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The role of bankers for financial inclusive ruralisation –An empirical study at selected villages in East Godavari District, Andhra Pradesh

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Abstract: The banking system encourages the savings habit, acts as an intermediary between the people with surplus funds and the people who need funds for their business activities in the form of loans and advances, it helps in raising the standard of living of the people, it facilitates transactions in the form cash, receipts & payments through other financial instruments, helps in the economic development of the country by disbursing credit to agriculture & its allied sectors, small-scale industries, medium & small scale industries, self-employed. Indian banking system comprises of both the commercial and co-operative banks but the commercial banks have more total assets of the banking system. The commercial banks were considered as the intermediaries who collect deposits from the public and disburse credit to the productive sectors of the economy. However, the progression and growth of banking sector would give much priority to the public for financial inclusion. The sense of financial inclusion signifies the saving mechanism of individuals and businesses who have access to useful and affordable financial products and services to meet their financial needs such as transactions, payments, savings, credit and insurance in a sustainable way. The present study is mainly shedding light on the perception of the rural residents who are being rendered the financial services by various public and private bankers in East Godavari District Region, Andhra Pradesh. In this study, the researchers followed the statistical tools like Factor Analysis, Karl Pearson's Correlation coefficient and Regression Analysis in order to ascertain the most influential factors of financial inclusion.
Keywords: financial inclusion, rural development, financial inclusive strategies, economic growth JEL Classification: G10, G18, G20, G28

INTRODUCTION

The banking sector is the heart and soul of any economy. It is the most important financial pillar of any financial sector that plays a vital role in the economic development of the country. The progress of the country is integrated with the development of the banking sector. Banking sector meets the financial requirements of the agricultural sector, industrial sector, trade & business sector, service sector and the requirements of the general public through the mobilization of deposits from the public. A sound and stable banking system reflect an effective financial system and which in turn shows the strength of the economy. A strong banking system eases the efforts in collecting the funds from the surplus and disburses them to the productive sectors of the society and can also meet the obligations of the depositors. A bank is defined as a financial institution or a financial intermediary that accepts deposits from the public and channelizes these deposits into lending activities, either directly to the people who are in need of funds or through the capital markets. A bank connects the customers who have capital deficits to the customers with capital surpluses. Bank encourages the habit of savings and acts as a bridge between the borrowers and the depositors. The bank is a lawful organisation, which accepts deposits that can be withdrawn on demand and also assures the safety of the deposits. Banks accept deposits from the general public as well as from the business community and lend money to individuals as well as the business houses which are in need of them. Normally the financial sector impacts the performance of other sectors of the economy. A repulsive financial system disrupts the economy of the country. Hence an effective and efficient financial intermediation is needed for effective and productive allocation of resources for the fruitful growth of all sectors of the economy. Therefore the economic effectiveness and productivity analysis are positively correlated towards the performance and efficiency of the financial sector. Financial intermediation through the institutions is required for the promotion of overall growth of the economy. Due to these critical conditions of the financial system and the economy, banks are highly regulated by the respective governments across the world. Several rules and regulations are formulated for the banks to safeguard the interest of their customers, financial stability of the country and the progress of the economy. The flexible financial access facilitates day-to-day living and helps families and businesses plan for everything from long-term goals to unexpected emergencies. As account holders, people are more likely to use other financial services, such as credit and insurance, to start and expand businesses, invest in education or health, manage risk, and whether financial shocks, which can improve the overall quality of their lives.

The financial inclusion –As game changer in Indian banking industry

The financial inclusion has become the most prioritised global affair among many international policy agendas in recent years. Since the period of 1990s, most countries having been focused on micro-credit in terms of offering credit to low-income households. Since there are many significant services like savings and insurance, the focus of financial concept has been shifted to concept of microfinance. Hence, the concept of micro finance encompasses broad ranges of services apart from micro-credit [1]. Despite the increase in microfinance initiatives around the world and the rapid growth of the microfinance industry over the past decade [2], a considerable share of households remains without access to financial institutions. Stein [3] could identify three key dimensions that define financial inclusion as financial products, features of financial products, and delivery channels. He deliberated that financial inclusion requires provision of access to a range of financial products that goes beyond micro-credit to include savings, micro-insurance, payment facilities, remittances, money transfer, and stressed the need for providing quality financial services at affordable prices in a convenient manner through bank branches, non-bank institutions, and insurance companies. However, the recent developments in the technology and communication front are helping the banking sector to reach out to the vast sections of the society. This helped in transforming the banking from a brick and mortar model to an easy, anytime, anywhere banking operations. Some of the innovative procedures are the Automated Teller Machines, Mobile Banking, Internet Banking, Online Transfers, Cashless banking etc. With the help of the advancement in the communication sector, banking industry had made inroads into the rural, semi-urban areas of the country reaching to large segments. Financial inclusion initiatives with the help of technology made the banking reach the door steps of the customers rather than the customer going to the branch for their operations. With the concept of extending the banking facilities to entire population the banks had started an innovative and low cost mechanism of appointing business correspondents to perform banking operations on behalf of them. They are authorized to collect deposits, disburse loans of small amounts to the public of specific areas with the help of smart card based biometric devices either online or offline. These business correspondents are individuals or non-government organizations, grocery shop operators etc. of those areas appointed to perform the basic banking operations. They are permitted to educate the rural population and also sell financial products like insurance, mutual funds, pension etc. as per the requirements of the rural population. It should be noted that providing credit facility is not the cure for the problem but innovative products or a range of products are needed to meet the savings, credit, insurance and other financial requirements of the people.

The savings products must be such that they meet the specific requirements of the rural poor. It should be such that because savings are treated as excess income after meeting the expenditure and some incentives should be provided to these people rather than just giving some percentage of interest. Fresh thinking is required in the savings aspect so that the poor are included into the formal financial sector. For effective implementation of the financial inclusion there should be active participation of the banks and support from the industry. The Industry should render technological products and services to provide the services at an affordable price. The banking sector should be proactive and render the services such that the rural population is brought into the banking fold. This can be either directly or through the third party vendors like the business correspondents or facilitators etc. The concept of branchless banking is gaining momentum and instrumental in the effective implementation of financial inclusion. There are several relaxations extended by the banks to bring the rural unbanked into the banking fold along with the implementation of a few initiatives. With the advancement of the technology and communication there will extended coverage of the unbanked segments leading to innovations and improvement in the operations [4]. Financial inclusion is an enabler and accelerator of economic growth, job creation and development. Affordable access to and use of financial services helps families and small business owners generate income, manage irregular cash flow, invest in opportunities, strengthen resilience to downturns, and work their way out of poverty. A purpose of financial inclusion is to help people and communities meet basic needs such as nutritious food, clean water, housing, education, healthcare, and more. An inclusive financial system is essential infrastructure in every country [5]. The objectives of this scheme have been to educate rural and urban population about financial products, to provide face to face financial counselling, to formulate debt restructuring etc [6].

Indian Government and the other regulatory authorities are striving hard to reach to the deprived sections of the society and make them part of building a strong economic state. Financial exclusion tests the economic efficiency of the country and most of the population of the country is residing in the rural areas where the availability and access to the banking services is limited. There has been lesser financial support for the agricultural activities by the banking sector in the early part of the century and after the independence of the country. To make India a strong economy several steps were taken by the government like nationalization of the private banks to cater to the needs of the rural population. In continuation of this, Regional Rural Banks were formed and allowed to start its operations in the rural areas. The growing population had put pressure on the government and Indian banking system which forced the banks to open their branches in the rural unbanked areas and based on this the bank was allowed to open the branch in the metro or urban areas. This scheme has been launched with the aim of providing basic banking amenities to everyone, by providing accounts, debit cards and accidental insurance coverage worth INR 1 lakh. This is envisioned as a move to empower Indian citizens and head towards inclusive growth. However, the progress of the scheme has been very successful, so far, with over 150 million bank accounts being opened. Over 100 million RuPay debit cards have also been issued [7]. The Ministry of Communication and Information Technology, along with other ministries, is working to reform states' service delivery, through GOI's Goods and Services Tax (GST) system, to establish a uniform interface for taxpayers with a common IT infrastructure, shared between the central government and the states. Digital India's strategic cornerstones, the Common Services Centres, are meant to provide access points for delivery of various electronic services to villages, to promote digital and financial inclusion, encourage rural entrepreneurship, and build rural capacities and livelihoods [8].With the launch of the Jan Dhan Yojana, Financial Inclusion is indeed on top of the mind of bankers across the country. Indeed, this move will bring another 15 crore people into the banking stream. Thus, by taking this step, the current government in a single stroke has taken a giant leap in making inclusive growth a reality. The Financial Inclusion programme will go down as a watershed moment in India's journey to Financial Independence [9]. The banks were restricted to have the credit portfolio with at least 40% towards the priority sector. The co-operative banks were encouraged to start their operations with the view that they reach more and more people of the society. All these initiatives did yield good results, but the vast population always pressurizes the government which is paving the path for new methods and ways of reaching the people. Reaching to vast sections of the society the Self Help Groups were started through the micro finance institutions. The primary objective of all these initiatives is to bring all sections of the society under the formal banking system. Financial inclusion paves the path for sustained equitable growth and also provides economic security to the people [10].

Gender has been an issue in financial inclusion. As of March 2014, women constituted about 28% of all savings accounts, with 33.69 crore accounts. As of March 2017, according to data from top 40 banks and RRBs, women's share has risen to about 40%. This includes 14.49 crore accounts opened by women under PMJDY, out of a total of 43.65 crore women's accounts. This represents a sizeable and rapid growth in financial inclusion of women [11]. The most revolutionary taxation has now been introduced by the Indian government in order to stream line multiple tax system in India under the name of Goods and Service Tax (GST). In fact, the longer-term benefits include the GST's impact on financial inclusion. Small businesses can build up a real time track record of tax payments digitally, and this can be used by lending institutions for credit rating and lending purposes. Currently, small businesses are credit-constrained because they cannot credibly demonstrate their financial capability [12]. According to the 70th Round of National Sample Survey, among the institutional agencies, the share of commercial banks' lending to agriculture was the highest at 25.1 per cent, followed by co-operatives at 24.8 per cent in 2012 due to their low cost [13]. Access to a bank account is a first step toward broader financial inclusion since it allows people to save, send money and receive payments. A bank account can also serve as a gateway to other financial services, which is why ensuring that people worldwide can have access to a transaction account is the focus of the World Bank Group's Universal Financial Access 2020 initiative [14].

Objectives of the study

1. To ascertain the attitude and awareness of the rural respondents on financial inclusion initiatives taken by commercial banks in East Godavari district.
2. To evaluate the progress of financial inclusion through the initiatives undertaken by the rural and urban banks.

Scope of the Study

These timely operations will make the unbaked part of the formal financial system. It is viewed that most of the studies are at the macro level and very few of them are at the micro level with empirical studies. It is observed that most of the studies are on the role of banks in the process of Financial Inclusion and the status of financial inclusion on the national level and some in the state level. In fact, there are no significant studies on the status of financial inclusion in the present selected rural part of East Godavari district in Andhra Pradesh. The East Godavari District is located in the North Coastal part of the state of Andhra Pradesh. The District boundaries are Visakhapatnam, West Godavari, Khammam Districts and Bay of Bengal. The District is known as rice bowl of Andhra Pradesh with lush paddy fields and coconut groves. It is also known as another

Kerala. East Godavari, it is the Rice Granary of Andhra Pradesh, beckons tourists to have a glimpse of its rich cultural heritage. The headquarters of the East Godavari district is Kakinada. The District is a residuary portion of the old Godavari District after West Godavari District was separated in 1925. As the name of the district conveys, East Godavari District is closely associated with the river Godavari, occupying a major portion of the delta area. East Godavari district is having the area of 10,807 Sq Kms with 5 Revenue divisions, 60 Revenue mandals and 1012 Grama panchayats with a population of 51,51,549 as per 2011 provisional census figures [15].

RESEARCH METHODOLOGY

The study comprises of the both the primary and secondary data. The primary data was collected in the year of 2016 from269 rural residents of 31 villages in East Godavari district through scientifically developed questionnaire. The complex random sampling technique was followed to choose the rural residents at concern villages across district. Around 5 constructs were embodied with different items of questions followed by the approach of Renis Likert. The Likert Scale is a widely used rating scale that requires the respondents to indicate a degree of agreement or disagreement with each of a series of statements about the stimulus objects” [16, 17]. Hence, the 5-point Likert scale rating as 1- Strongly disagree, 2-disagreed, 3-Neutral, 4- Agree, 5- Strongly Agree. The respondents were informed about the purpose of the study and confidentiality of the personal information. Finally, a two-stage analysis was undertaken on the data set. The data was analysed through Conformity Factor Analysis (CFA) and Structural Equation Modeling (SEM) by using IBM SPSS AMOS 20 and Smart PLS 2.0. The secondary data is collected from the websites of government of India, and reserve bank of India.

Research model

The research model is developed based on the taken constructs in this study. Figure 1depicts the relationships among five constructs which can be most relevant to the perceptions of rural residents' towards banking practices across the East Godavari district especially in rural areas. This research model is also followed with five defined hypotheses.

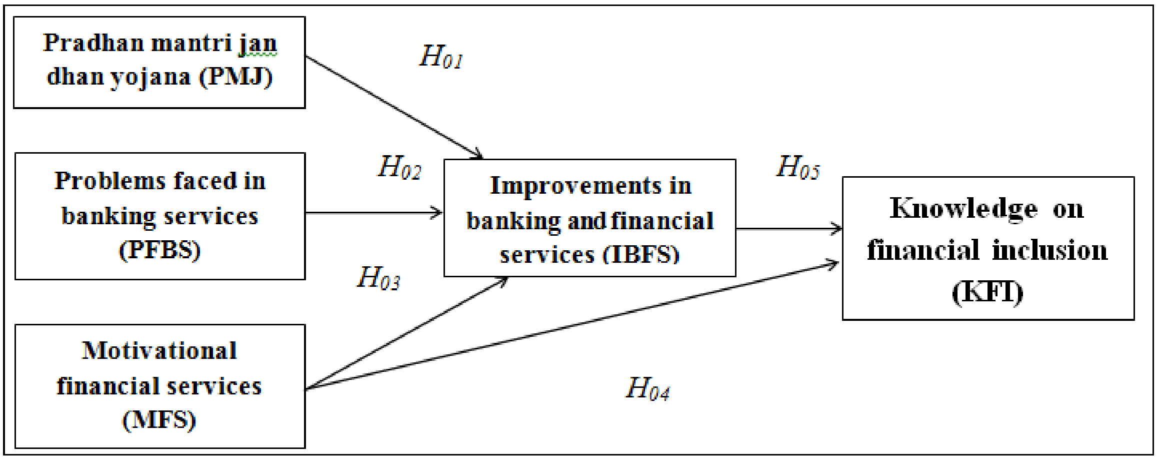

Fig-1: Research model with five constructs for rural residents' perception about the financial inclusive practices of bankers

Source: Compiled from primary data

Hypotheses

This study is orderly followed with 5 defined grouped hypotheses among five constructs in order to test the dependency among constructs. The considered null hypotheses in this study are elaborated as under:

1. $\boldsymbol{H_O}$: PMJ is independent with IBFS
2. $\boldsymbol{H_O}$: PFBS is independent with IBFS
3. $\boldsymbol{H_O}$: MFS is independent with IBFS
4. $\boldsymbol{H_O}$: MFS is independent with KFI
5. $\boldsymbol{H_O}$: IBFS is independent with KFI

LITERATURE REVIEW

Shahul [18] in his study titled, “Financial Inclusion - Issues in Measurement and Analysis”, explains that financial inclusion is delivery of banking services of an affordable cost to the vast sections of disadvantaged and low income groups. Despite making significant improvements 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 the population, especially the underprivileged sections of the society, into the fold of basic banking services. Internationally efforts are being made to study the causes of financial exclusion and designing strategies to ensure financial inclusion of the poor and disadvantaged. The reasons 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 condition and standards of life of the poor and the disadvantaged. Subbarao [19] considered that the effective financial inclusion opportunity for the poor to improve their incomes and quality of life. For the suppliers of the services viz., the banks, it provides steady low cost savings. State can also benefit from financial inclusion as it helps to better channelization of funds and thereby reduce poverty. All these aspects make financial inclusion as good for the economy as a whole. Thiel [20] highlighted the financial inclusion is by selecting profitable projects they help to improve their productivity further. Provision of liquidity and allocation of risks are other channels where productivity improvement and efficiency can take place. Banerjee & Newman [21] deliberated as the poor people are unable to invest in human capital due to financial market imperfections due to high cost of borrowing and therefore forced to continue in unskilled work which diminishes their lifetime earnings and that acts as a vicious cycle through their model on credit market imperfections. Mehrotra and Yetman [22] found that the interventions of the reserve bank of India in terms of changing the repo rate, Cash Reserve Ratio (CRR) etc. is frequently experienced in the Indian economy. Chandra and Manju [23] mentioned that financial services can be used to gain access to education, health care and other necessities to improve their quality of life. With access to financial services, small and microenterprises get an opportunity to use their savings and credit to make productive investments. This in turn fosters financial independence and thus enhances economic growth. Chattopadhyay [24] in his study has cited how improvement in infrastructure in rural West Bengal in terms of electricity, roads, telecommunications, etc. would establish a better overall supply chain management and enhance productivity of physical resources in the rural areas, and lead to greater demand for banking services among the rural population. Rather and Lone [25] found in their study that the poor infrastructure has led to poor market linkage which in turn has caused inaccessibility to financial services in poor states like Madhya Pradesh. Collard *et al*., [26] reported widespread lack of knowledge about financial products and services and basic money management skills as the issues related to financial literacy in Bristol, and recommended initiation of school based schemes which provide money management skills and financial education as the remedial measure. Other suggestions they provided include independent advice and explanation on financial instruments by an individual who understands finance, face-to-face programmes for adults etc. Prabha *et al*., [27] in their study have stated that the BC system lack commercial viability and also adversely affect the Customer service point (CSP) employed by the BC. The other problems associated with it were the selection of BC through bidding system, lack of financial Literacy program, operational risk, poor banking knowledge etc. Rai and Saha [28] have not only emphasised the importance of financial literacy on the demand end, but also on the supply end where proper training should be provided to bank staff and the field staff to communicate with the customers. Rao [29] carried out a study to understand financial inclusion from the banker's perspective. He also emphasized that banking for the poor cannot be called as poor banking and there is a vast potential to tap the unexplored aspects of this banking. But he also strongly recommends that regular campaigns have to be conducted to create awareness about financial inclusion to the bank staff. Thorat [30] stated that besides technological innovations, the introduction of business correspondent model and Agency banking by RBI have also revolutionised banking sector in India. Rajan [31] mentioned in his view towards the financial inclusion as the need of providing financial literacy from early schooling years by introducing children to financial terms such as income, expenditure, savings, deposits etc. In addition, TV channels could also be encouraged to run educational programmes on household budgeting etc. Ismail and Masinge [32] identified using econometric analysis have identified some of the factors that have influenced introduction of mobile banking by Banks in South Africa, such as perceived usefulness, perceived ease-of use, perceived cost, and the level of customer trust in mobile banking. Gupta [33] could express a major technological development in banking sector is the adoption of core banking solutions which entails networking of branches, enable customers to operate their bank account and avail services regardless of the location, while the advent of ATMs, e-payments, NEFT etc. seamlessly connects people to financial services. Joseph and Varghese [34] have made an attempt to assess the current status of financial inclusion on the development of Indian economy by analyzing five state bank group and five private sector banks. The variables considered for the study were bank growth rate in terms of number of bank branches, offsite and onsite ATM, usage of credit cards and debit cards. The findings of the study suggest that the usage of debit card has increased tremendously throughout the study period and banks focused more on semi-urban areas and rural areas. Shabna [35] in her study investigated the level of awareness about financial inclusion forces. The literacy level and occupation of respondents are highly influenced to access and continuous usage of bank account. Further BPL households access bank account only for the enjoying the government benefits and schemes and are to a certain extent aware about financial inclusion drives and a majority of respondents are fully aware of no-frill accounts. Swamy & Vijayalakshmi [36] conducted a study that asserted the significance of financial inclusion and attributes its importance to the problem caused by financial exclusion of nearly 3 billion people from the any formal financial services across the world. During the study period, India had 135 million financially excluded households, the second highest number after China. The study also found out that the financial inclusion rate was very low in India and 40 per cent of the bank account holders use their accounts not even once a month. Kaul [37] observed that the growth trend of Indian economy over the past few years has been quite good from all standards and indicates the beginning of a new phase of higher growth. The said progress does not seem to have resulted in commensurate growth in manufacturing employment leading to doubts about the inclusive nature of this growth. Sundaram and Sriram [38] mentioned that the bottom of the pyramid sections which may not be a profitable plan for banks but the number of beneficiaries will increase and possibility of profitable proportion will be in higher volumes. Emerging financial inclusion as a commercial profitable business exists in the hands of the banks, possible through viable tailored plan. Costa and Ehrbeck [39] identified that financial inclusion have tackled the issue from variety of viewpoints, with the exception of conceptual studies, the focus is seemingly on finding out the relationship between financial inclusion with awareness, digital technology and constraints to access. Donovan [40] stated that first aspect is physical cash cloud which is operated by the existing poor people, a traditional cash management system. Secondly, virtual account operated through e money and thirdly neither physical nor virtual but psychological, where people plan their financial life through thought process of brain. Blending traditional and virtual clouds reveals access and mixture of virtual and psychological cloud leads to usage of financial system. Peric [41] stated that the technology can be a very valuable tool in providing access to banking products in remote areas. But ATMs still are not considered user friendly by the people who are illiterate and non user of technology. Banks, in this case, needs to reengineer the design of existing technology which creates opportunity for traditional users to use technology. Karp [42] expressed that the digital financial inclusion highly insists on poor people because it directly reaches for the welfare of needy through appropriate channels and provides access to basic account, payment connections to peers, institutions, governments and enhanced financial services.

RESULTS

The questionnaire is for rural residents in which the part one pertains to “General information of the rural residents such as gender, age, marital status, educational qualification, occupation, annual income, family size, and number of dependents.

Table-1: General information of rural residents

Variable	*Respondents' characteristics*	*Respondents Frequency*	*(N=269) %*
Gender	Male	132	49
	Female	137	51
Age	Below 20 years	3	2
	21 years to 30 years	118	44
	31 years to 40 years	103	37
	41 years to 50 years	36	13
	51 years to 60 years	8	3
	Above 60 year	1	1
Marital status	Single	3	1
	Married	242	90
	Others	24	9
Educational qualification	No Formal Education	6	2
	Below SSC	91	34
	SSC / ITI	96	36
	Inter / Diploma	21	8
	Graduation	45	17
	Post-Graduation	10	4
	Others	0	0
Occupation	Agriculture Labour	136	51
	Business	9	3
	Farmer	68	25
	Home Maker	3	1
	Job	28	10
	Self Employed	22	8
	Student	3	1
Annual income (In Indian rupees)	< INR25000	9	3
	INR 25,001 –INR 50,000	17	6
	INR50,001 -INR75,000	111	41
	INR75,001 -INR1,00,000	97	36
	> INR1,00,001	35	13
Family size	Less than or Equal to 4	194	72
	Between 5 to 7	75	28
	Above 7	0	0
Dependents	One	51	19
	Two	96	36
	Three	68	25
	Above three	54	20

Source: Compiled from Primary data

Table-1 depicts the general information of rural residents. Among 269 respondents, about 132 (49%) are males and 137(51%) respondents are females. 118 (44%) respondents' age group is 21 years to 30 years. 242 (90%) respondents are married. 24 (9%) respondents belong to other categories such as divorced, separated, and widower or widow.96 (36%) are SSC / ITI, whereas the least respondents about only 6 (2%) respondents have no formal education. Significantly, none of the respondents is other qualified such as above post-graduation. 136 (51%) said their occupation as agriculture labour. 111 (41%) respondents' income group is in between INR 50,001/- and INR 75,000/-, whereas the least about 9 (3%) respondents' has income of less than INR 25,000/- .194 (72%) are less than or equal to 4 members. 518 (36%) have 2 dependents, whereas 51 (19%) respondents have only 1 dependent. Significantly, there are 68 (25%) respondents have 3 dependents.

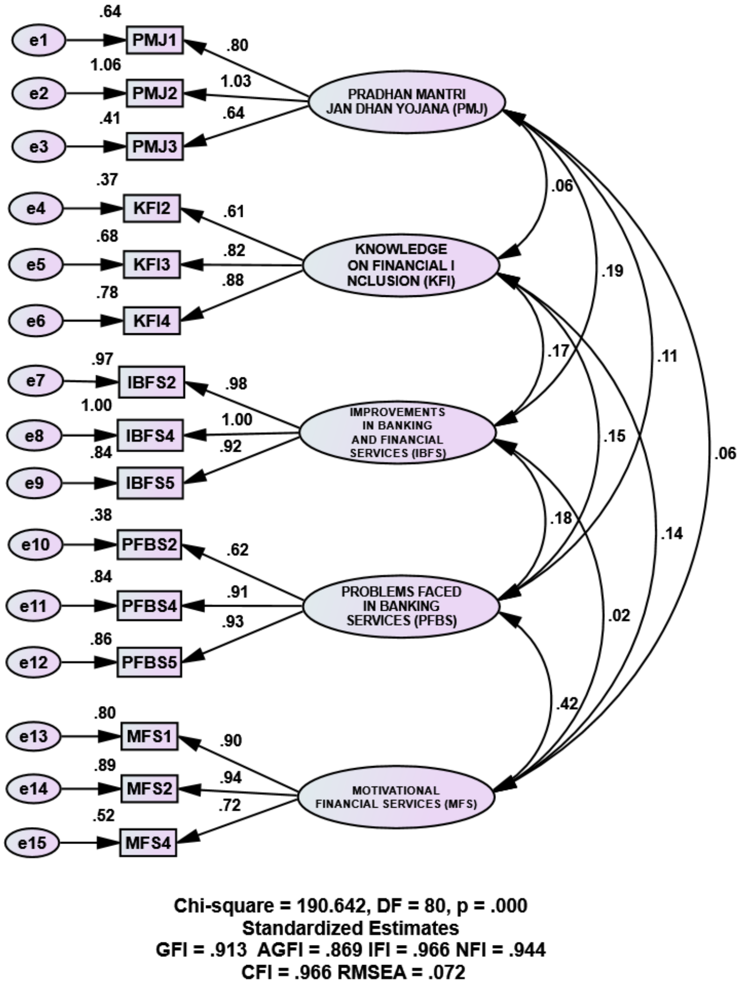

Fig-2: CFA Measurement model (Completely Standardized Solution)

Source: Compiled by AMOS

Figure-2 infers that it is important to emphasize that in the confirmatory analysis the same multi-factorial structure of 15 items distributed among 5 constructs, in agreement with the reviewed literature and exploratory validation, Measurement Model of rural residents' perceptions towards financial inclusion practices of bankers (Completely Standardized Solution). Elaborately, the item codes in the first construct of Pradhan Mantri Jan Dhan Yojana (PMJ) are termed as PMJDY is helpful for the people (PMJ1), PMJDY is useful in improving the standard of living (PMJ2), and PMJDY is useful in linking in the savings to the banks (PMJ3). The second construct of Knowledge on financial inclusion (KFI) are termed as financial inclusion increases source of income and purchasing power (KFI2), financial inclusion creates new employment opportunities (KFI3), and financial inclusion has empowered the members of the society (KFI4). The third construct of improvements in banking and financial services (IBFS) are termed as Periodical awareness camps and follow-up services (IBFS2), Encouraging women and Below Poverty Line (BPL) class people (IBFS4), and Encouraging co-operative system (IBFS5). The fourth construct of Problems faced in banking services (PFBS) are termed as Lack of co-operation form banker/employees (PFBS2), Lack of uniformity in information given by bank crew (PFBS4), and Hidden costs in most services (PFBS5). And, the fifth construct of Motivational financial services (MFS) are termed as Security from future contingencies (MFS1), Bank can grantee the financial protection (MFS2), and Banking services are in easy way of usage (MFS4). The CFA measurement model is obtained by AMOS that exhibits satisfactory fit statistics (Chi-squared = 190.642df = 80, CMIN/df = 2.383, GFI = .913, AGFI = .869, IFI = .966, NFI = .944, CFI = .966, RMSEA = .072). While an ideal RMSEA score is .05 or less, a value of about .08 or below indicates a satisfactory error of approximation [43].

Table-2: Means, Standard Deviations, Factor Loadings, Composite Reliability (CR), Average Variance Extracted (AVE) and Cronbach's Coefficient Alpha

Construct	*Item*	$\bar{X}$	*σ*	*Factor Loading*	*CR*	*AVE*	*Cronbach's α*
PMJ	PMJ1	2.88	1.23	0.80	0.87	0.70	0.86
	PMJ2	2.87	1.26	1.03			
	PMJ3	2.84	1.29	0.64			
KFI	KFI2	1.96	0.97	0.61	0.82	0.61	0.80
	KFI3	2.26	0.97	0.82			
	KFI4	3.24	1.42	0.88			
IBFS	IBFS2	2.65	1.32	0.98	0.98	0.93	0.98
	IBFS4	2.60	1.32	1.00			
	IBFS5	2.70	1.26	0.92			
PFBS	PFBS2	2.31	0.99	0.62	0.87	0.69	0.84
	PFBS4	2.06	0.81	0.91			
	PFBS5	1.74	0.99	0.93			
MFS	MFS1	2.58	1.25	0.90	0.89	0.74	0.88
	MFS2	2.94	1.18	0.94			
	MFS4	2.39	1.34	0.72			

Source: Compiled from Primary data

Table-2 shows descriptive statistics and factor loadings, composite reliability, and average variance extracted. These analyses were used to assess the convergent validity empirically. Significantly, all items exceed the recommended threshold of 0.50 [44], whereas only two items have factor loading greater than one (i.e. "PMJ2" and "IBFS4") if factor loadings (regression coefficient) are continuous, they are simple linear regression coefficients and are interpreted as such, they can be greater than one [45]. Internal consistency (reliability) of the constructs was assessed through Cronbach's coefficient alpha. The alpha values of the constructs are ranged from 0.80 to 0.98, which are above the acceptable threshold of 0.70, as recommended by Nunnally and Bernstein [46]. The composite reliabilities of all the constructs are above 0.60 which are acceptable [47]. For examining the discriminant validity, correlations between the constructs were compared to the square root of AVEs of each Construct [48] and none of the correlations surpassed the square root of AVE The above tests indicated that the discriminant validity was upheld for the measurement model. Overall, the measurement model adequately reflected a good fit to the data. However, certain positive correlations are existed among 5 constructs.

Table-3: Discriminant validity of constructs and inter-correlations

	PFBS	*PMJ*	*KFI*	*IBFS*	*MFS*
PFBS	**(0.832)**				
PMJ	0.113	**(0.838)**			
KFI	0.149	0.064	**(0.781)**		
IBFS	0.175	0.190	0.174	**(0.967)**	
MFS	0.419	0.060	0.138	0.023	**(0.859)**

Note 1: Diagonal elements (in bold parenthesis) are the square root of average variance extracted (AVE). Off-diagonal elements are the correlations among constructs. For discriminant validity, diagonal elements should be larger than the off-diagonal elements.

Table-3 shows discriminant validity of constructs and inter-correlations among 5 constructs. The discriminant validity gauges the extent to which measures of 5 different constructs are comparatively distinctive from each other, and that their correlation values are neither an absolute value of 0 nor 1 [49]. Hence, there are positive correlation among stated constructs with 0.20 at $p<0.01$ level of significance and no negative discriminant validity was found among factors.

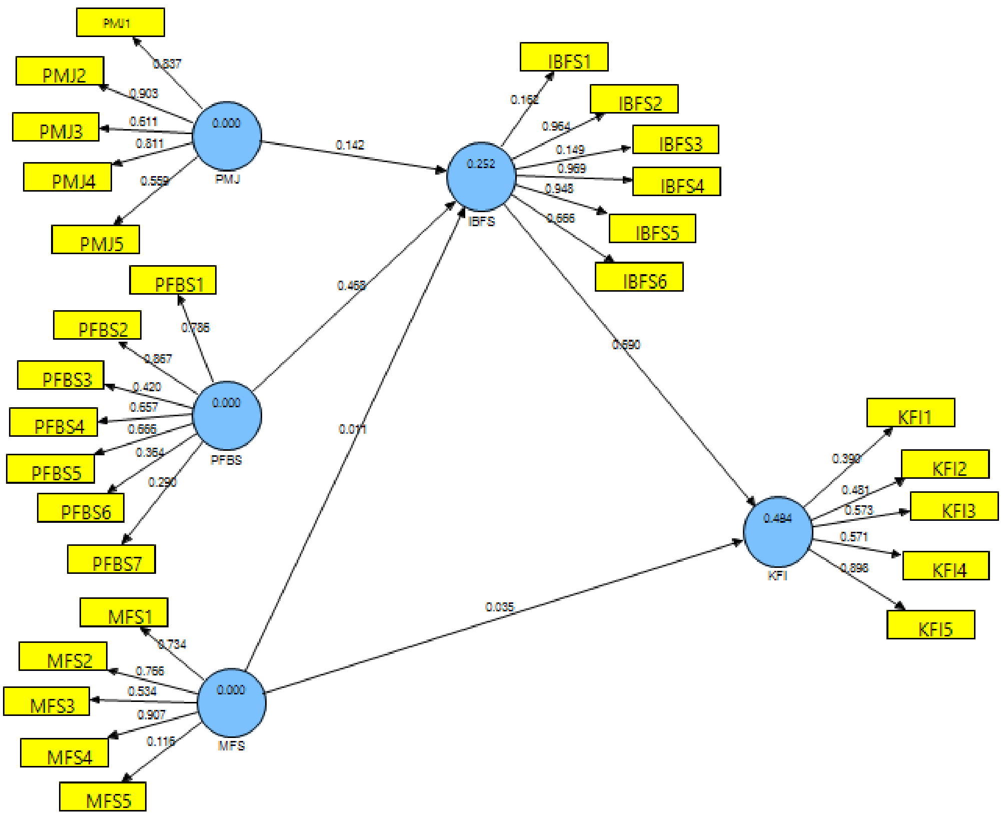

Fig-3: Path Diagram with standardized regression weights of SEM model for rural residents' perception about financial inclusive practice of bankers

Source: Compiled from primary data

Table-4: Standardized regression weights of the constructs

Relationship of construct	***β***	***SD***	***SE***	***t***	***p***	***Result***
IBFS -> KFI	0.690	0.059	0.059	11.580	0.001	*Rejected*
MFS -> IBFS	0.011	0.132	0.132	0.061	0.951	***Accepted***
MFS -> KFI	0.035	0.177	0.177	0.256	0.797	***Accepted***
PFBS -> IBFS	0.468	0.090	0.090	5.208	0.001	*Rejected*
PMJ -> IBFS	0.142	0.098	0.098	1.465	0.149	***Accepted***

Source: Compiled from primary data, Significant at 0.05 level of significance, Two- Tailed hypothesis

Figure-3 and table 4 show the results of statistical analysis and hypotheses of the research model through standardized regression weights. The structural model is assessed by examining the path standardized coefficients beta weight (β) which shows the strength of relationships between the dependent and independent variables and the (R^2) value amount of variance explained by independent variables. Both, the R^2(i.e. 0.49 and 0.25) and the path coefficients indicate fitness to perform this model. The stated hypothesis in table 4 revealed the significant and not significant relationships among the constructs. The first stated relationship between IBFS has significant relationship with KFI with the *p*-Value of 0.001 at $p<$ 0.001 level of significance. Hence, the null hypothesis is rejected. The second stated relationship between MFS has no significant relationship with IBFS with the *p*-Value of 0.951 at $p<$ 0.001 level of significance. Hence, the null hypothesis is accepted. The third stated relationship between MFS has no significant relationship with KFI with the *p*-Value of 0.797 at $p<$ 0.001 level of significance. Hence, the null hypothesis is accepted. The fourth stated relationship between PFBS has significant relationship with IBFS with the *p*-Value of 0.001 at $p<$ 0.001 level of significance. Hence, the null hypothesis is rejected. And, the fifth stated relationship between PMJ has no significant relationship with IBFS with the *p*-Value of 0.149 at $p<$ 0.001 level of significance. Hence, the null hypothesis is accepted.

DISCUSSION

The major objective of this study is to find the most influential factors on financial inclusion strategies of banking sectors and its impact on the rural public. The present study could successfully focus on several dimensions and exhausting implication of financial inclusion strategies that are adopted by banking sector towards progression in rural areas. Significantly, many of banks still have a conventional attitude to consider the public financial requirements. So, this abstinence of bankers certainly shows lesser voluntary aspiration to initiate saving habits among rural residents, especially in the progression of ruralisation. The significant number of rural residents and farmers could take out the initial financial aids from explicit sources such as government schemes as well as property hypothecation in banks/financial institutions. Hence, this phenomenon brings the pivotal role of financial institutions to promote small-scale entrepreneurism besides agriculture. The public and private bankers should adhere to carry out awareness programme to rural people to know the real benefits of secured banking. The government should immensely support the young agriculturists with the help of banking sector in terms of financial and moral assistance to promote advanced and world-class agricultural environment. Every small village and hamlet should be focused by the bankers to tap maximum benefits in business and vice versa. On the other hand, there are plenty reasons behind untrustworthiness among rural people towards banking practices especially in getting benefits of government welfare schemes and unethical practices. Hence, every banker should adopt effective retention strategies to persuade all categories of stakeholders within its vicinity of banking services. Nevertheless, the promotion of financial inclusion should be done with proper financial and portfolio planning by both banking sector and concern governments precipitously. Then, it never has been a dream to achieve solidarity among weaker groups in India. Finally, the financial inclusion would certainly be the expectedness of brighter and better nation.

Managerial Implications

In the perspective of rural residents, the demonetisation is positively expressed as the way to curbing black money, helping in reducing fake notes, and helping the economy in long run. Hence, the landmark decision of Indian government is, of course, successful with the momentum of banking mechanism. Thus, every commercial banker should be foster in their cash adaptability in order to promote optimism among public. The recent and most prestigious scheme of Indian government is “PradhanMantri Jan DhanYojana”. Since this scheme has been in most nicest way to promote the financial inclusion among medium and small societal groups in the country, this study has also found in the opinions of rural people as an effective policy measure to solve the problem of financial exclusion and helpful in providing awareness about money saving and availability. On the other hand, some respondents have expressed their dissatisfaction as processing of accounts under PMJDY is cumbersome and time consuming. Hence, the scheme has to be executed and offered to all categories of needy people with fewer formalities and creation of awareness among people about Rs 5000/- overdraft facility provided under the scheme. The bankers are highly recommended to establish trust and morale among people to have Awareness on the various special schemes offered by the government. Though, the bankers are perhaps lenient to diffuse the benefits through financial inclusion in terms of creating new employment opportunities across all social groups. The bankers have an immense need to focus on empowering the members of the society through financial inclusive strategies in all the possible ways. Whatsoever, the financial inclusion has increased the economic activities of each sector. Every banking sector has to develop a robust system to extenuate the frauds in accordance with growing risk of losing confidence among public towards banking fiscal practises. The bankers should have a protective shield to put way of social pandemic such as corruption and bribery. Every bank must impart the stringent rules against unethical practise among bank personnel through vigilance and vigil blowers. The need of customer care centres are highly required owing to have holistic marketing practices among bankers in present markets. Thus, every banker should be more adhere to establish the customer friendly banking though it is essential to reduce conflicts to the least extent. Matter of fact, the advanced communication could entirely change the pace of business world besides banking operations. Hence, the bankers must have an improvement of world class communication systems to serve the needs by all possible means of conventional media, social media communication systems and internet banking. No banker should omit the psychological barriers and luring of customers in terms of money. Of course, the offering subsidies and incentives to the customers would be the burning flame to encouraging people to start accounts. The periodical awareness camps and follow-up services can surly wipe out unawareness among customers on all available services at banks especially among women and Below Poverty Line (BPL) class people. The poor proximity to bank branches is found to be as one of the discouraging issues among rural residents saving options. Moreover, the lack of co-operation form banker/employees can also be the most disgusting factor to demotivate the rural residents. Every banker should be quicker to have regularity in functioning of multiple operations. And, every bank has to be under proper supervision and direction of defined authority to reduce the service time cycles. The one of the most promising services of every banker is to improve the safety and security of money and property within and outside of bank. Thus, every bank branch has to be under high stern security surveillance centres. Since the basic objective of rural banking is to provide funds to farming sector, every bank has to entertain hassle free loans on mortgaging fixed property or gold. On the other hand, the quick issuing of Kisan card or Rupay or credit or debit card or check books to farmers is highly encouraging factors in financial inclusion. The banker need to be more specific to offer NEFT/RTGS facility to all categories of customers, offering over draft facilities, and enhancing services through recurring deposit schemes and fixed deposit schemes with lesser formalities. Every bank branch should follow Know Your Customer norms (KYC) norms fundamentally besides such branch should offer no-frills basic Saving Bank Deposits (BSBD) accounts for the eligible people. Every banker should offer all financial services like gold loans, business loans, and vehicle loans to the customers with less pre-processing of loan issuing. Most importantly, offer loan to small entrepreneurs under government schemes is highly requisite aspect to promote financial inclusion to all class of customers. The ethical practices are always pride to enhance the brand image of every banker. Hence, the consolidated standing orders of bankers should be enforced in all activities of banking operations. In fact, every business is laid on the trust, confidentiality and transparency. These factors can certainly bring the customers closer to the business. Hence, every banker should be more vigilant towards ethical practices that can impart the confidence among general public on the banking industry. The branch remits the amount to the customers who received through government remittances. The branch initiates the steps to have an account for each household in its service area. Especially, the rural bank branches should offer gold loan to the farmers, KCC/GCC facility to customers, Over Draft (OD), Demand Draft facility to the customers. The Business Correspondents/Business Facilitators (BCBF) should try to gain goodwill and trustworthiness among the customers of the service area. To the best portion of the bank branches should ensures the security of customers' information and privacy in order to make them believed as bank as safety destination for their sake of savings. The inner and outer ambience of the bank is as most customer retention strategy. Of course, many bankers have been implementing such strategies. But, due to lesser availability of bank operational space is the challenging issue in many branches irrespective of its existed areas. The problem with lesser land leads to cumbersome in parking lots. Thus, every branch has separate parking for customers and employees.

CONCLUSION

The major objective of financial inclusion is to provide the timely and wide range of financial services and products to the deprived sections of the society at an affordable cost. The inclusive growth can be attained by the timely provision of financial services to the deprived sections and these sections can certainly expect safety of their deposits, lesser transaction costs, faster and easier access to credit. On the other hand, the demonetisation is nevertheless as one of the most cause factors to slowdown the fiscal transaction across country. However, since after course of time, there is slow masticating of bitterness in demonetisation among various sectors by view of country's prospective destiny besides traumatic amenities of the Indian government to get rid of negativity among public. The major limitation in this study is to identify the rural residents whoever possesses the minimal awareness regarding the banking services. This study is of course carried out at chosen villages randomly. Matter of fact, this study is probably not a replication of many rural residents opinion on financial inclusion. However, the designed constructs and factors would not be a retrospective issue to state as financial inclusion as progressive and diminutive. Hence, this study is just an effort to add another feather to the further researches in this area.

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Appendix I: Questionnaire Items

Pradhan mantra jan dhan yojana (PMJ)	
Pmj1	It is helpful for the people.
Pmj 2	It is useful in improving the standard of living
Pmj 3	It is useful in linking in the savings to the banks
Pmj 4	It helps in solving the financial needs of the people
Pmj 5	It is useful in improving the economic & Social development of the country
Knowledge on financial inclusion (KFI)	
Kfi 1	Availability of these special schemes that are offered by the government
Kfi 2	Financial inclusion increases source of income and purchasing power
Kfi 3	Financial inclusion creates new employment opportunities
Kfi 4	Financial inclusion has empowered the members of the society
Kfi 5	Financial inclusion has made the village sustainable for further progress
Improvements in banking and financial services(IBFS)	
Ibfs 1	Proper involvement of NGOs in customer service
Ibfs 2	Periodical awareness camps and follow-up services
Ibfs 3	Enforcing microcredit schemes
Ibfs 4	Encouraging women and Below Poverty Line (BPL)class people
Ibfs 5	Encouraging co-operative system
Ibfs 6	Opening Zero or Minimum balance No-Frill accounts for all eligible citizens
Problems faced in banking services (PFBS)	
Pfbs 1	Poor Proximity or nearness to bank branches
Pfbs 2	Lack of co-operation form banker/employees
Pfbs 3	No regularity in functioning or time lagging in services
Pfbs 4	Lack of uniformity in information given by bank crew
Pfbs 5	Hidden costs in most services
Pfbs 6	Risk of cyber-crime/ lack of proper computer data security/ATM frauds
Pfbs 7	Poor Customer Relationship Management (CRM)
Motivational financial services (MFS)	
Mfs 1	Security from future contingencies
Mfs 2	Bank can grantee the financial protection
Mfs 3	Bank can help customers in need
Mfs 4	Banking services are in easy way of usage
Mfs 5	Banks can create lot of financial awareness