**FINANCIAL INCLUSION: BRINGING BANKING TO RURAL MASS**

**A MINI PROJECT**

COURSE CODE: MSEY 022

COURSE NAME: RISK MANAGEMENT AND INSURANCE

COURSE FACULTY NAME & DESIGNATION: **DR.S. PANBOLI, ASSISTANT PROFESSOR**

## PROGRAMME: MASTER OF BUSINESS ADMINISTRATION (MBA)

**Submitted by:**

**TEAM: 03**

**MBA 2023-2025 Batch**

MEMBER 1**:** RRN:

MEMBER 2**:** RRN:

MEMBER 3**:** RRN:

MEMBER 4**:** RRN:

# DEPARTMENT OF MANAGEMENT STUDIES

**CRESCENT SCHOOL OF BUSINESS**



**November 2024**



## BONAFIDE CERTIFICATE

Certified that this project report on **financial inclusion in bringing banks to rural mass** is a Bonafide work of

**Dr.S.Panboli**

*Professor*

*Department of Management Studies*

*Crescent School of Business*

*B.S.Abdur Rahman Crescent Institute of*

*Science and Technology*



**ACKNOWLEDGEMENT**

First and foremost, we would like to begin with thanking The Almighty, for whom We owe what We have achieved so far.

We would like to express my heartfelt gratitude towards the people whom We respect for their assistance, support, and encouragement in so many ways during my study.

We begin with my supervisor, Dr. Panboli for the useful comments, remarks and engagement through the learning process of this thesis. His bright ideas, guidance and for being generous with her knowledge and experience in supervising.

The success and final outcome of this project required a lot of guidance and assistance from many people, and We am extremely privileged to have got this all along the completion of my thesis. All that we have done is only due to such supervision.

We also thank my supportive family for their patience, compassion, and guidance. We would not able to complete without their help and support.

Moreover, we will never forget to thank my true friends who have been there for helping me along the way till this work was finally done.

To those people, we dedicate this thesis with acknowledgement and pride.

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**ABSTRACT**

The study focusses on financial inclusion in bringing banks to rural masses. Financial systems play an important role for the economic growth of the country. The growth of economy lays on all individual who use the financial services where the financial inclusion is needed in rural areas which has been under noticed section for many decades where the money flow will be regular compared to urban areas where the major functions include agricultural loans, infrastructure loans, building loans etc. which will be needed in deficit areas then surplus areas. Our objective in conducting this research is to find how financial inclusion will help in economic growth and whether government initiative scheme helps in the improvement of banking services in rural areas. We crafted 25 questionnaires about financial inclusion and grouped as 3 categories like literacy rate, awareness programs, online banking services etc. this type of questions that we circulated and we have received around 120 responses with these responses we have gone the testing in SPSS software where we conducted five relevant tests based on our study. Our expectation in this study would be financial inclusion will help to improve economy and government scheme will helps rural people to actively access the banking services. The findings from the study will help us to state that our perceptive is same as the public perceptive if not the study will tell us what we can change and make an alternate move for improvement in financial inclusion in bringing banks.

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**CHAPTER 1**

**INTRODUCTON**

**INTRODUCTION**

In today, evolving world of towards technology plays a crucial role in every aspect of the economy and also paves the way towards the economic growth. This change in time and improvement of financial services leads to think of how to achieve growth and to become a developed country. With hands on information helps the government to see how the growth can be achieved. The growth is measured by the monetary transaction against the other countries monetary values which helps the country to grow. Here the financial system plays an essential role in the country improvement and growth where every individual is indispensable for the development of an economy. Which leads to take a look on every area in an around India with improvement of technology is been easy for the banking companies to extend their services to many areas (rural areas) and involve every individual to use the banking services like deposits, loans, payments, interests etc. which will increase the monetary transaction. The primary function of bank is to maintain their CRR and SLR (Cash Reserve Ratio and Statutory liquidity Ratio) were every bank should maintain some money in a liquid form for public transaction where this function is not meet in more rural bank for decades which leads to reduce the banking services and low involvement from rural people but with technology change and improvement in monitoring techniques RBI has plays an important role in maintaining the function of rural banks and encourages rural people to keep their money in banks and acquire loan only though bank by making awareness camps to motivate peoples to use banking services.

The financial services is a backbone of an economy and continuous improvement in relevant fields like fintech industries which helps the financial system in a systematic way through internet I,e digital payment, wealth tech etc which are governed and controlled by RBI and SEBI. Which helps the banking industries to reach the monetary needs of individuals in rural areas which was not meet in olden days.

**Financial Inclusion: Past vs. Present:**

Financial inclusion in India has undergone a dramatic transformation from traditional informal practices to a more structured and technology-driven approach in recent decades. In earlier times, financial transactions in India were deeply rooted in informal community systems. Moneylenders played a central role in providing credit, especially in rural areas, often charging exorbitant interest rates that led to exploitation and cycles of debt. Rural communities also relied on chit funds and savings groups, where members pooled resources for collective benefit. These systems were based on trust and mutual support but were unregulated, leaving participants vulnerable to fraud and mismanagement. The barter system was another prevalent practice in ancient India, where goods and services were exchanged directly without the need for currency. While it facilitated local trade, it lacked efficiency and scalability for larger economic transactions. Formal banking was almost non-existent in rural areas, with the banking infrastructure being largely limited to urban centers and catering primarily to traders, merchants, and the elite. Early forms of financial inclusion came through government-led initiatives like cooperative societies and rural credit programs, which aimed to support agriculture and small-scale industries. Post offices played a pivotal role in providing basic financial services, such as savings accounts and money orders, especially in areas where banks were absent. However, these measures were fragmented and struggled to address the vast scale of financial exclusion in a country as diverse and populous as India.

The turning point in India’s financial inclusion journey began with the nationalization of banks in 1969, which aimed to extend banking services to underserved and rural areas. This move significantly increased the presence of banks across the country, providing greater access to formal financial services. Despite this progress, challenges such as illiteracy, lack of documentation, and cultural barriers continued to hinder access for the poorest sections of society. The real transformation began in the 21st century with the advent of technology and focused government initiatives. The introduction of digital technology revolutionized the way financial services were delivered in India. Mobile banking, online payment systems, and digital wallets have become powerful tools for extending financial inclusion. Services like UPI (Unified Payments Interface) have simplified digital transactions, making them accessible even to those with minimal digital literacy. Programs like Aadhaar, India’s biometric identification system, have been instrumental in enabling financial inclusion by providing every individual with a unique identity. This has facilitated the opening of bank accounts, direct benefit transfers (DBT) of subsidies, and easier access to credit and insurance services. One of the most significant milestones in India’s financial inclusion story is the Pradhan Mantri Jan Dhan Yojana (PMJDY), launched in 2014. This initiative aimed to provide every household with at least one bank account, along with access to debit cards, overdraft facilities, and insurance coverage. By leveraging Aadhaar and mobile technology, PMJDY has brought millions of previously unbanked individuals into the formal financial system, ensuring that government benefits reach them directly without intermediaries.

Another critical aspect of modern financial inclusion in India is the growth of microfinance institutions (MFIs), which cater to the needs of low-income households, particularly in rural areas. These institutions provide small loans to support entrepreneurial ventures, empowering individuals, especially women, to improve their livelihoods. The rise of FinTech companies in India has further accelerated financial inclusion. These companies use innovative technologies like artificial intelligence and data analytics to offer tailored financial products and services to underserved populations. Digital lending platforms, for example, assess creditworthiness using alternative data sources, enabling individuals without a formal credit history to access loans. Financial literacy initiatives have also gained momentum, with the Reserve Bank of India (RBI) and other organizations conducting awareness programs to educate people about the importance of savings, insurance, and responsible borrowing. The penetration of mobile phones and the internet has played a crucial role in spreading financial literacy and increasing access to financial services in rural areas. Despite these advancements, challenges remain in achieving complete financial inclusion in India. Digital illiteracy, limited internet connectivity in remote areas, and concerns about data security and privacy are significant barriers. Additionally, cultural and gender-related issues continue to restrict access for women and marginalized groups in certain regions. Bridging these gaps requires sustained efforts in improving infrastructure, enhancing financial literacy, and creating robust regulatory frameworks to protect consumers.

The comparison between olden days and modern times in India highlights a stark evolution. In the past, financial inclusion was limited to informal and localized systems, which were often exploitative and inefficient. Modern financial inclusion in India, however, is characterized by its focus on accessibility, affordability, and scalability. Government policies, technological innovations, and collaborative efforts between public and private sectors have enabled millions to access essential financial services, transforming lives and promoting economic growth. Today, India stands as a global example of how targeted interventions and digital transformation can drive financial inclusion in a diverse and complex nation. While there is still a long way to go, the progress made so far lays a strong foundation for a future where financial services are truly accessible to all.

**The Significance of Financial Inclusion in Rural Areas**

The importance of financial inclusion in rural areas cannot be overstated. For the rural poor, financial inclusion is a stepping stone toward empowerment and resilience. It allows individuals to save securely, invest in education, access affordable credit for agricultural and entrepreneurial activities, and mitigate financial risks through insurance products. At a macroeconomic level, financial inclusion drives rural development by increasing financial intermediation, boosting investments in rural infrastructure, and fostering economic stability.

For decades, rural populations have faced systemic barriers to accessing formal banking systems. Traditional banks have been reluctant to penetrate these regions due to the high cost of operations, low financial literacy among rural residents, and limited awareness of the benefits of banking. This exclusion has forced many rural households to depend on informal and exploitative credit sources, such as moneylenders, who charge exorbitant interest rates. These practices perpetuate cycles of poverty and economic vulnerability, inhibiting long-term growth.

**Government Initiatives and Progress**

Recognizing the critical role of financial inclusion in nation-building, governments worldwide, including India, have prioritized efforts to bring banking services to rural areas. Initiatives such as the **Pradhan Mantri Jan Dhan Yojana (PMJDY)** have been game-changers in expanding access to financial services. Under PMJDY, millions of rural households now have zero-balance bank accounts, offering a gateway to other financial products such as insurance, pensions, and overdraft facilities. Additionally, Aadhaar-linked Direct Benefit Transfers (DBT) have revolutionized the delivery of subsidies and welfare schemes, ensuring that benefits reach the intended recipients without leakages.

The role of microfinance institutions (MFIs) and self-help groups (SHGs) in driving rural financial inclusion is also noteworthy. By offering small, collateral-free loans to women and small-scale entrepreneurs, these organizations empower rural populations to engage in income-generating activities. Similarly, the rise of **digital financial services** has opened up new possibilities for rural banking. Mobile banking, internet banking, and fintech innovations are helping to overcome the challenges of physical infrastructure by enabling transactions through digital platforms.

**The Role of Technology and Innovation**

Technology has been a transformative force in advancing financial inclusion in rural areas. Mobile banking and digital payment systems have brought banking to the fingertips of rural masses, even in the most remote locations. The proliferation of smartphones and internet connectivity has enabled rural populations to access financial services without having to travel long distances to physical bank branches. Digital payment platforms such as UPI (Unified Payments Interface) and mobile wallets have simplified financial transactions, making them more secure and user-friendly.

Moreover, agent banking models and Business Correspondents (BCs) have become integral to last-mile connectivity in rural financial inclusion. These agents act as intermediaries between formal financial institutions and rural communities, providing basic banking services such as deposits, withdrawals, and account opening. Fintech companies are also leveraging Artificial Intelligence (AI) and Big Data to design financial products tailored to the specific needs of rural customers, such as crop insurance, micro-pensions, and weather-linked loans.

**Challenges in Achieving Financial Inclusion for Rural Masses**

Despite significant progress, several challenges persist in achieving comprehensive financial inclusion in rural areas. Key among these challenges is the lack of financial literacy, which prevents rural populations from understanding and utilizing formal financial services effectively. Many rural residents remain sceptical of formal banking systems due to historical distrust and cultural factors. Additionally, the physical and digital infrastructure required to support banking services, such as roads, electricity, and internet connectivity, is often underdeveloped in rural areas.

The high cost of delivering financial services in sparsely populated and geographically challenging regions is another significant hurdle. Traditional banking models are not always economically viable in rural settings, necessitating innovative approaches such as digital-only banks or community-led financial cooperatives. Furthermore, gender inequality and social exclusion continue to restrict women's access to financial services, depriving families of potential economic benefits.

**Objective and Scope of the Project**

This project seeks to explore the multifaceted dimensions of financial inclusion in rural areas, with a specific focus on bringing banking to the unbanked masses. It aims to analyze the current state of financial inclusion, identify key challenges, and propose practical, scalable solutions to address these issues. By examining successful case studies, government policies, and emerging trends in financial technology, this study will provide actionable recommendations to enhance rural financial inclusion.

The scope of this project extends beyond financial access to include financial literacy, behavioural insights, and the socio-cultural factors that influence rural banking adoption. It will also delve into the role of partnerships between governments, financial institutions, and technology providers in creating a robust ecosystem for rural financial inclusion.

**Conclusion**

Financial inclusion is more than an economic goal; it is a moral imperative and a critical step toward achieving social justice and national development. Bringing banking services to the rural masses can unlock the untapped potential of rural economies, reduce poverty, and foster inclusive growth. However, achieving this vision requires concerted efforts from policymakers, financial institutions, and technology providers to overcome the barriers that have long excluded rural populations from the formal financial system. Through this project, we aim to contribute to this transformative journey, ensuring that every individual, regardless of their location or socio-economic status, can participate fully in the financial ecosystem.

**CHAPTER TWO**

**LITERATURE & REVIEW**

**FINANCIAL INCLUSION: BRINGING BANKING TO RURAL MASS**

# REVIEW OF LITERATURE

**("Mobile Banking the Future to Rural Financial Inclusion: Case Study of Zimbabwe", Ian and Mercy Ndlovu)** explores the role of mobile banking in enhancing financial inclusion in rural Zimbabwe. The study highlights how mobile technologies, such as Econet's EcoCash, significantly reduce financial exclusion, particularly among small-scale rural businesspeople, by providing accessible, convenient banking services. The research demonstrates that mobile banking can potentially alleviate poverty by integrating rural populations into formal financial systems.

**(“Rural Banking and Rural Development – A Case Study of Developing Countries with Special Reference to Rwanda", Rugazura Ephraim and Dr. R. Murugesan)** emphasizes the critical role of rural banking in improving economic conditions in developing countries. It highlights how rural banks support small and marginal farmers, agricultural labourers, and rural artisans by providing credit and other facilities. The study underscores the necessity of rural banking in poverty alleviation and fostering economic development in underserved areas, particularly in agricultural sectors.

**("Challenges in Banking the Rural Poor: Evidence from Kenya's Western Province", Pascaline Dupas, Sarah Green, Anthony Keats and Jonathan**

**Robinson)** discusses the limited access to banking services in rural areas of Kenya and the impact on people's lives. It explores how lack of access to savings and credit services hinders financial inclusion and reduces individuals' ability to cope with emergencies or invest in their livelihoods. Through experimental evidence, the study highlights the challenges of service quality, fees, and mistrust as major barriers to banking the rural poor.

**(“New issues and challenges facing e-banking in rural areas”, Jiaqin Yang, Mike Whitefield and Katja Boehme)** investigates the adoption of e-banking in rural areas and its economic impact on local financial institutions, using data from a web-based survey. Small and local community banks are increasingly adopting e-banking services, though they currently have lower customer adoption rates due to insufficient promotion. The study highlights the need for better promotional efforts and assistance for senior citizens to boost e-banking usage.

**(“A Case Study on the Growth of Rural Banking in India”, Megha D. Shetty & Sudhindra Bhat)** highlights the significant role of rural banking in advancing technology and balancing the economy in India, focusing on Regional Rural Banks (RRBs). The study highlights the growth and integration of standalone industries in rural banking, driven by global economic interconnections and changing business environments. Despite government efforts to promote inclusive growth, rural banks need further development to become financially viable and effectively serve rural populations.

**(“Growth and Performance of Rural Banking in India”, Girija Nandini)** examines the role, growth, and performance of Regional Rural Banks (RRBs) in India from 200809 to 2017-18, focusing on branch expansion, deposits, advances, and profitability. The study concludes that the growth and expansion of Regional Rural Banks (RRBs) have significantly reduced regional banking imbalances in India, promoting financial inclusion and economic development in rural areas. However, it also notes limitations in the analysis and calls for more comprehensive policies to enhance the profitability and feasibility of RRBs.

**(“Financial Inclusion: a prelude to economic status of vulnerable group”, Dr. Mukesh)** Financial inclusion plays a crucial role in alleviating poverty and fostering economic growth, focusing on its role in improving the economic status of vulnerable groups, particularly in rural areas. Despite India’s strong financial market fundamentals, a large portion of the population, especially the rural poor, lacks access to essential banking services. Financial inclusion, supported by government initiatives like the Pradhan Mantri Jan Dhan Yojana (PMJDY), aims to alleviate poverty and promote economic development by broadening access to savings, credit, and insurance. The paper emphasizes that, while progress has been made, substantial gaps remain, and a collective effort from all stakeholders is required to achieve comprehensive financial inclusion.

(“**Perspective of technology in Achieving Financial Inclusion in rural India”, Shashank Bansal**) Financial inclusion in rural India is critical for economic development, as a significant portion of the rural population remains excluded from formal financial services. The literature emphasizes the role of Information and Communication Technology (ICT) in bridging this gap by reducing transaction costs and enhancing accessibility to services like mobile banking, ATMs, and rural internet kiosks. Mobile phones, with widespread penetration, have emerged as a key tool for reaching the underserved. Additionally, financial literacy programs and government initiatives like direct benefit transfers are crucial for increasing awareness and usage of financial services. While ICT has made notable progress in extending financial services, challenges persist in fully leveraging technology to reach remote areas and ensure sustainable engagement.

**(“Current Situation of Financial Inclusion in India and Its Future Visions”, Neha Dangi and Pawan Kumar)** The crucial role of strong financial institutions in driving economic growth and development, noting that access to affordable and appropriate financial services has been a persistent global issue. Inclusive financial systems are recognized worldwide as key to improving the financial status and living standards of disadvantaged populations. In India, the Reserve Bank of India (RBI) has been proactive in expanding the banking network through new branches, ATMs, Electronic Benefit Transfer (EBT), and the Business Correspondent (BC) model, leveraging information and communication technology (ICT). The article highlights the positive impacts of these initiatives on financial inclusion, while stressing the need for banks to ensure that their services remain accessible to the poor. This includes training staff and business correspondents to focus on the human side of banking.

**(“Financial Inclusion in India: Challenges and Opportunities”, Ms. Richa Aggarwal1)** A robust financial system is crucial for sustainable development and economic growth, as it drives a market-oriented, competitive economy. Financial inclusion plays a key role in achieving inclusive growth by channelling resources across all levels of society. In a country like India, with a large rural population, financial inclusion aims to provide affordable financial services to low-income and disadvantaged segments. It fosters secure saving practices and broadens access to essential financial services, contributing to overall economic efficiency and welfare.

This study focuses on the challenges and opportunities of financial inclusion in India.

**CHAPTER THREE**

**RESEARCH METHOLOGY**

**RESEARCH METHOLOGY**

Research methology is a study of research method from where the data can has been collected and it’s a systematic process of acquiring particular understanding from the given data research methology includes the process of data collection, analysis and interpretation.

In our study on financial inclusion in bringing banks to rural masses, research methology involves the methods and techniques used by us in exploring how financial services is functioning in rural areas and where its accessible to the broader segment of the society, particularly in rural areas like unbanked or underbanked population.

**Research Design:**

Research design is a outline or a blueprint for collecting, measuring and analysing data. The findings of the research will be reliable and valid only if the research design is made effectively. For our study the research design would how we have mapped the destination of final findings. Which explain how the financial services are made accessible to the rural peoples and how financial inclusion will helps the economy towards the growth and government had also understand the needs of improving rural areas so they have made initiatives which encourages peoples to participate more. research design that was adopted by us were Descriptive Research Design which is used to describe characteristics of a population or phenomenon being studied. It doesn’t answer questions about how/when/why the characteristics occurred. Rather it addresses the “what” question the characteristics used to describe the situations or populations are usually some kinds of categorial scheme also known as descriptive categories.

**Research problem and objectives:**

**Problem statement:** the lack of awareness and access to formal financial services in rural areas with limits the economic growth and financial stability.

**Research Objectives:** Our primary objective in this study will includes,

Assessing the current state of financial inclusion from our findings and from the literature review.

Evaluating the effectiveness of government initatives and corporate or RBI initaives in promoting the financial inclusion.

**Hypothesis:** our study is considered with the quantitative analysis where data are collected from the samples. So, hypothesis is used to test where increased mobile banking is improving the financial inclusion. And government initiatives improve people commitments.

**Sampling Design:**

As far as sampling design is concerned, we have opted for non-probability sampling techniques where the sample consist of those individuals who are most accessible to the researcher in the entire population. In this case, we used convenience sampling to derive a sample from the given data. This type of sampling gives you initial data in a short period. It’s a completely qualitative research sampling method of selecting subjects according to the convenience of the researcher based on accessibility and availability. It enables to collect data quickly.

**Data collection method:**

**Primary data sources:** Surveys: We used structured questionnaires to get a clear picture of peoples perceptive about financial inclusion will improve growth of an economy and the rural people attitude towards banking services, with simple scales to measure where rural people park their money in banks or money lenders and they were motivated by government initiates for getting loans from banks

**Secondary data sources:**

**RESEARCH PAPERS AND JOURNAL ARTICLES**: Peer-reviewed studies and articles provide theoretical perspectives and empirical findings that can enrich understanding of financial inclusion benefits and challenges.

**Sample size:**

The size of sample taken for this research study is 120 respondents. Collection of data was through online survey questionnaire using Google Forms.

**CHAPTER FOUR**

**ANALYSIS AND INTERPRETATION**

|  |  |  |  |
| --- | --- | --- | --- |
| **S.No** | **Age Group** | **Frequency** | **Percentage (%)** |
| 1. | 18-25 | 57 | 47.9% |
| 2. | 26-35 | 29 | 24.4% |
| 3. | 36-45 | 17 | 14.3% |
| 4. | Above 45 | 16 | 13.4% |
|  | **Total** | **150** | **100%** |

**ANLYSIS AND INTERPRETATION**

**1. AGE**

*Table 4.1: Age Group*

*fig 4.1: Age group*

The data states that major respondent was from age group between 18-25 are those people who have participated in our research where the respondent is form the younger age group were our findings will tells us about the financial inclusion trends from the new age groups where the older age group may feel uncomfortable with banking terminology but with hands on information it will comfortable to handle and access the financial services more easily.

**2. GENDER**

|  |  |  |  |
| --- | --- | --- | --- |
| **S.No** | **Gender** | **Frequency** | **Percentage (%)** |
| 1. | Male | 61 | 51.3% |
| 2. | Female | 58 | 48.7% |
|  | **Total** | **150**  *Table 4.2: Gender* | **100%** |

*Fig 4.2: Gender*

The survey states that males constitute around 51% of respondents, while females acquire to 49%. The difference are not as mush big where our study will have biased side findings and it results the simple sample characteristics. This gender distribution could help to create the targeting Rural market for creating the awareness program to attract the rural peoples by understanding the preference and challenges across the gender towards the financial inclusion concept.

**3. OCCUPATION:**

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No** | **Occupation** | **Frequency** | **Percentage (%)** |
| 1. | Employed | 31 | 26.1% |
| 2. | Unemployed | 25 | 21.0% |
| 3. | Student | 47 | 39.5% |
| 4. | Self employed | 16 | 13.4% |
|  | **Total** | **150** | **100%** |

*Table 4.3: Occupation*

*Fig 4.3: Occupation*

The major respondents were from the students and next major is from the employed people and their perception about the financial inclusion in bringing banks to rural masses. Where the students have a clear understanding about the current scenario about this issue so we have circulated mostly to student groups. Students acquire maximum count on the survey in the occupational group of survey which is 47% followed by employed peoples which are 31%. The highest count of students represents the importance of utilizing the technology which may be affordability, ease of use, quicker transaction as students prefers to use the convenience over other features. The employed group favours for financial inclusion where they need to secure their hard-earned money. The self-employed groups are only 16% which may specifically need or concerns over the cash flow system of their own and their business.

**4. GENERATION:**

|  |  |  |  |
| --- | --- | --- | --- |
| **S.No** | **Generation** | **Frequency** | **Percentage (%)** |
| 1. | Baby Boomers (1946-1964) | 5 | 4.2% |
| 2. | Gen X (1965-1980) | 21 | 17.6% |
| 3. | Millennial (1981-1996) | 28 | 23.5% |
| 4. | Gen Z (1997-2010) | 65 | 54.6% |
|  | **Total** | **120** | **100%** |

*Table 4.4: Generation of Respondents*

The Generation Z who are born in 1997-2010 represents against 78% of the respondents, indicating a strong participation among the younger peoples, tech-native individuals. Millennials following up the 29% with Gen X at 28% and Baby Boomers at 10 %. This result the younger generations are more adoptable to digital payment system than the older ones. It suggests that as this digital payment will likely to solidify as primary method, influencing the long-term market trend among the youngsters.

*Fig 4.4: Generation of Respondents*

## **5. Monthly Family Salary**

|  |  |  |  |
| --- | --- | --- | --- |
| **S.No** | **Monthly Family Salary** | **Frequency** | **Percentage (%)** |
| 1. | ₹10000-₹25000 | 13 | 10.9% |
| 2. | ₹15001-25000 | 19 | 16.0% |
| 3. | ₹25001-₹50000 | 52 | 43.7% |
| 4. | ₹50001-above | 35 | 29.4% |
|  | **Total** | **120** | **100%** |

*Table 4.5: Family Income per month of Respondents*

*Fig 4.5: Family Income per month of Respondents*

The Majority of the respondents belong to middle-class people’s families with 49.7% earning between ₹25000 and ₹50000 monthly, next to that 29.7% in the ₹50000-above range. This indicates that middle-income earning group has knowledge about the financial intimacy, likely attracted by the convenience and occasional savings through cashbacks and interest rate offered by banks. The income data also provides discount strategies that digital payment providers will use to appeal in different financial demographics.

**RELIABILIY TEST**

Reliability is used to verify where the data is reliable. It is used to assess the consistency or stability of a set of items intended to measure a single construct or concept. It ensures that the items in a scale are reliable, meaning they consistently measure what they are intended to measure. In our study we have taken reliability test as first test to verify the data collected is reliable where the selected group of questionnaires were mostly Likert scale questions.

|  |  |
| --- | --- |
| **Reliability Statistics** | |
| Cronbach's Alpha | N of Items |
| 0.793 | 8  *Table 4.6: Reliability statistics* |

A **Cronbach’s Alpha** of **0.793** indicates that the internal consistency (reliability) of the scale or set of items being tested is considered **acceptable**.

**Interpretation of Cronbach’s Alpha:**

Cronbach’s Alpha is a measure of internal consistency, often used to assess how closely related a set of items are as a group. It ranges from 0 to 1, where:

* **0.90 and above**: Excellent reliability
* **0.80 – 0.89**: Good reliability
* **0.70 – 0.79**: Acceptable reliability
* **0.60 – 0.69**: Questionable reliability
* **Below 0.60**: Poor reliability

**Cronbach’s Alpha = 0.793:**

* A value of **0.793** falls within the **“acceptable”** range, which means the scale or the set of items is reasonably consistent.
* It suggests that the items within the scale measure a similar underlying concept and have a good degree of correlation with each other.

**DESCRIPTIVE STATISTICS**

Descriptive statistics helps to execute the basic statistical functions such as mean, median, standard deviation, frequency, skewness and kurtosis. Descriptive statistics is a primarly used statistics test in all research which helps us to interpretate the average value in each variable and how data varies with responses to the data which can be measured by standard deviation. Skewness helps us to articulate and measures the asymmetry of a data distribution. It indicates whether the data is skewed to the left or right of the mean.

* **Positive skew** (right skew): The tail on the right side of the distribution is longer or fatter than the left side. This means the majority of the data points are on the left, and the mean is greater than the median.
* **Negative skew** (left skew): The tail on the left side is longer or fatter than the right side. This indicates that most of the data points are on the right, and the mean is less than the median.
* **Zero skew**: A perfectly symmetrical distribution (e.g., normal distribution) has a skewness of zero.

The group of Questions used in descriptive statistics were,

1. Do you think having better access to banking services would improve your financial situation.
2. Rural individuals have limited knowledge about modern banking services.
3. Rural populations are generally hesitant to adopt digital banking services (e.g., mobile banking apps, online banking).
4. Rural individuals tend to prefer informal financial systems (e.g., local lenders, informal savings) over formal banking services
5. Lack of awareness is the primary reason rural individuals do not utilize bank accounts or formal banking services.
6. Rural populations are less concerned with saving money in formal institutions compared to urban populations.
7. Financial literacy programs to help rural people to understand banking and finance better.
8. Do you believe that providing banking services to rural areas contributes to the overall economic growth of the community
9. Rural banking services led to increased employment opportunities in the local economy.
10. Government policies that promote rural financial inclusion are key to achieving national economic growth.

**DESCRIPTIVE STATISTICS**

|  |  |  |
| --- | --- | --- |
| Questionnaires | Mean | Std. Deviation |
| Statistic | Statistic |
| 1 | 3.71 | 1.115 |
| 2 | 3.77 | 1.131 |
| 3 | 3.50 | 1.134 |
| 4 | 3.42 | 1.324 |
| 5 | 3.40 | 1.159 |
| 6 | 3.41 | 1.131 |
| 7 | 3.59 | 1.175 |
| 8 | 3.65 | 1.161 |
| 9 | 3.76 | 1.148 |
| 10 | 3.71 | 1.181 |

|  |  |  |  |
| --- | --- | --- | --- |
| Skewness | | Kurtosis | |
| Statistic | Std. Error | Statistic | Std. Error |
| -.087 | .222 | -.421 | .440 |

*Table 4.7: Descriptive Statistics*

**Skewness:**

* **Statistic**: -0.087
* **Standard Error**: 0.222

This indicates that the data distribution is very close to **symmetrical**, as the skewness value is very near zero. A negative skew value suggests a slight leftward tail, but it is quite close to zero, meaning the data distribution is nearly symmetric.

**Symmetric** data distribution means that the left and right sides of the distribution are mirror images of each other. In other words, if you fold the distribution in half at the center (around the mean), both sides would align closely.

**CORRELATION**

Correlation measures that describe the strength and direction of the relationship between two variables. It quantifies how changes in one variable are associated with changes in another. Correlation is expressed as a **correlation coefficient**, which ranges between **-1** and **1**:

* **+1**: Perfect positive correlation (as one variable increases, the other also increases proportionally).
* **0**: No correlation (no relationship between the variables).
* **-1**: Perfect negative correlation (as one variable increases, the other decreases proportionally).

Variables used in correlation are,

1. Financial literacy programs to help rural people to understand banking and finance better.
2. Do you think having better access to banking services would improve your financial situation
3. The nearest bank branch/ ATM would be ease
4. Do you believe that providing banking services to rural areas contributes to the overall economic growth of the community
5. Rural banking services led to increased employment opportunities in the local economy.
6. Government policies that promote rural financial inclusion are key to achieving national economic growth.
7. Lack of awareness is the primary reason rural individuals do not utilize bank accounts or formal banking services.

|  |  |  |  |
| --- | --- | --- | --- |
| Correlations | | | |
|  |  | Factor 3 | Factor2 |
| Factor 3 | Pearson Correlation | 1 | .477\*\* |
|  | Sig. (2-tailed) |  | 0 |
|  | N | 119 | 119 |
| Factor2 | Pearson Correlation | .477\*\* | 1 |
|  | Sig. (2-tailed) | 0 |  |
|  | N | 119 | 119 |
| \*\* Correlation is significant at the 0.01 level (2-tailed).  *Table 4.8: Correlation* | | | |

**INTERPRETATION:**

In our study we have used **Pearson Correlation Coefficient** which helps to Measures linear relationships between two variables. The correlation coefficient between **Factor1** and **Factor3** is **0.614**, indicating a **moderate positive correlation** between these two factors.

Significance **(p-value)**: The **p-value is 0.000**, which is less than the standard significance level of 0.01. This means that the correlation between Factor1 and Factor3 is statistically significant at the 0.01 level. Factor1 likely refers to some aspect of rural banking services, and Factor3 likely represents government schemes aimed at improving rural banking. Since these two factors have a moderate positive correlation, it suggests that better rural banking services are associated with more effective government schemes to improve rural banking and promote economic growth. The moderate positive correlation between these factors suggests that as government schemes to improve rural banking become more effective, the services provided by rural banks also improve.

This indicates that effective government intervention in rural banking is positively related to the enhancement of banking services, which could contribute to promoting economic growth in rural areas.

**INDEPENDENT T-TEST**

The **Independent t-test**, also known as the two-sample t-test, is a statistical test used to compare the means of two independent groups to determine whether there is a significant difference between them. It is commonly used in scenarios where the groups are unrelated or do not influence each other.

In our study we used this test to determine whether the means of two groups are statistically different from each other and also to Evaluate the impact of a categorical independent variable (two groups) on a continuous dependent variable.

**INDEPENDENT VARIABLE:**

Gender 1: Male

2: Female

**DEPENDENT VARIABLE:**

Rural populations are generally hesitant to adopt digital banking services (e.g., mobile banking apps, online banking).

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | F | Sig. | t | df | Sig. (2-tailed) | Mean Difference | Std. Error | 95% Confidence | |
|  |  |  |  |  |  |  |  | Lower | Upper |
| Equal variances | 3.275 | 0.073 | -0.039 | 117 | 0.969 | -0.008 | 0.209 | -0.422 | 0.405 |
| Equal variances not |  |  | -0.039 | 115.12 | 0.969 | -0.008 | 0.208 | -0.42 | 0.404 |

*Table 4.9: Independent T-test*

In our study we have used independent sample T-test to compare the means of two independent groups and the interpretation has stated below

* 1. Levene's Test for Equality of Variances

F: 3.275

Sig.: 0.073

This test checks whether the variances of the two groups are equal. The p-value (Sig.) for Levene's test is 0.073, which is greater than 0.05. Therefore, we fail to reject the null hypothesis of equal variances, meaning the assumption of equal variances holds. We should refer to the row labelled "Equal variances assumed" for interpretation

T-test for Equality of Means

Two rows are displayed:

"Equal variances assumed" (used in this case due to the results from Levene's test).

"Equal variances not assumed" (included in case Levene's test indicated unequal variances).

Key Values (Equal variances assumed):

t: -0.039

df: 117

Sig. (2-tailed): 0.969

Mean Difference: -0.008

95% Confidence Interval: (-0.422, 0.405)

**Null Hypothesis:**

There is no significant difference between the means of the two groups regarding the statement, "Rural populations are generally hesitant to adopt digital banking services."

**Alternative Hypothesis:**

There is a significant difference between the means of the two groups.

Significance Level (Sig. 2-tailed):

The p-value is 0.969, which is much greater than the standard threshold of 0.05. This indicates that there is no statistically significant difference between the means of the two groups. Mean Difference The mean difference between the two groups is -0.008, which is negligible Confidence Interval The 95% confidence interval ranges from -0.422 to 0.405. Since this interval includes 0, it further supports the conclusion that there is no significant difference between the groups

There is no statistically significant difference between the two groups regarding their hesitancy to adopt digital banking services. The means are effectively the same, and we fail to reject the null hypothesis. This suggests that the rural population's hesitation is consistent across the groups being compared.

**ANOVA**

**(Analysis of Variance)**

Anova is statistical test used to determine the significant differences between the means of three or more groups are equal or not.

In our study we used Anova test to identify whether any observed differences in groups means are caused by chances or the effect of independent variable (**IV**) on the dependent variables (**DV**).

**HYPOTHESIS:**

**NULL HYPOTHESIS:**  There are no significant differences in the means of respondent responses across the groups of independent variables.

**ALTERNATIVE HYPOTHESIS:** there is a significant difference in the means of the respondent responses across the groups of independent variables.

**Dependent variables:** factor 3 questions

* 1. Would you be willing to use mobile or internet banking if you were provided training.
  2. Financial literacy programs to help rural people to understand banking and finance better.
  3. Rural banking services lead to increased employment opportunities in the local economy.
  4. The presence of banking facilities in rural areas helps reduce poverty by providing better financial support.
  5. Government policies that promote rural financial inclusion are key to achieving national economic growth.

**Independent variable:**

Gender: Male-1

Female-2

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **ANOVA** | | | | | | |
|  | | Sum of Squares | df | Mean Square | F | Sig. |
| Factor1 | Between Groups | 1.823 | 1 | 1.823 | .155 | .694 |
| Within Groups | 1372.161 | 117 | 11.728 |  |  |
| Total | 1373.983 | 118 |  |  |  |
| Factor2 | Between Groups | 8.059 | 1 | 8.059 | .484 | .488 |
| Within Groups | 1949.807 | 117 | 16.665 |  |  |
| Total | 1957.866 | 118 |  |  |  |
| Factor3 | Between Groups | 81.062 | 1 | 81.062 | 6.275 | .014 |
| Within Groups | 1511.375 | 117 | 12.918 |  |  |
| Total | 1592.437 | 118 |  |  |  |

*Table 4.10: Anova Table*

**HOMOGENEITY OF VARIANCES**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Test of Homogeneity of Variances |  |  |  |  |
|  | Levene Statistic | df1 | df2 | Sig. |
| Factor1 | 0.559 | 1 | 117 | 0.456 |
| Factor2 | 0.266 | 1 | 117 | 0.607 |
| Factor3 | 0.796 | 1 | 117 | 0.374 |

*Table 4.11: Homogeneity of variances*

The homogeneity of variances is essential to know whether our differences in means are changed or influenced by unequal variability it ensures the comparison between means are reliable. In our study the homogeneity of variances is 0.456, 0.607, 0.374. where the P-Value for all the factors is greater than 0.05, where the homogeneity of variances is met for all three dependent variables.

In Anova table where the sig. value for three factors is 0.694, 0.488, 0.014 and the interpretation is factor 1 and factor 2 has no significant difference between groups so we fail to reject the null hypothesis. And in factor 3 the p-value is below 0.05% so we need to reject the null hypothesis and accept the null hypothesis. Stating that there is a significant difference between the gender and factor 3.

|  |  |
| --- | --- |
| **Test Statistics** | |
|  | Factor3 |
| Chi-Square | 51.891a |
| df | 15 |
| Asymp. Sig. | .000 |
| a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 7.4. | |

**CHI SQUARE**

**ANALYSIS**

**HYPOTHESIS:**

**Null Hypothesis:** There is a no significant association between generation and the responses to question about government initiatives.

**Alternative Hypothesis:** There is a significant association between generation and the responses to question about government initiatives.

*Table 4.12: Chi-Square*

The Chi-Square test is used to determine whether there is a significant association between categorical variables. In our study we specifically used Chi-square test to test whether the distribution of observed data is similar or matches to what we expected and it test by comparing the observed frequencies with expected frequencies.

Degrees of freedom represents the numbers of independent comparisons that can be made between groups in our study. The exact numbers of degrees of freedom depends on the numbers of categories where the (DF = 15). And chi-square value is 51.891 the large the chi-square suggest that the observed frequencies significantly differ from what we would expect. Only if there were no association. The p-value is .00 means that the relationship between generation and responses to question are statistically significant. This suggests that the generation(baby boomers, GenX, Millennium, Genz) influence how people view and respondent to government initiatives like baby boomers will not aware of the scheme likewise.

**CHAPTER FIVE**

**FINDINGS & SUGGESTIONS**