
FINANCIAL KNOWLEDGE AND INCLUSIVE GROWTH: A STUDY ON THE FINANCIAL AWARENESS AMONG COASTAL WOMEN.

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ABSTRACT:

Inclusive growth through social and financial inclusion has become a priority of all the countries round the globe. Social inclusion via welfare measures and policy frameworks is being accompanied by the new strategies of financial inclusion adopted by the Central government and the Central bank from time to time. But still there persist the question of penetration of the basic financial services to all the sections especially the excluded sections of the society.

This paper tries to assess the level of financial knowledge among the women population in the coastal areas of Kerala based on 3 parameters- knowledge on the interest rates on various loans, information on inflation rates and involvement in financial literacy campaigns.

Kerala stands top in the financial inclusion map of India with 11 districts enjoying top 50 financially inclusive districts. Participation of women in financial activities can bring many changes in the economic framework of the state and it is proven by initiatives like Kudumbasree and self-help groups which emancipated the status of women and made them financially stable. Recently, financial knowledge is also accepted as an important means to strengthen the financial position of women. So, the effectiveness of enhancing further upliftment requires the current position of women in terms of financial

knowledge. A sample of 190 is taken from the coastal areas of Kerala. The study revealed that status of women in financial knowledge is very backward and the initiatives like financial literacy campaigns are not reaching them to gain better results.

Key words- Financial inclusion, Social inclusion, SHGs, inflation, Financial Literacy Camps.

INTRODUCTION:

Inclusive growth can be defined as a pro-poor growth where the disadvantaged and the excluded masses of the population are brought to the mainstream economic activities with sufficient opportunities. So, growth by including the excluded is the highlight of inclusive growth. It has become a part of economic growth process among various nations including India. A continuous growth in income does not always reflect the development of a country if the weak and the vulnerable are excluded from social, economic, political, cultural, and legal frameworks.

Along with a rise in the development of various sectors, the prevailing inequality needs to be removed or reduced to bring all the sections of population including women, old aged, and physically challenged population to economic activities. The prevalence of inequality always inhibits the spread of economic, social advantages to reach to the bottom level of the society.

So inclusive growth emphasizes on giving opportunities for everyone to participate in the economic activities so that everyone can avail a share in the economic activities and enjoy a better living condition. It is accepted to overcome poverty, as poverty always restricts the opportunities to grow.

Financial inclusion and social inclusion have been accepted as the primary steps to move in the path of inclusive growth. This work concentrates on the financial inclusion dimension where, for a better economic participation, the financial services and financial activities need to be encouraged among the common population. Once the population are financially included, they can enjoy the fruits of economic benefits easily and this can strengthen their social status.

The relevance of financial inclusion is detailed by all major institutions round the globe. It is viewed as a process of ensuring access to financial services and products to vulnerable sections ion especially the weaker sections and low-income groups. But while providing these services they must be at an affordable cost and in a fair and transparent manner. The financial services include the facilities for saving, investment, pension and so on. To avail these financial services, financial literacy among the people is of great importance. The easy access to the financial services largely depends on the know-how of the people on the available services.

So, this paper tries to identify the level of financial knowledge among the womanhood regarding the available financial services. The financial knowledge among them is assessed by considering three parameters. Financial knowledge on the prevailing interest rates on various loans, knowledge on prevailing inflation rate and the participation of coastal women in the financial literacy camps organized by the commercial banks.

OBJECTIVES OF THE STUDY:

1. To identify the awareness on the prevailing interest rates on loans.
2. To know the understanding on inflation rate.
3. To find out the involvement of women in the financial literacy camps of banks.

METHODOLOGY OF STUDY:

Reliance on both primary sources and secondary sources for data. Primary data is obtained from designed questionnaire and using interview techniques. Population sample of 190 women is taken using random sampling from the coastal districts of Kerala. The procured data is expressed in tables and graphs for easy understanding.

LITERARY SOURCES:

According to Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee's Policy, inclusive growth, allows people to contribute to and benefit from economic growth and this could bring a rapid and sustained poverty reduction. Rapid pace of growth is necessary for every nations, but such a growth can be sustainable if it should be broad based and inclusive of larger part of the population especially the labour force.

The Commission on Growth and Development, 2008, notified that inclusiveness being a broader concept includes equity, equality of opportunity, and protection in market and employment transitions and all these are essential ingredients of any successful growth strategy.

The inclusive growth approach has a very broader angle as the focus is mainly on productive employment and not just limited to the strategies of redistribution of income so as to increase the incomes of the excluded, weaker and

marginalized groups. In the short run, governments could use income distribution schemes to assuage negative impacts on the poor due to policy failures and to make them to step into the growth processes. But such mere transfer payments or schemes cannot be a better tool in the long run and can be problematic even in the short run. In poor countries such schemes can impose significant burdens on already stretched budgets, and it is theoretically impossible to reduce poverty through redistribution in countries where average income falls below US\$ 700 per day. According to a recent OECD study, even in developed countries, redistribution schemes cannot be the only response to rising poverty rates in certain segments of the population. Not just a pro-poor growth through redistribution of income can be done, it must be coupled with improved inclusive productivity and opportunities of employment.

Inclusive growth policies must be the major components for the sustainable growth strategies of the Governments. For example, a country that has grown rapidly over a decade without any substantial reduction in poverty rates may have to focus specifically on the inclusiveness of its growth strategy, i.e. on the equality of opportunity for individuals and firms.

So inclusive growth aims at economic growth with many long term and short-term goals. It is not just limited to eradication of poverty but also concerned with the attainment of a sustained growth having a broader base including diversified sectors of society. It focuses on productive employment and not just a redistribution of income and wealth, not only between individuals but also with firms. Employment generates new jobs and income for the individual - from wages in all types of firms, or from self-employment, usually in micro firms - while productivity growth has the potential to lift

the wages of those employed and the returns to the self-employed. The ability of individuals to be productively employed depends on the opportunities to make full use of available resources as the economy evolves over time.

United Nations Development Programme defined inclusive growth as a process and the outcome where all groups of people have participated in growth and benefited equitably from it. It should include the growth of all sections of the society as beneficiaries as well as partners in growth and inclusion of the excluded should be embodied in the growth process. It has to reduce the disparities among per capita incomes in agriculture and non -agriculture, in rural and urban areas and in various socio-economic groups, particularly between men and women and other marginalized. The final outcome of this growth process should be reduction in vertical inequalities and horizontal inequalities.

The overall performance of India in the Inclusion Development Index of World Economic Forum is at a scale of 3.38 out of 7 and in the overall ranking, 60 out of 79. The evaluation is based on the pillars education and skill, basic services and infrastructure, corruption and rent, financial intermediation, asset building and entrepreneurship, employment and labour, fiscal transfers etc.

So inclusive growth can be achieved successfully if its accompanied by two factors:- Social inclusion and financial inclusion. Both social and economic elements can productively bring the excluded, weak and marginalized the mainstream of economic activities.

INITIATIVES TAKEN IN INDIA FOR INCLUSIVE GROWTH:

The agenda for inclusive growth was envisaged in the Eleventh Plan document which intended to achieve not only faster growth but a

growth process which ensures broad-based improvement in the quality of life of the people, especially the poor, SCs/STs, other backward castes (OBCs), minorities and women and which seeks to provide equality of opportunity to all. Bringing these excluded sections of the society into the mainstream of the society so that they are able to reap the benefits of faster economic growth is the kind of 'inclusion' which is being envisioned in the concept of inclusive growth.

- Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), one of the largest social safety network in India, has improved the standard of living of people and has been able to check migration to a great extent.
- Sarva Siksha Abhiyan (SSA), National Rural Health Mission (NRHM), Bharat Nirman etc. to bring about improvement in education, health and infrastructure thereby making growth more inclusive.
- Prime Minister Jan Dhan Yojana, Atal Pension Yojna, MUDRA loans for financial inclusion
- National Skills Policy, 2009 aims to provide skills to 500 million people by 2022 by creating skills systems that have a high degree of inclusiveness in terms of gender, and rural versus urban, organized versus unorganized, and traditional versus contemporary jobs.
- Atal Innovation Mission, a cohesive national strategy for innovation
- National Rural Livelihoods Mission (NRLM), National Urban Livelihoods Mission (NULM), Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Rajiv Awas Yojana (RAY), Indira Awas Yojana (IAY), National Health Mission (NHM), Sarva Shiksha Abhiyan (SSA), Rashtriya Madhyamic Shiksha Abhiyan (RMSA), Mid-Day Meal Scheme (MDMS), Integrated Child Development Services (ICDS), Rajiv Gandhi National Drinking Water Mission

(RGNDWM), National Social Assistance Programme (NSAP), Swachh Bharat Mission etc.

FINANCIAL KNOWLEDGE FOR INCLUSIVE GROWTH:

The success of accessing the facilities of inclusive growth requires basic information of the available services and their usage. Social inclusion and financial inclusion are considered as two sides of the same coin. One complements the other for the success of inclusive growth.

Various policies have been articulated for making financial services accessible to all, especially to low-income households. The desired outcomes cannot be achieved if potential customers are not aware of the programmes and how to benefit from them. Hence, first and the foremost there is an urgent need to educate the financially excluded sections about these schemes and programmes. So financial knowledge stands prior to the success of financial inclusion.

This paper concentrates on the financial knowledge side as an element to avail the basic financial services to achieve financial inclusion. So, implementing financial knowledge it is required to consider the level of existing knowledge on financial matters among the people. So, women living in coastal area are chosen as their sphere of economic activities is limited to certain specific arenas.

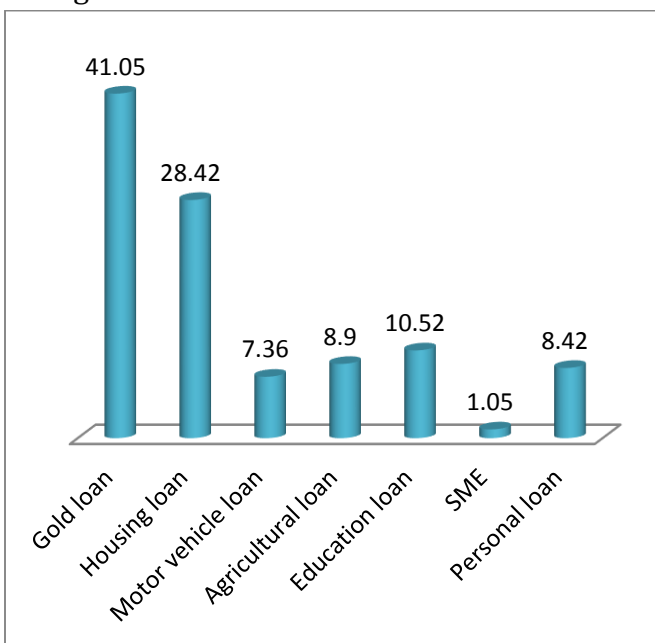
RESULT OF THE STUDY: AWARENESS LEVEL ON THE INTEREST RATES ON VARIOUS LOANS:

Availing loans are an important primary function of a bank. People rely on loans whenever there is a deficit of funds. But it is important to know the interest rate charge on various loans which encourage them to use formalized banking sectors rather than informal

agents. The loans charged by banks come under the preview of Reserve Bank of India (RBI) and they are not allowed to charge a rate higher than as prescribed by RBI. So, awareness on various loan facilities and their interest rates encourages people more to avail them. But the awareness of the interest rates varies depending on the prevailing loans. The structure is as follows. Table 1. Awareness level on Interest rates (in percentages)

Loans	Awareness level on the interest rates
Gold loan	41.05
Housing loan	28.42
Motor vehicle loan	7.36
Agricultural loan	8.9
Education loan	10.52
SME	1.05
Personal loan	8.42

Diagram 1. Awareness level on Interest rates



Gold is an important investment for the coastal women. The saved amount is generally used for purchasing gold for future needs. So, whenever they need money or anyone in the family is in need of emergency funds, they avail loans from the banks by using gold as collateral. So, among the prevailing interest rates on loans, women know the interest rate prevailing in the market for gold loans. But this proportion is less than 50 percent. Followed by gold, a smaller section of below 30 percent is aware on the interest rate on housing loans as they depend on the financial assistance of banks for constructing houses. But they have limited information on the interest rates charged on other loans like education, motor vehicle, small, medium enterprises as they least depend on these financial services in their economic life. Their needs are comparatively primary and family centric.

It is important to bring the attention of women in the coastal regions regarding the prevalence of such loans especially loans on SMEs as they render them financial assistance to become entrepreneurs and to make them self-sufficient. Even joint ventures can be initiated using these financial services to bring them to mainstream economic activities.

UNDERSTANDING ON INFLATION RATE:

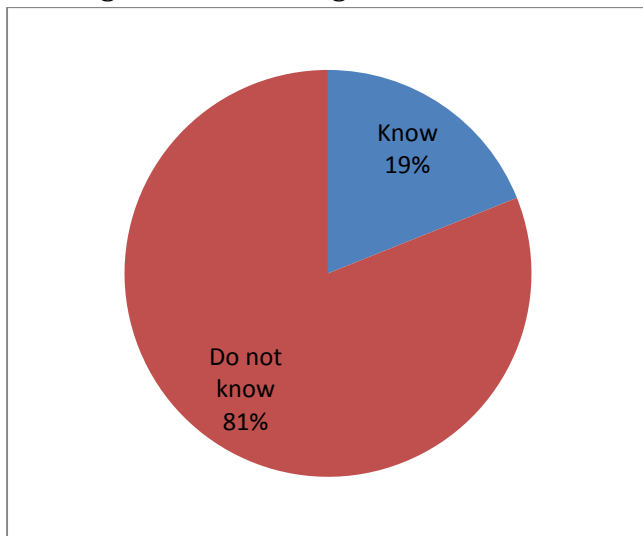
Inflation is an economic situation where there is a continuous rise in the prices of goods and services. There are many demand and supply side factors constitute this situation. People while purchasing goods come to know that prices moving high. So, it is important to identify whether people are aware of the prevailing inflation rates and also the factors for the continuous rise in the goods

they use daily. The awareness level on interest rates among the coastal women is as follows.

Table 2. Knowledge on Inflation rates

Know	18.95
Do not know	81.05

Diagram 2. Knowledge on inflation rates



Coastal women are least aware of the inflation rates. They are neither interested in knowing the levels of inflation nor the reasons for the rise in prices. They understand the price fluctuations in while purchasing essential goods but are unknown to the demand and supply factors causing the inflation.

INVOLVEMENT OF WOMEN IN FINANCIAL LITERACY CAMPS (FLC):

The Reserve Bank of India, the Central Bank of the country has issued notification to all the Commercial banks to conduct financial literacy camps especially in rural and semi-rural areas to create awareness among the people on formal banking and financial

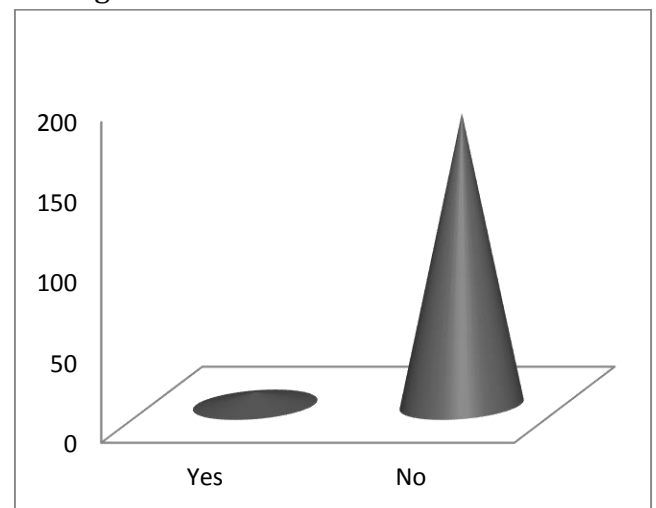
services. Awareness can create knowledge on the use of various services and easy access and usage. But the involvement of women in these FLC is very negligible. The following table represents the involvement of women.

Women are interested to informal agencies to deal with their limited income and not so interested to participate in the formalized atmosphere.

Table 3. Involvement of women in FLC

Yes	08
No	182

Diagram 3. Involvement of Women in FLC



The paper tries to figure out the level of financial knowledge among the coastal women as bringing them also to the mainstream of economic activities make inclusive growth successful. But unfortunately, the level of financial knowledge based on 3 parameters: awareness on interest rates for loans, inflation rates and involvement in financial literacy camps reveal that the level of financial knowledge among them is very negligible. For the success of inclusive strategies, people need to be aware of

the financial services and products offered by formal agencies like commercial banks.

For achieving financial inclusion and social inclusion simultaneously or one after the other, awareness among the people on the banking services should reach to them. Commercial banks and other financial intermediaries have to extend their outreach to common masses like them to create awareness and educate them of the benefits of such facilities. Once they succeed in accessing financial services the advantages of inclusive growth can be enlarged to make them free of poverty, unemployment and make them productive and ensure sustainable growth.

CONCLUSION:

Inclusive growth based on the principles of equality, participation of common masses, benefit sharing has become an important component of growth in modern times. Inclusive growth allows opportunities for everyone to participate in the growth process while making sure that benefits are shared. Given that the poor face challenges that impair their conditions and limit their opportunities, to be inclusive, growth should benefit everyone while reducing the disadvantages faced by the poor, both in terms of benefits enjoyed and, especially, in terms of access to opportunities for participation.

The success of inclusive growth depends on the achievement of social and financial inclusion. For these attributes, financial knowledge must be promoted among the weak and marginalized, so that they avail the financial services according to their needs and gain from them to make inclusion successful. In this process,

banks have a role in inculcating awareness programs and join with other agents like NGOs, schools and colleges to conduct camps and campaigns promoting the use of formal agents of banking activities. The decentralized administrative structure also helps to go deep into the grass root levels to enhance financial knowledge among masses. So that inclusive growth can be achieved in a country like India.

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