

---

Published by: Sai Om Publications

***Sai Om Journal of Commerce & Management***

*A Peer Reviewed International Journal*

---

**A STUDY ON FINANCIAL INCLUSION AMONG  
KUDUMBASREE MEMBERS WITH SPECIAL REFERENCE  
TO VILLIAPPALLY PANCHAYAT IN CALICUT DISTRICT,  
KERALA**

**Midhula Mohan K.<sup>1</sup>**

Guest Lecturer, Department of Commerce, P.R.N.S.S College,  
Mattannur, Kerala, India  
Email: midhu20mohan@gmail.com

**Dr. Hemalatha A.V.<sup>2</sup>**

Associate Professor, Department of Commerce, P.R.N.S.S College,  
Mattannur, Kerala, India  
Email: hemanairav@gmail.com

---

**ABSTRACT**

*India is one of the newly industrialized economies in the world, but the growth factor is unevenly distributed. Hence inclusive growth of India comes through the financial inclusion. To attain this objective, the Government is initiating various programmes. There are various microfinance institutions, Self Help Groups (SHGs) playing very important role in this regard. The organizations of SHGs constitute a widely accepted development strategy for entrepreneurship development, women empowerment and poverty alleviation. The Kudumbasree programme was initiated by Government of Kerala in 1998. The slogan of the mission is "Reaching out to families through women and reaching out to community through families". The concept was developed by NABARD and Government of Kerala through joint initiative as a poverty eradication programme, women empowerment and rural development. Kudumbasree acts as a catalyst for economic empowerment of women by providing economic security, social solidarity and political betterment of women of the particular region. The present paper focuses on the study of financial inclusion among the Kudumbasree members. It is one of the largest women's movement in Asia having over 37 lakh members covering more than 50 percent of households in Kerala.*

**Keywords:** Self Help Groups; Poverty Eradication Programme; Microfinance Institutions

**INTRODUCTION**

Financial inclusion or inclusive financing is the delivery of financial services at affordable cost to sections of disadvantaged and low income segment of society, in contrast to financial exclusion where those services are not available or affordable. The purpose of financial inclusion is to provide equitable opportunities to every individual to avail the facility of formal financial channel for better life, better living and better income. An estimated 2.5 billion adults globally have no access to the type of formal financial services.

With the progress of the Indian economy, especially when the focus is on the achievement of sustainable development, there must be an attempt to include maximum number of participation from all the sections of the society. But the lack of awareness and financial literacy among the rural population of the country is hindering the growth of the economy as majority of the population does

not have access to formal credit. This is a serious issue for the economic progress of the country. Financial inclusion enables improved and better sustainable economic and social development of the country. It helps in the empowerment of the underprivileged, poor and women of the society with the mission of making them self-sufficient and well informed to take better financial decisions. Financial inclusion takes into account the participation of vulnerable groups such as weaker sections of the society and low income groups, based on the extent of their access to financial services such as savings and payment account, credit insurance, pensions etc. Also the objective of financial inclusion exercises easy availability of financial services which allows maximum investment in business opportunities, education, save for retirement, insurance against risks, etc. by the rural individuals and firms.

Government of Kerala introduced Kudumbasree scheme as a comprehensive poverty alleviation programme to focus primarily on poor rural and urban women's in 1998. "Kudumbasree" in local language means prosperity of the family which helps enjoy the economic opportunities by a good number of the poor women folks in rural and urban Kerala. It makes every effort to alleviate poverty through an integrated approach which involves an effective convergence of resources and actions, and moreover, the programme is essentially linked to local self-government institutions. Though local government institutions are not organically linked to Kudumbasree, they are active partners in the programme. Today, Kudumbasree is one of the largest women-empowering schemes in the country.

Though its efforts to engage women in civil society in development issues and opportunities, Kudumbasree in association with the local self-government of Kerala is charting out new meaning and possibilities for local economic development and citizen centric governance. Here we attempt a study on financial inclusion among Kudumbasree members with special reference to Villiappally panchayat in Calicut district, Kerala state.

### REVIEW OF LITERATURE

A number of studies have been conducted on financial inclusion but very few in context of among Kudumbasree members. Jayati Ghosh(2013)<sup>1</sup>in his study "Microfinance and the challenge of financial inclusion for development", recommended that: (1) Encourage the creation and expansion of development banks that are subject to different regulatory requirements from normal commercial banks, (2) Ensure that sector-specific banks and client-specific financial institutions are operating under prudential norms and other regulations that are sensitive to the specific conditions under which they operate (e.g. agricultural banks and cooperative banks),(3) Create and develop national networks of community development banks that are directed to financially underserved communities.

Dr. K.Venugopalan(2014)<sup>2</sup>, in his study - "Influence of Kudumbasree on women empowerment - a study" has provided an insight on women empowerment acquired by Kudumbasree members after joining in the Kudumbasree. Majority of the members of Kudumbasree are women workers who are working on daily wages. Decision making power, Personal skills, and awareness of the members are improved except self-confidence and knowledge. By considering other factors such as self-confidence and knowledge, we can conclude that women empowerment has not achieved to the fullest extent. Women workers should give due consideration for developing self-confidence and knowledge about intellectual rights. Each unit of Kudumbasree must give attention to the various factors for the empowerment of members.

Reshmi. R (2012)<sup>3</sup>in her study, "Role of Kudumbasree micro enterprises in alleviation of poverty with special reference to their marketing strategies" recommended that the relative success of Kudumbashree enterprises is a clear sign of widespread acceptance of community-based activities done to uplift the poor and downtrodden people. Kudumbasree program has cut across the ideological divide and successfully overcome all the social and economic hindrances in the society. Poor Women have truly been empowered by joining in Kudumbasree organs like neighborhood groups and micro enterprises.

### OBJECTIVES

1. To know the availability of financial services among Kudumbasree members
2. To identify the usage of modern banking services by the Kudumbasree members
3. To know the dealing of Kudumbasree members with their bank

### HYPOTHESIS OF THE STUDY

Two attributes educational qualification and ability of customers to fill different banking forms are independent

### METHODOLOGY

The study is designed as an empirical one based on the survey method. The samples under this study are taken from the Kudumbasree members of Villiappally panchayat of Calicut district in Kerala state. The study was conducted during the month of December, 2015. Total numbers of samples are 100, selected on convenient sampling basis. The study is primarily based on the primary data collected from the respondents. A structured questionnaire was prepared to collect information regarding, income, awareness about interest rate use of modern technology and facilities. The secondary data were collected mainly from various publications of Government of India, Government of Kerala, journals and periodicals and articles in connection with the study. The collected data are statistically analyzed and interpretations are made.

### FINDINGS OF THE STUDY

Data relating to personal profile reveals that out of 100 respondents, 50 percent of Kudumbasree members are in the age group of 35-50, 46 percent have education qualification up to plus two, 20percent are coolie. Monthly income shows that, 73percent has income below Rs. 20,000, 16percent has income between Rs. 20,000 - 50,000 and 11 percent has income above Rs. 50,000.

### MAJOR FINDINGS

- More than half of the percentage of Kudumbasree members has account in at least two banks. Most of the Kudumbasree members have opened savings bank account which shows the improved savings habit of members. 55 percent of members have opened accounts in nationalized banks.
- 78 percent of the Kudumbasree members are often dealing with bank. 82 percent are enjoying the loan facility provided by the bank and majority of them depends on more than one type of loan for various purposes mainly on the agriculture and gold loan.
- By analyzing the awareness on interest rate it is clear that only 44 percent are aware about it and they opined that the bank charges only an average rate of interest on their loans.
- As regarding to modern facilities, majority of members are not utilizing modern facilities provided by bank like NEFT and only 54 percent are utilizing ATM facility. The major problem faced by Kudumbasree members is lacking awareness on the operating system of ATM and they depends others for withdrawing money. As a mode of withdrawal from banks, Kudumbasree members are depending on cheques and withdrawal slip.
- Even though all the Kudumbasree members are literate, majority of them (72%) need assistance for filling the bank related forms and documents.
- Study reveals that majority of the Kudumbasree members have linked their bank account with their Aadhar card and Majority of Kudumbasree members are receiving subsidy through their banks.
- Analysis of payment system through bank account like payment of telephone bill, electricity

bill, and online purchase shows that most of the members are not utilizing this facility.

- 92 percent of the members agree that their banks provide various facilities to them and by analyzing the opinion about the banking facility being provided, it is evidenced that 72 percent opinioned positively. Nobody have a negative opinion.
- In order to know whether two variables such as educational qualification and the ability to fill the banking related forms are independent or not, the chi-square test of dependent was applied. In the present study chi-square value is less than table value and hence the hypothesis connected with these two variables was rejected. It shows the two variables are dependent i.e. the person having higher education do not depend on others for filling bank related forms.

### CONCLUSION

In a modern business world, banks are competing each other for providing better and better banking services emphasizing mainly on modern technology to their customers. Even though all the banks are promoting financial inclusion and thereby providing financial services, yet there is a minority of the Kudumbasree members in Villiappally panchayat having no account till today and majority of them are not aware about the modern facilities provided by the bank at least the operating systems of ATM machine. Kudumbasree units help its members to create a close relation with the bank and their services. Hence Kudumbasree could make an effective impact on the financial inclusion. If sufficient awareness programme are conducted in Kudumbasree units in Villiappally panchayat by bank officials, naturally the members can become enlighten to an extent in the area of financial inclusion.

### RECOMMENDATIONS

- In order to promote the modern banking facilities, the banks and other financial institutions should provide proper awareness classes to Kudumbasree members in their Kudumbasree meeting relating to modern banking facilities.
- The bank should take necessary steps to provide awareness about the operating systems of ATM.
- The bank should also provide adequate information relating to the interest rate of loans and deposit to the people. All banks especially co-operative banks should provide the facility of zero balance account to the rural people.
- All nationalized banks should take initiative to start new branches in rural areas, which will be very useful and accessible to rural people.
- Each bank should arrange a help desk which will help the customers to fill the forms, documents so all.

### REFERENCES

1. Anupama Sharma, Sumita Kukreja, "An analytical study: Relevance of financial inclusion for developing nations", Research Inventy: International Journal of Engineering and Science (2013) 2, 15.
2. Bhaskarans, R, "Financial inclusion: What needs to be done?" Reading on financial inclusion, IIBF & Taxman, New Delhi (2006).
3. Jayati Ghosh, "Microfinance and the challenge of financial inclusion for development", Cambridge Journal of Economics (2013) 1, 17.
4. Reshmi, R, "Role of Kudumbasree micro enterprises in alleviation of poverty with special reference to their marketing strategies", International Journal of Social Science & Interdisciplinary Research (2012) 1, 12.

5. Sonu Garg, Parul Agarwal, "Financial inclusion in India- A Review of initiatives and achievements", IOSR Journal of Business and Management (IOSR-JBM) (2014) 16, 52.
6. Treasury. H. M, "Financial inclusion: The way forward", HM Treasury, UK, March (2007).
7. Venugopalan. K, "Influence of Kudumbasree on women empowerment - a study", OSR Journal of Business and Management (IOSR-JBM) (2014) 16, 10.

### TABLES

**Table 1.** Personal profile

Variable	Category	Numbers
Age	20-25	20
	35-50	50
	50 and above	30
Education	Below SSLC	32
	Up to PLUS TWO	46
	Degree and above	22
Occupation	Government	6
	Private	12
	Self employee	14
	Coolie	20
	Nil	4
Number of bank account	1	28
	2	54
	3	14
	More than 3	4
Monthly Income	Below Rs.20,000	73
	Rs. 20,000-50,000	16
	Above Rs. 50,000	11

Source: field survey

**Table 2.** Type of bank and account

Variable	Category	Numbers	percentage
Type of bank	Nationalized	96	54.55
	Co - operative	68	38.63
	Private	12	6.82
Type of account	Saving bank	124	81.58
	Fixed deposit	28	18.42
	Current	-	-
	Recurring	-	-
Dealing with bank	other	-	-
	Daily	2	2
	Weekly	20	20
	Often	78	78
Utilization of loan facility	Never	-	-
	Yes	82	82
	No	18	18

Source: field survey

**Table 3.** Type of loan and interest rate

Variable	Category	Numbers	percentage
Type of loan	Gold loan	52	35.62
	Agriculture loan	52	35.62
	Housing loan	26	17.8
	Other type of loan	16	10.96
Awareness about interest rate	Yes	44	44
	No	56	56
Opinion about interest rate	High	8	18.18
	Average	18	40.92
	Low	14	31.81
	NA	4	9.09

Source: field survey

**Table 4.** Modern facilities used by the members

Type of facilities	Number of respondents
Mobile banking	-
Net banking	-
NEFT	-
RTGS	-
Online shopping	4
Nil	14

Source: field survey

**Table 5.** Awareness of ATM operation

Variable	Category	Numbers
Usage of ATM	Yes	54
	No	46
Awareness of ATM operation	Yes	22
	No	32

Source: field survey

**Table 6.** Withdrawal from bank

Variable	Category	Numbers	Percentage
Type of withdrawals	ATM	32	21.05
	Cheque	64	42.11
	Withdrawal form	56	36.84
Usage of assistance	Always	35	35
	Often	37	37
	Never	28	28

Source: field survey

**Table 7.** Opinion about banking facility

Variable	Category	Numbers
Linkage of bank account with aadhar card	Yes	94
	No	6
Receipt of subsidy through bank	Yes	88
	No	12

**Table 7.** Opinion about banking facility (Contd....)

Variable	Category	Numbers
Payment through bank account	Yes	8
	No	92
Usage of telephone facility	Yes	72
	No	28
Bank's facility to Kudumbasree members	Yes	92
	No	8
Opinion bout banking facility	Good	66
	Average	26
	Bad	-

**Source:** field survey

Statistical analysis (chi- square)

H0: Two attributes educational qualification and usage of assistance for filling forms are independent

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

**Table 8.** Educational qualification and dependence on others for filling bank related forms- calculation of chi-square

Education	Dependence on others for filling bank related forms			Total
	Always	Often	Never	
Below SSLC	19	8	5	32
Up to plus two	11	23	12	46
Degree and above	5	6	11	22
Total	35	37	28	100

**Source:** field survey

**Table 9.** Calculation of chi- square

Observed frequency (O)	Expected frequency (E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
19	11.2	60.84	5.43
11	16.1	26.01	1.62
5	7.7	7.29	.95
8	11.84	14.75	1.25
23	17.02	35.76	2.10
6	8.14	4.58	0.56
5	8.96	15.68	1.75
12	12.88	0.77	0.059
11	6.16	23.43	3.80
Total			17.519

χ<sup>2</sup> value = 17.519

Degree of freedom = (r-1) (c-1)  
 = (3-1) (3-1)  
 = 4

Level of significance = 0.5

Table value = 9.488

Since the calculated value of chi-square is higher than the table value (9.488) at 5 percent level of significance with 4 degree of freedom, so the null hypothesis is rejected i.e. there is significant relationship between educational qualifications and usage of assistance for filling forms. That is majority of the Kudumbasree members having high qualification do not depend on others for filling bank related forms.