

AWARENESS OF FORMAL FINANCIAL SERVICES AMONG RURAL WOMEN OF HIMACHAL PRADESH

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Abstract

Formal financial services intensify the financial system of the country comprehensively. It strengthens the availability of economic resources. Essentially it consolidates the concept of savings among people thus enhancing capital formation in the economy. A developed banking sector of an economy through its services apart from being encouraging capital formation also brings innovation, proficiency and investment which in turns ensure sustainable development. Thus it contributes towards the progress of the economy in a persistent manner. This study has been pursued with the objective to analyze the awareness level of rural women about formal financial services. The two main districts of Himachal Pradesh were taken for the study i.e. Kangra and Mandi. A structured schedule has been developed to collect primary data from the respondents and analyzed using descriptive statistics, chi square test, one way ANOVA and independent sample t test. The results of the study revealed that rural women are highly aware about basic banking services but there is lag in awareness about secondary and modern digital services offered by the banks. Education and earning capacity can make the rural women more aware about various financial services and can help them in leading a prosperous life

Key words: Formal financial services, rural women, earning capacity.

INTRODUCTION

The economic and social manifestation of formal financial services is evident in different ways. Formal financial services have been a dynamic force and a most conclusive element in the economic development of a nation. It has distinctive and multi effects on nation's economy. Moreover it cut down the dependency on informal moneylenders thus decreases exploitation, poverty, brings equality and promotes uniform development. The process of providing formal financial services to all the sections of society is nowadays known as financial inclusion. In simple terms, financial inclusion refers to the process of providing access to all the banking products and services to all the sections of the society including low income group and other disadvantageous groups at an economical cost. In the words of Raghuram Rajan, "Financial inclusion refers to the universal access to a wide range of financial services at a reasonable cost. These include not only banking products but also other financial services such as insurance and equity products.

Extending formal financial services to each and every citizen of the nation has become one of the major socio economic provocations in front of governments, central banks, law makers and other collaborators worldwide. The government of

India and the Reserve Bank of India has been making combined efforts to stimulate financial inclusion as one of the chief national aim of the country. While a lot of efforts have been taken up to elevate account holding in the country, a lot more identical attempts are yet needed to ensure adequate usage of various financial services by the accountholders. The factuality of the various researches has showed that when it comes to the awareness about formal financial services among women there is a respectable gap. The World Bank Group Gender Strategy 2016-2023 entitled “Gender equality, poverty reduction and inclusive growth” revealed that women have very little or no say in their families, they still earn less than men even after possessing same abilities and experience. However, more than 50 percent of the women universally are kept out of work force and hence financially excluded.

Besides the circumstances of the rural women is even more inadequate in this regard. Although rural women constitute about half of rural labour force, while not always counted, they are economically active in each sub sector of rural economy yet rural financial programmes have been largely designed with the male headed households and fail to recognize that women are active, productive and engaged economic agent with their own financial needs and constraints.³ Despite the fact that gender differences in access to banking services has been reduced in India still we do not have clear insight about the real problems restricting rural women’s awareness and access of formal financial services. Therefore, a need is felt to study how far the rural women of Himachal Pradesh have been financially awarded?

REVIEW OF LITERATURE

Bambuwala, S. (2013) focused to find out the reasons of worldwide financial exclusion, the challenges confronted and favorable possibilities recognized from past experiences around the world and come to the conclusion that the significant challenge for global financial inclusion all over the world is financial illiteracy irrespective of the developed or developing countries which should be administered on priority basis. **Tiwari, P. (2014)** presented a case of women from the migrant tribes that are usually left from the formal financial system. The complication of financial exclusion of women is an indicative characteristic of gender inequality which not only limits the access to formal financial services but also the capabilities to endeavour other facets of social life. The study suggested that in scheming products for the women’s bank, the women aspirations must be properly judged and such judgment must initiate demand led, versatile and newly invented products, then only women at large can become the part of formal system.

Joseph, D. (2014) tried to illuminate the reasons of financial exclusion of rural people viz technological slowness and darkness of illiteracy. Financial inclusion is one of the crucial concern of today's financial system and lack of developed infrastructure made it even more ill. Thus author targeted to pursue a study to analyze the position of rural people with regard to the access of banking services and to interpret the strength of financial literacy to bring financial inclusion in rural areas. **Kumari, L., & Subramanyam, S. (2017)** the study was undertaken with the theme of appraising the initiatives of government and to explore the genesis of financial exclusion of women. Study revealed that gap still exists towards women's financial inclusion due to most likely reasons such as lack of literacy, lack of identification proofs, lack of particulars, hopelessness, emotional distress, lack of risk taking attitude, domestic burden etc

Lakshmi, A. et al. (2017) India has for ages acknowledged the socio economic obligation to legitimize the rural poor, women and other peripheral segments and has put together extensive efforts towards it. The chief motivation behind this study is to measure the association between financial services via Self Help Group on empowerment of women and evaluated numerous factors such as availability of credit, income opportunities and knowledge of financial services. The outcomes showed that SHGs are playing vital roles for uplifting women by benefiting them with credit facilities which has further increased their income level which was comparatively low before joining SHG. **Sabic, A. (2019)** raised a question that a short time ago, almost every country of the world has taken up measures to cover almost everyone in the formal financial ecosystem but we are yet to get bottom of the reality that who are remained uncovered and why? Study provided that 2 billion people around the world are yet unbanked and remorsefully majority of them are poor women. **Ingalagi, S., Kulkarani, P.V., & Huneker, V. (2020)** studied the procedure of bringing basic banking services to the bottom of the pyramid specifically rural women at an economical cost. This paper particularly assessed the work of CSR activities of SMEs and its effect on rural women who are new to the formal financial system. The results represent the growth of entrepreneurial skills, job regularization and enhanced standard of living among rural women after joining SMEs.

OBJECTIVES

- To study the awareness level of rural women regarding formal financial services in Himachal Pradesh.
- To study the demographic profile of rural women and its relationship with level of awareness.

HYPOTHESES OF THE STUDY

H₀ 1: Rural women have significantly low level of awareness regarding various services provided by banks.

H₀ 2: There is no significant relationship between demographic variables of respondents and level of awareness.

RESEARCH METHODOLOGY

The study is basically primary in nature. To achieve the objective of the study, there were several stages in which the sampling procedure was carried out. First of all, the state was divided on the basis of districts. Out of 12 districts, two districts were selected on the basis of highest rural female population. Further districts were stratified on the basis of tehsils. Two tehsils from each district were selected, again on the basis of highest rural female population. Then tehsils were sub divided into villages. Four villages were randomly selected from each tehsil. Lastly, using proportionate sampling 10% of the population of each village was taken as sample. A sample of 716 respondents has been derived. Data has been collected from respondents using schedules. To test the reliability and internal consistency of schedule cronbach's alpha technique was applied. An effort has been made to study the awareness level of rural women regarding various financial services offered by the banks in the state. The data archived has been appropriately classified and analyzed with both descriptive and inferential statistical techniques using SPSS 20. For descriptive analysis, the data has been presented in the tabular form and analyzed with the help of measure of average, standard deviation, skewness and kurtosis. For testing hypotheses, chi square test, one way ANOVA and independent sample t test has been used.

ANALYSIS AND FINDINGS

RELIABILITY TEST

First of all the reliability of schedule is determined by computing the coefficient of cronbach, alpha which confirms the intrinsic consistency of the scale. The value of coefficient alpha 0.7 or higher is acceptable.

Table 1 Reliability statistics

Cronbach's alpha	Number of items
.907	11

Table 1 summed up the cronbach's alpha for given items in the scale. The outcome specifies that scale is having good reliability with alpha value 0.907 for 11 statements in the scale.

DEMOGRAPHIC PROFILE OF RURAL WOMEN

Table 2: Demographic profile of rural women

		Percentage
Age	20 to 40	41.3
	41 to 60	44.2
	61 & above	14.5
Marital status	Married	79.32
	Unmarried	5.44
	Single	15.22
Educational qualification	Illiterate	10.5
	Middle	19.0
	Matriculation	17.9
	10+2	24.7
	Graduation	12.8
Occupation	Post Graduation	15.1
	Service	8.51
	Business	5.86
	Home maker	42.59
	Agriculture & allied activities	14.38
	Daily wage	24.16
	Dependent pensioners	4.47
Income	Less than 5000	20.9
	5000 to 10000	62.4
	10000 to 20000	8.24
	More than 20000	8.37
Social class	General	28.4
	OBC	68.8
	SC	2.09
	ST	0.55

The demographic profile of rural women has been depicted through table 2. Table shows that majority of respondents fall in the age group of 41 to 60 i.e. 44.2%. About 41.3% respondents belong to the age group of 20 to 40 and remaining 14.5% respondents are of 60 years and above. Table also shows that 79.32% rural women are married, 15.22% rural women are married but single and only 5.44% of women are unmarried. Education wise classification of respondents shows that about one fourth

of rural women are literate with senior secondary level followed by 19% are middle i.e. 8th pass, 17.9% are matriculate. 15.1% are having post graduate degree whereas 10.5% women are illiterate also. On the basis of occupation, it reveals that a significant majority 42.59% of respondents is homemaker, second highest percentage 24.16% belongs to the class of daily wage earners followed by 14.38% who are engaged in agricultural and allied activities and earning their livelihood. 8.51% rural women are in service and only 5.86% women are doing their own business. Few percentages, only 4.47% of women are dependent on the pension of their deceased husband to manage their daily needs. Table also shows that a notable percentage of rural women belong to the income group of 5000 to 10000 a month, and next 20.9% belong to the income group of less than 5000 a month and only 8.37% rural women belong to income group which is more than rupees 20000 a month. Social class of the respondents is depicted by the table and depicts that OBC class covers the major portion of the respondents under the study, 68.8% respondents belong to OBC class followed by 28.4% respondents who belong to General Class, 2.09% respondents belong to SC class and only about 0.55% was found from ST class in the selected districts

ANALYSIS BASED ON THE EXTENT OF AWARENESS ABOUT VARIOUS FORMAL FINANCIAL SERVICES

To measure the extent of awareness of rural women about various formal financial services offered by bank, they were asked to rank the services on 3 point scale where 3 means fully aware, 2 means partially aware and 1 means not aware. To check whether awareness level of rural women about various formal financial services following hypothesis was assumed and tested. Chi square test was applied to test the hypothesis and results of the test have been given in table 3.

H₀ 1: RURAL WOMEN HAVE SIGNIFICANTLY LOW LEVEL OF AWARENESS REGARDING VARIOUS SERVICES PROVIDED BY BANK.

Table 3 Analysis based on the extent of awareness about formal financial services

Source: Data collected through schedules

Banking services	Nature of response			Total	Mean	SD	SKW	KU	χ^2	P value
	FA (3)	PA (2)	NA (1)							
Deposit & withdrawal	690 (96.4)	06 (0.8)	20 (2.8)	716 (100)	2.93	0.34	-5.30	26.83	1280.6	.000
Debit card	437 (61)	90 (12.6)	189 (26.4)	716 (100)	2.34	0.86	-0.73	-1.27	267.75	.000
Credit card	194 (27.1)	25 (3.5)	497 (69.4)	716 (100)	1.57	0.88	0.93	-1.07	479.26	.000
Lockers	266 (37.2)	25 (3.5)	425 (59.4)	716 (100)	1.77	0.95	0.45	-1.75	339.89	.000
Consultancy	249 (34.8)	24 (3.4)	443 (61.9)	716 (100)	1.72	0.94	0.56	-1.64	368.46	.000
Online banking	220 (30.7)	26 (3.6)	470 (65.6)	716 (100)	1.65	0.91	0.74	-1.39	415.18	.000
Mobile banking	220 (30.7)	52 (7.3)	444 (62)	716 (100)	1.68	0.91	0.65	-1.47	324.11	.000
Payment & remittances	266 (37.2)	58 (8.1)	392 (54.7)	716 (100)	1.82	0.94	0.35	-1.78	238.40	.000
Loan services	345 (48.2)	127 (17.7)	244 (34.1)	716 (100)	2.14	0.89	-0.28	-1.70	99.74	.000
Mutual funds	136 (19.0)	51 (7.1)	529 (73.9)	716 (100)	1.45	0.79	1.31	-1.22	544.91	.000
Insurance services	445 (62.2)	178 (24.9)	93 (13)	716 (100)	2.49	0.71	-1.04	-0.30	282.71	.000

Note: The figures in the parentheses indicate the percentage of row total.

Outcome of analysis displayed by table 3 states that rural women are fully aware about basic financial services of the bank namely deposit and withdrawal, debit/ATM

cards, insurance and loan services of the banks but are not aware about other facilities like online banking, mobile banking, consultancy, locker facilities etc.

The results showing the fact those 96.4% women are aware about the fact that they can deposit their money in the banks and can withdraw in the time of need. Further 62.2% women are also fully aware about the insurance services provided by the banks followed by 61% women replied positively about the awareness of ATM/ debit cards. Rest all the results are throwing light on the fact that women are not aware about other services like 73.9% rural women were not having any awareness about mutual funds, followed by 69.4% were unaware about credit cards, 65.6% were unaware about online banking, 62% about mobile banking, 61.9% about consultancy, 59.4% about locker facility.

The above table is also displaying the result of descriptive statistics and chi square test for hypothesis $H_0 1$. The results of descriptive statistics shows that the mean value is higher than the scale average for basic banking services which is deposit and withdrawal 2.93, insurance services 2.49, ATM/debit card 2.34 and loan services 2.14. Hence the awareness level of rural women about basic banking services is high. As per the result of chi square test the level of awareness of rural women is again significant as $P < 0.001$, thus we reject null hypothesis and concludes that there is significant high level of awareness among rural women about basic banking services.

ANALYSIS BASED ON THE EXTENT OF AWARENESS ABOUT DIFFERENT BANKING SERVICES BASED ON DEMOGRAPHIC VARIABLES OF THE RESPONDENTS

The following hypothesis was formulated and tested to check the relationship between awareness level of rural women and their demographic variables.

$H_0 2$: THERE IS NO SIGNIFICANT RELATIONSHIP BETWEEN DEMOGRAPHIC VARIABLES OF RESPONDENTS AND LEVEL OF AWARENESS.

Table 4 demonstrates the demographic variables of respondents and their level of awareness about various financial services offered by banks. Table represents the descriptive statistics (number of respondents, mean and standard deviation) along with the results of one way ANOVA for variables like age, educational qualification, occupation and social class and the result of independent sample t test for the variable district.

Table 4 Analysis based on the extent of awareness about different banking services based on demographic variables of the respondents

4.1 Analysis based on extent of awareness about banking services based on age of rural women				
Particulars	Age	N	Mean	SD
Financial awareness	20 to 40	296	3.0000	.00000
	41 to 60	316	2.9557	.29482
	61 and above	104	2.6923	.68375
F (sig.)	35.451 (.000)			
4.2 Analysis based on extent of awareness about banking services based on educational qualification				
Particulars	Qualification	N	Mean	SD
Financial awareness	Illiterate	75	2.6000	.80539
	Middle	136	2.8824	.42267
	Matriculation	128	3.0000	.0000
	Plus two	177	3.0000	.0000
	Graduate	92	3.0000	.0000
	Post graduate	108	3.0000	.0000
F (sig.)	21.515 (.000)			
4.3 Analysis based on extent of awareness about banking services based occupation				
Particulars	Occupation	N	Mean	SD
Financial awareness	Service	61	2.9344	.24959
	Business women	42	3.0000	.00000
	Home maker	305	1.1825	.99798
	Agriculture & allied	103	2.5631	.70946
	Daily wage	173	2.1639	.90649
	Dependent pensioner	32	2.2717	.90249
F (sig.)	19.127 (.000)			
4.4 Analysis based on extent of awareness about banking services based income				
Particulars	Social class	N	Mean	SD
Financial awareness	Less than 5000	150	2.0533	1.0019
	5000 to 10000	447	1.6780	.95485
	10000 to 20000	59	2.4944	.76019

	20000 & above	60	2.6333	.66298
F (sig.)	26.352 (.000)			
4.5 Analysis based on extent of awareness about banking services based social class				
Particulars	Social class	N	Mean	SD
Financial awareness	General	204	2.9951	.07001
	OBC	493	2.9148	.39412
	SC	15	2.8000	.56061
	ST	4	3.0000	.00000
F (sig.)	3.561 (.014)			
4.6 Analysis based on extent of awareness about banking services across districts				
Particulars	District	N	Mean	SD
Financial awareness	Kangra	285	2.9298	.359
	Mandi	431	2.9397	.328
T (sig.)	-0.378 (.705)			

Source: Data collected through schedules

LEVEL OF FINANCIAL AWARENESS AMONG DIFFERENT AGE GROUPS

Result of descriptive statistics shows that the level of awareness among rural women with age group 20 to 40 (Mean = 3.00 and SD = .00) is more than age group 41 to 60 (Mean = 2.95 and SD = .295) followed by age group 61 and above (Mean = 2.69 and SD = .684) for various financial services. However, to test whether these results are statistically significant or not one way ANOVA was applied. The estimate of F value regarding difference in relation between age and awareness level of rural women is significant as $P = 0.000$. Since $P < 0.05$, we reject the null hypothesis that there is no significant relationship between level of awareness and age of rural women.

LEVEL OF FINANCIAL AWARENESS BASED ON EDUCATIONAL QUALIFICATION

Result of descriptive statistics shows that there is positive relationship between the level of awareness among rural women and their educational qualification. Higher the educational level higher is the level awareness and lower the educational qualification lower is the level of awareness as per calculated mean and standard deviation. Although to test whether these results are statistically significant or not one way ANOVA was applied. The estimate of F value regarding difference in relation

between educational qualification and awareness level of rural women is significant as $P = 0.000$. Since $P < 0.05$; we reject the null hypothesis that there is no significant relationship between level of awareness and educational qualification of rural women.

LEVEL OF FINANCIAL AWARENESS BASED ON OCCUPATION

It can be extracted from table 4 that the mean score of respondents who are engaged in either business or service (Mean = 3.00 & 2.93) is highest as compare to other occupations while mean score of respondents who are homemakers are least (Mean = 1.81) for banking services. However, to test whether these results are statistically significant or not one way ANOVA was applied. The estimate of F value regarding difference in relation between occupation and awareness level of rural women is significant as $P = 0.000$. Since $P < 0.05$; we reject the null hypothesis that there is no significant relationship between level of awareness and occupation of rural women.

LEVEL OF FINANCIAL AWARENESS BASED ON INCOME

Result of descriptive statistics shows that there is positive relationship between the level of awareness among rural women and the income level of their household. Higher the income level higher is the level of awareness and lower the income level lower is the level of awareness as per calculated mean and standard deviation. The estimate of F value regarding difference in relation between income and awareness level of rural women is significant as $P = 0.000$. Since $P < 0.05$, we reject the null hypothesis that there is no significant relationship between level of awareness and income of rural women.

LEVEL OF FINANCIAL AWARENESS BASED ON SOCIAL CLASS

It is clearly visible from the table that the mean value of ST class is higher (Mean = 3.00) in comparison to General and OBC (Mean = 2.9) while the mean score of SC class is lesser (Mean = 2.8). The estimate of F value regarding difference in relation between social class and awareness level of rural women is insignificant as $P > 0.05$; so we accept the null hypothesis that there is no significant relationship between level of awareness and social class of rural women.

LEVEL OF FINANCIAL AWARENESS ACROSS DISTRICTS

It is evident from table that means score of respondents' across the districts for various banking services are almost same. However in order to check whether these results are significant or not independent sample t test has been reported. T test calculates the difference in awareness level of respondents belong to Kangra and Mandi is insignificant because $P > 0.05$; so we accept null hypothesis that there is no significant relationship between awareness level of rural women across selected districts of the state.

CONCLUSION

The study was conducted to find out the level of awareness of rural women of Himachal Pradesh about various formal financial services offered by the banks and financial institutions. From the findings we come to the judgment that rural women are fully aware about the basic services offered by banks like deposit and withdrawal, loan services and insurance services. But there is lag in awareness about secondary services and modern digital services offered by banks. As far as demographic profile and level of awareness is concerned, our results states that level of awareness among young age group, among the educated, among the business and service class and among the high income group is highest as compare to those who belong to old age, who are not educated and those women who are homemakers. Thus it is clear that education, occupation and income plays a significant role in creating financial awareness among the people. However, with reference to awareness level based on social class and district wise classification of respondents, no significant relationship is found. In nutshell it can be said that education and earning capacity can make the rural women more aware about various financial services so that they can get the benefits of various governmental schemes and tap new opportunities in the fields of various economic activities which will definitely help them in transforming their lives in a prosperous manner.

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