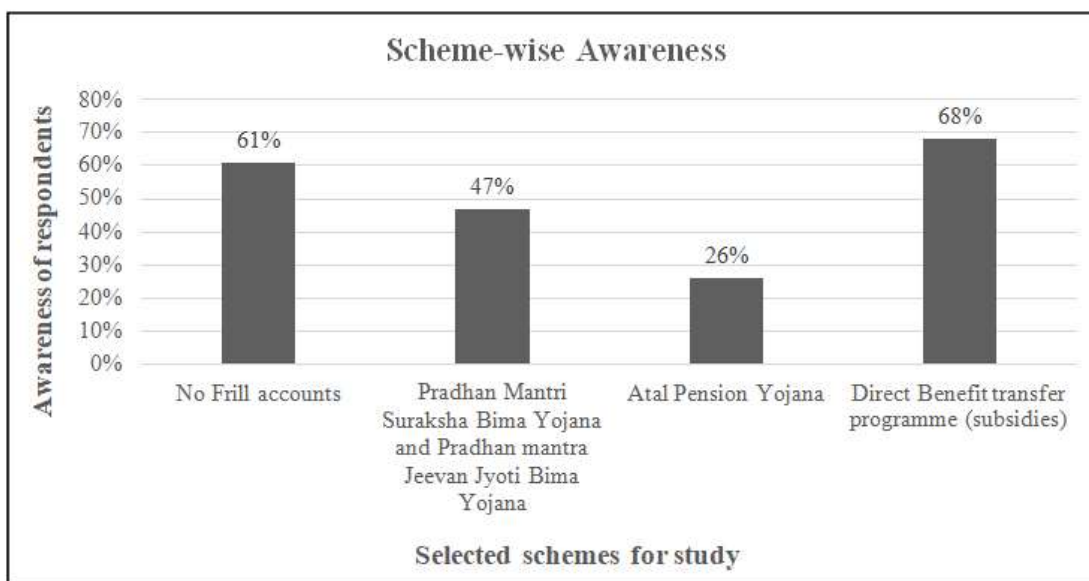
Chart 1: showing overall awareness of respondents



Out of 109 respondents, 89% are aware of at-least one scheme while 11% are not aware of any of the schemes, which shows need of awareness drive among people.

2. Scheme wise awareness:

Chart 2: showing scheme wise awareness

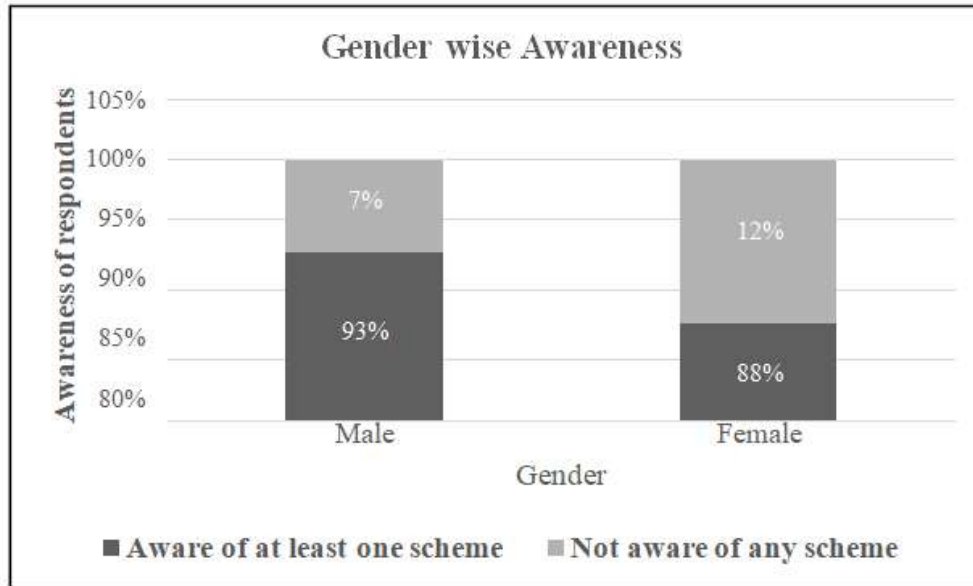


Maximum population which is 68% of the sample respondents are aware about direct benefit

Maximum population which is 68% of the sample respondents are aware about direct benefit scheme, whereas in other cases, the awareness was low and awareness about Atal pension yojana was the lowest.

3. Gender wise Awareness:

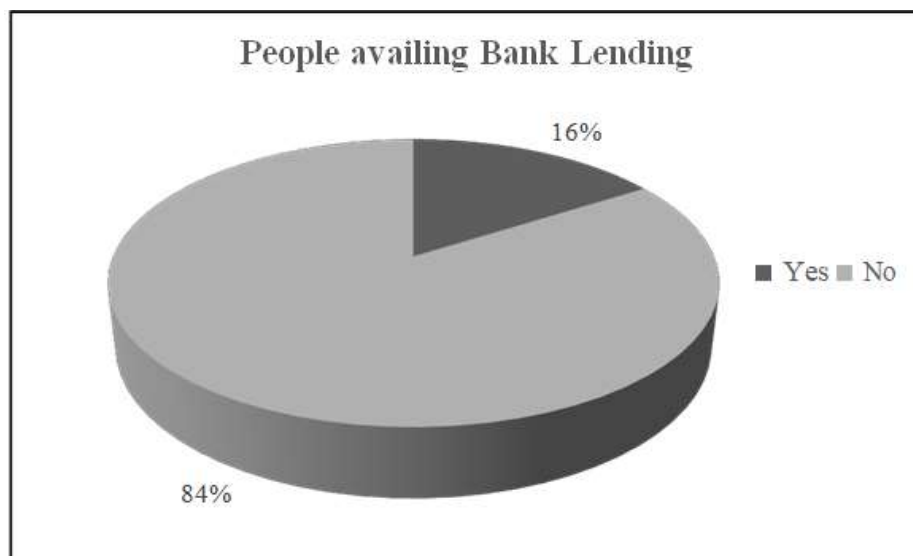
Chart 3: showing gender wise awareness



Awareness among males found to be marginally better as compared to females, but still nearly 20% of the overall population is found to be unaware about the schemes, which are especially meant for them.

4. Usage of bank credit facilities among respondents

Chart 4: showing usage of credit facility from bank

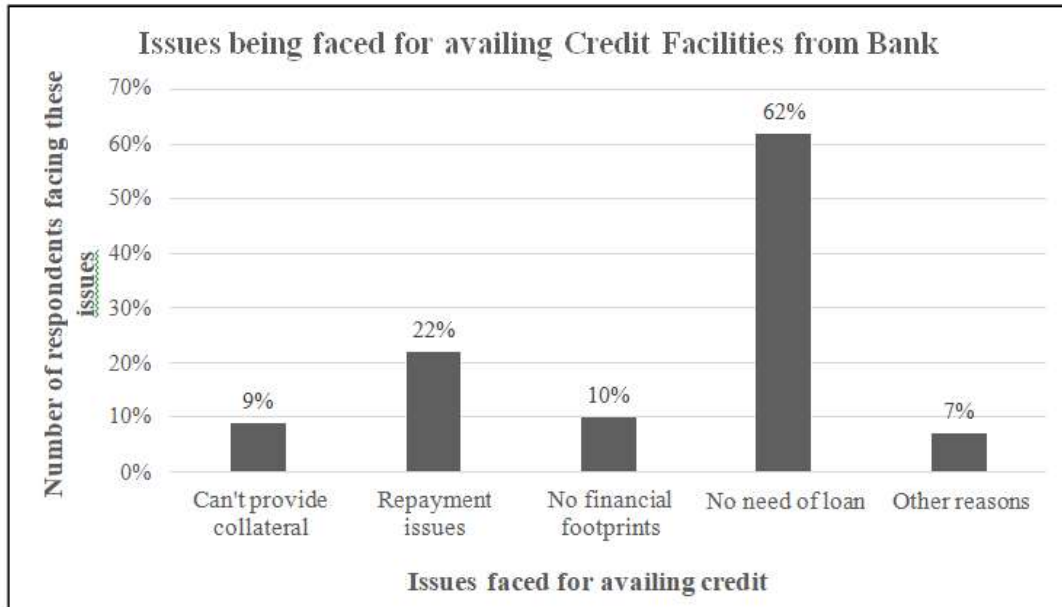


The above diagram shows number of respondents availing credit facilities from banks. Out of 109. Only 16% of the respondents have availed credit facilities from the banks whereas 84% haven't explored the same due to various reasons and found to be relying on the traditional ways.

Analysis of probable reasons for not using bank facilities and preferring traditional avenues:

1. Analysis of issues as highlighted by the respondents for non-availing credit facilities from banks

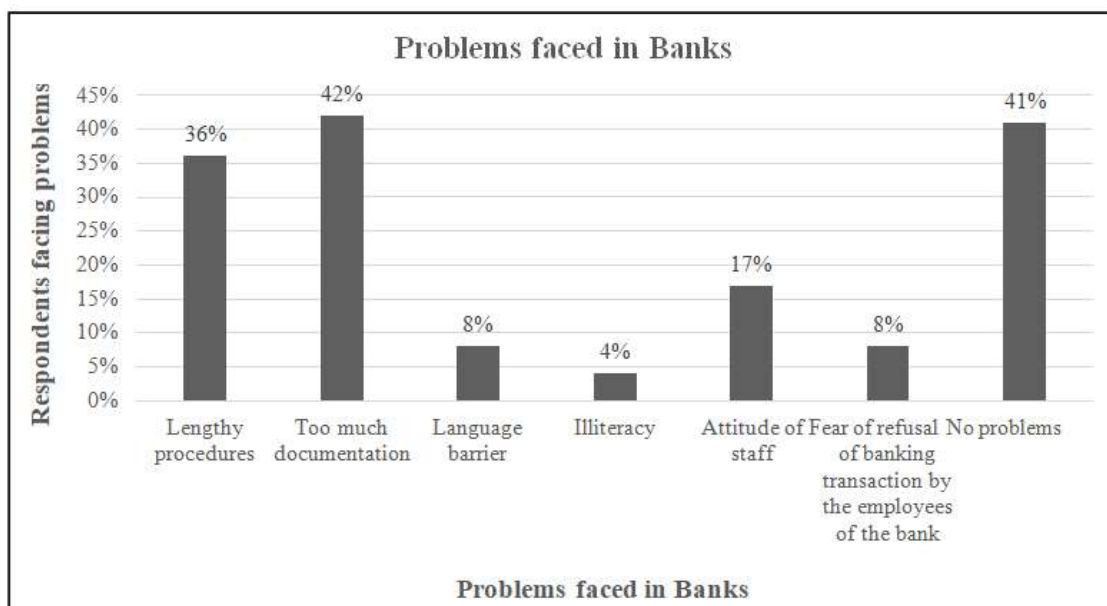
Chart 5: showing issues faced for availing credit from bank



The above diagram shows various issues faced by the respondents in the bank while availing credit facilities. From 109 respondents, 22% respondents faced repayment issues for availing credit. Few respondents didn't have any financial footprint in order to get credit. About 9% people said that they cannot provide enough collateral for availing credit facility. Also about 7% of the respondents faced various issues for availing credit facilities from the bank. Nearly 40% are facing various issues for availing credit.

2. Analysis of issues as highlighted by the respondents in general banking

Chart 6: showing different issues faced by people in banks



Out of 109 respondents, major problem faced in banks by them was of too much documentation, 42% respondents agreed that they faced the problem of banks asking for way much documents. Followed by lengthy procedure which according to 36% respondents was the next big problem. 17% of them had problems with staffs attitude and their behavior towards the customers. While 8% respondents faced language as a barrier and the same percentage also had a fear of refusal of banking transaction by the employees of the bank.

Conclusion:

Financial inclusion is very important for the healthy growth of the economy and awareness of these schemes is essential for this purpose. The analysis reflected people preference towards traditional ways for funding their needs over bank finance due to stringent processes and documentation requirements. Males have scored more as compared to females in terms of awareness and usage of general banking and credit facilities from the banks. Overall it indicates the need of creating more awareness about government initiatives and simplifying the processes in order to increase the inclusiveness among poorer strata. Further, usage of technology to monitor actual usage and utilization of the available resources and whether the initiatives are actually helping the target population is essential. With this the disruption in the process of financial inclusion could be controlled.

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