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## **A Detailed Study on Expanding the Need of Financial Services Access to The People Residing in Rural as well as in Urban Areas in India**

*Sheetal*

Student of MBA, Galgotias University

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### **ABSTRACT**

The increasing population in India in both parts of the country, rural as well as urban, and fast-growing world has created many problems for the economy, such as unemployment, shortage of basic amenities (food, clothing, shelter) as well as urban poverty. Indeed, India is becoming increasingly globalized and urban, witnessing an increase in the number of urban poor people. They are paying limited attention to investing in savings products due to their unawareness.

For the improvement of the access to financial services for India's rural and urban people, here examine the current level and pattern of access to financial services for India's rural as well as urban households. In this study I have evaluated various approaches for delivering financial services to the rural and urban people in India who is not aware about all their financial services and have focused on what it would take to improve access to financial services for India's rural and urban people. I have also done a parallel comparison between the understanding of how they manage their finances whether it would be related to their household budget management, personal finance, and investment for future.

The main concern of this present study is to have an idea about the financial behavior of the people residing in rural and urban areas with special reference to the financial literacy. As they both face insecurity, livelihood vulnerability. However, they are opting for informal banking sector, despite the availability of formal banking credits at cheap rates

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### **INTRODUCTION**

Access to financial services, to enable individuals to do what they desire to do is gradually being recognized as an important input to economic development.

This research presents a view on how people manage their finance. This report gives a clue about how people from rural and urban areas manages their personal finance, how they plan for their savings and investments, or do they have access to all the financial services that are available. I have also prepared a detailed reporting on pair comparison from people who used to live in rural and urban areas.

In this study we examine the extent of financial access in both rural and urban areas. A questionnaire has been created for the data collection so that we could see the real picture as how much people are aware about their financial goals, their own household spending and how they used to manage their personal finance. Access to financial services is a critical factor in the development of both rural and urban areas. Many people in both settings lack access to traditional banking services, which can hinder economic growth and limit opportunities for financial stability.

In rural areas, access to financial services can be particularly challenging due to a lack of infrastructure and the high cost of providing services to sparsely populated areas. This can result in limited access to credit, savings accounts, and other financial products that can help farmers and small business owners to invest in their businesses and grow their incomes.

In urban areas, there are often more options for financial services, but many people still lack access due to factors such as poverty, lack of education, or discrimination. Without access to affordable banking services, individuals may resort to predatory lenders or other risky financial practices that can lead to debt and financial instability.

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### **RESEARCH OBJECTIVE**

The main objective of the paper is as follow

- To study the need of financial access with reference to rural and urban areas.
- Improving financial stability.
- Identifying barriers to financial inclusion.

- To study about the level of financial literacy between the urban and rural people.
- To know how people manages their households (do the make their budget plan).`
- Developing innovative solutions.
- To study the concern of people about their investment and savings.
- To study people awareness about financial products.

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## LITERATURE REVIEW

Access to financial services is essential for economic growth and poverty reduction, and it is widely recognized as a key driver of development. However, access to financial services is often limited in rural areas compared to urban areas.

### **RURAL AREAS:**

In rural areas, financial services are often limited by a lack of physical infrastructure and low levels of financial literacy. There are also fewer financial institutions and services in rural areas, with a concentration of services in urban areas. Additionally rural areas often have lower levels of income and savings, which can make it difficult for individuals to access financial services, including credit.

According to a study by the world bank, rural residents are less likely to have bank accounts, and more likely to rely on informal financial services such as moneylenders or savings groups. The study also found that women in rural areas are particularly disadvantaged in accessing financial services

However there have been efforts to increase financial services access in rural areas, such as the expansion of microfinance institutions, mobile banking, and agent banking. These services have shown promise in increasing financial inclusion in rural areas, particularly for women.

### **URBAN AREAS:**

In contrast, urban areas generally have more access to financial services, including a greater number of financial institution and more diverse services. This is largely due to the concentration of economic activity and higher levels of income and savings in urban areas.

Additionally, urban residents are more likely to be literate an have greater access to technology, which can facilitate financial services access.

However, despite greater access to financial services in urban areas, there are still barriers to access for certain groups, such as low -income individuals and those without formal identification documents. There is also a growing concern over the high cost of financial services in urban areas, which can limit access for those with lower income.

In summary, financial services access is often limited in rural areas compared to urban areas. However, there have been efforts to increase financial inclusion in rural areas through the expansion of microfinance institutions, mobile banking, and agent banking. While urban areas generally have greater access to financial services, there are still barrier to access certain groups, and there is growing concern over the high cost of financial services in urban areas. Overall improving access to financial services in both rural and urban areas is crucial for promoting economic growth and reducing poverty

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## RESEARCH DATA AND METHODOLOGY

### **Research methodology**

The research process consists of stages or steps leading to a project from its consideration of final analysis, recommendations, and final actions. The research process provides a structured way and ensures that all aspects of the research projects are consistent.

Research studies change with a series of steps, each representing an answer to an important question

### **Research Data analysis and interpretation**

To test the level of the literacy of the respondents 12 question were asked through questionnaire to assess the knowledge on different concept.

The total proportion of male and female participated in this survey are 60.4 % respondent were male and 39.6% of the respondent were female . This survey is not limited to any gender specific. It was to open to all. In this survey all the age group of people are allowed to participate. The age group has been divided into 3 parameter which lies between:18 -25 in which 60.4% respondent have given their view.25-35 in which 18.8% respondent have participated Above 35 in which 20.8% respondent have participated. the largest number of respondents are of the young generation. So, they should have the knowledge about financial services access and, they should plan their budget. investment, savings, and expenses to achieve a better financial goal. To see the different approaches of people from different areas they are living. In this survey out of the total participants the major responses came from the rural areas that is 31.7% of the total respondent from villages, after that from small town there are 13.9% respondents, from town 13.9% respondents are there, from city there are 20.8% respondents and from, metro cities 19.8% respondents. this survey is not limited to any geographical or demographical boundaries.

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**Like, A Pension Fund, Insurance Debit card, Credit card, Investment account, Mobile phone payment account, Stocks, Shares Bonds.**

In this survey after seeing the result I find that 81.2 % of the people are aware about the financial products which is a good response. And 11.9 % people have not idea about these products basically they do not have any knowledge about this. 6.9 % of the total respondent never heard about these terms.

According to the survey date only 24.8 % of the people are those who make their household budget plan which result to lack of financial management, while some of them plan with their family otherwise any other member will plan.

Only 55.4 % of the people doesn't have any budget for their expense. So that it will be difficult for them to manage their finances, and not be able to make investments.

According to the survey report most of the people use their existing resources for taking credit whenever their income quite not cover their expenses.

Out of all the responses received 31.7 % of the people could not survive for at least one week if they lose their main source of income. So that it is very much important for the people specially from rural areas that they should be aware about various financial product and services.

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## CONCLUSION

One of the keys finding of such study is that many people, both in rural and urban areas, do not plan their budget or make investments in financial products. This can be attributed to several factors. Including a lack of financial literacy, limited access to financial resources, and a general distrust of financial institutions.

To address this issue, it is important to develop targeted strategies and interventions that are tailored to the specific needs of rural and urban populations.

For example, financial literacy programs can be implemented in schools, community centers, and other public spaces to help people better understanding basic financial concept such as budgeting, saving, and investing. Additionally, financial institutions can work to build trust with potential customers by providing transparent and accessible information about their services and products.

Another important aspect of expanding financial access is the role of technology in recent years, mobile banking and other digital financial services have emerged as a powerful tool for expanding financial access, particularly in rural areas where traditional banking services may be limited. By leveraging technology financial institutions can reach more people and provide them with the tools they need to manage their finances.

Ultimately, expanding financial access is not just a matter of providing people with access to financial products and services: it is also about empowering them to make informed financial decisions.

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## RECOMMENDATION

Financial inclusion is essential for economic development and providing access to financial services in both rural and urban areas is crucial for achieving this goal. Here are few recommendations for increasing access to financial services in rural and urban areas.

### Mobile banking and digital payments

### Community banking

### Microfinance

### Financial education.

### Partnership between financial institution and community organization:

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