



Banking Practices among Petty Shop Owners with Special Reference In Coimbatore City.

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ABSTRACT

Today Bank has become a part and parcel of our life. There was a time when the dwellers of city alone could enjoy their services. Now bank offer access to even common man and their activities extent to areas hither to untouched. Apart from their traditional business oriented functions, they have now come out to fulfill national responsibilities. Banks cater to the needs of agriculturist, industrialist, traders and to all the other sections of the society. Thus they accelerate the economic growth of a country and steer the wheels of the economy toward the goal of self reliance us all field. The present study analyzes the determinants and banking practices among petty shop owners in Coimbatore city, Tamil Nadu. The study is conducted through primary survey with 350 petty shop owners drawing a sample in Coimbatore city. The respondents were selected by convenient sampling technique. The relevant data on the factors influencing amount socio-economic status, banking practices, significance between motivation to open bank account and socioeconomic status. The motivation to open bank account were significantly associated with such as monthly income, family size, number of earning members and tenure of housing and income contributed by the family members and earned by respondents. In order to motivate the respondents to open bank account and their socio-economic status condition need to be improved unless all the effort made to provide financial education will go in vain.

KEYWORDS

Petty Shop Owners, Bank Practice, Factors motivate to open bank account

Introduction

In a developing an economy the role of bank in more creating and purposeful then in the developed one. In a developing country. Where the banking practices among the people are not developed. The task of creating and spreading the banking practices and mobilizing the country resources becomes a challenging one (Selva kumar,2014). Today Bank has become a part and parcel of our life. There was a time when the dwellers of city alone could enjoy their services. Now bank offer access to even common man and their activities extent to areas hither to untouched. Apart from their traditional business oriented functions, they have now come out to fulfill national responsibilities. Banks cater to the needs of agriculturist, industrialist, traders and to all the other sections of the society. Thus they accelerate the economic growth of a country and steer the wheels of the economy toward the goal of self reliance us all field.(Gordon Vs Natarajan,2006). India has the second largest financially excluded poor in the world with more than half of its population considered as financially underserved (Mani Nandhi,2012). The study focus banking practices among petty shop owners in Coimbatore city.

Review of Literature

Vinoth kumar(2014), The tribal household have lower awareness level towards the inclusive banking initiatives of the banks. Lower age respondents show higher awareness level and show higher interest and attitude. Kanusamy(2014)The factors motivating the customers to have account with canara bank and problems faced by the customer towards the service offered by the bank. Selvaku-mar(2013), this study was explain adaptation of banking product and bank provide customer service. Among sixteen motivation factor five factor reducing their adaptation among the customer. Caroline(2014), This study was undertaken with a motive to analyse the services quality of IOB Bank. Many customer had given adverse comment for their customer service. Monohar(2014), This study focus the customer opinion about loans and advances in commercial bank in sivakasi. It discusses about customer literacy on

provision of services from banks point of view. Bank show educated the customer about credit facilities in the commercial bank.Rajesh(2013), This study reveals that the bank may take necessary steps to improve their relationship with the customers and customers had given highly satisfy about bank services

Statement of Problem

Bank saving is an important determinant of economic growth". Bank saving components can be based on an individual or on household basis which proves to be the well being. As for an individual banking habit becomes the cushion for the future's intercourse of the unforeseen and upcoming as well as the uncertain circumstances of life. Saving is the part of the income earned by the individuals. The GDP growth rate dropped to 6.2 per cent in 2011-12 and is estimated to be at just 5.0 per cent in 2012-13. For the higher economic growth for the country, marginal propensity to save should be higher but it helps to the multiplier process. The determinants bank saving among petty shop owners. The saving among organized worker is increasing but the unorganized workers are left behind without knowing awareness of mode of saving. Hence this research is under taken to bring out the need for importing banking behavior among petty shop owners.

Scope of the study

The comprehensive study will benefit a large spectrum of academicians, researchers, households person, urban slum, petty shop owners, unorganized sectors, financial institution, banks and the government in general.

Objectives of the study

The following are the objectives of the study

- To understand the socio-economic status of the petty shop owners
- To assess the Banking practices of petty shop owners.
- To analyse the socio-economic status and motivation to open bank account among petty shop owner.

Methodology

■ Sources of Data

The primary data for purpose of the study has been collected through a well structured interview schedule. Secondary data has been collected from journals, Government reports and publication.

■ Sampling

The stratified sampling method applied for the selection of proposed sample size of 350 petty shop owners from Coimbatore city, Tamil Nadu. The data has collected well structured interview schedule from petty shop owners.

■ Tools for Analysis

The tools were applied to analyses the data collected were descriptive statistics and Chi- square test.

Results and discussion

The result of the data analysis are presented as below

Distribution of Respondents based on Socio economic and Demographic Profile

An attempt is made to understand the socio-economic profile of the sample respondents drawn from petty shop owner in Coimbatore city.

The age wise classification of the respondent show that, Majority of the respondents (58.80percent) belong to the age group of 30 to 40 years, 25.20 percent were below 29 years and rest 16 percent were above 50 years.

The gender-wise classification shows that, of the respondents 66.70 percent were male and 33.30 percent were female. Marital status of the respondents shows that, 87 20percent were married, 9.70 percent were unmarried and remaining three percent were separated/widows. Educational status of the respondents determines their financial literacy to a great extent. The educational qualification shows that, majority of the respondents had school education. The family size gives an indication of how many people made up a typical family. In India, a relationship between income, poverty and household size does exist (Ray, 2000). majority of respondents (31.40 percent) have three members in the family and 30.20 percent have four members in the family. 36.50 percent have only one dependent, 35.80 percent have two dependents, 14.20 percent have three dependents, and remaining 13.50 percent have four or more dependents.

The earnings of the respondents are complemented by the members of the household. The family members contribution to the total income help to respondents to save. Majority of the respondents (46.90 percent) have two earning members and 40.30 percent have only one earning member in the family. The status of the respondents in their family shows in all, 73 percent were the head of the family and rest 27 percent were members of the family. Financial Decisions were taken by the respondents, financial decision were taken in consultation with family members (46.20 percent) and 43.10 per cent of the respondents had take their own decision.

Housing tenure are important because they deal with housing security and affect the decision a family makes about spending on their income. If tenure's insecure and facilities could be forces out unexpectedly, one is unlikely to spend money to make an acceptable living place (Benjamin Staniwix, 2009). Among respondents, 56.30 percent live in their own house and 27.70 percent live in either rental or leased house,

The type of the house respondents live in shows that, majority of the respondents (64.20 percent) live in semi-pucca house, 27.40 percent live in pucca house and rest nine percent live in kuchha house. The house is possibly the most important asset for the poor and can be used to access other funds and opportunities (SEWA Academy 2002 and Chen, 2000).

It is inferred that, majority of the male respondents were the

head of households, belong to the age between 30 to 50 years, studied up to school level. Majority of them were married, live in nuclear families with average family size of three members with at least two earning members, live in own house which is a semi-pucca house. Financial decisions were taken by the head of the households and also all in consultation with their spouses. There is no habit of preparing monthly financial budget and majority of them were the recipient of welfare benefits from the Government.

Banking Practices of the Sample Respondents

Banking practices of the respondents includes factor motivated to open a bank account, reason for selecting bank account, source from which initial deposit amount raised, payment method and attitude towards bank. The responses relating to banking practices of the respondents were shown in table 1.

Access bank account of the respondents shows that 90.86 percent of the respondents have bank account and rest 9.14 percent do not have open bank account. The motivations to open a bank account are both extrinsic motivation (motivated by others) and intrinsic motivation (Motivated by self interest). It is indicated that, 60.06 percent of respondents had opened saving bank account for purpose of borrowing.

The various reasons stated by the respondents for selecting a bank shows that, 38.10 percent of the respondents, selected the bank for it credit related services; 15.40 percent of the respondents selected particular bank because of canvassing by officials; whereas safety and security were the reason for 14.20 percent of respondents and remaining few percent of respondents were selected bank for emergency needs, quantum of saving, quality of services and suitable location.

Table 1
Banking Practices adopted by the Respondents

Variables	Classification	Urban Respondents (n=318)	
		Number of Respondents	Percentage
Are you have bank account	Yes	318	90.86
	No	32	9.14
Motivation to open bank account	Own interest	70	22.01
	Borrowing Purpose	191	60.06
	Bank staff	8	2.52
	Friends and relatives	31	9.75
	Agent	18	5.66
Reason for selecting bank	Suitable location	15	4.70
	Variety of service	17	5.30
	Canvassing	49	15.40
	Credit related services	121	38.10
	Quality of service	30	9.40
	Quantum of deposit	15	4.70
	Safety/ and securities	45	14.20
	Emergency need	26	8.20
Sources of Initial deposit	Surplus income	22	6.90
	Stash money at home	47	14.80
	Money borrowed	238	74.80
	Gifts	11	3.50

Payment Method	Cash deposit	31	9.70
	Cheque payment	44	13.80
	Account transfers	243	76.40
Attitude of bank	Concern towards weaker section	282	88.70
	Educate customer open account and save	26	8.20
	Promotes various financial cum saving schemes	10	3.10

Sources: Primary data

In order to open saving bank account, initial deposit was raised by the respondents from the money borrowed (74.80percent), cash preserved at home (14.80 percent), about ten percent deposited out of surplus income and few percent of the respondents from gift received on special occasions.

On opening a saving bank account, the account holders are allowed to utilize various services offered by the bank. Thus, the respondents who had opened saving bank account utilized the facility of account transfer. It was mainly utilized by 76.50 percent of urban respondents and rest of the respondents made payment through cheque and deposited cash. The banks were concerned about utilization of banking service by the people from economically weaker section and bank educate customer to open account and save. 24.10 percent of the respondents view that bank promotes various financial cum saving schemes for weaker section.

It is inferred that, majority of petty shop owner were motivated to open saving bank account in the bank for getting loan at low rate of interest and initial deposit to open a saving account was raised mainly from borrowed money. The respondent's opinion about bank show concern towards economically weaker section. The respondents utilized very few basic services offered by the banks.

Association between the Socio-economic profile of the respondents and motivation to open saving bank account

In order to find out association between socio-economic and demographic profile of the respondents belonging to petty shop owners and motivation to open a bank account. Chi-square test was used. The following hypotheses were tested and results are presented in table

H₀: There is no significant association between the socio-economic and demographic profile of the respondents and motivation to open saving bank account.

H₁: There is significant association between the socio-economic and demographic profile of the respondents and motivation to open saving bank account.

Table 2
Association between Socio-economic Profile of the Respondents and Motivation to Open Saving Bank Account

Variable	Urban Respondents (n=318)		
	χ ²	Sig.	H ₀
Age (in years)	3.196	0.202 ^{NS}	Accepted
Gender	1.795	0.180 ^{NS}	Accepted
Marital Status	3.143	0.208 ^{NS}	Accepted
Educational attainment	9.234	0.056 ^{NS}	Accepted
Occupation	0.833	0.361 ^{NS}	Accepted
Monthly income of the respondent (in ₹)	1.592	0.451 ^{NS}	Accepted

Income contributed by family members (in. ₹ per month)	8.936	0.011*	Rejected
Monthly Income (in. ₹)	7.574	0.023*	Rejected
Family System	0.226	0.635 ^{NS}	Accepted
Family size (number of members)	9.041	0.029*	Rejected
Number of Dependents	5.117	0.163 ^{NS}	Accepted
Number of earning members	8.981	0.030*	Rejected
Status in the family	1.537	0.215 ^{NS}	Accepted
Role in Financial decision Making	6.954	0.073 ^{NS}	Accepted
Tenure of housing	12.615	0.013*	Rejected

NS-Not significant; * Significant at 5 percent level; ** Significant at 1 percent level

χ² - Chi-Square Value, Sig. – Significance, H₀ – Hypothesis

Income is main factor to open saving bank account. In case of the respondents (0.011), hypotheses were rejected implying that there is significant association with respect to income earned by the respondents and motivation to open bank account.

Income contributed by the family members is main factor affecting the motivation to open bank account. For the respondents (0.023) it was found to be significant at five percent level, the hypotheses was rejected implying that there is significant association with respect to income contributed by the family members and motivation to open bank account.

Association between household size and motivation to be open bank account was prevailing the respondents (0.029) was statistically significant at five percent level, the hypotheses was rejected that there is significant association with respect to income contributed by the household size and motivation to open bank account.

Based on number of earning members, the respondents (0.030) were found have significant association at one percent level and null hypotheses were rejected. The respondents status as the head of the households, it was found to have no significant association with motivation to open saving bank account.

With regard to the association between tenure of housing and motivation to open bank account for the respondents (p=0.013), the hypotheses were rejected implying that there is statistically significant association with respect to tenure of housing and motivation to open bank account.

It is inferred that the respondents, the motivation to open bank account were significantly associated with their educational attainment, monthly household income, household size, number of earning members and tenure of housing and income contributed by the family members. In cities, rental charge in the major recurring of expenditure and restricting to open saving bank account.

Findings
Bank practices of the respondents

Majority (90.86 percent) of the respondents have opened saving bank account. Motivation to open bank account reveals that 78 percent of the respondents, opened bank account for borrowing purpose. Reasons for selecting bank account were to avail credit related service 38.10 percent of the respondents. Respondents opinion bank attitude towards petty shop owner showed that, 88.70 percent of respondents felt bank had concern for weaker section.

Association between motivation to open saving bank account and socio- economic and demographic profile

Among the sample respondents, the motivation to open bank account were significantly associated with such as monthly household income, household size, number of earning members and tenure of housing and income contributed by the family members and earned by respondents. In order to motivate the respondents to open bank account and their socio-economic status condition need to be improved unless all the effort made to provide financial education will go in vain.

Suggestion and Recommendation

- RBI should give special attention to motivate for maintenance of saving bank account among petty shop owners. Maintenance of bank account not only used for credit related facilities but mainly encourages the clients to improve their saving habit and to avoid informal saving. Develop, deposit products based on collection of money on weekly or monthly basis.
- Keeping in view the seasonality of income-weekly collection schemes could be promoted. Develop purpose centric saving products for medium and long term financial needs. Use of technology for spot collection and withdrawal of money, awareness and education on financial services.

Conclusion

The study concluded that petty shop owner maintain their bank account only used for credit related facilities. So that banker to encourage the clients to improve their saving habit and to avoid informal saving. The bank may adopt a policy assessing the genuine requirement of socially excluded group and cover all the need of small and petty borrower instead of providing a single loan only.

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