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Financial Inclusion in Arunachal Pradesh – An Analysis of Problems and Constraints

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Abstract

Financial system of India is not fully inclusive, and there are pockets of exclusion in them. Recently, the Indian policy makers have taken various steps to make the system inclusive. Access to financial services is very much crucial in the development as it facilitates sustainable economic growth and limiting income disparity. Arunachal Pradesh, the largest NER state of India with a low financial inclusion index, intents to make its unreached masses financially reachable through various interventions. But still 70% of the people are excluded. This paper has tried to trace out the problems and constraints faced by the masses and the prospects lies ahead, with respect to make the people included in formal financial system.

Keywords: Financial inclusion, Banking Outreach, Urban, Rural, Financial Service users.

1. Introduction

"It's all really about platforms, creating platforms for serving people who are essentially poor. The reason for that—and we know this from many documented studies—is because they are dealing only with cash, which is not a good way for people to be able to save and put money aside."- ***KostaPeric, is the Deputy Director of the Gates Foundation's Financial Services for the Poor***

Indian economy is now entering into a decisive phase of financial sector reforms. Consequently, it is trying to integrate with world economy with open market policy at a greater pace and will face increasing risk of adversative impact of world economic changes. In this situation, the ability of individuals to make informed financial decisions and be fully bankable will be critically significant (Ambarkhane et.al., 2014). Financial Inclusion is vital for India where a large part of the population does not have access to formal financial services in the nature of savings, loans, insurance, remittance facilities. Financial inclusion is a tool for ensuring access to financial services, and timely and adequate credit needed by vulnerable groups such as the weaker sections and low-income groups at an affordable cost (Nayak, 2012). Financial Inclusion is encircled with the various provisions of accessibility and availability of financial products and services along with their usages by the weaker and excluded groups has become important as a policy concern as it ensures individual efficiency and equitable welfare and in turn leads to financial empowerment of the poor (Arora, 2010).

With the commitment of greater financial inclusion, the RBI and the government of India has undertaken various measures basic banking 'no-frills'(NF) account with low or nil minimum stipulated balances and charges, Aadhaar linked remittance and receipts, floated schemes like PMDJY, Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana etc., modified KYC, introduction of mobile banking and net-banking, greater involvement of BCs and post-offices etc. to improve the outreach of the financial services to vast sections of the population (Mundra, 2016).

But the reality is something far from the imagination and policy objectives. The biggest public-sector banks as well as insurance companies are focused on globalising, competing with private sector and arguments for enhanced remuneration while the poor of India seem to be in a time warp on banking (Kochhar, 2010, Chakrabarty, 2011a). The major barriers to financial exclusion are lack of access, lack of physical and social infrastructure, lack of understanding and knowledge, lack of technology, lack of support, and lack of confidence, among others (Sen, 2000; Subbarao, 2009). Overcoming these barriers is a challenge to financial inclusion. For a majority of participants, despite the challenges of financial inclusion, there is no denying the fact that a fortune lies at the bottom of the pyramid (Mohan, 2006).

Despite several initiatives, the main impediment seems to be the lack of commercial viability, basically in the rural and hilly areas. According to RBI estimates- 2011, of the 600,000 villages in rural India, about 30,000 have a commercial bank branch. Just 40 per cent of India's population has bank accounts (Chakrabarty, 2013a). Only 10 percentage of people have life insurance cover while the percentage of non-life insurance holders is miniscule at 0.6 per cent (Chattopadhyay, 2011). A misplaced optimism has existed in India that the BCs and NGOs will take financial inclusion to scale (Economic Survey, 2016, Chakrabarty, 2011b & 2012). The factors like cost of services, trained manpower, management of resources are the forgotten past. The banks who successfully done the pilot spells, could not manage the scale, due to lack of public awareness and reachability to the clients. Thus, a calmness prevailed in the growth of financial inclusion in the rural sector of India (Mohan, 2006, Chakrabarty, 2013b and 2013c).

2. Background of The Study

The story of financial inclusion in the North-East corner of India is also very dismal and disappointed. The development of formal banking in the NER was only a post-nationalization phenomenon. Prior to nationalization of banks in 1969, the situation was a zero. Not a single branch of commercial banks existed in Arunachal Pradesh and Mizoram. A remarkable progress was made in the banking development both geographically and demographically (RBI, 2005 and 2006). Starting from a zero in 1969, the branch network of commercial banks expanded significantly in the North-Eastern state of Arunachal Pradesh. From no-branches in 1969 to 187 bank branches in early 2018, is a remarkable journey for the banking reachability in the state (Sahoo & Khundrakpam, 2006, RBI Annual Reports 2001 to 2017). Though, the population per bank branch is one of the important indicators for assessing the financial inclusion, it only indicates physical access to banking in terms of availability of banking services. It does not disclose the actual dimension of financial inclusion in terms of coverage or usage of the banking services. In ultimate analysis, the growth performance in the delivery of the banking services is critical for achieving financial inclusion objective (Kaveri, 2000).

Immediately after bank nationalization, the focus of the banking policy shifted from urban/metropolitan orientation to branch expansion in unbanked rural locations throughout the country. While the number of bank branches in the country has increased eightfold from 8262 branches in 1969 to 67529 branches in 2001, the rural bank branches increased almost twentyfold from 1832 to 35396 in NER. During this period, the NER also witnessed rapid expansion in rural bank branches. Out of 1935 bank branches in 2001, 1269 were in rural branches (Thangasamy, 2014). The percentage share of rural branch network in total bank branches worked out to 66 percent as against the 48 percent at all-India level. This trend was, however, upturned during 1990s. but the expansion of rural branch network came to a grinding halt during post-liberalization era. It has witnessed a decline in the number of rural branches from 1269 to 1256 during the period 2001-2010 whereas 407 new branches were set up in the cities and urban areas (Zhimomi and Karim, 2017). An identical trend is also found in Arunachal Pradesh, the percentage of rural branches coming down from 81.20% (56 branches) in 2001 to 63.8% (51 branches) in 2010 and 57.75% (108 branches) in 2017. Mergers, swapping and closure of rural branches, rather than expansion, became the manifestation in the state. The private sector presence in the rural areas of Arunachal Pradesh also a questionable proposition and a gross violation of the RBI directives. The divergence in the demographic penetration of bank network in rural and urban areas in the state is a distressing prospective to achieve the complete financial inclusion in the impoverished state (Jena, 2014).

It is a fact that the status of financial inclusion is very dismal in Arunachal Pradesh. The state has a massive rural land covering 73.67% of the total landmass and includes 67% of the total populations. Thus, it is pertinent to see a progress in the levels of bankability among the masses with a higher bank outreach. The bank, credit and insurance penetration are crucial factors for the socio-economic transformation of the poor. This ensures requisite savings, timely access to credit and insurability against the future eventualities which in turn develops his living standard and style (Rao, 2007).

3. Literary Review

It is generally believed concept among the policy makers all over the globe that by providing people the access to banking facilities and services,

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individual economic wellbeing can be achieved. However, despite the profound benefits of financial inclusion through the technological progressions in the last five decades, around 2 billion people in the world still do not have access to basic banking services (2014 World Economic Forum report). While concerted efforts are being made to bring basic financial services being reachable to these unbanked individuals, policymakers of the developing world have faced with several challenges and constraints. By including more people into the financial system, they can ensure a rapid GDP growth, reduce poverty and create new market opportunities for the private sector. Achieving financial inclusion is therefore a critical milestone on the path towards realising the promise of the nation. The measure constraints are (Vasudevan, 2013):

1. Perceptions of high fees limits the usage of banking services
2. There is a general sense of mistrust in banks' motives
3. Concerns of fraud negate the convenience of cashless transactions
4. People value a sense of community with trusted advisors
5. Banks require too much paperwork and response times are slow
6. A significant amount of business is conducted informally

These hurdles can be distilled into the following main challenges as cited by the study undertaken by Grandolini (2015), and Tandon (2012):

1. Conviction of usefulness and change attitudes to translate knowledge into behaviour.
2. Lack of financial literacy programs and behavioural insights to ensure that people can make sound financial decisions, select financial products best fit to their requirements in time, and know how to use the service channels, such as ATMs or mobile banking etc.
3. Ensure consumers understanding about their rights and responsibilities as consumers of financial services.
4. Availability of various customised products and their features
5. Provisions of valid identification documents needed for transactions in FIs.
6. Establishing a secure and reliable platform for the service vehicles and consumer protection.
7. Gender issues and rural infrastructural issues

Very interesting times which call for innovation & out of the box thinking to develop the financial inclusion scenario in India. Wear a thinking hat, there is never going to be a better time. Thus, the ultimatum is based on few opportunities that are significant today include (Reddy, 2015), (Ananth and Sabri, 2013):

1. Developing Next generation payment systems, a new payment gateway that is low cost and based on either Aadhaar or biometrics.
2. Mobile technology could be leveraged with financial initiatives as India possess over 700 Million people with smart mobile phones.
3. Customised financial applications to be developed which will able to reach out to the rural masses and can support Aadhaar, Biometrics & be able to work thru Business Correspondents.
4. Services through a network of efficient BCs.

4. Research Gap, Research Objectives and Research Methodology

Arunachal is a village dominated state and the bankability of the masses is at the bottom of the table, so as the existence and development of the basic infrastructures. Though the concept of financial inclusion has gained a good ground in other states in the mainland as well as in the NER, the state fell short. Academically, this is still a virgin area where no research studies have been conducted till date. Even if some casual studies were undertaken here and there, the divergence between rural and urban has not yet been covered. This creates a wide research gap and an academic void in the academic field. The present study has been undertaken the following research objectives:

1. To analyse the problems and constraints faced by the financial service users in the study areas.
2. To suggest some policy measures to eradicate the problems and constraints.

The study included two districts of Arunachal Pradesh viz., Papumpare and Lohit (undivided). The reasons for selection of these two districts are as follows. Papumpare has the largest population in the state, highly urbanised compared to other districts, 49 bank branches operating in the district which is 30 per cent of the total bank branches operating in the state, and CRISIL Inclusix score of the district is 57.9 in 2011 which is highest in the state. The Lohit district was selected as it is a village dominated district with 222 rural villages and 2 urban towns as per census 2011, with CRISIL Inclusix score of 18.7 in 2011, the third lowest in the state and ranked 588 in the country. The study was based on primary as well as secondary data**.** Target respondents for the primary data were the members of the Household who have bank account or post

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office savings accounts or any other linkage with formal financial institutions in the nature of banking, insurance, or investment etc. The study was based on a sample of 266 households selected from the universe of 63735 persons, total population as per Census 2011 in the sample districts, through stratified random sampling from the study area.

The research is descriptive and analytical in nature. A schedule was designed for collecting the data for the study areas. Triangulation Analysis was undertaken by keeping the findings of the previous research studies and their findings at one end, findings from the one-to-one interviews with the peer group members, government and bank officials and the financial service users' groups at the second end, and the information collected by observation and experience at the third end of the analysis. Finally, all the information collected from different sources, keeping in mind the dimensions of time, space, and person, important variables were earmarked to be studied with respect to the problems and constraints faced by the financial service users in the study areas. Both descriptive analysis and comparative analysis were undertaken to test the hypotheses developed for the current study.

5. Problems & Constraints Faced by Financial Service Users

Through field survey conducted in the study area, it has been found that the people are facing several problems related to bank. In order to know the most extreme problems encountered by the rural as well as urban dwellers, chi square test has been conducted on the given parameters and same has been tabulated in table no. 01. In general, problems which have been illustrated in table 01 mostly prevailed in the NER India with respect to the opening of an account in the financial institution and making transactions through it. From the analysis and results presented in the table 6.01, it has been found that the reachability to the financial institutions or distance from home is the biggest problem encountered by the respondents whether urban dwellers (3.87) or ruralites (4.56). Sometimes, they have to travel around 40 to 50 kms to reach the banks or post offices or other FIs for some transactions. Other major lacunae faced by both the rural and urban settlers are the rude behaviour of the bank staff (mean = 4.25 in rural and Mean=2.75 in urban) and they have also been encountered with misinformation and cheating (Mean = 4.16 in rural and Mean=3.39 in urban). Most of the rural dwellers are illiterate and innocent thereby get lured and being cheated. On the other hand, urban dwellers are mostly literate, thereby chances of getting cheat is relatively lesser than rural. Other problems like high processing fees and charges, faith on security & safety, time lag in transactions are also found to be impacting a lot on the bankability of the respondents. Due to these reasons, it has been also found that the some of the respondents denied requiring a bank account (total mean score= 2.21, in rural 2.80, in urban 1.51) and financial transactions through them. The main reason for this lackadaisical is due to the problem associated with procedures, attitude of bankers and most importantly distance. Chi square test (**χ^2 test)** also reveals that the difference of opinions given by the rural and urban respondents are statistically significant. So null hypothesis has been rejected which indicates a significant difference of opinion with respect to problems encountered in opening of saving bank account is present among urban and rural respondents. The problems are being regulated through place factors.

Problems encountered with respect to loan transactions are presented in the table 02. Out of given parameters, most extreme is the physical proximity and convenient to avail the loan (total mean score =4.43. in rural 4.74 and in urban 4.04). The problems of unavailability of the short-term loans is also a factor of concern for the respondents (rural – 3.76, urban – 3.69). Lengthy application process is also found to be one of the major problems faced as cited by the respondents, with a total mean score of 4.19, (in rural 4.15 and in urban 4.25). The other problematic areas are demand for excessive collateral security (rural – 3.50 and urban 3.44), and non-awareness about loan eligibility (rural – 3.65, urban – 3.54) due to lack of financial awareness and education. The respondents also cited other factors like high cost of loans, uncertainty about their ability to pay the EMI, unavailability of short-term loans and problems in premature closing of loan account as the reasons for their non-dependence of formal sources for loans. Putting the responses under the Chi square test (**χ^2test)** with an aim to find out the presence of difference of opinion among the rural and urban respondents with respect to the loan transactions, it is revealed that all given parameters are statistically significant. This analysis postulates that there are significance differences in the opinion on problems encountered with respect to loan transactions between rural and urban individual respondents, but the degree of differences is found to be very lesser as the banking coverage is quite alike in both the areas.

The problems pertaining to availing insurance services and products is presented in table no. 6.03. From the analysis of the responses, it has been found again that reachability is the most severe problem encountered by the respondents to avail insurance services. Due to the lack of knowledge and awareness about the insurance products and services (4.00), lengthy and cumbersome process (3.58), misinformation and chances of fraud (3.65), and high cost of the policy (3.80) are cited as the biggest problems for the rural respondents apart from problems like bad behaviour of the insurance office staff (3.39) at the time of payment of premiums and in case of claims. In the urban areas, those problems are persisting, but the degree is bit lesser due to the presence of offices and higher-grade officers. Due to such problems faced by the people and getting a negative feedback from the dissatisfied customers, majority of the ruralites are opined not to take insurance policies (4.80). The Chi-square test proves a significant level of divergence exists in the opinions of rural and urban respondents with respect to Insurance. Hence, null hypothesis has been rejected.

6. Major Reasons for Financial Exclusion in Rural Areas

From the above study, personal observation, interaction with the peer groups and the officials of the FIs, the following factors can be outlined which have been affected the financial inclusion in the rural areas negatively.

1. Low Levels of Income: Two thirds of rural households in the study areas have a monthly income below Rs. 5000. The life is sustained with hand to mouth resources and thus, they don’t have enough money for banking activities.
2. Seasonality of Income: 74% of the rural population in the study area depends on agriculture activities and forest resources which are highly seasonal. Very few rural adults (5%) are salaried and thus, a constraint to banking activities.
3. Low Levels of Education: Most adults in rural HH (64%) in the state have primary school education or lower, and if they got higher formal education then too they are very much ignorant in the financial domain of education.
4. Low Levels of Financial activities though they have banking accessibility and have PMDJY passbooks or savings accounts.
5. Limited Compliance with KYC Requirements and collateral securities: Only 50% of rural adults have an ID, 1% has an electricity or water bill (as a proof of residence) to open a bank account. On the other hand, 60% of the rural adult population have their own house but only 8% are made of concrete bricks and burnt clay bricks (as per Census 2011) and none have the approved official documents to prove an asset ownership, constraining the use of their houses or land as collateral securities for the loans.
6. Reachability of Financial Institution: Rural places are mostly inaccessible with respect to motorable roads. So, access to the banking using public transport, which, most of the time, take them more than 4 to 5 hours to reach if connected to motorable fair-weather roads. This implies high time and transaction costs in using financial services.
7. Lack of Assets Needs: For rural adults mostly are not in need of luxurious assets like car, freeze, almirah etc. and they may be in need of a motor cycle or a mobile to sustain their life with other basic needs. Thus, the credit need of the ruralises to acquire assets is minimal so as the banking activities.
8. Poor Coping Mechanisms: Despite the risks rural population is exposed to, insurance is not a common coping mechanism for them. They sell some assets like land or house or a bike, use savings and borrow money from relatives or indigenous money lenders to cope with financial shocks like marriage and deaths, unanticipated events, further increasing their vulnerability.
9. Poor attitude towards banking: The exposure, through TV and social medias like whatsapp and facebook, to various financial scams like chit fund etc. or through some experience of fraudulence by someone around, the attitude of the rural poor become antagonistic towards formal financing.

7. Challenges

The path of comprehensive financial inclusion in Arunachal Pradesh, the most backward state with respect to the basic infrastructure in India is full of various challenges, which are summed up, as follows, after making an analysis through the personal interviews with various stakeholders:

1. Dependency of rural masses on indigenous money lenders
2. Lack of basic education prevents the people to have an access from financial services
3. Some of the financial services are costly and unaffordable
4. Lack of documents like IDs, land title deeds, and other etc.

5. Poor institutional reachability
6. Problems of language and understanding
7. Staff behaviour, organisational attitude, and inability to convince the client
8. Lack of basic infrastructure
9. Non-availability of MFIs, SHGs and BCs
10. Cheating and exploitations.

8. Transforming Constraints to Banking Business Opportunities

Obligation is just one side of the coin. The other side constitutes nothing less than a profitable business opportunity hidden in the process of including the vast multitudes in the financial ambit. The late management guru, Prof C. K. Prahalad asserted that fortune lies at the bottom of the pyramid. Indeed, ample business potential lies at the bottom of the Indian financial pyramid, given the vast untapped population.

a. **Appropriateness of Financial Products and Services**: Most banking products and services are focused on salaried or richer class of people, but in rural areas of the state, only 6.2% of adults are working as salaried persons. Thus, an opportunity lies for the banking institutions to develop customised financial products and services for the rest 95% of the non-salaried income earners, agriculturists, business owners and those who do odds jobs by taking into account the following factors:
    - Irregularity of income and revenues of the business
    - Spontaneity of credit requirement and the need for rapid disbursement by some specific businesses.
    - Loan repayments with irregular cash flow.
    - Collateral requirements associated with rural asset ownership.
    - Suitable formal and informal distribution channels to lower transaction costs and transactional time lag.

    Due to the low insurance penetration in the state, there is an opportunity to develop some tailor-made mechanisms to alleviate risks in rural areas (savings) to prevent rural population to sell their assets and get credit to cope with emergencies and unexpected events. Another opportunity to reach the poor in the rural areas may be to explore short term micro-insurance products using mobile platforms or agent banking. As majority of the people in the state using the mobile handsets, the opportunity also lies with the financial service providers in the form of developing a platform to suit the non-android handsets without internet connectivity.

b. **Adequacy of Communication and Financial Education:** The opportunity also lies for a development of banking business if financial educations campaigns in rural areas can be undertaken to improve their understanding of financial vocabularies and to illuminate them by reducing their misperceptions about financial institutions and products / services. The following aspects can be taken up to develop the same:
    - Language: Uses of local language and graphical language (cartoons).
    - Delivery channel: Non-smart handsets, peer groups and community leaders.
    - Financial institutions can attract rural adults to banking through below the line (BTL) marketing (i.e., very specific, memorable and direct advertising activities focused on targeted groups of consumers) using unconventional methods and delivery channels.

c. **Accessibility of Financial Institutions:** Because of its potential for dramatic, rapid expansion of services, branchless banking is sometimes talked of as almost equivalent to financial inclusion. Thus, opportunities lie with the easy and rapidness of provision of financial products and services and can be obtained through Mobile (phone) banking, Correspondent/ agent banking, and strengthening financial infrastructure for electronic transactions. These new transaction channels provide unprecedented power to reach new customers as mobile / phone and agent banking as essential ways to achieve scale and penetrate deep into new territories.

d. **Perennial Priority through Capacity building**: The capacity building is needed with respect to governance of the institutions, expanding to new products and client groups, and managing risk. Social or human objectives amalgamated with business objectives for the banks now and being an opportunity for growth and expansion. With customer friendly ambience and services may lead to expanded territories and mitigate the risk of losses.

e. **Building Credit Bureaus**: Expanding inclusion means reaching out to people who are too expensive or difficult to reach currently. National IDs, like Aadhaar, when combined with credit bureaus, will lower the cost of transaction and risk. As the government is committal to Aadhaar agenda, the building of credit centres or bureaus will be an opportunity to expand rural business.
f. **Reorganise MFIs**: Need of a billion people for credit is a reality. In 90s, this pushed a massive growth in credit market and advent of MFIs. Most of the inducements in terms of profit had pushed the MFIs for a reckless growth and ultimately, suffering the consequences of reckless growth and reckless lending. A stringent regulatory control may lead to an opportunity for the MFIs to flourish and fulfil the credit penetration in rural areas.
g. **Cliental Protection**: Provisions of stringent consumer protection measures will empower them for a comfortable financial and institutional access and can negotiate with financial service providers. Sometimes, a regulatory approach alone is not sufficient. Thus, opportunity lies for a growth and sustenance depends on developing a culture within a country or organization of implementation and accepting the client protection principles as the way to create a more inclusive financial world. Sustainability and reasonable profits should be the aims of MFIs rather profit maximization while dealing with poor.

9. Conclusion

It is the inability of formal financial institutions to meet the specific needs of the poor that has enabled informal service providers to fill the vacuum. Without a paradigm shift, especially on the part of banks, financial inclusion is bound to fall short of expectations. It proposes that the banking sector should look at efforts to expand inclusion not as a capital cost or as a charitable expense, but as a long-term investment in the future. There are thus no easy short-cuts to financial inclusion. Ambitions for financial inclusion need to be tempered because the financial system can grow only as fast as the rest of the economy. Given India's income levels, it is not doing either much worse or much better than its peers as far as key parameters of financial inclusion are concerned. India's ambition of financial inclusion can do with a dose of realism about what the financial sector is capable of achieving. A blend of technology, available human resource, and a reasonably large financial infrastructure in rural areas should come in handy for the new aspirants to take forward the cause of financial inclusion.

Annexure

Table No. 01: Problems Encountered with respect to Opening of Savings Accounts and Financial Transactions

Parameters	Mean Score			χ^2 Test		
	Rural	Urban	Total	χ^2	df	Sig.
Distance from your home	4.56	3.87	4.26	119.389[a]	4	.000
Cumbersome procedure	2.81	2.65	2.74	70.341[a]	4	.000
Bad behaviour of the staff	4.25	2.75	3.61	40.143[a]	4	.000
Misinformation and cheating	4.16	3.39	3.83	354.825[a]	4	.000
High fees and charges	3.07	3.08	3.07	367.310[b]	4	.000
No faith on security & safety	3.16	2.97	3.08	649.984[a]	4	.000
High time lag in transactions	3.10	3.18	3.13	63.206[c]	4	.000
Don't need an account	2.80	1.51	2.21	41.134[c]	4	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 50.4.
b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 84.0.
c. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 63.0.

Sources: Field study 2017-18

Table No. 02: Problems Encountered With respect to Loan Transactions

Parameters	Mean Score			χ^2 Test		
	Rural	Urban	Total	χ^2	df	Sig.
High interest rates	2.84	2.67	2.77	52.246[a]	4	.000
Short loan term unavailability	3.76	3.69	3.73	141.056[a]	4	**.000**
Excessive collaterals	3.50	3.44	3.47	38.000[a]	4	.000
Lengthy application process	4.15	4.25	4.19	53.952[a]	4	.000
High costs of borrowing	2.83	2.72	2.78	74.071[a]	4	.000
No convenient proximity	4.74	4.01	4.43	71.651[a]	4	.000
Uncertainty to pay EMI	2.81	2.78	2.80	115.421[a]	4	.000
Did not know credit eligibility	3.65	3.54	3.60	139.706[a]	4	.000
Previous denial of loans	3.19	3.41	3.28	67.722[a]	4	.000
Don't need a loan	3.28	3.03	3.17	522.563[a]	4	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 50.4.
b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 84.0.
c. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 63.0.

Sources: Field study 2017-18

Table No. 03: Problems Encountered With respect to Insurance

Parameters	Mean Score			χ^2 Test		
	Rural	Urban	Total	χ^2	df	Sig.
Lack of knowledge	**4.00**	**3.50**	**3.79**	54.468[a]	4	.000
Distance from your home	**4.40**	**4.20**	**4.31**	68.714[a]	4	.000
Lengthy & clumsy process	3.58	3.46	3.53	140.778[a]	4	.000
Bad behaviour of the staff	3.39	3.32	3.36	138.397[a]	4	.000
Misinformation and cheating	3.65	3.52	3.59	97.841[a]	4	.000
High fees and charges	3.17	3.50	3.31	65.024[a]	4	.000
High premium	3.80	3.60	3.71	55.924[a]	4	.000
Don't need an insurance	**4.80**	**3.51**	**4.21**	51.174[c]	4	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 50.4.
b. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 84.0.
c. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 63.0.

Sources: Field study 2017-18

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