Financial Inclusion Initiative – A study on Awareness, Utilisation and Anticipation of Basic Savings Bank Deposit Account Holders (BSBD) 
(With special reference to Coimbatore district)

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ABSTRACT

In India after 60 years of Independence a large section of the Indian population still remains unbanked. This malaise has led to generation of financial instability and pauperism among the lower income group. To include the unbanked population, the financial inclusion concept has been introduced by central government and RBI in the year 2005. Financial Inclusion is the process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low income groups at an affordable cost in a fair and transparent manner. Central Government and RBI has introduced the “No Frills account” which means the nil balance account, People can open an account without any amount. RBI has changed the nomenclature of No frill account as Basic Saving Bank Deposit Account (BSBD) in the year 2012, by providing basic banking services to the lower income group. This paper focuses on the Basic Bank Saving Deposit Account awareness, Utilisation and expected services by the vulnerable groups.

Keywords: India, population, financial inclusion, RBI, bank account, awareness, anticipation

1. INTRODUCTION

The term “finance” refers to the study of money, banking credit, as well as resources of management. Inclusion is the act of including someone or something. Financial inclusion is where individuals and businesses have access to useful and affordable financial products and services that meet their needs that are delivered in a responsible and sustainable way. In the Indian context, the term financial inclusion was
used for the first time in 2005. The objective of financial inclusion is to provide a platform for in calculating the habit of saving money, especially among the lower income category, availability of timely, adequate and transparent credit from formal banking channels. Now it has been viewed as a remedy to plug gaps and leaks in the distribution of government benefits and subsidies through direct benefit transfer to customers’ bank account.

2. REVIEW OF LITERATURE

- Pallavi Gupta and Bharathi Singh (2013) in their research paper “Role of Literacy in Financial Inclusion in India: an Empirical Study”, analysed the extent of financial exclusion, what percentage of people are included in the financial services, effectiveness of people using this programme, reasons for people excluded from financial services, analysing the financial inclusion index and literacy level in India. The result of the study shows a large variation in the correlation co-efficient between the financial inclusion index and literacy rate in different states, indicates that financial inclusion in India is not due to the lower literacy rate and the government should emphasise behavioural factor rather than considering improvement in literacy rate as a major determinant.

- Dr. Hiren and R. Raval (2015), in her research paper “Shaping New India through Financial Inclusion in the form of PMJDY”, examines financial inclusion in India to access PMJDY objective, achievement and prospectus. PMJDY is a national mission on financial inclusion. The Mission aims at various financial services like availability of Basic savings Bank Account, access to need based credit, remittances, insurance, and pension to excluded section. PMJDY both in rural and urban areas has with 7.24 crores; 5.98 crore account holders in RRB; 2.57 crore account holders in private banks, 0.41 crore and 0.28 crore accounts holders in rural and urban areas.

3. OBJECTIVE OF THE STUDY

1. To analyse the awareness of the financial inclusion programme features among public.
2. Extend of utilisation of the financial inclusion account.
3. Expected services by the account holders.
4. RESEARCH METHODOLOGY

4.1. Sampling design

Coimbatore is one among the industrially developed Districts in Tamilnadu. It has 12 Revenue Blocks. The researchers by using disproportionate stratified sampling method by employing equal allocation to entire 12 revenue blocks proposed to allocate 48 numbers of samples in each block for BSBD account holder. The sample was collected from 576 account holders. After a thorough check 22 collected from BSBD account holders are found unfilled, full of mistakes and incorrect responses for different questions. Hence, the researcher decided to eliminate those unfilled questionnaires and the remaining questionnaires are selected 554 (576-22) from BSBD holders.

4.2. Field Work and Collection of Data

The questionnaire framed by the researcher was the major tool for data collection. The questionnaires are used for obtaining the necessary data required for the study from the customers. Data collection through questionnaire was made at their residence, bank branches and ultra branch of their convenience.

4.3. Framework of Analysis

The tools used for the analysis of the study on “Financial Inclusion Initiative – A study on Awareness, Utilisation and Anticipation of Basic Saving Bank Deposit Account Holders”

a) Friedman rank test
b) Garrett ranking

5. ANALYSIS OF THE STUDY

5.1. Friedman rank test- Product Awareness. The Friedman Rank Test shows product awareness

Table I. Product Awareness

<table>
<thead>
<tr>
<th>Product features</th>
<th>Basic Savings Bank deposit Account with nil</th>
<th>The rate of interest for the amount deposited</th>
<th>The balance in this account should not exceed</th>
<th>Total credit in the account should not exceeded</th>
<th>Inbuilt O/D facility of</th>
</tr>
</thead>
</table>

3039
Table 1. Shows the analysis based on the Product Awareness of the respondents. From the Friedman Rank test, it is found that majority of the respondents are aware that Basic Saving Bank Account rate of interest for the amount deposited is 4% and is followed by Basic Saving Bank Accounts which is nil balance account, Total credit in the account should not exceed Rs.1,00,000 in a year.

5.2. Facility Awareness - The Friedman Rank Test shows facility awareness

Table 2. Facility Awareness

<table>
<thead>
<tr>
<th>Services</th>
<th>Pass Book</th>
<th>Business Correspondents</th>
<th>Ultra Branch</th>
<th>Smart Card</th>
<th>ATM Card</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean Rank</td>
<td>3.58</td>
<td>3.14</td>
<td>2.73</td>
<td>2.89</td>
<td>2.66</td>
</tr>
<tr>
<td>Rank</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>3</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 2. Shows the analysis based on the facility awareness of the respondents. From the Friedman Rank test, it is found that majority of the respondents are aware about the facility that pass book is followed by business correspondents and smart card.

5.3. Friedman Rank Test - Level of utilization of BSBD banking services and facilities

The Friedman rank test shows level of utilization of BSBD banking services and facilities.

Table 3. Level of utilization of BSBD banking services and facilities

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Cheque Collection</th>
<th>Demand Draft</th>
<th>Fund Transfer</th>
<th>Business Correspondents</th>
<th>Ultra Branch</th>
<th>Smart Card</th>
<th>ATM Card</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean Rank</td>
<td>3.28</td>
<td>3.38</td>
<td>3.22</td>
<td>4.84</td>
<td>4.36</td>
<td>4.80</td>
<td>4.12</td>
</tr>
<tr>
<td>Rank</td>
<td>6</td>
<td>5</td>
<td>7</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>4</td>
</tr>
</tbody>
</table>
Table 3. shows the analysis on the basis of level of utilization of BSBD banking services and facilities. From the Friedman Rank test, it is found that majority of the respondents level of utilization is Business correspondents, is followed by smart card and ultra branch.

5.4. Garrett Ranking- Expected Facility from BSBD Account– Garrett Ranking

<table>
<thead>
<tr>
<th>Services</th>
<th>Cheque Book</th>
<th>Internet Banking</th>
<th>Mobile Banking</th>
<th>Locker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean Score</td>
<td>49.76</td>
<td>50.18</td>
<td>57.72</td>
<td>44.50</td>
</tr>
<tr>
<td>Rank</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>4</td>
</tr>
</tbody>
</table>

Table 4. Shows the analysis on the basis of Expected Facility from BSBD Account. From the analysis it is inferred that majority of the respondents Expected Facility from BSBD Account is Mobile Banking followed by internet banking and cheque book etc.,

6. FINDINGS OF THE STUDY

1. The Majority respondents are aware that Basic Saving Bank Account rate of interest for the amount deposited is 4% and is followed by Basic Saving Bank Accounts which is nil balance account, Total credit in the account should not exceed Rs.1, 00,000 in a year.

2. The majority of the respondents are aware about the facility that pass book is followed by business correspondents and smart card.

3. The Majority of the respondents level of utilization is Business correspondents, is followed by smart card and ultra branch.

4. The majority of the respondents Expected Facility from BSBD Account is Mobile Banking followed by internet banking and cheque book etc.,
7. CONCLUSION

The financial inclusion is an including the excluded people into the financial services. It has given banking services to the entire region in India through various mode. It has created an awareness about the banking services to motivate the people to use the banking services.

REFERENCES

1. Stephen, Nishanth, Tom, Tinsy Rose ,” The Role of Cooperative Banks in Financial Inclusion “, IUP Journal of Bank Management,