



An Empirical Analysis of Financial Inclusion, with Special Reference to Kcc Scheme of Jammu and Kashmir Bank Ltd, in District Shopian

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Abstract:

Financial inclusion is delivery of basic banking services at an affordable cost to the vast sections of underprivileged, needy and lower income groups. Banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of public policy. The present study has been conducted in Jammu and Kashmir district Shopian. The study attempts to find out whether the financial inclusion has taken place amongst apple growers in district Shopian, Jammu and Kashmir through J&K Bank. This study is based on primary and secondary data. The primary data has been collected through questionnaires and personal interviews for which one block has been selected randomly out of two blocks. While as secondary data was collected from journals, District cluster Jammu and Kashmir bank and Jammu and Kashmir bank website.

I. Introduction:

The concept of the financial inclusion is not new one. Nationalisation of banks priority sector leading stipulations, the lead bank scheme, establishment of rural regional banks launch of self-help groups-bank linkage programs were all part of reserve bank of India. Access to finance by the poor and vulnerable group is a prerequisite for poverty elimination and social cohesion. This has become an integral part of efforts to promote inclusive growth. Financial inclusion is the process of ensuring access to financial services and timely and adequate credit where needed by the vulnerable groups such as weaker sections and low income groups at an affordable cost. The government of India and the reserve bank of India have been making concerted efforts to promote financial inclusion as one of the important national objectives of country. Some of the major efforts made last five decades include nationalisation of banks, building up of robust

branch network of schedule of commercial banks, introduction of mandated priority sector lending targets etc. The fundamental objective of all these initiatives is to reach the large sections of hitherto financially excluded Indian population. In response to the initiatives put by the government of India and RBI, CRISL inclusive score, for India rose 35.4 in 2009 to 42.8 in 2013 (up by 7.4). In Jammu and Kashmir however, the situation is still grim in spite of various initiatives put by the government of India and banking community in the state. The banking industry has shown tremendous growth in the volume and complexity during the last five decades. Despite significant improvement in all the areas relating to financial viability, profitability and competitiveness, there are concerns that banks have not been able to include vast segment of population, especially underprivileged sections of the society into the fold of basic banking services. Internationally also efforts are being made to study the cause



of financial exclusion and designing strategies to ensure financial inclusion of the poor and disadvantaged. The reason may vary from country to country and hence the strategy could also vary but all out efforts are being made as financial inclusion can truly lift the financial conditions and the standards of life of poor and disadvantaged.

II. Review of literature

According to V.Leeladhar (Jan 2006): financial inclusion is delivery of banking services at an affordable cost to the vast sections of advantaged and low income groups.

Rangarajan Committee (2008): has tried to define financial inclusion as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost.” Its aim is to help poor to come out of poverty.

Chakroborty.K.C (2013): has indicated that a number of measures have and being taken across the country, given the enormity of the task, a lot of ground still needs to cover. Apart from the government regulatory bodies, there is a need for involving the civil society and all other stakeholders need to spread financial literacy.

Pai D. T (2012): observed that there is need to make financial literacy which is required for managing personal finance. It is an integral part of the financial inclusion. The knowledge is required to change the behaviour in the financial pattern and activities of individuals. The main goal of the financial literacy is the empowerment of people to take action by them that are in their self-interest.

Bhole and Mahakud (2009): have mentioned in their book, that financial inclusion as delivery of financial services at an affordable cost to the vast section of disadvantaged and low income groups.

Srinivasan L (2012): The Philadelphia Character proclaims: “Poverty anywhere constitute a threat to prosperity everywhere”. Therefore, Financial Inclusion is necessary for the nation. Banks can see long-term profitability by looking at the bottom of the pyramid, rather than at the top. Financial Inclusion is not just a Corporate Social Responsibility but a viable business model too!

Maiti, ibid (2012): reached on the conclusion of their study that emergence of SHGs has changed the scenario and these are playing a vital role in the rural empowerment, although most of SHSs are formed as a female group.

Kuppan S (2012): has pointed out that the main reason for financial exclusion is (1) the lack of regular or substantial income. In most of the cases people with low income do not qualify for a loan. (2) The proximity of the financial service is another fact.(3) The loss is not only the transportation cost but also the loss of daily wages for a low income individual. (4) Most of excluded consumers are not aware of bank’s products, which are beneficial for them. Getting money for their financial requirements from a local money-lender is easier than getting loan from the bank. Most of the banks need collateral for their loans. It is very difficult for a low income individual to find collateral for the bank loan. Most of the time banks give more important to meeting their financial targets. They focus on larger accounts. Small loan never yields profit. Thus, financial inclusion is a great step to alleviate poverty.

Objectives

(1) To know whether the financial inclusion has taken place through Jammu and Kashmir bank amongst apple growers.

(2) To know the impact of financial inclusion on the income of people of different castes.

(3) To recommend future suggestions for improving the financial services.

The paper is organized as follows: Section 1 deals with introduction section 2 presents review of literature. Research methodology has been given in section 3. Section 4 provides

Empirics of the study, followed by the conclusion and policy implication section 5.

III. Research Methodology

The study has been conducted in district Shopian. One block was selected randomly out of eight blocks. From selected block 50 those apple growers were selected who were financially benefited through KCC scheme of Jammu and Kashmir bank.

Branch wise Number of apple growers profiled and tapped through KCC in Shopian from 2012 up to 28-2-2015 Tabl-1

S no	BRANCH	No.of apple growers profiled in 2012	Growers tapped up to 28-02-2015	%age of the beneficiaries
1	SHOPIAN MAIN	2942	2712	92.18
2	VEHIL	1709	1215	71.09
3	IMAMSAHIB	2398	2245	93.61
4	HERMAN	1838	1551	84.38
5	TURKWANGAN	1216	1012	83.22
6	KAPRIN	1334	1016	76.16
7	ZAINAPORA	1940	1826	94.12
8	HR SHOPIAN	1385	1093	78.91
9	KELLAR	1597	1208	75.64
10	KEEGAM	1236	875	70.79
11	NAGBAL	1131	734	64.89
12	KACHDOOA	1638	1548	94.50
13	PINJORA	1771	1651	93.22
14	RATNIPORA	623	207	33.23
15	TRENZ	928	376	40.51
16	VACHI	639	174	27.23
17	KUNDLAN	726	109	15.01
18	CHITRAGAM	917	128	13.95
19	BATPORA	10	5	50
	TOTAL	25978	19675	75.73

Analysis:

From the above table it is observed that Kachdoora branch remained at top in providing financial assistance to 92.18% Apple growers and Chitragam branch is observed at bottom who have provide financial assistance to only 13.95% Apple Growers. together all the branches of Jammu and Kashmir bank have provided financial assistance to 75.73% apple growers.24.27% Apple growers have been either ignored or not willing to receive financial assistance by the Jammu and Kashmir through KCC Scheme.

IV. Empirics of the study:

Age

S.no	Age	no.	%age
1	20-30	27	54
2	30-40	08	16
3	40-50	11	22
4	Above 50	04	08
TOTAL		50	100

From the above table it is observed that 27 respondents lies in the age group of 20-30 years, 8 respondents in age group 30-40 years,11 respondents in the age group 40-50 years, and 4 respondents above 50 years.

Inference:

From the above analysis it is observed that percentage of respondents in the age group 20-30 years is 54%, 30-40 years, 16%,40-50 years,22%and above 50 years,8%.

Gender

S.NO	sex	NO.	%age
1	Male	40	80
2	Female	10	20
TOTAL		50	100

Analysis:

From the above table we see that 40 respondents are males and 10 respondents are females. It is also observed that more male respondents have taken financial assistance in response to female respondents.



Inference:

From the above analysis 80% male respondents and 20% of female respondents are utilising financial inclusion service.

Occupation of respondents

S.NO	Particulars(occupation)	NO.	%AGE
1	business	13	26
2	Service	17	34
3	Farmer	17	34
4	student	3	6
TOTAL		50	100

Analysis:

We see in the above table that 13 respondents are business men, 17 are doing service, 17 are attached to farming and 3 respondents are students.

Inference:

From the above analysis we see that 26% respondents are business men 34% respondents are doing service, also 34% are attached to farming and 6% are students.

Income of respondents

S.NO	income	NO.	%age
1	5000-10000	18	36
2	10000-15000	19	38
3	15000-20000	11	22
4	Bove 20000	02	04
total		50	100

Analysis:

From the above figure it is observed 18 respondents falls in the income range of Rs 5000-10000, 19 respondents in the income rang of Rs10000-15000, 11 respondents in the income range of RS 15000-20000 and 2 in the income range of above RS 20000.



Inference:

From the above analysis we can say that 36% of the respondents fall in the income range of RS 5000-10000,38% respondents in the income range RS 10000-15000,22% respondents in the range RS 15000-20000 and 4% respondents in the income range above RS 20000

Age and caste of respondents

S.NO	Age \ caste	gen	SC/ST	OBC
1	20-30	11	07	09
2	30-40	05	02	01
3	40-50	02	02	06
4	ABOVE 50	03	01	01
TOTAL		21	12	17

Analysis:

From the above table it is observed that in the age group of 20-30, 11 respondents belong to upper caste,7 SC/ST and 9 SC/ST category. From 30-40 years age group, 5 belongs to upper 2 belongs to SC/ST and 1 belongs to OBC caste.IN the age group 40-50 years ,2 respondents belongs to upper caste,2 SC/ST and 6 OBC.And above 50 years 3 respondents belongs to general category ,one SC/ST and 1 OBC.

Inference:

From the above analysis in the age group of 20-30 years 22% respondent belongs to general caste,14% belongs to SC/ST and lies in the same age group and 18% belongs also in age group 20-30 years belongs to OBC. From 30-40 years age 10% respondents belong to general category, 4% SC/ST and 2% belongs to OBC caste. From 40-50 years age 4% respondents belongs to general ,4% SC/ST and 12% belongs to OBC caste .Above 50 years age 6% respondents belongs to general,2% SC/ST and also 2% OBC caste.

Purpose for loan utilised

Particulars	No. of respondents	%age
production	50	100
House hold	0	0
total	50	100

Analysis

From the above table it is observed that all respondents have utilised the loans for production purposes.



Inference:

From the above analysis we see that 100% respondents have utilised loans for production purposes.

Category and age wise total financial assistance, per capita financial assistance, and per capita income before and after financial assistance and percentage change in per capita income after financial assistance of Apple growers.

General category table-2

Age group	Total apple growers	Total financial assistance	Per capita financial assistance	Total Income before financial assistance	Per capita income before financial assistance	Total Income after financial assistance	Per capita income after financial assistance	%age change
20-30	11	1785000	162272.72	161180	14652.72	212800	19345.45	+32.02
30-40	05	785000	157000	74300	14860	86300	17260	+16.16
40-50	02	254000	127000	27800	13900	33000	16500	+18.70
Above 50	03	348000	116000	50900	16966.66	60350	20116.6	+18.56
total	21	3172000	562272.72	314180	60379.38	392450	18688.09	+22.43

Analysis:

From the above table we see that respondents in the age group 20-30 have received per capita financial assistance 162272.72. The per capita income of this age group before financial assistance is 14652.72 and after financial assistance is 19345.45 and the percentage change in per capita income after financial assistance is +32.02%. Respondents in the age group 30-40 have received per capita financial assistance 157000. Per capita income of this age group before financial assistance is 14860 and which is after financial assistance 17260 and the percentage change in per capita income after financial assistance is +16.16%. Respondents in the age group 40-50 years have received per capita financial assistance 127000. Per capita income of this age category before financial assistance is 13900 and after financial assistance is 16500 and percentage change in per capita income after financial assistance is +18.70%. Respondents in the age group above 50 have received per capita financial assistance 116000. Per capita income of this age category before and after financial assistance is 16966.66 and 20116.6 and the percentage change in per capita income after financial assistance is observed +18.56%. Total percentage change in total per capita income is 22.43% of all age groups.

Schedule caste and schedule tribe Table-3

Age group	Total number of apple growers	Total finance assistance	Per capita financial assistance	Total Income before financial assistance	Per capita income before financial assistance	Total Income after financial assistance	Per capita income after financial assistance	%age change
20-30	7	660000	94285.71	70100	10014.28	90100	12871.42	+28.55
30-40	2	130000	65000	20500	10250	28500	14250	+39.02
40-50	2	260000	130000	23200	11600	26500	13250	+14.22
Above 50	1	110000	110000	6000	6000	7800	7800	+30
total	12	1160000	96666.66	119800	9983.33	152900	12741.66	+27.89

Analysis:

From the above table it is observed that respondents in the age group 20-30 years have received per capita financial assistance 94285.71. The per capita income of this age group before financial assistance is 10014.28, and after financial assistance is 12871.42, and the change in per capita income after financial assistance is +28.55%. Respondents in the age group 30-40 have received per capita financial assistance 65000. Per capita income of this age group before financial assistance is 10250, and which is after financial assistance 14250, and the percentage change in per capita income after financial assistance is +39.02%. Respondents in the age group 40-50 years have received per capita financial assistance 130000. Per capita income of this age category before financial assistance is 11600, and after financial assistance is 13250, and percentage change in per capita income after financial assistance is +14.22%. Respondents in the age group above 50 have received per capita financial assistance 110000, per capita income of this age category before and after financial assistance is 6000 and 7800, and the percentage change in per capita income after financial assistance is +30%. Total change in total per capita income is observed 27.89%.

Other backward category table-4

Age group	Total number of apple growers	Total finance assistance	Per capita finance assistance	Total Income before finance assistance	Per capita income before financial assistance	Total Income after finance assistance	Per capita income after financial assistance	%change
20-30	9	1210000	134444.44	103700	11522.22	123500	13722.22	+19.09
30-40	1	125000	125000	14000	14000	17200	17200	+22.85



40-50	6	673000	112166.66	57500	9583.33	76800	12800	+33.56
Above 50	1	100000	100000	15000	15000	18000	18000	+20
total	17	2108000	124000	190200	11188.23	235500	13852.94	+22.96

Analysis:

From the above table we see that respondents in the age group 20-30 years have received per capita financial assistance 134444.4. The per capita income of this age group before financial assistance is 11522.22. and after financial assistance is 13722.22 and the percentage change in per capita income after financial assistance is +19.09. Respondent in the age group 30-40 have received per capita financial assistance 125000. Per capita income of this age group before financial assistance is 14000 and which is after financial assistance 17200 and the percentage change in per capita income after financial assistance is +22.85. Respondents in the age group 40-50 years have received per capita financial assistance 112166.66. Per capita income of this age category before financial assistance is 9583.33 and after financial assistance is 12800 and change in per capita income after financial assistance is +33.36%. Respondents in the age group above 50 have received per capita financial assistance 100000. per capita income of this age category before and after financial assistance is 15000 and 18000 and the percentage change in per capita income before after financial assistance is observed 20%. Total change in total per capita income is 22.96%.

5. Conclusion and policy implications

From the above study it is concluded that:

- ❖ 75.73% apple growers have been financially benefited through KCC Scheme by Jammu and Kashmir bank.

- ❖ Rest of 24.27% apple growers are yet to be financially benefited.

- ❖ Branch Shopian remained at the top in tapping the highest proportion of the apple growers in their prejudice (94.50%)

- ❖ Branch Chitragam remained at the bottom in tapping the lowest proportion of the apple growers in their respective jurisdiction (13.95%)

- ❖ In the Age group of 20-30 years beneficiaries of general category have received maximum financial assistance.

- ❖ The highest rate of change in income of general category lies in the age group of 20-30 years is 32.02%.

- ❖ In age of above 50 years beneficiaries of general category have received minimum financial assistance.

- ❖ The total change in total per capita income of general category is 22.43%.

- ❖ Beneficiaries of SC/ST in the age group of above 50 years have received maximum financial assistance.

- ❖ Beneficiaries of SC/ ST visualised in the age of 30-40 years have received minimum financial assistance.

- ❖ Among all categories Prominent change in total per capita income has been observed in the SC/ST category (27.89%).

- ❖ Total change in total per capita income of SC/ST categories is 27.89%.

- ❖ Total change in aggregate per capita income of OBC category is 22.96%.

- ❖ 100% bank loan has been utilised on production purposes.



Policy implications

- ❖ The Jammu and Kashmir Bank should enhance the scheme of KCC by enlarging the financially beneficial apple growers from 75.73% up to 100%.
- ❖ Maximum financial assistance for Apple Growers above 50 years age should be maximised.
- ❖ The Jammu and Kashmir bank should soften the policy, so that more and more apple growers will get benefitted.
- ❖ Implementation of awareness programmes need to be organised by bank, so that the loans which are availed by beneficiaries for apple production should not be used for other purpose.
- ❖ Minimum rate of interest should be charged for the loans which are availed by OBC category through Jammu and Kashmir so that per capita income to be get maximised.

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