FINANCIAL INCLUSION IN GOA: A MYTH OR REALITY?

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ABSTRACT

The importance of financial inclusion arises from the problem of financial exclusion of nearly three billion people who do not have access to the formal financial services across the world. It has been observed that even well-developed financial systems have not succeeded in being ‘all-inclusive’ and certain segments of the population remain outside the formal financial systems. In spite of being a late entrant to the banking system, Goa has made tremendous progress and has achieved an excellent banking network spread across the state. The aim of the paper is to provide an insight into the extent of financial inclusion/exclusion in Goa. The study is based on secondary data collected from the Directorate of Planning, Statistics and Evaluation, Government of Goa for the period 1987-88 to 2010-11 and primary data made available by means of a structured interview schedule administered to 400 households across four talukas in Goa. This is the first study, to the author’s knowledge, that has been undertaken to examine the extent of financial inclusion at the taluka and household levels in Goa. It can be concluded from the study that there are wide disparities in financial inclusion across the talukas. A comparative analysis of talukas in terms of access and usage of banking services shows that the levels of financial inclusion are significantly low in large parts of the state of Goa. Even though Goa has been declared as a completely financially inclusive state, the degree of financial inclusion is not balanced between the developed and less developed talukas. The estimation results of the binomial logistic regression model show that the employment status of the respondent, the respondent being a beneficiary of a government scheme and his/her educational status have a positive impact on the holding of a bank account by an individual. An analysis of the extent of financial exclusion at the household and individual levels reveals that if the number of adult members in a household not having a bank account is considered as an indicator of financial exclusion, it is evident that financial exclusion is prevalent across households in Goa. Financial exclusion is found to be most closely associated with households belonging to backward castes, living below poverty line, residing in rural areas and earning low incomes.

Keywords: Access dimension, Financial exclusion, Financial inclusion, Usage Dimension.