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## **Causes and Effects of Financial Unawareness on Financial Products- A Study on Notified Areas of Guwahati Municipal Corporation**

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### **Abstract**

Economic development of a nation can be achieved only when all segments of its population comes within the ambit of formal financial services. In this respect government of India and the Reserve Bank of India has taken several initiatives to bring the underprivileged and the weaker sections of the Indian society within the banking fold, the most recent initiative being the Pradhan Mantri Jan Dhan Yojana. Although these initiatives have been able to bring a sizeable portion of the population under the banking fold, still a large part of the population is outside the coverage of the formal financial sector and the various economic packages declared by the government from time to time. As such, there arises the need to know the reasons as to why a sizeable part of the population is still outside the coverage of the formal financial sector and government policies. In this context the present study has been carried out to know the causes and effects of financial exclusion amongst the financially excluded population of Guwahati city as identified by Guwahati Municipal Corporation.

**Key words:** Economic development, financial inclusion, financial unawareness, savings, investment

### **Introduction**

Financial exclusion relates to the deprivation from the provision of affordable financial services like, access to savings, making payments, facility for remitting money, loans and insurance services by the formal financial system to those who are not aware of the various schemes and benefits. Inclusive economic growth has been one of the priority agendas of the Government of India (GOI) over the past decade (Parameshwara and Raghurama, 2013). Sen (2000) convincingly argued that poverty is not only the outcome of lack of sufficient income, but also due to the absence of wide range of capabilities, which includes the security and ability to participate in economic and political systems. The global poor who mostly reside in the developing countries and in order to uplift their economic condition financial assistance has to be provided to them (Swamy and Vijayalakshmi, 2009).

Majority of the poor people in the world, especially in India, lacks access to formal financial services- savings, credit and insurance. Thus, the challenge is to bring this people, who are financially excluded under the ambit of formal financial services so that they can improve their financial condition (Annan, 2003). Thereby, financial inclusion initiatives include the concerted efforts undertaken by the government machinery to bring into its fold those sections of the economy which has been financially excluded from access to formal financial services. For financial inclusion of the financially excluded population it is very essential to provide the financial services of reasonable quality at reasonable cost, here the terms reasonable quality and cost have to be defined with respect to some objective standard, with cost covering all pecuniary and non-pecuniary costs.” (Gupte, Venkataramani and Gupta ,2012) (Claessens 2004).

In the Indian context, Rangarajan Committee (Report of the Committee on Financial Inclusion in India (2008)) defines it as: "Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost." The financial services includes - savings, loans, insurance, remittance facilities, medium for making payments etc., which are aimed to help the weaker sections of the society to move out of poverty.

In the Indian context, financial inclusion refers to having a bare minimum access to a no frills savings bank account. But, this cannot be regarded as an accurate indicator of achieving financial inclusion. As, financial inclusion means having access to a number of financial services which includes- savings, loans, insurance, pensions, mortgages, facility for remitting money, etc. at an affordable cost (V. Ramkumar, 2007).

It is very important to have wide-scale savings mobilization as it is fundamental to building inclusive financial systems. Savings has great potential impact on the economy and this insight is grounded in evidence that the poor people save in cash as well as in kind. They save for a number of reasons like to- purchase assets, manage household fund requirements, or to meet future contingencies. However, most of their savings remain informal and outside the purview of the formal financial system. Small savings schemes directed towards tapping the surplus funds with less documentary requirements are an important source of revenue for the governments to finance their long-term social and economic projects. For the purpose of mobilising resources the Central Government has designed small savings schemes to meet requirements of the Governments as well as to provide a safe and attractive option to the public to invest their hard-earned savings and has also provided several incentives for those investing in small savings schemes (Kasilingam and Jayabal, 2009). This fact has been highlighted in the Pradhan Mantri Jan Dhan Yojana, whereby with the introduction of the scheme on 28<sup>th</sup> of August, 2014 a total of 7 crore bank accounts have been opened with deposits totalling more than Rs. 5000 crore as on Nov. 6, 2014 through opening of zero balance bank account which also had the added advantage of accidental insurance, life insurance, overdraft facility, etc.

### **Literature review & rationale of the study**

For the purpose of carrying out this study, an extensive review of literature has been carried out. Through this review of literature it has been observed that studies carried out by many authors have been able to establish the impact of availability and access to formal sources of finance on poverty alleviation. Banerjee and Newman (1993) have observed that access to finance is an important criterion to elevate poverty as it will help in enhancing productivity. In this light, Binswanger and Khandker (1995) have established that Indian Rural expansion programme significantly lowered rural poverty and has contributed towards increasing non-agricultural employment.

An inclusive financial system has proved to be very effective in reducing informal sources of credit. This has been made possible through the branch expansion programmes and directed lending programmes as it has led to enhancement in small scale output (Eastwood and Kohli, 1999). Bell and Rousseau (2001) have empirically established that India's economic performance has been influenced by the financial intermediaries. As, a well developed financial system which is easily accessible by everyone reduces information cost, influences savings rates, investment decisions, technological innovations and long run growth rates (Beck et al., 2009). The importance of Financial Inclusion to national economies is evident from the support extended by individual governments and international bodies around the world (Frost & Sullivan Report, 2009). Banking services are being viewed increasingly as a public good that needs to be made available to the entire population without discrimination. The degree of 'publicness' in financial inclusion may be different from a typical public

good like 'defense'. But being as important as access to water or basic education, it does qualify to be termed as 'quasi-public good' (Mehrotra et al., 2009). This recognition has made financial inclusion a policy objective for policy makers and others engaged in developmental activities (Gupte, Venkataramani and Gupta, 2012).

The report of the Committee on Financial Inclusion constituted by Government of India (Rangarajan, 2008) reports that 73% of farmer households have no access to formal sources of credit. India alone has 560 million people who are excluded from formal source of finance and this is in strong correlation with the 41.6% of the population (457 million) that still lives below the poverty line i.e. US \$ 1.25/day (NCR Whitepaper on Financial Inclusion, 2009). India's growth rate has gained momentum and in order to sustain and accelerate this momentum it has become essential to increase the participation of the economically weak segments in the process of economic growth (C. Rangarajan, 2008). The importance of inclusive growth as a strategy for economic development has been recognised with the realisation of the fact that the benefits of economic growth have not been equitably shared (Chakraborty, 2010) and the development of an economy will take place only when all segments of the population will participate equally.

With financial development the overall savings mobilisation process and channelization of financial resources can be strengthened to fuel economic development (Kelly and Mavrotas, 2008) (Maimbo and Mavrotas, 2008). There is, however, a lack of consensus regarding the theoretical role of financial liberalization in inducing domestic resource mobilization. While financial sector policies targeted at promoting domestic saving are critical for resource mobilization, the deregulation of financial sector will ease the credit constraints there reducing the incentives for individuals to save (Bayoumi, 1993; Jappelli and Pagano, 1994; Bandiera et al., 2000). In the absence of proper prudential regulation and supervision, financial liberalization may trigger instability in financial systems (Aghion et al., 2004); thereby reducing the mobilization of savings. Hence, it has become necessary to carry out more empirical research to throw more light on this issue.

Although several studies have been carried out to study the relationship between finance and growth, the impact of finance on domestic resource mobilization has not been adequately explored (Kelly and Mavrotas, 2008). This issue has recently become the focus of policy debate, given the important role of domestic resource mobilization in facilitating pro-poor growth (Guha-Khasnobis and Mavrotas, 2008). The importance of domestic resource mobilisation has been given priority because of the fact that external finance, particularly in the form of financial capital flows and foreign aid, has been rather ineffective in reducing credit constraints faced by developing countries (Addison, 2007). Further, global savings over the last decade instead of being transferred to the developing countries where it is mostly required for developing the economy are largely been channelled to developed countries (Bernanke, 2005).

Moreover, it has often been argued in the literature that life cycle factors are the key drivers for savings mobilization (Attanasio and Brugiavini, 2003; Modigliani and Cao, 2004; Ang, 2009). The response of private saving to financial factors has, however, received relatively little attention, particularly in the context of developing countries. Empirical research on the determinants of savings has also been dominated by cross-country studies largely due to the lack of sufficient time series data for developing countries. While providing useful insights into general empirical regularities, these studies are unable to capture and account for the complexity of the financial environment and the economic history of each country (Ang and McKibbin, 2007).

The above review of literature highlights that savings mobilisation is very essential for economic development. With financial inclusion a higher rate of savings will be mobilised thereby accelerating the process of economic development, which is very essential for a developing country like India. Thus, through this study an attempt has been made

to study the reasons behind financial exclusion in the area under the study and the causes and effects of financial unawareness on financial exclusion as no such study has been carried out so far and that too in this part of the country.

### **Objectives of the study:**

The objective of the study includes the following:

1. To study the bearing of financial unawareness over financial exclusion.
2. To study the influence of various saving mobilization schemes on achieving financial inclusion.
3. To study whether appropriate governance prevails to monitor various financial inclusion schemes.

### **Research methodology:**

With a view to analyze the above objectives, a systematic and scientific methodology has been adopted. The study involves exploratory and descriptive research design. Data both primary and secondary has been utilised to carry out this study. Primary data has been collected from the income generating financially excluded population as identified by Guwahati Municipal Corporation of Guwahati (city), Assam, India. Secondary data has been collected from the official websites and institutions like- Reserve Bank of India, NABARD, Central Statistical Organisation, National Sample Survey, etc.

Primary data, in this study has been collected through sample survey technique with the help of a well structured questionnaire. The sample for the survey has been selected with the help of convenience and judgement sampling technique. Initially, a draft interview schedule was prepared to carry out the pilot survey among 30 respondents. Then, based on the outcome of the pilot survey the final interview schedule was developed and the final survey was commenced on a sample size of 300 respondents.

The responses from the respondents were utilised to determine the impact of 'Financial Unawareness on Financial Products'. The data collected has been represented through cross tables with the help of SPSS software. The study has been carried out within a time frame of five months (from 10<sup>th</sup> May, 2014 to 10<sup>th</sup> October, 2014).

### **Limitations of the study:**

The study has been carried out within a time frame of five month. The study is restricted to financially excluded population as identified by Guwahati Municipal Corporation in Guwahati city of Assam, India. Besides, the study is restricted to the objectives stated and the factors covered in the need of the study. So, the findings of the study cannot be generalised.

### **Analysis of the data:**

To achieve the above stated objectives, the data collected with the help of questionnaire has been analysed and the following inferences have been drawn:

1. The characteristics of the respondents have been drawn with the help of the following Table 1:

**Table 1: Characteristics of the Respondents**

Variables	Frequency	Percentage (%)	Variables	Frequency	Percentage (%)
<b>Gender (n=300)</b>			<b>Occupation (n=300)</b>		
Male	201	67	Driver	69	23
Female	99	33	Domestic Help	105	35
			Sweeper	33	11
<b>Educational Qualification (n=300)</b>			Chowkidar	15	5
Below 10th Standard	99	33	Labourer	36	12
Passed 10th Standard	63	21	Petty Vendor	9	3
Passed 12th Standard	117	39	Barber	12	4
Graduate & Above	21	7	Other Occupation	21	7
<b>Age Group (n=300)</b>			<b>Yearly Income (n=300)</b>		
Between 18 to 28 Years	99	33	Upto Rs.40,000 per annum	21	7
Between 29 to 38 Years	117	39	Between Rs.40,001 to Rs.60,000 pa	129	43
Between 39 to 48 Years	51	17	Between Rs.60,001 to Rs.80,000 pa	93	31
Above 48 Years	33	11	Above Rs. 80,000 /-	57	19

Source: Self Computation.

From the above table, it has been observed that, most of the respondents in this study are males (67%), between 29 years to 38 years (39%), with education qualification 12<sup>th</sup> Standard passed (39%), annual income in the range of Rs.40,001 to Rs.60,000 and are working as domestic help in households.

2. For the purpose of studying the influence of financial literacy on achieving financial inclusion, the following factors have been analysed:
  - (i) The relationship between investable surplus out of savings and knowledge about the various financial schemes targeting BPL groups have been studied with the help of a cross table:

**Table 2: Cross tabulation of Investable surplus out of the savings and Knowledge regarding the various financial schemes targeting BPL Groups**

Count	Knowledge about the various financial schemes targeting BPL Groups					Total	
	Have proper knowledge	Have some knowledge	Average knowledge	Below average knowledge	No knowledge		
<b>Investable surplus out of the savings</b>	Very often	6	6	12	6	0	30
	Often	6	15	37	11	5	74
	Sometimes	0	59	35	4	1	99
	Rarely	0	3	17	19	4	43
	Never	0	0	0	1	53	54
<b>Total</b>	12	83	101	41	63	300	

Source: Self Computation

From the above table 2, it has been observed that most of the respondents (101) have average knowledge about the various financial schemes targeting the BPL groups. It has been also observed from the above table that most of the respondents sometimes do have investable surplus out of their savings. Further it has been observed from the above table that the respondents who have investable surplus do have some knowledge about the various financial schemes. While those respondents who do not have investable surplus do not possess any knowledge or below average knowledge about the financial schemes targeting the BPL groups.

(ii) Table 3 below reflects the various avenues used by the respondent for investing their investable surplus:

**Table 3: Investment avenues used by the respondents**

Investment Avenues	Frequency
Bank	179
Post office	207
Daily saving schemes of various institutions	103
Unorganised sector (money lenders, etc.)	36

Source: Self Computation.

Out of the respondents who generate investable surplus ( $300 - 54 = 246$  respondents) as depicted in table 1, it has been observed that most of the respondents invest in various post office schemes like monthly income account, post office savings account and post office RD account.

3. In order to study the effect of various saving mobilization schemes on achieving financial inclusion the relationship between awareness about the various financial schemes targeting the BPL groups with investments made in those scheme by the members of those groups has been studied with the help of cross tables.

i. The table below reflects the responses of the respondents regarding awareness of savings account as a financial service available in the market with availing the same.

**Table 4: Cross tabulation of awareness of savings account as a financial service available in the market with availing the same.**

Count Source: Self Computation.		Availed savings bank account as a financial service		Total
		Yes	No	
Aware about savings account as a financial service available in the market	Yes	216	51	267
	No	0	33	33
Total		216	84	300

Source: Self Computation.

From the above table it has been observed that most of the respondents are aware (267) about the availability of savings account in post office and banks as a financial service available in the market and out of the respondents who are aware 80.89% (216 respondents) have a savings account.

- (ii) The table below reflects the responses of the respondents regarding awareness of No frills account as a financial service available in the market with availing the same.

**Table 6: Cross tabulation of awareness of No Frills account as a financial service available in the market with availing the same**

Count	Availed No frill account as a financial service		Total
	Yes	No	
Aware of No Frills Account as a financial service available in the market	267	6	273
	0	27	27
Total	267	33	300

Source: Self Computation.

From the above table it has been observed that most of the respondents are aware about No Frills account especially due to the introduction of Pradhan Mantri Jan Dhan Yojana

- (iii) The table below reflects the responses of the respondents regarding awareness of life insurance as a financial service available in the market with availing the same.

**Table 7 : Cross tabulation of awareness of life insurance as a financial service available in the market with availing the same as a financial service.**

Count	Availed life insurance as a financial service		Total
	Yes	No	
Aware of Life Insurance as a financial service available in the market	45	126	171
	0	129	129
Total	45	255	300

Source: Self Computation

From the above table it has been observed that out of the 300 respondents, 171 are aware about life insurance and amongst those who are aware 45 have availed it.

- (iv) The table below reflects the responses of the respondents regarding awareness of mediclaim & health insurance as a financial service available in the market with availing the same.

**Table 8: Cross tabulation of awareness of medicaid & health insurance as a financial service available in the market with availing the same as a financial service.**

Count	Availed medicaid and health insurance as a financial service		Total
	Yes	No	
Aware of Medicaid & Health Insurance as a financial service available in the market	17	76	93
No	0	207	207
Total	17	283	300

Source: Self Computation.

From the above table it has been observed that out of the 300 respondents, a majority of the respondents (207) are not aware of medicaid and health insurance as a financial product available in the market. Only 93 respondents are aware of medicaid and health insurance as a financial product. Of the respondents who are aware of health care and medicaid insurance, only 17 of them have availed it.

- (v) The table below reflects the responses of the respondents regarding awareness of loan facilities as a financial service available in the market with availing the same.

**Table 9 : Cross tabulation of awareness of loan facilities as a financial service available in the market with availing the same as a financial service.**

Count	Availed loans as a financial service		Total
	Yes	No	
Aware of Loans as a financial service available in the market	19	154	173
No	0	127	127
Total	19	281	300

Source: Self Computation.

From the above table it has been observed that most of the respondents (173 respondents out of 300) are aware of loans as a financial product but majority of them (281) have not availed it.

- (vi) The table below reflects the responses of the respondents regarding awareness of remittance facilities provided by banks and availing the same for the purpose of remittance of money.

**Table 10: Cross tabulation of awareness regarding remittance facilities provided by banks and availing the same**

Count	Availed remittance facilities by banks as a financial service		Total	
	Yes	No		
Aware of Remittance facilities by banks as a financial service available in the market	Yes	22	31	53
	No	0	247	247
Total		22	278	300

Source: Self Computation.

From the above table, it has been observed that most of the respondents are not aware about the remittance facilities provided by the banks (247 respondents), whereas of the respondents who are aware (53 respondents) only 22 respondents have availed it.

- (vii) The table below reflects the responses of the respondents regarding awareness of remittance facilities provided by post office and availing the same for the purpose of remittance of money.

**Table 11: Cross tabulation of awareness regarding remittance facilities provided by post office and availing the same**

Count	Availed remittance facilities by post office as a financial service		Total	
	Yes	No		
Aware of Remittance facilities by post office as a financial service available in the market	Yes	101	82	183
	No	0	117	117
Total		101	199	300

Source: Self Computation.

From the above table it has been observed that majority of the respondents (183) are aware about the remittance facilities provided by the banks and most of them have availed it (101 respondents).

- (viii) The table below reflects the responses of the respondents regarding awareness of Kisan Credit Card facility with availing the same.

**Table 12: Cross tabulation of awareness regarding Kisan Credit Card facility and availing the same**

Count	Availed Kisan Credit Card as a financial service		Total	
	Yes	No		
Aware of Kisan Credit Card as a financial service available in the market	Yes	7	8	15
	No	0	285	285
Total		7	293	300

Source: Self Computation.

From the above table it has been observed that majority of the respondents are not aware about Kisan Credit Card (285 respondents) and as such has not availed it, whereas out of the 15 respondents who are aware, only 7 has availed it.

- (ix) The table below reflects the responses of the respondents regarding awareness of general credit card facility with availing the same.

**Table 13: Cross tabulation of awareness regarding general credit card facility and availing the same**

Count	Availed general credit card as a financial service		Total
	Yes	No	
Aware of General credit card as a financial service available in the market	Yes	20	20
	No	280	280
Total		300	300

Source: Self Computation.

From the above table it has been observed that 280 respondents are not aware about general credit card facility and out of the respondents (20) who are aware have not availed it.

- (x) The table below reflects the responses of the respondents regarding awareness of ATM facility and availing the same.

**Table 14: Cross tabulation of awareness regarding ATM facility and availing the same**

Count	Availed ATM services as a financial service		Total	
	Yes	No		
Aware of ATM services as a financial service available in the market	Yes	128	101	229
	No	0	71	71
Total		128	172	300

Source: Self Computation.

From the above table it has been observed that majority of the respondents (229) are aware about ATM facilities provided by the banks. However, out of the respondents who are aware only 128 have availed this facility.

- (xi) The table below reflects the responses of the respondents regarding awareness about savings linked welfare insurance and availing the same.

**Table 15: Cross tabulation of awareness regarding awareness about savings linked welfare insurance and availing the same.**

Count	Availed savings linked welfare insurance as a financial service		Total
	Yes	No	
Aware of savings linked welfare insurance as a financial service available in the market	Yes 197	No 4	201
	No 0	99	99
Total	197	103	300

Source: Self Computation.

From the above table it has been observed that out of 100 respondents, majority of the respondents (201) are aware about savings linked welfare insurance facility and out of 201 respondents who are aware 197 has availed it.

- (xii) The table below reflects the responses of the respondents regarding awareness about voter list linked welfare insurance and availing the same.

**Table 16: Cross tabulation of awareness regarding voter list linked welfare insurance and availing the same.**

Count	Availed voter list linked welfare insurance as a financial service		Total
	No		
Aware of voter list linked welfare insurance as a financial service available in the market	No 300		300
Total	300		300

Source: Self Computation.

From the above table it has been observed that none of the respondents are aware about voter list linked welfare insurance and as such has not availed it.

- ii. In order to study whether appropriate governance prevails to monitor various financial schemes cross tabulation of awareness programmes conducted by the government, monitoring of the availability and accessibility conducted by the government machinery and complaints made by the respondents demanding or urging these financial services have been done.

**Table 17: Cross tabulation of awareness programmes conducted by the government, monitoring of the availability and accessibility conducted by the government machinery and complaints made by the respondents demanding or urging these financial services have been done**

Placed any complaint to the appropriate authority demanding or urging any financial services	Awareness program conducted by government in your locality		Monitoring conducted by govt. Machinery				Total
			Often	Sometimes	Rarely	Never	
Often	Awareness program conducted by government in your locality	often	6		3	0	9
		Never	0			6	6
	Total		6			6	15
Sometimes	Awareness program conducted by government in your locality	often	7	8			15
		sometimes	0	22			22
	Total		7	30			37
Rarely	Awareness program conducted by government in your locality	often	18	0	7		35
		sometimes	0	15	6		21
		rarely	0	10	0		10
	Total		18	25	13		56
Never	Awareness program conducted by government in your locality	Very well aware	0	0	0	6	6
		often	6	12	0	6	24
		sometimes	0	63	0	0	63
		rarely	0	27	36	6	69
		Never	0	0	0	30	30
	Total		6	102	36	48	192

Source: Self Computation.

From the above table it has been observed that sometimes awareness programs are conducted by the government machinery and government also sometimes monitors success of the awareness of the programs. However, it has been observed that hardly any complaint has been made by the respondents under the study demanding or urging for any financial services.

iii. The table below shows the medium which have created awareness amongst the respondents regarding the various financial schemes made available for the BPL groups:

**Table 18 : Source of awareness**

Source	Frequency
TV	108
Radio	47
Agents	45
Friends & relatives	136
Print Media	36
Mobile message	15

Source: Self Computation.

Out of the respondents who are aware about the availability about the various financial services, majority of them (136) have come to know regarding this through friends and relatives.

6. The table below shows the reasons for unawareness about the financial services amongst the respondents

**Table 19: Reasons for unawareness about the financial schemes**

Reason	Frequency
Lack of knowledge	129
No source of proper information	198
No access to banks and post office	27

The above table highlights that the respondents are not aware about the various financial services as there is no source of proper information through which they can come to know about this schemes in a proper manner.

7. The table below reflects the reason for not availing the financial schemes by the respondents

**Table 20: Reasons for not availing these financial services**

Reasons	Percentage
No access to banks and post office	2
Too low income to save	55
Lack of adequate documents to avail this services	22
Unable to pay interest and premiums	7
Unable to provide collateral security	54
Lack of knowledge about various schemes	43

Source: Self Computation.

From the above table it has been observed that most of the respondents have not availed off these services as they do not have adequate income to save, followed by the reason that they do not have any collateral security to provide for availing loans from the financial institutions.

8. The table below reflects whether the respondents would like to avail the financial schemes provided an opportunity being given to them

**Table 21: Avail financial services or not in case opportunity is being provided**

Options	Percentage
Yes	88
No	0
Can't say	12
Total	100

Source : Self Computation

Of the 100 respondents under the study 88% has said that provided an opportunity is being provided to them, they will like to avail these facilities.

9. The table below reflects the alternative mode of savings, remittance, etc. used by the respondents instead of using the financial services.

**Table 22: Alternative mode of savings, remittance, etc. used by the respondents**

Mode	Frequency
Borrowing money from private money lenders	60
Borrowing money from friends and relatives	207
Savings in chit funds	51
Savings in co-operatives	41
Personal remittances by relatives and friends	70

Source: Self Computation.

The above table highlights that most of the respondents borrow money from friends and relatives and save mostly in cooperatives and remit money through friends and relatives from one place to another.

### **Findings of the study:**

From the aforesaid discussions following inferences have been drawn:

#### Against objective 1:

It has been observed from the above analysis that most of the respondents are not aware about the various financial services at their disposal through which they can take advantage of. Of the financial services they are aware of includes the traditional form of saving and investment like- post office deposits and savings schemes, bank savings account, no frills account, and remittance facility provided by post office (money orders). Further, the availability of surplus funds (Income-expenditure) at the disposal in the hands of the respondents influences the knowledge level of the investors regarding the investment options. In other words, investors who possess investible surplus also possess at least some knowledge regarding the investment options whereby they can invest their investible surplus. The respondents are not aware about the various financial services as there is no source of proper information through which they can come to know about these schemes in a proper manner. The respondents have come to know about the various financial schemes through their friends and family members followed by mass media commercials.

#### Against objective 2:

In respect of the bearing of various mobilization schemes on financial inclusion, it has been observed that the respondents in this study have opted for the traditional form of investment options about which they are aware of and that which are simple to understand and in which they can save as well as withdraw as and when required. Further, it has also been observed that the respondents do not avail all the financial schemes about which they are aware of. The primary reason for this has been lack of savings to avail investment schemes and inability to provide collateral security to avail loan schemes. Further, as most of the respondents are very less educated so they find it very difficult to meet the documentation requirement to avail of these financial schemes.

#### Against objective 3:

Awareness programs are sometimes conducted by the government machinery and the monitoring of the implementation of the programs are also conducted sometimes and the respondents rarely place any complaint to the appropriate authority demanding or urging any financial services.

### **Conclusion**

Economic development of a nation can be accelerated only when all segments of the population will be within the ambit of financial services, especially the weaker sections of the society and the rural poor. Financial exclusion owing to financial unawareness leads to a number of social and economic problems. In Guwahati, a sizeable segment of the population is financially excluded as per Guwahati Municipal Corporation records as such it becomes very essential to know the reasons because of which a large segment of the population is financially excluded. Hence, through this study the impact and significance of financial unawareness on financial exclusion has been studied. Based on the study it has been observed that most of the investors who have investable surplus do not possess sufficient knowledge about all the financial services and schemes which they can avail off. Of the schemes and financial services regarding which they have information most of the respondents have received information regarding them through friends and relatives and are

availing them. Thus, financial literacy regarding the various savings mobilization schemes targeted at the financially excluded population is very essential for financial inclusion.

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