A Study of Consumer Perception toward Regional Rural Bank: With Special Reference to Selected Talukas of Sabarkantha District

MR. RAJIV G SHARMA

Research Scholar & Assistant Professor in Commerce Department, Idar Anjana Patidar H.K.M. Arts and P. N. Patel Commerce College, Idar- 383430 Gujarat.

DR. SEJAL R. CHRISTIAN

Research Guide & HoD, Shri D. N. Institute of P. G. Studies in Commerce, Anand- 388001 Gujarat

Abstract:

Blood of human plays very important role because it is regulating body system and maintaining homeostasis, similarly money plays crucial role in the economy. In another term money keeps the institutions alive, if money does not get enough or not available at right time, then it creates ticklish situation for an institution to take a stand against competitors. There are many sources for raising fund. One of them is banking intuitions. And in this way not only centralized banks, but also co-operative banks give notable contribution toward development of the country. The number of banks in the last five years has seen a steady growth. It is seen that the increase in the number of banks is more in the urban areas than in rural areas. In addition, the central government has declared various schemes merely rural development such as Pradhan Mantri Gram Sadak Yojana, Din Dayal Upadhayay Gramin Kaushalya Yojana, Sampurna Gramin Rojagar Yojana, Swarnajayanti Gram Svarozgar Yojana, National Rural Livelihood Mission, Prime Minister Rural Development Fellows Scheme, National Rural Employment Guarantee Act, Sampoorna Grameen Rozgar Yojana, Sarv Sikasha Abhiyan, SBI ka apna gaam, SBI gaam nivas yojana thus, since last five years tremendous schemes have been implemented for the interest of rural people. To Increasing the well-being of rural areas and to improving their standard of living, Indian government and the RBI, jointly work on monitoring all these schemes. Currently, various schemes are being implemented by the RBI through lead banks, especially for small farmers, marginal farmers and artesian person. Now the time has come to evaluate the performance of the banks for the development of rural areas. The main objective of this research is:

- *To study which kinds of banking product provided by banks to their loyal rural farmers?*
- *Which service is more important to them?*
- *Do they succeed to provide the general information, banking benefits or schemes to needy people?*

To measurement of efficiency of rural bank is done using various parameter and suitable test. Researcher has used various table, graph and non parametric test to analysis relevant data. The research study shows that due to lack of information, communication and cooperation farmers especially other backward class fails to obtain loan. The study also reveals that rural sector banks strongly need to improve and provide value product to their lead customers.

Keywords: *Banking System, Banking Performance, Lead Schemes, Rural Banks, Rural development*

1. Introduction

Currently banks have an invaluable contribution toward the development of the country whether it is a private bank, a public bank or a co-operative bank. Lack of supply of money leads the company to

failure. It may possible that company may not survive in the competitive world. To accelerate the Indian economic various schemes are launched and such a scheme enables to provide venture capital to newly established industry. Meanwhile, the start-up scheme has been launched by Honorable Prime Minister Mr. Narendra Modi, which has simplified the act of getting loan for newly established firm or company. Such a firm or company should be new. If an existing company or firm wants to take advantage of this scheme it should not be more than five years old.

Presently, India's total population is 121 cror, out of which the largest population is 84 cror people living in rural areas. If the development of the rural area is ignored this will leads the country to regional imbalance. It may possible that India will have to lose the revenue from agriculture sector. Various schemes for the development of urban and rural areas have been launched by the Government of India such as Pradhan Mantri Jan Dhan Yojana, Jan Suraksha Abhiyaan, Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Vima Yojana, Atal Pension Yojana, Pradhan Mantri Mudra Yojana.

2. Objectives of the research study
1. To find out the various banking facilities offered by banks in rural areas.
2. To find out the bank's representatives or officers provide the important information about banking schemes to the bank customers and general public.
3. To find out how many people in the rural areas use baking facilities?
4. To find out the satisfaction level of rural people regarding services provided by the banks.
5. To find out whether the information about the standard of living of the beneficiary has been improved after getting a loan from the bank or not.
6. To get the information about the category wise wrongly rejected loan applications by bank officers.

3. Research methodology
3.1 Research types
All the information collected through survey. Primary data was collected through questionnaire.
3.2 Data Collection
Keeping in the mind the purpose of the research, the work of research is obtained only by collecting the primary data so as to get information accurate, latest and precise. The number of bank customers in sabarkantha district is uncountable. Due to infinite population researcher has randomly selected three different Talukas from all five talukas of Sabarkantha district namely Idar, Bhiloda and Vadali to obtain information. Total 270 questionnaires have been used in this research work to collect information. In the field survey my respondents are small farmers, marginal farmers and artesian person. Since the respondents are mostly in the rural area, therefore keeping in the mind their limitations, the questionnaire contains multiple choice types questions. Only close ended types of question has been used in questionnaire. All relevant data have been classified according to their profession such as small farmers and marginal farmers.

4. Analysis and interpretation of data
### 4.1 Are you satisfied with banking services?

Table: 1

Level of Satisfaction	No. of Respondents	cf	Percentage (%)
Extremely satisfied	30	30	11.11
Very satisfied	28	58	10.37
Moderate Satisfied	50	108	18.52
Not satisfied	42	150	15.56
Extremely dissatisfied	120	270	44.44

(Sources: Primary data collection through questionnaire)

4.2 Linkert's different five scale model

Rensis likerts five scale model is used for qualitative research. In the research, "Linkerts Model" is used to measure bank account holder's tendency or opinion toward banking service provided in rural sector bank. Linkerts five scale model is one type of psychometric test and it is often used in field survey therefore researcher used five different rating in questionnaire to study behavior of the bank customers such as Extremely satisfied; Very satisfied; Moderately satisfied; Not satisfied and Extremely dissatisfied.

Figure: 1
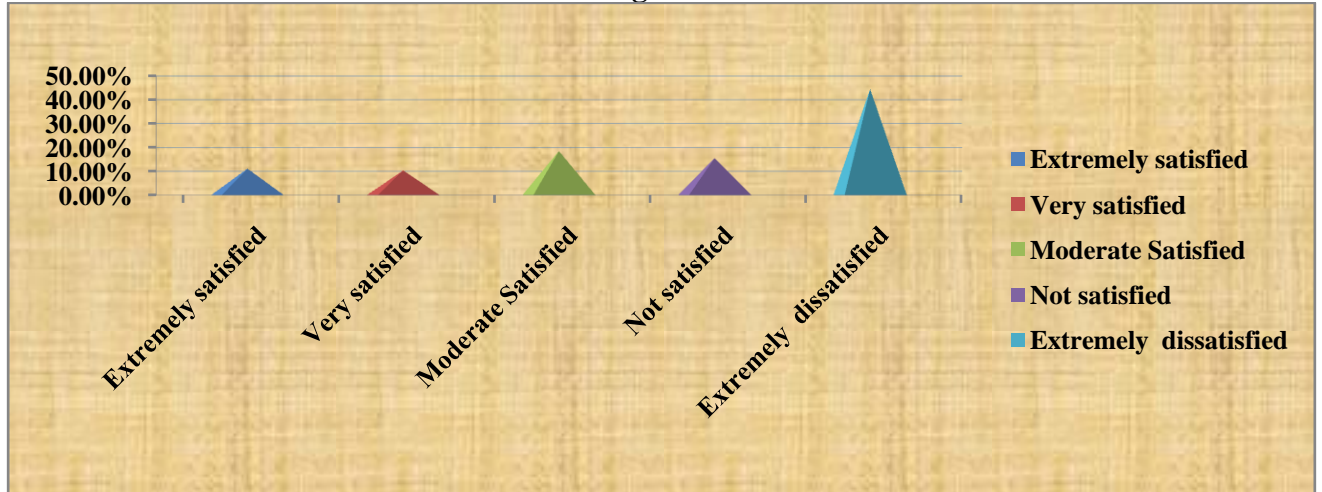
A public of rural sector opinion surveyed a simple random sample of 270 bank customers. The figure shows that only 11.11% respondents are extremely satisfied, 10.37% respondents are very satisfied, 18.52% respondents are moderate satisfied, 15.56% respondents are not satisfied and remaining 44.44% respondents are extremely dissatisfied. In above graph it is clearly visible that bank officers failed to satisfy the bank customer. It also means that rural sector bank has failed to fulfill their main objectives. We may conclude that more than 60% customers are not satisfied with the service provided by the banks.
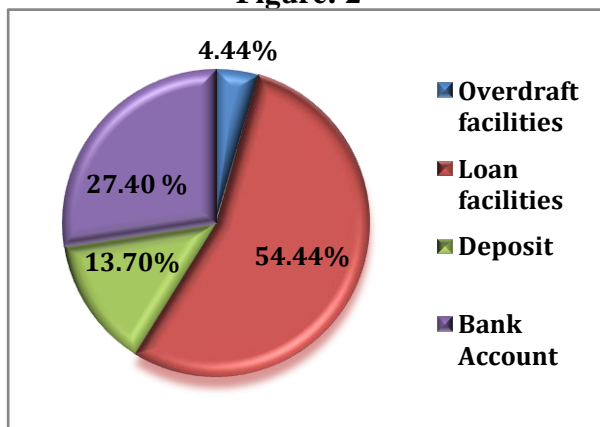
4.3 Which Bank facilities are important to rural bank customer?

Table: 2

Reason for opening bank account	No. of Respondent	Percentage (%)
Overdraft facilities	12	4.44
Loan facilities	147	54.44
Deposit	37	13.70
Bank Account	74	27.40

(Sources: Primary data collection through questionnaire)

Figure: 2

Present study reveals that approximately 54% people of rural sector customers want bank only for getting loan. It can be said that small farmers and marginal farmers, tenant farmers and landless agricultural labour gives more important to getting loan, 27% bank customers want bank account for general use, 13% bank customers want deposit facility to invest their spare money, and remaining 4% respondent give important to overdraft facility.

4.4 In a sample survey of rural bank customers opinion answer to the question

a) Do you succeed to get loan from bank?

b)Are you small farmer or marginal farmer?

Table: 3

	Approve	**Disapprove**	**Marginal Row Totals**
Marginal farmers	83 (81.85) [0.02]	47 (48.15) [0.03]	130
Small farmers	87 (88.15) [0.01]	53 (51.85) [0.03]	140
Marginal Column Totals	170	100	270 (Grand Total)

(Sources: Primary data collection through questionnaire)

Chi-Square test: Using simple random sample data, researcher has conducted a chi-square independence test.

4.4.1. Research hypothesis

If there is any relation between loan sanction by officers and class of respondent such as marginal farmers and small farmers. In this case we have two different variable, both of which are categorical, and researcher wants to study if they are dependent or independent.

4.4.2 Statical Hypothesis

Null Hypothesis (H0): there is no significance difference in loan sanction or rejection between marginal farmers and small farmers.
Alternative Hypothesis(H1): there is significance difference in loan sanction or rejection between marginal farmers and small farmers.
Level of significance: For this analysis of problem, the significance level is 5%.

4.4.3 Calculation of expected frequency

Expected frequency of (1, 1) cell

$f\mathrm{e}83 = \frac{130 \times 170}{270} = 81.85; f\mathrm{e}47 = \frac{130 \times 100}{270} = 48.15;$

$f\mathrm{e}87 = \frac{140 \times 170}{270} = 88.15; f\mathrm{e}53 = \frac{140 \times 100}{270} = 51.82$

Calculation of Chi-Square distribution:

As we know that $\chi2 = \frac{(f_0 - f_e) \times 2}{f_e}$

$= \frac{(83-81.25) \times 2}{81.25} + \frac{(47-48.15) \times 2}{48.15} + \frac{(87-88.15) \times 2}{88.15} + \frac{(53-51.85) \times 2}{51.85}$

$\chi2 _{(cal.)} = 0.0839$

Degree of freedom = (c-1) (r-1) = (2-1) (2-1) =1

Decision: clearly calculated value of $\chi2 _{(cal.)} = 0.0839 < \chi2 _{(tab.)} = 3.841$

The null hypothesis is accepted. It means that approval or rejection of the loan application does not depend on the category of farmers. After applying appropriate chi-square test and researcher came to know that there is no evidence of a relationship between Group of farmers and loan status. The reason might be that there will be uniform policy for all kinds of farmers and bank considers all farmers as equal. It may also possible that rural bank does not allow any relief to farmers.

4.5 Do the bank officers co-operate with bank customers or general public?

Table: 4

	Co operate	Non-Co operate	Row Totals
Idar	43(34.33)(2.19)	47(55.67)(1.35)	90
Vadali	27(34.33)(1.57)	63 (55.67)(0.97)	90
Bhiloda	33(34.33)(0.05)	57(55.67)(0.03)	90
Marginal Column Totals	103	167	270 (Grand Total)

4.5.1 Research Hypothesis

There is any significance difference among cooperates by bank officers or representatives in the above selected taluka.

4.5.2 Statical Hypothesis

Null Hypothesis (H_0): There is no significance difference among cooperates by bank officers or representatives with farmers in the above selected taluka.

Alternative Hypothesis(H_1): There is any significance difference among cooperates by bank officers or representatives with the farmers in the above selected taluka.

Level of significance: For this analysis of problem, the significance level is 5%. Using simple random sample data, researcher has conducted a chi-square independence test

4.5.3 Calculation of expected frequency

Expected frequency of (1,1) cell

$fe43 = \frac{90 \times 103}{270} = 34.33; fe47 = \frac{90 \times 167}{270} = 55.67; fe27 = \frac{90 \times 103}{270} = 34.33;$

$fe63 = \frac{90 \times 167}{270} = 55.67; fe33 = \frac{90 \times 103}{270} = 34.33; fe57 = \frac{90 \times 167}{270} = 55.67;$

Calculation of Chi-Square distribution:

$\chi 2 = \frac{(f_0 - f_e) \times 2}{f_e}$

$= \frac{(43-34.33) \times 2}{34.33} + \frac{(47-55.67) \times 2}{55.67} + \frac{(27-34.33) \times 2}{34.33} + \frac{(63-55.67) \times 2}{55.67} + \frac{(33-34.33) \times 2}{34.33} + \frac{(57-55.67) \times 2}{55.67}$

$\chi 2 _{(cal.)} = 6.1531$

Degree of freedom = (c-1) (r-1) = (3-1) (2-1) =2

Decision: clearly calculated value of $\chi 2 _{(cal.)} = 6.15 < \chi 2 _{(tab.)} = 5.99$

The null hypothesis is rejected. It means that the co-operation of bank officers is quite different among Idar, Vadali and Bhiloda. After conducting survey researcher found that due to organizational culture of the bank branches, the bank cannot perform their operation in the virtual manner and it results in poor quality of services delivers to their existing customers.

5. Suggestions

Rural banks need to provide primary services such as savings accounts, personal loan, ATM, Passbook printing machine; Cash deposit Machine in the rural areas. It is suggested that bank should make improvement in service quality. Apex institutions like RBI, NABARD and especially LEAD bank should also look after entire loan approval procedure. There should be proper vigilance or grievance redresal. so there is no scope for bribe or corruption for the employee. These kinds of steps can create ethical value and justice in society. Bank should conduct a proper survey, invites suggestions from the customers and public as a large and address the customer's needs through their block level bankers committee.

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6. Limitation of study

The entire research study is based on the primary data which has been collected through questionnaire and filled up by research assistant. Due to miscommunication or misinterpretation between respondent and surveyor, errors are likely to be increase. It is not possible for the surveyor to explain every point of research to the respondents. As a majority of respondent are illiterate and therefore it is very hard to communicate him for giving the appropriate data and to understand the importance of the study.

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