ABSTRACT

This research work is largely motivated by the sensitivity of the researcher towards the issues of marginal sections and vulnerable groups of the society who are excluded from mainstream social, economic and political development. Financial inclusion is one of the best approaches to break the poverty circle and improve the standard of living among marginal groups. Financial inclusion is an instrument to achieve inclusive growth and sustainable development in the country. Keeping in mind the inclusive growth and sustainable development, this research is conducted in order to assess the current status and awareness of financial inclusion and to study the role of technology in financial inclusion among rural households in Haryana. This thesis analyzes the impact of socio-economic variables on the decision of opening bank account and measures the financial inclusion among rural households in Haryana. The appropriate econometric and statistical tools have been employed in order to achieve the objectives of the research work. The statistical tool of primary data collection 'interview schedule' has been applied through interaction with rural households in selected four districts of Haryana namely Mahendergarh, Fatehabad, Karnal and Gurgaon. The results of primary sample survey show that 54, 62, 36, 33, 36, and 35 percent of total respondent households are aware of no-frill bank account, usage of ATM cum Debit cards, internet banking, mobile banking, direct cash transfer scheme and interest rate on bank credit respectively. It is found that there is very low level of usage of technology including internet banking, mobile banking and ATM in banking sector among rural households. About 10 percent of total respondent households use internet banking and mobile banking. The logistic regression model is employed to analyze the impact of socio-economic variables on financial inclusion. It is assumed in this regression analysis that if a household has a bank account it means household is financially included. The four socio-economic variables including income, education, occupation and land holding of household head have been studied to find as to how they influence financial inclusion. All factors except household income have positive impact on decision of opening bank account at 1 percent level of significance. Household Income has positive impact on financial inclusion at 8 percent level of significance. The financial inclusion is measured by constructing an Index of Financial Inclusion (IFI) especially rural population of Haryana by adopting UNDP HDI and Mandira Sarma's index methodology. The current IFI has been constructed on the basis of three dimensions such as banking penetration (D_1), availability of bank branches (D_2) and usage of financial services (D_3). The results of index revealed that Bhiwani district stands at top rank in two dimensions - D_1 and D_2 along with composite index IFI. On the other hand, Palwal district stands at lowest rank in two dimensions such as D_1, and D_3 as well as in composite IFI due to backward socio-economic conditions of rural households in district. Finally, the stepwise regression model is also employed in order to find out the major contributor dimension among all the three dimensions of IFI. By applying step-wise multiple regression model, it is found that D_2 (Banking Availability) is the major contributor variable in IFI across the districts of Haryana. Therefore, the study suggests that government of India should focus on bank branch penetration and should offer affordable banking service to citizens of India especially to vulnerable groups of the society, who have huge potential for inclusive growth and sustainable development.

Keywords: Financial Inclusion, Financial Literacy, Financial Services and IFI.