CHAPTER - 4

Sustainability of Financial Inclusion: Field-based Evidence

4.1 Introduction

Sustainable use of bank accounts in a formal financial institution refers to the regularity in the usage of bank accounts. The Reserve Bank of India announced the construction of a Financial Inclusion Index in the year 2021 providing 35 percent weightage to access, 45 percent weightage to usage and 20 percent weightage to quality. As quality is an important dimension in ensuring protection to the consumers, reducing inequalities and insufficiency of services, noteworthy efforts in improving the quality of financial services would help in enhancing sustainability. This chapter exhibits the factors affecting the sustainability of financial inclusion in the area of the study, which is an outcome of fieldwork. A total of 1066 prime earner of the households residing in both rural and urban areas of Kamrup, Tinsukia, Darrang and Dhubri districts were surveyed. For the rural areas, the data has been collected from villages situated under different development blocks in each of the selected districts (the blocks have also been selected randomly, however, development blocks that are less than 10 kilometres away from the main town were not used for random selection). The data for the urban population was collected from randomly selected wards. After the selection of the villages and wards, the Judgement sampling method has been used for collecting the data from the prime earner of the households. Judgement sampling has been used in order to include people from various demographic and socio-economic backgrounds in the sample. The practices of savings, deposits, insurance and borrowing (formal and informal sources) among the prime earner of the households were surveyed. In addition, the access in terms of distance of bank branches and post offices, method of sending and receiving remittances, and surplus kept in formal and informal sources were also studied. Furthermore, the motives for opening bank accounts in a formal financial institution, constraints faced in maintaining accounts in a formal financial institution, frequency of visit to bank branches, frequency of savings in formal financial institutions, convenient mode of savings, period for which usage of bank accounts would be continued among the prime earner of the households were assessed for the purpose of the study.

4.2 Socio-demographic Profile of the Respondents

Table 4.1: Socio-demographic characteristics of the respondents

Socio-demographic Characteristics	Frequency	Percentage (%)
Gender		
Male	859	80.6
Female	207	19.4
Age		
18-28 years	106	9.9
29-39 years	291	27.3
40-50 years	333	31.2
Above 50 years	336	31.5
Educational Qualification		
Illiterate	94	8.8
Primary	121	11.4
Below HSLC	127	11.9
HSLC	180	16.9
HSSLC	201	18.9
Graduate	222	20.8
Post graduate and above	86	8.0
Did not attend school	35	3.3
Occupation		
Businessman/trader	173	16.2
Agriculturist	204	19.1
Government service/PSUs	114	10.7
Private service	314	29.5
Self-employed/ Professionals	63	5.9
Daily wage earner	198	18.6
Annual Income		
Till Rs. 2,50,000	611	57.3
Rs. 2,50,001 – Rs. 5,00,000	302	28.3
Rs. 5,00,001 – Rs. 7,50,000	93	8.7
Rs. 7,50,001 – Rs. 10,00,000	19	1.8
Above Rs. 10,00,000	41	3.8
Area of Residence		
Urban	146	13.7
Rural	920	86.3
Religion		
Hinduism	828	77.0
Islam	179	17.0
Christianity	51	5.0
Jainism	8	1.0
Social Group		
Scheduled tribe	117	11.0
Scheduled caste	126	11.8
Other backward classes	431	40.4
Others	392	36.8

Source: Field Survey

From the socio-demographic profile Table 4.1, it has been observed that most of the respondents i.e., 80.6 percent are males and 19.4 percent are females. Since the sampling unit involves the prime earner of the households, it can be inferred that majority of the prime earner of the households are male. With regard to the age of the respondents, it is found that most of the respondents belong to above 50 (31.5 percent) and 40-50 years of age (31.2 percent). The respondents from the age bracket 18-28 years and 29-39 years are 9.9 and 27.3 percent respectively. Furthermore, a little less than 1/4th of the respondents i.e., 20.8 percent are graduates, followed by 18.9 percent and 16.9 percent of respondents have completed HSSLC (12th grade) and HSLC (10th grade). However, among the respondents 8.8 percent are illiterate[1], 3.3 percent can read and write but have never taken any formal education. Besides, only 8 percent of respondents have educational qualification of post-graduate and above. In reference to the occupation of the respondents, it is found that a significant portion of the respondents are private service holders (29.5 percent) followed by agriculturists (19.1 percent) and daily wage earners (18.6 percent). It has also been observed that businessmen, Government service employees and self-employed/professionals account for 16.2 percent, 10.7 percent and 5.9 percent respectively. The annual income of the majority of the respondents i.e., 57.3 percent respondents is up to Rs. 2,50,000 followed by Rs. 2,50,001-Rs. 5,00,000 (28.3 percent). Only 14.3 percent respondents have an annual income of more than Rs. 5,00,000. The percentage of urban and rural dwellers is 13.7 percent and 86.3 percent, which is approximately equal to the urban-rural population of Assam according to the 2011 Census. The categorisation of the social group revealed that the majority of the respondents belong to other backward classes (40.4 percent) followed by the general category (others). The religion of more than 3/4th of the respondents i.e., 77 percent is Hinduism followed by Islam (17 percent), the remaining 6 percent of respondents belong to Christianity and Jainism. These demographic characteristics have been linked with sustainability in the later part of the chapter.

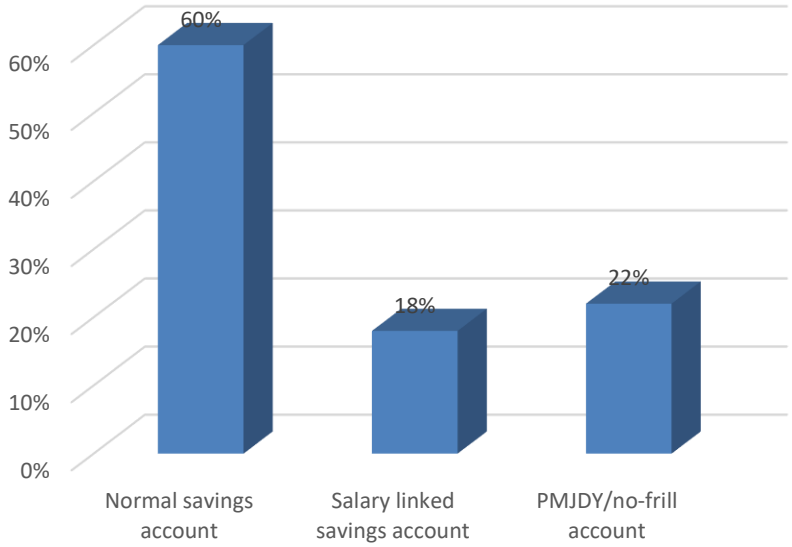
[1] According to 2011 Census, a person, 7 years old or above, who can both read and can write with comprehension in any language is considered as literate. However, a person is not considered literate if they can read but not write.

4.3: Availability of Savings

4.3.1 Types of savings account opened by the respondents

While conducting the survey it was observed that there were some respondents who have not opened their account in any formal financial institution. They use the bank accounts of their relatives/spouse for receiving remittances.

Among the respondents surveyed, it has been observed that most of the respondents have normal savings accounts (60 percent) followed by Pradhan Mantri Jan Dhan Yojana (PMJDY)/no-frill accounts (22 percent) and only a few respondents have a salary-linked savings account (18 percent) (Figure 4.1).



Source: Field Survey

Figure 4.1: Types of account opened in a formal financial institution

4.3.2: Number of bank accounts that the respondents have

Table 4.2: Number of bank accounts owned by the respondents

Number of accounts	Frequency	Percentage (%)
One	510	47.8
Two	424	39.8
More than two	132	12.4
Total	1066	100.0

Source: Field Survey

Only a little less than half of the household heads have only one bank account, followed by 39.8 percent of family or household heads with two bank accounts. Only a few household heads (12.4 percent) have more than two bank accounts (Table 4.2). Thus, it has been observed from the survey that most of the prime earner of the household perform their banking transactions with only one bank account.

4.3.3: Period for which the respondents have been a bank customer

Table 4.3: Period for which the respondents have been a bank customer

Years	Frequency	Percentage (%)
1 year	28	3.0
2-7 years	333	31.0
8-13 years	268	25.0
14-19 years	229	21.5
20 years and above	208	19.5
Total	1066	100.0

Source: Field Survey

Only 3 percent of the respondents have recently started using their accounts in a formal financial institution (Table 4.3). It has been observed that 31 percent and 25 percent of respondents have been bank customers for 2-7 years and 8-13 years, followed by respondents with bank accounts for a period of 14-19 years (21.5 percent) and above 20 years (19.5 percent). After analysing the cumulative figures, it was found that most of the respondents i.e., 66 percent have been using a bank account for 8 years or more. As PMJDY was launched in the year 2015, thus, the respondents who only have Jan Dhan

accounts have been bank customers for 7 years. Thus, it can be inferred that most of the respondents have had their accounts in a formal financial institution for a relatively long period.

4.3.4: Major and minor members in the family with a bank account

Table 4.4 Number of major and minor family members of the respondents having a bank account

Major members in the household with a bank account	**Frequency**	**%**
Only one member	29	2.7
2-3 members	572	53.7
4-5 members	408	38.3
6 or more members	57	5.3
Total	1066	100.0
Minor members in the household with a bank account	**Frequency**	**%**
Only one member	247	23.2
2-3 members	123	11.5
4-5 members	6	0.6
6 or more members	1	0.1
None	689	64.6
Total	1066	100.0

Source: Field Survey

The majority of the households have 2-3 major members with a bank account (53.7 percent) followed by 38.3 percent of households where 4-5 major members have a bank account, moreover, only a small fraction of households have just one major member with a bank account (2.7 percent) (Table 4.4). With regard to minor members of the family, it is found that in most of the households (64.6 percent) none of the minor members have a bank account, besides, there are 23.2 percent and 11.5 percent of households where only one minor member and 2-3 minor members have a bank account. Thus, ownership of bank accounts is low among minor household members.

4.3.5: Medium through which bank account was opened

Table 4.5: Assistance taken by the respondents in opening bank account

Medium through which bank account was opened	**Frequency**	**Percentage**
Yourself	884	83
Business Correspondents	76	7.1
Bank officials	21	2.0
Relatives, friends or neighbour	59	5.5
Village panchayat officials	25	2.3
NGOs/SHGs	1	.1
Total	1066	100.0

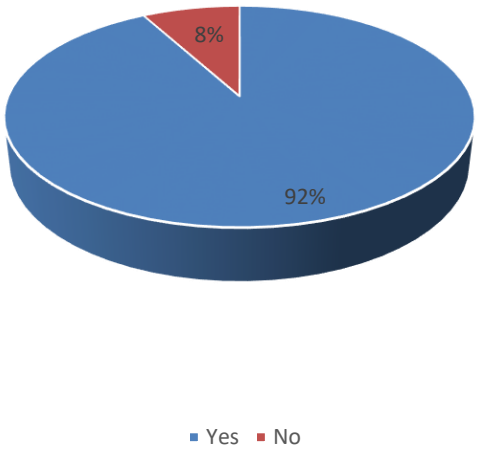
Source: Field Survey

It has been observed from Table 4.5 that the majority of the respondents (83 percent) opened their bank accounts without any assistance. Furthermore, it has been observed that among the respondents who received assistance in opening a bank account, many of them were assisted by business correspondents (7.1 percent) followed by relatives, friends or neighbours (5.5 percent). The relation (attached in Annexure F) between occupation and assistance received in opening a bank account, it is found that most of the businessmen/traders, Govt service employees/PSUs, private service holders and self-employed professionals have opened their accounts without any assistance from others. However, 34.3 percent of agriculturists and 42.9 percent of daily wage earners have taken the help of business correspondents, bank officials, relatives, panchayat officials to open an account at a bank.

4.4: Direct Benefit Transfer

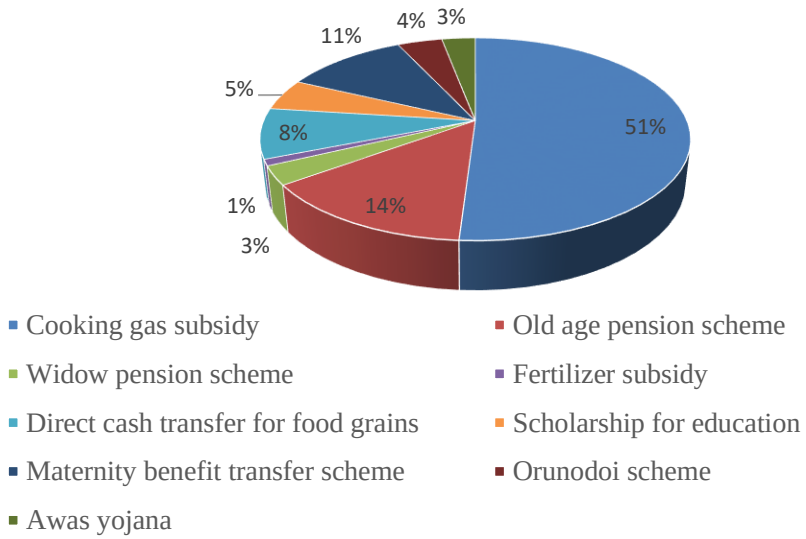
It has been observed that 92 percent of respondents receive Direct Benefit Transfer in their bank account. Furthermore, only 8 percent of respondents do not receive any kind of subsidy from the Government in their bank accounts (Figure 4.2). While conducting the survey, it has been observed that out of the respondents who do not receive Direct Benefit Transfer some of the respondents in the urban areas (1 percent) who are financially well-

off have renounced their LPG gas subsidy under the Government's give up LPG gas subsidy initiative which otherwise could be used for development purposes.



Source: Field Survey

Figure 4.2: Whether the respondents receive Direct Benefit Transfer



Source: Field Survey

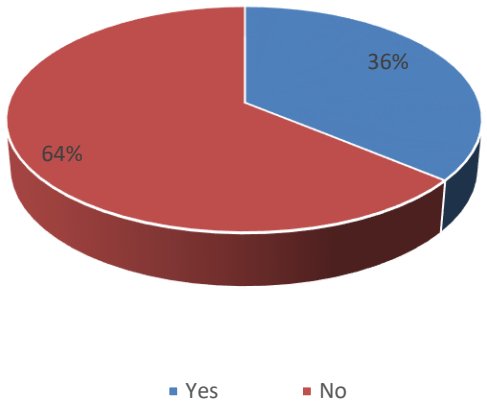
Figure 4.3: Purposes for which Direct Benefit Transfer is being received by respondents

It is found from Figure 4.3 above, that more than half of the respondents (51 percent) receive Direct Benefit Transfer under the cooking gas subsidy scheme into their bank accounts. Furthermore, 11 percent respondents received Government assistance under

maternity benefit scheme followed by 8 percent respondents under direct cash transfer of food grains, 3 percent under Awas yojana scheme [2]and 1 percent under fertilizer subsidy scheme. It has also been observed that 14 percent of the respondents' family members are the beneficiaries of old age pension, scholarship for education (5 percent), Orunodoi scheme [3] (4 percent) and direct benefit transfer for widow pension (3 percent). Thus, most of the respondents/ their family members receive Direct Benefit Transfer under different subsidy schemes into their bank accounts.

4.5 Fixed Deposit Account

Only a little more than 1/4th of the respondents have a fixed deposit account apart from a savings account (Figure 4.4). The relation between respondents with a fixed deposit account and area of residence (Table 4.6), showed that the majority of the respondents in the urban areas (72.6 percent) have fixed deposit accounts as compared to only 29.9 percent respondents in the rural areas. Thus, there is a grim picture of the number of fixed deposit account holders in rural areas.



Source: Field Survey

Figure 4.4: Whether the respondents have fixed deposit account

[2] The Ministry of Housing and Urban Affairs in India is responsible for implementing the government's flagship endeavour, Pradhan Mantri Awas Yojana, to secure the households belonging to economically weaker sections, low and mid income groups, slum dwellers including minorities as per the required criteria by Socio Economic and Caste Census, 2011 with a pucca house to the eligible households (India Brand Equity Foundation, 2022; Ministry of Housing and Urban Affairs, n.d.)

[3] Assam Orunodoi Scheme was launched by the Government of Assam in the year 2020 to provide financial assistance to the poor families to meet the basics of food/medicine. The primary beneficiaries include handicapped, divorced women, unmarried women, widow women, poor people who do not have ration cards.

Table 4.6: Relation between fixed deposit account owned and area of residence

Area of residence	Whether having a fixed deposit account		Total (%)
	Yes (%)	No (%)	
Urban	72.6	27.4	100.0
Rural	29.9	70.1	100.0

Source: Field Survey

Among the respondents who have a fixed deposit account, most of the respondents i.e., 39 percent (Figure 4.5) own the account for more than 6 years followed by 29 percent of respondents with a fixed deposit account for 4-6 years. It has been observed that slightly fewer than a quarter of the respondents i.e., 24 percent have fixed deposit accounts for 2-4 years and few respondents possess a fixed deposit account for less than two years (8 percent) (Figure 4.5). Thus, most of the respondents who have a fixed deposit account are investing their savings for a relatively long period.

While interpreting the amount kept in the fixed deposit account, it has been observed from Figure 4.6 that among the respondents who have a fixed deposit account, over half of the respondents i.e., 53 percent have kept an amount of above Rs. 20,000 in their fixed deposit account followed by respondents with a deposit between Rs 15,001 – Rs. 20,000 (30 percent) in their fixed deposit account. It can be inferred from the data that as more than 30 percent of respondents under study are businessmen/traders, Government service holders and self-employed professionals (Table 4.1), thus, the amount deposited by most of the respondents in a fixed deposit account is above Rs. 20,000.

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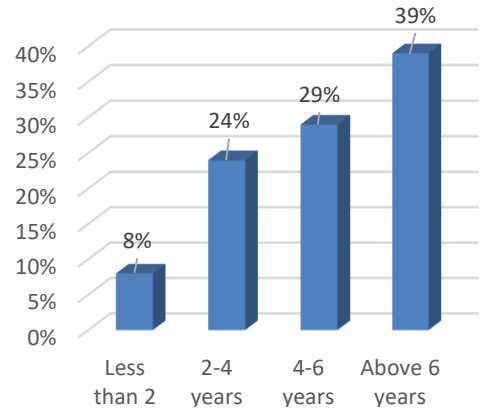
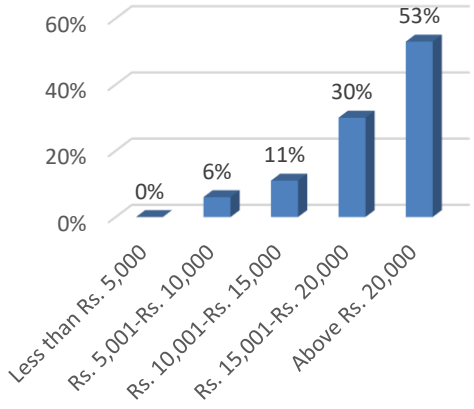


Source: Field Survey
Figure 4.5: Number of years passed after the respondents opened their fixed deposit account



Source: Field Survey
Figure 4.6: Amount kept in the fixed deposit account.

4.6 Remittances

Remittances have been an integral part of financial inclusion. Remittances are likely to promote formal financial access and inclusion when unbanked recipient households deposit their funds in the financial sector and benefit from the numerous financial services offered by formal institutions. The empirical literature reports a wide range of remittance uses by individuals and families such as daily consumption needs, purchase of equipment for farming, payment of school fees, etc. and widespread use of real-time transfer via mobile phone technology such as M-Pesa for urban-to-rural remittances (Chimhowu et al., 2005; Morawczynski, 2008).

Table 4.7: Whether the respondents transfer and receive money to and from someone staying away from the family

Transfer of money to someone staying away from the family	**Frequency**	**%**		**Receipt of money from someone staying away from the family**	**Frequency**	**%**
Yes	145	13.6		Yes	112	10.5
No	921	86.4		No	954	89.5
Total	1066	100.0		Total	1066	100.0

Source: Field Survey

Table 4.8: The method used to transfer and receive money to and from a member staying away from the family

Method used to transfer money to someone staying away from the family	**Frequency**	**%**		**Method used to receive money from someone staying away from the family**	**Frequency**	**%**
Bank to bank transfer	45	31.0		Bank to bank transfer	35	31.3
Internet banking	8	5.5		Internet banking	9	8.0
Mobile banking apps	43	29.7		Mobile banking apps	30	26.8
Different wallets	41	28.3		Different wallets	28	25.0
Give it to someone else to pay	2	1.4		Receive from someone else in the locality to whom money is sent	8	7.1
Cash	6	4.1		Cash	2	1.8
Total	145	100.0		Total	112	100.0

Source: Field Survey

From Table 4.7 above it is found that 13.6 percent of respondents transfer money to someone staying away from the family whereas 10.5 percent of respondents receive money from their family members staying away. As the majority of respondents in the study are from rural areas and it was observed during the survey that the majority of household heads in rural areas work in their respective villages. Consequently, a small proportion of respondents in the survey transferred money to their households. It was also found that the purpose of sending money to a family member living far away is to cover educational costs.

Table 4.8 reveals that among the respondents who transfer money to their family, the majority of the respondents prefer to transfer money through digital modes such as mobile banking apps, internet banking and through different wallets (63.5 percent) followed by bank-to-bank transfers (31 percent). In addition, even though the number is small but it is noteworthy that 4.1 percent respondents prefer to pay the money by cash and 1.4 percent of respondents give the money to someone else known to them to pay on their behalf. Table 4.9 also reveals that among the respondents who receive money from their family members, most of the respondents receive money through digital modes such as internet banking, mobile banking apps and wallets (59.8 percent) followed by receipt of money through bank-to-bank transfer (31.3 percent. Furthermore, few respondents receive money in cash (1.8 percent) and from a local person who has been sent money (7.1 percent). The relation in Table 4.9 between mode of money transfer/receipt and area of residence has brought to notice that the majority of respondents in urban areas (78.9 percent) as compared to respondents in rural areas (62.5 percent) transfer money to their family members through digital mode. It is also found from the analysis that 85 percent of respondents in urban areas and 54.4 percent of respondents in rural areas receive money from their family members through digital mode. In addition, the transfer and receipt of money through cash or local individual are found to be nil in urban areas (Table 4.9). Thus, money transfer through digital mode is picking up stream, which can be ascribed to mobile phones becoming omnipresent and a shift in consumer preferences amidst the pandemic. However, the difference in the use of digital payments is observed among the respondents from both rural and urban areas.

Table 4.9: Relation between mode of money transfer, receipt and area of residence

Mode of transfer of money	Area of residence Urban (%)	Rural (%)	**Mode of receipt of money**	Area of residence Urban (%)	Rural (%)
Bank to bank transfer	21.1	34.6	Bank to bank transfer	15.0	34.8
Internet banking	10.5	3.7	Internet banking	20.0	5.4
Mobile banking apps	34.2	28.0	Mobile banking apps	55.0	20.7
Different wallets	34.2	30.8	Different wallets	10.0	28.3
Give it to someone else to pay	0	0.9	Receive money from someone else in the locality to whom money is sent	0	2.2
Cash	0	1.9	Cash	0	8.7

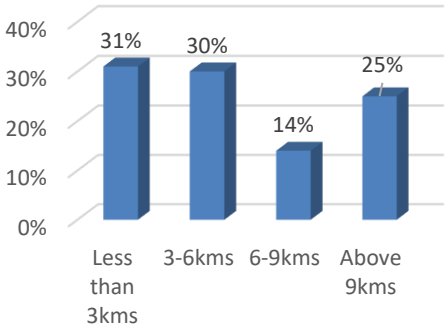
Source: Field Survey

4.7 Distance

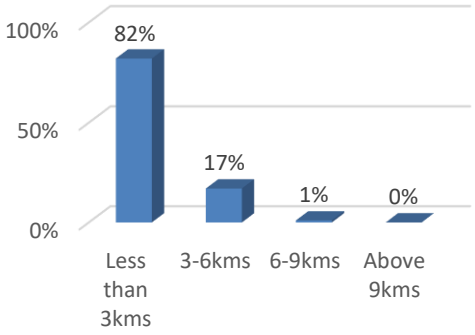
The majority of the respondents cited the distance of bank branches as an impediment to their frequent use of formal financial services (Figure 4.7). The minimal distance cited by a little more than a quarter of respondents is less than 3 kilometres. However, taking into account the cumulative figures, 39 percent of respondents cited that the distance of bank branches is between 6 kilometres and more than 9 kilometres, which appears as a barrier to accessing banking services. It is also evident from the crosstab analysis between distance and area of residence (Table 4.10) that the bank branches in rural areas are located far away as opposed to the urban areas and 28.5 percent of respondents in the rural areas have to travel greater than 9 kms to avail their banking services. While conducting the survey, the presence of business correspondents (bank representatives) for availing banking facilities, especially in rural areas was also taken into account for determining the distance of bank branches. It is found during the survey that business correspondents in many village areas are located far away from the reasonable distance of 5kms[4]. Furthermore, the distance of the post office of most of the respondents is less than 3kms

[4] The Pradhan Mantri Jan Dhan Yojana have increased banking access points over the years since its launch in 2014. Furthermore, RBI in the National Strategy for Financial Inclusion 2019-2024 aims to increase banking outlets/access points of Scheduled Commercial Banks, Payment Banks, Small Finance Banks in every village within a reasonable distance of 5kms (RBI,2020d).

(82 percent) (Figure 4.8). Thus, as compared to bank branches, post offices are located at a fair distance from the respondents' residences.



Source: Field Survey
Figure 4.7: Distance of bank branches from respondents' residence



Source: Field Survey
Figure 4.8: Distance of post office from respondents' residence

Table 4.10: Relation between distance of bank branches and area of residence

Area of residence	Distance of bank branches (%)			
	Less than 3kms	**3-6kms**	**6-9kms**	**Above 9kms**
Urban	51.4	39.0	8.2	1.4
Rural	27.4	29.2	14.9	28.5

Source: Field Survey

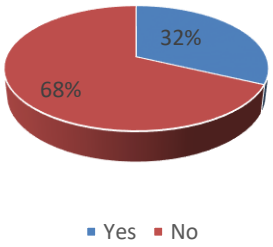
4.8: Membership with MFIs

While analysing the membership with Micro Finance Institutions (MFIs), it has been observed that a little more than a quarter of the respondents (32 percent) have a membership with MFI (Figure 4.9). Furthermore, among the respondents who have a membership with MFI, the majority of them are females (50.7 percent) while only a little more than 1/4th of the respondents (27.6 percent) are males (Table 4.11). Thus, most of the women respondents are associated with MFIs.

Table 4.11: Relation between MFI membership and gender

Membership with MFI	Gender (%)	
	Male	**Female**
Yes	27.6	50.7
No	72.4	49.3

Source: Field Survey

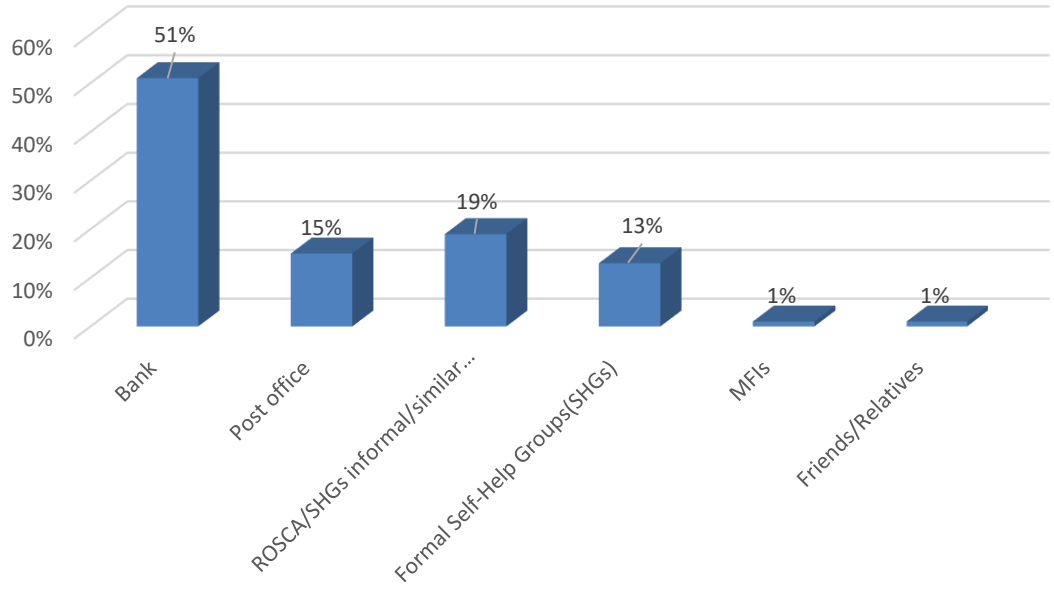


Source: Field Survey

Figure 4.9: Membership of respondents with MFI

4.9 Surplus Kept in Formal/Informal Sources

4.9.1: Surplus kept by the respondents



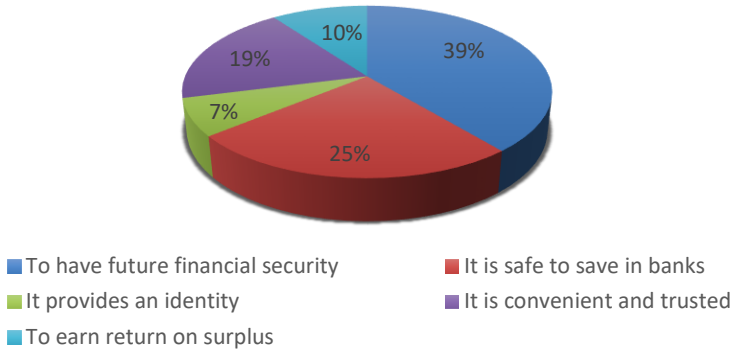
Source: Field Survey

Figure 4.10: Surplus kept by the respondents in formal and informal sources

The majority of the respondents keep their surplus in banks (51 percent). It has also been observed that post offices (15 percent) and formal self-help groups (13 percent) are also important sources of savings for the respondents. Moreover, a significant portion of

respondents keeps their surplus in ROSCA[5] (Rotating Saving Credit Association)/ informal SHGs/ similar informal societies (19 percent). While taking into consideration the cumulative figures, it has been observed that the majority of the respondents (80 percent) keep their surplus in formal sources, however, 20 percent of respondents save their money in informal sources such as ROSCA and friends/relatives. (Figure 4.10).

4.9.2: Reasons for keeping surplus in banks/post offices



Source: Field Survey

Figure 4.11: Reasons for keeping surplus in banks/post offices

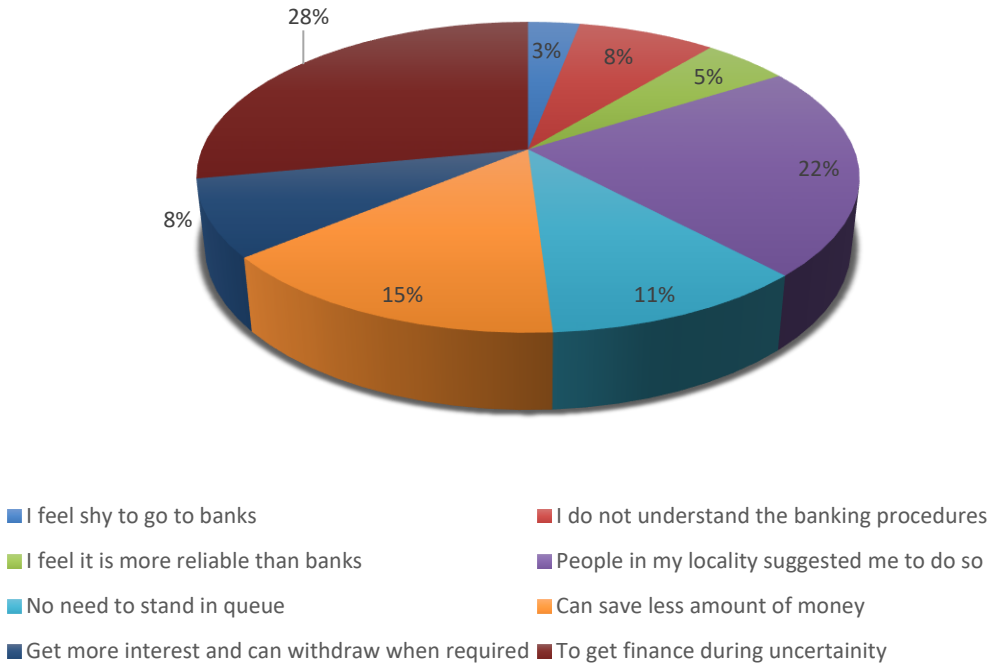
The reason cited by most of the respondents for saving in bank/post offices is to have future financial security (39 percent) followed by safety (25 percent). Furthermore, saving in formal sources because they are convenient and trusted (19 percent), earning a return on surplus (10 percent) and saving in banks/post offices because it provides an identity (7 percent) are also found to be important reasons for the formal mode of savings. (Figure 4.11). Thus, the motivation behind a lion's share of the respondents to save money in a formal financial institution is to have future financial security.

4.9.3: Reasons for keeping surplus in informal sources such as ROSCA, friends/relatives

It is found from Figure 4.12, that among the respondents who save in ROSCA or with friends and relatives, a significant portion of the respondents (28 percent) have mentioned

[5] Rotating Saving Credit Association also known as ROSCA is formed by a group of individuals acting as an informal credit institution where they save money structured into weekly or monthly instalments for a defined period of time. It is also a revolving financial scheme where the individuals save and borrow jointly.

that they save in informal sources to receive finance during uncertainty. Furthermore, a sizeable portion of respondents (22 percent) save in informal sources owing to suggestion received from people in their locality. It has also been observed that respondents have also opted to save in informal sources because they can save relatively less amount of money (i.e., a set amount on a weekly or monthly basis) (15 percent), non-requirement to stand in queue (11 percent) and to receive more interest and withdraw when required (8 percent). Thus, it can be inferred that among the respondents who save in informal sources, the reason cited by the majority of the respondents is to receive finance during uncertainty. However, it has also been observed that being uninformed about banking procedures and shyness due to financial illiteracy has come to light as a reason for saving in informal sources (Figure 4.12).

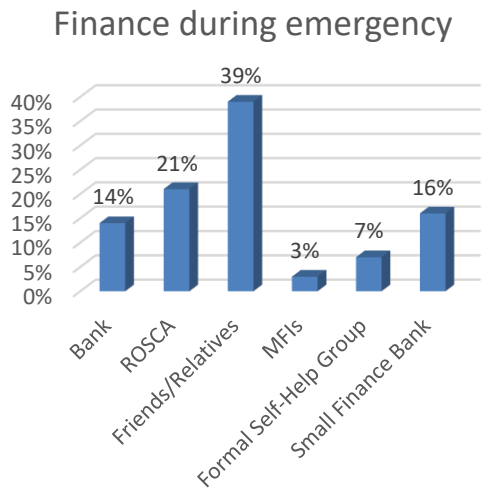


Source: Field Survey

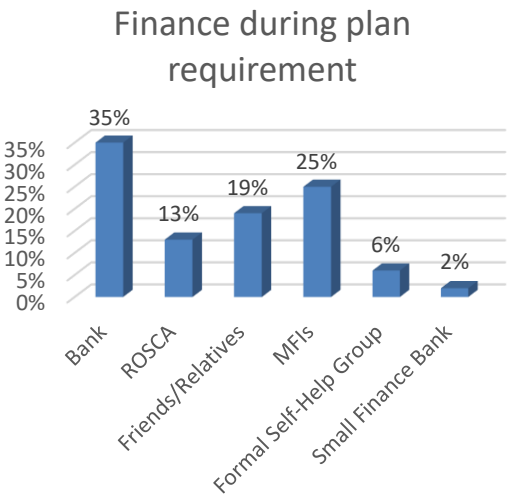
Figure 4.12: Reasons for keeping money in informal sources such as ROSCA/friends and relatives

4.10: Credit Availability

4.10.1: Source of finance during emergency and plan requirement



Source: Field Survey
Figure 4.13: Finance received by respondents during an emergency



Source: Field Survey
Figure 4.14: Finance received by Respondents during plan requirement

Taking into account the cumulative figures, the majority of the respondents receive finance from friends/relatives and ROSCA during an emergency (60 percent) (Figure 4.13). Furthermore, slightly more than a quarter of the respondents receive finance during an emergency from a bank. Thus in the event of an emergency majority of the respondents received finance from informal sources. Besides, in the case of plan requirement (Figure 4.14), the majority of the respondents received finance from formal sources such as banks and MFIs (60 percent). However, receiving finance via informal sources such as ROSCA and through friends/relatives is also observed among a considerable portion of respondents. Thus, even though a significant portion of respondents were able to secure financing through more conventional channels in order to meet their plan requirements, it also emerged that respondents frequently turned to informal sources for their financing needs.

4.11: Insurance

4.11.1: Insurance policy owned by the respondents

Table 4.12: Respondent's ownership of insurance policy

Whether the respondents own an insurance policy	Frequency	Percentage (%)
Yes	757	71
No	309	29
Total	1066	100

Source: Field Survey

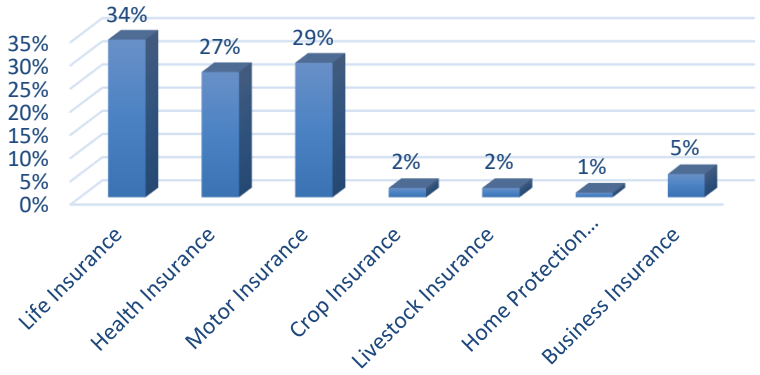
Table 4.13: Relation between insurance policy owned and occupation

Occupation	Whether the respondents own an insurance policy	
	Yes (%)	**No (%)**
Businessman/trader	95.4%	4.6%
Agriculturist	55.4%	44.6%
Government service/PSUs	95.6%	4.4%
Private service	71.0%	29.0%
Self-employed/Professionals	95.2%	4.8%
Daily wage earner	43.9%	56.1%

Source: Field Survey

It has been observed that the majority of the respondents (71 percent) have some kind of insurance policy registered to their name as compared to a little more than $1/4^{th}$ of the respondents (29 percent) who do not have any kind of insurance policy (Table 4.12). From the relation in Table 4.13 between insurance policy owned and occupation, it has been observed that most of the businessmen/traders, Government service employees, and self-employed professionals have some kind of insurance policy. However, a significant portion of the daily wage earners (56.1 percent) and agriculturists (44.6 percent) do not have any kind of insurance policy. Thus, the adoption of insurance policies is particularly lacking among daily wage earners and agriculturists.

4.11.2: Type of insurance policy owned by the respondents



Source: Field Survey

Figure 4.15: Type of insurance policy owned by the respondents

Among the respondents who own an insurance policy (Figure 4.15), a significant portion of the respondents have a life insurance policy (34 percent), followed by a motor insurance policy (29 percent), and a health insurance policy (27 percent). Thus, most of the respondents own a life, motor and health insurance policy. While the holders of business insurance, home protection insurance, crop and livestock insurance are very few (Figure 4.15).

4.11.3: Family members having life and medical/health insurance policies

Table 4.14: Members of the respondents' family owning life and health insurance policies

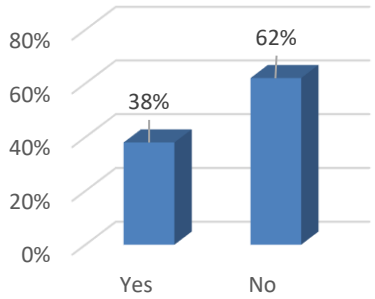
Family members having life insurance policy	**Frequency**	**%**	**Family members having health insurance policy**	**Frequency**	**%**
Only myself	222	29.3	Only myself	79	10.4
Two	181	24.0	Two	155	20.5
Three	53	7.0	Three	59	7.8
More than three	13	1.7	More than three	29	3.8
Everyone has a life insurance policy	69	9.1	Everyone has a health insurance policy	109	14.4
None	219	28.9	None	326	43.1
Total	757	100.0	Total	757	100.0

Source: Field Survey

Among the respondents who have insurance policies, it has been observed that 29.3 percent of the prime earner of the households (Table 4.14) and not their other family members have a life insurance policy, two members of 24 percent of the respondents'

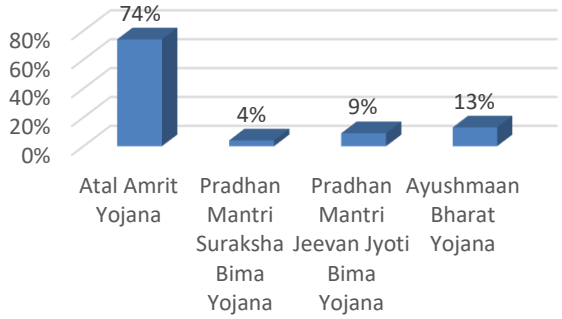
families have life insurance policies. Besides, only a small number of respondents' entire family are insured with a life insurance policy (9.1 percent) and over a quarter of the respondents do not have life insurance but other types of insurance policies (28.9 percent). Thus, it has been observed that only a few respondents have their entire family insured with life insurance and most of the prime earner of the households have life insurance policies for themselves and not the other members of the family. Besides, it also found from Table 4.14 that among the respondents, who have insurance policies, 20.5 percent have health insurance coverage for two family members, while 10.4 percent have health insurance just for themselves. Additionally, slightly fewer than half of the respondents (43.1 percent) have insurance policies other than health insurance. The analysis revealed that the majority of the respondents prioritise other types of insurance over health insurance and that among those who do have it, only two family members on average are covered.

4.11.4: Insurance policies of the respondents covered under Government sponsored schemes



Source: Field Survey

Figure 4.16: Respondents' insurance policies covered under Government-sponsored scheme



Source: Field Survey

Figure 4.17: Government schemes under which the respondents' policies are covered

The majority of the respondents are not covered under any Government-sponsored insurance scheme (62 percent), however, 38 percent of respondents are covered under an insurance scheme sponsored by the Government (Figure 4.16).

It is also found from Figure 4.17 that among the respondents who are covered under Government sponsored scheme, most of the respondents are insured under Atal Amrit

Yojana[6] (74 percent) followed by Ayushmaan Bharat Yojana[7] (13 percent). In addition, only a small fraction of respondents are insured under Pradhan Mantri Jeevan Jyoti Bima Yojana[8] (9 percent) and Pradhan Mantri Suraksha Bima Yojana[9] (4 percent). As Atal Amrit Abhiyan and Ayushmaan Bharat Yojana aim at making treatment affordable by bringing down the financial impact on the Below Poverty Line (BPL) and low-income households due to out-of-pocket spending and setting up enrolment centres to enlist the people under the scheme have ensued the respondents to get enrolled.

4.11.5: Reasons for not having an insurance policy:

A five-point scale of agreement has been used to study the reasons for being uninsured where 1 indicates 'least agreed' and 5 indicates 'most agreed'. The majority of the respondents cited that they do not have enough money to buy an insurance policy (60 percent), and a lack of knowledge about insurance was the next most common reason given (49 percent). Furthermore, 41 percent of respondents have mostly agreed that uncertainty in claim settlements precludes them from obtaining an insurance policy, and 40 percent of those who are uninsured believe insurance to be a wasteful spend (Table 4.15). Thus, unawareness and unaffordability are the reasons most cited by the respondents for not having an insurance policy.

[6] Atal Amrit Yojana aims to provide healthcare facility to low income households of Assam by issuing them a unique id to avail treatment for certain specified diseases in different empaneled hospitals both public and private for up to a maximum of Rs. 2,00,000/individual/annum (National Health Mission, Government of Assam, 2022).

[7] Ayushmaan Bharat Yojana aims at providing health insurance cover to vulnerable and low income households eligible in accordance to the latest Socio-Economic and Caste Census data. The scheme offers healthcare insurance of upto Rs. 5,00,000/family/year in all public and empaneled private hospitals. The scheme is a part of National Health Policy, 2017 and aims at universal health coverage and meeting Sustainable Development Goal 3 (Ministry of Health and Family Welfare, Government of India, 2019).

[8]Pradhan Mantri Jeevan Jyoti Bima Yojana is a government-sponsored life insurance programme for individuals aged 18 to 50 years. The individuals who want to avail the scheme accepts auto debit of premium of Rs. 330/annum from their bank account. In case of the insured's death, the risk coverage is Rs. 2,00,000. The scheme provides coverage for one year and is renewable year to year (Department of Financial Services, Government of India, 2022)

[9] Pradhan Mantri Suraksha Bima Yojana is a government sponsored insurance programme for individuals aged 18 years to 70 years. The individuals under this scheme give their consent for auto-debit of Rs. 12/annum as premium from their savings bank account with annual renewal. Under this scheme, Rs. 2,00,000 risk coverage is given in case of accidental death or full disability and on partial disability Rs. 1,00,000 is given to the insured (Department of Financial Services, Government of India, 2022).

Table 4.15: Reasons of the respondents for being uninsured

Statements	1	2	3	4	5
Not aware about insurance policies	11%	7%	17%	16%	49%
Cannot afford	3%	5%	13%	19%	60%
Consider it as a useless expenditure	12%	13%	18%	17%	40%
Uncertainty in claim settlements	12%	7%	18%	22%	41%

Source: Field Survey

4.12: Motives in Opening Bank Account and Problems Faced

4.12.1: Motives of the respondents in opening bank accounts

Table 4.16: Motives of the respondents in opening bank accounts

Statements	In %				
	1	2	3	4	5
Only to receive Direct Benefit Transfer	73.0	9.4	2.2	3.1	12.4
To earn interest	22.0	23.5	21.2	13.8	19.6
To discourage reckless spending	6.2	9.0	19.7	33.2	31.9
To save for education of my children	5.7	9.3	7.6	23.5	53.9
To save for emergency	5.3	9.6	3.4	26.0	55.7
To save for healthcare/medical expenses	6.1	8.9	4.3	26.3	54.4
To save for festivals and rituals	5.8	9.4	11.5	27.9	45.4
To save for marriage of children	6.2	9.9	8.4	25.6	49.8
To use bank account for documentation purposes	27.2	38.0	13.3	5.3	16.1
To purchase big ticket items	5.2	10.2	5.3	14.1	65.2
To achieve financial stability	5.1	9.8	2.3	11.6	71.2
To receive remittances	0.5	0.6	2.0	11.8	85.2

Source: Field Survey

While determining the motives of the respondents in opening an account in a formal financial institution in a five-point scale of agreement where 1 indicates least agreed and 5 indicates most agreed, it is found that the majority of the respondents (Table 4.16) have mostly agreed that the motive behind opening a bank account is to receive remittances (85.2 percent). Apart from remittances, a significant portion of the respondents have mostly agreed that the reason to open a bank account in a formal financial institution is to achieve financial stability (71.2 percent) and to purchase big-ticket items (65.2 percent). More than half of the respondents have also agreed that saving for education and children, emergencies, healthcare/medical expenses, and marriage of children is the rationale behind their accounts in a formal financial institution. It has also been observed that 12.4 percent and 16.1 percent of respondents have mostly agreed that they have opened a bank account

to only receive direct benefit transfers and to use the bank account for documentation purposes. Thus, most of the respondents have opened a bank account to receive remittances and attain financial stability by saving for their future. However, only a few respondents stated the prime motives to have a bank account is only to receive direct benefit transfers and usage of bank account for documentation purposes.

4.12.2: Constraints faced in maintaining account in a formal financial institution

Table 4.17: Constraints faced by the respondents in maintaining account in a formal financial institution

Statements	In %				
	1	2	3	4	5
Higher transaction cost	39.0	6.4	10.4	20.0	24.2
Minimum balance requirement	40.6	11.5	9.6	18.0	20.3
Bank charges	30.4	9.7	10.4	25.0	24.6
Low interest on deposit	25.6	10.0	11.2	31.3	21.9
No easy credit facility	24.0	17.0	11.7	20.1	27.2
Lukewarm response from bank employees	40.0	21.2	9.0	11.6	18.2
Transportation cost for coming to bank	39.8	20.5	9.1	10.7	19.9
Opportunity cost of lost wages	44.9	22.1	4.5	8.0	20.5
Insufficient surplus to save	39.8	26.4	11.4	8.5	13.9
Distance to banks/financial institutions	46.5	16.1	10.4	9.5	17.4

Source: Field Survey

While analysing the constraints that the respondents face in maintaining accounts in a formal financial institution, it is found that more than a quarter of respondents have mostly agreed that they experience difficulty in accessing credit (27.2 percent), followed by bank charges (24.6 percent) and increased transaction cost (24.2 percent) as barriers to maintaining bank accounts with a formal financial institution. (Table 4.17). Besides, low interest on deposit (21.9 percent), the opportunity cost of lost wages (20.5 percent), minimum balance requirement (20.3 percent) and transportation cost (19.9 percent) also act as deterrent factors in maintaining an account in a formal financial institution.

4.13: Sustainability

4.13.1: Sustainability in using bank account by the respondents

According to Reserve Bank of India guidelines, savings or current account that has not witnessed any transactions (credit/debit except interest credited by the bank, deduction of

service charges, for beyond 1 year, the account is considered inactive. On surpassing 2 years, the account is considered dormant or inoperative.

Considering the above, the following working definition has been prepared: For the purpose of the study, if the accountholders are making use of their accounts (at least one) i.e., are saving and withdrawing money within a period of 12 months then they are considered to be making sustainable use of their accounts. If the accountholders are not using their accounts for more than 12 months or are using it only to withdraw money that they receive as subsidies, then, their accounts are considered marginally unsustainable. On exceeding 2 years, the accounts are considered unsustainable.

The respondents were presented with questions measured in nominal/categorical scale regarding the frequency with which they save money in a bank. The responses received as 'Daily', 'Once in a week', 'Bi-weekly once', Once in a month', 'Once in 6 months', and 'Once in a year' were further recoded as 'Sustainable' using statistical software. In addition, the responses received as 'More than 1 year has passed that I have saved in a bank' was recoded as 'Marginally Unsustainable'. Furthermore, the responses received as 'More than 2 years have passed that I have saved money in a bank' and 'Never saved money in a bank' were recoded as 'Unsustainable'.

Table 4.18: Sustainability in the use of bank accounts by the respondents

	Frequency	Percentage (%)
Sustainable	869	81.5
Marginally Unsustainable	93	8.7
Unsustainable	104	9.8
Total	1066	100.0

Source: Field Survey

It is found from Table 4.18 that most of the respondents i.e., 81.5 percent are making sustainable use of their bank accounts, however, the bank accounts of 8.7 percent of respondents are marginally unsustainable and 9.8 percent of respondents are unsustainable. It can be inferred that, though most of the respondents are making sustainable use of their bank accounts there is a percentage of respondents whose bank accounts have not witnessed any transaction for more than a year or even more than 2 years thereby making their bank accounts inactive and dormant.

4.13.2: Demographic characteristics and sustainability

This section aims to find out the relationship between respondents' demographic characteristics such as gender, age, occupation, educational qualification, area of residence and sustainable use of bank accounts (measured as Sustainable, Marginally Unsustainable and Unsustainable in Table 4.18). The chi-square test has been used to test the association and Phi, and Cramer's V was used to determine the strength of the association. Phi is used for a 2x2 contingency table and Cramer's V is used for tables larger than 2x2. The strength of association is divided into five categories namely very weak association, weak association, moderate association, strong association, and very strong association (Akoglu, 2018; Adhikary & Das, 2021). The hypotheses formulated are as follows:

H_0: There is no association between gender and sustainable use of bank accounts

H_1: There is association between gender and sustainable use of bank accounts

Table 4.19: Chi-Square test between gender and sustainable use of bank accounts

Gender	**Sustainable use of bank account**			**Chi-square**	**df**	**p value**
	Sustainable (%)	Marginally Unsustainable (%)	Unsustainable (%)			
Male	82.0	7.6	10.5	9.252	2	0.010
Female	79.7	13.5	6.8			

The result of the Chi-square test (Table 4.19) revealed that there is a weak association between gender and sustainable use of bank accounts (Chi-square = 9.252, p = 0.010, Cramer's V = .093). Since the $p < 0.05$ there is sufficient evidence to reject the null hypothesis at 0.05 level of significance. It has also been observed that as compared to 82 percent of males, 79.7 percent of females are making sustainable use of bank accounts.

H_0: There is no association between occupation and sustainable use of bank accounts

H_1: There is association between occupation and sustainable use of bank accounts

Table 4.20: Chi-square test between occupation and sustainable use of bank account

Occupation	Sustainable use of bank account			Chi-square	df	p value
	Sustainable (%)	Marginally Unsustainable (%)	Unsustainable (%)			
Businessman/trader	99.4	0.6	0	319.844	10	0.000
Agriculturist	54.9	25.0	20.1			
Govt. service/PSUs	99.1	0	0.9			
Private service	95.9	1.6	2.5			
Self-employed/ Professionals	100.0	0	0			
Daily wage earner	54.5	18.2	27.3			

While determining the association between occupation and sustainable use of bank account it is found that most of the businessman/trader, Government service employees, private employees and self-employed professionals are making sustainable use of their bank accounts (Table 4.20). However, the accounts of 20.1 percent agriculturists and 27.3 percent daily wage earners is unsustainable i.e., their accounts have not witnessed any transaction for more than 2 years. The Chi-square test (Chi-square = 319.844, p = 0.000, Cramer's V = .387) confirms that there is very strong association between occupation and sustainable use of bank account thereby generating sufficient evidence to reject the null hypothesis at 0.05 level of significance.

H_0: There is no association between educational qualification and sustainable use of bank account
H_1: There is association between educational qualification and sustainable use of bank account

Table 4.21: Chi-square test between educational qualification and sustainable use of bank account

Educational Qualification	Sustainable use of bank account			Chi-square	df	p value
	Sustainable (%)	Marginally Unsustainable (%)	Unsustainable (%)			
Illiterate	30.9	26.6	42.6	458.892	14	0.000
Primary	48.8	24.0	27.3			
Below HSLC	70.1	18.9	11.0			
HSLC	97.2	1.1	1.7			
HSSLC	99.0	1.0	0			
Graduate	99.0	0.5	0.5			
Post-graduate and above	100.0	0	0			
Did not attend school	34.3	28.6	37.1			

It is found that a lion's share of the respondents with educational qualification HSLC and above are making sustainable use of their bank accounts (Table 4.21) i.e., are using their bank account within a period of 1 year. However, the bank accounts of 42.6 percent of respondents who are illiterate, 27.3 percent with primary level education and 37.1 percent of respondents who have never attended school is unsustainable i.e., the accounts have become dormant. Furthermore, the Chi-square test (Chi-square = 458.892, p = 0.000, Cramer's V = .464) revealed that there is a very strong association between educational qualification and sustainable use of bank accounts. Thus, the null hypothesis is rejected at 0.05 level of significance.

H_0: There is no association between age and sustainable use of bank account

H_1: There is association between age and sustainable use of bank account

Table 4.22: Chi-square between age and sustainable use of bank account

Age	**Sustainable use of bank account**			**Chi-square**	**df**	**p value**
	Sustainable	Marginally Unsustainable	Unsustainable			
18-28 years	99.1	0	0.9	168.719	6	0.000
29-39 years	95.5	2.7	1.7			
40-50 years	85.6	6.3	8.1			
Above 50 years	59.8	19.1	21.1			

It is found from Table 4.22 that the majority of the respondents up to 50 years of age are frequently using their bank accounts for saving and transaction purposes. However, the accounts of 1.7 percent and 8.1 respondents from the age group 29-39 years and 40-50 years are lying dormant. It is also found that 59.8 percent of respondents from the age category above 50 years are saving and transacting using their accounts within a period of 1 year, however, the accounts of 21.1 percent of respondents above 50 years of age are dormant. This is possibly due to the fact that most of the respondents in the study who are above 50 years of age are agriculturists (35.4 percent) and daily wage earners (28.3 percent) (given in Annexure G). Also, it is found from Table 4.22 that the accounts of many agriculturists and daily wage earners under the study are dormant. The result of the

Chi-square test (Chi-square = 168.719, p = 0.000, Cramer's V = .281) reveals that there is a very strong association between age and sustainable use of bank accounts.

H_0: There is no association between area of residence and sustainable use of bank account

H_1: There is association between area of residence and sustainable use of bank account

Table 4.23: Chi-square between the area of residence and sustainable use of bank account

Area of residence	**Sustainable use of bank account**			**Chi-square**	**df**	**p value**
	Sustainable	Marginally Unsustainable	Unsustainable	38.350	2	0.000
Urban	100	0	0			
Rural	78.6	10.1	11.3			

It is found from Table 4.23 that difference exists between the sustainable use of bank accounts in rural and urban areas. Furthermore, it is also found that the accounts of 10.1 respondents in rural areas are marginally unsustainable (inactive) and of 11.3 percent respondents is unsustainable (dormant). The result of the Chi-square test (Chi-square = 38.350, p = 0.000, Cramer's V = .190) also revealed that there is a strong association between the area of residence and sustainable use of bank accounts. Thus, the null hypothesis is rejected at 0.05 level of significance.

4.13.3: Motives in opening account in a formal financial institution and sustainability

This section aims to find out whether the motives in opening account (measured on a five-point scale of agreement, 1 indicating 'least agreed' and 5 indicating 'most agreed' as shown in sub section 4.12.1) in a formal financial institution differed across the period of savings measured as sustainable, marginally unsustainable and unsustainable (as shown in sub section 4.13.1). One-Way ANOVA is generally applied to compare the means of three or more groups. Thus, for the purpose of the study, One-Way ANOVA has been used to determine whether the motives for opening a bank account differ across the sustainable use of bank accounts. Before performing One-Way ANOVA, the assumptions necessary to perform the analysis such as the dependent variable should be measured in interval or ratio scale, independence of data, normality and homogeneity of variance were checked. After fulfilling the necessary conditions to perform ANOVA, further analysis was done.

H_0: Motives in opening bank account do not differ significantly across the sustainable use of bank account

H_1: Motives in opening bank account differ significantly across the sustainable use of bank account

Table 4.24: One-Way ANOVA for motives in opening bank account and sustainable use of bank account

		Mean	**p value**
Only to receive Direct Benefit Transfer	Sustainable	1.15	0.000
	Marginally Unsustainable	4.04	
	Unsustainable	4.46	
To earn interest	Sustainable	3.04	0.000
	Marginally Unsustainable	2.14	
	Unsustainable	1.93	
To discourage reckless spending	Sustainable	4.15	0.000
	Marginally Unsustainable	2.11	
	Unsustainable	1.96	
To save for education of my children	Sustainable	4.57	0.000
	Marginally Unsustainable	2.18	
	Unsustainable	1.93	
To save for emergency	Sustainable	4.66	0.000
	Marginally Unsustainable	2.22	
	Unsustainable	1.88	
To save for healthcare and medical expenses	Sustainable	4.63	0.000
	Marginally Unsustainable	2.13	
	Unsustainable	1.82	
To save for festivals and rituals	Sustainable	4.43	0.000
	Marginally Unsustainable	2.13	
	Unsustainable	1.84	
To save for marriage of my children	Sustainable	4.50	0.000
	Marginally Unsustainable	2.09	
	Unsustainable	1.84	
To use bank account for documentation purposes	Sustainable	2.00	0.000
	Marginally Unsustainable	4.42	
	Unsustainable	4.50	
	Sustainable	4.74	0.000

To purchase big ticket items	Marginally Unsustainable	2.15	
	Unsustainable	1.95	
To achieve financial stability	Sustainable	4.85	0.000
	Marginally Unsustainable	2.25	
	Unsustainable	1.95	
To receive remittances	Sustainable	4.91	0.000
	Marginally Unsustainable	4.52	
	Unsustainable	4.17	

It has been observed from the One way ANOVA table that the null hypothesis in all the cases has been rejected ($p < 0.05$). Hence, it can be concluded that there exists significant difference in motives in opening bank accounts across sustainable, marginally unsustainable and unsustainable use of bank accounts. It is also found from Table 4.24 that the mean motive to open a bank account only to receive Direct Benefit Transfer (marginally unsustainable = 4.04, unsustainable = 4.46) and use of bank account for documentation purposes (marginally unsustainable = 4.42, unsustainable = 4.50) are highest among groups with unsustainable and marginally unsustainable use of bank accounts. However, the respondents who maintain their accounts in a bank to have future financial security, save for different occasions and discourage reckless spending are making sustainable use of their bank accounts.

Post hoc tests reveal the intergroup differences when the Analysis of Variance is significant. Post hoc test has been carried out to explore the differences between the three groups. The post hoc test results reveal that significant differences in all the cases exist between the pairs sustainable and marginally unsustainable, sustainable and unsustainable (shown in Annexure H).

4.13.4: Constraints faced in maintaining account in a formal financial institution and sustainability

This section aims to find out whether the constraints faced by the respondents in maintaining their account in a formal financial institution (as shown in sub section 4.12.2) differ across the sustainable use of bank accounts.

H_0: Constraints faced in maintaining account in a formal financial institution do not differ significantly across sustainable use of bank account

H_1: Constraints faced in maintaining account in a formal financial institution differ significantly across sustainable use of bank account

Table 4.25: One-Way ANOVA for constraints faced and sustainable use of bank account

		Mean	**p value**
Higher transaction cost	Sustainable	2.73	0.000
	Marginally Unsustainable	2.78	
	Unsustainable	3.79	
Minimum balance requirement	Sustainable	2.52	0.000
	Marginally Unsustainable	2.88	
	Unsustainable	3.61	
Bank charges	Sustainable	2.95	0.000
	Marginally Unsustainable	2.98	
	Unsustainable	3.84	
Low interest on deposit	Sustainable	3.11	0.031
	Marginally Unsustainable	3.01	
	Unsustainable	3.50	
No easy credit facility	Sustainable	2.94	0.000
	Marginally Unsustainable	3.68	
	Unsustainable	3.88	
Lukewarm response from bank employees	Sustainable	2.35	0.000
	Marginally Unsustainable	2.63	
	Unsustainable	3.35	
Transportation cost for coming to bank	Sustainable	2.30	0.000
	Marginally Unsustainable	3.12	
	Unsustainable	3.65	
Opportunity cost of lost wages	Sustainable	1.94	0.000
	Marginally Unsustainable	3.90	
	Unsustainable	4.58	
Insufficient surplus to save	Sustainable	1.86	0.000
	Marginally Unsustainable	4.19	
	Unsustainable	4.33	
Distance to banks/financial institutions	Sustainable	2.18	0.000
	Marginally Unsustainable	2.80	
	Unsustainable	3.38	

From the One-Way ANOVA Table 4.25, it has been observed that the null hypothesis is rejected in all the cases i.e., $p < 0.05$. Hence, it can be concluded that the mean constraints in maintaining bank accounts differ significantly across the period of savings measured as sustainable, marginally unsustainable and unsustainable. It is also evident from the mean values that the constraints faced are highest among the unsustainable group.

Post hoc test (shown in Annexure I) revealed that in terms of higher transaction cost, minimum balance requirement, bank charges, lukewarm response from bank employees and low interest on deposits significant difference exists between the pairs sustainable and unsustainable, marginally unsustainable and unsustainable. In terms of the opportunity cost of lost wages, distance to banks/financial institutions and transportation cost of coming to bank significant differences exist between all the pairs i.e., sustainable and marginally unsustainable, sustainable and unsustainable, marginally unsustainable and unsustainable. Furthermore, significant difference in terms of no easy credit facility and insufficient surplus to save exists between the pairs of sustainable and marginally unsustainable, sustainable and unsustainable.

4.14: Convenient mode of savings

Table 4.26: The most convenient mode of savings according to the respondents

Mode of savings	Frequency	Percentage
Self Help Groups (SHGs)	15	1.4
ROSCA	89	8.3
Bank	796	74.7
Post office	66	6.2
Livestock	100	9.4
Total	1066	100.0

Source: Field Survey

The majority of the respondents consider banks (74.7 percent) as the most convenient mode of savings. Besides, 9.4 percent, 8.3 percent and 1.4 percent of respondents revealed that ROSCA, livestock and SHGs were most suited to their saving needs. Thus, most of the respondents opine that formal sources such as banks are the most convenient mode of savings.

4.15: Continuation in the use of bank account

Table 4.27: Whether the respondents would continue using the bank account

Period for which the respondents would continue using their bank account	Yes	No
I will use bank account till I get gas subsidy	11.4	88.6
I will use bank account till specific scheme related period	11.7	88.3
I shall be using bank account always to have better financial future	86.5	13.5

Source: Field Survey

When the respondents were asked regarding whether they would continue using their bank account, the response given by all the respondents was positive i.e., they would continue using their bank account. Thus, proceeding further the respondents were asked to mention the period for which they would continue using their bank account in the above categorical/nominal scale. It has been observed from Table 4.27 above that majority of the respondents i.e., 86.5 percent would continue using their bank accounts to have a better financial future while 11.4 percent and 11.7 percent of respondents would continue using their bank account till they receive the gas subsidy and till specific scheme related period. Thus, though most of the respondents are perpetually using their bank accounts for financial security in the forthcoming years but some respondents are using their bank accounts only to receive benefits under different schemes.

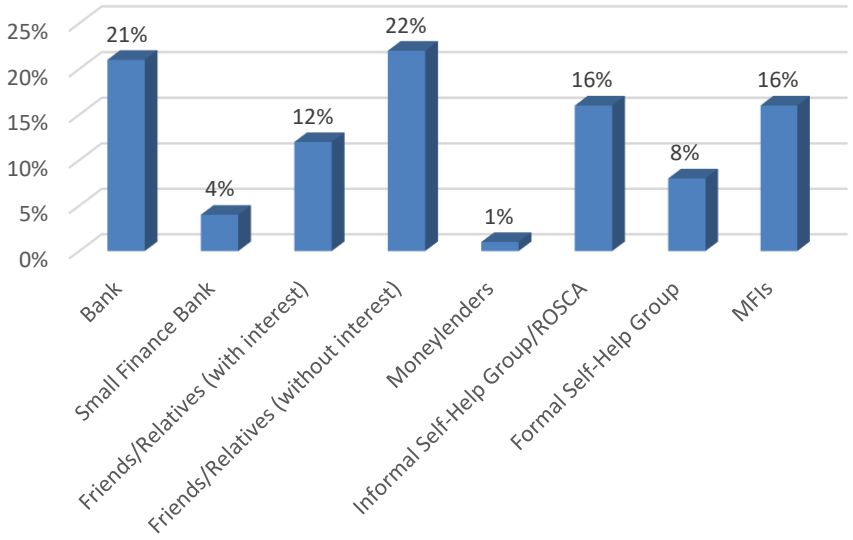
4.16: Borrowings

4.16.1: Whether the respondents borrowed or took a loan and the source of borrowing

Table 4.28: Whether the respondents have borrowed or taken a loan

Borrowings by the respondents	Frequency	Percentage (%)
Yes	905	84.9
No	161	15.1
Total	1066	100.0

Source: Field Survey



Source: Field Survey
Figure 4.18: Source of loan taken by the respondents

The majority of the respondents i.e., 84.9 percent (Table 4.28) have borrowed or taken a loan. Taking into account the cumulative figures it has been found that among the respondents who had taken a loan, 1/4th of the respondents (25 percent) (Figure 4.18) had borrowed from formal sources such as banks/small finance banks and MFIs (16 percent). Furthermore, more than half of the respondents i.e., 51 percent had taken loans from informal sources such as friends/relatives (with or without interest), moneylenders and ROSCA. Thus, it has been observed that informal sources of financing are popular among the respondents.

4.16.2: Reasons for taking a loan from informal sources such as friends, relatives, moneylenders, ROSCA

Table 4.29: Reasons for obtaining loans from informal sources

Reasons for taking loans from informal sources	In %				
	1	2	3	4	5
No need to provide collateral security/mortgage	0	0	1.1	20.9	78.0
Loan is available in short time	0	0	1.3	41.3	57.4
Loan is available with less documentation	0	0	0.7	37.0	62.3
Can borrow relatively small amount of money	0	0	0.6	32.6	66.8
Can make repayments in small weekly or fortnightly sums	0	0	0.6	31.6	67.8
Loans can be availed without multiple visit	0	0.1	6.6	39.1	54.2
Lender is near my residence	0.6	0.7	16.8	51.7	30.2
Loans can be availed without any burdensome process	0	0	2.4	38.1	59.5
I do not have higher credit score to obtain loan from banks	3.1	16.4	12.9	29.5	38.1

Source: Field Survey

A five-point scale of agreement has been used to find out the reasons for taking a loan from informal sources, 1 indicating ‘least agreed’ and 5 indicating ‘most agreed’. The majority of the respondents (Table 4.29) have mostly agreed that they borrowed from informal sources because there is no requirement to provide collateral security (78 percent). Furthermore, repayments can be made in weekly or fortnightly sums (67.8 percent), can borrow a relatively small amount of money (66.8 percent), the loan can be availed with less documentation (62.3 percent) and without any burdensome process (59.5 percent). It is found that more than half of the respondents mostly agreed that loan is

available in a short time and without multiple visits. Besides, 38.1 percent of respondents mostly agreed that they do not have a higher credit score to obtain loans from banks, which led them to borrow money from other sources. Consequently, the non-requirement of collateral security/mortgage, quick repayments and provision to borrow relatively small amounts with less documentation, and lack of credit history are the primary reasons for the respondents to borrow from informal sources such as friends, relatives, ROSCA, and moneylenders.

4.16.3: Reasons for obtaining loans from banks including small finance banks

Table 4.30: Reasons for obtaining loans from banks including small finance banks

Reasons for obtaining loans from banks/small finance banks	In %				
	1	2	3	4	5
I have a higher credit score to obtain loan from banks	4.1	6.2	16.3	30.7	42.7
Banks are trust-worthy	0	0	0.3	31.3	68.4
Loans can be availed without multiple visits	1.4	4.6	17.1	43.8	33.1
Loan is available in a short time	0.8	3.5	20.1	48.4	27.2
Loan is available with less documentation	0.8	7.6	33.7	30.2	27.7
No need to provide collateral security/mortgage	2.4	12.0	34.8	32.0	18.8
Charges affordable interest rate	9.0	7.1	17.4	32.0	34.5
Formal institutions explain the entire procedure of obtaining loans in detail	0.8	1.4	2.4	22.3	73.1
Took loan from bank because banks have a standardised procedure	0	0.8	2.7	19.3	77.2

Source: Field Survey

Among the respondents who had taken loans from banks, it has been observed that the reasons that led the majority of the respondents to obtain such loans are banks have a standardised procedure (77.2 percent), the entire procedure of obtaining loans from the formal financial institution is explained in detail (73.1 percent) and banks are trustworthy (68.4 percent in Table 4.30). After considering the cumulative figures, it has been observed that slightly fewer than $3/4^{th}$ of the respondents i.e., 73.4 percent respondents have mostly agreed that they have a higher credit score to obtain loans from banks, bank charges affordable interest rate (66.5 percent) and loans are available in a short time (75.6 percent). Nevertheless, 17.1 percent have somewhat agreed that loans are available without multiple visits and with less documentation (33.7 percent). Thus, the reasons that led most of the respondents to obtain loans from banks/small finance banks are the standardised procedure

for availing loans, trust in formal financial institutions and higher credit scores to obtain loans from banks.

4.16.4: Borrowing from formal sources as per urban/rural divide

Independent Samples t test was used to find out whether difference exists between average reasons to borrow from banks/small finance banks and area of residence. The reasons to borrow from banks/small finance banks were measured on a five-point scale of agreement (interval scale) where 1 indicates 'least agreed' and 5 indicates 'most agreed' (shown in Table 4.32). As the difference between two groups' means i.e., urban and rural areas was attempted to find out, thus, independent samples t-test has been used.

H_0: Mean reasons to borrow from banks and small finance banks do not differ significantly across the area of residence

H_1: Mean reasons to borrow from banks and small finance banks differ significantly across the area of residence

Table 4.31: Relation between borrowings from bank/small finance bank and area of residence

	Urban (%)		Rural (%)	
	Yes	No	Yes	No
Loan from bank	81.5	18.5	30.5	69.5
Loan from small finance bank	1.9	98.1	8.3	91.7

Source: Field Survey

Table 4.32 Group Statistics

	Area of residence	N	Mean	Std. Deviation	Std. Error Mean
Mean_formal_loan	Urban	89	4.3333	.44223	.04688
	Rural	279	4.0601	.49499	.02963

Table 4.33 Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Mean_formal_loan	Equal variances assumed	1.619	.204	4.648	366	.000	.27320	.05878	.15761	.38879
	Equal variances not assumed			4.926	164.098	.000	.27320	.05546	.16369	.38270

Considering the cumulative figures in Table 4.31, it has been observed that 83.4 percent respondents from the urban areas have taken loan from banks/small finance banks as opposed to only 38.8 percent respondents from the rural areas. The group statistic table (Table 4.32) revealed that the mean scores for loan taken from banks/small finance banks is higher in case of urban areas in contrast to the rural areas. The test result ($p = 0.000$) showed that there exist significant difference between loans availed from banks/small finance banks and area of residence. Hence, we reject the null hypothesis at 0.05 level of significance. Thus, it has been observed that in urban areas formal banking institutions are more popular and in the rural areas respondents mostly prefer borrowing from ROSCA/informal self-help group and friends/relatives.

4.17: Chapter Summary

This section exhibits the results and findings associated with the second objective of the study i.e., to determine the factors affecting the sustainability of financial inclusion. In the first instance, the socio-demographic profile of the respondents was produced in order to give a clear idea about the gender, age, occupation, annual income, educational qualification, area of residence, religion and social group of the respondents under study. Secondly, the practices of savings, deposits, insurance, proximity of financial institutions and the practice of sending and receiving remittances by the respondents were studied.

While conducting the survey, it was observed that there are few prime earner of the households who do not have access to a bank account. Since they do not have a bank account they were not eligible to proceed with the interview schedule. Among the respondents surveyed a majority of them have normal savings accounts followed by Jan Dhan/no frill accounts. Only 12.4 percent of respondents have more than two accounts, and the majority of respondents only use one bank account for banking. It has been observed that most of the respondents keep their surplus in formal sources. In contrast, 20 percent of respondents keep their surplus in informal sources like ROSCA, friends, and relatives. The respondents' reasons for saving informally include receiving funding during times of uncertainty, suggestions from neighbours, and saving a relatively little sum of money. Furthermore, compared to urban areas, the situation with fixed deposit accounts is particularly grim in rural areas (29.9 percent).

Using a crosstab between insurance policy ownership and occupation revealed that the majority of businessmen/traders, self-employed professionals, and government employees own insurance policies, compared to only 55.4 percent of farmers and 43.9 percent of daily wage earners. The majority of the uninsured respondents cited ignorance and cost as the prime reasons for not owning an insurance policy. Furthermore, even though most of the respondents were found to be making sustainable use of their bank accounts, it has been observed that 8.7 percent of respondents have inactive and 9.8 percent of respondents have dormant accounts. The results of Chi-square test showed a very strong association between the sustainable use of a bank account and demographic variables including occupation, educational qualification and age. The difficulties in obtaining credit, followed by monthly lump sum fees and greater transaction costs, were determined to be the most common difficulties encountered by respondents in maintaining an account in a formal financial institution. Additionally, the opportunity cost of lost wages and the transportation costs associated with going to the bank are acting as barriers to the utilisation of bank accounts by the respondents. The ANOVA results also revealed a significant difference between motives in opening a bank account and its sustainable use. Furthermore, using bank accounts for documentation purposes and only receiving direct benefit transfers is found among the unsustainable groups (respondents with dormant accounts). The mean values of the ANOVA test also reveal that opportunity cost of lost wages (4.58), insufficient surplus to save (4.33), lack of credit availability (3.88), bank charges (3.84), transportation cost (3.65) and distance of bank branches (3.38) are the most significant barriers in

maintaining accounts in a formal financial institution by the unsustainable groups. In addition, borrowing from formal sources such as banks is found popular in urban areas when juxtaposed with the rural areas where a significant portion of rural dwellers was found to borrow from informal sources such as ROSCA/informal self-help groups, friends and relatives. The prime reasons observed for borrowing from informal sources include the non-requirement of collateral security, repayments in weekly or fortnightly sums, borrowing a relatively small amount of money and the need for less documentation.