

Research Article

# Socio - economic profiles of bank customers among rural communities : A study in Chikkaballapur district

■ B. BHARATHI AND G. N. NAGARAJA

**ARTICLE CHRONICLE :**

**Received :**  
06.01.2014;  
**Revised :**  
12.03.2014;  
**Accepted :**  
26.03.2014

**SUMMARY :** The study was conducted in the Chikkaballapur district of Karnataka to know the socio-economic status, utilization and perception of bank account holders. The study was conducted based on both primary and secondary data, the primary data were collected from 200 bank customers and secondary data were collected from different sources of information. The results indicated that the women account holders were very meagre and vast majority of the respondents were male. The respondents were not only young but also educated. More than two-third of respondents were pursuing agriculture as their main occupation in that majority of them was pursuing plantation crops. The membership in political parties was the single largest institutional participation.

**How to cite this article :** Bharathi, B. and Nagaraja, G.N. (2014). Socio - economic profiles of bank customers among rural communities : A study in Chikkaballapur district. *Agric. Update*, 9(2): 161-165.

**KEY WORDS :**

Profile, Agricultural banking, Customers, Services

## BACKGROUND AND OBJECTIVES

The Indian banking industry is passing through a phase of customers market. The customers have more choices in choosing their banks. A competition has been established within the banks operating in India. With stiff competition and advancement of technology, the services provided by banks have become more easy and convenient.

Banking occupies one of the most important positions in the modern economic world. It is necessary for trade, industry and is one of the great agencies of commerce. Although banking in one form or another has been in existence from very early times, modern banking is of recent origin. It is one of the results of the industrial revolution and the child of economic necessity. Its presence is very helpful to the economic activity and industrial progress of a country.

### **Definition of a bank:**

The term 'Bank' has been defined in

different ways by different economists. A few definitions are:

According to Walter Leaf "A bank is a person or corporation which holds it out to receive from the public, deposits payable on demand by cheque." Horace White has defined a bank, "as a manufacture of credit and a machine for facilitating exchange."

### **Agricultural banking:**

Banks have been providing financial services to the agricultural sector for over 140 years and are committed for the development of agriculture across the country. These offer a wide range of finance, investment and risk management solutions across a diverse range of agribusiness products and commodities and services to the agricultural value chain.

### **Agribusiness is the sector that includes:**

- The manufacturing and distribution of farm supplies (seed, fertilizer, agriculture equipment, etc).

Author for correspondence :

**B. BHARATHI**  
Directorate of Extension,  
Integrated Farming System  
Development Project,  
HEBBAL (KARNATAKA)  
INDIA

See end of the article for authors' affiliations

- Production operations on the farm (primary agriculture)
- The storage, processing and distribution of farm commodities (value addition to primary agriculture production).

Banks gained the opportunity to improve the quality of services offered to their customers with a mechanism that marked the way for the introduction of sophisticated services at negligible costs. Providing banking services through internet proved to be helpful to bankers in terms of establishing a single platform for providing a wide range of services and reducing the costs involved in such service offerings.

#### **Functions of the commercial banks:**

Commercial banks have to perform a variety of functions which are common to both developed and developing countries. These are known as 'general banking' functions of the commercial banks. The modern banks perform a variety of functions. Functions of the commercial banks include: acceptance of deposits, advancing loans, creation of credit, clearing of cheques, financing foreign trade, remittance of funds, agency services and general utility services.

#### **Role of credit in agricultural development:**

Provision of adequate and timely credit to the agriculture sector is one of the basic requirements of the rural credit delivery system. Dealing with the sources of credit to agriculturists, it is useful to distinguish between formal/ informal channels and institutional/non - institutional sources. The non institutional sources include money lenders, commission agents, traders, landlords, etc. The institutional sources include commercial banks, RRBs, PACS and PCARDBs. The dependence of small and marginal farmers on the informal sources of credit on exploitative terms is one of the causes for slow growth in agriculture. In fact growing commercialization of agriculture seems to have given a new impetus to the informal credit market through increasing role of money lenders.

#### **Challenges for rural and agricultural credit:**

Agriculture is a matter of livelihood and food security, with nearly 60.0 per cent of the population depending on it. At the same time, to withstand the global competition, enhanced productivity and sustainability of the agriculture sector has become imperative. In addition, the majority of the country's population, more so marginal and disadvantaged sections of society, stay in villages. Hence, the role of banks in the enhancement of agriculture productivity, expansion of rural credit and poverty eradication assumes high priority. Despite decades of efforts and experimentation in banking, the organized financial sector is still not able to meet the credit gap in the rural sector. The lower levels of per capita

income, lack of infrastructure in the rural areas, focus in the urban sector and lack of proper connectivity were the main hindrances for banks to venture into rural areas.

#### **Marketing of banking services in rural areas:**

Banks today are operating in a highly competitive and rapidly changing environment. In the changing economic scenario, a professional approach to business development is essential and the survival of a banking institution depends on its ability to take up challenges coming up in the environment. Developing business through marketing of bank's services in rural areas is one of the crucial areas which need attention of the bankers to ensure profitable survival.

#### **Banks need to tap opportunities in rural area:**

India is a country with largest banking network in the world. Yet in a population of around 118 crore, we have just 15 crore saving accounts. In the largest banking system, the rural area is still deprived of banking facilities. The banks always assumed rural banking as non- lucrative sector. But the rural areas in India have a lot of potential that can help banks to grow, if the banks are able to tap in an efficient way.

India has a total banking network of 79,000 branches, out of which only 31,000 are in rural areas. In order to meaningfully tap the rural banking opportunity, we need to find solutions to three important challenges namely: infrastructure set-up costs, operating costs and risk mitigation strategies.

## **RESOURCES AND METHODS**

Chinthamani taluka of Chikkaballapura district was selected purposefully for the present study. Eight villages were selected based on maximum number of account holders in the study area. Out of eight villages four under developed villages and four developed villages were selected.

A list of customers (account holders) from the bank covering the selected eight villages was obtained and twenty five customers (account holders) were selected randomly from each village as respondents for the study. The total sample size was two hundred from eight villages.

The survey was taken up during the month of February – March 2012. Keeping in view the specific objectives of the study, the data collected were subjected to measure of central tendency and tabular analysis statistical tools.

## **OBSERVATIONS AND ANALYSIS**

The results of the present study as well as relevant discussions have been presented under following sub heads:

#### **The socio-economic profile of the bank customers:**

The primary data of socio-economic conditions of the

sample respondents, primary data relating to family, education, age, social participation, household size and occupation, land holding, cropping pattern, and income were collected and analyzed to get an insight into the socio-economic profile of the sample respondents.

An understanding of socio-economic characteristics of sample bank customers is expected to provide a bird's eye view of the general features prevailing in the study area. Therefore, an attempt was made in the study to analyze some of the important characteristics of sample farmers.

**Table 1: Banks in Chikkaballapura district (2009-10)**

Sr. No.	Taluk	Commercial banks	Grameena banks	DCC/PLD banks	Total
1.	Bagepalli	9	5	2	16
2.	Chikkaballapura	15	3	2	20
3.	Chintamani	14	7	2	22
4.	Gauribidnur	15	6	2	23
5.	Gudibande	2	3	2	7
6.	Sidlagatta	9	6	2	17
	Total	64	30	12	106

**Gender:**

Great majority of the respondents (91 %) were male followed by female (9 %). This indicates the male dominance existing in India and cosmopolite nature of the males.

**Cropping pattern:**

Table 3 depicts the data regarding cropping pattern of respondents. Majority (64.5%) of the respondents were growing orchards/ plantation crops followed by horticulture crops (47 %). The study area falls under dry region which is

**Table 2: Profile of Chikkaballapura district (2009-10)**

Sr. No.	Particulars	
1.	No. of Taluks	6
2.	Hoblies	26
3.	Villages	1512
4.	Grama Panchayaths	151
5.	Towns/Urban Agglomeration	2
6.	Municipalities/Corporations	3
7.	Per capita income (Rs.)	11,002
9.	Area (sq.kms)	4254
10.	Population – Male	5,84,516
11.	Population- Female	5,64,491
12.	Density	308
13.	Sex ratio (No. of females per 1000 males)	972
14.	Actual rainfall	781.6
15.	Number of factories	236
16.	Banks	91
17.	Post offices	198
18.	Telephone exchanges	72
19.	Literacy rate (%)	62.8

suitable to grow orchards/ plantation and horticultural crops.

**Age:**

A cursory look at the Table 3 indicates that highest number of the respondents (41 %) belonged to the age group of 40-60 years followed by the age group 30-40 years. More number of young borrowers prefer institutional source of credit, due to inherent advantages like low interest rates and provisions of payment of loan through installments.

**Table 3: General characters of the respondents**

(n=200)

Sr. No.	Particulars	Developed villages	Under developed villages	Total
1.	<b>Gender</b>			
	Male	90	92	182 (91.00)
	Female	10	8	18 (9.00)
	Total	100	100	200 (100)
2.	<b>Cropping pattern</b>			
	Orchards/Plantation crops	69	60	129*(64.50)
	Horticulture crops	52	42	94* (47.00)
	Field crops	17	64	81* (40.50)
	Sericulture	11	14	24* (12.00)
3.	<b>Age</b>			
	Up to 30 years	24	12	36 (18.00)
	30 to 40 years	25	32	57 (28.50)
	40-60 years	43	39	82 (41.00)
	60 years and above	8	17	25 (12.50)
	Total	100	100	200 (100)

\* Respondents answered more than one choice. Hence, total is not matching, Figures in parentheses indicate percentages to the total

**Table 4 : Social characteristics of the respondents****(n=200)**

Sr. No.	Particulars	Developed villages	Under developed villages	Total (%)
<b>1.</b>	<b>Literacy level</b>			
	Illiterate	18	32	50 (25.00)
	Literate	82	68	150 (75.00)
	Total	100	100	200 (100)
<b>2.</b>	<b>Caste</b>			
	Minorities	23	22	45 (22.50)
	Backward classes	53	61	114 (57.00)
	Forward castes	24	17	41 (20.50)
	Total	100	100	200 (100)
<b>3.</b>	<b>Occupational pattern</b>			
	Agriculture	58	81	139 (69.50)
	Petty business	9	5	14 (7.00)
	Large scale business	4	2	6 (3.00)
	Agriculture cum business	9	9	18 (9.00)
	Service	22	3	24 (12.00)
	Total	100	100	200 (100)
<b>4.</b>	<b>Participation in institutions/ organizations</b>			
	No participation	59	84	143 (71.50)
	Self-help group's member	10	5	15 (7.50)
	Milk producers co-operative society	5	4	9 (4.50)
	Gram Panchayat member	5	3	4 (2.00)
	Taluk Panchayat member	3	2	5 (2.50)
	Zilla Panchayat member	1	0	1 (0.50)
	Member in the political parties	20	3	23 (11.50)
	Total	100	100	200 (100)

Figures in parentheses indicate percentages to the total

**Table 5 : Details of land holding and income of respondents****(n=200)**

Sr. No.	Particulars	Developed villages	Under developed villages	Total
<b>1.</b>	<b>Land holdings</b>			
	Marginal (<2.5 acres)	50	32	82 (41.00)
	Small (2.5 to 5 acres)	17	44	61 (30.50)
	Large (>5 acres)	33	24	57 (28.50)
	Total	100	100	200(100)
<b>2.</b>	<b>Average annual income from different activities (Rs./annum)</b>			
	Orchards/ Plantation crops	63170	58700	121870
	Horticulture crops	47150	27860	75010
	Field crops	3940	13920	17860
	Petty business	7800	1380	9180
	Dairy	21135	19883	41018
	Agril. Labour	0	295	295
	Large scale business	27500	5400	32900
	Employee	66193	5100	71293
	Sericulture	10300	5596	15896
<b>3.</b>	<b>Income groups</b>			
	Low (< Rs. 30000)	7	44	51 (25.50)
	Medium (Rs. 30000-80000)	38	42	80 (40.00)
	High (> Rs. 80000)	55	14	69 (34.50)
	Total	100	100	200(100)

Figures in parentheses indicates percentage to the total

**Literacy level:**

An overview of Table 4 revealed that 75 per cent of the respondents were literates and twenty five per cent of the respondents were illiterates. The respondents were not only young but also educated.

**Caste:**

More than half (57 %) of the respondents belonged to backward classes followed by minorities (22.5 %) and forward castes (20.5 %). It is because of predomination of these castes in this particular area.

**Occupational pattern:**

From the Table 4 it is clear that more than two-third of respondents (69.5 %) were pursuing agriculture as their main occupation followed by service (12 %), agriculture cum business (9 %), petty business (7 %) and large scale business (3 %). People in rural area depend primarily on agriculture as their occupation.

**Participation in institutions/ organizations:**

A great majority of respondents (71.5 %) showed no interest in institutional participation. The membership in political parties was the single largest institutional participation with 11.50 per cent followed by membership in SHG's (7.5 %). Being customers at institutional source of credit, they should have participated in different organizations. But, in reality the participation of customers in institutions is low. The membership in political parties was the single largest institutional participation with 11.50 per cent followed by membership in SHG's (7.5 %). Women members were interested in saving money periodically, which was ensured in SHGs. Moreover, Government has keen interest in supporting and developing SHGs.

**Land holdings:**

The data from the Table 5 revealed that 41 per cent of the respondents belonged to marginal land holding category followed by 30.5 per cent to small land holding and 28.5 per cent to large land holdings category. The fragmentation of ancestral land from generation to generation has led to more number of marginal and small sizes of land holdings.

**Average annual income from different sectors:**

The data (Table 5) regarding the annual income showed that the maximum average annual income of majority of the respondents was from orchard/ plantation crop production followed by horticulture crops production. As the area under orchard/ plantation and horticultural crops was found to be more in the study area. Moreover, orchard/ plantation and horticultural crops produce fetches higher price than field crops.

**Income groups:**

More number of respondents (40 %) belonged to medium income group followed by high income (34.5 %) and low income (25.5 %) group. Majority of the respondents were growing orchard/ plantation and horticultural crops, they fell in medium to high income groups.

**Authors' affiliations :**

**G. N. NAGARAJA**, Department of Agricultural Marketing, Co-operation and Agribusiness Management, University of Agricultural Sciences (GKVK) BENGALURU (KARNATAKA) INDIA

**REFERENCES**

- Dass, R. and Pal, S.** (2010). Exploring the factors affecting the adoption of mobile financial services among the rural under-banked and its implications for Micro-finance Institutions. *Working Papers Information Systems*, **10** (103).
- Diana, F. and Lisa, K.** (2011). Rural women's access to financial services: credit, savings and insurance, *ESA Working Paper No.* 11-07.
- Gupta, S.K., Mishra, A.M. Sharma, H.O. and Mishra, P.K.** (2007). Flow of credit to small and marginal farmers in Mandasaur district of Madhya Pradesh. *Indian J. Agric. Econ.*, **62**(3): 370-371.
- Karatepe, O.M.** (2011). Service quality, customer satisfaction and loyalty: The moderating role of gender, *J. Business Econ. & Mgmt.*, **12**(2): 278-300.
- Pramanik, R.** (2007). Indebtedness among agricultural labour households in West Bengal. *Indian J. Agric. Econ.*, **62**(3):379-380.
- Sinha, R.P., Gupta, S.P. and Singh, U.K.** (2005). Analysis of flow of credit to different categories of farmers-A study in Nalanda district of Bihar. *Indian J. Agric. Econ.*, **60**(3):380-381.
- Tadepalli, S.K. and Divya, K.H.** (2012). Financial Inclusion: Offering banking services for the poor, *Thavan IJREB*, **1**(2): 1476-2277.

★ ★ ★ ★ ★ of Excellence ★ ★ ★ ★ ★  
9<sup>th</sup> Year