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To Measure the Growth of Rural Banking Structure and Problem Face by Customers for Deposit Conscription in the Rural Areas of Nagpur District

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Abstract

Major Indian population stays in rural areas. Basically Indian economy is also based on rural population. But the money generated by the rural population are not banked due to some or the other reason. Prima facie, it may be due to lack of awareness amongst the rural population, or may be the banks have not reached to the doors of rural population. It has become necessary to understand the role of nationalized banks in economic development of rural Nagpur. So far no study has been carried on the issue, thus it is needed to conduct the study to understand root cause of the problem. It is needed to carry the study to know the growth of banking system in the rural Nagpur area. It has also become necessary to study the growth of fund mobilization and increase in deposits from rural areas of Nagpur district. It is also necessary to understand the level of awareness of the rural population in Nagpur district regarding banking system.

Introduction

The uneven economic development of rural and urban areas combined with a large pool of surplus labour has pushed the large number of rural workforce to the cities. Thus, in term of generation of GDP, the center of gravity in the Indian economy has shifted from rural to urban areas, whereas the majority of people still earn their livelihood in rural areas.

Rural India comprises 73 percent of the country's population, but its share in the total national income is less than 45 percent. The rural sector is characterized by low income levels, poor quality of life and a weak human capital-base. Although, in the post-economic reform period, India has grown economically faster, the performance in the reduction of poverty, unemployment and economic disparity has remained dismal.

However, rural development cannot be confined only to the agricultural development, though agricultural development is one of the key components. Rural development comprises, among others, enhancement of wellbeing of common masses and their socio-economic empowerment. This includes their greater access to basic social services, specially education, health, safe drinking water and banking services etc, and to productive employment and also their participation in local governance and decision- making. Therefore, to accelerate the pace of rural development, apart from agricultural development, development banking facilities, education, health and other social sector infrastructure, governing institutions and evolvement of appropriate policy formulation are necessary.

Rural banking in India started since the establishment of banking sector in India. Rural Banks in those days mainly focused upon the agro sector. Today, commercial banks and Regional Rural Banks in India are penetrating every corner of the country are extending a helping hand in the growth process of the rural sector in the country.

The area of operation of a majority of the RRBs is limited to a notified area comprising a few districts in a State. SBI has 30 Regional Rural Banks in India known as RRBs. The rural banks of SBI are spread in 13 states extending from Kashmir to Karnataka and Himachal Pradesh to North East. Apart from SBI, there are other few banks which functions for the development of the rural areas in India

Objective of the study

1. To measure the growth of rural banking Structure in the rural areas of Nagpur District.
2. To study the problems in deposit Conscription from rural areas of Nagpur District.

Research Methodology

The researcher has adopted analytical, descriptive and comparative methodology for this report; reliance has been placed on books, journals, newspapers and online databases and on the views of writers in the discipline of Competition law.

Innovative Development sin Rural Banking

The role of bank in rural areas is fast changing. Many non-banks are providing avenues for savers and funds for investment purposes. Banks themselves are undertaking non-traditional activities. Banks are also becoming what are called



universal banks and are already providing a range of financial services such as investments, merchant banking and even insurance products. Similarly, non-banks are also undertaking bank like activities. At present in India, these are mostly confined to urban areas, but they will sooner than later spread to rural areas. Another development relates to the gradual undermining of the importance of branches of banks. The emergence of new technology allows access to banking and banking services without physical direct recourse to the bank premise by the customer. The concept of Automated Teller Machines (ATMs) is the best example. At present, ATMs are city oriented in our country. It is inevitable that ATMs will be widely used, in semi-urban and rural areas.

The technology-led process is leading us to what has been described as virtual banking. The benefits of such virtual banking services are manifold. Firstly, it confers the advantage of lower cost of handling a transaction. Secondly, the increased speed of response to customer requirements under virtual banking vis-à-vis branch banking can enhance customer satisfaction.

Data Analysis and Interpretation

Banking is the back bone of financial growth and financial inclusion in rural areas. The various schemes implemented by the government and RBI, hasten each rural mass. This is only possible through effective banking and financial services awareness among the rural mass. It is necessary to study the level of awareness on the banking habits and the degree of usage of financial services in the rural areas. It is also necessary to find out the role played by the nationalized banks in Nagpur district in this initiative. This can help to understand and to assess the present situation and to plan for the effective financial inclusion for increased banking habits and fund mobilization from the rural households. Hence Present Scenario of Indian Banking Structure and its impact on deposit Concentration in Rural areas in Nagpur district is appropriate to take up for research and for the social benefit at large.

Table No.1 Total Amount of Saving Deposits in Selected Five Tehsils

Total Saving Bank Deposit						
Year	PNB	BOI	BOB	BOM	SBI	Total
2014	7388062	8865674	10638809	12766571	15319885	54979001
2015	8266126	9919351	11903221	14283865	17140638	61513201
2016	10096913	10298851	10504828	10714924	10929223	52544738
2018	11201419	11313433	11426567	11540833	11656241	57138494
2019	12722425	13994667	15394134	16933547	18626902	77671674

Source: State Level Bankers Committee, BOM

Table: 2 Total Number of Saving Bank Accounts

Total Number of Saving Bank Accounts						
Year	PNB	BOI	BOB	BOM	SBI	Total
2014	3551	4262	5114	6137	7364	26428
2015	4053	4899	5879	7055	8466	30383
2016	4643	6129	6864	7688	8611	33935
2018	5544	8926	7855	8303	9299	39927
2019	6391	12355	10324	8507	10973	48550

Source: State Level Bankers Committee, BOM



Table no. 3 Total amount of Fixed Deposits in selected five Tehsils

Total Fixed Deposit						
Year	PNB	BOI	BOB	BOM	SBI	Total
2014	18343122	22011747	26414096	31696915	38036298	136502178
2015	20329431	25411789	30494147	36592977	43911572	156739917
2016	31753308	34928639	30737202	27048738	23802889	148270776
2018	33526235	33861497	29798118	37247647	32777929	167211427
2019	29701731	34156990	37572689	41329958	45462954	188224322

Source: State Level Bankers Committee, BOM

Table: 4 Total number of Fixed Deposits accounts in selected five Tehsils

Total Number of Fixed Bank Accounts						
Year	PNB	BOI	BOB	BOM	SBI	Total
2014	877	1052	1262	1515	1818	6523
2015	980	1176	1411	1694	2032	7294
2016	1169	1192	1204	1219	1243	6027
2018	1570	1381	1216	1374	1209	6750
2019	1501	1516	1455	1456	1471	7398

Source: State Level Bankers Committee, BOM

Table 1 to .4 shows that there is gradual increase in number of saving accounts as well as fixed deposit account from 2014 to 2019. Deposits in Saving account has raised from Rs. 54979001 in 2013 to Rs. 77671674 in 2019 at the same time amount of fixed deposit has increased from Rs. 136502178 to Rs. 188224322 in 2019. However, the amount of fixed and saving deposits have shown some fluctuations in the year 2014 this is due to drought conditions in that year which leads to mass withdrawal of funds from bank account to meet the financial requirement of farming as well as family. Also the temporary fluctuation observed in fixed deposit is due to maturity of most of the term deposits.

Conclusion

The study finds that rural branches of nationalized banks have capacity and willingness to contribute to economic growth of the country by mobilizing more deposit. The study realize that the size of deposits and the number of bank accounts weather saving or term/ fixed deposits has been continuously increasing through time with the rate varies from year to year. Additionally, the study find out that the key factors for deposit growth are service excellences, promotional effort and awareness creation. The promotional strategies adopted by nationalized banks to develop saving habit which is reflected in number of bank accounts and deposits in rural banks.

The impact of banking habits of villagers is measured by using the growth level of bank's saving and fixed deposit amount and the number of both type of bank accounts during 2014-2019. The gradual growth in and number of accounts and amount of saving and fixed deposit is observed.



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