

The study on impact of financial inclusion on income of users of financial inclusion in Nanded district

* Dr. Mudholkar Gajanan Panditrao

Assistant Professor,

School of Commerce and Management Sciences,

Swami Ramanand Teerth Marathwada University, Nanded.

Abstract:

The Human Development Index is affected by the financial inclusion. The Usage of financial services is one of the dimensions of financial inclusion. In the present research study, researcher made an attempt to study the impact of financial inclusion on monthly income of users of financial inclusion in Nanded district. For this purpose, researcher selected the sample of 380 respondents. The sample size is divided into rural and urban households equally. The present research work is carried out in the rural and urban parts of Nanded district. The impact of financial inclusion on income of users of financial inclusion in Nanded district can be studied when the research is carried out with the assistance of before and after situation of introduction of financial inclusion. It is observed that Therefore there is no significant difference of Monthly income among rural and urban households (Users of financially inclusion) in Nanded District. The conclusions are drawn at that the end of the research paper.

Keywords: Users of Financial Services, Financial Inclusion and Human Development Index etc.

1. Introduction

The Financial Inclusion is the insertion of financial services to the underserved and weaker section of the society. It is the process of ensuring financial access to the unbanked population of the nation. The financial inclusion is the progression of financial system, financial instrument and overall financial system.

According to *Geoffrey Muzigiti, Oliver Schmidt report*¹, only 24% adults are having formal access to the banking services in Sub-Saharan Africa. The financial inclusion is far away in the underdeveloped and developing countries.

The socio-economic development of nation depends on the human development of citizens of that nation which in turn depend on financial inclusion parameters through the access and usage of formal financial services.

Objectives of the research study:

To study impact of financial inclusion on income of users of financial inclusion in Nanded district.

Hypothesis of Research study:

There is no significant difference of Monthly income among rural and urban households (Users of financially inclusion) in Nanded District.

Review of Literature:

According to Global Partnership for Financial Inclusion (2012), The indicators or dimensions- Usage indicator is related to Formally banked adults, Adults with credit at regulated institutions, Adults with Insurance, Cashless transactions, Mobile transactional use, High frequency of account use, Saving propensity, Remittances, Formally banked enterprises. Access indicator relates to Points of Service, E-money accounts, Interoperability of Points of Service. Quantity indicator relates to Financial Knowledge, Financial behavior, Disclosure demands; Dispute Resolution, Cost of Usage and Credit Barriers.

According to World Bank (2015), The indicators or dimensions- Usage indicator is related to the

ways of using financial services for example promptness and period of the usage of financial service, average saving balance, number of transactions per account, number of Internet payments. The Usage, Access and Quantity indicator measures the extent of financial

inclusion hence suggested to measure the financial inclusion.

Research Design:

The research design can be explained with the help of following table

Table No. 1.1 Research Design

Sr.No.	Parameter	Description
1	Type of Research	Ex Post Facto Descriptive Research
2	Nature of Research	Quantitative
3	Research Instrument	Structured questionnaire and observation
4	Dependent Variable	All essential parameters of human development
5	Independent Variables	All essential parameters of financial inclusion
6	Control over Variables	No Control- Ex Post Facto
7	Survey Period	January to September 2016
8	Type of Products	Products of Financial Inclusion
9	Methods of Data Collection	Sample Survey Method through Interrogation
10	Universe	Users of Financial Inclusion Services in Nanded district.
11	Population	Users of Financial Inclusion in rural & urban parts of Nanded district.
12	Sampling Frame	Rural and Urban Users of Financial Inclusion Equally in Nanded district.
13	Sample Size Determination	Using Mean and Proportionate Sampling Formula
14	Calculated Sample Size	400 respondents (200 rural and 200 urban)
15	Net Responses	380 respondents (190 rural and 190 urban)
16	Response Rate	90% rural & 90% urban respondents.
17	Rejection Rate	10% rural & 10% urban respondents.
18	Sampling Method	Proportionate Stratified Sampling followed by Multilevel Non Probability Convenient Sampling
19	Sources of Data Collection	Primary and Secondary sources.
20	Primary Sources	Structured questionnaire and observation.
21	Secondary sources	Journals, Articles, Books, Magazines, Digital library, e resource databases and many other published data.
22	Measurement Scales	Nominal, ordinal and interval scale
23	Questions Types	Dichotomous, open ended, closed ended and ranking.
24	Rating Scales Used	Five Point Likert Scale.
25	Data Interpretation	Through graphs, descriptive statistics and inferential statistics
26	Statistical Tools	Z test, chi square, ANOVA, descriptive statistical tools and parametric and non parametric statistical tests.
27	Statistical Package	Ms Excel 2010 and SPSS 20.

Source: Researchers' compilation

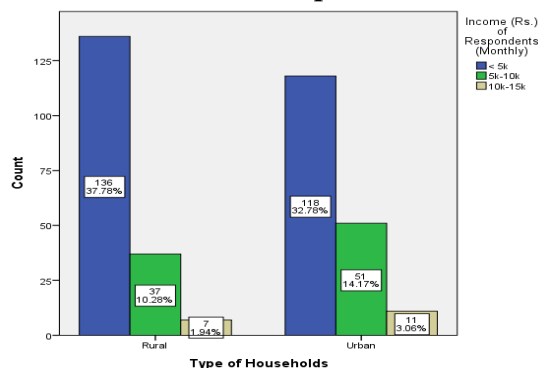
Data Analysis and Interpretations: The Cross Tabulation table no. explains the comparative counts and column proportions as follows

Table No. 1.2 Monthly Income Wise Classification of Respondents

		Income (Rs.) of Respondents (Monthly)					Total	
		< 5k	5k-10k	10k-15k	15k-20k	>20k		
Type of Households	Rural	Count	136	37	7	0	0	180
		% of Total	37.8%	10.3%	1.9%	0	0	50.0%
Urban	Count	118	51	11	0	0	180	
	% of Total	32.8%	14.2%	3.1%	0	0	50.0%	
Total		Count	254	88	18	0	0	360
		% of Total	70.6%	24.4%	5.0%	0	0	100.0%

Source: Field Survey and SPSS output.

Graph 1.1 Monthly Income Wise Classification of Respondents



Source: Field Survey and SPSS output.

From the above table no.1.2 and graph no. 1.1, it is clear that rural and urban respondents are not having diversified income level. It ranges from less than Rs.5000 to more than Rs. 20000 per month .It is seen that the monthly income of 70.6% of all respondents is for income less than Rs. 5000. Out of these respondents, 136 (37.8%) belong to rural households and 118 (32.8%) to the urban households. The rural and urban respondents having income from Rs. 5000 to 10000 are 37 (10.3%) and 51 (14.2%) respectively from 88

(24.4%) of total count. The rural and urban respondents having income from Rs. 10000 to 15000 are 7 (1.9%) and 11 (3.1%) respectively from 18 (5%) of total count. It is again observed that there is no composition of respondents for income group interval Rs. 15k-20k and >20k. Since type of respondents and income are nominal and ratio or interval scaled resp. There is distinction between dependent and independent variable. The relationship is assumed linear and it is recommended to check scedasticity of variances to know the application of tests. If hetero scedasticity is present, then it is suggested to use Welch statistic , Brown-Forsythe statistic and t-test and if homo scedasticity is present, it is recommended to use F test as follows

Table No.1.3 Levene Statistic for testing Homogeneity of Variances

Test of Homogeneity of Variances			
Type of Households			
Levene Statistic	df1	df2	Sig.
2.212	2	357	.111

Source: Field Survey and SPSS output.

From the above table no. 1.3, Since the associated calculated significance value of Levene Statistic (2.212) is 0.111, greater than standard significance value then the null hypothesis (Variances are equal) is failed to reject and hence homo scedasticity is present then ANOVA may be applicable. Researcher wants to check the equality of means using Welch statistic and Brown-Forsythe statistic. If means are equal then t test is not applicable, if means are unequal in this case, t test is applicable as follows through Robust test of Equality of Means as

Table No. 1.4 Robust Tests of Equality of Means

Type of Households				
	Statistic ^a	df1	df2	Sig.
Welch	2.177	2	44.436	.125
Brown-Forsythe	2.201	2	65.796	.119

a. Asymptotically F distributed.

Source: Field Survey and SPSS output.

From the above table no. 1.4, since the associated calculated value of Welch Statistic (2.177) is 0.125 & Brown-Forsythe statistic (2.201) is 0.119, greater than standard significance value then the null hypothesis (Means are equal) is failed to reject and hence homo scedasticity is present and therefore independent sample t-test is not applicable for households and ANOVA is applicable as

Table No. 1.5 ANOVA test

	Sum of Square	Df	Mean Square	F	Sig.	Comparing with std. signi. 0.05	Hypothesis Decision
Between Groups	1.098	2	.549	2.204	.112	Greater than.05	Failed to Reject
Within Groups	88.902	357	.249				Accepted
Total	90.000	359					

Source: Field Survey and SPSS output.

From the above table no. 1.5, it is observed that associated significance value for rural and urban users of financial inclusion in Nanded district 0.112 greater than standard significance value 0.05. Hence the null hypothesis for the same 'There is no significant difference of Monthly income among rural and urban households (Users of financially inclusion) in Nanded District' is failed to reject. Therefore there is no significant difference of Monthly income among rural and urban households (Users of financially inclusion) in Nanded District.

Conclusion:

It is concluded that associated significance value (using ANOVA test) for rural and urban users of financial inclusion in Nanded district 0.112 greater than standard significance value 0.05. Hence the null hypothesis for the same 'There is no significant difference of Monthly income among rural and urban households (Users of financially inclusion) in Nanded District' is failed to reject. Therefore there is no significant

difference of Monthly income among rural and urban households (Users of financially inclusion) in Nanded District.

References:

- 1) Chikodikar, M. (2012), "Financial Inclusion-An Overview", The Management Accountant, Vol.47, No.1.
- 2) Dr. K. C. Chakrabarty (2010) , Deputy Governor, Reserve Bank of India (Address delivered) on Inclusive Growth – Role of Financial Sector at the National Finance Conclave 2010.
- 3) Government of India (2006), "Towards Faster and More Inclusive Growth: An Approach to the 11th Five Year Plan", Planning Commission, New Delhi, pp.93-99.
- 4) Karmakar, K.G. Banerjee, G.D. and Mohapatra, N.P. (2011) „Towards Financial Inclusion in India“, Sage Publications India Pvt. Ltd, New Delhi.
- 5) Kelkar, V. (2010), "Financial Inclusion for Inclusive Growth" ASCI Journal of Management, Vol.39, No.1, pp.55-68.
- 6) Mehrotra, A., and J. Yetman (2015). Financial inclusion – Issues for central banks. BIS Quarterly Review (March), 83-96.
- 7) Ms. Preeti Salathia (2014) Doctoral Thesis submitted to University of Jammu.
- 8) Throat, U. (2007). "Financial Inclusion – The Indian Experience ", Speech by Smt. Usha Thorat, Deputy Governor, Reserve Bank of India.