

# FINANCIAL LITERACY AND INCLUSION: A STUDY OF FEMALE DOMESTIC SERVANTS LIVING IN KAMOTHE AND NAUPADA VILLETTE

Asst. Prof. Shashikant V. Mundhe

Siddharth College of Commerce & Economics,

AnandBhavan, Dr. D. N. Road, Fort, Mumbai-01.

## **ABSTRACT**

*In a developing country like India, where nearly one fourth of its population still living below poverty line and more than one fourth of it being illiterate, financial literacy is of utmost importance for achieving financial inclusion. Even today, a large number of rural and urban poor either have no access to the institutional finance or they do not know that they can access it. Therefore, financial literacy and inclusion is the need of the moment.*

*The Union government, under the leadership of Shri.NarendraModi, has aptly identified this and introduced, PM Jan DhanYojana, on 28<sup>th</sup> August 2014, as a part of its National Mission for Financial Inclusion. Nearly nine months after he launched the first one, Shri. NarendraModi launched three more financial inclusion schemes on 9 May 2015, namely; PradhanMantriSurakshaBimaYojna, PradhanMantriJeevanJyotiBimaYojana and Atal Pension Yojna.*

*Now, the important task is to see whether the financial literacy and inclusion has increased considerably or not. The present research paper is a sincere attempt to find out level of financial literacy and inclusion amongst those poor women who have employed through the unorganized sector.*

*The researcher has conducted the sample survey of 50 female domestic servants, who live in Kamothé and Naupadavillage, to find out the level of financial literacy and inclusion.*

*Data collected indicates increased degree of financial literacy and inclusion but still the government has to go a long way ahead.*

**KEY WORDS:** financial literacy, financial inclusion,

## **INTRODUCTION:**

In a developing country like India, where nearly one fourth of its population still living below poverty line and more than one fourth of it being illiterate, financial literacy is of utmost importance for achieving financial inclusion. Since 1995, more than three lakh Indian farmers have committed suicide on account of indebtedness and non-availability of institutional loans. Even today, a large number of rural and urban poor either have no access to the institutional finance or they do not know that they can access it.

The government of India has given emphasis on inclusive growth and sustainable development. Here the focus is to increase participation of maximum number of people belonging to various sections of society. One of the instruments of inclusive growth is financial inclusion, to be achieved through increased level of financial literacy

and awareness about banks and banking products. Therefore, financial literacy and inclusion is the need of the moment.

The Union government, under the leadership of Shri.NarendraModi, has aptly identified this and introduced, PM Jan DhanYojana, on 28<sup>th</sup> August 2014, as a part of its National Mission for Financial Inclusion.

After years of government efforts to increase financial literacy and financial inclusion, it needs to be checked whether the expected level of it has been achieved or not. Thereby helping the government to decide further roadmap.

The present research paper is a sincere attempt to find out level of financial literacy and inclusion amongst those poor women who have employed through the unorganized sector.

The researcher conducted the sample survey of 50 female domestic servants, who live in Kamothe and Naupadavillage (TalukaPannel, Dist. Raigad, Maharashtra), to find out the level of financial literacy and inclusion. The respondents were posed with questions regarding their knowledge of bank accounts, types of bank accounts, use of bank aaccounts, knowledge of and use of debit cards, credit cards, internet banking and mobile banking, about their membership of any co-operative credit society or any SHGs, etc.

Data collected indicates increased degree of financial literacy and inclusion, especially after the introduction of PradhanMantri Jan DhanYojana (PMJDY), but still the government has to go a long way ahead.

The paper is divided into five parts; namely, Introduction, Objectives and Methodology, Scope of the study, Analysis and recommendations.

## **II. OBJECTIVES AND RESEARCH METHODOLOGY:**

### **A.OBJECTIVES OF THE STUDY:**

Followings objectives have been framed for the purpose of the study,

- 1) To evaluate the level of financial literacy among the female domestic servants and their family members.
- 2) To understand the level of financial inclusion among the female domestic servants and their family members.
- 3) To find out the level of access to/use of digital banking among female domestic servants and their family members.

### **B. RESEARCH METHODOLOGY:**

Sample survey of 50 respondents (female domestic servants who live in Kamothe and Naupadavillage (TalukaPannel, Dist. Raigad, Maharashtra)), using questionnaire method.

## **III. SCOPE OF THE STUDY:**

This study is based on sample of 50 women who work as domestic help and live in Kamotheand andNaupadavillage (TalukaPannel, Dist. Raigad, Maharashtra). The small sample size is a limitation of this study. However in the villeges like Kamothe and Naupada it was not possible to obtain more than 50 respondents within the criteria specified by the study.

This study can be expanded to include other categories of people. The same type of study could be conducted in other villages or cities.

The type of questions could be expanded to include knowledge about stock markets, mutual funds, etc.

However, it would probably be inappropriate to conduct such a study in rural areas considering the current level of financial development of our country.

Hypotheses have not been included in the study because this is a working paper and results from this initial study may be used to have a more extensive study in the future.

#### **IV. ANALYSIS OF THE QUESTIONNAIRE:**

The concept of financial inclusion could better be understood from the definition of financial inclusion given by Planning Commission. According to the Planning Commission (2009), *Financial inclusion refers to universal access to a wide range of financial services at a reasonable cost. These include not only banking products but also other financial services such as insurance and equity products.*

Government has implemented several programmes to increase the level of financial literacy and inclusion. Recently, the Union government, under the leadership of Shri. Narendra Modi, has introduced, PM Jan Dhan Yojana, Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana (for life insurance) and Atal Pension Yojna (for pension).

After years of government efforts to increase financial literacy and financial inclusion, it needs to be checked whether the expected level of it has been achieved or not. Thereby helping the government to decide further roadmap.

In order to do so, the researcher conducted the sample survey of 50 female domestic servants, who live in Kamothe and Naupadavillage (Taluka Panvel, Dist. Raigad, Maharashtra). The responses gathered have been collated in the following tables;

Table(1): Knowledge and use of various bank accounts. (Dec. 16 – Jan. 17)

	BANK ACCOUNT	TYPE OF BANK ACCOUNT					
		SAVINGS	FIXED	RECURRENT	JOINT	JAN DHAN	DON'T KNOW
KNOWLEDGE OF	50	41	11	NIL	17	47	3
USED BY SELF	21	06	02	NIL	02	15	-
USED BY FAMILY	43	18	05	NIL	06	32	-
USED BY BOTH	19	04	-	NIL	02	15	-

Table(2): Knowledge and use of various bank products (Dec. 16 – Jan. 17)

	DEBIT CARDS	CREDIT CARDS	INTERNET BANKING	MOBILE BANKING
KNOWLEDGE OF	39	17	07	09
USED BY SELF	13	NIL	NIL	NIL
USED BY FAMILY	40	NIL	NIL	NIL
USED BY BOTH	23	NIL	NIL	NIL

The researcher has used the questionnaire method to find out the knowledge and the use of bank accounts and various other bank products or facilities. Scope of the study was restricted to the female domestic servants living in Kamothe and Naupadavillage, hence 50 such respondents were interviewed. Findings of the study are as follows.

Out of the total of 50 respondents all are found to have the knowledge of banking and bank accounts. But most of them were unaware of the types of bank account. About 82 percent of the total respondents have the knowledge of savings account (BachatKhata), 22 percent of them have the knowledge of fixed deposits, 34 percent of them knew about the joint accounts and 94 percent of respondents are aware of Jan Dhan accounts. None of the respondents are

found to have the knowledge of recurrent deposits. About 6 percent of the respondents have the knowledge of bank accounts but they do not know the type of bank accounts.

Around 42 percent have actually been using either of the bank accounts (deposits). In other words, all are found to have the knowledge of banking but when it comes to use, only 42 percent of them actually use it. The percentage of respondents using savings, fixed, recurrent, joint and Jan Dhan accounts is found to be around 12, 04, Nil, 04 and 30 respectively. It underlines the fact that even today very little percentage of people have actually been covered by financial services and hence the financial inclusion has not progressed as per expectations.

The researcher has also gathered the data about the use of various bank accounts or deposits by other family members (mostly their husbands) of the respondents. The data in the table shows that the percentage of other family members using the bank account or deposits comes to around 86. About 36 percent of them use savings deposits, 10 percent use fixed deposits, 12 percent use joint accounts and 64 percent of them use Jan Dhan accounts. None of them are found to have used recurrent deposits.

Nearly 38 percent of total respondents are those where both the female domestic servant and her husband have been using the bank deposits. About 08, 04, and 30 percent of them use savings, joint and Jan Dhan accounts respectively.

The economy is moving toward the cashless system. Therefore it becomes important to know whether the banking instruments or facilities required for cashless system have actually reached in the hands of people or not. The researcher has collected the data about the knowledge and use of debit cards, credit cards, internet banking and mobile banking.

Approximately 78 percent, 34%, 14% and 18% of the total respondents are found to have the knowledge of debit cards, credit cards, internet banking and mobile banking respectively. But merely knowing the instrument or facility does not indicate the financial inclusion. Here, one should check the actual use of the facilitators (instruments) of cashless economy.

Hardly, 26 percent of the total respondents are found to be actually using the debit cards. But with few exceptions, most of them have reported that they require assistance to use the cards. This underlines the prevalence of illiteracy even in the 21st century. Around 80 percent of the respondents have reported that the debit cards are used by their husbands and children (in few cases). Nearly 46 percent of them are those households where debit cards are used by both. This is a healthy sign for the economy dreaming for cashless transactions. A good number of respondents are found to have the knowledge of credit cards, internet and mobile banking but none the respondents and their family members are using these facilities. There are several reasons for this, like; their income levels do not match for credit card facilities to be made available to them, most of them are illiterate, they do not have access to the internet facility, they do not have smart phones, etc.

## **V. RECOMMENDATIONS:**

Assuming that this study is indicative of the overall picture in the country, the researcher can make following recommendations:

- 1) The respondents live in just 50 kilometers periphery of Mumbai, yet most of them are found to be illiterate. Hence, financial literacy and inclusion is possible only if government implements literacy programme sincerely.
- 2) Most of the female domestic servants have migrated from other states, hence they find it difficult to open a bank account as they do not have residential proof and other required documents. Therefore the government should make some arrangement to either get such documents or to get an account without such documents.
- 3) The banks should appoint at least one bank representative, who will approach the poor customers and introduce them with the various bank deposits, especially recurrent deposits and fixed deposits.
- 4) The visiting customers should be informed about the various benefits of using debit cards. Customers should also be given some kind of training for the use of debit cards.
- 5) The bank branches should be kept functional till late evening because most of the poor are found to be wage laborers who find it difficult to visit bank branches during the day time.

**REFERENCES:**

- 1) Department of Finance, Gitam Institute of Management, Gitam University. Financial Inclusion in India: Challenges and Strategies. 1st ed., New Delhi: Excel Books, 2013.
- 2) K.G. Karmakar, G.D. Banerjee and N.P. Mohapatra. Towards Financial Inclusion In India. Sage Publications, 2011
- 3) Kochhar Sameer. Financial Inclusion. Academic Foundation, 2009.
- 4) B. Sujata, Financial Inclusion Concepts and Strategies, TheIcfai University Press, 2007.
- 5) J.M. Mohan. "Corporate Financial Inclusion Plan in India, An inclusive growth approach- An Empirical Study." The Management Account, pp. 897, Oct. 2011.

