



“An Analysis Of Financial Inclusion Status In Greater Noida, Uttar Pradesh”

Ms Divya Singh^{1*}, Dr Meenakshi Sharma², Dr Kamal Aggarwal³

^{1*}Assistant Professor, Mangalamay Institute of Management and Technology

²Professor, Mangalamay Institute of Management and Technology

³Associate Professor, Mangalamay Institute of Management and Technology

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ABSTRACT

In an economy like India which is expanding rapidly, the business environment needs to be transformed and increase the access of financial services to the lowest level of the society. The aim of this study is to analyze the financial literacy levels and status of financial inclusion in Greater Noida district of Uttar Pradesh. Financial inclusion can be measured based on three tangible and critical dimensions viz. Branch Penetration, Credit Penetration and Deposit Penetration. Research Paper aimed to analyze these dimensions and also assess the government's financial inclusion initiatives and the financial services offered by commercial banks. Research was done through studying literature review and analyzing the data collected from the various group of residents of Greater Noida. Study revealed that there is a significant disparity in consumers' perceptions of how satisfied they are with government schemes and financial services, which prevents financial inclusion from reaching its full potential. The higher economic level group, which is also more educated than the lower economic level group, finds it easier to open bank accounts as well as access other services, indicating that financial inclusion is significantly influenced by both economic status and educational attainment. Several suggestions are also made for improving the integration of commercial banks' financial services and financial inclusion initiatives

Keywords: Financial Literacy, Financial Inclusion Dimensions, Branch Penetration, Credit Penetration and Deposit Penetration

INTRODUCTION:

With the progress of the Indian economy, especially when the focus is on the achievement of sustainable development, there must be an attempt to include maximum number of participations from all the sections of the society. But the lack of awareness and financial literacy among the rural population of the country is hindering the growth of the economy as majority of the population does not have access to formal credit. This is a serious issue for the economic progress of the country. In order to overcome such barriers, the banking sector emerged with some technological innovations such as automated teller machines (ATM), credit and debit cards, internet banking, etc. Though introduction of such banking technologies brought a change in the urban society, a majority of the rural population is still unaware of these changes and is excluded from formal banking. Financial inclusion enables improved and better sustainable economic and social development of the country. It helps in the empowerment of the underprivileged, poor and women of the society with the mission of making them self-sufficient and well informed to take better financial decisions. Financial inclusion takes into account the participation of vulnerable groups such as weaker sections of the society and low income groups, based on the extent of their access to financial services such as savings and payment account, credit insurance, pensions etc.

The level of financial inclusion in India can be measured based on three tangible and critical dimensions which are Branch Penetration, Credit Penetration and Deposit Penetration. 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. The penetration of financial services in the rural

areas of India is still very low. The major reason for low penetration of financial services is, probably, lack of reach of the services or lack of financial literacy.

Since last decade, the Reserve Bank of India (RBI) and the Government of India is making efforts to increase financial inclusion such as SHG-bank linkage program, use of business facilitators and correspondents, easing of Know Your Customer (KYC) norms, electronic benefit transfer, separate plan for urban financial inclusion, use of mobile technology, bank branches and ATMs, opening and encouraging 'no-frill-accounts' etc. Recent initiatives of the Government such as opening Pradhanmantri Jan Dhan Accounts, Direct Benefit Transfer and Aadhar seeding with the accounts has buildup confidence in the rural areas .

“The stark reality today is that most poor people in the world still lack access to sustainable financial services, whether it is saving, credit or insurance. The great challenge before us is to address the constraints that exclude people from full participation in the financial sector. Together, we can and we must build inclusive financial sectors that help people improve their lives” Former UN secretary –Kofi Annan

Schemes of Financial Inclusion

- Pradhan Mantri Jan-Dhan Yojana
- Pradhan Mantri Suraksha Bima Yojana (PMSBY)
- Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)
- Atal Pension Yojna
- Varishita Pension Bima Yojana
- Pradhan Mantri MUDRA Yojana (PMMY)
- Sukanya Samriddhi Yojna
- Kisan Credit Cards (KCC)

RESEARCH OBJECTIVES:

- 1) To understand the coverage of financial inclusion and observe the day to day money management among the people in Greater Noida;
- 2) To analyze the level of awareness among the people with regard to various financial terms;
- 3) To evaluate the ability of the people to select the appropriate financial products or services;
- 4) The future of financial inclusion process in districts like Greater Noida;
- 5) The perception of people regarding financial inclusion services and its benefits;
- 6) To assess the challenges in financial inclusion.

LITERATURE REVIEW

Dr. Goswami Sumi (2023) a Study “An analytical assessment of the economic and financial inclusion status of Uttar Pradesh” Uttar Pradesh is the seventh-largest country in the world with 16.5 percent of the country's total population. After Rajasthan, Madhya Pradesh, and Maharashtra, Uttar Pradesh is the fourth-largest state in terms of area, making up 7.4% of the nation's total land area. The State's economy and development have a crucial influence on the entire development of the country because of its largest population and vast land area. With a growth rate of 7.4% in 2017–2018 compared to the national growth rate of 8%, it is the fastest developing state. The state ranks 17th among Indian states in terms of investment climate since it offers a variety of business options. In terms of macroeconomic factors, Uttar Pradesh ranks ninth in agriculture, fourteenth in infrastructure, sixteenth in the consumer market, and nineteenth in elementary education, according to the Ph.D. Chamber study. The State faces the problem of persistent poverty in spite of growth in many sectors. 593.19 lakh people in the state, both in urban and rural areas, live in poverty. They face a range of social and economic issues, despite the state government's repeated attempts to help the impoverished, which have not yielded the expected outcomes. Given this context, the current study will examine how the state's economy is doing across a range of metrics, taking into account the development of the banking industry in rural Uttar Pradesh.

Shadman Zafar (2021) a Study “Poverty Alleviation Through Financial Inclusion in India: A Case Study of Pradhan Mantri Jan-Dhan Yojna in Aligarh District of Uttar Pradesh” Financial inclusion has become one of the most potent tools in the fight against poverty in recent years. The government has made efforts, yet there is still a gender gap in financial inclusion. Research suggests that financial inclusion and penetration can be significantly impacted by education. The current study is an attempt to investigate these facts empirically in the district of Aligarh under the PMJDY system. Descriptive statistics and a two-way between-groups ANOVA were used to generate the results, with gender and literacy serving as independent categorical factors and multidimensional poverty as the dependent variable. The study's conclusions indicate that variations in financial literacy and penetration among PMJDY account users can be attributed, in part, to variances in educational attainment. Comparable distinctions are also noted between account holders who are male and female. The study, however, did not support the existence of a gender gap in multidimensional poverty among PMJDY account users. Additionally, there is no interaction effect between gender and literacy on the MPI score, but there is a significant impact of literacy level on the MPI level.

VS Dube (2020) a Study “A Comparative Study on Financial Literacy of Uttar Pradesh with Central Zone States in India” The aim of this study is to compare the financial literacy levels of Uttar Pradesh and other central zone states, as well as to determine the state's level of financial literacy prior to financial inclusion. The article gives a summary of the key components of financial literacy as well as its significance in the Indian setting. Design/Methodology/Approach: In order to illustrate the findings, this research study mostly looks at secondary sources of data, where research objectives have been created. To determine India's current level of financial literacy, a preliminary examination of the literature has been conducted. Conclusions: Much effort needs to be done before financial literacy in the Indian setting is at an acceptable level. Numerous studies have shown that the various population segments in India have poor levels of financial literacy. Serious legislative action is required to raise the basic and advanced levels of financial literacy so that people can save and invest in a variety of market-available opportunities more sensibly. Implications for Research: More work needs to be done to get over the challenges in the area of financial literacy. The study's findings demonstrate that one of the major obstacles to the widespread adoption of financial literacy is the dearth of scholarly research in the area. Practical consequences: There are some very important consequences to this paper. First, the process of categorising financial attitude, behaviour, and knowledge in order to study financial literacy levels. Second, by conducting a comparative analysis in the states of the Central Zone. Originality/value: This research presents the position of financial literacy in India prior to financial inclusion by analysing the results of financial literacy in the central zone states from the National Centre for Financial Education report.

RESEARCH GAP

The literature review mentioned above is helpful in determining the gaps and challenges in the field. Since most research papers focus on the role that financial institutions play in financial inclusion, this study only examined the role that commercial banks play in this regard, as well as the relevance of financial inclusion to national development, inclusive growth, obstacles to financial inclusion, financial development and microfinance, and the role that financial inclusion plays in the Indian banking system. No studies have been done on the relationship between commercial banks, financial inclusion, and socioeconomic development. The contribution of commercial banks to financial inclusion and their influence on socioeconomic development have been mentioned in relatively few articles and studies. The most significant finding is that not enough research has been done on financial inclusion in Greater Noida, Uttar Pradesh. By describing the function of commercial banks in financial inclusion and the socioeconomic development of Greater Noida, Uttar Pradesh, this research paper aims to close this knowledge gap.

STATEMENT OF THE PROBLEM

Commercial banks are essentially providers of financial services, concentrating on clients who fit the profile of a commercially viable offers while excluding weaker and more susceptible clients. All customers must be able to access financial services, such as basic bank accounts or no-frills accounts that are efficient and reasonably priced. Many people who do not have access to the internet or smart phones find it difficult to use the electronic banking services that have replaced the personal banking services. It is common knowledge that a simple bank account serves as a gateway to more services and products, such as credit, savings, and insurance. In order to achieve financial inclusion, eliminate unemployment, and secure housing, education, insurance, pensions, and health care, it is necessary to have access to fundamental banking services. The current financial crisis has made it more important than ever to practice sound money management and raise awareness of the subject of financial inclusion in all of India among all households.

The financial services that those with high incomes and those with low incomes can access differ greatly. The current thesis examined how commercial banks contribute to financial inclusion. The government's financial inclusion initiatives and the financial services offered by commercial banks were the main topics of the research paper

NEED AND SIGNIFICANCE OF THE STUDY

By 2030, it is anticipated that an emerging economy such as India would see double-digit yearly growth. The Indian economy is currently expanding at a rate that is higher than anticipated, but we need consistent growth and a quicker improvement in the living conditions of the nation's poor. Commercial banks are essential to the growth of our nation's economy. The RBI advises banks in India to undertake financial inclusion policies in order to reach out to disadvantaged populations by mobilizing their little savings and offering appropriate financial services. Therefore, the focus of this paper was on the part played by commercial banks in the financial inclusion initiative. The purpose for this kind of research study was the need to address different financial inclusion challenges.

The primary goals of financial inclusion are to attempt and guarantee that:

- Every person has access to financial services;
- People are aware of the programs and facilities; and
- Services are available.

RESEARCH QUESTIONS GUIDING THE STUDY

The following research questions were developed to address the research problem following a thorough evaluation of the literature.

1. What is the demographic makeup of the respondents—bank employees and customers of commercial banks—?
2. To what extent do customers in Greater Noida, Uttar Pradesh, use the commercial banks' financial inclusion initiatives?
3. To what extent are customers aware of the commercial banks' efforts to promote financial inclusion?
4. To what extent do customers know about the financial services offered by commercial banks?
5. To what extent do customers know about the Government schemes offered by Commercial Banks?
6. Is there a correlation between the level of awareness of the commercial banks' financial services and demographic factors?
7. Is there a correlation between the level of awareness of government schemes offered by commercial banks and demographic factors?
8. How satisfied are customers with the financial services provided by commercial banks?
9. How satisfied are customers with the government programs offered by the commercial banks?
10. How does financial inclusion affect socioeconomic status and what are its advantages?

RESEARCH OBJECTIVES AND HYPOTHESIS DEVELOPMENT

In order to answer the aforementioned research issues, the following research aims and hypotheses were developed:

1. To examine the demographic profile of respondents, or customers and bank officials of commercial banks.
2. To investigate the extent to which customers in Greater Noida, Uttar Pradesh, are using the commercial banks' financial inclusion activities.
3. To determine how knowledgeable customers feel about the commercial banks' efforts to promote financial inclusion in Greater Noida, Uttar Pradesh.

3.1: To determine how knowledgeable customers feel about the financial services offered by Greater Noida, Uttar Pradesh's commercial banks.

3.2: To determine how knowledgeable customers feel about government initiatives offered by commercial banks in Ghaziabad, Uttar Pradesh.

RESEARCH DESIGN

This study design offers a comprehensive and lucid explanation of the precise measures that were implemented to tackle the research challenge and verify each hypothesis.

POPULATION AND SAMPLING DESIGN

The definition of the population for the proposed research has also been done. As per the topic of the study here it must be known that respondent would be the realistic and accessible population of the study and have been taken as the realistic/accessible population.

We must choose the participants for this study based on their places of residence and the locations of the commercial banks in Uttar Pradesh, India. The target audience consists of 200 customers of commercial banks in Uttar Pradesh, from which we would like to draw conclusions. This is the actual population that was polled for the research. Data was collected from Greater Noida.

COLLECTION OF DATA

Additionally, data was gathered via a Google form. Link was made and sent to potential respondents via email. Because the samples in Greater Noida, Uttar Pradesh, India, were spread out geographically, this was the best strategy for gathering data.

DATA ANALYSIS & INTERPRETATION

Chi Square Analysis: Association between Demographic factors and Awareness for Financial Services: Consumers' Perspective.

Null Hypothesis-1: There is no association between Awareness level for Financial Services and Gender.

Table - Cross Tabulation of Awareness for Financial Services and Gender

Crosstab				
Awareness Level	Frequency (200)		Percentage (%)	
	Male	Female	Male	Female
Highly Unaware	36	9	18.0%	4.5%
Unaware	62	18	31.0%	9.0%
Aware but never Aailed	40	21	20.0%	10.5%
Highly Aailed	5	4	2.5%	2.0%
Aailed	3	2	1.5%	1.0%

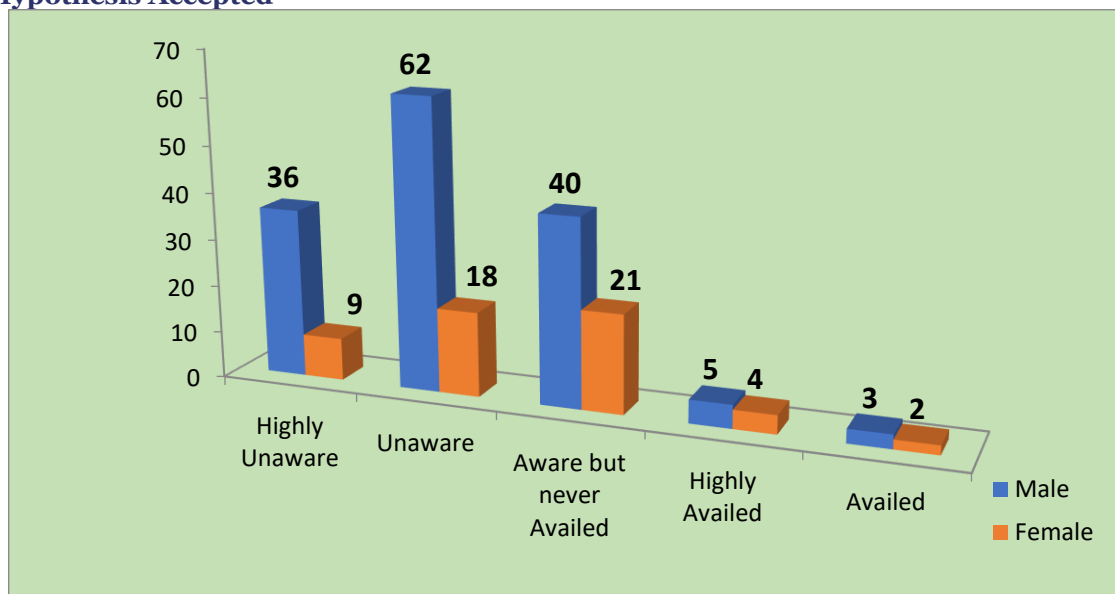
From the above frequency table & graph, it can be seen that out of total 200 respondents, 18% respondents were male and 9% were female said 'Highly Unaware', 31% respondents were male and 9% were female said 'Unaware', 20% respondents were male and 10.5% were female said 'Aware but never Aailed', 2.5% respondents were male and 2% were female said 'Highly Aailed' and 1.5% respondents were male and 1% were female said 'Aailed'.

Table -Chi-Square Test

Chi-Square Tests				
Awareness Level	df	p value	Chi Square Value	Level of Non significance
Highly Unaware	4	0.24	0.99	0.05*
Unaware	4			
Aware but never Aailed	4			
Highly Aailed	4			
Aailed	4			

From the table & bar chart it was found that asymptotic significance for Pearson Chi Square comes out to be more than 0.05, so we accept null hypothesis at 5% level of significance. Hence it can be concluded that two variables are not associated.

Null Hypothesis Accepted

**Figure -Cross Tabulation of Awareness for Financial Services and Gender**

Null Hypothesis-2: There is no association between Awareness level for Financial Services and Age.

Table - Cross Tabulation of Awareness For Financial Services and Age

Crosstab										
Awareness Level	Frequency (200)					Percentage (%)				
	20-25	26-30	30-35	35-40	40 Above	20-25	26-30	30-35	35-40	40 Above
Highly Unaware	28	5	2	2	8	14.0%	2.5%	1.0%	1.0%	4.0%
Unaware	47	3	7	8	15	23.5%	1.5%	3.5%	4.0%	7.5%
Aware but never Aailed	37	3	1	9	11	18.5%	1.5%	0.5%	4.5%	5.5%
Highly Aailed	8	0	0	1	0	4.0%	0.0%	0.0%	0.5%	0.0%

Availed	4	0	1	0	0	2.0%	0.0%	0.5%	0.0%	0.0%
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Table - Chi-Square Test

Chi-Square Tests				
Awareness Level	df	p value	Chi Square Value	Level of Non significance
Highly Unaware	16	0.70	1.00	0.05*
Unaware	16			
Aware but never Availed	16			
Highly Availed	16			
Availed	16			

From the table & bar chart it was found that asymptotic significance for Pearson Chi Square comes out to be more than 0.05, so we accept null hypothesis at 5% level of significance. Hence it can be concluded that two variables are not associated.

Null Hypothesis Accepted

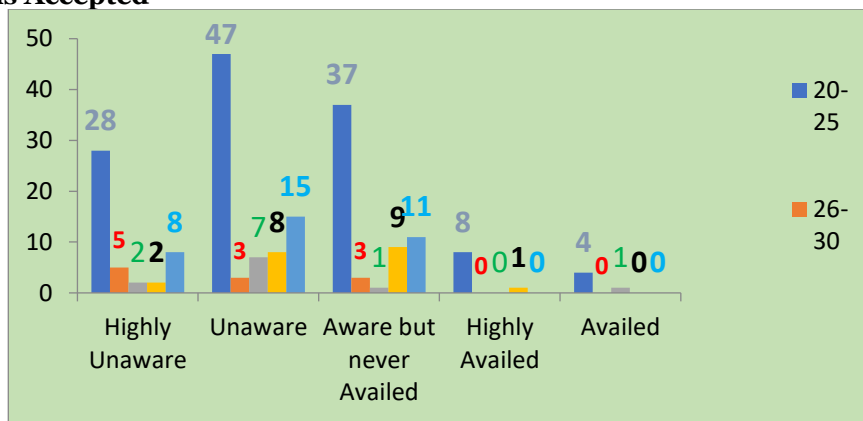


Figure - Cross Tabulation of Awareness For Financial Services and Age

Null Hypothesis-3: There is no association between Awareness level for Financial Services and **Type of Bank**

Table - Cross Tabulation of Awareness for Financial Services and Type of Banks

Crosstab				
Awareness Level	Frequency (200)		Percentage (%)	
	Government Bank	Private Bank	Government Bank	Private Bank
Highly Unaware	30	15	15.0%	7.5%
Unaware	48	32	24.0%	16.0%
Aware but never Availed	31	30	15.5%	15.0%
Highly Availed	5	4	2.5%	2.0%
Availed	2	3	1.0%	1.5%

From the above frequency table & graph, it can be seen that out of total 200 respondents, 15% respondents were Government Bank and 7.5% were Private Bank said 'Highly Unaware', 24% respondents were Government Bank and 16% were Private Bank said 'Unaware', 15% respondents were Government Bank and 15% were Private Bank said 'Aware but never Availed', 2.5% respondents were Government Bank and 2% were Private Bank said 'Highly Availed' and 1% respondents were Government Bank and 1.5% were Private Bank said 'Availed'.

Table 1- Chi-Square Test

Chi-Square Tests				
Awareness Level	df	p value	Chi Square Value	Level of Non significance
Highly Unaware	4	0.48	0.98	0.05*
Unaware	4			

Aware but never Aailed	4			
Highly Aailed	4			
Aailed	4			

From the table & bar chart it was found that asymptotic significance for Pearson Chi Square comes out to be more than 0.05, so we accept null hypothesis at 5% level of significance. Hence it can be concluded that two variables are not associated.

Null Hypothesis Accepted

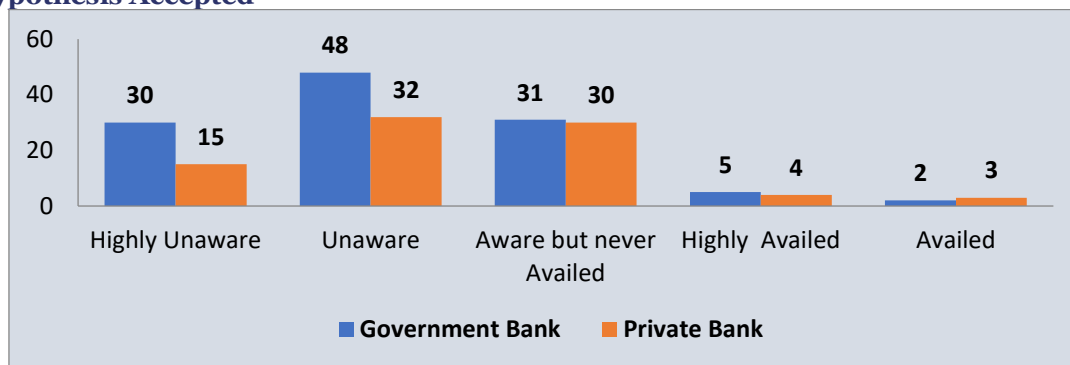


Figure-Cross Tabulation of Awareness for Financial Services and Type of Banks.

Null Hypothesis-4: There is no association between Awareness level for Financial Services and Educational Qualification

Table - Cross Tabulation of Awareness for Financial Services and Educational Qualification

Crosstab										
Awareness Level	Primary		High School		Intermedate or diploma		Graduate		Postgraduate	
	Fre .	%	Fre .	%	Fre .	%	Fre .	%	Fre .	%
Highly Unaware	0	0.0%	0	0.0%	4	2.0%	27	13.5%	14	7.0%
Unaware	0	0.0%	0	0.0%	1	0.5%	40	20.0%	39	19.5%
Aware but never Aailed	0	0.0%	0	0.0%	3	1.5%	37	18.5%	22	11.0%
Highly Aailed	0	0.0%	0	0.0%	0	0.0%	5	2.5%	4	2.0%
Aailed	0	0.0%	0	0.0%	0	0.0%	3	1.5%	2	1.0%

Table 2 - Chi-Square Test

Chi-Square Tests				
Awareness Level	df	p value	Chi Square Value	Level of Non significance
Highly Unaware	16	0.93	1.00	0.05*
Unaware	16			
Aware but never Aailed	16			
Highly Aailed	16			
Aailed	16			

From the table & bar chart it was found that asymptotic significance for Pearson Chi Square comes out to be more than 0.05, so we accept null hypothesis at 5% level of significance. Hence it can be concluded that two variables are not associated.

Null Hypothesis Accepted

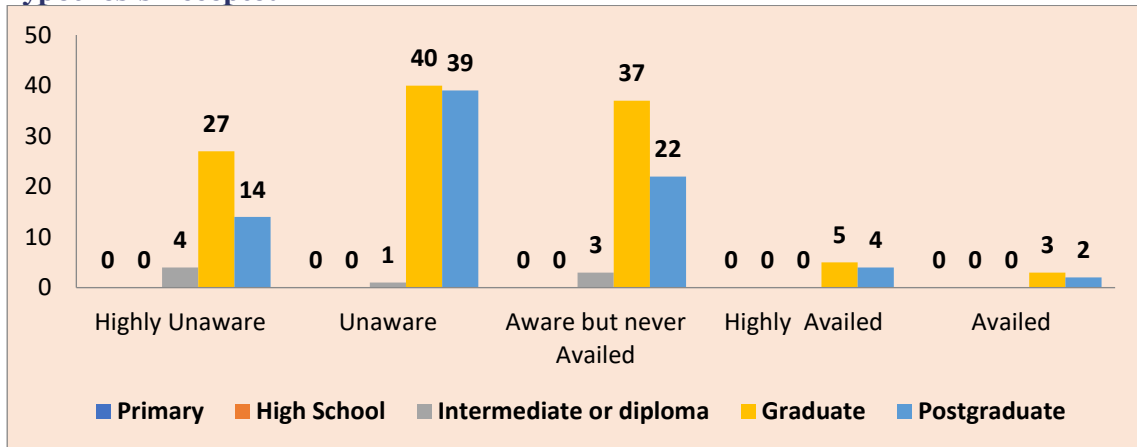


Figure - Cross Tabulation of Awareness For Financial Services and Educational Qualification

Null Hypothesis-5: There is no association between Awareness level for Financial Services and **Monthly Income**

Table - Cross Tabulation Of Awareness For Financial Services And Monthly Income

Crosstab										
Awareness Level	20-30k		30-40k		40-50k		50-60k		60k above	
	Fre	%	Fre	%	Fre	%	Fre.	%	Fre	%
Highly Unaware	29	14.5%	5	2.5%	1	0.5%	2	1.0%	8	4.0%
Unaware	44	22.0%	5	2.5%	9	4.5%	0	0.0%	0	0.0%
Aware but never Availed	37	18.5%	9	4.5%	0	0.0%	5	2.5%	10	5.0%
Highly Availed	8	4.0%	0	0.0%	0	0.0%	0	0.0%	1	0.5%
Availed	8	4.0%	18	9.0%	10	5.0%	1	0.5%	0	0.0%

Table 3- Chi-Square Test

Chi-Square Tests				
Awareness Level	df	p value	Chi Square Value	Level of Non significance
Highly Unaware	16	0.71	1.00	0.05*
Unaware	16			
Aware but never Availed	16			
Highly Availed	16			
Availed	16			

From the table & bar chart it was found that asymptotic significance for Pearson Chi Square comes out to be more than 0.05, so we accept null hypothesis at 5% level of significance. Hence it can be concluded that two variables are not associated.

Null Hypothesis Accepted

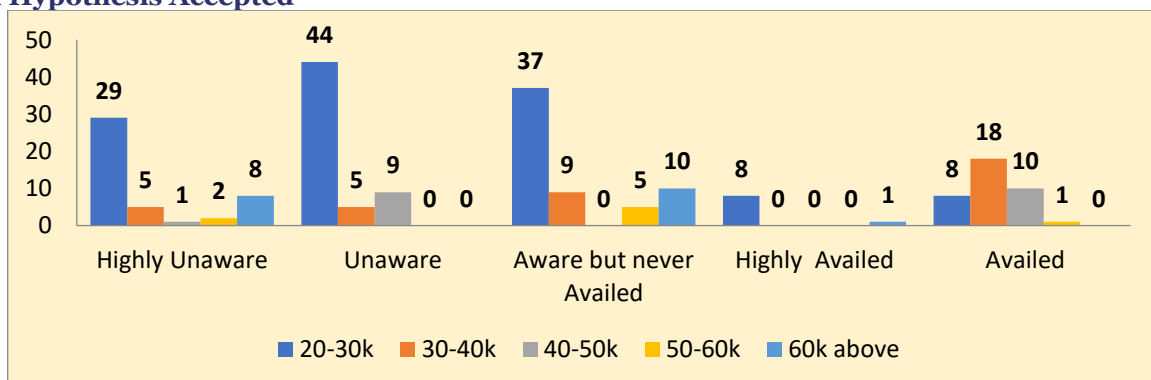


Figure : Cross Tabulation Of Awareness For Financial Services And Monthly Income

CONCLUSION

Study revealed that there is a significant disparity in consumers' perceptions of how satisfied they are with government schemes and financial services, which prevents financial inclusion from reaching its full potential.

It was observed that those with greater socioeconomic status also possess higher levels of education. For them, opening a bank account is considerably simpler. The higher economic level group, which is also more educated than the lower economic level group, finds it easier to open bank accounts as well as access other services, indicating that financial inclusion is significantly influenced by both economic status and educational attainment.

Ultimately, it can be said that although customers are aware of the financial services offered by commercial banks, they do not always take advantage of them, particularly when it comes to the availability of loan facilities, insurance services, pension plans, credit cards, internet and mobile banking, and online bill payment.

The main obstacles to financial inclusion that consumers encounter poverty or low income, the inability to save money because of rising living expenses, the numerous hidden fees charged by banks, and the inability to maintain a minimum balance in an account.

It may be inferred that the majority of respondents agreed—many of them strongly agreed—that financial inclusion programs affect socioeconomic status and have an effect on raising income levels and conserving more money. Additionally, it can be said that the majority of respondents agreed—many of them strongly agreed—that financial inclusion programs influence both the empowerment of entrepreneurs and the advancement of social status.

SUGGESTION & IMPLICATIONS FOR COMMERCIAL BANKS

Several suggestions are made for improving the integration of commercial banks' financial services and financial inclusion initiatives-

- There should be as little uncertainty as possible about the terms and circumstances for obtaining loans and other financial services. Customers should be provided with greater transparency regarding the policies of the banks; this will increase knowledge, awareness, and satisfaction.
- Although there is sufficient awareness of insurance services and pension plans, many people have not used them. Customers who are unable to complete the paperwork or who are faced with lengthy paperwork are removed from these services.
- Reducing and streamlining the paperwork and assigning additional help desk representatives to engage directly with customers and provide clear guidance throughout the process will be beneficial; this will raise knowledge of the facility and enhance its availability.
- Customers are unaware of the advantages of credit card services and only have a limited understanding of them.
- There should be a stronger push to establish credit card facilities and educate people about their benefits and drawbacks.
- There is little public support for government programs. More work needs to go into getting the word out to consumers about these programs.
- Banks ought to take a more proactive role in promoting and disseminating information about these government initiatives by using charts and hoarding to present the information.
- Financial inclusion offers a way to channel impoverished people's savings into investments and into the official financial intermediation system.
- The abundance of low-cost depositors will provide banks with a chance to rely less on bulk deposits and enhance their ability to manage liquidity risk and mismatches between assets and liabilities.
- One measure of a nation's ability to engage with the formal financial system and make use of its financial services is the quantity of commercial banks in that nation. More commercial banks mean more opportunities to introduce people to the formal financial system, assuming the banks offer appropriate financial services and products.