Factors influencing Financial Inclusion and Financial Literacy of Middle-Class and Lower-Middle Class Farmers in the States of West Bengal and Tamil Nadu.

SURYATA PRADHAN
Research Scholar, Department of Commerce, West Bengal State University.

PRANAM DHAR
Professor, Department of Commerce, West Bengal State University.

Abstract

Financial sector is one of the innovative and developing sector with the help of advanced technology, infrastructure, etc. Among this sector major role is played by the Financial Inclusion as well as Financial Literacy which are the component towards achieving the goal of digitalisation. For the achievement of economic growth, both the factors i.e., Financial Inclusion and Financial Literacy are very essential part leading to improvement of financial security of an individual within the economy.

Financial Literacy which helps to create the awareness among the individuals regarding different Financial Products and Services i.e., Financial Inclusion which helps to improve the financial conditions of an individuals. Henceforth, creating awareness, educating an individual, is an important part for the successful implementation of Financial Inclusion. This study mainly focusses on the Middle-Class and Lower-Middle Class farmers of West Bengal and Tamil Nadu by analysing its empirical study in the rural, semi-urban as well as urban areas which affects the process of Financial Literacy and Financial Inclusion. Both the primary and Secondary Data is being used for the study. In order to achieve a total inclusion with in the area it is very essential for the economic empowerment of the people belonging to the area.

Keywords: Financial Inclusion, Financial Literacy, innovation, economic growth, farmers, technology, digitalisation.

1.1. Introduction

In India, the concept of financial inclusion was featured by the Reserve Bank of India. It is defined as:

“Financial Inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low-income groups in particular at an affordable cost in a fair and transparent manner by mainstream institutional players”.

Low-income Indian households, unbanked population, poor, weaker as well as backward sections of the society, mostly depend on the informal source of institutions for fulfilling their enforced financial needs through borrowing from friends, family or moneylenders in an unappropriated manner by providing very high rate of interest. They are lacking to use the available resources. Most of the percentage of population resides in a rural area in our country due to which they are not assigned to various basic facilities. Illiteracy is one of the major issues in India. As a result, maximum percentage of population have very little awareness and practically no access to the different product and services issued by the financial institutions that could protect and fulfil their financial resources in numerous circumstances.

Financial Inclusion, a major generalization was mainly launched in order to develop a saving habit, enlarge in the concept of making investment, as well as to raise a job creation process for all the segments of the society throughout the country along with that to make use of different financial products and services at an affordable price for the growth and development of an individual leading to the development of the society as a whole. With the main motive of overall economic development of the country, reducing income inequality and poverty alleviation could be achieved. Further aim is to maintain gender equality with the help of the financial inclusion, leading to women's economic empowerment where women will be able to achieve financial stability for helping oneself as well as the families and also reduce the factor of being dependent with the informal sector for fulfilling the basic needs. If viewed from a macro level, greater financial inclusion can support sustainable and inclusive socio-economic growth for all.

Since from the year 2006, nations' banking head i.e., Reserve Bank of India has implemented a well-planned and well-structured approach in order to make and solve the different issues in relation to financial inclusion. The main approach of RBI's has been to focus both on the demand side as well as on the supply side. Henceforth, there was an introduction of the three essential elements which acted as an integral strategy for reaching the target of the financial inclusion in an economy. The elements are as follows:

1. Financial Education.
2. Financial Inclusion.
3. Financial Stability.

While financial inclusion works from supply side of providing access to various financial products and services to the customers, financial education feeds the demand side by promoting awareness among the people regarding the needs and benefits of financial services offered by banks and other different financial institutions. Going forward, these two strategies promote greater financial stability within the economy. While offering the different products and services to customers the language used must be simple so that it becomes easy for the customers to understand the nature of the products in a best possible manner.

Another important aspect is the Financial Literacy, which has a greater amount of connectivity with the Financial Inclusion. Financial Literacy is very important in both the developed and developing countries of the globe. Concept of Financial Literacy is not only to create awareness among the population but it has wider aspects it also looks towards rendering of services to the population of the country.

If we look from the view point of the developing countries, then Financial Literacy is the initial step towards the alleviation of poverty leading to the growth and development of the country. Similarly, in our country India Financial Literacy is of utmost need as most of the population resides in rural areas. So, the people of our country have a very less or negligible saving habit for themselves, for families and for future. So, firstly, it is very essential to change the old habit of individual and to implement a new and healthy saving habit in a day-to-day lifestyle. Secondly, with the help of the education, knowledge and awareness, objective should be to convert the country from the saver's individual to investors individual. Henceforth, it will help to build financial knowledge of the individual which is of utmost need so that the people can easily and confidently participate in the financial market.

For the better achievement of success towards the implementation of Financial Inclusion, Financial Literacy and Financial Inclusion must go hand-in-hand. Different countries throughout the globe have initiated different policies and guidelines for making the financial inclusion procedure a successful one. There is a variation in the strategy adopted by different countries due to the difference in the socio-economic background, cultural belief, political system, etc. Similarly, in India too starting with the nationalization of banks, priority sector lending requirements for banks, lead bank scheme, establishment of Regional Rural Banks (RRBs) and Co-operatives Bank, service area approach, self-help group-bank linkage programme, providing Banking Correspondence, etc, are multiple steps that have been taken by the Reserve Bank of India (RBI) over the years to increase an access to the poorer and weaker sections of the society.

As it is said that there are two sides of a coin. So, in order get the positive response of the adoption of the financial inclusion in an economy bulk of challenges had to be faced. The major barriers to serve the poor, apart from socioeconomic factors such as lack of regular income, poverty, illiteracy, etc., are the lack of reach, higher cost of transactions and time taken in providing those services, lack of proper infrastructure, limited transport facilities, poor internet connectivity, were few of them.

1.2. Stages of Evolution in the Financial Inclusion Process

The status of financial inclusion in India has been assessed by various committees in terms of people's access to avail banking and insurance services. Only 34% of the India's population could access banking services.

The Eleventh Five Year Plan (2007-12) envisions 3 inclusive growths as a key objective. The process of financial inclusion in India can broadly be classified into three phases:

- During the First Phase (1960-1990), the focus was on channelling of credit to the neglected sectors of the economy. Special emphasis was also laid on weaker sections of the society.
- The Second Phase (1990-2005) focused mainly on strengthening the financial institutions as part of financial sector reforms. Financial Inclusion in this phase was encouraged mainly by the introduction of Self- Help Group (SHG)-Bank Linkage Programme in the early 1990s and Kisan Credit Cards (KCCs) for providing credit to farmers.
- During the Third Phase (2005 onwards), Financial Inclusion was explicitly made as a policy objective and thrust was on providing safe facility of savings deposits through 'no frills' accounts.

1.3. Literature Review

A Research deals with an extensive Literature Review in the relevant area in order to deal with the vast knowledge of the related area and to gather information, knowledge relating to the subject matter. With the help of the brief International and National Literature Review it is possible to frame a proper Questionnaire and also to find out the proper research gap. Henceforth, a brief Literature Review relating to the topic **"Factors that influence Financial Inclusion and Financial Literacy on the life of Middle-Class and Lower-Middle Class Farmers in the state of West Bengal and Tamil Nadu"**, are as follows: -

SL NO.	AUTHOR	TITLE	SOURCES	OBJECTIVES	TYPES OF DATA	TOOLS	FINDINGS
1.	Syed Shamim Hasan, Dr. Md. Noor Un Nabi, Dr. Leo-Paul Dana and Imtiaz Masroor. (November 2024).	Closing the Gap: Financial Inclusion and Literacy for Sustainable Growth of Female Micro Entrepreneurs.	https://ssrn.com/abstract=5036042.	A) To determine how rural female micro-entrepreneurs make use of financial products and services issued by financial institutions in the study area. B) To find out the different issues in relation to Financial Literacy and Financial Inclusion in the study area amongst the women.	Primary Data with the help of semi-structured, open-ended interviews. NVivo-14 software,	Interpretivist/Constructivist Research, Exploratory Research.	The study suggests that with the help of the more constrained financial products and services will help the people especially women to make use of it and be a part of formal financial system. It also suggests that there is a need to expand the agent banking as well as mobile financial services where the physical existence of the banking institution is less or non-existent. The burden of collateral which was more into existence in a traditional banking institution should also shift to other alternatives which will help more women to make use of financial products and services offered by different financial institutions.
2.	Md Mizanur Rahman. (June 2024).	Women's financial Inclusion in Bangladesh: Assessing Inbuilt Challenges.	https://ssrn.com/abstract=4842290.	A) The study helps to determine a gender sensitive i.e., women sensitive financial	Primary Data and Secondary Data.	Mean, Median, Mode, simple and multiple	The concept of social inclusion is much necessary to be implemented. Social inclusion is defined as the process where the

				inclusion policy in the study area and to know the current position of women in terms of Financial Services. B) To find out the relationship between Financial Inclusion and Women Empowerment. C)To determine the different Financial Services required by the rural women and also to find different Financial Factors making effective Financial Services, which makes their day-to-day task easier.	Both qualitative and quantitative Data was used. Systematic Sampling were used. In-depth interview, Focused Group Discussion, Field Observation were used.	correlations, regression, chi-square.	people are given a right to all in order to improve the living standard of the people. The study found that by financing small business which is run by women will lead to improve the social inclusion. One more way is with the help of DFS i.e., Digital Financial Services. There is a positive relationship between Financial Inclusion and women empowerment better Financial Inclusion such as giving education to children, getting medical facilities, less dependence towards private money lenders, and so on helps towards the poor women leading to women empowerment and ultimately Financial Inclusion helps to bring gender equality towards the society and reducing poverty.
3.	Peterson K. Ozili. (March 2022).	Financial inclusion: the globally important determinants.	https://ssrn.com/abstract=3998152.	A) To analyse the different determinants of Financial Inclusion. B) To examine the different determinants and understanding its importance in adopting of	Secondary Data.	Descriptive.	The study concludes by dividing the determinants of Financial Inclusion into three parts i.e., Demand-Side Determinants, Supply-Side Determinants and Non-Market Determinants. It says that according to

				Financial Inclusion in respective country.			different country structure, economic development the different determinants of Financial Inclusion may vary country to country but some determinants may be uniform to all the country which the policy makers need to identify and implement accordingly for the effective and efficient functioning of Financial Inclusion across the globe.
4.	Abeer Rashdan & Noura Eissa. (June 2021).	The Determinants of Financial Inclusion in Egypt.	https://ssrn.com/abstract=3649051.	A) To determine the different determinants for Financial Inclusion in Egypt using World Bank Global Findex 2017 database.	Secondary Data.	Descriptive.	The study concludes with two of the important findings that is acting as barrier in getting Financial Inclusion process a success and the first barrier is lack of money in the hands of people of Egypt; second barrier is financial illiteracy. Focus should be more given in the above mentioned two barriers which will help to boost up the economy of the country by getting financial inclusion and financial literacy in a much better manner.
5.	ZHOU Weihuan, Douglas W. Arner & Ross P. Buckley.	Regulation Of Digital Financial Services in China: Last	https://ssrn.com/abstract=2660050.	A) To strengthen Financial Inclusion with the help of Digital Finance so that new	Secondary Data.	Descriptive.	Till the year 2013, China was acting as a late mover in the development of Digital Financial Services, but after

	(February 2016)	Mover Advantage?		inventions can come up which leads to growth. B) In order to expand the implementation of Financial Inclusion, ranging from rural to urban poor, small and medium size enterprise was the main element.			that with more regulators in the financial sectors in different forms such as environmental, technological advancement, financial and non-financial institutions, and many more entered the Digital Financial Service market leading to more growth and expansion.
6.	Mini Agrawal and Hephzibah Beula John. (December 2024).	Financial Inclusion: A Strategic Implication to Financial Development.	http://ssrn.com/abstract=5127837.	A) To analyse Financial Inclusion helps to enrich to the progress of Financial Development. B) To compare Financial Inclusion with the GNI and to measure the levels, as Financial Inclusion helps in achieving all-inclusive economic growth within the country and it also helps in minimise income inequality within the nation.	Secondary Data.	Descriptive. deductive methodology	The study shows a positive improvement between the different policies implemented in the form of different strategies like no-frill account, branchless banking and so on for achieving all-inclusive growth within the country leading to economic development. However, more is there to achieve, the study suggests more championing regarding financial stability and sustainability in the lower-level groups.
7.	Soumyadwip Das and Dr Sumit Kumar Maji. (June 2023).	Factors Affecting Farmer's Financial Literacy: Insights from West Bengal, India.	https://ssrn.com/abstract=4447395.	A) To determine the levels of financial Inclusion among the farmers in the different district of West Bengal.	Secondary Data.	F-test, t-test, Ordinary Least Square (OLS) method	The study concludes by saying that role of farmers in the economy is very important as it helps to create an employment opportunity directly

				B) To analyse the different determinants of Financial Inclusion among farmers in the study area. C)To find out the level of financial health among the farmers in the study area.		s were used Descriptive Study.	or it may be indirectly and farmers deals with the Maslow first needs i.e. Social Needs i.e., Food Security. The study says that financial health is a crucial part especially of the farmers so it is very much necessary to take care of the financial health of the farmers. Government and RBI must take necessary actions and implement policies keeping in mind about the farmers in the rural, semi-urban as well as in urban areas.
8.	Dr. R Ramakrishnan. (December 2022).	Differentiated Banks and Financial Inclusion.	http://ssrn.com/abstract=2480930.	A) To determine the approximate percentage of area that is being covered by the banking and financial sector in India. B) To find out demand for the various banking services required by the country and to frame the structure or reorient the present banking structure leading to create a dynamic and competitive economic condition which will help to serve the	Secondary Data.	Descriptive.	Increasing NPAs due to various reasons such as political and corporate reason is a negative factor for the development of the banking sector that should be taken into consideration. If the strategies of financial inclusion are properly implemented considering the rural and urban area than it will be a win-win situation for the country.

				country in a best possible manner. C) To determine the different kind of a component or strategies introduced in order to cope up with the new challenging environment.			
9.	Faisal Shafiq Khan, Dr. Noria Farooqui. (February 2022).	Financial Inclusion: Key to Sustained and Balanced Economic Growth in India.	https://ssrn.com/abstract=3994798.	A) To understand the core meaning and importance of Financial Inclusion and Financial Literacy and how they impact the society. B) To find out the ways in order to improve the process of Financial Inclusion and Financial Literacy within the economy. C) To understand the concept of microfinance and its importance within the country	Secondary Data.	Descriptive.	The study concludes by giving a brief knowledge regarding the conceptual framework of Financial Inclusion, Financial Literacy and Microfinance in India. For making the economy all-inclusive it is very necessary to know how to manage finance which the study shows. Managing finance is an art or we can say that it is one type of a skill that helps the individual to develop its activities in terms of finance. With the help of micro finance small or lower income household or small business get a chance of getting benefitted by getting finances from a formal financial institution which helps them to make a financial decision appropriately inn a day-to-day activity as well as in future.

10.	Manohar V. Serrao, Dr A.H. Sequeira, Dr V. Basil Hans. (November 2021)	Designing a Methodology to Investigate Accessibility and Impact of Financial Inclusion.	http://ssrn.com/abstract=2025521.	A) To analysed the detailed rational explanation about the past and present Financial Inclusion situation of the country. and in a state wise basis too. B) To find out the impact of FI in the life of marginalized sections of the society.	Secondary Data.	Descriptive.	The study recommended that if there is a mixing of technology with human approaches than the different strategies of the Financial Inclusion can be implemented properly.

1.4. Identification of Research Gap

By doing an extensive International and national Literature Review, it has been seen that to bring a complete inclusive financial system is a complex process and a lot more innovation towards technology, infrastructure, literacy of the people and so on is required though innumerable plan, which needs to be adopted as well as implemented in an efficient manner.

Few segments of the society especially rural areas, semi-urban areas do not remain totally inside the formal financial systems. The area of my study is West Bengal and Tamil Nadu, few districts was chosen such as the Northern Part of West Bengal like Darjeeling District, Kalimpong District, etc and from the Tamil Nadu District such as Tiruchirappalli and Tirunelveli is chosen which comprises mainly the rural areas, semi-urban areas as well as urban areas of the said district for the study. Henceforth, it was seen that more is required to Create awareness among the people and to have a complete Financial Inclusion Process.

1.5. Objectives of the Study

The broad objective of the study is to examine the level of Financial Literacy and Financial Inclusion amongst the Middle-Class and Lower-Middle Class farmers in the state of West Bengal and Tamil Nadu. The particular objectives include:

- ❑ To evaluate the awareness of financial products and services amongst the Middle-Class and Lower-Middle Class farmers in the state of West Bengal and Tamil Nadu.
- ❑ To identify the problems of financial inclusion amongst the Middle-Class and Lower-Middle Class farmers in the state of West Bengal and Tamil Nadu.
- ❑ To analyse the impact of financial literacy and financial inclusion amongst the Middle-Class and Lower-Middle Class farmers in the state of West Bengal and Tamil Nadu.

1.6. Data Source

The study was based on Primary Sources and Secondary Sources. With the help of the structured questionnaire a primary data is collected from 205 respondents from the state of West Bengal and Tamil Nadu. Whereas secondary sources were collected with the help of information available from RBI Annual Reports, journals, books etc.

2.0. EMPIRICAL DATA ANALYSES OF THE RESPONDENTS.

2.1. Exploratory Factor Analysis relating to Financial Knowledge, Financial Behaviour, Financial Attitudes:

Exploratory Factor Analysis (EFA) is a statistical approach used to determine the structure of observed data and to establish a connection between the variables and underlying factors. The number of latent constructs or factors influencing a set of observed variables can be ascertained with the aid of EFA. Principal Component Analysis (PCA) is typically used to create a correlation matrix.

2.2. Variable Conceptualization

X1	Concept of the time value of money
X2	Calculation of Simple Interest
X3	Calculation of Compound Interest
X4	Concept of Risk and Return
X5	Concept of Inflation
X6	Concept of Diversification
X7	Preparation of Budget for Household
X8	Plan to manage Income and Expenditure
X9	Keeping note of Spending
X10	Use Banking Applications
X11	Regular Savings
X12	Making Investments
X13	Receiving Financial advice from others
X14	Setting Financial Targets
X15	Financial Monitoring
X16	Spend than save
X17	Prepare Short Term Plans
X18	Money is there to be spent

(Source: Author’s Own Tabulation through MS-Word)

The responses from the above-mentioned questions are received on a five-point Likert scale indicating 1= SD (Strongly Disagree), 2= D (Disagree) 3= N (Neither Agree nor Disagree), 4= A (Agree), 5= SA (Strongly Agree).

2.3. KMO & Barlett’s Test of Sphericity and Sample adequacy:

It is a statistical test which is been used to determine the suitability of the data for factor analysis or principal component analysis. It helps to check whether the sample is adequate or not in order to run factor analysis.

Table2.3.: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.864
Bartlett's Test of Sphericity	Approx. Chi-Square	58796.946
	df	153
	Sig.	.000

(Source: Calculated through SPSS 25)

2.4. Principal Component Analysis:

Principal Component Analysis (PCA) is a method of reducing large number of observed variables in the data set into smaller number of factors. In order to identify the factors from principal component analysis regarding Factors that influence Financial Inclusion and Financial Literacy on the life of Middle-Class and Lower-Middle Class Farmers in the state of West Bengal and Tamil Nadu, eighteen (18) variables are merged and extracted Five (5) Exploratory Factor Analysis which explains 76.573% of the total variance. The rotated component matrix is developed and variables are extracted using principal component analysis.

Table: Communalities

Communalities		
	Initial	Extraction
Concept of the time value of money	1.000	.995
Calculation of simple Interest	1.000	.728
Calculation of Compound Interest	1.000	.998
Concept of Risk and Return	1.000	.722
Concept of Inflation	1.000	.596
Concept of Diversification	1.000	.672
Preparation of Budget for Household	1.000	.170
Plan to manage Income and Expenditure	1.000	.992

Keeping note of Spending	1.000	.993
Use Banking Applications	1.000	.995
Regular Savings	1.000	.995
Making Investments	1.000	.995
Receiving Financial advice from others	1.000	.543
Setting Financial Targets	1.000	.315
Financial Monitoring	1.000	.994
Spend than save	1.000	.993
Prepare Short Term Plans	1.000	.437
Money is there to be spent	1.000	.650
Extraction Method: Principal Component Analysis.		

(Source: Calculated through SPSS 25)

Table: Total Variance Explained

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.147	34.150	34.150	6.147	34.150	34.150	6.040	33.556	33.556
2	2.990	16.610	50.760	2.990	16.610	50.760	3.037	16.870	50.426
3	1.876	10.424	61.184	1.876	10.424	61.184	1.869	10.383	60.809
4	1.438	7.987	69.172	1.438	7.987	69.172	1.448	8.047	68.855
5	1.332	7.401	76.573	1.332	7.401	76.573	1.389	7.717	76.573
6	.997	5.537	82.109						
7	.908	5.043	87.152						

8	.765	4.252	91.404						
9	.536	2.979	94.383						
10	.509	2.829	97.212						
11	.470	2.613	99.825						
12	.009	.050	99.875						
13	.007	.040	99.915						
14	.005	.030	99.945						
15	.005	.025	99.970						
16	.003	.019	99.989						
17	.001	.007	99.995						
18	.001	.005	100.000						
Extraction Method: Principal Component Analysis.									

(Source: Calculated through SPSS 25)

Table: Rotated Component Matrix

Rotated Component Matrix[a]					
	Component				
	1	2	3	4	5
Calculation of Compound Interest	.997				
Plan to manage Income and Expenditure	.993				
Keeping note of Spending	.994				
Use Banking Applications	.995				
Regular Savings	.995				
Making Investments	.995				

Concept of the time value of money		.993			
Financial Monitoring		.993			
Spend than save		.993			
Concept of Inflation			.733		
Concept of Diversification			.764		
Receiving Financial advice from others			-.721		
Setting Financial Targets				.526	
Prepare Short Term Plans				.609	
Money is there to be spent				.805	
Calculation of simple Interest					.815
Concept of Risk and Return					.807
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.[a]					
a. Rotation converged in 5 iterations.					

(Source: Calculated through SPSS 25)

2.5. Interpretation of the Factor as per Exploratory Factor Analysis.

A) Factor 1:

From the above table, it is been observed that the first Factor i.e., Factor 1 consist of 6 variables X66, X71, X72, X73, X74, X75 which are described as follows:

X66= Calculation of Compound Interest, X71= Plan to manage Income and Expenditure, X72= Keeping note of Spending, X73= Use Banking Applications, X74= Regular Savings, X75= Making Investments

The loading of X66 is 0.997, loading of X71 is 0.993, loading of X72 is 0.994, loading of X73 is 0.995, loading of X74 is 0.995 and loading of X75 is 0.995. Henceforth, the first Exploratory Factor with 6 variables is named as "**Financial Knowledge**". The multiple regression is greater than 1 and is described as

β1= 0.997×66 + 0.993×71 + 0.994×72 + 0.995×73 + 0.995×74 + .995×75……………. (i)

B) Factor 2:

From the above table, it is been observed that the second Factor i.e., Factor 2 consist of 3 variables X64, X78, X79, which are described as follows:

X64= Concept of the time value of money, X78= Financial Monitoring, X79= Spend than Save

The loading of X64 is 0.993, loading of X78 is 0.993 and loading of X79 is 0.993. Therefore, the second Exploratory Factor with 3 variables is named as "**Financial Attitude**". The multiple regression is greater than 1 and is described as

β2= 0.993×64 + 0.993×78 + 0.993×79…………….………...(ii)

C) Factor 3:

From the above table, it is been observed that the third Factor i.e., Factor 3 consist of 3 variables X68, X69, X76 (ignoring negative sign), which are described as follows:

X68= Concept of Inflation, X69= Concept of Diversification, X76= Receiving Financial advice from others

The loading of X68 is 0.733, loading of X69 is 0.764, and the loading of X76 is 0.721. Therefore, the third Exploratory Factor with 3 variables is named as "**Financial Behaviour**". The multiple regression is greater than 1 and is described as

β3= 0.733×68 + 0.764×69 + 0.721×76…………….………...(iii)

D) Factor 4:

From the above table, it is been observed that the fourth Factor i.e., Factor 4 consist of 3 variables X77, X80, X81, which are described as follows:

X77= Setting Financial Targets, X80= Prepare Short Term Plans, X81= Money is there to be spent

The loading of X77 is 0.526, loading of X80 is 0.609 and the loading of X81 is 0.805. Henceforth, the fourth Exploratory Factor with 3 variables is named as "**Financial Planning**". The multiple regression is greater than 1 and is described as

β3= 0.526×77 + 0.609×80 + 0.805×81…………….………...(iv)

E) Factor 5:

From the above table, it is been observed that the fifth Factor i.e., Factor 5 consist of 2 variables X65, X67, which are described as follows:

X65= Calculation of Simple Interest, X67= Concept of Risk and Return

The loading of X65 is 0.815 and the loading of X67 is 0.807. Hence, the fifth Exploratory Factor with 2 variables is named as "**Financial Income**". The multiple regression is greater than 1 and is described as

$\beta5 = 0.815\times65 + 0.807\times67$……………….……...(v)

2.6. Hypothesis Testing Relating to Financial Knowledge, Financial Behaviour, Financial Attitudes.

Research Objective	Hypothesis	Statement
To assess the level of financial literacy and financial inclusion among Middle-class and lower-middle class people in the study districts.	H1	Financial Knowledge, Behaviour and Attitudes have significant impact on the level of financial literacy and financial inclusion among Middle-class and lower-middle class people in the study districts.

H_{10} = Financial Knowledge, Behaviour and Attitudes_have no significant impact on the level of financial literacy and financial inclusion among Middle-class and lower-middle class people in the study districts.
H_{11} = Financial Knowledge, Behaviour and Attitudes_have significant impact on the level of financial literacy and financial inclusion among Middle-class and lower-middle class people in the study districts.

2.7. Group Statistics:

For Group Statistics, I have sub divided social category into Middle-Class and Lower-Middle Class. Group Statistics for both the sub-division is being shown in the below mentioned table.

Table: T-Test

Group Statistics					
	Social Category	**N**	**Mean**	**Std. Deviation**	**Std. Error Mean**
Concept of the time value of money	Middle Class	863	4.18	.655	.022
	Lower Middle Class	691	4.23	.680	.026
Calculation of simple Interest	Middle Class	863	1.86	.672	.023
	Lower Middle Class	691	1.88	.616	.023
Calculation of Compound Interest	Middle Class	863	4.34	.698	.024
	Lower Middle Class	691	4.37	.678	.026
Concept of Risk and Return	Middle Class	863	3.25	1.198	.041
	Lower Middle Class	691	3.28	1.158	.044
Concept of Inflation	Middle Class	863	4.54	.499	.017

	Lower Middle Class	691	4.59	.492	.019
Concept of Diversification	Middle Class	863	3.66	.852	.029
	Lower Middle Class	691	3.67	.908	.035
Preparation of Budget for Household	Middle Class	863	3.86	.824	.028
	Lower Middle Class	691	3.94	.806	.031
Plan to manage Income and Expenditure	Middle Class	863	4.34	.698	.024
	Lower Middle Class	691	4.37	.680	.026
Keeping note of Spending	Middle Class	863	4.34	.698	.024
	Lower Middle Class	691	4.37	.680	.026
Use Banking Applications	Middle Class	863	4.34	.698	.024
	Lower Middle Class	691	4.37	.679	.026
Regular Savings	Middle Class	863	4.34	.699	.024
	Lower Middle Class	691	4.37	.679	.026
Making Investments	Middle Class	863	4.34	.698	.024
	Lower Middle Class	691	4.37	.678	.026
Receiving Financial advice from others	Middle Class	863	2.83	1.153	.039
	Lower Middle Class	691	2.80	1.208	.046
Setting Financial Targets	Middle Class	863	2.56	1.012	.034
	Lower Middle Class	691	2.50	.965	.037
Financial Monitoring	Middle Class	863	4.18	.656	.022
	Lower Middle Class	691	4.23	.682	.026
Spend than save	Middle Class	863	4.18	.655	.022
	Lower Middle Class	691	4.23	.680	.026
Prepare Short Term Plans	Middle Class	863	3.46	1.104	.038
	Lower Middle Class	691	3.50	1.129	.043
Money is there to be spent	Middle Class	863	4.32	.655	.022
	Lower Middle Class	691	4.32	.655	.025

(Source: Calculated through SPSS 25)

Interpretation:

The above table exhibits that; "**Concept of Inflation**" is most prominent variable among the farmers belonging to Middle-Class and Lower-Middle Class with the **mean value of (4.54 ± 0.499 and 4.59 ± 0.492).** The least prominent variable among all the variables was "**Calculation of Simple Interest**" with the **mean value of (1.86 ± 0.672 and 1.88 ± 0.616).**

overall, it can be seen that awareness is more for inflation, interest as well as banking facilities. More financial planning and application is required.

Table: Independent Samples Test

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Concept of the time value of money	Equal variances assumed	6.832	.009	-1.637	1552	.102	-.056	.034	-.122	.011
	Equal variances not assumed			-1.631	1453.353	.103	-.056	.034	-.123	.011
Calculation of simple Interest	Equal variances assumed	6.536	.011	-.836	1552	.403	-.028	.033	-.092	.037
	Equal variances not assumed			-.844	1523.959	.399	-.028	.033	-.092	.037
Calculation of Compound Interest	Equal variances assumed	.768	.381	-.822	1552	.411	-.029	.035	-.098	.040
	Equal variances not assumed			-.825	1495.893	.410	-.029	.035	-.098	.040
Concept of Risk and Return	Equal variances assumed	.464	.496	-.424	1552	.672	-.026	.060	-.144	.093
	Equal variances not assumed			-.425	1498.577	.671	-.026	.060	-.143	.092
Concept of Inflation	Equal variances assumed	17.158	.000	-2.143	1552	**.032**	-.054	.025	-.104	-.005

	Equal variances not assumed			-2.146	1487.191	.032	-.054	.025	-.104	-.005
Concept of Diversification	Equal variances assumed	5.761	.017	-.265	1552	.791	-.012	.045	-.100	.076
	Equal variances not assumed			-.263	1435.265	.792	-.012	.045	-.100	.077
Preparation of Budget for Household	Equal variances assumed	1.933	.165	-1.817	1552	.069	-.076	.042	-.157	.006
	Equal variances not assumed			-1.821	1491.416	.069	-.076	.042	-.157	.006
Plan to manage Income and Expenditure	Equal variances assumed	.704	.401	-.698	1552	.485	-.025	.035	-.094	.045
	Equal variances not assumed			-.700	1494.820	.484	-.025	.035	-.093	.044
Keeping note of Spending	Equal variances assumed	.659	.417	-.739	1552	.460	-.026	.035	-.095	.043
	Equal variances not assumed			-.741	1494.587	.459	-.026	.035	-.095	.043
Use Banking Applications	Equal variances assumed	.636	.425	-.937	1552	.349	-.033	.035	-.102	.036
	Equal variances not assumed			-.940	1495.237	.347	-.033	.035	-.102	.036
Regular Savings	Equal variances assumed	.770	.380	-.830	1552	.407	-.029	.035	-.098	.040
	Equal variances not assumed			-.833	1495.877	.405	-.029	.035	-.098	.040
Making Investments	Equal variances assumed	.720	.396	-.855	1552	.393	-.030	.035	-.099	.039

	Equal variances not assumed			-.858	1495.684	.391	-.030	.035	-.099	.039
Receiving Financial advice from others	Equal variances assumed	4.268	.039	.378	1552	.706	.023	.060	-.095	.141
	Equal variances not assumed			.376	1447.214	.707	.023	.060	-.096	.141
Setting Financial Targets	Equal variances assumed	2.836	.092	1.153	1552	.249	.058	.051	-.041	.158
	Equal variances not assumed			1.159	1505.658	.247	.058	.050	-.040	.157
Financial Monitoring	Equal variances assumed	6.886	.009	-1.626	1552	.104	-.055	.034	-.122	.011
	Equal variances not assumed			-1.619	1453.032	.106	-.055	.034	-.123	.012
Spend than save	Equal variances assumed	6.832	.009	-1.637	1552	.102	-.056	.034	-.122	.011
	Equal variances not assumed			-1.631	1453.353	.103	-.056	.034	-.123	.011
Prepare Short Term Plans	Equal variances assumed	.799	.372	-.680	1552	.497	-.039	.057	-.150	.073
	Equal variances not assumed			-.678	1464.223	.498	-.039	.057	-.151	.073
Money is there to be spent	Equal variances assumed	.000	.986	.000	1552	1.000	.000	.033	-.066	.066
	Equal variances not assumed			.000	1478.171	1.000	.000	.033	-.066	.066

(Source: Calculated through SPSS 25)

Interpretation:

A lesser than 0.05 significance of Levene's F statistic rejects the null hypothesis that the variances of the sample sets are equal. In those cases, the t-test results of unequal variances assumption become relevant and are considered for interpretation.

The p-value was less than 0.05 at 5 percent significance level when equal variance was assumed for variable **"Concept of Inflation"** showing the result as, **[t (1552) = -2.143, p = .032]**, rejecting null hypothesis and accepting alternative hypothesis.

Therefore, apart from the concept of inflation all other variables whose p value is > 0.05 accepted null hypothesis showing Financial Knowledge, Behaviour and Attitudes have no significant impact on the level of financial literacy and financial inclusion among Middle-class and lower-middle class people in the study districts. We can say that, financial inclusion policies need to focus not just on access but also on deepening awareness and literacy uniformly across both Middle-class and Lower-Middle Class people.

2.8. Conclusion

Financial Literacy and Financial Inclusion are considered as two sides of a coin. Financial Inclusion cannot be achieved without Financial Literacy. Timely and judicious decisions on financial aspects are crucial for one's life. Without knowing the fundamental financial concepts, it is very difficult to make informed decisions on financial matters with confidence. Financial decisions affect not only the financial side of people but also touch all aspects of a person's life. The awareness and knowledge of various financial products and services induce people to access credit, save, earn more income and to find a better life thus can deal with unexpected financial risks by avoiding unnecessary debt.

As both the Financial Inclusion and Financial Literacy are interdependent and necessary for full economic growth that is inclusive. Ultimately it assists the people with excellent management of their personal finance. If a person can manage his/her personal financial affairs well, then it means that he/she can easily access credit, and have good savings or investments. Or simply it can be said that the person is financially included. Financial literacy and financial inclusion uplift the poor and deprived people to the upper stratum of society.

References

Hasan, S. S., & et al. (2024), "Closing the Gap: Financial Inclusion and Literacy for Sustainable Growth of Female Micro Entrepreneurs" Available at SSRN: https://ssrn.com/abstract=5036042.

Rahman, M. M., (2024), "Women's financial Inclusion in Bangladesh: Assessing Inbuilt Challenges" Available at SSRN: https://ssrn.com/abstract=4842290.

Ozili, P. K., (2022), "Financial inclusion: the globally important determinants" Available at SSRN: https://ssrn.com/abstract=3998152.

Rashdan, A., & Eissa, N., (2021), "The Determinants of Financial Inclusion in Egypt" Available at SSRN: https://ssrn.com/abstract=3649051.

Weihuan, Z., Arner, D. W., & Buckley, R. P. (2016), "Regulation of Digital Financial Services in China: Last Mover Advantage?" Available at SSRN: https://ssrn.com/abstract=2660050.

Agrawal, M., & John, H. B., (2024), "Financial Inclusion: A Strategic Implication to Financial Development" Available at SSRN: http://ssrn.com/abstract=5127837.

Das, S., & Maji, S. K., (2023), "Factors Affecting Farmer's Financial Literacy: Insights from West Bengal, India" Available at SSRN: https://ssrn.com/abstract=4447395.

Ramakrishnan, R. (2022), "Differentiated Banks and Financial Inclusion" Available at SSRN: http://ssrn.com/abstract=2480930.

Khan, F, S., & Farooqui, N., (2022), "Financial Inclusion: Key to Sustained and Balanced Economic Growth in India" Available at SSRN: https://ssrn.com/abstract=3994798.

Serrao, M, V., & et al. (2021), "Designing a Methodology to Investigate Accessibility and Impact of Financial Inclusion" Available at SSRN: http://ssrn.com/abstract=2025521.