CONCLUSION

There have been a number of studies which have established a link between financial development and economic development. In a democratic country like India, where people are free to choose their occupations or means of earning, their livelihood, it necessitates that the fruits of financial development reach to the vast majority of our population, so that they can bring efficiency in their occupation. Therefore, this calls for an assessment about the extent of financial inclusion in India. For this purpose the financial inclusion has been defined in terms of availability, penetration and usage of financial facilities. To have a comprehensive view of the extent of financial inclusion these three types of indicators have been aggregated into a composite measure, namely, index of financial inclusion (IFI). This study has taken three components to show the financial inclusion that are number of the offices, credit and deposit amount and total account. We know that there are many factors that determine financial inclusion such as saving, no. of the ATMs, debt, remittances, loan and so on. But due to the data inadequacy, we have taken these three measure dimensions to show state wise financial inclusion.

The study reveals Chandigarh, Delhi, Goa, Punjab, Lakshadweep, Himachal Pradesh, Maharashtra, Uttrakhand fall in good category of financial inclusion. Madhya Pradesh, Gujarat, Daman & Diu, Sikkim, Haryana fall in medium categories. However, Chhattisgarh, Nagaland, Manipur, Bihar, Uttar Pradesh, Andhra Pradesh, Orissa are the states with low financial inclusion. The study also reveals that there are vast inter-state disparities as far as financial inclusion is concerned. The study also analyses the relationship between different socioeconomic factors and different facets of financial inclusion at the state level The study brings out the fact that socio economic factors influence the financial inclusion in a variety of ways.

Now the question arise that how these factor determine financial inclusion. According to RBI and SEBI, 'The draft 'National Strategy for Financial Education' seeks to 'create a financially aware and empowered India' and convert savers into investors'. Then there are many factors but we have taken four factors that have more effect on these components. These are literacy, urbanization, per capita income and poverty ratio. To find out the extent of financial inclusion, index of financial inclusion and least square method has been used. According to the results, we have found that these factors play very important role to increase the extent of financial inclusion. Chandigarh, Delhi and Lakshadweep have shown high financial inclusion, this shows composite index value 1.000, 0.717 and 0.417 respectively. Chhattisgarh, Manipur, Nagaland and Uttar Pradesh have shown low extent of financial inclusion; that also shows the values 0.149, 0.183, 0.203 and 0.231 respectively. Urbanization, per capita income and literacy rate show positive relation with financial inclusion and poverty has negative relation with financial inclusion.

It is found that there seems to be a positive relationship between levels of per capita income and urbanization with holding of account by the households. Similarly there appears to be a negative relationship between poverty ratio and holding of account, amount by the households. There are positive relationship between per capita income and amount deposited and account deposited, it can be concluded that inclusive economic growth and inclusive education system, should lead to higher financial inclusion. This suggests that policies should be aimed at inclusive economic growth for attaining higher level of Financial Inclusion.