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A Study on Role of Sbi in Promoting Financial Inclusion Through Government Sponsored Schemes

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ABSTRACT:
This study investigates the role of the State Bank of India (SBI) in promoting financial inclusion through government-sponsored schemes using primary data collected from beneficiaries and SBI personnel. The research focuses on understanding how effectively SBI implements the government sponsored schemes and others aimed at empowering financially underserved communities.
Data collected through structured surveys and interviews with beneficiaries reveal their awareness levels, understanding, and experiences with these financial inclusion initiatives. Inputs from SBI officials help identify operational challenges, including infrastructure constraints, digital literacy issues, and procedural bottlenecks that impact the success of these schemes. The study also highlights best practices, innovative approaches, and lessons learned from SBI's financial inclusion efforts, providing valuable insights for improving future implementations. The findings contribute to policy discourse and the broader understanding of the interplay between banking institutions and financial inclusion goals in India.

KEYWORDS: Financial Inclusion, Government-Sponsored Schemes, Digital Literacy, Operational Challenges, Financial service, Financial Inclusion Goals.

1. INTRODUCTION OF THE STUDY:

Financial Inclusion refers to providing financial services to lower income groups of society at a reasonable cost, in comparison to financial exclusion where services are not affordable. Financial inclusion is increasingly being recognized as a key driver of economic growth and poverty alleviation the world over.
Access to formal finance can boost job creation, reduce vulnerability to economic shocks and increase investments in human capital. Without adequate access to formal financial services, individuals and firms need to rely on their own limited resources or rely on costly informal sources of finance to meet their financial needs and pursue growth opportunities. At a macro level, greater financial inclusion can support sustainable and inclusive socio-economic growth for all. There has been growing evidence on how financial inclusion has a multiplier effect in boosting overall economic output, reducing poverty and income inequality at the national level. Financial inclusion of women is particularly important for

gender equality and women's economic empowerment. With greater control over their financial lives, women can help themselves and their families to come out of poverty; reduce their risk of falling into poverty; eliminate their exploitation from the informal sector; and increase their ability to fully engage in measurable and productive economic activities. An inclusive financial system supports stability, integrity and equitable growth.

OBJECTIVES:

- To examine the role of the State Bank of India (SBI) in implementing government-sponsored financial inclusion schemes
- To Analyse the challenges faced by SBI in promoting financial inclusion
- To Evaluate SBI's performance and perception of financial inclusion services
- To analyse the impact of digital financial services offered by SBI on financial inclusion

2. REVIEW OF LITERATURE:

David Porteous and Catherine Robinson, The Role of Digital Financial Services in Promoting Financial Inclusion (2024).

This study focuses on the role of digital financial services in promoting financial inclusion, exploring the potential benefits and challenges associated with these technologies. It discusses the importance of ensuring that digital financial services are accessible and inclusive to all segments of the population.

Deborah L. Doane and Ann Marie Ruffing, Financial Inclusion and Women's Empowerment (2021).

This study examines the literature on financial inclusion and women's empowerment, exploring how access to financial services can contribute to gender equality and women's economic participation. It discusses the challenges faced by women in accessing financial services and the strategies that can be implemented to address these challenges.

Dahiya, S., and Kumar, M., Financial Inclusion Parameters (2020)

In their study attempted to link Parameters such as credit deposit ratio, ATM growth rate, and bank branch count with the Indian economy in terms of GDP. The data support the existence of a positive and significant link between financial services usage and GDP per capita growth

Raichoudhury, A, Major determinants of financial inclusion (2020)

The study supports the existence of a positive and significant link between financial services usage and GDP per capita growth that revealed that the net state domestic product (NSDP), road length and presence of factories have a considerable impact on financial inclusion in India.

David Beck and John Demirgüç-Kunt, The Role of Banks in Financial Inclusion (2019)

This study is a comprehensive review that examines how banks contribute to financial inclusion. The authors explore various mechanisms through which banks can enhance access to financial services for underserved populations, such as providing affordable credit, savings accounts, and payment services.

David Dollar and Aart Kraay, The Impact of Financial Inclusion on Poverty Reduction (2017).

This study explores the impact of financial inclusion on poverty reduction, focusing on the role of access to financial services in empowering the poor and promoting economic opportunities. It highlights the importance of considering the specific needs and circumstances of different populations.

Ibal & Sami, Role of Banks in Financial Inclusion in India (2017)

In India, there is a strong link between economic development and the financial inclusion indicator. GDP is a crucial metric for determining a country's progress. In their study "Role of Banks in Financial

Inclusion in India," they discovered that number of bank branches and the credit deposit ratio have statistically significant impact on a country group's GDP.

Yadav and Sharma, The Role of financial inclusion in agriculture sector (2016)

In this study they have also opted for an index of financial inclusion (IFI) with several dimensions through application of TOPSIS and ranked Indian states and Union territories. They have confirmed that literacy, density of the population, better infrastructure facilities, farmer suicides and contribution of agriculture to GDP are noteworthy factors which have an effect on financial inclusion. A plethora of studies above confirmed that people are economically better off when they are included in the financial stream. However, there exist certain research gaps.

Only a handful studies have systematically researched the socio-economic development factors influencing financial inclusion. There is a need for further studies to build a comprehensive IFI and then discover the socio-economic development factors influencing financial inclusion.

Jonathan D. Ostry, Prakash Loungani, and Davide Furceri , Financial Inclusion and Economic Growth (2016).

This Study examines the relationship between financial inclusion and economic growth, finding that while there is a positive association, the strength of this relationship varies across countries and depends on factors like institutional quality and financial development.

3. METHODOLOGY SAMPLING PLAN:

3.1 Population:

The study focuses on more than 500 customers of the SBI main branch in Pondicherry who have availed themselves of Government sponsored schemes

3.2 Sample:

A sample is a subset of individuals selected from a larger population to facilitate measurement and analysis. For this study, the sample is drawn from beneficiaries of government-sponsored financial inclusion schemes implemented by the State Bank of India (SBI) and includes customers of the SBI main branch in Pondicherry.

3.3 Sample Size & Time:

For this study, a sample size of 103 respondents was selected to analyze the effectiveness of government-sponsored financial inclusion schemes implemented by the State Bank of India (SBI) in Pondicherry.

4. DATA ANALYSIS AND INTERPRETATION:

4.1 CORRELATION ANALYSIS

Null Hypothesis (H_0): There is no significant relationship between the ease of accessing SBI financial inclusion schemes and improved income or livelihood.

Alternative Hypothesis (H_1): There is a significant relationship between the ease of accessing SBI financial inclusion schemes and improved income or livelihood.

		Service access	Income impact
Service access	Pearson Correlation	1	-.076
	Sig. (2-tailed)		.447
	N	103	103
Income impact	Pearson Correlation	-.076	1

	Sig. (2-tailed)	.447	
	N	103	103

Inference:

The correlation analysis between service access and income impact reveals a Pearson correlation coefficient of -0.076, indicating a very weak negative relationship between the two variables. However, this relationship is negligible and does not imply a meaningful association. The significance value (p-value) is 0.447, which is greater than the standard threshold of 0.05.

Result:

There is no significant relationship between service access and income impact. Therefore, **H_0 is accepted**.

4.2 CHI SQUARE:

Ho (Null Hypothesis): There is no significant relationship between understanding the benefits of the schemes and satisfaction with SBI's role in implementing these schemes.

Ha (Alternative Hypothesis): There is a significant relationship between understanding the benefits of the schemes and satisfaction with SBI's role in implementing these schemes**.**

scheme benefit			
	Observed N	**Expected N**	**Residual**
strongly agree	48	20.6	27.4
Agree	25	20.6	4.4
Neutral	12	20.6	-8.6
Disagree	16	20.6	-4.6
strongly disagree	2	20.6	-18.6
Total	103		

Overall satisfaction			
	Observed N	**Expected N**	**Residual**
strongly agree	28	20.6	7.4
Agree	23	20.6	2.4
Neutral	21	20.6	.4
Disagree	19	20.6	-1.6
strongly disagree	12	20.6	-8.6
Total	103		

Chi-Square Test

Test Statistics		
	scheme benefit	**overall satisfaction**
Chi-Square	58.796[a]	6.660[a]
df	4	4
Asymp. Sig.	.000	.155
a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 20.6.		

Inference: The chi-square analysis shows a significant relationship between understanding the benefits of the schemes and satisfaction with SBI's role in implementing these schemes. The chi-square value of 58.796 and p-value of 0.000 (which is less than 0.05) indicate that the differences in responses are not random but reflect a real relationship. Therefore, we reject the null hypothesis (H_0 is rejected).For overall satisfaction, the chi-square value is 6.660 and the p-value is 0.155 (which is greater than 0.05). This suggests that the differences in satisfaction levels are likely due to chance and not linked to the understanding of the scheme benefits. Therefore, we accept the null hypothesis (H_0 is accepted).
Result: There is a significant relationship between understanding the benefits of the schemes and satisfaction with SBI's role in implementing these schemes. Therefore, H_a is accepted for scheme benefits. However, there is no significant relationship between understanding the scheme benefits and overall satisfaction levels, so H_0 is accepted for overall satisfaction**.**

4.3 ANOVA ANALYSIS:
H0: There is no significant difference between respondents' understanding of the benefits of these schemes and their opinion on how helpful banking correspondents are in providing access to them.
Ha: There is a significant difference between respondents' understanding of the benefits of these schemes and their opinion on how helpful banking correspondents are.

Descriptives
scheme benefit

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
strongly agree	34	1.71	.970	.166	1.37	2.04	1	4
agree	21	2.71	1.521	.332	2.02	3.41	1	5
neutral	34	1.85	1.048	.180	1.49	2.22	1	4
disagree	12	1.83	.718	.207	1.38	2.29	1	3
strongly disagree	2	4.00	.000	.000	4.00	4.00	4	4
Total	103	2.02	1.180	.116	1.79	2.25	1	5

ANOVA
scheme benefit

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	22.685	4	5.671	4.660	.002
Within Groups	119.276	98	1.217		
Total	141.961	102			

Inference:
The ANOVA results indicate a significant difference in respondents' understanding of the benefits of the schemes and their perception of how helpful banking correspondents are in providing access to these

schemes. The p-value of 0.002 is less than the significance level of 0.05, leading to the rejection of the null hypothesis (H_0 is rejected).
This suggests that the respondents' views on the benefits of the schemes and the helpfulness of banking correspondents differ significantly across various groups, such as "strongly agree," "agree," "neutral," "disagree," and "strongly disagree."
Result: There is a significant difference in respondents' understanding of the benefits of the schemes and their perception of the helpfulness of banking correspondents. Therefore, H_a is accepted.

5. FINDINGS:

- The correlation analysis between service access and income impact reveals a Pearson correlation coefficient of -0.076, indicating a very weak negative relationship between the two variables. However, this relationship is negligible and does not suggest a meaningful association. The p-value is 0.447, which is greater than the significance level of 0.05, indicating that the observed correlation is not statistically significant. There is no significant relationship between service access and income impact. Therefore, H_0 is accepted.
- The chi-square value is 58.796 with a p-value of 0.000 (which is less than 0.05). This indicates that the differences in responses are not random but reflect a real relationship. Therefore, we reject the null hypothesis (H_0 is rejected). The chi-square value is 6.660, with a p-value of 0.155 (which is greater than 0.05). This suggests that the differences in satisfaction levels are likely due to chance and are not linked to the understanding of the scheme benefits. There is a significant relationship between understanding the benefits of the schemes and satisfaction with SBI's role in implementing these schemes. Therefore, H_a is accepted for scheme benefits. However, there is no significant relationship between understanding the scheme benefits and overall satisfaction levels, so H_0 is accepted for overall satisfaction.
- The ANOVA results show a significant difference in respondents' understanding of the benefits of the schemes and their perception of how helpful banking correspondents are in providing access to these schemes. The p-value of 0.002 is less than the significance level of 0.05, leading to the rejection of the null hypothesis (H_0 is rejected). This suggests that respondents' views on the benefits of the schemes and the helpfulness of banking correspondents vary significantly across groups such as "strongly agree," "agree," "neutral," "disagree," and "strongly disagree." There is a significant difference in respondents' understanding of the benefits of the schemes and their perception of the helpfulness of banking correspondents. Therefore, **H_a is accepted**.

CONCLUSION:

The analysis highlights key insights into respondents' demographics, perceptions, and challenges regarding SBI's financial inclusion schemes. Significant positive responses, such as high awareness levels, favourable perceptions of scheme benefits, and ease of access to digital banking, underline SBI's effective initiatives. However, barriers like lack of awareness, eligibility challenges, and financial literacy gaps persist, particularly for certain demographic groups.
Tailored strategies, such as targeted digital initiatives for younger audiences, women-centric offerings, and improving financial literacy programs, are essential to enhance engagement and inclusion. By addressing neutral and negative feedback through improved service delivery and communication, SBI can further strengthen its role in promoting financial inclusion. Additionally, leveraging satisfied

respondents as advocates and innovating its service offerings will enable SBI to differentiate itself in a competitive market.

The findings and recommendations together offer a roadmap for SBI to optimize its schemes, expand customer satisfaction, and achieve broader financial inclusion objectives.

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