



A STUDY ON BANKING HABITS OF RURAL PEOPLE IN GOBICHETTIPALAYAM TALUK

Dr. U. Jayaprakash

Assistant Professor in Commerce, Gobi Arts & Science College, Gobichettipalayam, Erode-638453, TamilNadu, India.

ABSTRACT

Banking is the kingpin of the chariot of economic progress. It plays a pivotal role in the development of the economy of any nation. Proper banking facilities are necessary for the development of agriculture, industry, trade, commerce, and transport banking institutions mobilize savings and use them for productive purposes. It is the life-blood of economic progress. Mobilizing deposit is a core activity of any bank. By the same resemblance, the major activity is mobilizing deposit. Therefore the bank should give due emphasis to its deposit mobilizing tasks by considering mobilizing deposit is a way to continued existence. It is clearly noted that increased accessibility to banking services has a positive relationship with bank deposits and banking habits. Thus, efforts should be made in channelizing the services to remote villages so as to make them participative in the banking system.

KEYWORDS : Banking Habits, Rural Banking, Banking Service.

INTRODUCTION

Commercial banks, besides performing the traditional banking functions, play a significant role in the economic development of a country. Commercial banks help in overcoming these obstacles and promoting economic development. Commercial banks mobilize savings from the innumerable households. This happens through a network of branches. Banks, through concerted efforts, inculcate savings habits among the people, especially people belonging to low income groups. Further, banks promote several savings schemes designed to suit the needs of individual depositors. They way, commercial banks take an active part in the capital formation of a country. The savings mobilized from people are channeled into productive investments.

Nationalisation of Major Commercial Banks

The Government of India, on 19th July, 1969 nationalized fourteen major Indian banks each having deposits of more than Rs.50 cores in aggregate as on 31st December 1968. Nationalization of banks in India did a wonderful job, particularly in the following areas and sphere of activities.

1. Taken Banking services to rural and remote areas.
2. The rural masses know about the need and usefulness of banking service.
3. Helped enormously speedy transfer of funds from one place to another.
4. Provided thousands of job opportunities to educated youth.
5. Made credit available to neglected people like agricultural laborer, small traders at reduced interest.
6. Ensured adequate and timely credit for agricultural activities and farming operations.
7. Helped export sector to obtain cheap credit.
8. Ensured even supply of credit to various industrial activities.
9. Ensured use of public money (deposits of public) for social and desirable purposes.
10. Helped implementation of various welfare measures formulated by government.

Review Of Literature

Mahalaxmi Kirshnan in her study quoted that with only 50,000 of the 6,00,000 villages having access to finance there is an imperative need to accelerate branch expansion in rural areas.

Seema Rafique and Satish Manwani have revealed in their research that in the near future, Rural India is going to become the biggest market of the world and it is transforming like anything. Rural development as an emerging trend is about to explore possibilities in rural India.

K.K. Tripathy and Sudhir K Jain said that the key problem of Indian agriculture is finance. Several weaknesses of the rural financial delivery system, have not been corrected even after almost 50 years of bank nationalization of 1969 which focused on enhancing the outreach access to rural credit in India.

Scope Of The Study

The present study is an attempt to examine the "A Study on Banking Habits of Rural People in Gobichettipalayam Taluk". The present study is based on only primary data. On the basis of the collected primary data, to know about usage of banking facilities by rural customers, level of awareness about services/schemes and customer level of satisfaction regarding banking services have been analyzed.

Hypotheses Of The Study

On the basis of the framed objectives, the researcher's theoretical knowledge discussions with the field experts, outcome of the pilot study and from the review of relevant studies. The following null hypotheses have been framed and these are subjected to appropriate statistical tests.

H_{01} : There is no significant association between the Independent Variables [Gender, Age, Educational Qualification, Marital status, Occupation, Nature of the family, Size of the family, Number of earning members, Annual income and Annual expenditure] of the customers and their level of awareness about banking services.

H_{02} : There is no significant association between the Independent Variables [Gender, Age, Educational Qualification, Marital status, Occupation, Nature of the family, Size of the family, Number of earning members, Annual income and Annual expenditure] of the customers and their level of satisfaction about banking services.

The statistical significance of these hypotheses has been tested with the help of Chi-square test at 5% level of significance.

Pilot Study And Pre-testing

The pilot study is conducted with a sample of 20 respondents. In the pilot study, the Interview Schedule is pre-tested and then refined for use in the final study. This is helped in imparting upon the Interview Schedule and also gave an indication as to the kind of responses that would be forthcoming with a few deletions and additions a final Interview Schedule.

Nature Of Loan

The people associated with the various types of loan provided by the bank are given in the following Table 1.

Table 1 Nature Of Loan Provided To The Respondents

Nature of Loan	No. of Respondents	Percentage (%)
Personal loan	15	37.5
Jewell loan	10	25.0
Agricultural loan	7	17.5
Business loan	3	7.5
Education loan	5	12.5
Total	40	100

Table 1 clearly reveals that 37.5% of the respondents having personal loan, 25% of the respondents having Jewell loan, 17.5% of them having agricultural loan, 7.5% of sample respondents are having business loan and 12.5% of sample respondent are having education loan. It is clear that large number of the respondents availed personal loan and Jewell loan.

CONCLUSION

The growth of the banking system in the selected sample area and the sample branches of nationalized banks indicates that the deposits are increasing with pace but the borrowing are done for an only specific purpose i.e. financial aid to farming. The rural branches of nationalized banks confine their activities to a specific area of population that is tehsil where the bank branches are located and nearby villages. These branches cover customers scattered in all villages of its jurisdiction. The distance factor severally hampers the functioning of the branches particularly lending recovery and deposit mobilization.

REFERENCES

1. Gurusamy S, Banking Theory Law and Practice, Tata McGraw-Hill Publishing Company Limited, New Delhi-2009.
2. Natarajan S. and Prameshwarn R, Indian Banking, S.Chand & Company Pvt.Ltd, New Delhi- 2002.