



Impact of Training in Financial Literature Campaign for Rural Investors

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ABSTRACT

Whereas do to the policy of Reserve bank of India many Private banks/Financial institutions as well as Nationalised Banks were initiated to open branches in rural areas.

However there were many Banks who spread their network in rural Maharashtra to cater the rural markets.

Whereas many bank innovated new financial products aligning them with needs of rural farmers and designed it as per the need for the finance for the rural population.

Banks also initiated many training program and strategy such Financial literacy training program, Introduced financial Product with return correlated with investment in share markets, and provided facility of cash withdraw and credit cards on these deposits with privilege services along with various marketing strategies.

This study was conducted to analyse the impact of the financial literacy camp on rural investors to generate interest in them to invest in new financial products.

KEYWORDS

1.11. Introduction

Need For the Selection of the Topic

More than 70% of country's consumers represent rural market.

About 300 million live in urban India where as 800 million resides in rural India.

There is a number of class of people with disposable surplus has not been explored fully and the class is rising.

The investment potential of Rural India is untapped by and large.

The rural population is not aware of investment options beyond conventional ones.

All rural areas are backward in terms of financial Literacy and are not aware of the strategic investment correlated to stock market for good returns on investment.

Current Scenario

Rural customers lack knowledge and strategy to invest in new products.

Rural customers are pessimistic about the return on investment.

Rural customers lack confidence to invest in financial products.

Marketing efforts are not up to the mark.

Regional Disparity.

Objective of research.

To know and understand the present position of saving and investment habits of rural population.

To find out service (in the form of financial products) offerings by the financial institution

To know the impact of training by the financial institutions on the rural population. Measurement of impact to increase the confidence.

Case study of product/ services

Impact of financial literacy provided on the purchase of new products.

Research Methodology

The approach of the research is Pragmatic

The Method of the research is Analytical

The Type of the research is applied

Independent Variable: -

Training on strategy to invest in new financial products correlated to stock market for rural investors.

Impact of Financial literacy campaign in rural area

dependent Variable

Interest generated by rural customers and Sale of New financial Product in rural Maharashtra

Statistical Technique used.

Non parametric testing.

Tabulation methods will be used to study the relation between dependent and independent variable.

ii. Response given by the rural customers after attending the training program will be used to study the impact of literacy/ Marketing campaign for generating the interest on rural customers to purchase the new financial products.

iii. Results will be interpreted by non-parametric testing i.e. the graphs

1.14. Data collection Methods & Instruments

a. Primary Data Collection:

The primary data will be collected from the rural citizens attending the financial literacy/marketing campaign conducted by these financial institutions/Banks in the rural areas. The following methods will be used to collect data.

i. Questionnaire

- ii. Interviews and discussions by personal visits.
- iii. Observations and experiences
- iv. Information from rural citizens attending the campaign.

Maharashtra Gramin Bank	16	14
Axis Bank	17	14
IDBI Bank	19	14

b) Secondary data will be collected from relevant information sources such as:

- i. Published Research Papers or published Journals
- ii. From visit to banks
- iii. Documents and records
- iv. Internet etc.

Sampling Technique

Type of Sampling Probability type and Method of Sampling is simple random sampling.

The Samples were collected from the place where the campaign was conducted by these banks SBI, Axis, ICICI, HDFC, IDBI, Maharastra Gramin bank,

Name of the Bank/ Financial institutions	Number of Individuals attending the Sales & Financial Literacy Campaign	Sample Selected as per Stanley Morgan table with 5% Margin of Error
HDFC Bank	74	63
ICICI Bank	31	28
SBI Bank	52	44

Table No 1.2:-Table of attendees selected who attended the Sales & Financial Literacy Campaign from Six Selected Financial institutions.

1.15. Hypothesis:-

H1. Rural India is generating interest to invest in financial products available to them.

H2. They are inclined to invest in various new financial products than previously available conventional financial products.

1.16. Tabulation & Analysis

The Data obtained through questionnaire is further tabulated for the purpose of interpretation. The item wise result of the survey is presented below.

IDBI bank conducted the Financial Literacy campaign on 23 April 2014 at Ahmed Nagar.

Questionnaire 1 was correlated (for Objective:- To know the impact of advertising and financial literacy campaign on the rural investors).

Response taken question no i: - Are you investing in NSC/government securities/post office schemes and deposits of nationalized banks?

Response	IDBI /%	ICICI /%	SBI /%	HDFC /%	AXIS /%	Maharashtra Gramin Bank
Definitely	3 /21%	4/14%	-	-	2/16%	-
Yes	11/79%	24/86%	44/100%	63/100%	12/84%	14/100%
Neutral	-	-	-	-	-	-
No	-	-	-	-	-	-
Never	-	-	-	-	-	-
Sample considered	14 /100%	28 /100%	44 /100%	63 /100%	14 /100%	14 /100%

Response taken question no ii: - Are you investing in gold fund/investment option stocks option life insurance policy?

Response	IDBI/ %	ICICI/ %	SBI/ %	HDFC/ %	AXIS/ %	Maharashtra grameen bank
Definitely	-	-	-	-	-	-
Yes	-	-	-	-	-	-
Neutral	-	-	-	-	-	-
No	5/35%	4/14%	14/31%	22/35%	5/35%	4/28%
Never	9/65%	24/66%	30/69%	41/65%	9/65%	10/72%
Sample considered	14/ 100%	28/ 100%	44/ 100%	63/ 100%	14/ 100%	14/ 100%

It can be interpreted from the above that in the case of all the companies the responses are negative. It is the highest negative in case of ICICI Bank. It can be interpreted that the rural investors hardly invest in share market, gold bonds or life science correlated to stock market.

Response taken question no iii: - Does the Financial Literacy Training Program provide knowledge and information pertaining to return on investment made by the investors for the various mutual funds.

Response	IDBI/ %	ICICI/ %	SBI/ %	HDFC/ %	AXIS/ %	Maharashtra Grameen Bank
Definitely	3/21%	-	-	-	-	-
Yes	8/68%	20/71%	42/95%	60/95%	12/85%	10/71%
Neutral	3/21%	4/29%	2/5%	3/5%	2/15%	4/29%
No	-	-	-	-	-	-
Never	-	-	-	-	-	-
Sample considered	14/ 100%	28/ 100%	44/ 100%	63/ 100%	14/ 100%	14/ 100%

It can be seen above that, the impact is positive (i.e. 100%). They are Maharashtra grameen Bank, HDFC and SBI. The remaining three institutions also have shown somewhat positive response. (78.85%). It can therefore be interpreted that the advertising and financial literacy campaign of the selected financial companies have made a positive and good impact on the rural investors.

Response taken question no iv: - Was the information regarding the return on investment for the mutual fund given in the seminar

Response	IDBI/ %	ICICI/ %	SBI/ %	HDFC/ %	AXIS/ %	Maharashtra Grameen Bank	Total
Definitely	3/21%	12/43%	-	31/49%	6/43%	7/50%	58
Yes	8/57%	12/43%	41/93%	32/50%	7/50%	6/43%	105
Neutral	2/14%	2/7%	2/5%	-	1/7%	-	6
No	1/7%	2/7%	1/2%	-	-	1/7%	4
Never	-	-	-	-	-	-	
Sample considered	14/ 100%	28/ 100%	44/ 100%	63/ 100%	14/ 100%	14/ 100%	177

It can be seen from above that about less than 50% of the total respondents were definite about the content of programme. From the point of view of investment "return" plays important buying impetus. Unfortunately the same got neglected in the training. Although 50% answered in affirmative, it required improvement in the focus of the training programme. It needs to be completely overhauled; in case of companies like ICICI, MRB etc.

Response taken on question v: - Was the information regarding the return on investment for the mutual fund given in the T.V advertisement clear enough to make investment in that mutual fund. i.e. to check the effectiveness of TV advertisement used in promoting products.

Response	IDBI/ %	ICICI/ %	SBI/ %	HDFC/ %	AXIS/ %	Maha-grameen bank	Total
Definitely	-	-	-	-	-	-	-
Yes	-	-	-	10/16%	-	-	10
Neutral	13/93%	24/86%	36/82%	47/75%	14/100%	12/86%	146
No	1/7%	4/14%	6/18%	6/9%	-	2/14%	19
Never	-	-	-	-	-	-	
Sample considered	14/ 100%	28/ 100%	44/ 100%	63/ 100%	14/ 100%	14/ 100%	177

The above table is self-explanatory. About 165 out of 177 respondents i.e. the majority of the investors were blank about T.V ads, of financial products. This conveys an important message in the marketing of financial products.

Response taken on question vi: - Was the information regarding the return on investment for the mutual fund explained in training of Financial Literacy Program. i.e. Personal advise and one to one explanation in literacy program.

Response	IDBI	ICICI	SBI	HDFC	AXIS	Maharashtra grameen bank	
Definitely	7/50%	18/64%	22/50%	32/51%	8/57%	10/71%	
Yes	6/43%	10/36%	20/45%	31/49%	6/43%	4/29%	
Neutral	1/7%	-	2/5%	-	-	-	
No	-	-	-	-	-	-	
Never	-	-	-	-	-	-	
Sample considered	14/100%	28/100%	44/100%	63/100%	14/100%	14/100%	177

This table speaks about use of the training methods adopted in literacy programme. Above 60% of the respondents were definite about "satisfaction" as regards personal explanation. The 40% of the respondents were either neutral or cool about impact on satisfaction.

Response taken on question vii: - Whether you are convinced by the presentation given by the sales representative of the company in training of Financial Literacy Program.

Response	IDBI	ICICI	SBI	HDFC	AXIS	Maharashtra grameen bank	
Definitely	10/71%	14/50%	22/50%	35/55%	8/57%	11/78%	
Yes	3/21%	14/50%	20/45%	28/45%	6/43%	3/22%	
Neutral	1/8%	-	2/5%	-	-	-	
No	-	-	-	-	-	-	
Never	-	-	-	-	-	-	
Sample considered	14/100%	28/100%	44/100%	63/100%	14/100%	14/100%	177

On the whole almost all the respondents got convinced after attending the financial literacy programme.

Response taken on question viii: - Are you now interested for investing in mutual fund directly related to stock market. after training of Financial Literacy Program.(i.e. interest generated after attending the programme)

Response	IDBI	ICICI	SBI	HDFC	AXIS	Maharashtra grameen bank	
Definitely	10/71%	15/53%	28/63%	35/51%	10/71%	11/78%	
Yes	4/29%	13/47%	16/37%	28/49%	4/29%	3/22%	
Neutral	-	-	-	-	-	-	
No	-	-	-	-	-	-	
Never	-	-	-	-	-	-	
Sample considered	14/100%	28/100%	44/100%	63/100%	14/100%	14/100%	177

This table shows the overall interest generated on the competition of the literacy programme on the competition of the literacy programme. About 60% of the respondents were definite about their inclination towards investing in financial products that were offered.

5.4.3.1. Conclusion:-

On the basis of results of the survey it can be observed that the respondents have given strong response for question No 1 which indicates that rural investors were investing in NSC and post office fix deposits. Response to question no 2 was usually no or never by most of the respondents which indicated that they were not investing in stock base new products offered by the banks. Response to question no 3, 4, 6 & 7 which was mostly yes and definitely clearly specifies that the rural customers had been able to understand the strategies and concepts of investing in stock market Products. Responses to Question No 5 indicated the Financial literacy program were more effective in creating more favourable impact on the investors than the T.V adds. Response to Question No 8 clearly indicated that the strategy of financial literacy training has impacted the investment behaviour of the rural customers. The Financial literacy campaign had provided knowledge and information to the rural investors which had influenced their Behaviour to invest in the New financial products offered by these financial institutions.

On the benefit of the observation made above it is concluded that there is positive impact on the rural investors which influences them for investing in new financial products.

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