Chapter 4

Effectiveness of Financial Inclusion Initiatives: A Case Study of Rajasthan State

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ABSTRACT

An inclusive financial system has been the major agenda of the Indian government over the past few years and several steps have been taken in this direction. The main purpose of the study is to assess the effectiveness of financial inclusion initiatives taken by Rajasthan government. A questionnaire was drafted and was sent to people from weaker section of the society who have been the beneficiaries of the financial inclusion initiative of the government. Research methodology adopted for the study includes descriptive statistics and one-way ANOVA was used to test the association/non-association between the variables. The study concluded towards lack of awareness and usage of financial inclusion initiatives, especially internet, mobile banking, and credit card. In terms of experience with financial services, respondents were positive towards interest on loans and help received by banking staff with respect to documentation and identification norms as well as branch timings. However, distance from the bank and the availability of ATM was an issue for them.
Effectiveness of Financial Inclusion Initiatives

INTRODUCTION

Financial inclusion is a situation by which everyone has an access to the entire collection of quality financial services that are provided at affordable cost, in a convenient way and with respect and dignity. This area has long been neglected by the government but now it is one of the top priorities of government as the exclusion of disadvantaged and low-income segments of society from financial services inhibits the economic growth. Moreover, financial inclusion is a also a crucial means by which poverty can be reduced (Kumbhar, 2011). Having a proper access to financial instruments may allow poor people to invest in a variety of physical assets as well as education. This may further bring a reduction in income inequality and contribute towards economic growth (Gwalani, 2014). To ensure towards the concept of financial inclusion, the Indian government as well as Reserve bank of India has taken concerted efforts for the same and it has been regarded as one of the important national objective of the nation. Some of the major efforts are inclusive of nationalisation of banks, zero balance accounts, Pradhan Mantri Jan Dhan Yojana, direct cash transfer schemes among others (Goyal, 2016). The fundamental objective is to reach that section of the Indian society that has been finically excluded. In this respect, the need is to identify the effectiveness of financial initiatives that have been taken by the government of Rajasthan.

LITERATURE REVIEW

Jain (2016) made an attempt to analyze the awareness level of various financial services available for household workers in Jaipur city. It has been concluded that dream of complete financial inclusion cannot be fulfilled until there is a launch of mass awareness drive for educating the masses about availability and usage of these services. Bank is further required to introduce need based product offerings so that unbanked people can be financially included.

Dixit and Ghosh (2013) concluded towards a huge variation in the state of financial inclusion for different states in India. Kerala, Maharashtra and Karnataka have shown higher inclusion rate while Gujarat, Manipur, Rajasthan. Assam, Bihar, UP and MP are poor on the grounds of financial inclusion. The issue is in terms of geographical and demographic reach, followed by lack of financial literacy and awareness level about using the financial products.

Neha Sharma (2017) has revealed that financial inclusion in Rajasthan state is 75.3 percent and the state has a poverty rate of 64.2 percent. Hence as per the low, medium and high classification of extent of financial exclusion in Indian states, Rajasthan lies in low index of financial inclusion.
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