

## **CHAPTER-V**

### **SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION**

The present chapter gives summary of the findings of the study along with policy implications. India holds enormous human resources, vast natural resources, world's third largest stock of scientific and technical manpower and cheap skilled labour. Unemployment, poverty, hunger and dichotomies in growth are still relevant issues in socio-economic planning in India. Despite five decades of planned development, more than 67 percent of the Indian population depends on agriculture and allied activities. Nearly 72 percent of the rural population belongs to the weaker sections those who live in backward regions and depend almost entirely on agriculture and village crafts.

Rural sector in India is getting recognition in the economic thinking for its economic potential. An overwhelming proportion of country's population still lives in the villages. There is not a dearth of natural resources. A good quality land, mineral resources, forests, sub-soil and river water and other resources are adequately available. Manpower is underutilized. The areas which need attention are – technological innovations suitable for our villages, infrastructural development, improvement in power generation and its adequate supply to rural areas. Industrial policy should aim at balanced development, giving due importance to rural industries which might check the migration of rural population to urban areas. Investment pattern should be rural oriented. Though so many agencies are engaged in dealing with rural finance still it is lacking in one or the other ways.

Regional Rural Banks are encouraging the process of capital formation by advancing loans for different activities and motivating a large number of persons to save a part of their income. These Banks have also encouraged self employment and rehabilitated the rural artisans. Landless labourers have been given loans for different productive purposes to provide employment to them.

Though institution credit to agriculture and allied activities of RRBs has increased in recent years, in comparison to that of Commercial Banks and Co-operative Banks it has decreased. Also Kisan Credit Card (KCC) of RRBs has increased in recent years, in comparison to that of Commercial Banks & Co-operative Banks.

Agriculture production has increased by using modern techniques and equipments. Framers are making use of good quality of seeds, manure and fertilizers. Multiple cropping patterns have also been adopted by the farmers. Cropping pattern has shown considerable improvement. Productivity has also been strengthened after using new techniques. The bank has played a significant role in financing persons living below the poverty line. It is a success of bank that it has succeeded in reducing the influence of money-lenders. Thus, it is clear that rural folks have been availing credit of facilities being provided by Rural Banks and Commercial Banks.

It has been observed that most of beneficiaries have been utilizing rural credit being provided by banks for the purpose of agriculture, irrigation, cattle and milk animals etc. It has to be noted that most of beneficiaries have been engaged in various economic activities to meet their ends started with the help of loans taken these banks.

In the light of the above problems and challenges in Indian banking sector, it is interesting to see how the banks have performed well in rural areas. What factor inhibits the customer to visit banks frequently? What are the attitudes of the customers about banking services? There is a need to examine whether the banking services influence the banking habits of rural people or not? The present study titled “A Study on Banking Habits of Rural People in India” is an attempt in this direction.

The present study examines the banking environment in the study area. It also examines level of awareness regarding the services offered by the banking institutions. The study attempts to find out the factors influencing the poor level of awareness and usage of banking services. The study evaluates the appropriate strategy to create awareness and to improve the banking habits. The study also provides suggestions for improving banking habits of the customers to banking institution so as to enable them to compete with other banks and provide better banking services to customers.

To achieve the desired objectives both primary and secondary data have been used. To examine the level of awareness of banking services questionnaire was used by adopting likert scaling techniques. For collection of data, a sample of 359 customers has been drawn. The analysis of collected data has been done by using simple frequencies, percentages, averages, Factor Analysis, ANOVA and Mann-Whitney test (U test), etc.

## **Findings of the study**

- ❖ Majority of customers (79.8 per cent) are male.
- ❖ It is found that the majority of the respondents who have bank account as well as visiting banks quite often.
- ❖ Female customers used to go to banks for availing of micro credit.
- ❖ It is seen from the analysis that majority of the respondents belong to the age group of 41-50 years.
- ❖ Majority of the respondents are educated while 15 per cent are illiterate but they are operating bank account.
- ❖ It is identified that the majority of the respondents are farmers and depending on primary sector and its allied activities.
- ❖ The sizeable number of respondent's income level is between ₹ 1-3 lakhs.
- ❖ It is analyzed from the study that the housing conditions of the respondents have improved as majority of the respondents live in buildings rather than hut house.
- ❖ Majority of the respondents have 3-4 dependents as an average of family.
- ❖ It is seen from the study that many of the banks are operating ATM services in rural areas and rural bank customers are also using them frequently.

- ❖ As per the study the majority of the respondents maintain account in banks below 10 years.
- ❖ Majority of the respondents came to know of the banking services through their friends.
- ❖ Poor level of awareness is recorded for the agency services, investment advice, mutual funds, DEMAT services, reference services etc with the mean score of 1.46. It indicates that the primary functions are known among them and the secondary services are not known.
- ❖ It is found that poor usage of banking services in the rural areas are lack of awareness on modus operandi of the services with the mean score of 183, poor availability and accessibility of services and products with the mean score of 173, lack of consistency in transactions in the operations of a bank with the mean score of 170, myth of cost and safety issues with the mean score of 163 and low level of interest towards financial products and services among the rural customers with the mean score of 154, stood at one to five ranks respectively.
- ❖ The study has found significant difference among the perceptions of the customers with respect to level of satisfaction on the collecting deposits, granting loans, agency functions, utility functions, technical services, customer relationship management, safe vault facilities, fund transfer services, online banking and grievance handling provided by the banks.
- ❖ It is concluded from the study that the level of educational standard is not influencing the motivational factor to utilize the banking services.

- ❖ It is inferred from the analysis that there is no association between occupations with respect to motivational factor for banking services.
  
- ❖ The study identified functional problems due to poor customer response and poor guidance, availability and accessibility problems due to lack of co-operation from the banker and lack of trained staff, Control problems due to risk of cyber crimes, hidden costs and finally behavioural problems due to autocratic behaviour, lack of transparency and poor customer relationship management are the problems faced by respondents in the study area.

## **SUGGESTIONS**

The study elaborated number of issues concerning various measures for banking habits of rural people. On the basis of the findings and conclusions, the following suggestions emerged from the present study.

1. The demographic profile of the rural is salient in nature and evident for the lot of untapped potency for the banking services. The grand strategy needs to be drafted covering all sections of the individuals in the rural areas to enhance the banking services to them. The strategy should be simple in nature and viable for implementation with limited efforts. Such products and services need to be drafted by all the banks as a unique solution package to the rural branches and this can help in improving the banking patterns in the rural areas. It requires lot of time and knowledge about the customs and traditions associated with the saving patterns of the rural mass.

2. The level of awareness on banking services is poor in rural areas due to lack of availability and accessibility. In rural areas banks may not implement all the services due to non viability of the implementation tools and lack of feasibility. Such phenomenon needs to be changed by effective promotional activities and by encouraging the public through participating in social activities. Banks needs to interact with the rural customers to identify their needs not only funding needs but the other financial service requirements and thereby necessary steps have to be taken to come out with new services. Thereby this can reach the public as fast as possible and helps the bank to operate such services with out interruption.
3. Customer relationship management is another important problem in rural branches. This can be resolved through systematic behavioural training sessions to the employees, establishment of information desks to the customers, providing simple and easy technology, having an eye on cyber crimes and by creating a safe financial environment in the bank. In addition, some of the private banks are employing private agents to sell the banking products to the customers by outsourcing the marketing functions. Such initiatives with strong strategy can bring in a lot of change in the rural banking system in the country.
4. The poor usage of certain banking services is observed in the study. It can be addressed through providing the clear information on the usage of such services in the form of handouts with visuals on the steps to be followed while using such services can help the customer to go through and make an attempt to use such services. A flow chart on the process of a particular service can help much better than thousand words of explanation. Such innovative customer friendly practices

can help in reaching the customers and to improve the usage patterns on the banking services in the rural areas.

5. Customer satisfaction is an all time issue in rural branches. It can be overcome by way of conducting frequent customer satisfaction surveys and follow-up of suggestion box tips recommended by the customers. The system needs to be reviewed in consultation with the customers and establish the change processes from time to time. Such practices can reach the customers and the customers will be willing to share their ideas on the effective implementation of services. Customer involvement in the review process of existing banking services can throw a light on many angles and helps to resolve the issues relating to customer satisfaction.
6. Motivating factors of banking services in rural areas are to be observed from time to time and accordingly the product design needs to be done. The features of a financial service should follow General AIDA principle of marketing. The needs of the customers are changing from time to time; every new banking service and product serves the class of customers in a bank and motivates a class of potential customers to avail of the service. Such environment should be created in a rural bank. This can help in attracting many customers in the rural areas and can tap the rural potential.
7. Quality of services are determined by various factors namely, economic factors, technical factors, availability and adoptability factors and feasibility factors. All such factors should be simulated and tested before going in for a service. Because financial service is an invisible product and linked with sensitive psychological

aspect of a customer. It deals with money and its worth. It is necessary to remember that a banker is dealing with others money a slip leads to swipe the entire business. The business of banking requires a lot of trust and confidence. As long as a bank can maintain it, we can bank on it else we revert on it. A good and feasible banking solution can attract the rural customers and it can help in bringing a social change through financial inclusion in the rural areas.

### **Avenues for Future Research**

The present study is an attempt to analyze the level of awareness of banking services, reasons for poor usage of banking services, motivational factors for utilizing the banking services. It also evaluates the suggestions to improve the banking habits. There still remains a viable prospect for future research.

- ❖ A comparative study of banking habits of rural as well urban customer can be studied.

A comparative study of banking habits of the customer of private and public sector banks can be studied.

### **Conclusion**

There is general impression that banks in rural areas are not functioning well due to lack of infrastructure and lack of awareness among the rural people about banking services. However, it is quite interesting to note that the bank branches in rural areas have increased drastically and size of banks customers have increased multifold. It has been observed that due to changes in economy the banking industry is a challenging task as many multinational banks have started their operation in India and therefore it becomes difficult for the sustaining of Indian banks. The foreign banks are especially targeting to

increase the size of customer base by offering advance and quick services to the customers.

The need of the hour is to ensure free and fair competition to create level playing field among the domestic and foreign players in the Indian banking sector through introduction of suitable policies in the realm of global competition.

Banking habits of rural customers and patterns needs to be changed by way of creating a customer friendly environment with a lot of product and service awareness, resolving the problems in availing of the banking services either conventional or technical, motivating the different classes of customers with unique featured products and services, improving customer satisfaction on the banking services, and finally assuring the quality of financial services offered by a bank.

All these measures simultaneously with a well defined time frame can help in bringing the expected change in the rural banking practices and thereby economic empowerment through banking systems among the priority sector customers in the rural areas. This in turn helps to strengthen the socio economic phase of the country as a whole.

The social banking in rural areas needs to be imparted for the better society and for the better sustainability of an economy. The responsibility of the government in this regard is unavoidable in nature for the cause of balanced regional development and sustainable development of the country in long run. We hope such a change should happen in the country at the earliest possible time for the benefit of the rural mass and for the economy at large.