

Factors Affecting Financial Inclusion Among The First Generation Of Entrepreneurs In Mizoram

Lalenkawli Hauhulh,
Research Scholar, Department Of Commerce

Prof Bhartendu Singh,
Department Of Commerce

Abstract:

Financial Inclusion refers to the process of making essential financial services and products available to all individual and businesses. As a developing country India is moving towards digital nation by including the marginalized groups under the financial inclusion schemes like: Pradhan Mantri Jan Dhan Yojana, Atal Pension Scheme, PMJJY, PMJBY etc. As per some of the previous literatures it is seen that the north-east Indian states are geographically isolated and lag behind in terms of financial inclusion. However various attempts through different schemes are being made to make north eastern states more financially included. Mizoram being one of the north-eastern states also faces such issues therefore the primary focus of this study is to assess the financial inclusion of the entrepreneur from Manufacturing and Service Industry. This study aims to find the factors which can significantly affect the financial score of the first generation of the entrepreneur in Mizoram. It was found that qualification, Marital Status, Economic Status and District are some of the significant factors affecting financial inclusion score of the first-generation entrepreneurs operating in Mizoram.

Keywords: *Financial Inclusion, Entrepreneurs, Financial Score, Gender, Marital Status, Age Economic Status.*

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I. Introduction

Indian economy is recognized as one of the fastest moving economies of the world with an annual average growth rate of eight to nine percent. Despite this rapid growth rate, it continues to suffer from poverty, unemployment and many other socio-economic problems which raises a question mark on its sustainability. Meher (2014). The reason is that the benefits of the growth is not being equally shared by all the sections of the society and is concentrated in the hands of limited people.

Financial Inclusion is the process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker section and low-income groups. Just accessing the financial services does not implies financial inclusion, people should know how to access financial services, from where to access and why to access. All the banks are supposed to work hard to make low income groups gain access to the financial services. The RBI greatly supports to develop the level of financial inclusion among the lower income groups and promote the financial inclusion schemes like, *Prime Minister Jan Dhan Yojana (PMJDY)*, *Atal Pension Scheme (APS)*, *Pradhan Mantri Suraksha Bima Yojana (PMSBY)*, *Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)*, *Prime Minister Jan Arogya Yojana (PMJAY)* etc. From these schemes, the lower income groups can access the financial services and the people can be included in the financial services

II. Objective Of The Study

To find out the factors effecting financial inclusion among the first generation of Mizoram

III. Review Of Literature

Financial inclusion is the process of accessing financial services for the vulnerable groups and weaker section of the society. Not just accessing is not financial inclusion, to inclusive financial services people should know how to access, use financial services for their needs. Mohan, (2006) examined that agricultural credit has played a vital role in supporting agricultural production in India. Though the outreach and the amount of agricultural credit have increased over the years, there are several gaps in the system like adequate provision of credit to small and marginal farmers, the paucity of medium and long-term lending and limited deposit mobilization and heavy dependence on borrowed funds by major agricultural credit purveyors. The farmers used to face lots of problems so he suggested that financial institution is needed to cater to the requirement of finance

for building necessary institution and marketing infrastructure. The bank should also more alert about the development of agriculture.

Kapoor (2011) examined that financial inclusion strategy for the northeastern region needs to be built around the existing development and trends in the region the author working building on the mobile-based model for delivery of crop insurance to farmers by creating an enabling transaction environment that will be accessible through the most simplistic handset and he introduced mobile money services that will augment financial inclusion among the unbanked and underbanked consumer segment by bringing financial services to the consumer's mobile device and will create a financial ecosystem that is inclusive, sustainable and scalable.

Prasuna.et.al (2024) found that the Northeast state and the hilly states are mostly low in term of financial score compared to the other state of India due to the limited infrastructure and urbanization. Therefore, the studied suggested that the infrastructure and boost financial literacy is a must in the northeastern state of India.

Factors effecting Financial Inclusion among the first generation in Mizoram

Although the Financial inclusion had a short-documented data, multiple studies conducted based on the factors that influence it. These factors focus into the socioeconomic profile of the entrepreneurs in Mizoram Singh et al 2020 highlighted in their study, age, income and education are the strongest predictor of the financial inclusion among the socioeconomic and demographic sector and also examined infrastructure, it was found that the distance of the physical branch is one of the major barriers of financial inclusion. In the beliefs of the multiple studies, Socioeconomic profile like Age, Marital status, Education and Economic status has effects on financial inclusion score in the people. This study also examined the factors effecting financial inclusion among the first generation of entrepreneur in Mizoram.

Gender and Financial Inclusion:

Financial inclusion plays a crucial role in promoting the development of economic. reducing poverty and easy to access the financial services to the marginalized groups. When it comes to understanding the financial inclusion and experience of the services, women are faced challenges in terms of limited financial literacy, social cultural norms that can affect their ability to participate in financial systems in across the state. Therefore, this study also focuses on the gender affect financial inclusion score in Mizoram

Table 01: Mann Whitney Test

Male Mean Rank	58821.00
Female Mean Rank	62457.00
U	28931.000
W	58821.000
Z	.865
P	.387

Source: Researcher Calculation

As per the test results it is evident that the p value is more than 0.05 which implies gender did not play any significant effect on financial inclusion in Mizoram. There is no statistically significant evidence that gender affects the financial inclusion of first generation entrepreneur in Mizoram.

District and Financial Inclusion:

In Mizoram there are total eleven districts out of which this study focuses on 5 districts which are Aizawl, Lunglei, Serchhip, Lawngtlai and Mamit District. This study tries to evaluate the level of financial inclusion across different districts of Mizoram. The financial inclusion of different districts varies because of different level of literacy, development, ease of access of certain financial services and products. Examining the level of financial inclusion is essential for improving the access to different financial services and products. To examine the distribution of financial inclusion score across different district Kruskal Wallis H test was applied.

Table 02: Kruskal- Wallis H Test

Kruskal Wallis H	32.367
Asymp Sig	.000
η^2	0.05 (small effect)

Source: Researcher's Calculation

The above table 02 revealed the results of Kruskal Wallis H test show that there is statistically significant difference between the financial inclusion score across different districts. However, the size of the effect is small which implies although it has a significant effect on the financial inclusion score but it can explain only a small portion. The result of post Hoc test revealed that comparison of across all the district. Saiha District reported significantly higher financial inclusion than Aizawl District and Lunglei District ($p < .001$). Mamit District also

scored significantly higher than Aizawl District and Lunglei District ($p < .001$). In addition, Serchhip District recorded significantly higher scores than Siaha District ($p = .013$). These results indicate that Mamit and Serchhip District and also Siaha have comparatively higher levels of financial inclusion, whereas Aizawl and Lunglei show relatively lower inclusion levels. Therefore, the study shows that the entrepreneurs belong to the capital of the state has a lower financial inclusion than some of the districts

Age and Financial Inclusion

Age is one of the crucial factors can affect the level of financial inclusion score. Different age group can show variations in their financial behaviour, knowledge, behaviour and access to financial services and products. There is a belief that younger generation will be more advance in accessing financial services and products as compared to the older generation.

Table 03: Kruskal Wallis H Test

Kruskal Wallis H	50.259
Df	46
Asymp Sig	.309

Source: Researcher's Calculation

The Kruskal wallis test results show that there is no significant relation between the financial inclusion score and age of the respondent in Mizoram

Marital Status and Financial Inclusion Score

To understand whether Marital Status role a play in shaping financial inclusion, the study employed the Kruskal Wallis H Test. This test help compares the financial inclusion score of the different categories of marital status which is Married, Unmarried, Divorce and Widowed.

Table 04: Kruskal Wallis Test

Kruskal Wallis H	15.441620
Asymp Sig	.001
η^2	.02 (small effect)

Source: Researcher's Calculation

The Kruskal Wallis H results in table 04 show that marital status significantly affect the financial inclusion score as the p value is below 0.05 and also the size of the effect is small which implies although it has a significant effect on the financial inclusion score but it can explain only a small portion. However, Post-hoc multiple comparison tests (Bonferroni and Dunnett T3) revealed that only the comparison between married and divorced respondents showed a statistically significant difference in financial inclusion scores ($p < 0.05$). Divorced individuals had significantly higher financial inclusion scores than married individuals. No other pairwise differences among the marital status categories were statistically significant, indicating that apart from the divorced group, variations in marital status do not meaningfully influence financial inclusion levels.

Economic Status and Financial Score

One of the key determinants of the individual ability to access the financial services and usage of the product effectively is Economic status. Household with higher income may be able to access more financial products and services compared to the lower class of the family. In this study, Economic status is divided into three categories i.e. APL, BPL and AAY.

Table 05: Kruskal Wallis Test

Kruskal Wallis H	7.801
Asymp Sig	.020
η^2	0.01 (Small effect)

Source: Researcher's Calculation

The Kruskal Wallis H results in table show that economic status significantly affect the financial inclusion score as the p value is below 0.05. However, the size of the effect is small which implies although it has a significant effect on the financial inclusion score but it can explain only a small portion of variance. However, Post-hoc multiple comparison tests (Bonferroni and Dunnett T3) revealed that APL group have significantly higher financial inclusion score than BPL group of the entrepreneur in Mizoram.

Qualification and Financial Inclusion

Education qualification is the one of the measurements of the factors affecting financial inclusion. People with higher qualification has a better opportunity to access the financial services, products, greater awareness of available financial services compared to the low educational qualification. For this study, the education qualification is divided into 7 category such as Illiterate, Primary level. Middle level, High school level, Higher School Level, Graduate and Post Graduate

Table 06: Kruskal Wallis Test

Kruskal Wallis H	24.222
Asymp Sig	.000
η^2	.03 (small effect)

Source: Researcher's Calculation

The Kruskal Wallis H results in table show that qualification of the respondents have a statistically significant effect on the financial inclusion score.

IV. Conclusion

This study analyses different factors which influence the financial inclusion in Mizoram. Based on past literature few factors were choosen that directly or indirectly impact the level of financial inclusion in Mizoram, about 6 factors were identified which might be having direct or indirect impact on the level of financial inclusion in the State. It was observed that Gender and Age of the respondents didn't have any significant effect on the Financial Score of the respondents. However, the other factors like Qualification, Marital status, Economic Status and District of the respondents show a significantly influence the financial inclusion score of the respondents.

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