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**"A STUDY ON AWARENESS AND ACCESS TO FINANCIAL  
INCLUSION AMONG AGRICULTURAL LABOURERS WITH  
SPECIAL REFERENCE TO SIVAGANGAI DISTRICT"**

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### **ABSTRACT**

Financial inclusion is new paradigm of economic growth. It plays an important role in driving away the poverty from our nation. It is an integral part of inclusive growth and sustainable development of the nation. The term financial inclusion refers to delivery of financial products and services at an affordable cost in a fair and transparent means to weaker sections of society. Financial inclusion is very useful for the agricultural labourers, who are not aware about financial products and services provided by the financial institution. The study is focused socio economic condition of agricultural labourers and their level of awareness and access to financial inclusion in sivagangai district. Primary data are collected from agricultural labourers by using interview schedule and multi stage random sampling was used for the selection of respondents. The study revealed that the agricultural labourers are aware and access to some extent about financial inclusion product and services only for the enjoying the government benefits and schemes. This work concludes that most of the agricultural labourers are aware and included in the financial inclusion system in terms of access of bank account it does not lead to continues usage of bank account.

### **1.1 INTRODUCTION**

India is one of the largest and fast growing economies of the world, but its growth has been discrete and uneven. A large section of the population remained outside the ambit of basic necessities during high growth phase. Therefore, Inclusive growth has become a national policy of our Government. Financial inclusion is

integral part of inclusive growth and sustainable development of the nation. The term financial inclusion refers to delivery of financial products and services at an affordable cost in a fair and transparent terms and conditions to vast sections of disadvantages, and low income groups. Lack of access to financial product and services in most of the rural areas is due to high informative barriers and low awareness. It not only increases the overall financial intensity of agriculture but also help in increasing rural non-farm activities which lead to growth of rural economy and improve economic condition of people.

Agriculture place an important role in Indian economy agricultural sectors is classified in to three categories like cultivators, agricultural labourers and workers engaged in allied agricultural activities. Agricultural labourers are classified in to bonded labour, dwarf labour, floating labour, and full time labours. India's economic development is depending on growth of agriculture. In the first phase of five year plan various programmes were set for improving the standard of living of agricultural labourers.

### **1.2 FINANCIAL INCLUSION:**

Financial inclusion includes access to financial system like financial institutions, markets and instruments, like savings, loans, remittances and insurance services, at affordable prices. A committee was formed to study financial inclusion under the chairmanship of C.Rangarajan and the committee defined as "It is the process of ensuring access to financial services and adequate and timely credit where needed by vulnerable groups like weaker sections of the society at an affordable cost". Various Financial products and services are provided to the public through financial inclusion. Such products and services are Service facility, Overdraft facility, fund transfer, Payment and remittance services, Low cost financial services, Cheque facility, Credit and Debit Cards access, pension and government payments and Insurance etc.,

### **1.3 STATEMENT OF THE PROBLEM**

Financial inclusion is the biggest task in front of the financial system in rural India and infrastructural bottlenecks are worsening it even further with each passing day. Hence the researcher intents to conduct a study on the extent to which the agricultural labourers having different demographic profile residing in a rural area are conversant with banking habits and the study is titled as "A STUDY ON AWARENESS AND ACCESS TO FINANCIAL INCLUSION AMONG AGRICULTURAL LABOURERS WITH SPECIAL REFERENCE TO SIVAGANGAI DISTRICT".

### **1.4 SIGNIFICANCE OF THE STUDY:**

The study on awareness and access to financial inclusion among agricultural labourers is a great importance in the present day situations. Active participation of everyone in the financial system of the country is essential for the effective functioning of financial system. Financial system facilitates the people those who need money and those who have surplus money. Banking habit is the simplest method to enter into the financial system. Now also more than 20% of the Indian

populations are unbanked. Therefore the study proposes to analyse the awareness and access level of financial system among the agricultural labourers.

### **1.5 OBJECTIVES OF THE STUDY:**

The main objective of this study is to measure the intensity of financial inclusion and financial awareness and access among the agricultural labourers. Keeping this in view, the following objectives have been set for the study.

- 1) To study the socio economic condition of agricultural labourers.
- 2) To examine the awareness and access level of agricultural labourers about financial products and services

### **1.6 HYPOTHESES:**

The hypotheses is formulated by the researcher to arrive a scientific solution to various

Propositions

1. Respondents are well aware of the financial products and services provided by banking institutions
2. Respondents are access to financial products and services provided by banking institutions.

### **1.7 METHODOLOGY:**

The study was conducted in a descriptive style using both primary and secondary data. Primary data is collected with the help of interview conducted among the agricultural labourers in sivagangai district. Secondary data is collected from various sources like published articles, journals, books, reports and websites. Area of the study is confined to Sivagangai District. 200 respondents are randomly selected by using Multi stage random sampling .Likert scale, mean, percentage are used for analysis.

### **1.8 REVIEW OF LITERATURE**

**Joseph Massey (2010)** inferred that, the role of financial institutions in a developing country is vital in promoting financial inclusion. The efforts made by the government to promote financial inclusion and deepening can be further enhanced by the pro-activeness on the part of capital market players including financial institutions. Financial institutions have a very crucial and important role to play in fostering financial inclusion. National and international forum have been identified this and efforts are taken on domestic and global levels to encourage the financial institutions to take up larger responsibilities in including the financially excluded lot.

Reserve Bank of India, Deputy Governor, **Dr. K.C. Chakrabarty**, said that financial Inclusion is the process of providing access to financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections of socity in particular at an affordable cost in a fair and transparent manner by mainstream institutional players.

**Dr. Anupama Sharma, & Ms. Sumita Kukreja** has concluded that Financial Inclusion has not yielded the required results and there is long way ahead but there is no doubt it is playing a prominent role and is working on the positive side.

**T. Ravikumar** has explained that if government is advocating any kind of sustained development and stability whether financial, economic, or social and inclusive growth with stability, it is not so easy to attain these goals without achieving financial inclusion. Thus, financial inclusion is no longer a policy choice today but has become a compulsion. And, banking is a important driver for financial inclusion.

### 1.9 ANALYSIS AND DISCUSSION:

Table 1.1 Demographic profiles of the respondents

SL. NO	VARIABLES	BASIS OF CLASSIFICATION	FREQUENCY	PERCENTAGE
1.	Gender	Male	124	62%
		Female	76	38%
2.	Age	Below 30	12	6%
		31-40	36	18%
		41-50	82	41%
		51-60	45	22.5%
		Above 60	25	12.5%
3.	Marital status	Married	156	78%
		Unmarried	09	4.5%
		Widowed	35	17.5%
4.	Educational Qualification	Illiterate	33	16.5%
		Primary school	97	48%
		Middle school	45	22.5%
		SSLC	23	11.5%
		HSC	2	1%

According to this study, demographic factors like gender, age, marital status, and educational qualification level which are influenced the agricultural labourers in terms of awareness and access of bank accounts. Majority (62%) of them belong to male category and 38% of them belong to female category. Age group is concerned 6% belongs to below 30 years, 18% of them belongs to the age group of 31 to 40 years, majority (41%) of the agricultural labourers belong to the age group of 41 to 50, 22.5% of them belong to the age group of 51 to 60, and 12% of them belong to age group of above 60 years.

Marital status is concerned most of the agricultural labourers (78%) are married, 4.5% of them are unmarried and 17.5 % of them are widowed. With reference to educational qualification 16.5% of them are illiterates, majority (48%) of them are having primary school education, 22.5% of them are having middle school education, 11.5% of them are having SSLC and only 1% of had higher secondary education.

Table 1.2 Socio economic conditions of respondents

SL. NO	VARIABLES	BASIS OF CLASSIFICATION	FREQUENCY	PERCENTAGE
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1.	Type of Agriculture Labour	Bonded labour	12	6%
		Floating labour	86	43%
		Dwarf labour	74	37%
		Full time labour	28	14%
2.	Monthly income	<5,000	36	18%
		5,000 – 10,000	108	54%
		10,000 – 15,000	48	24%
		>1 5,000	8	4%
3.	Expenses	Food	96	48%
		Children's education	34	17%
		Medical expenses	48	24%
		Personal expenses	22	11%
4.	Savings	<1,000	44	22%
		1,001 - 2,000	96	48%
		2001 – 3,000	48	24%
		>3,001	12	6%
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Based on this study, majority (43%) of the agricultural labourers are floating labourers, 37% of the agricultural labourers are working as dwarf labourers, 14% of them working as full time workers and only 6% of them working as bonded labourers, with reference to monthly income, majority (54%) of the agricultural labourers earnings are between Rs.5,000 to 10,000, 18% of them earnings are below Rs.5,000, 24% of them earnings are between Rs. 10,000 to Rs. 15,000 and only 4 % of the earn more than 15,000 per month.

With regards to expenses, majority (48%) of the income is spent for food, 17% of

the money is spent for their children's education, 24% of the amount is spent for medical expenses of their family and only 11 % of the amount is spent for personal expenses. With reference to savings, 48% of the agricultural labourers save between Rs. 1,000 to 2,000, 22% of the save below Rs.1,000 per month, 24% of them save between Rs. 2,000 to 3,000 and only 6% of them save above Rs.3,000 per month.

### **Hypothesis 1: Awareness Level of Respondents**

Ho: Agricultural labourers are well aware of the financial products and services

This hypothesis is tested by using Likert rating scale. Agricultural labourers were asked to rate their awareness level on a 5 point rating scale ranging from very high level of awareness to very low level of awareness. Weights are provided in the order of 5,4,3,2 and 1 to various responses from very high to very low. Respondents frequencies are multiplied with the respective weights to get the weighted average score .The weighted average score sum is divided by the total frequency to get the mean score. The mean score is compared with the expected mean value to arrive at a decisions relating to the degree of the awareness level.

Table 1.3 Awareness on financial products and services for respondents

Option	Frequency	Weight	Weighted score
Very high	12	5	60
High	20	4	80
Average	146	3	438
Low	12	2	24
Very low	2	1	2
Total	200		604

Weighted mean score =3.02, Expected mean value =3.0

Since the calculated mean score (3.02) is higher than the expected mean score (3.00), the null hypothesis is accepted .This means that the respondents have above average awareness level about the financial products and services offered through the financial institution.

### **Hypothesis 2: Access Level of Respondents**

Table 1.4 Frequency of usage of bank account

Sl.No	Usage	Frequency	weight	Weighted score
1	Monthly	98	5	490
2	Quarterly	14	4	56
3	Half yearly	12	3	36
4	Annually	8	2	16
5	No fixed time	68	1	68
6	Total	200		650

Weighted mean score =3.25, Expected mean value =3.0

Since the calculated mean score (3.25) is higher than the expected mean score (3.00), the null hypothesis is accepted .This means that the respondents have above average access level on the financial products and services offered through the

financial institution.

Agricultural labourers are frequently use the bank account because to get the benefits & subsidies offered by the Govt. in various schemes. Majority of the respondents are using monthly to get wages from MGNREGA

#### **1.10 FINDINGS:**

1. The study revealed that majority of the agricultural labourers are male and they belong to the age group of 41 to 50
2. It is found that most of the agricultural labourers are married and the possess primary school education
3. It is inferred that Most of the respondents are floating agricultural labour.
4. The study shows that most of the agricultural labourers earn between Rs. 5,000 to 10,000 per month and that amount is spent for their food. Only few amount is left for saving
5. The result found that agricultural labourers are aware to some extent about financial inclusion drives.
6. It is found that majority of the agricultural labourers have access bank account once in a month for enjoying the government benefits and schemes like MGNREG.

#### **1.11 CONCLUSION:**

The present study concluded that, most of the agricultural labourers are included in the financial inclusion system in terms of access to bank account .the access is only for the enjoying the government benefits and schemes. It must be noted that access to a bank account does not necessarily mean usage of the bank account. In most of the cases, it was observed that the agricultural labourers knew about those financial products which they were availing by then but they were not aware of other range of financial products being offered by the financial institutions. Bank must take initiative to increase the awareness among people about all sachems and services provided by them. To induce saving habit among agricultural labourers it will lead to continuous usage of bank account. All this will lead to achieving financial inclusion system in effectively for the growth and development of our economy.

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