AN EMPIRICAL STUDY OF IMPACT OF FINANCIAL INCLUSION ON SOCIO ECONOMIC STATUS OF URBAN POOR: WITH SPECIAL REFERENCE TO DELHI SLUMS

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ABSTRACT

In the literature 'Inclusive Growth' has been defined as equal distribution of resources, where its benefit ensues to all sections of the society. The term inclusive growth can be explained as economic growth with equal opportunities to all including the unprivileged section. With the progress of Indian economy, there is always an attempt to include maximum number of people within the ambit of formal financial system for achieving sustainable development. But the lack of financial awareness and financial literacy among the people is hindering the growth of the economy as vast percentage does not have access to financial system. Financial Inclusion is the process of ensuring access to financial services and timely, adequate credit where needed, to vulnerable groups such as weaker sections and low-income groups, at an affordable cost (Rangarajan Committee, 2008). This access to financial products and services would help in generating income, reduce social economic disparities among individuals, creation of financial assets and would help in providing new work opportunities across all segments of the society which ultimately result into social economic empowerment of the unprivileged section of the society. This paper is an attempt to measure how efficient and enduring socio economic changes the efforts of scheduled commercial banks have been able to produce over its existence in the direction of financial inclusion for the urban poor in India with special reference to Delhi Slums.

Keywords: Financial Inclusion, Socio Economic Changes, Scheduled Commercial Banks, Financial Awareness.

List of Abbreviations:
FI: Financial Inclusion
BC’s: Business Correspondents
MFI: Micro Financial Institutions
RBI: Reserve Bank of India
GOI: Government of India
A/C: Accounts
GCC: General Credit Cards
KCC: Kisan Credit Cards
SHG: Self Help Groups
DUSIB: Delhi Urban Shelter Improvement Board
SBI: State Bank of India
NABARD: National Bank for Agriculture and Rural Development
OECD: Organization for Economic Co-operation and Development

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INTRODUCTION

India has an extensive past of financial and banking development. Post-Independence, the key focus of the Government and RBI was to build a well-established and recognized banking system which could support planned economic development in the country through mobilisation of deposits and utilising them for productive sectors. In view of this, Government desired to use the banking system as an important means of change. In respect of this role, the authorities tailored the policy framework from time to time to ensure that the financial needs of different segments of the society are met at satisfactory level. The RBI and GOI have been making rigorous efforts to promote financial inclusion in the country Ahmad Malik & Yadav (2022).

In order to extend the credit and financial services to the wider sections of the population, a large network of financial institutions has been established over the period of time. The organised financial system comprises commercial banks, regional rural banks, urban cooperative, primary agricultural credit societies, post offices and micro financial institutions that cater the financial needs of people of the country Bansal & Divya (2021).

Economic Changes

It can be explained as continued, rigorous efforts to promote standard of living and financial viability in a specific area. It is the process which enhances beneficiaries bonafide power over monetary decisions that impact their lives and priorities in the society Bongomin et al. (2020).

Social Changes

It means an improvement of social standing and living standards of the people. It is the change in ability among people to influence wider policy, structural and dogmatic environment that shapes their lives and priorities in life Cohen (2010).

Role of Financial Intermediaries in Financial Inclusion

Access to financial services is the ability of the individuals to get financial services that includes timely credit, deposits, insurance service and other risk management services. Financial services may be provided by the range of financial intermediaries that may be the formal financial service providers or informal financial service providers. The difference between the two is based mainly upon whether there is a legal infrastructure that provide financial services and the protection available to the customers Czerwińsk (2022).

Formal Financial Service Providers

These are the financial institutions which are licensed by the Central bank providing financial services under legal infrastructure and give protection to the investors. In general, these are the formal financial service providers in India Gupte et al. (2012):

1. **Commercial Banks**: Commercial banks, both public sector and private sector provide variety of financial services to the people of India. These are the most common source of providing credit and financial services as there is a widespread network of banking sector in India. It provides variety of services that includes saving and current accounts, deposit and insurance services, credit and debt counseling services, provide financial literacy etc.

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2. **Insurance Companies**: Insurance companies bear risk by collecting money from individuals and organizations who want to protect themselves or their belongings against a particular loss such as theft and fire, accidents, illness, disability or death. Insurance companies help its clients by managing risk and preserving their wealth. These include for profit or not for profit institutions, government service providers or mutual cooperative insurers Her-Loke Koh (2021).
3. **Microfinance Institutions:** These are the lenders or bankers who provide microfinance services such as loans, deposits, money transfers, insurance services, payment services, etc. The main role of these MFI's in the economic development process is that it mainly serves the economically weaker section of the society.
4. **State Cooperative Agricultural and Rural Development Banks**: The top-level agriculture and rural development bank in every state is called the "State Cooperative Agricultural and Rural Development Bank". Its main function is to promote the priority sector lending (Agriculture) and to reach to that section of the society which is mainly neglected by the traditional banking system. These banks also perform the function of Government transfer payments.
5. **Regional Rural banks**: These are the scheduled commercial banks that operate at regional level in different states of India. The primary motive of these banks is to serve the rural and semi urban population of India with basic banking and other financial services. These banks also carry out some of the Government operations such as payment of wages to MNREGA workers, payment of pension etc.
6. **Postal Banking**: These are the financial institutions operated by post offices that take deposits from people and provide customers with access to a safe location to keep their money. The main aim behind setting up these banks are to promote the habit of savings among people. These banks provide payment, saving and transfer services, mainly in the rural areas of India.
7. **Cooperative banks:** These are the institutions established on the cooperative basis and deal in ordinary banking business. These are generally not for profit organizations and are operated & controlled by its members. The structure of cooperative banks is divided into two segments: Rural Cooperative Banks and Urban Cooperative Banks that specifically cater the needs of its both rural and urban customers. These banks provide loans to their customers at low interest rate to their members and redistribute earnings in surplus of operational cost to its members.

Informal Financial Service Providers

These are the financial service providers who provide financial services outside the regulation of Government regulation and supervision. They generally provide the financial services to the low-income group at an exorbitant rate of interest. Informal Service Providers can be broadly bifurcated into three categories:

1. **Transactional credit suppliers:** These are the credit suppliers for whom providing credit is a business transaction. This segment includes private money lenders, pawn brokers, traders etc.
2. **Mutual Credit Suppliers**: These are the credit suppliers for whom credit supply is a give and take process. It includes chit funds, credit unions, self-help groups credit societies etc.
3. **Personal Credit suppliers**: It includes those for whom credit supply is a personal deal that may be reciprocated in future. It includes the loan taken from relatives, friends, coworkers, neighbors etc.

REVIEW OF LITERATURE

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Bongomin, G.O.C.; Munene, J.C.; Yourougou, P. (2020) in their research paper, “Examining the role of financial intermediaries in promoting financial literacy and financial inclusion among the poor in developing countries: Lessons from rural Uganda”, examined the mediating function of financial intermediaries in the relationship between financial literacy and financial inclusion of the underprivileged in developing nations. Partial Least Square was used to evaluate the data for this investigation (PLS). The findings showed that there is a considerable mediating role played by financial intermediaries in the connection between financial inclusion and financial literacy. Financial intermediaries like microfinance banks boost financial literacy to broaden the reach of the poor in rural Uganda's financial inclusion. To implement financial literacy programmes, policymakers and activists should work with financial intermediaries like microfinance banks, especially in poor nations. By offering workshops and clinics for financial literacy, this can be accomplished Kumar, & Dr.H.G., J (2016).

Md Masroor Alam (2017) in his theses “Financial Inclusion and inclusive growth through Microfinance in India an Evaluation” examined the virtual effectiveness of micro finance as a source of financial inclusion and inclusive growth of susceptible section of the society. At the same time, it also highlighted the role of banking sector in achieving financial inclusion. The author revealed that geographical spread of microfinance institutions is not uniform in the different states of the country. Financial Exclusion was found to be present in almost all the regions of the country and the financial exclusion gap between rural and urban areas was found to be very high. It was also concluded that microfinance was playing major role in empowering women and plummeting poverty from poorer sections of the society. For increasing the pace of financial inclusion among different regions of the country the author suggested of opening more bank branches in both rural and urban areas, promoting zero balance or No- frill A/C’s, increased role of GOI and NGO’s in prompting SHG’s –bank linkage programmes and utilizing vast network of post offices for including backward regions and rural people to come under the ambit of financial system of the country M.N., N. & Vincent (2018).

Shri M. Rajeshwar Rao, Deputy Governor, Reserve Bank of India-September, 8, 2022 at ASSOCHAM’s 17th Annual Summit opined that when used effectively by both individuals and businesses, access to credit multiplies their impact. Individuals can use it to meet their financial and entrepreneurial needs and, if necessary, lessen their vulnerability to economic shocks, while businesses can plan investments in newer, more productive technology thanks to its ability to support daily operations. Expanding and diversifying a business helps it thrive, which increases employment possibilities and fosters economic growth in general. Customers who lack adequate, timely, and inexpensive access to formal credit may rely on either their own equity or unofficial sources of credit, both of which can be expensive and possibly unsustainable over the long term Ramakrishna (2018).

Cohen M (2020) in his focus note “Innovations in Rural and Agricultural Finance; 2020 Vision for Food, Agriculture and the Environment “opined that the government and financial institutions should create effective rules, particularly regarding FL in rural and urban regions, to encourage the participation of financial intermediaries. Financial intermediaries and banking channels are efficient delivery methods for financial literacy initiatives.

Raihanath. MP & K.B. Pavithran (2014) in their research paper "Role of Commercial Banks in the Financial Inclusion Programme" have mentioned that the spreading financial literacy among excluded and credit counseling are the important instruments through which commercial banks can extend the outreach of banking sector to include the poor and marginalized in the formal financial system. Organizing financial awareness camps, financial literacy week and seminars should be the responsibility of commercial banks and at the same time credit counselling centers of commercial banks or the credit counsel desk at each branch

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may help in increasing the scope of financial inclusion in India Rangarajan Committee Report on Financial Inclusion (2008).

Dr. Kembai Srinivasa Rao opined that what is more surprising is the lack of desire among account holders to use their accounts as a conduit for their transactions, despite significant work being put into growing the banking network and then opening additional deposit accounts. The goal of Financial Inclusion is to make sure that depositors also borrow money from banks and foster a culture of prompt loan repayment. It should be easy to start enterprises and small businesses, make money, pay back loans, and become eligible for additional loans for business expansion. The ultimate goal of FI is to foster entrepreneurship and increase GDP, which will help fight poverty and enhance societal well-being. People must be given the freedom to work and earn on their own. Educating the public and promoting financial literacy supposes

Research Objectives:

The literature on financial inclusion is mainly related to the discussing the status of financial inclusion in the rural areas of India. Thus, there is a need to study the issues and problems of the urban poor in order to devise suitable plan of action for enhancing inclusion of the vulnerable section of the society. Identifying this gap in the literature, this study attempts to meet following two objectives:

1. To examine the socio economic impact of efforts of scheduled commercial of financial inclusion on urban poor
2. To study the financial inclusion measures taken by RBI and GOI on empowerment status of Urban Poor.

RESEARCH METHODOLOGY

Economic Impact of availing financial services can be explained as continued, rigorous efforts to promote standard of living and financial viability in a specific area. It is the process which enhances beneficiaries bonafide power over monetary decisions that impact their lives and priorities in the society. Social Impact of availing financial services means an improvement of social standing and living standards of the people. It is the change in ability among people to influence wider policy, structural and dogmatic environment that shapes their lives and priorities in life. Thus, to cater to first objective data from primary source has been collected through structured questionnaire. The study has been carried on five point Likert scale to study the socio economic impact of availing financial services from the banks. Respondents from slum areas were asked to give information regarding change in monthly income change in monthly income, total value of assets, earning capacity, housing condition, consumption expenditure , type of additional asset created, change in literacy level, change in bargaining power, any additional skills attained for grabbing varied livelihood opportunities and change in awareness or any economic freedom achieved to measure the socio economic impact using the Wilcoxon Signed Rank test.

For second objective related to study the measures taken by RBI and GOI to improve the financial inclusion status of urban poor, secondary data has been collected from the RBI Annual Reports, Publication of OECD, Economic Survey of India, GOI, Report on Financial Inclusion by Planning Commission of India, 2009, Publications of NABARD and committee reports on financial inclusion. Various plans, policies and schemes implemented by GOI and RBI has been mentioned in detail and due to these policy measures, the growth status of financial inclusion in the country has been shown in tabular form for the better understanding of the readers.

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Target Population of the Study

The present research attempted to study both the demand as well as supply side of financial inclusion. For studying the demand side, the population consisted of all the JJ clusters that come under “Delhi Urban Shelter Improvement Board” (DUSIB). The target population comprised respondents from Delhi as it is the big commercial hub of the northern India and is one of the fastest growing urban cities. Due to fast increase of population, commuting facilities, business enterprises and employment opportunities, the affluence of the labor group to the city is rising massively. For studying the supply side, the population consisted of the managers of scheduled commercial banks situated within the radius of two kilometers from the slum areas.

Sampling Units

The sampling units consisted for the research were slum dwellers from 4 districts and the managers of public sector and private sector banks of these four districts. Non Random Purposive sampling was used to select the slum dwellers from these districts.

Sample Size

Sample Size means the number of sampling units selected from the population under consideration.

The size of the sample was determined on the basis of Slovin's formula (1960), which he developed to calculate an appropriate sample size from a population when the population size is too big to directly sample each member. Using the formula, the sample size is determined as follows:

Source: https://sciencing.com/slovins-formula-sampling-techniques-5475547.html

n=N÷(1+Ne2)

n= Number of Samples

N= Total Population

e= Level of Precision

n= 1,09,298 ÷ (1+ 1,09,298× (0.05) × (0.05))

n= 399

Hence, the study was conducted on a representative sample size of 400 respondents from Delhi selected slums.

Sampling Technique

In the present study, Non Probability Purposive technique was used and the Judgemental Sampling method was followed to collect the data from the selected targeted respondents.

Delhi Urban Shelter Improvement Board Act, 2010 has notified the list of total 675 JJ's divided in the ten districts of Delhi namely Central, South, South East, South West, West, North, North East, North West, New Delhi, East, Shahdara. There are number of household in these 11 slum districts of Delhi but it is not possible to consider all the households for studying the nature of financial inclusion. For an appropriate sample size, 4 districts are selected. The list of selected JJ clusters (district wise) to be considered for the proposed study is as follows Table 1.

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Table 1
SUMMARY OF SAMPLE FOR THE PRESENT STUDY

S.No.	Division of District	Total No. of Households	Sample of Household	Percentage(%)
1.	North	49,608	119	29.75
2.	North East	12,052	88	22
3.	North West	23,199	104	26
4.	West	24,439	89	22.25
	TOTAL	1,09,298	400	100

(As per DUSIB report)

Nature and Source of Data

Data has been collected through both primary and secondary data source to fulfil the research objectives of the present study.

Primary Data

To achieve the first objective, primary data has been collected from the sample area, through the field work by means of sample survey means. In this view, direct interviews of the earnings member of the households in the sample area were conducted usin2w`azg structured questionnaire schedule and observations were recorded. The questionnaire schedule gives the data on demographic profile of the respondents, awareness level with regard to banking products and services and statements related to change in their socio economic status after availing formal banking services.

Secondary Data

For the second objective, secondary data is the information collected from the sources that already existed. In this study, secondary data has been collected from sources that include Journals, Committee Reports, internet sources, magazines and research articles etc. The various sources comprised"

- RBI Annual Reports
- Publication of OECD
- Economic Survey of India, GOI
- Report on Financial Inclusion by Planning Commission of India, 2009
- Publications of NABARD
- Report of Raghuram Rajan Committee on Financial Sector Reforms
- Report of Dr. C Rangarajan Committee on Financial Inclusion
- Report of Deepak Mohanty Committee on Medium -term Path on Financial Inclusion
- Newspapers having concerned articles

Data Collection, Processing and Editing

After finishing the pilot survey, the data collection survey was further continued. 400 targeted respondents from the slums of Delhi were approached and their responses were recorded. Data processing covers compiling the data according to the need of the analysis. For this, data was properly tabulated to draw results to achieve the objectives of the study.

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Data editing covers analysis of the tables by applying different tools and techniques after which results are interpreted and conclusions are drawn.

Profile of the Respondents

The data to achieve second and third objective has been collected from the respondents of JJ clusters in Delhi. The profile of respondents has been shown in table 2.

Table 2
PROFILE OF THE SURVEYED RESPONDENTS

Characteristics	Particulars	Frequency	Percentage
Gender	Male	326	82.5
	Female	69	17.5
Education	Illiterate	187	47.3
	Primary	186	47.1
	Secondary/College	20	5.1
	Masters & Above	2	0.5
Region of JJ Cluster	North	119	30.1
	North East	83	21
	North West	104	26.3
	West	89	22.5
Marital Status	Married	327	82.8
	Unmarried	68	17.2
Nature of Job	Construction Labor	58	14.7
	Employee in Manufacturing Sector	57	14.4
	Worker in service sector	69	17.5
	Central/ State Government employee	5	1.3
	Rickshaw pooler	45	11.4
	Others	161	40.8
Monthly Income	Less than Rs. 10,000	52.4	52.4
	10,001 to Rs. 20,000	35.2	35.2
	Above Rs. 20,000	12.4	12.4
Value of Assets	Less than Rs. 1,00,000	231	58.5
	1,00,001 to Rs. 2,00,000	105	26.6
	Above Rs. 2,00,000	59	14.9
Monthly Consumption Expenditure	Less than Rs. 5,000	23	5.8
	5,000 to Rs. 10,000	207	52.4
	Above Rs. 10,000	165	41.8

Data Analysis

Various statistical tools are to be used for testing the hypothesis and to depict the findings and conclusions about the relationship among variables. In this research study, for achieving the objectives Descriptive statistics and Wilcoxon Signed Rank Test were applied through the use of SPSS 16 and MS Excel.

Descriptive Analysis

In the present study, the data has been collected from the respondents from the slums of Delhi and from the bank managers of SCB's. The descriptive analysis of the change in economic and social status of the members of households belonging to the slum is done in the study. In descriptive analysis, mean and standard deviation have been used.

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Wilcoxon Signed Rank Test

It is a non-parametric statistical test which is used when there are two nominal variables (“before" and "after") and on measurement variable. In this study this test has been applied to know the economic and social impact of availing the banking services (before and after conditions) by the respondents.

RESULTS AND FINDINGS

Bank A/C of the Respondents

Out of the total sample size of n=395, around 77 percent of the respondents had their accounts either in public sector bank or private sector bank. The information on the type of bank A/C has been shown in table 3:

Table 3
BANK A/C OF THE RESPONDENTS

Bank A/C	**In Figures**	**Percentage**
Yes	306	77.5
No	89	22.5
Total	395	100

Type of Bank A/C	**Percentage**
Savings Bank A/C	76.0
Current A/C	0.5
Loan A/C	2.0
Deposit A/C	0.5
No Frill A/C	21.0
Total	100

Bank Loan Availed by the Respondents

Out of the total sample size of n=395, only 11.4 percent of the respondents have availed any kind of loan from the bank. The information regarding the same has been shown in Table 4.

Table 4
INFORMATION OF BANK LOAN BY RESPONDENTS

Bank Loan Taken	No. in Figures	Percentage
Yes	45	11.4
No	350	88.6
Total	395	100

Economic Changes on Availing Banking Services

In order to achieve the first objective, the total impact of availing banking services has been divided into two parts, first being the economic impact of availing financial services that included statements related to their change in monthly income, total value of assets, change in earning capacity, change in housing condition, change in consumption expenditure and type of additional asset created.
Overall, the total impact of availing banking services is high as indicated by the mean value (M$\pm$ S.D 3.1429 $\pm$ .59).

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Impact on Change in Monthly Income

The impact of availing banking services on the respondent's household monthly income was high as indicated by the high mean value of (M$\pm$S. D 3.89 $\pm$ .75). The distribution of respondents agree with increase in household income is shown in table 5.

Table 5
PERCENTAGE OF RESPONDENTS AGREE WITH INCREASE IN MONTHLY INCOME

	After Availing				
Before Availing	5,001- 10,000	10,001- 15,000	15,001- 20,000	Above 20,000	Total
5,001- 10,000	30.8	46.2	23.1	0.0	100
10,001- 15,000	0.0	5.6	83.3	11.1	100
Above 15,000	0.0	0.0	50	50	100

In the income stream, approx. 46.2 and 23.1 percent respondents moved on to the higher income level of Rs. 10,000 –Rs. 15,000 and above Rs. 15,000 categories respectively. About 94 percent respondents moved on to higher income category of above Rs. 15,000 from Rs. 10,000- Rs. 15,000 categories. Around 50 percent respondents reported the increase in income to above Rs. 20,000 categories. It is confirmed by Wilcoxon Signed Rank test that economic changes in the category of monthly income of the respondent was statistically significant as ($p = .000 < .005$) as shown in table 6.
Look at the row labelled *Asymp. Sig. (2-tailed)*. If the value is less than .05 then the two groups are significantly different. Look at positive and negative ranks (and the footnotes explaining what they mean) to tell you how the groups differ (the greater number of ranks in a direction tells you the direction of the result).

Table 6
Wilcoxon Signed Rank Test Test Statistics[b]

	AFTER INCOME LEVEL - BEFORE INCOME LEVEL
Z	-5.245[a]
Asymp. Sig. (2-tailed)	.000
a. Based on negative ranks.	
b. Wilcoxon Signed Ranks Test	

Impact on Household Assets

The impact of availing banking services on the respondent's household assets value was high as indicated by the high mean value of (M$\pm$S. D 4.0 $\pm$ .71). In the asset category, after availing banking services about 62.1 percent respondents moved on to higher asset household value to Rs. 1,00,001 to Rs. 2,00,000 and 10 percent moved on to higher asset value of above Rs. 2,00,000. Similarly, around 75 percent respondents reported the increase in household asset value from Rs. 1,00,001 – Rs. 2,00,000 to above Rs. 2,00, 000.The table 7 shows the percentage increase in asset value of the households.

Table 7
Percentage Increase in Asset Value of Household

After Availing				
Before Availing	Less than Rs. 1,00,000	Rs. 1,00,001 – Rs. 2,00,000	Above Rs. 2,00,000	Total
Less than Rs. 1,00,000	27.6	62.1	10.3	100

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Rs. 1,00,001 – Rs. 2,00,000	0.0	25	75	100
Above Rs. 2,00,000	0.0	0.0	100	100

The aloft movement of household asset value was statistically highly significant (p<.005) as confirmed by Wilcoxon Signed Rank test as shown in table 8.

Table 8
WILCOXON SIGNED RANK TEST TEST STATISTICSB

	AFTER INCOME LEVEL - BEFORE INCOME LEVEL
Z	-4.973[a]
Asymp. Sig. (2-tailed)	.000

a. Based on negative ranks.

b. Wilcoxon Signed Ranks Test

Impact on Monthly Consumption Expenditure

Majority of the respondents agreed upon the positive change in consumption expenditure as revealed by the high mean value of (M±S. D 4.02 ± .62). After availing formal banking service, 75 percent of the respondents reported the increase in household monthly consumption expenditure from less than Rs. 5,000 to more than Rs. 5,000 and 25 percent showed an upward shift to more than Rs. 10,000. More than 70 percent of the respondents showed an elevated shift from Rs. 10,000 consumption expenditure to more than Rs. 10,000 categories as shown in table 9. The total upward shift in monthly consumption expenditure of the respondents is significant as shown by Wilcoxon Signed rank test (p<.005) in table 9.

Table 9
STATUS OF CONSUMPTION EXPENDITURE OF THE RESPONDENTS

After Availing (in Rs.)					
Before Availing	5001-10,000	10,001-15,000	15,001-20,000	Above 20,000	Total
Less than Rs. 5,000	75.0	25.0	0.0	0.0	100
Rs. 5,001- Rs.10,000	11.1	72.2	16.7	0.0	100
Rs. 10,000 – Rs. 15,000	0.0	26.1	65.2	8.7	100

Table 10
WILCOXON SIGNED RANK TEST

	AFTER CONSUMPTION EXPENDITURE - BEFORE CONSUMPTION EXPENDITURE
Z	5.725[a]
Asymp. Sig. (2-tailed)	.000

a. Based on Negative Ranks
b. Wilcoxon Signed Rank Test

Impact on Housing Conditions

Regarding the change in dwelling condition of the respondents, there was no big change in their housing conditions after availing formal banking services. The conditions of built houses remained the same as shown by the low mean value of (M±S. D 2.6 ± 1.19). The

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table 10 shows the housing conditions of the respondents before and after availing banking services:

Table 11
STATUS OF HOUSING CONDITION

Period of Housing Condition	Wood, Mud, Bamboo Houses	Tiled Houses	Cemented Houses	Total
Before	0.0	86.7	13.3	100
After	0.0	84.4	15.6	100

It is clearly seen in the above table that only 2.3 percent respondents showed an upward shift from tiled houses to cemented houses. The total change in housing condition after availing banking services is not significant as shown by Wilcoxon Signed Rank Test (p=.317> .005) in table 11.

Table 12
WILCOXON SIGNED RANK TEST

	AFTER CONSUMPTION EXPENDITURE - BEFORE CONSUMPTION EXPENDITURE
Z Asymp. Sig. (2-tailed)	-1.000a .317

a. Based on Negative Ranks
b. Wilcoxon Signed Rank Test

Impact on Employment Source

Across the slums cluster, the change in livelihood sources after availing banking services is noticeable. The percentage of agricultural workers and daily wage earners was reduced to 0.0 and 24.4 percent respectively. The respondents reported that they got an opportunity to start their own small shops or business to earn their livelihood or learnt any vocational training to work either in service sector or manufacturing sector. The status regarding their change in employment source has been shown in table 12.

Table 13
IMPACT ON EMPLOYMENT SOURCE

Type of Employment Source	**Before**	**After**
Agriculture	2.2	0.0
Daily Wagers	40	24.4
Worker in manufacturing sector	22.2	26.6
Self Employed	11.1	31.1
Service Sector Employee	6.7	11.1
Others	17.8	6.8
Total	100	100

Impact on Earning Capacity of the Respondent

Most of the respondents agreed that after availing banking services there is a change in the capacity of earning among them and their family members as confirmed by the high mean value of (M $\pm$ S. D 3.8 $\pm$ .78) as shown in table 13. More than 60 percent of the respondents agreed upon the change in this category. The type of change in earning capacity is shown in tables 14-16.

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Table 14
RESPONSES ON EARNING CAPACITY OF THE RESPONDENTS

	SDA	DA	N	Agree	SA	Mean	SD	Median
Respondents	2.2	2.2	22.2	60	13.3	3.8	.78	4.0

Table 15
TYPE OF CHANGE IN EARNING CAPACITY

Type of Change	Responses (in percentage)
Increase in Earning members of family	44.4
Change in job of family members	28.9
Other Changes	26.7

Out of the total responses, 44.4 percent of the respondents reported that after availing formal banking services members of their households were able to get some sort of employment resulting in increase in number of earning members of the households and 28.9 percent agreed upon the change in job of family members post availing the banking services.

Type of Asset Created

Those who reported the increase in value of household assets around 80 percent of the respondents got the ownership of vehicles, around 18 percent reported the asset ownership of land or buildings and rest agreed upon the purchase of gold or silver as shown in table 16.

Table 16
TYPE OF ASSET CREATED

Type of asset	Percentage
Land/ Building	18
Vehicle	79.5
Gold/ Silver	2.5

Social Changes Occurred after Availing Formal Banking Services

To assess the social impact of availing banking services, statements related to change in literacy level, change in bargaining power, any additional skills attained for grabbing varied livelihood opportunities and change in awareness or any economic freedom achieved were asked and analyzed.

Respondents agreed that after availing formal banking services they have experienced change in their social status as they noticed a positive change with respect to their bargaining power, literacy levels, more economic freedom and awareness and have attained additional skills for having more livelihood opportunities. The change in this direction is indicated by the average mean value of (M±S. D 3.0 ± .60).

In relation to the type of obtaining any additional skills to earn livelihood, around 46 percent of the respondents got vocational skills to work in manufacturing sector, 36 percent were confident to start their own business and nearly 18 percent attained skills to work in service sector. The overall impact on additional skills as one of the indicators of change in social status on the respondents was above average as indicated by the mean value of (M±S. D 3.044 ± 1.17) as shown in table 17.

Table 17
ADDITIONAL SKILLS ACQUIRED BY THE RESPONDENTS

Additional Skills Acquired	Percentage

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Skills attained to work in Service Sector	17.8
Gained confidence to start own business	36.2
Attained vocational skill to work in manufacturing sector	46

Out of the total respondents who realized positive changes after availing formal banking services, around 55 percent reported the change in their bargaining power with respect in demanding higher salary or wages from their employers, around 31 percent of them reported positive change in negotiation power while purchasing items of household needs and rest 15 percent noticed additional ability in solving their personal problems as shown in table 3.13. The total impact on bargaining power of the respondents was high as shown by mean value (M±S. D 3.56 ± .66).

Table 18
CHANGE IN BARGAINING POWER OF THE RESPONDENTS

Category of negotiation power reported	**Percentage of respondents**
In purchasing household items	31
In solving personal or family matters	13.5
In demanding hike in salary or wages	55.5

Respondents also experienced more economic freedom and awareness in day to day matters after availing formal banking services as indicated by the mean value of (M±S. D 3.0 ± .96). Around 44 percent of the respondents experienced more economic freedom in expending for the consumption expenditure for their household, 39 percent noticed positive change in spending for the entertainment of the family members and rest reported for the more freedom in satisfying their personal needs as shown in tables 18-20.

Table 19
TYPE OF ECONOMIC FREEDOM ACHIEVED

Type of Economic freedom achieved	**Percentage of Respondents**
In satisfying one's personal needs	17
In expending consumption expenditure	44.2
In expending for the entertainment of the members of the household	38.8

It was also assessed that the impact of availing banking services on the literacy level on the respondents or to their family members is not very strong as indicated by the low mean value of (M±S. D 2.0 ± 1.06). Only around 5 percent of the respondents noticed any positive change in their literacy level, rest didn't utilize the banking financial services to enhance their literacy level. This is also proved by the Wilcoxon Signed Rank test as p>.005 as shown in table 21, hence concluding that change in literacy level of the respondents after availing formal banking services is not significant.

Table 20
WILCOXON SIGNED RANK TEST TEST STATISTICSB

	AFTER INCOME LEVEL - BEFORE INCOME LEVEL
Z	.000a
Asymp. Sign(2-Tailed)	1.000

a. Based on Negative Ranks
b. Wilcoxon Signed Rank Test

Objective 2: To Study the Financial Inclusion Measures taken by RBI and GOI on Empowerment Status of Urban Poor

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The initiatives taken by the RBI and Government of India towards promoting financial inclusion since late 1960's have considerably improved the access to the formal financial institutions. Banking sector plays considerable role in bringing financially excluded people into formal financial sector as policies of Government and Reserve Bank of India towards financial inclusion are mainly implemented through banking sector.

Nationalisation of Banks

Before 1960 State Bank of India was the only nationalised bank in India. Subsequently in the year 1960 seven more State Banks of India (subsidiary) were nationalised. In spite of the provisions, controls and guidelines of RBI, banks in India except SBI continued to be owned and run by private sector. By the 1960's Indian banking industry emerged as a crucial means to aid economic development in the country. Consequently, the GOI issued an ordinance (Banking Companies Acquisition and Transfer of Undertakings) Ordinance, 1969) and nationalised the 14 largest commercial banks with effect from the midnight of 19 July, 1969.

Six more Commercial banks were nationalised in the second phase of Nationalisation in the year 1980. The reason behind further nationalisation was to give the GOI more control on credit delivery. After this, until the 1990's, the nationalised banks grew at a pace of around 4 percent, nearer to the average growth rate of the economy.

Regional Rural banks

Nationalisation of banks was not completely able to bridge the credit gap in the rural areas. A large number of small and marginal farmers remain untouched by the formal banking sector. Therefore, the range of institutional alternatives were broadened in the year 1975 by adding Regional Rural banks in the banking stream that would entirely cater the needs of the rural and semi urban community. The RRB's were owned and operated by Central Government, the State Government and the sponsor bank who held the share in the ratio 50%, 15% and 35% respectively.

Self Help Groups- Bank Linkages Programme

A key effort to offer banking services to the weaker and unprivileged sector was the bank "*Self Help Groups Linkage programme*" that was started in early 1990's. The programme was launched at the inventiveness of NABARD in 1992 to connect the unorganised sector with the formal banking system.

Under this scheme, banks were advised to open saving bank accounts for Self Help Groups. SHG's are either registered or unregistered entities which generally has a membership of 15-20 members from very low income group of the society. These group members mobilise their savings and uses these collected funds to give loans to needy members Under this scheme, banks provide loans to the group on the members guarantee and quantum of loan is several times of the deposits placed by the members Lending to these SHG's can be taken as the bank's target to provide lending to priority sector. It has been observed that recovery rates of loans under this scheme is good and transaction cost is considerably lower than the direct lending to the poor.

Kisan Credit Card Scheme (KCC)

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This scheme was launched by GOI in the year 1998, aiming to fulfil the short term credit needs of farmers of India during the planting and harvesting period to reduce the dependency of the farmers on informal sector. KCC are issued by PSB's, Cooperative banks and RRB's. The operation of this facility is very easy. Based on the land holding and income earned out of it, banks issue KCC to the farmers. A farmer should have good credit history to avail the services of KCC. Those farmers who receive these cards, get facilities like passbook with name, details of land holding, address of the farmer, credit limit etc. which serves as unique identification number for the farmer as well as a method of tracking their transaction. This card serves the purpose of meeting the credit needs of farmers for agriculture and allied activities and also helps in taking ancillary credit for crop production and other contingencies.

General Credit Card scheme (GCC)

In the year 2005, RBI issued guidelines to banks to provide general purpose credit cards for availing credit up to Rs. 25,000 to rural and semi urban people based on their household’s cash flows without any collateral requirement. The main aim of this scheme is to provide hassle free credit to bank customers without insisting on security, purpose or end use of the credit.

Basic No-Frill Bank Accounts

A No-frill Account is a bank account that can be opened and maintained with a zero balance, imposes zero or insignificant charges and do away with unnecessary services or frills. The RBI introduced "no-frill" accounts in 2005 to offer basic banking facilities to poorer people and encourage financial inclusion. As per the latest guidelines, the services available in these accounts will include receiving money through electronic mode or cheques issued by government agencies. This would facilitate those covered under the social welfare schemes like MNREGA in accepting payments.

Simplification of KYC Norms

KYC means "Know Your Customer". It is a process in which banks obtain information about the identity and address of the customers It helps to ensure that banks services are not misused. This procedure is to be completed by the banks while opening accounts and also periodically updating the same. In order to ensure that persons belonging to low income group both in urban and rural areas do not face any difficulty in opening the bank account due to procedural hassles, the 'KYC' procedure for opening of accounts were made easy. To open bank account, a customer needs to submit a proof of identity together with a recent photograph. Any of the six documents required for proof of identity are driving license, passport, voter identity card, PAN card, Aadhar Card or MNREGA card. If one does not have any of these documents, an account still can be opened known as small account by submitting a recent photograph and putting one's signature or thumb impression but such accounts have some limitations- the balance should not exceed Rs. 50,000 total credits less than Rs.1,00,000 total withdrawal and transfers not over Rs. 10,000 a month and foreign remittances cannot be made to such accounts.

Opening Business Correspondents

In January 2006, the RBI permitted to use the services of Business Facilitators and Business Correspondents as intermediaries for extending banking and other financial

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services. These are retail agents used by banks for providing banking services at locations other than a bank branch. As per the RBI guidelines, the products provided by BC's are: Small saving accounts, Fixed Deposit and Recurring Deposits of small amounts, Remittance service, micro credit and general insurance service. The BC model allows bank to provide door step services specially cash in cash out transaction service at a location much closer to the rural and semi urban population and thus solving the last mile problem. The variety of functions that are performed by BC’s include identification of borrowers, collection of small deposits from customers, providing small value credit, sale of mutual fund products, sale of micro insurance, pension products, receipt and release of small value remittances, creating financial awareness and debt counselling etc. The RBI has given a long list of entities and persons who can act as BC's that include NGO's, MFI's, retired bank personnel's, retired Government employees, individual Public Call Office operators, agents of Small saving scheme of GOI, SHG's which are linked to banks etc.

Swabhiman Scheme

It is the revolutionary scheme launched by GOI for the banks in state to cover the economic distance between rural and urban India. This campaign aims at introducing socio economic equality by bringing the unprivileged section of the society into the scope of formal financial system.

'Swabhiman'- a financial security Programme was launched by GOI to ensure banking facilities in territory with population exceeding 2000 by March, 2012. This scheme helped small and marginal farmers to get credit at lower rate from banks and other financial institutions. This would help them to prevent from the exploitation of private money lenders The scheme ensures to provide the following services to Rural India:

Commits to provide basic banking services to unbanked villages with a population of 2000 and above. Facilitates opening of bank accounts, providing need based credit & remittance facilities and promoting financial literacy in rural India.

Enables government subsidies and other social security benefits to be directly transferred to the accounts of beneficiaries so that they can withdraw the money from the BC's in their villages itself Tambunlertchai (2018). Facilitates migrant workers to remit money to their native places safely and quickly using the services of banks. Providing banking services like opening of Saving Bank Account, Fixed Deposits, Overdraft facility, KCC's, GCC's etc.

Priority Sector Lending

The RBI has taken several steps to strengthen a credit delivery system and financial inclusion by changing the guidelines for priority sector lending and so as to bring excluded people from both rural and urban areas under the coverage of formal financial system. The RBI have been revising the guidelines for priority sector from time to time which are in existence since 1970. The priority sectors are those sectors of the economy such as agriculture, small enterprises and housing for poor people which are viable and creditworthy but are not able to get timely credit in the absence of special attention. The policy measures by RBI on Priority Sector Lending include providing credit to priority sector as part of their normal business operation but not as a part of their corporate social responsibility.

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CONCLUSION AND RECOMMENDATIONS

This research paper is based on based on the primary as well as secondary data. The data has been analyzed using descriptive statistics to measure the impact of banking services on the socio-economic status of the selected urban poor and also to know the efforts of GOI and RBI towards achieving the aim of financial inclusion in India. Summary of the findings from the analysis in this paper is as follows: Majority of the respondents from the vulnerable section had the bank A/C either in public sector bank or private sector bank but out of them only around 11 percent of them opted for the additional services from the banks. The reason for this need to be found out so that necessary steps could be taken out to make them use that services.The impact of availing banking services on the economic status of the household was found to be high as most of the respondents agreed upon the upward shift in the monthly income, consumption expenditure, creation of additional assets, change in employment source. It is also seen that the overall economic impact of availing financial services was high, but there was no major change with respect to housing conditions of the households. Formal financial access also resulted in the positive social changes in the life of the members of targeted respondents. After availing banking services, positive impact was found in their bargaining power, more economic freedom and awareness learnt additional skills to grab new livelihood opportunities but no major change was found in their literacy level. The study concurs with the findings of financial inclusion enhances the economic prospect for the poor people resulting into social progress, economic development which ultimately leads to overall economic growth of the country. The study also supports the findings of Neetu Andotra &Rashmi Manhas (2017) that procedure of availing loan procedure should be made simple by the banks. The terms and conditions for availing loan facility should be stated in clear and simple language (preferably in local language) so that customers do not remain in doubt. The study also agrees with the findings of Manohar Vincent Serrao (2016) that formal banking network could lead to improvement of financial conditions and standard of living of poor people, help them to build assets, income and save funds to meet unanticipated situations and fiscal crisis. There is no doubt that banking Industry has shown tremendous growth in the last few decades due to the efforts that has been made by the RBI and GOI towards achieving the financial inclusion in the country. The RBI, through its' bank led approach' has been providing variety of banking products and services along with technology driven services to fulfil the needs of different section of the society.

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There has been an increase in banking outreach to a large extent. The total number of scheduled commercial banks have been increasing with every year passing including both urban and rural areas.

Financial Inclusion works from the supply side of providing access to formal financial services, there is also a need to understand the demand side of financial inclusion to better cater the needs of unprivileged section of the society. For this, more steps towards spreading the financial education and awareness need to be taken so that more and more people can be taken under the ambit of formal financial network. For this RBI should plan to organize financial literacy camps in rural areas and semi urban areas with the help of Business Correspondents.

The focus of financial authorities should not be just opening the bank account but the volume of business transacted in these accounts must increase. For this, regular monitoring of bank accounts is necessary so that accounts do not become dormant.

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