

# ROLE OF BANKING SECTOR IN RURAL ECONOMIC DEVELOPMENT

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# ROLE OF BANKS IN PROMOTING FINANCIAL INCLUSION- WITH SPECIAL REFERENCE TO SCHEDULED CASTES/SCHEDULED TRIBES IN COIMBATORE DISTRICT

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## INTRODUCTION

Inclusive financing is the delivery of financial services at affordable costs to poor masses of people. The primary objective of public policy is to make availability of banking and payment services accessible to the population without any discrimination. The three important aspects of financial inclusion are to include financially excluded people like Marginal farmers, Landless laborers, Self employed and unorganized sector enterprises, urban slum dwellers, Senior citizens, Women etc, to access financial services, access credit markets and learn financial matters. Banks are now considering financial inclusion as a business opportunity in an overall environment that facilitates growth.

## FINANCIAL INCLUSION

Financial exclusion can be defined as the inability of individuals, groups and communities to access and use appropriate and affordable personal, business and organizational financial products and services (Scottish Executive Financial Action Plan, 2005). The concept of financial inclusion in the current scenario is delivery of banking services at affordable costs to vast section of disadvantaged and low income groups. Banking services include credit saving, insurance, payments and remittances which are essential and should be made available to the entire population without any discrimination. Financial inclusion is not only for social growth but a profitable proposition for banks.

## OBJECTIVES OF THE STUDY

- A. To study the financial status of the select respondents
- B. To study the awareness of financial inclusion among SC/ST
- C. To study the problems if any faced by them.

## RESEARCH METHODOLOGY:

This study was conducted in Coimbatore district. The sample size was 100 respondents based on purposive sampling method. The study was mainly based on primary data collected through a well-structured questionnaire. The tools used for analysis are Percentage analysis and Chi-square test

## ANALYSIS AND DISCUSSION

### Demographic profile of the respondents:

The study reveals that, 52 percent of the select respondents belong to the age group ranging from 46-50 years. Female dominated the samples with 67 percent. 48 percent of the respondents were studied up to high school. 49 percent of the respondents were married. 87 percent of the respondents were with nuclear family. 81 percent of the respondents have 4-6 members in their family.

## 2. Economic and banking profile of the respondents:

The economic profile reveals that 40 percent of the respondents were undertaking private business. 51 percent of the respondents' monthly income falls below Rs.5000. 56 percent of the respondents are living in the rented house. 59 percent of the respondents are in hut. 98 percent of the respondents are having electricity connection. 50 percent of the respondents are using manual type of toilet. 84 percent of the respondents are having LPG gas as a cooking device. 59 percent of the respondents are using common pipe/pump water facility. 94 percent of the respondents are using mobile phones. 75 percent of the respondents are having television 82 percent of the respondents have mixie. The banking profile states that 48 percent of the respondents are having bank account. 46 percent of the respondents are having fixed deposit account.

## 3. Association of Socio-economic factors and having bank account:

**Table.1 Association of Socio-economic factors and maintenance of bank account**

Socio-Economic factors	Calculated value	Table value	Degree of freedom	Level of significance
Age	21.84	3.357	4	NS
Type of family	0.68	0.455	1	NS
Education	11.38	5.348	6	NS
Occupation	23.98	6.346	7	NS
Income	12.67	4.351	5	NS
Sex	10.70	0.455	1	NS

### Source-primary data (NS-Not Significant)

It is clear from the table that there is no significant association between socio-economic factors and maintenance of bank account.

## 4. Reason for not having Bank account:

**Table.2 Reason for not having bank account**

Reason	Respondents	
	In number	In percent
Distance of the bank	5	5
Lack of saving	28	28
Lack of financial advice	4	4
Lack of understanding	1	1
Lack of awareness	12	12
No identity cards	2	2
<b>Total</b>	<b>52</b>	<b>52</b>

### Source: Primary data

It can be understood from the table that out of 52 respondents 28 percent of the respondents are not having bank account due to lack of saving.

## 5. Need of financial advice

**Table.3 Need of financial advice**

Need	Respondents	
	In number	In percent
Not at all important	17	17
Very important	4	4
Highly needed	48	48
Needed	2	2
Neutral	29	29
<b>Total</b>	<b>100</b>	<b>100</b>

### Source: Primary data

It can be highlighted from the above table that 48 percent of the respondents need high financial advice.

**6. Source of advice needed:**

**Table.4 Source of advice needed**

Source	Respondents	
	In number	In percent
Students	13	13
NGO's	10	10
Bank	21	21
SHG	38	38
Others	18	18
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Primary data

It can be understood that 38 percent of the respondents need advice through SHGs.

**7. Aware of "no frills account"**

**Table 5- Aware of "no frills account"**

Awareness	Respondents	
	In number	In percent
Yes	28	28
No	72	72
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Primary data

It was very clear from the table that 72 percent of respondents are not aware of the "no frills" account.

**8. Purpose of using "No frills" account:**

**Table 6-Purpose of using "no frills account"**

Purpose	Respondents	
	In number	In percent
Savings	18	18
No use	2	2
credit	-	-
<b>Total</b>	<b>20</b>	<b>20</b>

**SOURCE: PRIMARY DATA**

The above table reveals that 18 percent of the select respondents use "No frills" account for the purpose of savings.

**FINDINGS:**

- 52 percent of the select respondents belong to the age group ranging between 46-50 years. Female dominated the samples with 67 percent. 48 percent of the respondents completed high school. 49 percent of the respondents were married. 87 percent of the respondents were with nuclear family. 81 percent of the respondents have 4-6 members in their family.
- 40 percent of the respondents were undertaking private jobs. 51 percent of the respondent's monthly income falls below Rs.5000. 56 percent of the respondents are living in the rented house. 59 percent of the respondents are in hut. 98 percent of the respondents are having electricity connection. 50 percent of the respondents are using manual type of toilet. 84 percent of the respondents are having LPG gas as a cooking device. 59 percent of the

respondents are availing common pipe/pump water facility. 94 percent of the respondents using mobile phones. 87 percent of the respondents are having television 82 percent of respondents have mixie.

3. 48 percent of the respondents are having bank account
4. There is no significant association between the socio-economic factors and having bank account.
5. Out of 52 respondents, 28 percent of the respondents are not having bank account due to lack of saving.
6. Out of 48 respondents, 46 percent of the respondents are having fixed deposit account
7. It can be highlighted that 48 percent of the respondents need highly the financial advice.
8. 38 percent of the respondents need the advice through SHG.
9. 72 percent of respondents are not aware of the no frills account.
10. 20 percent of the respondents are having "No frill" account
11. 18 percent of the select respondents use "No frills" account for the purpose of savings.

### CONCLUSION:

The study reveals that 48 percent of the select respondents have bank account and 20 percent of the respondents have given the reason as lack of saving for not having the account. 46 percent of respondents have savings bank account out of 48 respondents. It is also revealed from the study that 72 percent of the total respondents are not aware about "No frills" account.

It can be concluded that the financial inclusion towards scheduled castes is less and it can be succeed with combined efforts of financial institutions, non-governmental organizations, finance institutions and the technology providers. The financial strengths and expertise of these institutions have to be put together through sound collaborations for bringing widespread financial inclusion in the country.

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