



Financial Inclusion and Commercial Banks' Role in Empowering Rural Haryana

Dharanesh Kumar S P, Research Scholar, Department of Commerce, School of Commerce, SunRise University, Alwar
Dr. Rajinder Singh, Professor, Department of Commerce, School of Commerce, SunRise University, Alwar

Abstract

With its extensive agricultural region and energetic communities, rural Haryana has a lot of room to flourish. But a major obstacle to this development is the absence of financial inclusion. Ensuring that everyone has access to basic financial services such as credit, insurance, and savings accounts is referred to by this word. As major participants in the financial system, commercial banks are essential to the empowerment of rural Haryana. This research delves into the obstacles and prospects associated with attaining financial inclusion in Haryana, with a particular emphasis on the function of commercial banks. The study tackles important issues such as barriers to financial inclusion, commercial banks' past involvement, necessary financial products, opinions, and best practices. The study used a mixed-methods approach, incorporating surveys and interviews, to examine respondents' financial and demographic profiles, as well as their perspectives on necessary financial resources. Additionally, the study evaluates the validity and reliability of the data gathered. The findings demonstrate a range of financial demands, including those related to basic needs, agriculture, education, health, livelihoods, traditional values, hopes for businesses, and future plans.

Keywords: Rural Development, Financial Inclusion, Commercial Banks, Financial Literacy, Socio-Economic impact

1. INTRODUCTION

The National Rural Employment Guarantee Scheme, the Bharat Nirman Programme, the Sarva Siksha Abhiyan, and other programs are only a few of the measures the central government has implemented to guarantee that the average person is included in the development process. The Eleventh Five Year Plan (2007–12) set the goal of inclusive growth, while the Twelfth Five Year Plan (2012–17) set the goal of quicker, more sustainable, and more inclusive growth. These goals were endorsed by the Indian Planning Commission. The government is doing everything within its power to meet plan objectives and enhance the quality of life for the average citizen in our society. Within the Indian setting, the manufacturing, service, and agriculture sectors account for the majority of GDP contributions. With 64.8 percent of factor cost (at current prices) in the service sector in 2013–14, India's GDP (including construction) is largely derived from this sector. A vital component of the service sector, financial inclusion is crucial for involving the rural populace in the nation's inclusive growth. Financial inclusion is essentially providing affordable financial services to the underprivileged and low-income population. In India, the goal of financial inclusion is to create jobs for the rural populace and support sustainable development. Being unemployed, the majority of people in rural areas are deprived of financial resources. Because they are able to provide the necessary documentation and meet the requirements set forth by commercial banks in order to be granted a loan, salaried individuals have comparatively simpler access to credit from formal financial organizations.

1.1. Strategies for Rural Empowerment: The Role of Commercial Banks

Due to their increased accessibility to financial services, commercial banks are essential to the empowerment of rural populations. They use a range of tactics, including microcredit, customized loan products, and financial literacy initiatives, to target underprivileged groups. Banks can effectively bridge the divide between the urban and rural financial systems by setting up more branches and offering mobile banking services in rural areas. Furthermore, banks can better understand community needs and promote financial inclusion projects that support rural economic activity by forming partnerships with local cooperatives and groups. Additionally, because of the significance of agriculture to the rural economies of Haryana, commercial banks frequently concentrate on financing agricultural projects. Banks have the



power to dramatically increase farmer incomes and agricultural output by offering low-cost loans for equipment and inputs. By encouraging people in rural areas to save and make plans for the future, investment opportunities and savings accounts help to create a culture of financial responsibility. Commercial banks in rural Haryana stimulate wider economic development in addition to promoting individual financial stability through these strategic initiatives.

1.2. Financial Inclusion's Impact on Rural Development in Haryana

Since financial inclusion gives people and communities access to necessary financial services, it is a key component of sustainable rural development. More people in Haryana can invest in small enterprises, get financing for agricultural produce, and better manage their daily spending when they have easier access to financial services. By enabling families to survive financial shocks and make investments in their children's education and health, this financial empowerment promotes economic resilience and breaks the cycle of poverty.

Furthermore, the community as a whole is affected by financial inclusion in addition to its particular beneficiaries. Participation in informal financial institutions by rural communities boosts local economies by encouraging investment and spending within the region. This has the knock-on effect of drawing additional companies and service providers to the region, which can result in the creation of jobs and better infrastructure. In the end, commercial banks' initiatives to advance financial inclusion greatly improve the socioeconomic growth of rural Haryana as a whole and the standard of living for its citizens.

2. LITERATURE REVIEW

Kumar, V. (2023) This research delves into the obstacles and prospects associated with attaining financial inclusion in Haryana, with a particular emphasis on the function of commercial banks. The study tackles important issues such barriers to financial inclusion, commercial banks' past involvement, necessary financial products, locals' opinions, and best practices. The study used a mixed-methods approach, incorporating surveys and interviews, to examine respondents' financial and demographic profiles, as well as their perspectives on necessary financial resources. Additionally, the study evaluates the validity and reliability of the data gathered. The findings demonstrate a range of financial demands, including those related to basic needs, agriculture, education, health, livelihoods, traditional values, hopes for businesses, and future plans.

Siwach, M. (2023) Examine Haryana's level of financial inclusion. For the years 2012 through 2022, financial inclusion indices were created using secondary data. The Gurugram district had a high degree of financial inclusion in 2012, with a Financial Inclusion Index (FII) value of 0.14, and it maintained its top spot in 2022 with a FII rating of 0.23. But in the Nuh district, things are concerning. With FII scores of 0.76 and 0.79 in 2012 and 2022, respectively, Nuh continued to be ranked lowest. The highest performing districts in Haryana in 2022 are Kurukshetra, Ambala, Faridabad, Gurugram, and Panchkula. Conversely, the districts of Nuh, Palwal, Jind, Bhiwani, and Mahendragarh are categorized as underperforming.

Bajrang, M., & Sharma, A. (2014) The primary survey of a subset of rural families using structured interviews forms the basis of the study project. Primary data were gathered from rural families in the Mahendergarh district using multi-stage sampling and random sampling approaches in order to meet the study's objectives. This study shows a significant disparity in the level of financial inclusion among rural households in the Haryana districts of Mahendergarh.

Arora, N., & Kumar, N. (2022) The Haryana district index was established between 2010 and 2020 by the study. Following a thorough analysis of the literature, the study considers three fundamental variables—bank penetration, banking service accessibility, and system usage—to illustrate the degree of financial inclusion. The study found that while the financial inclusion rate in the Gurugram district is relatively high, the situation in the Mewat district is concerning as it suggests a significant financial inclusion gap between the districts.



Accordingly, the report recommended a comprehensive financial inclusion policy that would include all facets of society within the purview of the official financial system.

3. RESEARCH METHODOLOGY

A mixed-methods research strategy, including qualitative and quantitative techniques, is used in this study. The goal of the study is to gain a thorough knowledge of how commercial banks in Haryana, India, support financial inclusion for rural development. Through the distribution of structured surveys to Haryana's rural populace, quantitative data has been gathered. Questions about financial access, usage, and satisfaction with banking services will be included in the survey. For the poll, a random sample of homes and people have been chosen, guaranteeing representation from a range of socioeconomic backgrounds. A stratified random sampling technique has been utilized in the selection of survey respondents. A random sample of homes has been chosen within each strata. Purposive sampling has been employed to choose informed and pertinent stakeholders for interviews.

Statistical analysis has been done on survey data using programs like SPSS. In order to examine patterns and trends pertaining to financial inclusion in rural Haryana, descriptive statistics have been produced, including mean, median, and frequency distributions. To determine the variables impacting financial inclusion, factor analysis has been used.

4. DATA ANALYSIS

In order to understand the respondents' financial requirements and viewpoints, the study digs into their socioeconomic and banking profiles.

Table 1: Socio-Economic and Banking Profile of the Respondents

Gender	No. of Respondents	Percentage
Male	56	56.0
Female	44	44.0
Total	100	100.0
Age	No. of Respondents	Percentage
Up to 28 Years	36	36.0
29 years – 39 years	28	28.0
40 years – 50 years	23	23.0
Above 50 years	13	13.0
Total	100	100.0
Qualification	No. of Respondents	Percentage
Illiterate	5	5.0
Up to SSLC	18	18.0
Up to HSC	21	21.0
Graduation	21	21.0
Post-Graduation	24	24.0
Diploma	11	11.0
Total	100	100.0
Occupation	No. of Respondents	Percentage
Farmer	19	19.0
Self Employed	9	9.0
Private Employee	18	18.0
Govt. Employee	8	8.0
Professional	6	6.0
House wife	16	16.0
Student	24	24.0
Total	100	100.0
Income Level	No. of Respondents	Percentage
Up to Rs. 11,000	20	20.0
Rs. 11,001 – Rs. 20,000	26	26.0



Rs. 20,001 – Rs. 30000	22	22.0
Rs. 30,001 – Rs. 40,000	21	21.0
Above Rs. 40,000	11	11.0
Total	100	100.0
Sector of Bank	No. of Respondents	Percentage
Public Sector	53	53.0
Private Sector	47	47.0
Total	100	100.0
Savings	No. of Respondents	Percentage
Below Rs. 1,100	30	30.0
Rs 1,100 – Rs 5,100	31	31.0
Rs 5,100 – Rs 10,100	22	22.0
Above Rs. 10,100	17	17.0
Total	100	100.0

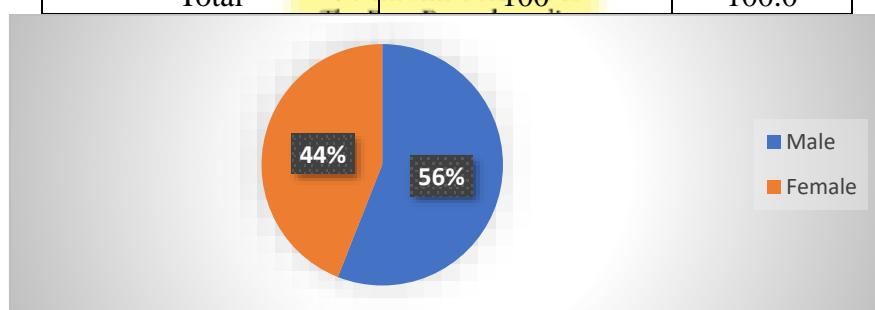


Figure 1: Gender

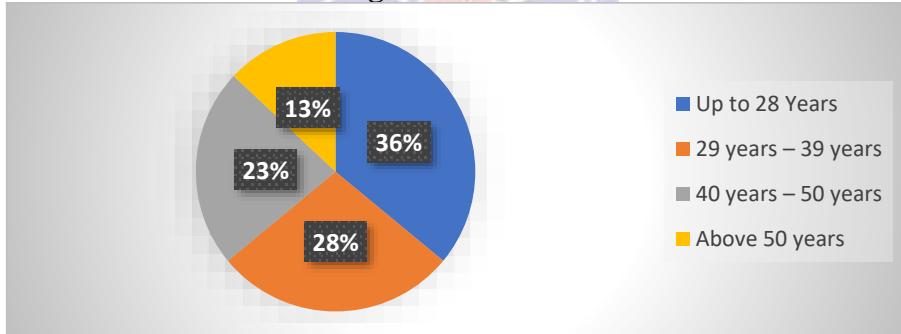


Figure 2: Age

Table 1 shows a balanced gender distribution, with 44% of the population being female and 56% being male. 36% of the respondents are under 28, and 13% are over 50, making up the majority of the sample. In terms of education, 24% have postgraduate degrees, whereas 5% are still illiterate. Students make up the largest occupational group (24%), followed by farmers (19%). 26% of respondents report earning between Rs. 11,001 and Rs. 20,000, while only 11% report earning more than Rs. 40,000. Public sector banks are marginally preferred in terms of banking (53%) over private sector banks (47%). According to savings patterns, 31% of respondents had savings of between Rs. 1,100 and Rs. 5,100, while 30% have savings of less than Rs. 1,100.

Table 2: Opinion of Respondents about Financial Requirements

CODE	Statements	SA	A	N	DA	SDA	Total
S1	Acquiring funding is vital to meet our basic needs and ensure my family's well-being.	55	20	15	8	2	100
S2	I require financial support to buy agricultural products that will boost my income.	30	35	20	8	7	100
S3	Pursuing financial assistance is necessary to fulfill my children's educational needs.	15	23	56	4	2	100
S4	I need funds to manage medical expenses and	30	46	18	5	1	100



	cover healthcare costs.						
S5	Gaining access to financial aid is essential for improving our livelihoods and obtaining basic amenities.	60	20	12	5	3	100
S6	I seek funds to maintain certain traditional values.	58	22	7	7	6	100
S7	Securing financial resources is crucial for investing in my business ideas and chasing my goals.	48	22	18	5	7	100
S8	I need funds for future endeavors and to improve our opportunities.	21	59	12	6	2	100

The respondents' thoughts on various financial criteria necessary for their lives are displayed in Table 2. The vast majority (55%) firmly concur that obtaining funds is essential to providing for basic needs and guaranteeing the well-being of families. In a similar vein, 60% stress how crucial financial assistance is to enhancing livelihoods and gaining access to necessities. Additionally, 35% of respondents and 30% of strongly believe that financial support for agricultural products is necessary are aware of this. The importance of educational needs is emphasized, with 56% of parents stating that getting financial aid is essential for their kids' education. Concerns about medical expenses are also present; 76% of respondents said they needed money for medical bills. Furthermore, 58% of respondents say they need money to uphold traditional values, and 48% think it's essential to have access to capital for company initiatives.

4.1. Reliability and Validity Criterion of Financial Requirements

Table 3: Reliability Statistics of the Financial Requirements

Cronbach's Alpha	N of Items
0.878	8

The study's financial criteria are evaluated in Table 3, which displays the reliability data. The study's eight items have a Cronbach's Alpha score of 0.878. Strong internal consistency among the items is indicated by the high alpha coefficient, which suggests that the statements pertaining to financial requirements are assessing a cohesive construct. A Cronbach's Alpha of 0.7 or more is generally regarded as satisfactory, and the scale's reliability in assessing respondents' opinions of their financial demands is demonstrated by its score of 0.878.

4.2. KMO and Bartlett's Test of Sphericity and Rotated Component Matrix

The researcher employed factor analysis approaches to ensure accuracy in the results, highlighting the importance of verifying and testing the dependability of the generated simplifications. Table 4 provides specifics on the results of the Bartlett's Test and the Kaiser-Mayer-Olkin (KMO) measure.

Table 4: KMO and Bartlett's Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.852
Bartlett's Test of Sphericity	Approx. Chi-Square	3490.069
	Df	28
	Sig.	0.001

The findings of the KMO and Bartlett's Test of Sphericity, which evaluate whether the data are appropriate for factor analysis, are shown in Table 4. The data may be suitable for factor analysis, as shown by the high sampling adequacy of the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy, which is reported at 0.852. The results of Bartlett's Test of Sphericity indicate a significance level (Sig.) of 0.001 and an approximate Chi-Square value of 3490.069 with 28 degrees of freedom.

5. CONCLUSION

The study sheds important light on the respondents' banking and socioeconomic backgrounds in rural Haryana and provides important insights into their attitudes and requirements regarding money. The findings highlight the significance of financial inclusion, especially in



supporting basic necessities, education, and agricultural investments, with a youthful demographic and a gender distribution that is balanced. The robustness of the data for factor analysis is confirmed by the financial requirements scale's good dependability, as shown by its Cronbach's Alpha of 0.878 and favourable KMO and Bartlett's test findings.

REFERENCES

1. A Demirguc-Kunt, L Klapper, D Singer, S Ansar, J Hess, The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution.
2. Allen, F., Demirguc-Kunt, A., Klapper, L., & Peria, M. S. M. (2016). The foundations of financial inclusion: Understanding ownership and use of formal accounts. *Journal of financial Intermediation*, 27, 1-30.
3. Arora, N., & Kumar, N. (2022). Extent of Financial Inclusion in Haryana: A District-level Analysis. *Vision*, 09722629221096023.
4. Arumugam, T., Hameed, S. S., & Sanjeev, M. A. (2023). Buyer behaviour modelling of rural online purchase intention using logistic regression. *International Journal of Management and Enterprise Development*, 12(2), 139-157.
5. Arumugam, T., Sethu, S., Kalyani, V., Shahul Hameed, S., & Divakar, P. (2022). Representing Women Entrepreneurs in Tamil Movies. *American Journal of Economics and Sociology*, 81(1), 115-125. <https://doi.org/10.1111/ajes.12446>.
6. Bajrang, M., & Sharma, A. (2014). Financial Inclusion in Rural Haryana: A Special Reference to Mahendergarh District. *SCHOLAR'S VIEW*, 20.
7. Banerjee, T., Trivedi, A., Sharma, G.M., Gharib, M. and Hameed, S.S. (2022), "Analyzing organizational barriers towards building postpandemic supply chain resilience in Indian MSMEs: a greyDEMALEapproach", *Benchmarking: An International Journal*, <https://doi.org/10.1108/BIJ-11-2021-0677>.
8. Barik, B. B. (2009). Financial inclusion and empowerment of Indian rural households. *BV Rural Institute*, Bichpuri, Agra.
9. Beck, T., Demirguc-Kunt, A. & Levine, R. (2007), Finance, inequality and the poor. *J Econ Growth* 12, 27-49.
10. Cole, Shawn & Shastry, Gauri & Angrist, Josh & Baker, Malcolm & Bergstresser, Daniel & Bertaut, Carol & Cutler, David & Greenwood, Robin & Harvey, Campbell & Hoxby, Caroline & Kremer, Michael & Lusardi, Annamaria & Stagord, Erik & Tobacman, Jeremy & Topalova, Petia & Tufano, Peter. (2009). Smart money: The effect of education, cognitive ability, and financial literacy on financial market participation.
11. Demirguc-Kunt, A., & Klapper, L. (2013). Measuring Financial Inclusion: Explaining Variation in Use of Financial Services across and within Countries. *Brookings Papers on Economic Activity*, 279-340.
12. Hameed, S. S., & Madhavan, S. (2017). Impact of Sports celebrities endorsements on consumer behaviour of low and high Involvement consumer products. *XIBA Business Review (XBR)*, 3(1-2), 13-20.
13. Hameed, S. S., Madhavan, S., & Arumugam, T. (2020). Is consumer behaviour varying towards low and high involvement products even sports celebrity endorsed. *International Journal of Scientific and Technology Research*, 9(3), 4848-4852.
14. Kumar, V. (2023). A Study Seeks to Look into The Relationship Between Rural Development and Financial Inclusion by Examining the Role of Self-Help Groups. *Journal of Namibian Studies: History Politics Culture*, 35, 5060-5070.
15. Rani, M. R. M., & Siwach, M. (2023) Measuring Financial Inclusion in Haryana By Using Wroclaw Taxonomic Methodology: An Evidence From Commercial Bank.