

A STUDY ON RURAL BANKING

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ABSTRACT

Rural banking plays major role in rural development. Rural masses are not able to avail banking facilities properly due to improper infrastructure. The people of remote areas can not avail banking facilities properly as the number of bank branches is very less in remote areas. Illiteracy among rural masses is a major problem for rural banking. Rural people are not properly aware about digital banking. Many people in rural areas avoid banking facilities due to the fear of bank charges. The study is based on primary and secondary data. Primary data has been collected from journal articles. In this paper, an attempt has been made to analyse various aspects of rural banking.

KEYWORDS: Rural, Banking, People, Banking Facilities.

Introduction

Rural banking plays vital role in the development of Indian economy. Banks have very few branches in remote areas. Rural people face difficulties to avail banking facilities properly. Modern banking system includes online banking, automated teller machines, telebanking etc. Rural people are not able to avail modern banking facilities due to lack of awareness. Most of the bank customers in rural areas avoid e-banking. Banks has an impact on modern economic activities (Nandini et al., 2021). Banks should take necessary steps to increase banking habits among rural masses. Indian economy is based on village economy. Banking sector plays major role in economic system (Dhanraj and Saikumar, 2016). The objective of the study is to analyse various aspects of rural banking.

Literature Review

Proper rural credit facilities is very important for rural development. Regional Rural banks provide banking facilities to rural masses (Sharma et al., 2019). Banks focus on rural banking platform and most of the banks offer technology based banking facilities. Customer awareness is essential for success of banking sector (Puttaswamy, 2018). Banks provide loans to customers and accept deposits from customers. The nature of Indian banking sector is changing rapidly (Anita et al., 2018). The performance of rural banks has increased after restructuring in banking sector. Rural banks plays very important role towards rural credit system in India. The restructuring policy of banking sector by the Government of India has positive impact on rural banks (Khankhoje and Sathye, 2008). The Government has taken various initiatives for rural banks. The major problem for rural banking sector is illiteracy. Digital transactions in rural banking sector is not possible in rural banking sector without the involvement of rural

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people (Das et al., 2017). Rural growth includes financial growth in rural areas. Regional rural banks are playing significant role in the development of rural areas. The Government must take necessary steps to spread branches of regional rural banks to provide banking facilities to rural people (Barot and Japee, 2021). Rural credit market comprises of casual and formal monetary establishments to meet credit necessity of rural masses. Rural masses such as farmers, labourers and artisans face difficulties to avail credit facilities (Ahmed, 2020). Rural Banks provide financial services to rural people. Unrecognised sources provide rural credit which faces many difficulties. Rural people avail banking facilities from rural banking system. Many people in rural areas are not interested to avail banking facilities due to the fear of banks charges (Kuddus et al., 2020). Rural development is important for growth of economy in India. The role of regional rural banks is very important in the development of rural areas in India (Tigari and Gaganadeepa, 2019).

Methodology and Data Analysis

For the purpose of study, Primary data has been collected from the state of West Bengal. The sample size of the study is two Hundred.

Male	:	63%
Female	:	37%

Age

20 - 30	:	23%
30 - 40	:	31%
40 - 50	:	22%
50 - 60	:	18%
Above 60	:	6%

Rural people avoid banking facilities due to the fear of bank charges:

Agree	:	58%
Disagree	:	42%

Rural people avoid banking facilities due to lack of awareness:

Agree	:	61%
Disagree	:	39%

Rural people avoid banking facilities due to improper infrastructure:

Agree	:	73%
Disagree	:	27%

Rural people avoid digital banking due to lack of knowledge

Agree	:	88%
Disagree	:	12%

Number of bank branches is very less in remote areas:

Agree	:	94%
Disagree	:	06%

The major problem of rural banking is illiteracy among rural masses:

Agree	:	53%
Disagree	:	47%

Conclusions

Rural people face difficulties to avail banking facilities due to illiteracy and lack of awareness. Banks should take necessary initiatives to increase the habit of banking among rural people. The number of bank branches in remote areas should be increased so that rural masses can avail banking facilities properly. Banks must deliver banking services to rural people at low cost. Rural people avoid digital banking due to lack of knowledge. Bank must take proper steps to increase the involvement of rural people in digital banking. The major function of Rural banking is to provide banking facilities properly to the rural masses.

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