



ACCESS TO THE BANKING SERVICES: A CASE STUDY ON SELECTED VILLAGES IN RAINA BLOCK OF BURDWAN DISTRICT IN WEST BENGAL

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Abstract

In 2011 Census Data shows that 67.1% households of Raina – I Block and 83.48% households of Raina – II Block are availing the banking services. There is no doubt that the scenario has been improved further since then due to change in government policy like Pradhan Mantri Jan Dhan Yojana (at least one Account for each family), transfer of government subsidies, different scholarships, MGNREGA wages etc. directly to the accounts of beneficiaries. In this area many households have dairy and produce milk and sell the milk to Amul Co-operative Society and get payments from them through bank account. So, most of the families of the selected villages under Raina Community Block have Savings Account either in a Co-operative Bank or in a Nationalised Bank or in a Private Bank or in Post Office. In this context, we intend to address the following research questions: To what extent have the people utilise banking services for their livelihood? Whether their standards of living improved due to using of modern banking facilities or not? Whether they get more loans from banks for meeting their needs? Whether their savings have been deposited into the banks? These are some questions which need to be investigated to know how the households of this area use the banking facilities. In this paper an attempt has been made to investigate the mode of operation of banking services of the selected respondents in our surveyed area and to identify the factors responsible in deterring the respondents in accessing various banking services provided by the banks in the Raina Block of Burdwan district. Empirical results suggest that most of the families do not use the full banking facilities. But the opening of bank accounts is one step forward towards the financial inclusion in true sense and there is a long way to go.

Keywords: *Banking services, Bank Customer, Financial Inclusion.*

Introduction

Census 2011 of Government of India shows that 67.1% of total households of Raina – I Block, 83.48% of total households of Raina – II Block and 63.34% of total households of Burdwan district are availing the banking services. There is no doubt that the scenario has been improved since then as Reserve Bank of India and Central Government as well as State Government have taken many policies so that people can avail the banking facilities. Some of these policies are – Simplification of Savings Bank Account opening form, Simplification of KYC Norms, Opening of Zero Balance Account, Self Help Groups bank linkage Program, Financial Literacy Program, Jan Dhan Yojana, PAHAL (Pratyaksha Hastaantarit Labh) for getting LPG subsidy, direct credit of MGNREGA wages and other government benefits to the bank account etc. In simple language, inclusion of households in the banking network means inclusion of all families in organised banking network. Actually the objectives of inclusion of households in banking network do not confined to opening a bank account and having low or zero balance but the objectives are to protect the poor people from local money lender, effective payments of social security schemes benefit and to bring the small savings into the banking network. In this way financial inclusion will take place and which is essential for inclusive growth. In India, so many steps have been taken to bring all the families within the organised banking network. All government subsidies, scholarship and payments are now transferred through bank accounts or post office savings accounts. For such type of government transfer of payments, Indian people are bound to open a bank account.

Raina Block is situated in the southern part of Burdwan district. Raina is more or less 20 Kilometres away from Burdwan town. Raina-1 community development block is an administrative division in Bardhaman Sadar South Sub-division of Burdwan district in the state of West Bengal. Raina and Madhabdihi Police Stations serve this block. The head quarter of this block is at Shyamsundar. The total area of Raina-1 community development block is 266.44 Sq. Kilometres. There are 8 Grampanchayats namely, Hijalna, Mugra, Narugram, Natu, Palasan, Raina, Sehara and Shyamsundar in this block. Total 14 branches of different banks viz. State Bank of India, Punjab National Bank, Bank of India, Canara Bank, Axis Bank, Burdwan Central Co-operative Bank, Gramin Bank and 8 post offices are there in this block. Most of the families of the selected villages under Raina Block have Savings Bank Account either in a Nationalised Bank or in a Private Bank or in a Co-operative Bank or in Post Offices. In this context, we intend to address the following research questions: To what extent have the people utilise banking services for their livelihood? Whether their standards of living improved due to using of modern banking facilities or not? Whether they get more loans from banks for meeting their needs? Whether their savings have been deposited into the banks? These are some questions which need to be investigated to know how the households of this area use the banking facilities.



Objectives of this Study

The objectives of this study are (i) to investigate the mode of operation of banking services of the selected respondents in our surveyed area and (ii) to identify the factors responsible in deterring the respondents in accessing various banking services provided by the banks in the Raina Block of Burdwan district.

Data Collection and Methodology

The primary data have been collected from 100 villagers of 10 villages, 10 customers from each village during the month of October, 2016. On the basis of primary survey method a questionnaire is formed containing 10 questions. In addition to that, data have been collected from the Post Office of this region and different bank branches situated in this block.

After collecting primary and secondary data relating to bank account, banking service and nature of banking transactions of the people of this block, the data have been analysed point wise to assess the status of using banking services of the people of this area.

Sample of Data

Data have been collected from the customers of banks having all modern banking facilities like net banking, ATM services, net banking, mobile banking etc. In this block, State Bank of India, Punjab National Bank, Bank of India, Canara Bank and Axis Bank provide all modern banking facilities to the bank customers. The post office, Gramin Bank and Burdwan Central Co-operative Bank are not in a position to provide all modern banking facilities to their customers, although they are preparing themselves for doing so. Therefore customers from these banks have excluded from our sample.

Data Collection and Questionnaire

Data have been collected from 100 bank customers from State Bank of India, Bank of India, Canara Bank and Axis Bank with a questionnaire containing 10 questions. The questions on the Access to Banking Services are as follows –

S. No	Questions
1	Whether operates savings account at least once in a month?
2	Whether has a bank loan?
3	Whether has a current account?
4	Whether transfers fund through NEFT/RTGS?
5	Whether pay bill through online?
6	Whether e-buy or sale?
7	Whether pay e-tax?
8	Whether manage bank account by yourself?
9	Whether you have a standing instruction to bank?
10	Whether you have a debit card/ credit card and use it?

Answer of all these questions are either “YES” or “NO”. We have assigned 1 for “YES” and 0 for “NO”. So, if all the response of a respondent is “NO” his total score will be 0 and if all the response of a respondent is “YES” his total score will be 10. Again, for each question there will be a score ranging from 0 to 10.

Decision Rules

- 0 = Ineffective banking inclusion
- 10 = full banking inclusion
- 5 = Moderate banking inclusion
- <5 = Low degree of banking inclusion
- >5 = High degree of banking inclusion

Methodology

Ten questions have asked to the 100 bank customers from SBI, BOI, Canara Bank and Axis Bank. After summarizing the data, each item wise discussion has been analyzed. A Composite Banking Inclusion Index (CBII) is computed considering all ten questions from the 100 bank customers. The value of CBII lies in between 0 to 10. If value of CBII is 0 then it is concluded that ineffective banking inclusion has taken place to the customers. Again, if the computed value of CBII is 10, then it is concluded that full banking inclusion has taken place among the bank customers of this block. Similarly, if value of CBII is calculated less than 5, then it is concluded that less than moderate degree of banking inclusion has taken place and if value of CBII is calculated greater than 5, then it is concluded that more than moderate degree of banking inclusion has taken place among the bank customers of this block.



If grand score of CBII is 10 then it can be assumed that excellent banking inclusion has taken place and if grand CBII score is 0 then it can be assumed that no banking inclusion has taken place. Similarly the score in between 0 to 10 represents the degree of banking inclusion.

Hypothesis

It is hypothesized that: True banking inclusion has not been taken place among the villagers in villages of Raina Block

Data Analysis

Table 1: Frequency Distribution of Score of Respondents (Village Wise and Question Wise)

Name of the village	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Total
Noley (10)	7	1	0	1	0	1	0	1	0	3	14
Bijipur (10)	8	1	0	0	1	1	1	1	0	4	17
Arui (10)	5	1	0	0	0	0	0	0	0	3	9
Bokra (10)	7	0	0	0	0	0	0	0	0	2	9
Sahajpur (10)	8	0	0	1	0	1	0	0	0	3	13
Gopalpur (10)	7	1	0	0	0	0	0	0	1	2	11
Ibidpur (10)	8	1	1	1	1	1	0	0	0	3	16
Rasulpur (10)	2	1	1	1	1	1	1	1	1	3	13
Deno (10)	4	2	1	1	1	1	0	1	0	2	13
Harihorpur (10)	7	1	0	0	0	0	0	0	1	2	11
Total (100)	63	9	3	5	4	6	2	4	3	27	126
Bii	0.63	0.09	0.03	0.05	0.04	0.06	0.02	0.04	0.03	0.27	1.26

Q1. Bank Account Operation: Bank account operation means frequency of the use of bank account in terms of deposit of money in bank or withdrawal of cash from bank account. From the second column of the above table it is seen that out of total 100 bank customers 63 use bank account at least once in a month in the way of depositing money to their bank account or withdrawing money from their account. It contributed 0.63 to the Banking Inclusion Index (BII) out of its assign score 1.

Q2. Bank Loan: From the 3rd column of the above table it is seen that out of 100 bank account holders of Raina Community Block, 9 bank customers have bank loan. It contributed 0.09 in the Banking Inclusion Index out of its assign score 1.

Q3. Current Account: From the 4th column of the above table it is seen that out of 100 bank account holders of Raina Community Block 3 bank customers have a current account. It contributed 0.03 in the Banking Inclusion Index out of its assign score 1.

Q4. On Line Fund Transfer: On line fund transfer means sending fund through net banking in the way of NEFT or RTGS. From the fifth column of Table-1, it is seen that out of total 100 bank customers, 5 bank customers send money through net banking mode in the way of NEFT or RTGS. It contributes 0.05 in the Banking Inclusion Index out of its total weight 1.

Q5. On Line Bill Payment: On line bill payment means making payment through net banking channel. Out of 100 respondents, 4 bank customers reported that they paid bill through online.

Q6. E-buy: E-buy implies shopping goods and services through internet. For completing online transactions, one has to use on line payment system. Out of 100 respondents, 6 bank customers reported their e-buy.

Q7. E-tax: E-tax implies payment of government taxes, fines and penalties through net banking or online banking system. Out of 100 respondent families, only 2families pay e-tax through net banking channel. It contributes 0.02 weights in the Banking Inclusion Index.

Q8. Account Management: Account management implies handling of accounts by the customer in online mode. Out of 100 respondent families 4 families manage their bank account by themselves through net banking channel. It contributes 0.04 weights in the Banking Inclusion Index.



Q9. Standing Instructions: Standing instruction implies to instruct bank for payment of standing expenses at a scheduled time or for a scheduled expenditure. Out of 100 respondent families 3 families has given standing instructions to the banks for their scheduled payment of EMI. It contributes 0.03 weights in the Banking Inclusion Index.

Q10. Use of Plastic Money: Use of plastic money implies application of debit card, credit card or green card for making bank transactions. Out of 100 respondent families 27 families uses plastic money in the form of debit card or credit card. It contributes 0.27 weights in the Banking Inclusion Index.

Composite Banking Inclusion Index (CBII)

Composite banking inclusion index is calculated based on the response of 10 questions asked to the 100 bank customers of the Raina community block. Each question has 100 responses either “No” (assigned score 0) or “YES” (assigned score 1). Total weight assigned to each question is 1 and therefore full value of total score is 10.

Table 2 represents the total calculated CBII score and the relative proportion of each dimension of banking facilities or relative proportion of the response of ten questions as given by the bank customers of the Raina community block. Total score of CBII is 1.26 out of full score 10. It represents 12.6% effective use of banking services has taken place among the bank customers of the Raina community block.

Table 2

S. No	Questions	Score
1	Whether operating savings account at least once in a month?	0.63
2	Whether has a bank loan?	0.09
3	Whether has a current account?	0.03
4	Whether transferring funds through NEFT/RTGS?	0.05
5	Whether pay bill through online?	0.04
6	Whether e-buy or sale?	0.06
7	Whether pay e-tax?	0.02
8	Whether manage bank account by yourself?	0.04
9	Whether you have a standing instruction to bank?	0.03
10	Whether you have a debit card/ credit card and using it?	0.27
	Total CBII	1.26

Findings of this Study

From the above discussion it is clear that due to government initiatives, all most all the families are now under banking network. But all the banking facilities are not enjoyed by the rural bank account holders. The main objectives of the poor bank account holders are to draw MGNREGA wages, student scholarships, LPG subsidy or getting payment from Amul. Bank customers of our surveyed area are using only 12.6% of banking facilities. The basic reasons of limited uses of banking facilities are attitudes of bank employees and attitudes of bank account holders. Some socio economic causes also lead such type of ineffective bank-customer relation, like poor income, less savings, less financial education etc.

Factors Responsible in Deterring to Access the Various Banking Facilities by the Rural People

From the analysis of primary data as given by the 100 accounts holders and bank employee in the Raina community block, following factors are identified as major causes of ineffective uses of bank accounts –

- **Lack of Cooperation of Bank Employee:** A good number of respondents argue that due to lack of cooperation of bank employee of government banks, they are not getting full benefits of banking system.
- **Complex Procedure and Documentation for Getting Loans:** The procedures of sanctioning loans are very complex and a lot of documents are required for getting bank loans. For these reason, most of rural bank customers avoid loans from banks.
- **Lack of Financial Literacy:** As demanded by the bank-authority, majority of the rural bank-customers have no knowledge about all the facilities provided by the bank. As a result they cannot enjoy full banking facilities.
- **Lack of Regular Income:** Most of the rural bank customers have no regular income and savings. As a result they do not use bank account regularly.
- **Ignorance of Customer about Different Schemes of Banks:** The bank employees argue that most of rural bank customers have no idea about different schemes of banks. As a result they are not enjoying such facilities.



- **Low Rate of Loans Recovery:** As experienced by the bank authority, due to low income, attitudes of borrowers, the rate of loans recovery is low in rural area. For this reason, banks have to think twice before sanctioning a loan.

Conclusion

From the above analysis it is seen that due to different reasons, most of bank customers of the villages of Raina community block are not enjoying or using full banking facilities. In majority of cases bank accounts are used to get government subsidies, scholarships, different allowances and MGNREGA wages payment or payment from Amul co-operative society for selling milk. The main reasons of not enjoying banking products are low income and savings, low rate of financial education, attitude of the bank employee, and attitude of the customer. For true financial inclusion in rural area, attitudes of the bank employees and customers are to be changed, terms and conditions of sanctioning loans are to be liberalised, and the rate of financial literacy among the rural peoples are to be increased. Direct Benefit Transfer (DBT) programme has been launched by Government of India for effecting direct transfer of entitlements like scholarships, pensions, wages, subsidies etc. to beneficiaries across the country. So, the opening of account helps the poor people to get own benefits and thus corruption and exploitation has been reduced to great extent and we can say that it is one step forward towards the financial inclusion and there is a long way to go.

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