A Dissertation project on

A STUDY ON FINANCIAL INCLUSION: PERSPECTIVE FROM OCCUPATIONAL SEGMENTS IN ROURKELA

Submitted in partial fulfilment of the requirements for the degree of Master of Business Administration (MBA) by

SAGAR PATI

313SM1011

FACULTY GUIDE

Dr. DINABANDHU BAG

SCHOOL OF MANAGEMENT

NATIONAL INSTITUTE OF TECHNOLOGY, ROURKELA

APRIL, 2015

CERTIFICATE

This to certify that the project entitled " **A STUDY ON FINANCIAL INCLUSION: PERSPECTIVE FROM OCCUPATIONAL SEGMENTS IN ROURKELA** " submitted by **SAGAR PATI** bearing roll number **313SM1011** for the partial fulfilment of the requirements for the degree of Master of Business Administration embodies the genuine work done under his supervision.

Signature of the Guide
Place: School of Management
NIT, Rourkela
Date:

DECLARATION

"I, SAGAR PATI, hereby declare that this project report entitled "**A STUDY ON FINANCIAL INCLUSION: PERSPECTIVE FROM OCCUPATIONAL SEGMENTS IN ROURKELA**", submitted by me, under the guidance of Dr. DINABANDHU BAG is my own and has not been submitted to any other University or Institute or published earlier".

Place: Rourkela

Sagar Pati

Date: 22/04/2015

ACKNOWLEDGEMENT

"It is not possible to prepare a project report without the assistance & encouragement of other people. This one is certainly no exception."

On the very outset of this report, I would like to extend my sincere & heartfelt obligation towards all the personages who have helped me in this endeavour. Without their active guidance, help, cooperation & encouragement, I would not have made headway in the project.

I am extremely thankful and pay my gratitude to my faculty guide

Dr. Dinabandhu Bag for his valuable guidance and support on completion of this project.

I extend my gratitude to National Institute of Technology, Rourkela for giving me this opportunity.

I am also very much thankful to research scholars for sharing their valuable knowledge with me.

I also acknowledge with a deep sense of reverence, my gratitude towards my parents and member of my family, who has always supported me morally as well as economically.

At last but not least gratitude goes to all of my friends who directly or indirectly helped me to complete this project report.

Any omission in this brief acknowledgement does not mean lack of gratitude.

Thanking You

Sagar Pati

EXECUTIVE SUMMARY

Financial inclusion is the availability of banking services at an affordable cost to disadvantaged and low-income groups. In India, the basic concept of financial inclusion is having a savings or current account with any bank. In reality, it includes loans, insurance services, and much more.

The Indian banking system will have to deliver on the plan for financial inclusion, the system, which demonstrated its resilience in the face of the recent global financial crisis, should adopt strong and urgent measures to reach the unbanked segment of society and unlock their savings and investment potentials. The banking sector has also taken a lead role in promoting financial inclusion. In India, the Reserve Bank of India (RBI) has initiated several measures to achieve greater financial inclusion, such as facilitating "no-frills" accounts and "General Credit Cards" for low deposit and credit. Alternate financial institutions, such as micro-finance institutions and Self-Help Groups, have also been promoted in some countries.

The main objective of this project is to understand the concept of financial inclusion and Role of banks for financial inclusion in India.

CONTENTS

LIST OF TABLES

LIST OF GRAPHS

INTRODUCTION

India is one of the largest and fastest growing economies of the world, but what has been the most disturbing fact about its growth is that its growth has not only been uneven but also discrete. It has been uneven in the sense that there has been no uniformity in its growth performance and it has been discrete and disconnected with regard to growth and distribution of growth benefits to certain sectors of economy. The Indian economy, though achieved a high growth momentum during 2003-04 to 2007-08, could not bring down unemployment and poverty to tolerable levels. Further, a vast majority of the population remained outside the ambit of basic health and education facilities during this high growth phase. In recent decades, economic and social inequalities have increased alongside high growth rates which have increased regional inequalities. Over 25% of Indians continue to live in abject poverty. As a result, Inclusive growth has become a national policy objective of the Union Government. And thus the need for inclusive growth comes in the picture of Indian economic development. In context of Indian growth planning it is a relatively new terminology which got the attention of policy makers in the Eleventh Five Year Plan.

The history of financial inclusion in India is actually much older than the formal adoption of the objective. The nationalization of banks, Lead Bank Scheme, incorporation of Regional Rural Banks, Service Area Approach and formation of Self-Help Groups - all these were initiatives aimed at taking banking services to the masses. The brick and mortar infrastructure expanded; the number of bank branches multiplied ten-fold - from 8,000+ in 1969, when the first set of banks were nationalized, to 99,000+ today. Despite this wide network of bank branches spread across the length and breadth of the country, banking has still not reached a large section of the population. The extent of financial exclusion is staggering. Out of the 600,000 habitations in the country, only about 36,000+ had a commercial bank branch. Just about 40 per cent of the population across the country has bank accounts. The proportion of people having any kind of life insurance cover is as low as 10 per cent and proportion having non-life insurance is abysmally low at 0.6 per cent. People having debit cards comprise only 13 per cent and those having credit cards only a marginal 2 per cent of the population. A more focused and structured approach towards financial inclusion has been followed since the year 2005 when Reserve Bank of India decided to implement policies to promote financial inclusion and urged the banking system to focus on this goal. Our focus has, specifically, been on providing banking services to all the 600 thousand villages and meeting their financial needs through basic financial products like savings, credit and remittance. The objectives of financial inclusion, in the wider context of the agenda for inclusive growth, have been pursued through a multi-agency approach. By financial inclusion, we mean the delivery of financial services, including banking services and credit, at an affordable cost to the vast sections of disadvantaged and low-income groups who tend to be excluded. The various financial services include access to savings, loans, insurance, payments and remittance facilities offered by the formal financial system.

Financial inclusion is a buzzword now and has attracted the global attention in the recent past. In India, it is a new concept. More than 70% of our population lives in the rural areas. Financial inclusion is a necessity for a country where a large chunk of the world's poor resides. Access to finance by the poor and vulnerable groups is a prerequisite for poverty reduction, employment, economic growth and social cohesion. Further access to finance will empower the vulnerable groups by giving them an opportunity to have a bank account, to save and invest, to insure their homes or to partake of credit and there by facilitate them to break the chain of poverty. Financial inclusion refers to a process that ensures the ease of access, availability and usage of the formal financial system for all members of an economy. An inclusive financial system has several merits. It facilitates efficient allocation of productive resources and thus can potentially reduce the cost of capital. In addition, access to appropriate financial services can significantly improve the day-to-day management of finances.

The financial inclusion emphasizes on conversion of unbanked area into banked one. Having a bank account does not mean financial inclusion. Financial inclusion is the process of ensuring access to appropriate financial products and services needed by all section of society in general and vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost and in a fair and transparent manner by regulated mainstream institutional players. Financial inclusion is critical for achieving inclusive growth in the country. It can help in reducing the growth of informal sources of credit (such as money lenders), which are often found to be exploitative. Thus, an all-inclusive financial system enhances efficiency and welfare by providing avenues for secure and safe saving practices and by facilitating a whole range of efficient financial services.

Rangarajan Committee (2008) viewed financial inclusion 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" In simpler terms financial inclusion is about including the excluded in the financial system of the country, and to ensure that their financial & social security needs are taken care of through appropriate financial service providers. Given below is the diagram which briefly describes the essential contents of financial inclusion:

Source: Rangarajan Committee Report

Rangarajan's committee on financial inclusion defines it 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. By financial inclusion we mean the provision of affordable financial services, viz., and access to payments, remittance facilities, savings, loans and insurance services by the formal financial system to those who tend to be excluded. It is important to recognize that in the policy framework for development of the formal financial system in India, the need for financial inclusion and covering more and more of the excluded population by the formal financial system has always been consciously emphasized. Bank nationalization in India marked a paradigm shift in the focus of banking as it was intended to shift the focus from class banking to mass banking. The rationale for creating Regional Rural Banks was also to take the banking services to poor people. Poor's are typically more vulnerable to financial exclusion this is simply because their major problems arise from the need for finances. The formal banking services, by exploiting economies of scale and making judicious use of targeted subsidies may reduce or remove market imperfections and facilitate financial inclusion of the poor, ultimately leading to higher incomes. The access to financial services by poor's would lead to their consumption smoothing and investments in health, education and income generating activities, thus expanding growth opportunities for them. Inclusive growth if targeted systematically may lead to financial stability, asset building and economic mobility and empowerment of the low Income group people.

Financial Inclusion is imperative for inclusive growth of India, with more than 25 % of its Population living in abject poverty government's onus towards their growth and development is huge, and inclusive finance is one such measure which if targeted and attained in right manner will provide an apt solution to the severe problems of poverty and unemployment. Providing access to financial services has significant potential to help lift the poor out of the cycle of poverty. Financial inclusion promotes thrift and develops culture of saving and also enables efficient payment mechanism strengthening the resource base of the financial institution which benefits the economy as resources become available for efficient payment mechanism and allocation.

Financial inclusion is new paradigm of economic growth which plays a major role in driving away the poverty. Lack of access to financial services in most of rural areas due to high informative barriers and low awareness, poor functioning and financial history of financial institutions, near absence of insurance and pension service create the need and scope of financial inclusion. Fruits of development have hardly reached to nearly half of Indian population because no access to loan and insurance and this raises most pertinent issue of financial inclusion. Financial inclusion is integral to the inclusive growth process and sustainable development of the country. It is a policy of involving a wider section of population deposit mobilization and credit intermediation.

The term financial inclusion refers to delivery of financial services at an affordable cost in a fair and transparent terms and conditions to vast sections of disadvantages, weaker and low income groups including household enterprise, small medium enterprise and traders. It not only enhances overall financial intensity of agriculture but also help in increasing rural nonfarm activities which lead to development of rural economy and improve economic condition of people. Financial inclusion includes micro credit, branchless banking, no- frills bank accounts, saving products, pension for old age, microfinance, self help group, entrepreneurial credit etc.

Financial inclusion enhances the economy. In the contemporary era of running for economic power and self reliance, it is imperative for any regime to create congenial conditions for individuals, households and private institutions which included the availability of banking services. The availability of banking facilities and strong bank branch network are the major facilitator's of developmental and expansionary activities. A strong and sturdy financial system is a pillar of economic growth, development and progress of an economy.

A financial system, which is inherently strong, functionally diverse and displays efficiency and flexibility, is critical to our national objectives of creating a market-driven, productive and competitive economy. A mature system supports higher levels of investment and promotes growth in the economy with its coverage. The economic agents facilitate in growth and one of the important facilitator is Financial Inclusion.

As per V Leeladhar, financial inclusion means delivery of banking services at an affordable cost to the vast section of disadvantaged and low income groups. United Nations defined the main goals of inclusive finance as access to a range of financial services such s saving, credit, insurance, remittance, and other banking payment services to all bankable households and enterprise at a reasonable cost.

The concept of financial inclusion can be traced back to the year 1904 when co-operative movement took place in India. It gained momentum in 1969 when 14 major commercial banks of the country were nationalized and lead bank scheme was introduced shortly thereafter. Branches were opened in large numbers across the country and even in the areas which were hitherto being neglected. Even after all these measures a sizable portion of the population of the country could not be brought under the fold of banking system. In fact, there is a severe gap in financial access which needs special attention. Studies have proved that lack of inclusion or rather exclusion from the banking system results in a loss of 1% to the GDP. Thus, financial inclusion is not just a socio-political imperative but also an economic one. Realising the gravity of the problem, Reserve Bank of India in its Mid Term Review of Monetary Policy urged the banks to make financial inclusion as one of their prime objectives.

The positive impact of financial inclusion is wide-spread across the globe. Most of the literature on banking sector outreach focus on its effect through cross-country evidence. World Bank has also done a study on this subject for rural India and found that about 40% of households have deposit accounts, 20% have outstanding loans and only 15% have any insurance.

Before we understand financial inclusion we should have knowledge about financial exclusion. Financial exclusion can be described as a situation in which people do not have access to mainstream financial product and services such as banks accounts, credit cards and insurance policies, particularly home insurance, education loan. The effects of financial exclusion can include exclusion from other mainstream services, such as pension or saving schemes, and can also lead to debt and/or cut off from essential utilities.

According to the European Commission, Financial exclusion is: A process whereby people encounter difficulties accessing or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong.

In India, The Report of the financial inclusion in January 2008 by C Rangarajan, Financial exclusion is defined as restricted access to financial services to certain segment of the society. Generally, this large section of the population comprises individuals or family falling into low income groups, which are not able to access even the most basic banking services like bank accounts, credit, insurance, financial advisory services and payment services. So basically, financial exclusion is the situation where certain group of population is excluded or are unable to access low cost an appropriate mainstream financial products and services.

India is one of the fastest growing economies of the world. Despite such a high economic growth our rural population seems to miss the benefits of this growth. At around 350-450 million people or some 70-80 million families, India has the largest absolute number of world's poor as reported in Human Development Report (2006). A major concern nationwide is that rural poor have benefited very little from the fast pace economic growth. As a result of this exclusive growth, the migration of rural poor to urban areas has increased the urban poverty and migration related social problems. Increasing globalization throws tremendous opportunities to grow but this growth will prove to be beneficial to the society if it is all inclusive growth. There has been the widening gap between have and have nots of the society. One of the reasons of this disparity is financial exclusion and this can be bridged through the inclusion of the rural sector of the society in the financial system, that is, financial inclusion.

Financial exclusion can be defined as the divide with an increased range of personal finance options for a segment of high and upper middle income population and a significantly large section of the population lack access to even the most basic banking services. Vast majorities of population living in rural areas of the country have serious issues in accessing formal financial services.

Financial Exclusion can be viewed from two angles viz. supply of financial services and demand of financial services. Supply of financial services means the adequate supply of finance options like loan facilities, credit cards, debit cards, saving accounts, loan facilities in rural areas. Demand for financial services means the acceptability of financial products by the rural poor i.e level of awareness and understanding the advantages of the financial product or it can also be termed as financial literacy. In a country like India with large population, financial exclusion has a geographic dimension as well - inaccessibility, distances, and lack of proper infrastructure hinder financial inclusion. According to Sinha and Subraniam

(2007)as per Census 2001, in India only 36% of the people use some kind of banking services and the Boston Consulting Group Report on financial inclusion in India also affirms that financial exclusion reflects the stark socioeconomic divide that characterizes the emerging markets .

Financial exclusion is the main cause of poverty. Lack of opportunities and access to finance besides financial illiteracy are the main causes of financial exclusion. Financial exclusion is proving to be a major thorn in the path of Indian economic growth. One of the main reasons why the large section of the rural population still remains under below poverty line is lack of opportunities and access to finance besides financial illiteracy.

Thus the essence of financial inclusion is to ensure that a range of appropriate financial services is available to every individual and enable them to understand and access those services. Apart from the regular form of financial intermediation, it may include a basic no frills banking account for making and receiving payments, a savings product suited to the pattern of cash flows of a poor household, money transfer facilities, small loans and overdrafts for productive, personal and other purposes, insurance (life and non-life), etc.

The main reasons for financial exclusion, from the demand side are lack of awareness, low income, poverty and illiteracy; and from the supply side is distance from branch, branch timings, cumbersome documentation and procedures, unsuitable procedural hassles people feel it easier to take money from informal credit sources, but it results in compromised standard of living, higher costs, and increased exposure to unethical and unregulated providers and vulnerability to uninsured risks. Thus financial inclusion does not mean merely opening of saving bank account but signifies creation of awareness about the financial products, education and advice on money management and offering debt counselling etc. by banks. Every society should ensure easy access to public goods. Therefore, banking service being a public good should also be aimed at providing service to the entire population. Broadly, we can say that financial inclusion is a process of providing banking services to the poor at affordable cost, which improves their life.

The financial excluded are the persons who have remained out of the financial track. But the financial inclusion makes the person to get all the advantages of financial system and the services. The consequences of financial exclusion will vary depending on the nature and extent of services denied, it may lead to higher incidence of crime, general decline in investment, difficulties in gaining access to credit or getting credit from in formal sources at exorbitant rates and increased unemployment, etc. The small business may suffer due to loss of access to middle class and higher income consumers, higher case handling costs, delays in remittances of money.

1.1 RATIONALE OF THE STUDY

With this background, the report aims to study the level of financial inclusion in Rourkela; the steel city of Odisha. While the study would cover both urban and rural households, the main focus is the rural areas of the city. The study will help us to understand the reasons behind the financial exclusion and highlight some important factors for this state of affair, with a view to identify the barriers. Some remedial measures are also suggested.

The process of financial inclusion will not be possible without the contribution of banks therefore this report critically highlights the initiatives taken by the Banks in financial inclusion, on the basis of the objective data derived from the RBI’s reports. This study stresses the need of matured, positive attitude and approach and sound strategy to achieve complete financial inclusion. This report also looks at some of the business models and essential elements of profitable models for financial inclusion so as to increase the meaningful and whole hearted participation of the banks in achieving complete financial inclusion.

1.2 INDUSTRY PROFILE

In India, the focus of the financial inclusion at present is confined to ensuring a bare minimum access to a savings bank account without frills, to all. Out of 19.9 crore households in India, only 6.82 crore households have access to banking services. As far as rural areas are concerned, out of 13.83 crore rural households in India, only 4.16 crore rural households have access to basic banking services. In respect of urban areas, only 49.52% of urban households have access to banking services. Over 41% of adult population in India does not have bank account.

The Reserve Bank of India (RBI) set up the Khan Commission in 2004 to look into financial inclusion and the recommendations of the commission were incorporated into the mid-term review of the policy (2005–06).

In India, financial inclusion first featured in 2005, when it was introduced by K.C. Chakraborthy, the chairman of Indian Bank. Mangalam became the first village in India where all households were provided banking facilities.

In January 2006, the Reserve Bank permitted commercial banks to make use of the services of non-governmental organizations (NGOs/SHGs), micro-finance institutions, and other civil society organizations as intermediaries for providing financial and banking services. These intermediaries could be used as business facilitators or business correspondents by commercial banks.

The Reserve bank asked the commercial banks in different regions to start a 100% financial inclusion campaign on a pilot basis. As a result of the campaign, states or union territories like Pondicherry, Himachal Pradesh and Kerala announced 100% financial inclusion in all their districts.

Reserve Bank of India has planned Aadhaar-linked bank accounts for all adults of India by January 2016 to meet its commitment on financial inclusion. It will greatly transform India by preventing the poor people falling into debt-traps of unlawful money-lenders, cashless transactions, elimination of poverty and corruption.

Reserve Bank of India’s vision for 2020 is to open nearly 600 million new customers' accounts and service them through a variety of channels by leveraging on IT. However, illiteracy and the low income savings and lack of bank branches in rural areas continue to be a roadblock to financial inclusion in many states and there is inadequate legal and financial structure.

The RBI recently came up with a State-wise Index of Financial Inclusion. In an Index of Financial Inclusion, India has been ranked 50 out of 100 countries. At present, only 34% of the India’s population has access to basic banking services.

The latest National Sample Survey Organization survey reports that there are over 80 million poor people living in the cities and towns of India and they lack access to the most basic banking services.

MAJOR MILESTONES IN FINANCIAL INCLUSION IN INDIA

1969 Nationalization of Banks

1971 Establishment of Priority sector Lending Banks

1975 Establishment of Regional Rural Banks

1982 Establishment of NABARD

1992 Launching of the Self Help Group Bank Linkage Programme

1998 NABARD sets a goal for linkage one million SHG by 2008

2000 Establishment of SIDBI foundation for microcredit

2005 One million SHF linkage target achieved three years ahead of date 2006 committee on financial inclusion

2007 Proposed bill on Micro Finance Regulation introduced in Parliament

2008 Committee submitted its final report on Financial Inclusion to Union Finance Minister in January

Inclusive growth as a strategy of economic development has received renewed attention in recent years owing to rising concerns that the benefits of economic growth have not been equitably shared. Growth is inclusive when there is equality of economic opportunities. Financial inclusion makes growth broad based and sustainable by progressively encompassing the hitherto excluded population. Financial inclusion is no longer a policy choice but a policy compulsion (RBI, 2011b). Empirical evidence shows that countries with large proportion of population excluded from the formal financial system also show higher poverty ratios and higher inequality. The inclusive growth country analytics has a distinct character focusing on the pace and pattern of growth. Rapid pace of growth is unquestionably necessary for substantial poverty reduction, but for this growth to be sustainable in the long run, it should be broad-based across sectors, and include a large part of the country's labour force. This analytics of inclusive growth implies a direct link between the macro and micro determinants of growth. Some of the important factors determining the level of financial inclusion in a country are per capita GDP, income inequality, adult literacy and urbanization. Further, physical and electronic connectivity and information availability such as telephone and internet usage also play positive role in enhancing financial inclusion.

DIMENSIONS OF FINANCIAL INCLUSION

The level of financial inclusion in India can be measured based on three tangible and critical dimensions. These dimensions can be broadly discussed under the following heads:

I. BRANCH PENETRATION

Penetration of a bank branch is measured as number of bank branches per one lakh population. This refers to the penetration of commercial bank branches and ATMs for the provision of maximum formal financial services to the rural population.

II. CREDIT PENETRATION

Credit Penetration takes the average of the three measures: number of loan accounts per one lakh population, number of small borrower loan accounts per one lakh population and number of agriculture advances per one lakh population.

III. DEPOSIT PENETRATION

Deposit penetration can be measured as the number of saving deposit accounts per one lakh population. With the help of this measure, the extent of the usage of formal credit system can be analysed.

Among the three dimensions of financial inclusion, credit penetration is the key problem in the country as the all India average ranks the lowest for credit penetration compared to the other two dimensions. Such low penetration of credit is the result of lack of access to credit among the rural households. Therefore, the problem of low penetration needs to be understood more deeply. An attempt has been made to study the problem by examining the progress of financial inclusion over the years and efforts made by the government for reducing the low penetration of credit.

The progress in the development of financial inclusion in India can be examined by understanding the stages involved in it. The concept of examining financial access became important immediately after the All-India Rural Credit Survey that was completed in the 1950s. The results of the survey revealed that farmers relied heavily on money-lenders in the year 1951-52. Only the urban areas had large number of bank branches compared to rural areas. Such a condition continued in the country until RBI started financial inclusion growth model in the 2000s. Because the urban areas were fully concentrated with numerous bank branches, this resulted in the higher absorption of bank credit in the urban areas.

Financial inclusion is based on the principle of equity and inclusive growth. It 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 in a fair and transparent manner by mainstream institutional players. The strategies for financial inclusion includes-

- Refine existing credit delivery systems.
- Strengthen credit absorption capacities.
- New models for effective outreach.
- Leverage ICT and technology based solutions.

The objectives of financial inclusion encompass all of the factors mentioned below (as per RBI): A basic no-frills banking account for making /receiving payments.

- Saving product suited to the pattern of cash flows of poor households.
- Simple credit products, overdrafts linked with no-frill accounts, KCC, GCC, etc.3
- Remittance – money transfer facilities.
- Micro insurance (life and non-life).
- Micro pension.
- Credit and financial education / literacy integral to the process of building basic financial skills.

1.3 INDUSTRY SIZE

No of Accounts opened under PMJDY as on 28.02.2015 (Summary)

	Rural	Urban	No Of Accounts	No Of Rupay Debit Card	Balance In Accounts (In Lacs)	No of accounts with zero balance
Public Sector Bank	58005517	49292126	07297643	100092148	993720.98	66368364
Rural Regional Bank	20226665	3577226	23803891	16678823	196174.44	16308625
Private Banks	3417045	2285316	5702361	5117247	79492.07	3239985
Grand Total	81649227	55154668	136803895	121888218	269387.50	85916974

(A) PUBLIC SECTOR BANKS

Name of Bank	Rural	Urban	No Of Accounts	No Of Rupay Debit Card	Balance In Accounts (In Lacs)	No Of Accounts With Zero Balance
Allahabad Bank	1821406	752956	2574362	2519455	8621.66	1799346
Andhra Bank	1139484	665156	1804640	1793785	8238.72	1199404
Bank of Baroda	3046993	4268916	7315909	7116143	80349.00	3621179
Bank Of India	2678743	3760662	6439405	6257117	35299.00	4084222

Bank of Maharastra	1208765	562254	1771019	1722210	16783.15	1138917
Bhartiya Mahila Bank	0	60253	60253	60245	660.08	20237
Canara Bank	4174167	1983105	6157272	6157272	72626.25	2402367
Central bank of India	4260496	1234325	5494821	4833685	25421.74	3742885
Corporation Bank	994043	1013229	2007272	1900002	33423.81	679605
Dena Bank	1670232	823690	2493922	2415684	16806.00	1601299
IDBI	472918	424207	897125	868064	3272.07	653395
Indian bank	1597579	923637	2521216	2456693	14313.97	1488096
Indian Overseas Bank	986836	1924528	2911364	2808353	18933.49	1471836
Oriental Bank of Commerce	1318772	929560	2248332	2206617	107142.67	768906
Punjab & Sind Bank	796811	423769	1220580	1171618	46001.35	577266
Punjab National Bank	6466703	1526204	7992907	7306410	77711.95	5936104
State Bank of Bikaner and Jaipur	1044076	1279250	2323326	2000226	53144.48	1212258
State Bank of Hyderabad	892246	1630953	2523199	2493181	12411.13	1756176
State Bank of India	12146182	17588227	29734409	26589267	104534.00	22025341
State Bank of Mysore	591256	201428	792684	747066	3303.18	498317

State Bank of Patiala	389806	726676	1116482	1070678	23251.00	777561
State Bank of Travancore	36269	297384	333653	279108	10429.00	158609
Syndicate Bank	2229157	1138552	3367709	3178904	38459.45	2064376
Uco Bank	2036022	2130771	4166793	3749493	50290.18	2035002
Union Bank Of India	3278764	1030088	4308852	4166263	27880.00	2764768
United Bank Of India	2019162	1505566	3524728	3029923	99264.79	1196402
Vijaya Bank	708629	486780	1195409	1194686	5148.86	694490
Sub Total	**58005517**	**49292126**	**107297643**	**100092148**	**993720.98**	**66368364**

(B) Regional Rural Bank

Name of Bank	**Rural**	**Urban**	**No Of Accounts**	**No Of Rupay Debit Card**	**Balance In Accounts (In Lacs)**	**No Of Accounts With Zero Balance**
Allahabad Bank	532404	113275	645679	628674	1964.12	501615
Andhra Bank	127069	9513	136582	132870	635.14	84736
Bank of Baroda	1592163	486720	2078883	1926972	15406.00	1561837
Bank Of India	1422531	425220	1847751	1795823	2094.00	1426851
Bank of Maharashtra	381865	68491	450356	450356	3354.00	393616

Canara Bank	460089	315804	775893	775626	13698.73	269867
Central bank of India	2437485	445001	2882486	2625434	31605.51	2172685
Dena Bank	174647	9609	184256	170961	2318.00	134253
Indian bank	297203	39235	336438	150348	1648.29	231213
Indian Overseas Bank	554924	9135	564059	119913	4780.49	266294

Source: PMJDY website

1.4 GOVERNMENT SUPPORT AND POLICIES

In India, various measures taken by banks, GOI and RBI for financial inclusion plan. There are many approaches such as:

PRODUCT BASED APPROACH:

Reserve bank of India has been proactive, liberal and supportive while making policies so as to enable financial institutions to come up with innovative products for enabling a common man to get the benefit of the financial inclusion plan. Some products developed for fulfilment of this approach have been mentioned in this paper.

i. No- Frills Account (NFAs):- This concept was introduced by RBI in November 2005 to provide access to basic baking services by financially excluded peoples. Under this approach banks open accounts with zero balance or very minimum balance requirement for the under-privileged. In 2012, the banks under RBI guidelines came-up with a better version of the no-frill accounts where they would open Basic Savings Bank Deposit Accounts (BSBDAs) for all individuals with the facility of debit card, cheque book, internet banking, overdraft limits at minimal charges. However, the number of transactions could be restricted so as to prevent misuse of such accounts.

ii. Kisan Credit cards (KCCs):- Under this scheme banks issue smart cards to the farmers for providing timely and adequate credit support from single window banking system for their farming needs. During 2012-13 (up to December 2012), public and private sector banks issued 1.2 million smart cards as KCCs.

iii. General Purpose Credit Cards (GCC) :- In 2005 Reserve bank of India, issue guidelines to banks that to provide General Purpose Credit Card (GCC) which facilitate credit up to Rs.25000/- without any collateral requirement for rural and semi urban people based on assessment of household cash flows. Now as per the revised guidelines in Dec. 2013 under this approach bank also fulfill Non- farm entrepreneurial credit requirement of individuals (e.g. Artisan Credit card, Laghu Udyami Card, Swarojgar Credit Card, Weaver□s Card etc) There will be no ceiling on the loan amount as long as the loan is for the purpose of non-farm entrepreneurial activity and is otherwise eligible for classification as priority sector. Security norms will be applicable as per Reserve Bank guidelines on collateral free lending for micro and small units issued from time to time.

iv. Saving account with Overdraft facility: **-** Banks have been advised to provide overdraft (OD) facility in saving account and also Small Overdrafts in No-frills accounts. The setting up of the limit for the same would be done by banks considering the transaction in the account. This would help the customer to get easy access to the credit at lower rates.

BANK LED APPROACH:

i. Self Help Group **-** Bank Led Initiative (SLBP):- The SLBP or Self Help Group – Bank Linkage Program has been the major institutional based innovation in India for enabling access and covering the gap of reaching financially excluded population of the country in the last two decades. In this model, the banks involve themselves with a group of local people with the idea of enabling them to pool up their savings. The same is deposited with the bank against which the bank also provides a certain amount of credit facility. The group takes a decision to whether to lend to any member of the group. The bank provides the framework, accounting services and support to the group to manage their deposits and lending. Thus the model has an approach of savings first, lending later. The banks do not have a risk in such lending as the borrower's reputation and peer pressure in the group would reduce the risk of bad loans considerably. However, The model has some issues that affect the program

a. Inadequate outreach in many regions.

b. Delays in opening of SHG accounts and disbursement of loans.

c. Impounding of savings by banks as collateral.

d. Non-approval of repeat loans by banks even when the first loan was repaid.

e. Multiple memberships.

f. Borrowings by SHG members within and outside SHGs.

g. Adverse consequences of unhealthy competition between NGO promoted SHGs.

h. Government promoted/subsidy oriented SHGs and limited banker interface.

i. Monitoring of the SHGs.

While the basics of the SHGs being savings led credit product remain true even today, recent developments have given rise to the need for relook in the approach and design of this fairly successful model leading to SHG - 2.

The basic features of SHG - 2 are

a. Voluntary savings apart from compulsory savings

b. Allowing the sanction of a cash credit / overdraft system of lending for SHGs for a longer operational tenure, and

c. Graduating selected members of the group that have entrepreneurship potential into a joint liability groups for borrowing larger amounts.

ii. Business Facilitators (BFs)/Business Correspondents (BCs):- The BC/BF model is a model which based on information and communication technology (ICT). In this model the intermediaries or BC/BFs are technologically empowered by the banks to provide the last mile delivery of financial products and services. Initially created by the banks themselves and later with improvisations and RBI policy support, the model on the back of innovative technologies is bridging the connectivity gap between the service seekers, i.e., under-served public, and the service providers, i.e., the banks. However, a number of issues both for the partner banks and also for the regulators have surfaced since the start of this model. Some of them being

a. Profitability of the BFs/BCs

b. Banks and their BFs/BCs are exposed to huge risk of cash management

c. The training and hand-holding of the BFs/BCs to enhance the trust level of the end customers

d. Adoption of technology

e. Compatibility and integration of technology used by the banks and their BFs/BCs.

Based on above facts, the banks have started coming up with the concept of ultra small branches to provide support and supervise work of certain number of BFs/BCs. Also banks could have in-house model where BF/BC outfits could be a subsidiary with its own structure but under closer supervisory control.

REGULATORY APPROACH:

i. Simplified KYC Norms: - Under current KYC norms, a customer has to provide number of documents for opening an account as per RBI guidelines. However, the people living in rural areas face problem in fulfilling these norms. To enable banks to tap in this huge opportunity of rural banking in unbanked areas and to meet the objective of financial inclusion, RBI has relaxed a number of norms for accounts opened by people who plan to keep balances not exceeding Rs.50, 000 and whose total credit in all the accounts taken together is not expected to exceed Rs.100, 000 in a year. Small accounts can now be opened on the basis of an introduction from another account holder who has satisfied all the KYC norms.

ii. Simplified bank saving account opening: - The account opening form has been simplified to ease the opening of account by the poorer sections, street hawkers and other migratory labours of the society.

iii. Bank branch authorization: - RBI has permitted banks to open branches without taking authorization, thus deviating from its normal norms, in tier 3 to 6 city, towns, or villages. This would enable the government, regulator and the banks to speed up the drive for financial inclusion and this make available the financial services to the unbanked population of the country.

TECHNOLOGY BASED APPROACH:

i. Mobile Banking :- One of the most remarkable developments in terms of innovation in order to harness the full power of technology, the banks have tied up with mobile operators to provide financial services like bill and utility payment, fund transfer, ticket booking, shopping etc. Some examples of this model are m-Pesa by Vodafone and Airtel Money.

ii. Kiosk / ATM based banking: - In some states, the state government has taken initiatives for providing kiosk based model for access to financial services. Also banks have used the technology to enable their ATMs to virtually act like a 24x7 branches.

iii. Branchless Banking: - Some of the leading banks have come up with this concept where there would be an online system with chat facility assisting the person to make use of various electronic machines for depositing and withdrawing cash and cheques. However this initiative is in a very initial stage and has a limitation in terms of initial Cost for banks and literacy / knowledge for the rural population and hence this concept is currently limited to urban and semi-urban areas.

iv. Aadhaar Enabled payment services:- In this system, any Indian citizen having an Aadhaar number updates his account with the same. All accounts having Aadhaar number updated are to be reported to RBI, which in turn reports it to various government departments. While making payments to people for working under initiatives like MGNREGA or various subsidy schemes, the departments use this information for directly crediting the money to the beneficiary’s account. This not only reduces the delay in the benefits being received by the end user, but also reduces the chances of corruption in the distribution of the benefits under schemes. Also the unique biometric identification data stored in the Aadhaar database is expected to empower a bank customer to use Aadhaar as his/her identity to access various financial services. A pilot scheme in four districts of Jharkhand state is currently being carried out under which MGNREGA wages to labourers are credited to their Aadhaar enabled bank accounts.

KNOWLEDGE BASED APPROACHES

Financial education, financial inclusion and financial stability are three elements of an integral strategy to empower people to make effective use of the financial services network. While financial inclusion works from supply side, financial education feeds the demand side by promoting awareness among the people regarding the needs and benefits of financial services offered by banks and other institutions. These two strategies together promote greater financial stability.

Financial Stability Development Council (FSDC) has explicit mandate to focus on financial inclusion and financial literacy simultaneously.

ii. RBI had issued guidelines on the financial literacy Centres (FLC) on in June 2012 for setting up FLCs. It was advised that the rural branches of scheduled commercial banks should increase efforts through conduct of outdoor Financial Literacy Camps at least once a month. Accordingly, 718 FLCs had been set up as at end of March 2013. A total of 2.2 million people had been educated through awareness camps / choupals, seminars and lectures during April 2012 to March 2013.

GOVERNMENTS INITIATIVES

The government has taken various initiatives indirectly through the regulators, government promoted schemes through its various ministries. Some such initiatives have been listed below.

i. Induction of SHG-2:- The original SHG as initialized by NABARD had certain limitations. This led to NABARD preparing a strategy to revitalize the SHG movement leading with the induction of SHG-2 model.

ii. Women SHGs Development Fund: - The Union Budget 2011-2012 proposed a “Women’s SHG’s Development Fund” with a corpus of Rs. 500 crore. The GoI created this fund to empower women and promote their SHGs. The responsibility of managing the fund is of NABARD. It managed the same through two of its major microfinance funds, namely Financial Inclusion Fund (FIF) and the Financial Inclusion Technology Fund (FITF).

iii. Swarnjayanti Gram Swarozgar Yojana (SGSY):- It is a centrally sponsored scheme that follows the mechanism of forming SHGs of rural poor households, providing capacity building training and linking groups to banks. SGSY is primarily designed to promote self-employment oriented income generating activities for the Below Poverty Level (BPL) households in rural areas.

iv. National Rural Livelihood Mission (NRLM):- Established in June 2010 by the Ministry of Rural Development (MoRD), GoI. It is based on the success of Indira Kranti Patham (IKP), a poverty alleviation program being implemented in Andhra Pradesh. The key strategies of NRLM are to

a. Implement the program with greater emphasis on federations of SHGs

b. Provide flexibilities to states for designing specific action plans for poverty alleviation,

c. Introduce interest subsidy for encouraging repayments of loans and provide multiple doses of credit

d. Improve training and capacity building efforts by setting up skill training institutes in each district

e. Facilitate market linkages and

f. Improve monitoring and evaluation process.

v. The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS):- This scheme aims to enhance the livelihood of the rural people by guaranteeing at least one hundred days of wage employment in a financial year to a rural household whose adult members volunteer to do unskilled manual work. As the payments are made through the bank/post office accounts, in 2010-11, nearly 10 crore bank/post office accounts have been opened.

vi. Aadhaar- Unique Identification Authority of India (UIDAI):- The GoI has embarked an initiative to provide an individual identification number to every citizen of India and in 2009; it established the UIDAI to issue these cards on behalf of the GoI. This number provided by UIDAI will serve as a proof of identity and address, anywhere in India. The Aadhaar number will also enable people to have access to services such as banking, mobile phone connections and other government and non-government services in due course. In addition, the UIDAI has introduced a system in which the unbanked population will be able to open an account during enrolment with Aadhaar without going to a bank. The individual will be able to access such bank accounts through a micro-ATM network with large geographic reach.

PRADHAN MANTRI JAN DHAN YOJANA is a scheme for comprehensive financial inclusion launched by the Prime Minister of India, Narendra Modi on 28 August 2014. He had announced this scheme on his first Independence Day speech on 15 August 2014. Run by Department of Financial Services, Ministry of Finance, on the inauguration day, 1.5 Crore (15 million) bank accounts were opened under this scheme. By 28 January 2015, 12.58 crore accounts were opened, with around ₹10590 crore (US$1.7 billion) were deposited under the scheme, which also has an option for opening new bank accounts with zero balance.

The scheme has been started with a target to provide 'universal access to banking facilities' starting with "Basic Banking Accounts" with overdraft facility of Rs.5000 after six months and RuPay. Debit card with inbuilt accident insurance cover of Rs. 1 lakh and RuPay Kisan Card. In next phase, micro insurance & pension etc. will also be added.

Under the scheme:

1. Account holders will be provided zero-balance bank account with RuPay debit card, in addition to accidental insurance cover of Rs 1 lakh (to be given by 'HDFC Ergo').

2. Those who open accounts by January 26, 2015 over and above the 1 lakh □ accident, they will be given life insurance cover of □ 30,000(to be given by LIC).

3. After Six months of opening of the bank account, holders can avail 5,000 □ overdrafts from the bank.

4. With the introduction of new technology introduced by National Payments Corporation of India (NPCI), a person can transfer funds, check balance through a normal phone which was earlier limited only to smart phones so far.

5. Mobile banking for the poor would be available through National Unified USSD Platform (NUUP) for which all banks and mobile companies have come together.

Due to the preparations done in the run-up, as mentioned above, on the inauguration day, 1.5 Crore (15 million) bank accounts were opened. The Prime Minister said on this occasion- "Let us celebrate today as the day of financial freedom." By September 2014, 3.02 crore accounts were opened under the scheme, amongst Public sector banks, SBI had opened 30 lakh (3 million) accounts, followed by Punjab National Bank with 20.24 lakh (2 million) accounts, Canara Bank 16.21 lakh (1.62 million) accounts, Central Bank of India 15.98 lakh (1.59 million) accounts and Bank of Baroda with 14.22 lakh (1.42 million) accounts. It was

reported that total of 7 Crore (70 million) bank accounts have been opened with deposits totaling more than 5000 crore Rupees (approx 1 billion USD) as of November 6, 2014. As the government met the target, Union Finance Minister Arun Jaitley has revised the target for opening of bank accounts under the Pradhan Mantri Jan Dhan Yojana (PMJDY), the ambitious financial inclusion scheme launched by the government, from 7.5 crore to 10 crore by January 26, 2015. On 20th January 2015, the scheme entered into Guinness book of world records setting new record for 'The most bank accounts opened in one week'.
Objective of **"Pradhan Mantri Jan-Dhan Yojana (PMJDY)"** is ensuring access to various financial services like availability of basic savings bank account, access to need based credit, remittances facility, insurance and pension to the excluded sections i.e. weaker sections & low income groups. This deep penetration at affordable cost is possible only with effective use of technology.

PMJDY is a National Mission on Financial Inclusion encompassing an integrated approach to bring about comprehensive financial inclusion of all the households in the country. The plan envisages universal access to banking facilities with at least one basic banking account for every household, financial literacy, access to credit, insurance and pension facility. In addition, the beneficiaries would get RuPay Debit card having inbuilt accident insurance covers of Rs. 1 lakh. The plan also envisages channelling all Government benefits (from Centre / State / Local Body) to the beneficiaries accounts and pushing the Direct Benefits Transfer (DBT) scheme of the Union Government. The technological issues like poor connectivity, on-line transactions will be addressed. Mobile transactions through telecom operators and their established centres as Cash Out Points are also planned to be used for Financial Inclusion under the Scheme. Also an effort is being made to reach out to the youth of this country to participate in this Mission Mode Programme.

Pradhan Mantri Jan - Dhan Yojana (Accounts Opened As on 12.01.2015)

Disclaimer: Information is based upon the data as submitted by different banks/SLBCs

S.No		No Of Accounts (In Lacs)			No Of Rupay Debit Cards (In Lacs)	Balance In Accounts (In Lacs)	No Of Accounts With Zero Balance (In Lacs)
		Rural	Urban	Total			
1	Public Sector Banks	479.58	405.18	884.76	801.9	687477.33	635.9
2	Regional Rural Banks	167.02	29.56	196.58	111.97	137598.95	147.95
3	Private Banks	18.66	16.42	35.08	26.88	50932.99	23.12
	Total	**665.26**	**451.16**	**1116.42**	**940.75**	**876009.27**	**806.97**

Source:PMJDY website

PRODUCT PROFILE

Financial products and services provided to the people through financial inclusion are:

- Service facility
- Overdraft facility
- Payment and remittance services
- Low cost financial services
- Cheque facility
- All kinds of commercial loan
- Electronic fund transfer
- Credit and Debit Cards access
- Access to financial markets
- Financial advice
- Insurance (Medical insurance)
- Micro credit during emergency
- Entrepreneurial credit

In order to ensure that all the financial needs of the customers are met, banks are advised banks to offer a minimum of four basic products, viz.

- A savings cum overdraft account
- A pure savings account, ideally a recurring or variable recurring deposit
- A remittance product to facilitate EBT and other remittances, and
- Entrepreneurial credit products like a General Purpose Credit Card (GCC) or a Kisan Credit Card (KCC)

REVIEW OF LITERATURE

The growth and extension of rural credit displaced village moneylenders to a significant extent **(Bell, 1990)** and led to modest increases in aggregate crop output, sharp increases in the use of fertilizers and in investments in physical capital like tractors, pump sets and animal stocks. **Banerjee and Newman (1993)** in their study *"Occupational choice and the process of development"* have observed that a critical factor that enables people to exit poverty by enhancing productivity is access to finance. **Binswanger and Khandker (1995)** in their study *"The impact of formal finance on the rural economy of India"* have established that Indian Rural expansion programme significantly lowered rural poverty and significantly increased non-agricultural employment. Evidences from Binswanger and **Khandker (1995)** and **Pande and Burgess (2003)** suggest that Indian rural branch expansion program significantly lowered rural poverty, and increased non-agricultural employment. **Levine, (1998) and Beck, Demirguc-Kunt and Levine (2007)** have noticed a positive effect of finance on poverty reduction. Economies with higher levels of financial development experience faster reduction of poverty. **Eastwood and Kohli (1999)** used firm level data and find that the branch expansion program and directed lending program enhanced small scale industrial output. Hence an indirect impact of availability and accessibility of finance on poverty reduction is confirmed through these studies. According to **Khan (2011),** financial inclusion, especially when viewed in the context of overall economic inclusion has the ability to improve the financial status and standards of living of the poor and the vulnerable class of the society. Financial inclusion usually refers to the delivery of banking services at an affordable cost to the vast sections of the disadvantaged and low income groups **(V.Leeladhar 2005).Dev (2006)** cites that the source of loan obtained by farm households can be considered examining the extent of financial inclusion. Farm households obtain loans either from formal sources or informal sources or sometimes both.

Beck et al., (2007), Sinclair (2001) have attempted to measure financial inclusion using data on basic banking services, long-term savings and financial literacy. The **Rangarajan Committee (2008)** has defined Financial Inclusion as -"Financial Inclusion is 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."**Honohan (2008)** has attempted to combine survey based information and secondary data on the number of bank accounts to compute financial inclusion for 160 countries.**Das Prasun Kumar (2010, June)**, said that the objective of financial inclusion is to extend the scope of activities of the organized financial system to include within its ambit people with low income and the unreachable through the formal financial system to make them partner of economic growth of the country.**Dr K.C. Chakrabarty, (2011)** gives another wide definition, Which defines financial inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular at an affordable cost in a fair and transparent manner by mainstream institutional players. Studies on measuring financial inclusion in India are limited. RBI (2012) Few Indian researchers, **Sarma (2012)** have measured inclusion for India using banking statistics data and population census data for 2004 to 2010.

OBJECTIVES AND SCOPE

4.1 OBJECTIVES OF THE PROJECT

- To find out level of financial inclusion in Rourkela.
- To know the strategies adopted by RBI for strengthening financial inclusion.

4.2 SCOPE OF THE PROJECT

- The study was undertaken in the Rourkela City.
- The scope of data collection contains people from different groups of households which include Agricultural Farmers, Artisans, Labourers, and Self Employed etc.

4.3 HYPOTHESES TO BE TESTED

- During the course of the study the hypotheses tested is as follows:
  H1: Financial Inclusion significantly impacts the poverty ratio in a multi-factor setting.

RESEARCH METHODOLOGY

5.1 OBJECTIVES

- To find out level of financial inclusion in Rourkela.
- To know the strategies adopted by RBI for strengthening financial inclusion.

5.2 TYPE OF RESEARCH

A research design is the specification of methods and procedures for acquiring the needed information. Design adopted here is descriptive. It basically seeks to extract information about financial inclusion from occupational segments.

5.3 SAMPLING

An integral component of research design is the sampling plan. Especially it addresses three questions: who to survey (sample unit) how many to survey (sample size) and how to select them (sampling procedure). Making the census study of the entire universe will be impossible on the account of limitations of time and money. Hence sampling procedures represent data of the entire population.

5.3.1 SAMPLE UNIVERSE

The sample universe is Rourkela.

5.3.2 SAMPLE SIZE

The size of sample is 200 respondents.

5.3.2 SAMPLE UNIT

Occupational Segments of different households

5.3.3. SAMPLING METHOD

Random sampling was used here because the study is not restricted to one industry. Occupational segments work in almost all the industries.

5.4 DATA COLLECTION TECHNIQUES/ TOOLS

Questionnaire was used as a tool for the collection of data, mainly because it gives the chance for timely feedback from respondents. Moreover respondents feel free to disclose all necessary detail while filling up a questionnaire.

5.5 ANALYSIS TECHNIQUES – STATISTICAL TOOLS AND TECHNIQUES USED.

Descriptive statistics- Bar graphs interpretation by analysing the questionnaire.

Linear Regression using IBM SPSS Statistics 20

5.6 LIMITATIONS

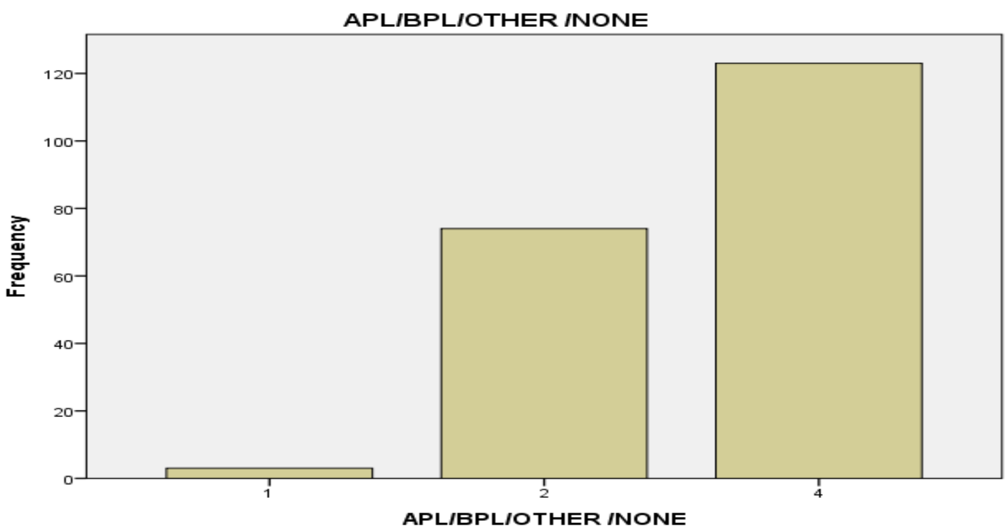
- The study was undertaken in Rourkela consisting of samples from various households. Although we believe the assumptions to be reasonable, it deserves further examination. In addition, this study was not designed to be a representative survey, and its findings cannot be generalized.
- The study is limited to only to Rourkela and cannot be used to make an inference for the whole state of Odisha.
- The constraint is the time duration.
- Although utmost care was taken in picking the samples from various households but a sample size of 200 is also a constraint in defining the level of financial inclusion in the whole city of Rourkela.

DATA ANALYSIS AND INTERPRETATION

DESCRIPTIVE STATISTICS FROM QUESTIONNAIRE

CATEGORY		Frequency	Percent
Valid	1(APL)	3	1.5
	2(BPL)	74	36.8
	4(OTHERS)	123	61.2
	Total	200	99.5
Missing	System	1	.5
Total		201	100.0

TABLE1: CATEGORY OF RESPONDENTS



GRAPH 1: RESPONDENTS CATEGORY

ANALYSIS:

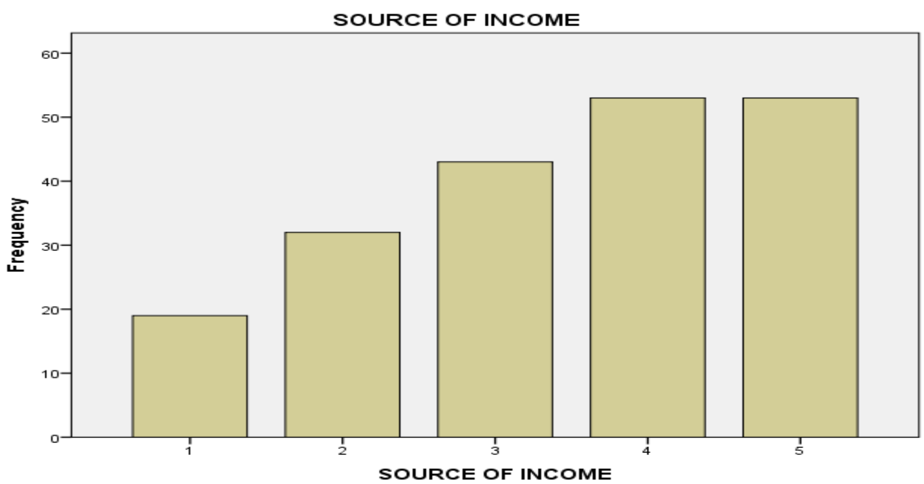
From the above graph it is observed that 74 and 123 of the total respondents belong to BPL and others or none category respectively.

INFERENCE:

From the analysis 36.8 percent and 61.2 percent of the total respondents belong to BPL and others (or, none) category respectively.

Source of Income		Frequency	Percent
Valid	1(Farmer)	19	9.5
	2(Artisan)	32	15.9
	3(Labourer)	43	21.4
	4(self-employed)	53	26.4
	5(others)	53	26.4
	Total	200	99.5
Missing	System	1	.5
Total		201	100.0

TABLE 2:SOURCE OF INCOME



GRAPH 2: SOURCE OF INCOME

ANALYSIS:

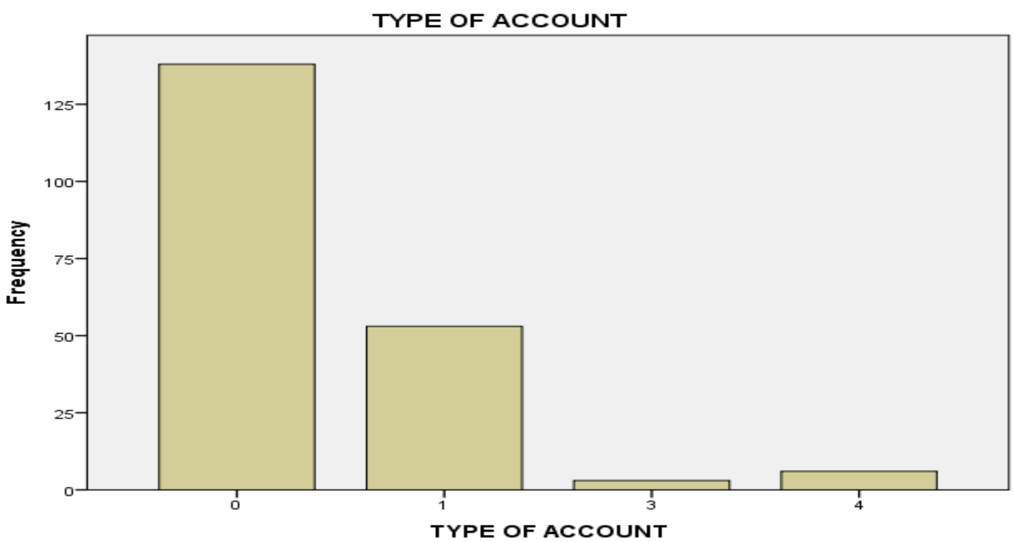
From the above graph it is observed that 19,32,43,53 and 53 of the total respondents are Farmers, artisan, labourer, Self-employed and others (which includes unemployed and the sail employees)

INFERENCE:

From the analysis it is seen that maximum number of respondents derive their source of income others (rsp employees and unemployed), self-employed and Labourers

Type of Account		Frequency	Percent
	0(No acct.)	138	68.7
	1(General bank acct.)	53	26.4
Valid	3(RD acct.)	3	1.5
	4(No frills acct.)	6	3.0
	Total	200	99.5
Missing	System	1	.5
Total		201	100.0

TABLE 3: TYPE OF ACCOUNT



GRAPH 3: TYPE OF ACCOUNT

ANALYSIS:

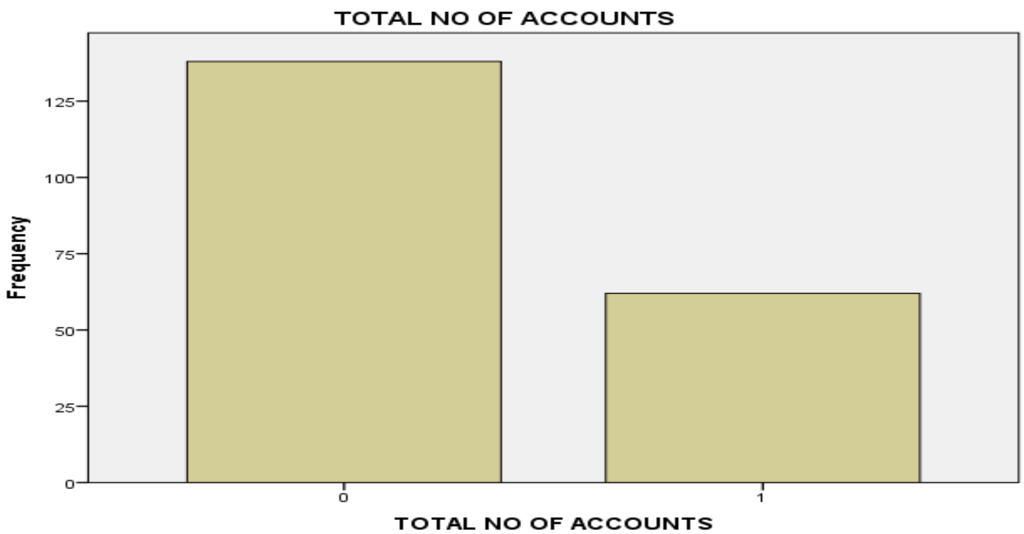
From the above graph it is seen that that 138 respondents do not have any account. Whereas only 53 out of 200 have general bank account followed by RD acct. Holders and zero balance account holders.

INFERENCE:

From the analysis it is seen that 68.7 percent of the total samples are not financially included. Whereas only 31.2 percent are availing the services of financial inclusion.

No. of accounts		Frequency	Percent
	0	138	68.7
Valid	1	62	30.8
	Total	200	99.5
Missing	System	1	.5
Total		201	100.0

TABLE 4: FREQUENCY OF ACCOUNTS



GRAPH 4: FREQUENCY OF ACCOUNTS

ANALYSIS:

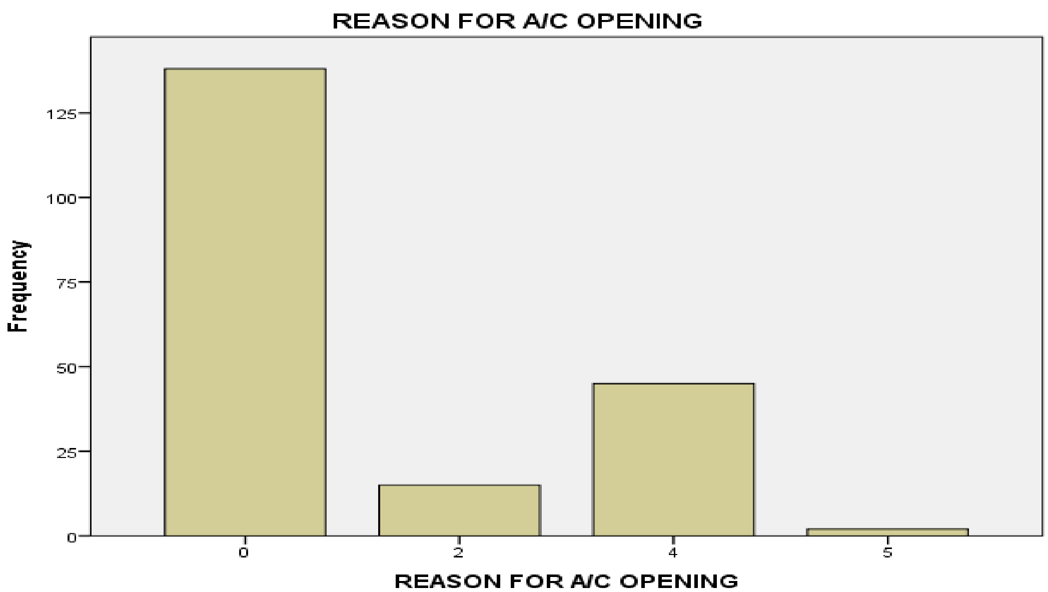
From the table it is observed that 138 of the total respondents do not have a bank account, the rest 62 have only one account.

INFERENCE:

From the analysis it is seen that 68.7 percent have no bank accounts. while only 30.2 percent have only one account.

Reason for account opening		Frequency	Percent
	0(No acct.)	138	68.7
	2(Govt. Benefits)	15	7.5
Valid	4(Salary acct.)	45	22.4
	5(Loan from Bank)	2	1.0
	Total	200	99.5
Missing	System	1	.5
Total		201	100.0

TABLE 5: REASON FOR ACCOUNT OPENING



ANALYSIS:

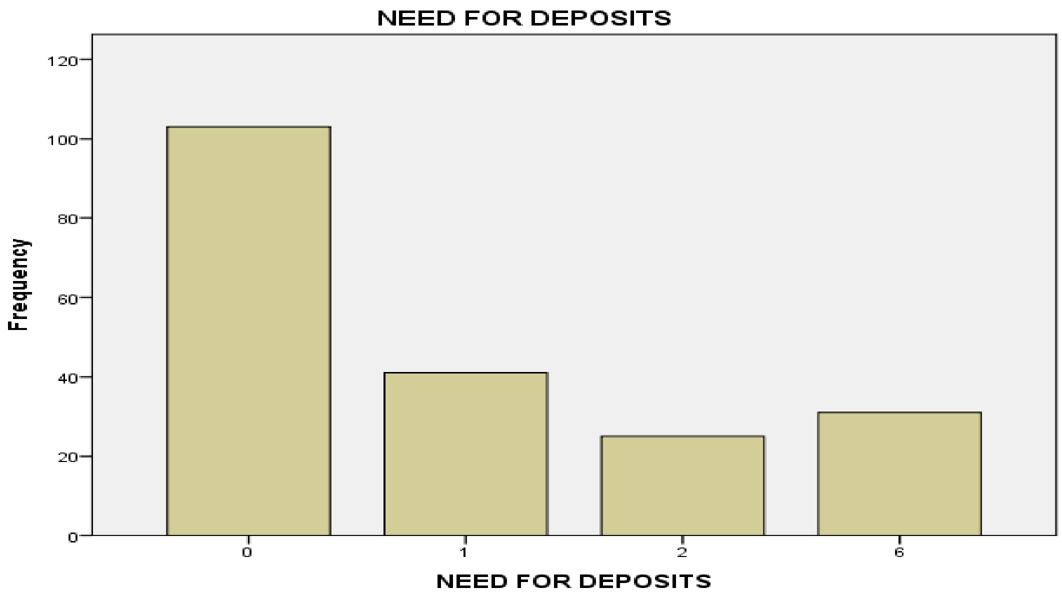
From the table it can be seen that 138 do not have any account. In the contrary 15, 45 and 2 are the numbers who have account opened for Govt. Benefits, salary account and loan from bank respectively.

INFERENCE:

From the analysis it is observed that 7.5 percent have opened bank account to avail government benefits, 22.4 percent have opened their bank account to keep the money as a saving and just 1 percent have opened account to avail the loan services from bank.

Need for Deposits		Frequency	Percent
	0(Not Necessary)	103	51.2
	1(Business or family need)	41	20.4
Valid	2(Govt.scheme benefit)	25	12.4
	6(others)	31	15.4
	Total	200	99.5
Missing	System	1	.5
Total		201	100.0

TABLE 6: NEED FOR DEPOSITS



GRAPH 6: NEED FOR DEPOSITS

ANALYSIS:

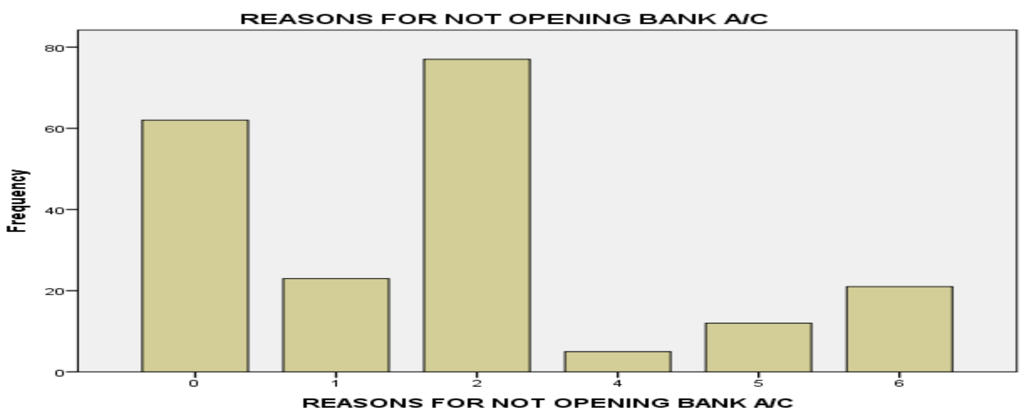
From the table it is seen that 103 of the respondents found it unnecessary to have a deposit,41 of them need deposits for family or business need,25 require to have govt. Scheme benefit and 31 fall to others category.

INFERENCE:

From the analysis it can be deduced that maximum of 51.2 % found there is no need to have deposits, where as 20.4 % believe that deposits are necessary for family or business need,12.4% need a deposit to avail the govt. Benefits from various schemes while the rest 15.4% have no or different opinion in having a deposit account.

Reasons for Not opening Bank account		Frequency	Percent
Valid	0(Have Account)	62	30.8
	1(believe in cash)	23	11.4
	2(No or little money)	77	38.3
	4(Bank charge a lot)	5	2.5
	5(Deny from staffs)	12	6.0
	6(lengthy procedure)	21	10.4
	Total	200	99.5
Missing	System	1	.5
Total		201	100.0

Table 7: reason for not opening bank account



Graph 7: Reason for not opening bank account

ANALYSIS:

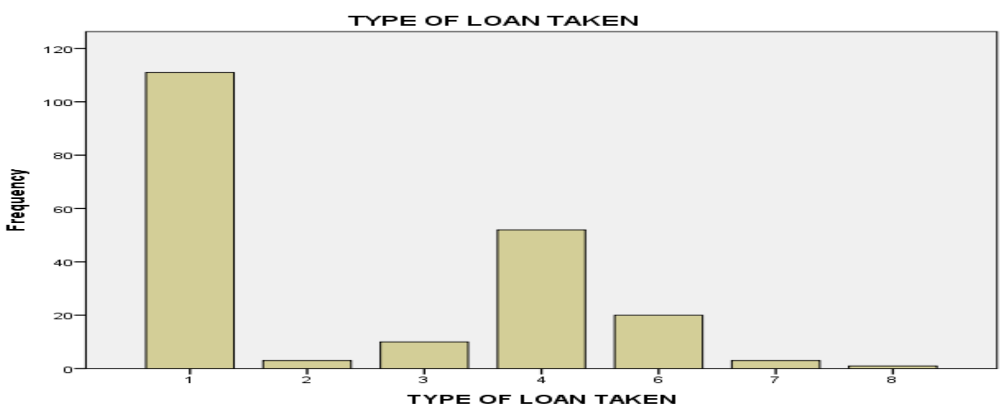
From the table it can be observed that 62 have a bank account, 23 believe in cash, 77 have no or little money, 5 think bank charge a lot, 12 said they were denied by staffs and 6 think lengthy procedure the reason behind not opening bank account.

INFERENCE:

From the analysis it can be seen that 30.8% have bank account, 11.4% do not opened the account as they believe in cash only.38.3% of respondents do not have or have little money to operate a bank account.2.5% believe that bank charge a lot for maintaining or opening a bank account.6% got denial from Bank staff and the rest 10.4% think that they do not have a bank account due to its length and hassle procedure.

Type of loan taken		Frequency	Percent
Valid	1(Not taken)	111	55.2
	2(marriage)	3	1.5
	3(Health or housing loan)	10	5.0
	4(business loan)	52	25.9
	6(vehicle loan)	20	10.0
	7(Personal loan)	3	1.5
	8(repayment of old debts)	1	.5
	Total	200	99.5
Missing	System	1	.5
Total		201	100.0

TABLE 8: TYPE OF LOAN



GRAPH 8: TYPE OF LOAN

ANALYSIS:

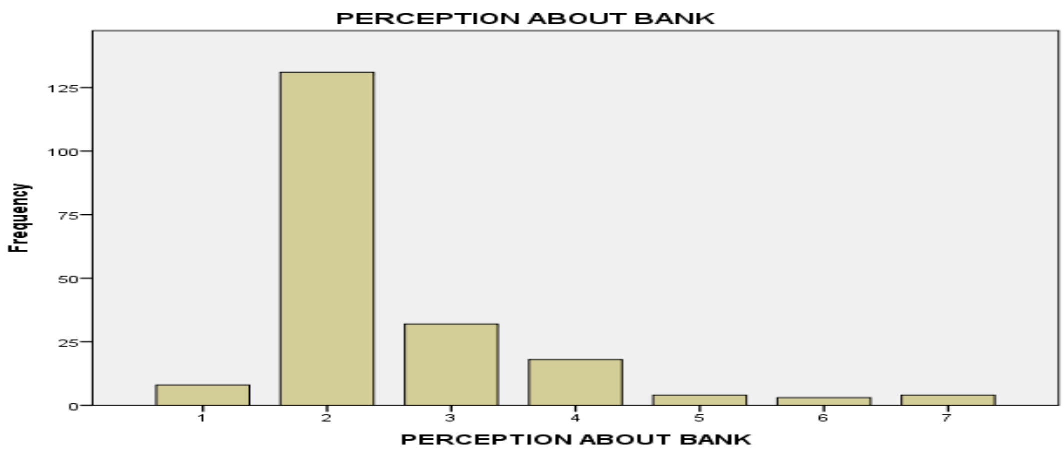
From the table it can be seen that 111 have not taken any loan, while 3,10,52,20,3 and 1 of them taken loan for marriage, health or housing purpose, business loan, vehicle loan, personal loan and repayment of old debts respectively.

INFERENCE:

From the analysis it can be seen that 55.2% have not taken any loan, 1.5% have taken loan for marriage purpose,5% have taken loan for housing purpose, while a huge chunk of 25.9% have taken loan for business purpose. Whereas the remaining 12% have taken vehicle, personal and for repayment of old debts.

Perception about bank		Frequency	Percent
Valid	1(low rate of interest on deposits)	8	4.0
	2(high rate on lending)	131	65.2
	3(Do not give loans)	32	15.9
	4(do not give full cash)	18	9.0
	5(difficult to approach loan)	4	2.0
	6(ask for security deposit)	3	1.5
	7(others)	4	2.0
	Total	200	99.5
Missing	System	1	.5
Total		201	100.0

TABLE 9: PERCEPTION ABOUT BANK



GRAPH 9: PERCEPTION ABOUT BANK

ANALYSIS:

From the table it can be seen that 8 perceive bank to give low interest on deposits,131 think that they charge high rate on lending,32 do not give loans,18 perceive banks do not give full cash, the remaining perceive it's difficult to approach for loan and ask for security deposit.

INFERENCE:

Fromm the analysis it can be observed that the maximum of the respondents with 65.2% perceive bank as a devil in charging high rates on lending. While the next majority with 15.9% think that banks do not give loans at all and the rest perceive banks do not give loans at all, difficult to approach from loans and ask for security deposit respectively.

LINEAR REGRESSION:

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16947964724.241	4	4236991181.060	167.533	.000[b]
	Residual	4754605223.946	188	25290453.319		
	Total	21702569948.187	192			

a. Dependent Variable: TOTAL INCOME(YEARLY)

b. Predictors: (Constant), NEED FOR DEPOSITS, TOTAL NO OF ACCOUNTS, TYPE OF ACCOUNT, FREQUENCY OF DEPOSITS

Interpretation:

The probability of the F statistic (167.533) for the overall regression relationship is <0.001, less than the level of significance of 0.05. We support the research hypothesis that there is a statistically significant relationship between the set of independent variables and the dependent variable.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Durbin-Watson
					R Square Change	F Change	Sig. F Change	
1	.884[a]	.781	.776	5028.961	.781	167.533	.000	1.538

a. Predictors: (Constant), NEED FOR DEPOSITS, TOTAL NO OF ACCOUNTS, TYPE OF ACCOUNT, FREQUENCY OF DEPOSITS

b. Dependent Variable: TOTAL INCOME(YEARLY)

INTERPRETATION OF THE MODEL:

The Durbin-Watson statistic is used to test for the presence of serial correlation among the residuals, i.e., the assumption of independence of errors, which requires that the residuals or errors in prediction do not follow a pattern from case to case.

The value of the Durbin-Watson statistic ranges from 0 to 4.

As a general rule of thumb, the residuals are not correlated if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50.

The Durbin-Watson statistic for this problem is 1.538 which falls within the acceptable range. The proportion of variance in the dependent variable (TOTAL INCOME (YEARLY)) explained by the independent variables(NEED FOR DEPOSITS, TOTAL NO OF ACCOUNTS, TYPE OF ACCOUNT, FREQUENCY OF DEPOSITS) (R^2) was 78.1%.

The Multiple R for the relationship between the set of independent variables and the dependent variable is 0.884, which would be characterized as very strong using the rule of thumb than a correlation less than or equal to 0.20 is characterized as very weak; greater than 0.20 and less than or equal to 0.40 is weak; greater than 0.40 and less than or equal to 0.60 is moderate; greater than 0.60 and less than or equal to 0.80 is strong; and greater than 0.80 is very strong.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	28439.720	515.371		55.183	.000		
	TYPE OF ACCOUNT	5728.205	1037.230	-.477	5.523	.000	.967	1.034
	TOTAL NO OF ACCOUNTS	41071.252	3070.124	1.844	13.378	.000	.734	1.362
	FREQUENCY OF DEPOSITS	5684.266	1305.549	-.809	4.354	.000	.879	1.137
	NEED FOR DEPOSITS	882.391	176.355	.180	5.003	.000	.898	1.114

a. Dependent Variable: TOTAL INCOME(YEARLY)

The tolerance values for all of the independent variables are larger than 0.10. Multicollinearity is not a problem in this regression analysis.

Therefore the estimated model is as below:

Total Income=28439.720+5728.205**(TYPE OF ACCOUNT)** + 41071.252(**TOTAL NO OF ACCOUNTS**) +5684.266 (**FREQUENCY OF DEPOSITS**) + 882.391(**NEED FOR DEPOSITS**)

For the independent variable **TYPE OF ACCOUNT**, the probability of the t statistic (55.183) for the b coefficient is <0.001 which is less than the level of significance of 0.05.

We conclude that there is a statistically significant relationship between **TYPE OF ACCOUNT** and **TOTAL INCOME (YEARLY).**

ASSUMPTION:

- Financial Inclusion indicator: Type of Account
- Poverty Ratio Indicator: Total Income(yearly)

FINDINGS AND RECOMMENDATIONS

7.1 FINDINGS

The empirical analysis shows that there exists a direct relationship between financial inclusion and Poverty ratio in a multi-factor setting. If the Yearly income increases then there is a strong chance that people are more prone to financial services and Vice-versa. It is also observed that there is a bad perception about the bank that bank charges a high rate of interest in lending, do not give loans at all, asks for security for giving cash. These are few reasons for which are responsible for such low-level of financial inclusion in Rourkela.

7.2 RECOMMENDATIONS

RBI has been undertaking financial inclusion initiatives in a, mission mode through a combination of strategies ranging from introduction of new products, relaxation of regulatory guidelines and other supportive measures to achieve sustainable and scalable financial inclusion.

RBI INITIATIVES FOR FINANCIAL INCLUSION:

- **Opening of no-frills accounts:** Basic banking no-frills account is with nil or very low minimum balance as well as charges that make such accounts accessible to vast sections of the population.

- **Engaging business correspondents (BCs):** In January 2006, RBI permitted banks to engage business facilitators (BFs) and BCs as intermediaries for providing financial and banking services. The BC model allows banks to provide doorstep delivery of services, especially cash in-cash out transactions, thus addressing the last-mile problem.

- **Adoption of EBT:** Banks have been advised to implement EBT by leveraging ICT-based banking through BCs to transfer social benefits electronically to the bank account of the beneficiary and deliver government benefits to the doorstep of the beneficiary, thus reducing dependence on cash and lowering transaction costs.

- **Simplified branch authorization:** To address the issue of uneven spread of bank branches, in December 2009, domestic scheduled commercial banks were permitted to freely open branches in tier III to tier VI centres with a population of less than 50,000 under general permission, subject to reporting. In the north-eastern states and Sikkim, domestic scheduled commercial banks can now open branches in rural, semi-urban and urban centres without the need to take permission from RBI in each case, subject to reporting.

 Opening of branches in unbanked rural centres: To further step up the opening of branches in rural areas so as to improve banking penetration and financial inclusion rapidly, the need for the opening of more bricks and mortar branches, besides the use of BCs, was felt. Accordingly, banks have been mandated in the April monetary policy statement to allocate at least 25% of the total number of branches to be opened during a year to unbanked rural centres.

Product Initiatives: To ensure that more and more people come within the banking fold the banks should offer all the customers a ‘basic savings deposit account’ with certain minimum common facilities and without the requirement of minimum balance. The services provided in this account should include deposit and withdrawal of cash at the bank branches as well as ATMs, receipt/credit of money through electronic payment channels or by means of deposit/collection of cheques drawn by Central/State Government agencies and departments. Innovation of products for the specific needs of the poor is necessary for achieving the ultimate objective of inclusive growth (Khan, 2012).

Microfinance Institutions (MFIs): The MFIs have served the underserved/ unserved populace in the last few years and improved access to credit though there have been quite a few debatable issues on the style of corporate governance and ethics of conducting business on part of some of the MFIs. However, it has been often realized that the MFIs do help in financial deepening and can remain an important segment of the Indian financial market keeping in view the present level of penetration of the banking system. The conceptual framework underlying MFIs requires a change. MFIs will have to revisit the mission and business strategy and reinvent the sector to remain relevant in the system. A new category of ‘Non Banking Financial Company-Micro Finance Institutions’ (NBFC-MFIs) prescribed by the Malegam Committee (2011), created in December 2011 by RBI, is also facing difficulties primarily into micro financing. The NBFC-MFIs has got some relief from the RBI, which issued revised ‘Directions cum Modifications’ in August 2012, (RBI, 2012). On this background, these institutions have to revisit their business models to support the income earning ability of the borrowers and, at the same time, they remain economically viable. NBFC-MFIs will have to work hard in pursuit of transparency and responsible finance, shaking off the perception that their motto is profiteering at the cost of the poor but not profitability for sustainable and viable growth on one hand and take initiatives to retool the product redesign for garnering new customers and acquiring more share of the market on the other (Khan, 2011).

CONCLUSION

The issue of financial inclusion has received large importance during the recent years. A considerable amount of resources has been invested in expanding banking network with the objective of reaching to the people. During the last 40 years huge infrastructure has been created in the banking sector. However, this large infrastructure that has penetrated even remote rural areas has been able to serve only a small part of the potential customers. We also know that one of most important driving forces of growth is institutional finance. Therefore, it is now realized that unless all the people of the society are brought under the ambit of institutional finance, the benefit of high growth will not percolate down and by that process majority of the population will be deprived of the benefits of high growth. Thus financial inclusion is not only socio-political imperative but also an economic one. It is observed from the study that the achievement of financial inclusion in Rourkela is not significant. Although some improvement in respect of some parameters might have been taken place, this is not sufficient to conclude that financial inclusion has taken place in the State.

In a nutshell, it is observed that although various measures have been undertaken for financial inclusion, the success is not found to be noteworthy. However, only supply side factor is not responsible for the financial exclusion. Demand side factors are also equally responsible. Thus there is a need to solve both these problems with the help of appropriate policies. Banks should look at financial inclusion both as a business opportunity and as a social responsibility. Apart from formal banking institutions the role of the self-help group movement and micro-finance institutions (MFIs) is important to improve financial inclusion. However, some regulatory procedures for MFIs may have to be evolved in consultations with MFIs, consumers and the government. Political interference in the financial system should be avoided in order to maintain the viability of the formal financial institutions. The risk elements of small and marginal farmers and other vulnerable groups have to be taken into account in framing policies for financial inclusion.

Banking correspondent (BC) model has to be made more effective, by involving more local people. Proper BC model can take care of problems of supply and demand factors to a greater extent. In fact, providing the banking service is not sufficient. Many rural people still are not aware of banking products and they are reluctant to take the advantage of banking facilities. Therefore, financial literacy among the rural people is important. This apart, because of various formalities involved in availing loans etc. they are scared of going to bank and hence fall back upon the moneylenders. But since BC is recruited from the local people they can solve these problems. On the one hand, they can do the formalities on behalf of the illiterate or semi-literate people and on the other, they would educate them how to benefit from the banking service in an effective manner. Above all, a whole-hearted effort is called for from all the corners of the society, *viz.*, banks, beneficiaries and regulators in order to make financial inclusion more meaningful and effective.

The problem of financial exclusion needs to be tackled with urgency if we want Rourkela to grow in an equitable and sustainable manner. Traditional and conventional banking solutions may not be the answer to address the problem of financial inclusion in India. Banks, therefore, need to innovate and think 'out-of-the-box' for solutions to overcome the problem of financial exclusion in India. They need to deploy new technologies and create financially viable models to take forward the process of financial inclusion in an effective manner. This way banks would be doing a great service to the cause of financial inclusion and make their name in history. Financial inclusion may be a social responsibility for the banks in the short-run but will turn out to be a business opportunity in the long-term. Financial Inclusion is no longer an option, but it is a compulsion. The entire world is looking at this experiment in India and it is important that banks rise up to this challenge and meet it successfully. The current policy objective of inclusive growth with financial stability cannot be achieved without ensuring universal financial inclusion. Pursuit of financial inclusion by adoption of innovative products and processes does, however, pose challenge of managing trade-offs between the objective of financial inclusion and financial stability. In the Indian context, the Reserve Bank has always sought to balance the risk of partnerships and product innovations with the ability to achieve greater penetration in a safe, secured and prudentially sound manner.

REFERENCES

1. Banerjee, A. V., and Newman, A. F. (1993) "Occupational choice and the process of development," Journal of Political Economy, 101(1), 274-98.
2. Beck, T., Demirgüç-Kunt, A. and Levine, R. (2007), "Finance, inequality, and the poor," Journal of Economic Growth, Volume 12, Issue 1, pp27–49.
3. Bell, C., (1990) "Interactions between Institutional and Informal Credit Agencies in Rural India", the World Bank Economic Review 4(3), 1990, Pp. 297-327.
4. Binswanger, H, And Khandker,S.,(1995)The Impact Of Formal Finance On The Rural Economy Of India, Journal of development studies, Volume 32,Issue 2,pp 234-262.
5. Burgess, R, and Pande, R., (2003), "Do Rural Banks Matter? Evidence from the Indian Social Banking Experiment." Bureau for Research in Economic Analysis of Development, BREAD Working Paper: No. 037.
6. Chakrabarty, K.C. (2011),"Financial Inclusion: A road India needs to travel", RBI monthly bulletin, October 2011.
7. Das Prasun Kumar (2010, June), "The Upscalling Technology to Build Inclusive Financial System in India" Journal of Education and Policy studies, Volume. 2, Issue 5.
8. Eastwood, R., & Kohli, R. (1999). Directed credit and investment in small-scale industry in India: Evidence from firm-level data, 1965-1978, Journal of Development Studies, 35(4).
9. Honohan, P. (2007). Cross country variation in household access to financial services, Paper prepared for the World Bank Conference on Access to Finance, March 15-16.
10. Khan, H, R., (2011)," Financial inclusion and financial stability: are they two sides of the same coin?" RBI Monthly Bulletin, November 2011.
11. Leeladhar, V (2005).Taking banking services to the common man - financial inclusion, RBI Monthly Bulletin, December 2005.

12. Rangarajan, C., Report of the Committee on Financial Inclusion, Ministry of Finance, Government of India, 2008.
13. Sarma, M and Pais, J., (2008)"Financial Inclusion and Development: A cross country Analysis", Indian council for Research on International Economic Relation, pp1-28.
14. Sinclair S. P. (2001). Financial exclusion: An introductory survey. Report of Centre for Research in Socially Inclusive Services, Heriot-Watt University, Edinburgh.

ANNEXURE

QUESTIONNAIRE

1. District:	2. Ward/ lane/ road/ slum/ block/ street:
3. Town:	4. Name of head of household:
5. Village name:	6.Household no.:
7. Size of house hold:	

8. To which group do you belong?

1. APL

2. BPL

3. Any other scheme

4. None of the above

9. Principal source of income?
1. Agricultural Farmers
2. Artisans
3. Labourers
4. Self Employed

10. Type of ownership of the house?
1. Rent
2. Self-owned
3. Parental property

11. For how long you have been staying in this house?
1. 1 year
2. 1-3 years
3. < 5 years
4. > 5 years

12. What is the size of your house?
1. 1 room
2. 2 rooms
3. 3 rooms
4.> 3 rooms

13.

Ownership of Assets	
Bedstead or steel / wooden almirah / dressing table other furniture & fixtures radio, record player/tape recorder/ stereo/ musical instruments for television, VCR/VCD, DVD Player, home theatre, multimedia PC other goods for recreation , entertainment and hobby pressure cooker/ household utensils gas/electric oven/ microwave oven electric fan, clock/ watch, water filter / electric iron/ sewing machine refrigerator/ air cooler/ air conditioner/ washing machine other cooking and household appliances and other personal goods other durables	
total value	

15. How big is your farmhouse /garage /retail shop?

1.1 room

2. 2room

3. 3 room

4.____decimel(s)

16. Have you ever taken any credit from your neighbour/relatives/bank/society wholesaler/employer/customer? If yes, what is the amount?

Also state the period of loan amount?

1.______6 months

2. ______1 year

3. ______2 years

4. ______2years and above

17. Are the below mentioned Deposit account used by you in home/office or workshop?

Have you opened the same solely for individual purpose?

1. Normal bank account

2. Postal savings/RD

3. No frills/zero balance account

4. Jan dhan yojana account

5. LIC policy or any other life insurance policy

6. Health insurance

7. Old age pension

8. Auto insurance/property insurance/garage/workshop insurance

9. Bank correspondent account/credit society/micro-finance

10. Any other

18. When and for how many days have you opened the above mentioned accounts?

1.______6 months

2. ______1 year

3. ______2 years

4. ______2years and above

19. What is the number of fixed deposits you have in your house/office/workshop?

1. One

2. Two

3. Three

4. Four

5. More than four

20. What were the reasons that your household opened the account?
1. To receive Govt. payments from NREGP
2. To receive Govt. payments from schemes other than NREGP
3. For receiving remittances
4. For saving money
5. To request a loan
6. If others, (please specify) ___________________________

21. Who helped you to open the account?
1. Village Panchayat Officials 2. Bank Officials
3. Neighbour 4. Friends/Relatives
5. If others, (please specify) ___________________________

22. How frequently do you save in your account?
1. Don't save / never
2. At least once a month
3. Less than once a month
4. I put in money as and when I can
5. I have paid money in but not in past 12 months
6. I have not added money since account was opened
7. If others, (please specify) __________________________

23. Do you find sometimes, necessary to save your household deposits?

1. Business transactions or family needs
2. Govt. scheme benefits
3. Health treatment
4. Migration to other city
5. Not necessary
6. Others____________________

24. Reasons for not having a bank account:
1. I have no money/little money to put in
2. No bank in this area
3. No point - benefits received in cash
4. No point - paid in cash
5. High charges
6. Tried to open but was refused
7. Lengthy processes
8. Not important to me
9. Anticipated rejection
10. If others, (please specify) ______________________________

25. Reasons for being refused a bank account:
1. No ID
2. No job, unemployed
3. Had to have a minimum amount
4. Had debts
5. Don't know - did not say
6. If others, (please specify) ____________________________

26. Why do you think the banks are not trustworthy?

1. Gives low rate of interest on deposits
2. Charges high rate of interest on lending
3. Do not give loans at all
4. Difficult to approach for loans
5. Ask for security deposit by cash
6. Others__________________________

27. If borrowed from sources other than banks, which of the following reasons led to this choice?

1. Being able to borrow relatively small sums
2. I did not need to provide security or guarantees
3. It was available locally
4. I can make repayments in cash in small weekly or fortnightly sums
5. It is convenient because they come to the door to collect
6. It is because I know the lender/collector
7. If others, (please specify) ____________________________

28. If ever borrowed, what was the type of the credit/loan?
1. Housing loan
2. Business Loan
3. Training/Education loan
4. Vehicle loan
5. If personal loan, purpose of the loan ☐ Household items ☐ Computer

□ Day to day living expenses or bills
□ To pay off other debts
□ If others, (please specify) ________________

6. If others, (please specify) ________________________

29. What were the reasons for not availing any form of insurance?
1. Too expensive, can't afford it
2. Just don't bother, no real reasons
3. No need for it
4. I don't have much, nothing valuable
5. I am in process of doing it
6. No insurance men coming to door now
7. Have to have bank account
8. If others, (please specify) ___________________________________