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**M.B.A. (INTERNATIONAL AGRIBUSINESS)**

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**“A STUDY OF FINANCIAL INCLUSION IN RURAL AREAS  
OF KHAMBHAT REGION IN GUJARAT”**

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**INTERNATIONAL AGRIBUSINESS MANAGEMENT INSTITUTE  
ANAND AGRICULTURAL UNIVERSITY  
ANAND 388 110  
2014**

**“A Study of Financial Inclusion in Rural Areas of Khambhat  
Region in Gujarat”**

**A PROJECT REPORT**

**Submitted by**

**ABHISHEK KUMAR SINHA**

**(Reg. No. 04-2046-2012)**

*In partial fulfillment for the award of the degree  
of*

**MASTER OF BUSINESS ADMINISTRATION  
INTERNATIONAL AGRIBUSINESS**

**Under the Guidance of**

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**ANAND-388 110**

**2014**

## CERTIFICATE

This is to certify that the project entitled “**A Study of Financial Inclusion in Rural Areas of Khambhat Region in Gujarat**” of M.B.A (International Agribusiness) embodies bonafide research work carried out by **Abhishek Kumar Sinha (Reg. No. 04-2046-2012)** under my guidance and supervision and that no part of this project work has been submitted for any other degree. The assistance, guidance and help received during the course of investigation have been fully acknowledged.

Place:

**(Mr. Dilip R Vahoniya)**

Date:

Advisor

**TO WHOMSOEVER IT MAY CONCERN**

This is to certify that **Mr. Abhishek Kumar Sinha**, student of International Agribusiness Management Institute, Anand Agricultural University, Anand has completed his project training with us in “**A Study of Financial Inclusion in Rural Areas of Khambhat Region in Gujarat**” from Feb. 27<sup>th</sup> 2014 to 27<sup>th</sup> May 2014.

During his project we found him sincere and hard working.

We wish him the best for the future.

Yours truly,



C.Y. Ramanujan

Senior Manager-HRM Section,

H.O., Bangalore



## **DECLARATION**

I hereby declare that the project entitled “**A Study of Financial Inclusion in Rural Areas of Khambhat Region in Gujarat**” submitted for the M.B.A (International Agribusiness) degree is my original work and this has not formed the basis for the award of any degree, associate ship or other similar titles.

Place: IABMI, Anand

Abhishek Kumar Sinha

Date:

Reg. No: 04-2046–2012

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*Last but not the least, words are insufficient to express deep sense of feeling and respect towards my parents, without their encouragement, blessing and benediction it would not be possible for me to complete this course. Their patience and sacrifice always have been the vital source of inspiration for me.*

***Date:***

***Place: Anand***

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**ABSTRACT**

Financial Inclusion is the fundamental concept for opening a bank branch in rural areas. It is the delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income group. The various financial services include savings, loans, insurance, payments, remittance facilities, financial counseling and advisory services by the formal financial system. This helps to connect the unprivileged groups with the mainstream for receiving government schemes, transfer of benefits, granting of credit, training and other facilities. This study has been undertaken to find out the status of Financial Inclusion program in Khambhat region of Anand district in Gujarat, access of rural households to banking services, awareness and perception of non-account holders towards banking, socio-economic factors for opening bank account and availability of bank services in the area of study.

The information was collected from 500 respondents in 10 villages viz. Bamanwa, Chhatardi, Kalitalabadi, Nagara, Pandar, Ralej, Shakarpur, Sokhada Undel and

Vasana village of Khambhat. Respondents were selected from each village in proportion to population size.

The study concluded that about 81% (403) of the rural households possess bank account while 19% (97) rural households did not had bank account. 94% of the respondents were having more than three members in their family while only 42% respondents had more than three bank account holders in their family. Bank of Baroda is the lead bank of Anand district as well as of Khambhattaluka in terms of business and branches.

65% of the respondents, who had tried or taken loan faced difficulties in which major difficulty was documentation followed by requirement of collateral.

38.1% of the respondents said lack of KYC documents was the major constraint for not opening bank account while 20.6% of respondents said various charges for banking services.

Financial inclusion does not mean opening of accounts simply, rather it means including all eligible individuals in the financial system for preventing exploitation by eliminating the non-institutional sources of finance. Khambhattaluka has good percentage of households having account but still considerable number of households are yet to be covered.

Hence, it requires efforts on the parts of three parties- RBI, all the banks and the general public for their better progress. Rural people being less educated need to be addressed and guided properly. NGO's and Business correspondents can play a better role in villages by acting as an agent for extending banking services. SHG-Bank Linkage Model may be encouraged to outreach large number of customers. Also, implication of ICT based agent bank model can help in ensuring door step delivery of financial products and services to the customers efficiently.

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## **LIST OF ABBREVIATIONS**

<b>Abbreviation</b>	<b>Meaning</b>
AAU	Anand Agricultural University
ASBA	Applications Supported by Blocked Amount
ATM	Automated Teller Machine
BC	Business correspondent
BE	Bachelor in Engineering
BF	Business Facilitator
BGGB	Baroda Gujarat Grameen Bank
BOB	Bank of Baroda
BOI	Bank of India
DCCB	District Central Co-Operative Bank
DIR	Differential Interest Rate
EASeR-C	Electronic Accounting System of e-Receipt Customs
FD	Fixed Deposits
FI	Financial Inclusion
FY	Fiscal Year
GCC	General Credit Card
GoI	Government of India
GDP	Gross Domestic Product
HDFC	Housing Development & Financial Corporation
IABMI	International Agribusiness Management Institute
ICICI	Industrial Credit & Investment Corporation of India
ICT	Information and Communication Technology
IFI	Index of Financial Inclusion

IMPS	Interbank Mobile Payment Services
IOB	Indian Overseas Bank
JLG	Joint Liability Group
KCC	Kisan Credit Card
KDCC	Kaira District Central Co-Operative Bank
KYC	Know Your Customer
MBA-IAB	Master in Business Administration- International Agribusiness
MBBS	Bachelor in Medicine and Bachelor in Surgery
MCG	Mid Corporate Group
MFI	Micro-finance Institutions
NREGP	National Rural Employment Generation Programme
NGO	Non-Governmental Organization
OD	Over Draft
POS	Point of Sale
PNB	Punjab National Bank
RBI	Reserve Bank of India
RUDSETI	Rural Development and Self Employment Training Institute
SBI	State Bank of India
SHG	Self Help Group
SLDB	State Land Development Bank
SME	Small and Medium Enterprises
SMS	Short Message Service
UCO	United Commercial Bank
UGC	University Grant Commission

# 1. INTRODUCTION

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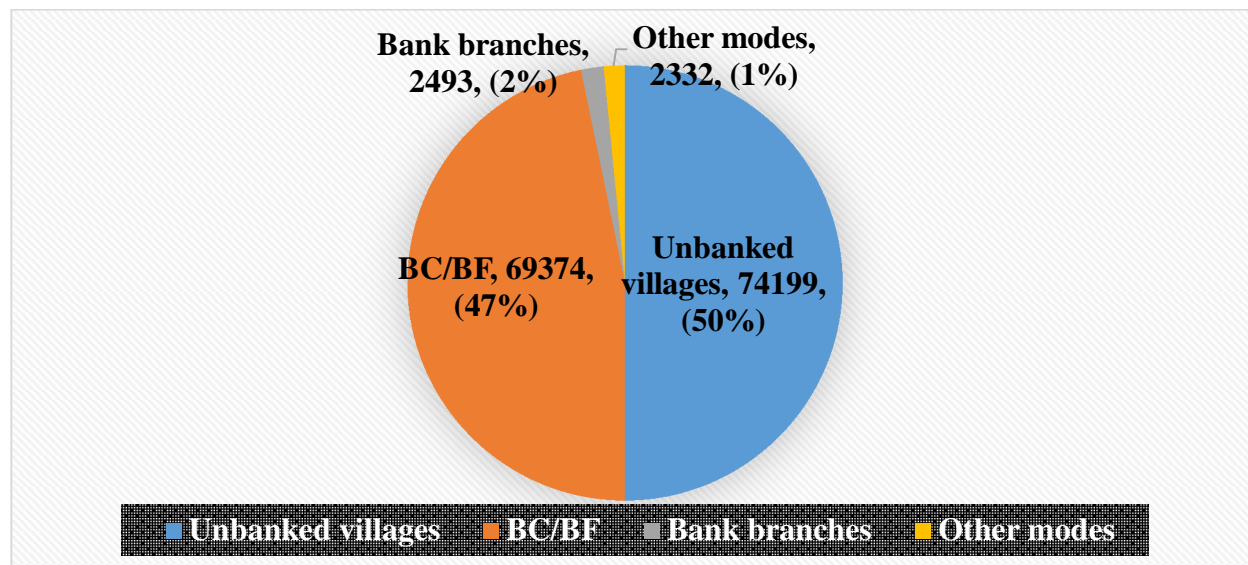
India is the land of villages where 69% of population live in rural area. Rural sector continues to play an important role in terms of contribution to GDP and employment generation in India. Rural economy is adding significantly for bringing prosperity to the nation. But still a large section of rural population is below poverty line and disconnected with the mainstream. Hence a serious steps should be taken to fulfil the urgent need of empowering rural population for the socio-economic development of the nation.

Credit is believed to be one of the important inputs to initiate any kind of venture, especially in Indian rural system where most of the people live below poverty line. By introducing efficient banking system in rural areas so as to improve their access to capital for both investment and consumption purposes so that they can have better living standard for tomorrow.

The term 'inclusive growth is very popular all over the globe. Inclusive growth implies participation as well as sharing the benefits from the growth process. Thus inclusive growth is both an outcome and a process. The Indian economy is one of the fastest growing economy of the world. The major drivers of the growth acceleration are demographic dividend, greater domestic and international competition, sharp increase in total factor productivity, the blossoming of entrepreneurship, and India's acceptance of globalization. (Kelkar, 2010). But this is the bright side of the coin. The other part is dark – where we find increasing inequalities in distribution of income and wealth. The urban regions are growing rapidly but the growth of rural regions is stagnant. In India, about 400 million people accounting about 36 percent of the population, still live below the poverty line and

they are devoid of financial flavorings of the government. The financially excluded sections comprise of marginal farmers, landless laborers, urban slum dwellers, migrants, ethnic minorities and socially excluded groups, senior citizens and women.

**Chart 1.1 Penetration of banks in villages**



*Source:* Indian Rural Banking Sector: Big Challenges and the Road Ahead, 2013

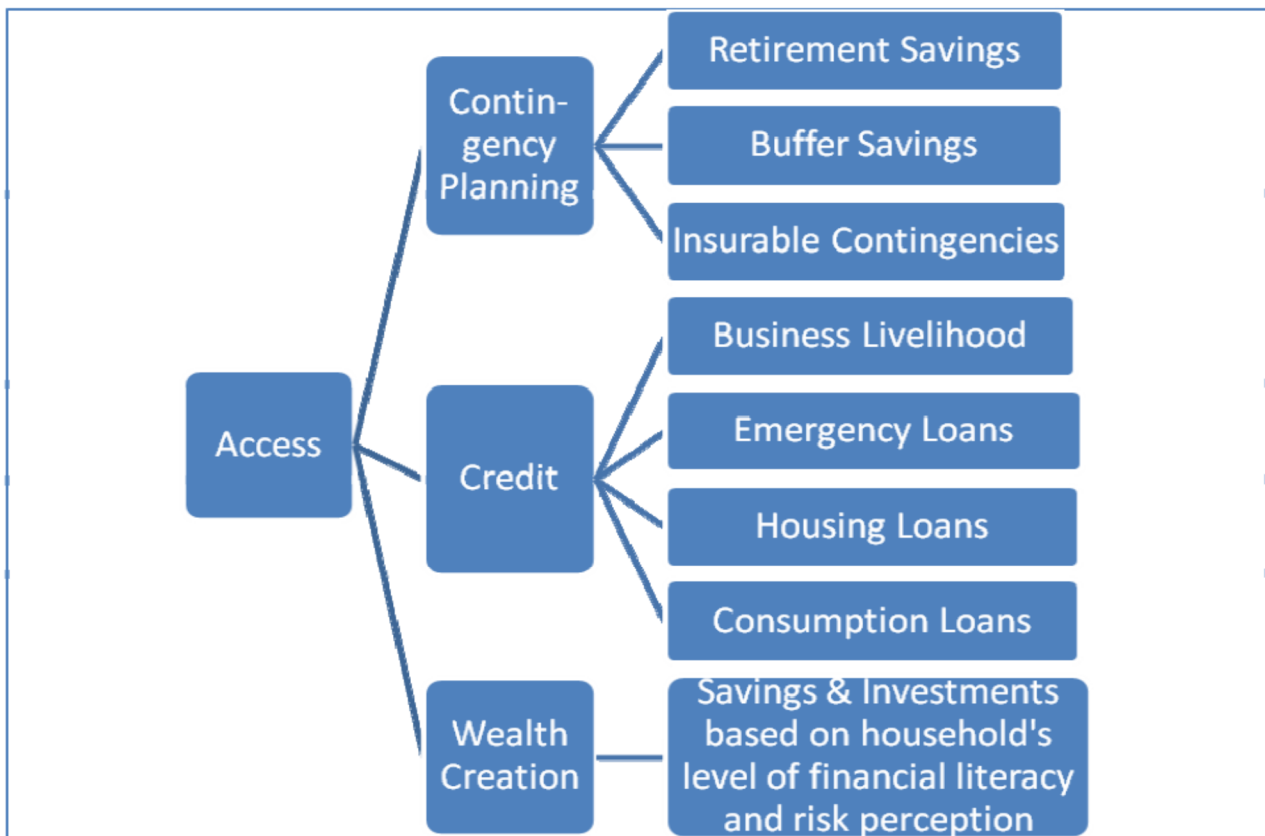
In India, 50% of the villages are unbanked, while 47% villages are covered through Business correspondent or Bbusiness facilitators. Only 2% villages in India have bank branches, while 1 % villages are covered by other modes like bank outlets, kiosks, ATMs etc.

### **1.1 Financial Inclusion- A brief discussion**

"Financial inclusion is delivery of banking services at an affordable cost ('no frills' accounts,) to the vast sections of disadvantaged and low income group. Unrestrained access to public goods and services is the sine qua non of an open and efficient society. As banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of the public policy."

According to World Bank report “Financial inclusion, or broad access to financial services, is defined as an absence of price or non-price barriers in the use of financial services.” The term Financial Inclusion needs to be interpreted in a relative dimension. Depending on the stage of development, the degree of Financial Inclusion differs among countries. It is surprising fact that India ranks second in the world in terms of financially excluded households after China (World Bank survey 2012).

**Fig. 1.1 Household access to financial services**



*Source:* A Hundred Small Steps - Report of the Committee on Financial Sector Reforms (Chairman : Dr. RaghuramRajan),

## **1.2 Financial Inclusion- Indian and Global Scenario**

In India, financial inclusion first featured in 2005, when it was introduced by K C Chakraborty, the chairman of Indian Bank. Mangalam Village became the first village in India where all households were provided banking facilities. Norms were relaxed for people intending to open accounts with annual deposits of less than Rs. 50,000. General credit cards (GCCs) were issued to the poor and the disadvantaged with a view to help them access easy credit. In January 2006, the Reserve Bank permitted commercial banks to make use of the services of non-governmental organizations (NGOs/SHGs), micro-finance institutions, and other civil society organizations as intermediaries for providing financial and banking services. Reserve Bank of India's vision for 2020 is to open nearly 600 million new customers' accounts and service them through a variety of channels by leveraging on IT. However, illiteracy and the low income savings and lack of bank branches in rural areas continue to be a roadblock to financial inclusion in many states and there is inadequate legal and financial structure. The cross country comparison would reveal that bank account penetration, measured as a per cent of adult population, varies widely across the countries. In high-income economies, account based financial inclusiveness is much higher with 89 per cent adults having accounts with formal financial entities. For India, account penetration is reported to be 36 per cent (43.7 per cent for men and 26.5 per cent for women) while China scored better at 63.8 per cent (67.6 per cent for men and 60 per cent for women). South Korea reported high account penetration at 93 per cent, versus an average of 41 per cent in developing economies. (Nachiket Mor, RBI 2014)

**Table 1.1 Cross country comparison of banks and its contribution**

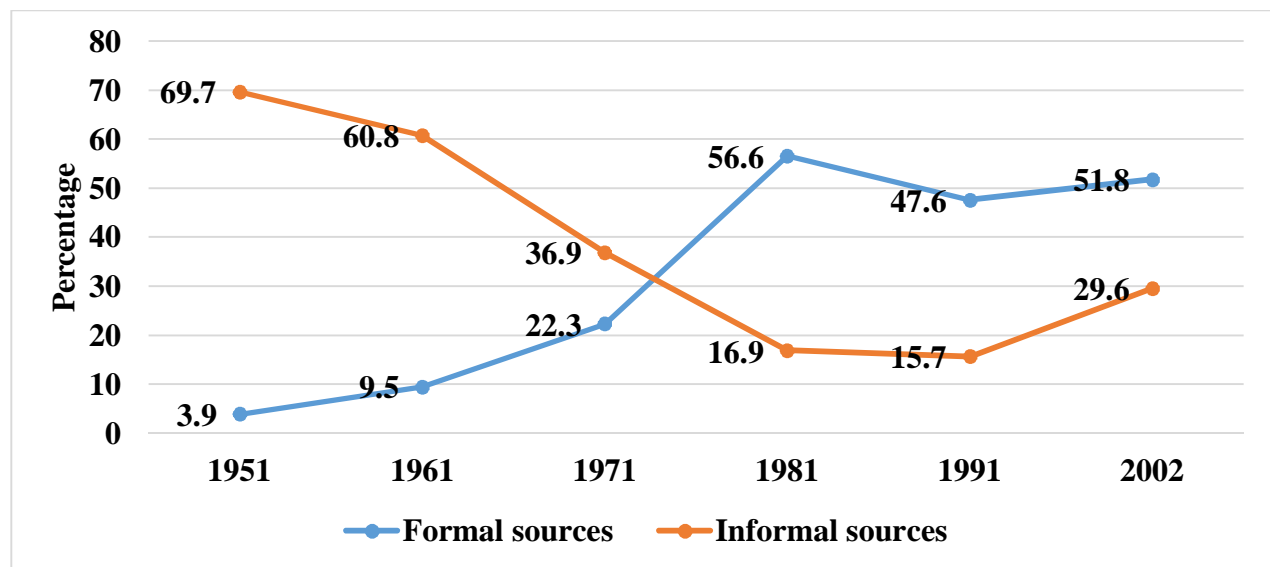
<b>Country</b>	<b>No. of branches (per lakh adults)</b>	<b>No. of ATMs (per lakh adults)</b>	<b>Bank Loan as percent of GDP</b>	<b>Bank deposits as percent of GDP</b>
<b>India</b>	10.64	8.90	51.75	68.43
<b>Australia</b>	26.91	166.92	128.75	107.10
<b>Brazil</b>	46.15	119.63	40.28	53.26
<b>France</b>	41.58	109.80	42.85	34.77
<b>Mexico</b>	14.86	45.77	18.81	22.65
<b>United States</b>	35.43	-	46.83	57.78
<b>Korea</b>	18.80	-	90.65	80.82
<b>Philippines</b>	8.07	17.70	21.39	41.93

*Source:* Report on Trend & Progress of Banking in India, Reserve Bank of India 2011-12

### **1.3 Comparison of Financial Inclusion**

In the group of 23 states, Kerala leads in financial inclusion followed by Maharashtra and Karnataka. However, only three states, *viz.* Kerala, Maharashtra and Karnataka belong to the high level of financial inclusion. Another six states, *viz.*, Tamil Nadu, Punjab, Andhra Pradesh, Himachal Pradesh, Sikkim and Haryana form the group of medium level states. In fact, all-India average level of financial inclusion also falls under this category. All other states have a low levels of financial inclusion. It is interesting to note that all the southern states are at the high or medium level of financial inclusion and except Sikkim all the eastern, north-eastern and central states are in the low level of financial inclusion. On the other hand, West Bengal and Gujarat rank 11th and 12th, respectively in financial inclusion. Further, out of 7 North-Eastern States, three states belong to the lowest rank of financial inclusion.

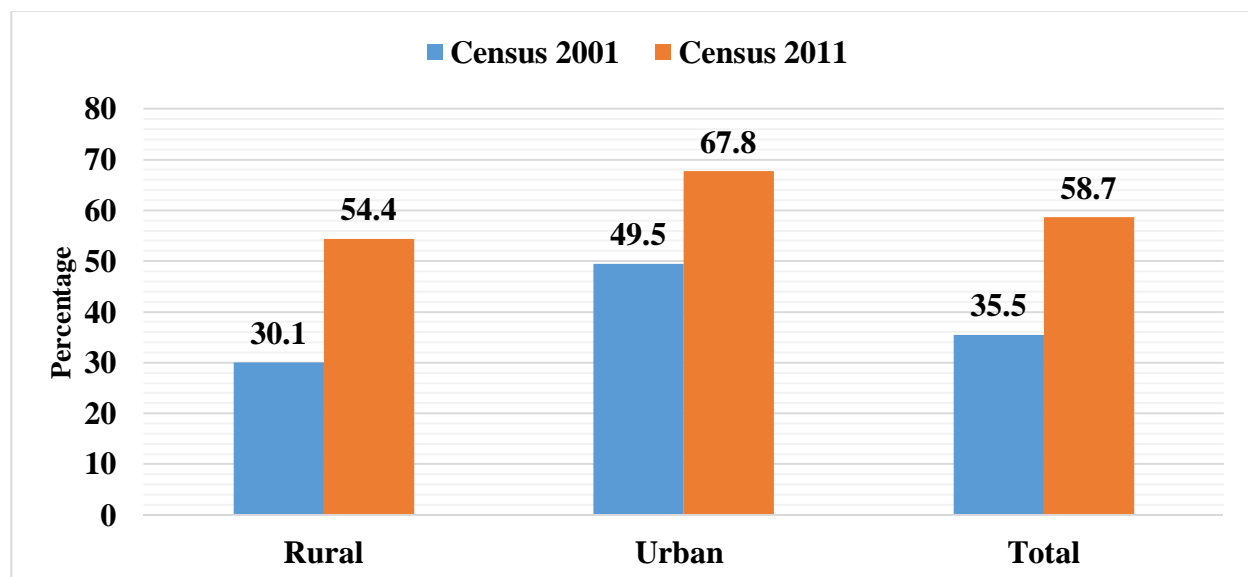
**Chart 1.2 Access to formal and informal sources of credit by rural households**



Source: RBI working paper May, 2013

As per RBI figures of 2002 shown in above chart 1.2, 51.8% people access to formal sources of credit, while 29.6% access to informal sources of credit. 18.6% respondents do not access to any kind of credit facilities.

**Chart 1.3 Availing of banking services**



Source: Department of financial services, Govt. of India, 2011

As per census 2011, only 58.7% of households are availing banking services in the country. However, as compared with previous census 2001, availing of banking services has increased significantly large on account of increase in banking services in rural areas.



#### **1.4 Company's Profile**

Canara Bank is an Indian state-owned bank headquartered in Bangalore, Karnataka. It was established in 1906, making it one of the oldest banks in the country. The bank also has offices abroad in Johannesburg, London, Hong Kong, Moscow, Shanghai, Doha, and Dubai. Widely known for customer centricity, Canara Bank was founded in 1906 by Shri Ammembal Subba Rao Pai, a great visionary and philanthropist, at Mangalore, then a small port in Karnataka. The bank was nationalized in 1969. Today, Canara Bank occupies a premier position in the comity of Indian banks with an unbroken record of profits since its inception. Canara Bank was ranked at 816 in the Forbes Global 2000 list. It is the lead bank in 26 districts of Karnataka, Tamil Nadu, Andhra Pradesh, UP and Bihar.

Over the years, the Bank has been scaling up its market position to emerge as a major 'Financial Conglomerate' with as many as nine subsidiaries/sponsored institutions/joint ventures in India and abroad. As at September 2013, the Bank has further expanded its domestic presence, with 4211 branches spread across all geographical segments. Keeping customer convenience at the forefront, the Bank provides a wide array of alternative delivery channels that include over 4005 ATMs,

covering 1533 centres. Several IT initiatives have been undertaken during the year, which include Funds Transfer through Interbank Mobile Payment Services (IMPS) in ATMs, ASBA facility to net banking users, E-filing of tax returns and facility for viewing details of tax deducted at source, Terminal at select branches for customers to use net banking, SMS/e-mail alerts for all transactions done through ATM, net banking, POS, mobile banking, online payments irrespective of amounts, online loan applications and tracking facility, generation of automatic pass sheets through e-mail and automatic renewal of term deposits. Under Government business, the Bank has implemented internet based application for UGC Maulana Azad National Fellowship Scheme, Web portal for National Scheme for Girl Child Secondary Education, Electronic Accounting Systems of e-Receipts-Customs (EASeR-C) for collection of customs duty and e-payment of commercial taxes module for UP, Karnataka, Delhi and Tamil Nadu.

The same founding principles have been continuously practiced by the Bank and imbibed by the cross section of the staff members to realize the goal of prosperity and awareness among all. The Bank has made significant progress over the years in relentlessly pursuing the above goals under commercial banking and mandated priority sector lending activities including agriculture. The Bank has also carved a distinctive mark in implementation of national priorities and catering to other corporate social responsibilities.

The Bank's Priority Sector lending stood at Rs. 70,757 Crores forming 44.08% of the net bank credit, against a norm of 40%. The Agricultural credit rose to an all time high of Rs. 29,656 Crore, forming 18.48% of the net bank credit as against a norm of 18%, assisting over 31 lakh farmers across the length and breadth of the country.

The Bank which has been a pioneer in agricultural credit dispensation and finding innovative ways of reaching the farmers has assisted over 34 lakh farmers under the Kisan Credit Card (KCC) Scheme, disbursing Rs. 18,000 Crore. The number of outstanding KCC stand at 6.62 lakhs, amounting to Rs. 4,979 Crore.

#### **1.4.1 National Priorities of Bank**

Apart from pursuing various goals under commercial banking and mandated priority sector lending activities including agriculture, the Bank has also carved a distinctive mark in implementation of national priorities and catering to other corporate social responsibilities. Promoting an inclusive growth strategy, which has been formed as the basic plank of national policy agenda today, is in fact deeply rooted in the Bank's founding principles.

The Government has allotted 1,615 villages to Canara Bank all over the country, having over 2,000 population, for coverage under financial inclusion. Of these, 1,615 villages, 300 villages are proposed to be covered under Bank / Branch model and the balance 1,315 villages will be covered by Business Correspondent (BC) model.

The Bank has achieved total financial inclusion in all the 26 lead districts spread over five States. During FY11, the Bank opened 6.02 lakh no-frill accounts taking the total tally of No-frill accounts to 30.35 lakh since inception. Bank has also issued over 101,212 smart cards to various no frill account holders.

## **1.4.2 Canara Nayee Disha – A Tool for Inclusive Growth**

Canara Nayee Disha, a Scheme designed by the Bank, targeting the less privileged in a bouquet of services for No-Frill Account holders to facilitate financial deepening through Group Formation among the No-Frill Account holders. Such Groups formed out of the No-Frill Account holders would be linked to Credit for ensuring better utilization, income generation, peer pressure for repayment and overall economic improvement.

Nayee Disha contains –

- Inbuilt overdraft facility
- Kisan Credit Card
- General Credit Card Scheme
- Differential Rate of Interest
- Financing SHGs/Micro Credit Groups
- Financing JLGs of Tenant Farmers
- Debt Swapping Scheme for Farmers & Urban poor
- Various Government sponsored schemes
- Micro-Insurance
- Free remittance

Certain uniqueness of the approach are –

- Focus on Group Synergy – Coverage of atleast 50% of No Frill account holders through SHGs / Micro Credit groups; on economic freedom and sustainability of lives of the just included by encouraging the cohesiveness among them

- Under ICT enabled model, No frill account holders will be facilitated to access all banking services at the branches apart from services through BCs.
- Non-Financial support to back the financial initiatives through the rural employment Training Institutes
- Financial literacy at the door steps of the excluded – through expanding the Bank’s pioneering initiative of “Canara Grameen Vikas Vahini Scheme”, banking goes to villages exhibitions, adoption of schools, Farmers’ Clubs, etc.
- Sensitizing staff through a specially designed training module on Financial Inclusion – All the branches would be covered through this training programme with at least one employee at each branch getting trained

**Table 1.2 Progress made under the Canara Nayee Disha Plan is furnished below (Upto July 2011):**

PARTICULARS	Bank as a Whole	
	No. of Beneficiaries	Amount (Rs. in lakhs)
General Credit Card	93947	23843
Kisan Credit Card	104555	66884
Krishi Mitra	8974	6429
Govt. Sponsored Schemes	14960	10577
Tenant Farmers Groups	3765	2418
MCG	11030	3766
DIR	31041	3532
DEBT Swap	7329	2286
Micro Credit	27183	11390
SHG Linked	198285	41086
<b>TOTAL</b>	<b>396514</b>	<b>105327</b>
Inbuilt OD	118	18
JLG SME	2207	556
<b>GRAND TOTAL</b>	<b>503394</b>	<b>172784</b>

Source: www.canarabank.com

The Bank formed 3.51 lakh Self Help Groups as at March 2011, with credit linking of 3.20 lakh SHGs. With a view to provide further fillip to financial inclusion drive, the Bank has launched Credit Counselling Centers, established Farmers' Clubs, commissioned bio-metric ATMs and has deployed 35 Grameena Vikas Vahinis to spread financial literacy campaign in 35 various districts across the country and opened 19 Micro-Finance Branches as exclusive outfits to cater to both urban and rural poor.

Bank has set up Financial Literacy and Credit Counselling Centres christened as "AMULYA" in the States of West Bengal, Kerala, Karnataka and Bihar to impart / disseminate knowledge to the rural poor about the objectives of financial inclusion and various banking and financial services available to them especially at their door steps.

### **1.4.3 Rural Development Activities**

Canara Bank has been in the forefront amongst the comity of the Banks in initiating various Rural Development Programmes. The bank promoted "Canara Bank Centenary Rural Development Trust", which has formed 23 Rural Self Employment Training Institutes across the country. These Centers have trained more than 1.25 lakh youth in various self-employment ventures and 70% of the trained are gainfully employed. The trust has also promoted 4 Information Technology Training Centers which include the recently opened one at Berhampur in Murshidabad District of West Bengal and 3 Artisans Development Centers.

The training in these institutes is provided free of cost to youth. The bank has deputed its officers / staff as resource persons to manage these centers.

The Bank has actively associated with Dharmasthala Manjunatheshwara Educational Trust and Syndicate Bank in establishing 25 Rural Development and Self Employment Training Institutes in different locations across the countries which have trained around 3 lakh youth so far with the success rate of well over 70%. These centers have now been well recognized at the National Level by Government of India and various State Governments and are being replicated by these Ministries. RUDSETIs have now become nodal center for promoting self-employment among rural youth.

An array of welfare programmes initiated by the Bank are as under:

- ❖ Promoting 600 full time Rural Clinics and 740 Mobile Service Units.
- ❖ Implementation of “Jala Yoga”, a drinking water supply system at 35 villages.
- ❖ Deputation of 85 of its staff as full time Rural Service Volunteers who acted as catalyst of development covering cluster of villages, more than 600 benefiting 5000 families.
- ❖ Bringing various Government and Non Government agencies under a common platform for implementing infrastructure programmes.
- ❖ Establishing 16 Cangrama Shikshana Kendras and 19 Rural Resource Development Centers, which acted as a nucleus, center of selected village development.
- ❖ Organized more than 3000 animal health check-up camps during the last three years and constructed 40 drinking water troughs to provide water to animals.
- ❖ Afforestation programme taken up at 90 locations. 2400 families were encouraged to adopt kitchen gardening, nursery development and growing plants having medicinal values.
- ❖ Established 135 Rural Libraries, 9000 illiterate adults made to acquire functional literacy.

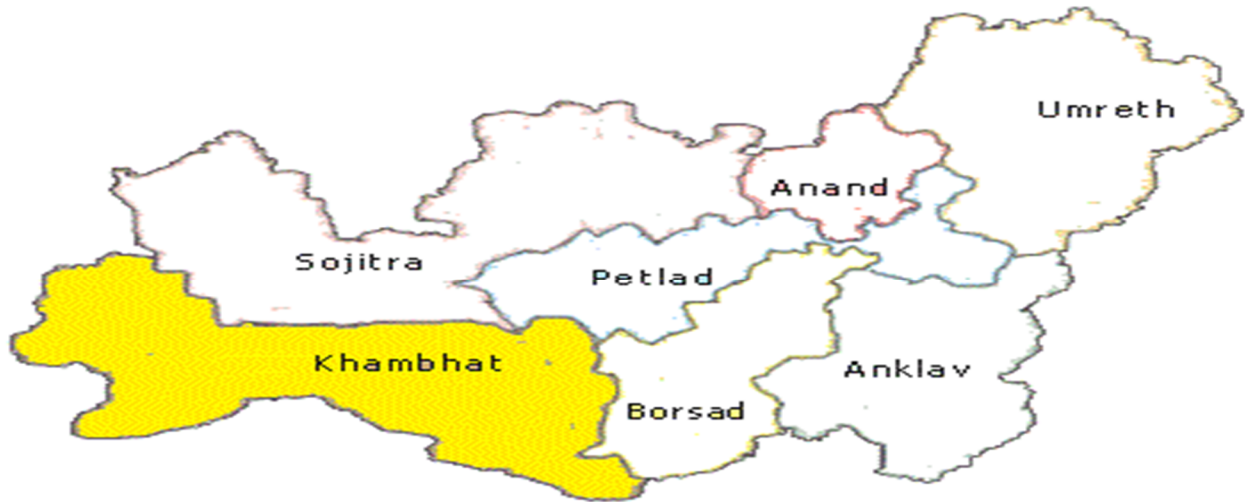
- ❖ Assisted 267 Anganwadis and involved in encouraging school drops to get enrolled to schools.
- ❖ Established 40 living cum working sheds benefiting 80 rural artisans in the field of pottery, wood and stone carving and metal craft.
- ❖ Desilting of water tank at 70 villages, encouraging usage of gobar gas at 60 villages and wind energy.
- ❖ Setting up of Jubilee Education Fund which is providing free text books to BE/MBBS Students, offer scholarships and organizes educational tours on annual basis.

### **1.5 Khambhat- An Introduction**

Khambhat, also known as ‘Cambay’, is a city in Anand district in the Indian state of Gujarat. It was an important trading center, although its harbour has gradually silted up, and the maritime trade has moved elsewhere. Khambhat lies on an alluvial plain at the north end of the Gulf of Khambhat, noted for the extreme rise and fall of its tides. Khambhat is known for its Halvasan, Sutar feni and Kites.

Khambhat is a commercial centre trading in cotton, grains, tobacco, textiles, and carpets. The textile industry is prominent, and salt, matches, and stone ornaments are also manufactured. Besides these, Oil and Natural gas Corporation has a huge plant in Kansari village of Khambhat.

The total population in Khambhat is 99,164 as per the survey of census during 2011 by Indian Government. There are 19,765 households in this city/town. There are 51,178 males (52%) and 47,986 females (48%).



**Fig.1.2 Khambhat region of Anand**

### **1.6 Objectives of the study**

1. To study the access of rural households to banking services in the area of study.
2. To find out the awareness and perception of non- account holders towards banking services.
3. To study the socio-economic factors influencing individuals for opening of bank account in the area of study.
4. To study the penetration of banks and availability of banking services in the area of study.

## 2. LITERATURE REVIEW

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*Thapar Ashima (2013)*, in her study “The Effectiveness of Financial Inclusion Programme in India”, studied the approaches adopted by different banks and to know about the customer towards the banking approaches under financial inclusion program. It also aims at finding out how the schemes of RBI on Financial Inclusion are taken into account and the banker’s perception on Financial Inclusion. The study concluded that though the banks are complying with RBI norms in terms of opening branches within areas of at least 2000 population, offering no frills account, kisan credit card, simplifying KYC norms, but still is lot of effort to be put in for financial inclusion progress. Biometric cards should be introduced for security in transactions as well as saving time. Business correspondents should be employed in villages and trained in advance for promoting financial inclusion program. Banks need to open its more branches within rural areas and creating more awareness about banking services among rural people by telling them about the benefits of the banking services

*Chattopadhyay Sadhan Kumar (2011)* conducted a study titled “Financial Inclusion in India: A case-study of West Bengal”. An Index of Financial Inclusion (IFI) has been developed in the study using data on three dimensions of financial inclusion. It is revealed from the index that Kolkata district leads with the highest value of IFI, while rest of the districts show a very low level of financial Inclusion. The survey conducted in the state in order to gauge the financial inclusion in rural Bengal and revealed that around 38 per cent of the respondents do not have sufficient income to open a savings account in the bank.

***Kumar Nitin (2010)*** studied entitled “Financial Inclusion and its determinants: Evidence from state level empirical analysis in India” indicate a negative influence of population density on deposit penetration. The finding implies that although deposit accounts have improved over time, but its growth has not matched with respect to the population increase. The average population per branch is having a negative influence on deposit penetration. It confirms the beneficial impact of improvement of branch network on financial inclusion drive, which occurs due to greater accessibility and convenience. The income level is unambiguously having a positive influence on both penetration proportions. It points to the fact that level of economic condition is a vital determinant of financial inclusion efforts. The outcome corroborates the phenomenon of higher usage and requirement for financial services with increase in the standard of living. Both proportion of factories and employees to population are having a significant and positive influence on deposit penetration. It implies that region's structural and environmental setup has a role in determining the deposit penetration.

***Unnikrishnan Roshny et. al (2012)***, in their study “Enabling Financial Inclusion at the bottom of the Economic Pyramid”, analyzed the importance of financial inclusion in economic empowerment. This study identified the variables in enabling financial inclusion, analyzed the barriers to effective financial inclusion and the prerogative steps to be taken to overcome the barriers and enable inclusive growth. The study concluded by identifying the variables that empower the masses financially and stating the importance of social inclusion in relation to financial inclusion and also by reinforcing the importance of self-sustenance at the bottom of the economic pyramid.

*Sharma Anupama, Kukreja Sumita, (2013)* in their study entitled “Relevance of Financial Inclusion for Developing Nations- an Analytical study” concluded that financial inclusion is the key for inclusive growth. Mere opening of no-frill bank accounts is not the purpose or the end of financial inclusion while formal financial institutions must gain the trust and goodwill of the poor through developing strong linkages with community-based financial ventures and cooperative. Financial Inclusion has not yielded the desired results and there is long road ahead but no doubt it is playing a significant role and is working on the positive side.

*Vivekanandan.N.R. (2013)* in his study “Financial Inclusion in India – A path towards Inclusive Economic Growth” concluded that financial inclusion is a strategy adopted by RBI to achieve an inclusive growth in the country. If it is properly implemented and executed in every part of the country, then this can lift the standard of living of the majority of the poor people in the country. It can lead to a win-win situation for the banks and the customers by treating financial inclusion as investment for business.

*Natu Ananth J. et.al (2008)* in their study “Linking Financial Inclusion with Social Security Schemes” concluded that actual usage of bank accounts provided through the drive is far from what policy makers intended. It also calls for a review in the current policy. Financial inclusion drive be jointly implemented with the government’s social schemes, particularly the National Rural Employment Guarantee Programme (NREGP). The joint implementation of the drive and NREGP ensures the frequent usage of bank accounts while providing much needed financial products to poor. The study also concludes the use of technology such as a smart card to enhance the efficiency and security of the transaction. Use of MFIs/NGOs/POs through a Business Correspondent scheme has a particular

relevance in areas which do not have sufficient bank branches or have no other existing networks of these institutions.

**Ramji Minakshi (2009)** in the study “Financial Inclusion in Gulbarga: Finding Usage in Access” found that proliferation of new accounts to excluded households has been quite small. Accounts have gone to households that already had access to savings and accounts. Thirty six percent of the sample continues to remain excluded from any form of formal or semi-formal savings mechanism such as a bank account and savings account with SHGs, neighbourhood groups, MFIs, or chit funds and close to 70% of the sample remains without a bank account. Most accounts opened during the financial inclusion drive were opened and used to receive these NREGP payments. While this has ensured transparency and reduced corruption related to disbursement of NREGP funds, it has not increased formal savings amongst the beneficiaries as outlined in the drive’s objectives.

**Bagli Supravat and Dutta Papita (2012)** in their study on “Financial Inclusion in India” constructed a composite index of financial inclusion for each state using a wide range of indicators and found that marginalized groups of population are financially excluded from banking services. Besides, they are not well aware of the available banking services; on the other hand, banking officials are not also well aware of the needs and capacity of the people under this section. As a result banks cannot bring them under the umbrella of financial inclusion. Therefore, the mass financial literacy and awareness among the marginalized sections of people are absolutely necessary to achieve financial inclusion. Juxtaposed with this, financial institutions will have to be socially responsible as well as approachable to achieve complete financial inclusion

*Bhaskar Vijaya P. (2013)* in “Financial Inclusion in India – An Assessment”, Reserve Bank of India, described the important policy initiatives of RBI and progress achieved / identified trends in Financial Inclusion where India stands at the present juncture. The study also identifies stakeholder-wise issues in Financial Inclusion, based on such an assessment and also on the basis of feedback received by RBI during financial outreach programmes and the conferences of front line managers. The study also discusses on the report of Nachiket Mor Committee, which at present is examining the entire gamut of issues surrounding Financial Inclusion. Further, the research community touched such aspects of Financial Inclusion, which provides valuable leads to the regulators and all the stakeholders concerned in achieving meaningful and holistic Financial Inclusion at the earliest in our country.

*Chakravarty Satya R and Rupayan Pal (2010)* in their study titled “Measuring Financial Inclusion: An Axiomatic Approach” at Indira Gandhi Institute of Development Research, demonstrates that the axiomatic measurement approach developed in the human development literature can be usefully applied to the measurement of financial inclusion.

*Swamy Vigneswara and Vijayalakshmi (2009)* conducted the study entitled “Role of Financial Inclusion for Inclusive Growth in India - Issues & Challenges” and concluded that Financial Inclusion has far reaching consequences, which can help many people come out of abject poverty conditions. Financial inclusion provides formal identity, access to payments system & deposit insurance. The objective of financial inclusion is to extend the scope of activities of the organized financial system to include within its ambit people with low incomes. Through graduated credit, the attempt must be to lift the poor from one level to another so that they come out of poverty.

***Ramasubbian Hemavathy and Duraiswamy Ganesan (2012)*** in their article “The Aid of Banking Sectors in Supporting Financial Inclusion – An Implementation Perspective from Tamil Nadu State, analyzes the issues pertaining to implementation of financial inclusion in economically down trodden districts of Tamil Nadu, India. The paper concluded that though over the past six years the FI strategy had improved the life style of BPL, but missing focus on savings and credit improvement strategies degrades the benefits of FI.

***Pal Rama and Pal Rupayan (2012)*** in their study titled “Income Related Inequality in Financial Inclusion and Role of Banks: Evidence on Financial Exclusion in India”, analyzed income related inequality in financial inclusion in India using a representative household level survey data, linked to State-level factors. The paper also provides estimates of the effects of various socio, economic and demographic characteristics of households on propensity of a household to use formal financial services, and compare that for rural and urban sectors. A notable result is that greater availability of banking services fosters financial inclusion, particularly among the poor.

***Reddy K. Sriharsha (2011)*** in the article, “A Study on Extent of Financial Inclusion among Small Borrowers in Andhra Pradesh”, studied the flow of credit to small borrowers with the objective to evaluate the extent of financial Inclusion based on credit to small borrowers with special reference to agricultural credit in Andhra Pradesh. The paper also evaluates the extent of financial inclusion in Andhra Pradesh based on the penetration of credit to small borrowers.

*Kelkar Vijay (2010)*, in his article “Financial Inclusion for Inclusive Growth” concluded that enhanced financial inclusion will drastically reduce the farmers’ indebtedness, which is one of the main causes of farmers’ suicides. The second important benefit is that it will lead to more rapid modernization of Indian agriculture.

*RBI (2012)*, in its study, “Financial Inclusion – Issues in Measurement and Analysis” concluded that issue of expanding the geographical and demographic reach poses challenges from the viability perspectives. Financial literacy and level of awareness continue to remain an issue and the ICT Based BC Model is also taking time to stabilize. It calls for coordination of all the stakeholders like sectoral regulators, banks, governments, civil societies, NGOs, etc. to achieve the objective of financial inclusion. Challenges of financial exclusion are faced by most countries globally and each country has to develop its own customized solutions drawing upon its own experiences and those of its peers across the globe.

*Deepti KC (2012)* in her study, “Financial Inclusion: Government Promoted Initiatives” studied and analyzed the various government schemes and initiatives channelized through financial inclusion programme and further concluded that Government has taken several initiatives to include the unbanked part of the population. While there is no perfect model for financial inclusion, the government programmes have been evolving and measures are being actively carried out with anticipation that these initiatives are moving towards the right direction

### 3. RESEARCH METHODOLOGY

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#### 3.1 Background of the study

The study entitled “**A Study of Financial Inclusion in Rural Areas of Khambhat Region in Gujarat**” started from 1st February 2014. The topic to be studied was provided by the bank with some specific objectives. The objectives of the study are to find the awareness and perception of non- account holders towards banking services, study the access of rural house-holds to banking services, study the socio economic factors for opening of bank account and penetration of bank and availability of banking services in the area of study.

#### 3.2 Source of data

Primary as well as secondary data were collected to meet the objective of the study

##### **Primary data**

Primary data was collected with the help of personal interviews and structured questionnaire from selected villages of Khambhat region. Respondents were selected from 10 villages of Khambhat in proportion to their population size.

##### **Secondary data**

Secondary data was collected from different journals, review papers, websites, Government offices, Gram Panchayats, local agricultural departments, Lead Bank Office and other banks.

**3.3 Research Design:-**This part describes the methods and procedures used for collection and analysis of data in the study. The specific methodology adopted for the selection of different units and other details are given below:

**Type of research:** - Descriptive Research

**A) Rural households' Study**

**Survey approach- Sample survey**

- **Sampling Method:-** Non-Probability
- **Sampling Technique:-** Convenient sampling
- **Sample unit:-** Rural households in selected villages of Khambhat region
- **Sample Size:-** 500 Rural households
- **Sampling Area:-** 10 villages of Khambhat

**Table 3.1 List of villages with distribution of respondents**

<b>Village</b>	<b>No. of respondents</b>
Bamanwa	40
Chhatardi	20
Kalitalabadi	20
Nagara	100
Pandar	40
Ralej	80
Shakarpur	20
Sokhada	20
Undel	130
Vasana	30

**B) Banks' study**

A census study of bank branches was carried out for analyzing the concerned component of the objectives in rural areas of Khambhat region in Gujarat.

**Research Instrument:-** Considering to the nature of study as well as for the obtaining correct information from the respondents, it has been decided to collect information through structured questionnaire prepared with the help of available related literature and research reports.

**Analytical tools:-**Mainly tabular analysis, cross tabular analysis, chart presentation and statistical package were used to achieve the objective of the study.

### **3.4 Limitations of the study**

- ❖ Analysis is purely based on the responses of the respondents and hence may give biased or false information than the actual data.
- ❖ Due to conservative nature, it may be possible some respondents may not have given their responses in the questionnaire in fully true manner.
- ❖ The study is limited only specific rural areas and therefore, several other potential samples outside these areas have been neglected.

## 4. RESULTS AND DISCUSSION

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The project entitled "A Study of Financial Inclusion in rural areas of Khambhat region in Gujarat" has been carried out within the line of objectives and research methodology. Account holders and non- account holders of rural households were asked several questions as per questionnaire so prepared. The survey work was completely area specific. The results were analyzed mainly with respect to the response of the respondents. The response of the respondents were observed and noted down. The results so observed are incorporated in this chapter.

### 4.1 Distribution of respondents in rural areas of Khambhat

Table 4.1 Distribution of respondents in rural areas of Khambhat

Sr. No.	Name of villages	No. of account holder respondents	No. of Non-account holder respondents	Total no. of respondents
1	Bamanwa	31	9	40
2	Chhatardi	13	7	20
3	Kalitalabadi	16	4	20
4	Nagara	93	7	100
5	Pandar	24	16	40
6	Ralej	57	23	80
7	Shakarpur	20	0	20
8	Sokhada	14	6	20
9	Undel	113	17	130
10	Vasana	22	8	30
	<b>Total</b>	<b>403</b>	<b>97</b>	<b>500</b>

The above table 4.1 shows the distribution of rural households in 10 villages of Khambhat, whether they possess bank account or not. About 81% (403) of the respondents had atleast one account holder in their house, while 19% (97)

respondents did not had any bank account in their household of the 10 villages surveyed in Khambhat.

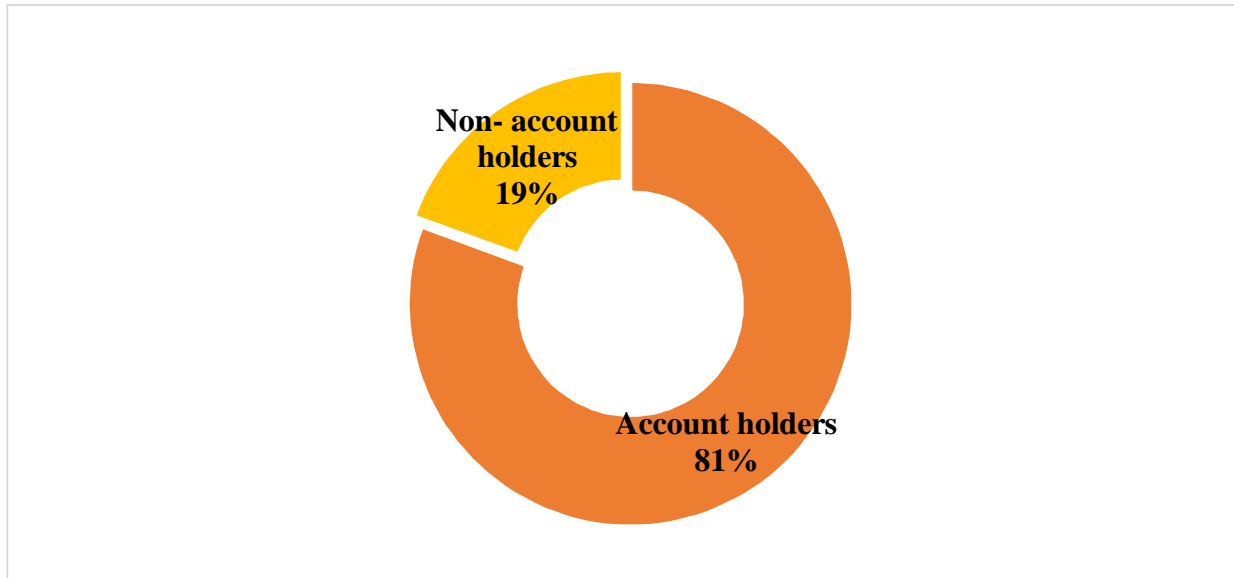


Chart 4.1 Distribution of respondents in rural areas of Khambhat

## 4.1 Results and Discussion (Account holders)

### 4.1.1 Classification of respondents on the basis of gender

Table 4.1.1 Classification of respondents on the basis of gender

<b>Gender</b>	<b>No. of respondents</b>	<b>Percent of respondents</b>
Male	320	79%
Female	83	21%
<b>Total</b>	<b>403</b>	<b>100%</b>

As per survey conducted in the study area, the above table 4.1.1 shows that 79% (320) of the respondents of rural households were male while 21% (83) of them were female.

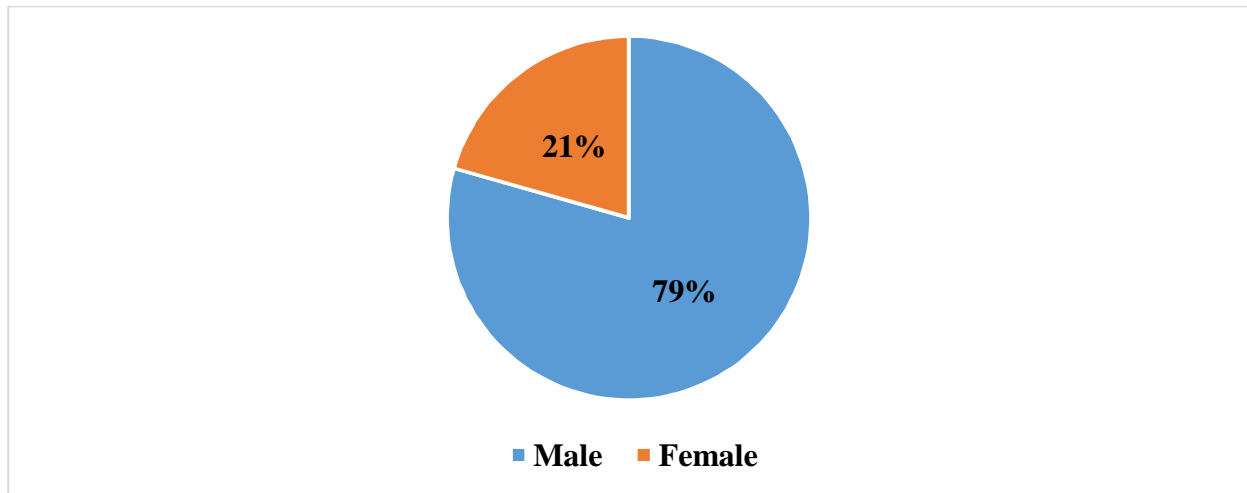


Chart 4.1.1 Classification of respondents on the basis of gender

### 4.1.2 Age of respondents

Table 4.1.2 Age of respondents

<b>Age of respondents</b>	<b>No. of respondents</b>	<b>Percent of respondents</b>
Upto 30 years	70	17.36%
31-40 years	104	25.80%
41-50 years	99	24.56%
51-60 years	94	23.32%
More than 60 years	36	8.96%
<b>Total</b>	<b>403</b>	<b>100%</b>

From table 4.1.2, it can be seen that in the surveyed region of Khambhat, nearly 25% of the respondents were found in the age group of 31-40 years and 24% of the respondents were of the age bucket of 41-50 years. Further about 23% of the respondents were found in the age group of 51-60 years but only 17% and 9% respondents belonged to age group of upto 30 years and >60 years group respectively.

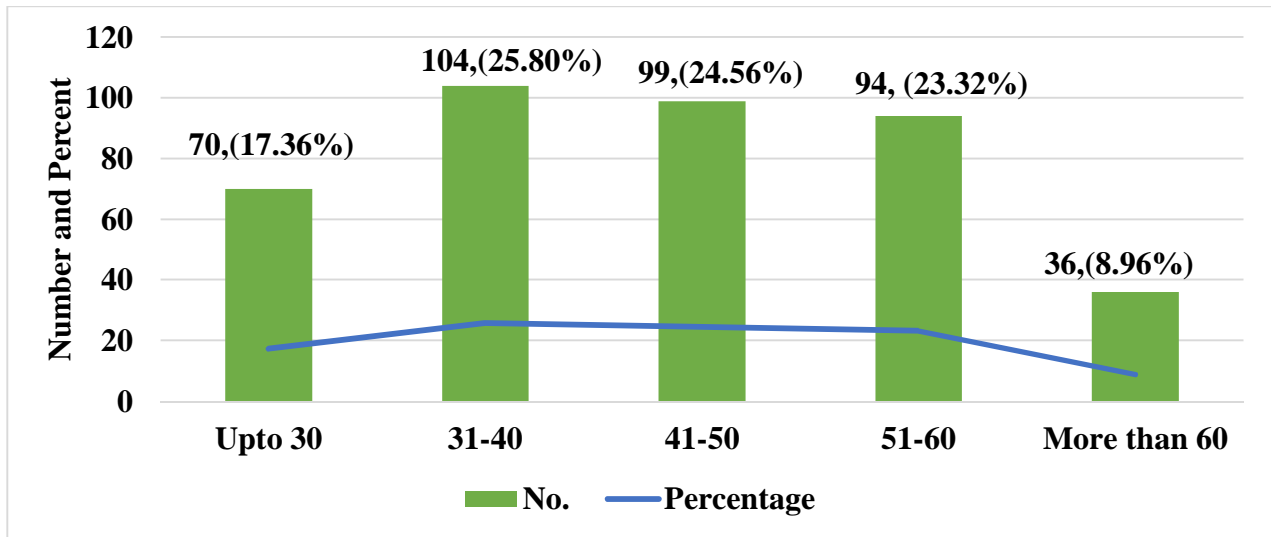


Chart 4.1.2 Age of respondents

### 4.1.3 Education level of respondents

Table 4.1.3 Education level of respondents

Education level	No. of respondents	Percent of respondents
Illiterate	54	13%
Less than 10th	86	21%
10th	135	34%
12th/Diploma	91	23%
Graduate	31	8%
Postgraduate	6	1%
<b>Total</b>	<b>403</b>	<b>100%</b>

As per above table 4.1.3, majority (34%) of the respondents were 10<sup>th</sup> pass followed by 23% respondents who had completed their 12<sup>th</sup>/diploma. 21% of the respondents

had not completed their matriculation while 13% of them were illiterate. Only 8% of them were graduate and 1% of them had completed their post-graduation.

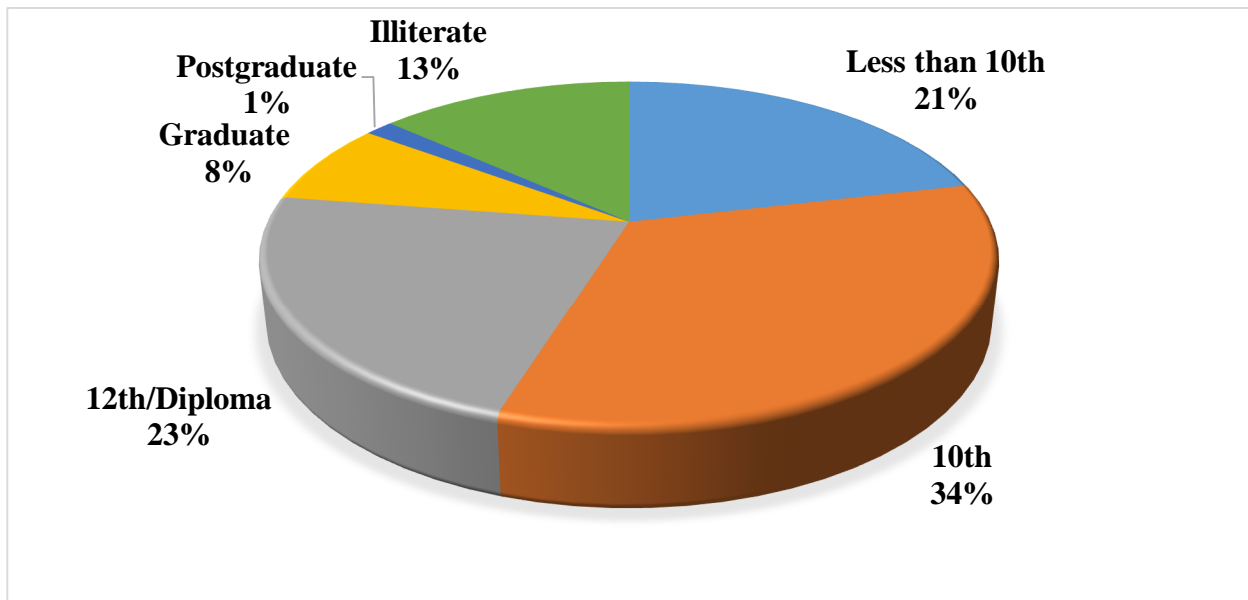


Chart 4.1.3 Education level of respondents

#### 4.1.4 Occupation of respondents

Table 4.1.4 Occupation of respondents

Occupation	No. of respondents	Percent of respondents
Business	25	6%
Farmer	169	42%
Dairy farmer	78	19%
Self employed	26	7%
Service	28	7%
Unemployed	16	4%
Housewife	20	5%
Labourer	41	10%
<b>Total</b>	<b>403</b>	<b>100%</b>

As seen from above table 4.1.4, which represents the account holder respondents of rural areas of Khambhat engaged in different occupations. About 6% (25) of the respondents were businessman, 42% (169) of the respondents were farmers and 19%

(78) of them were dairy farmers. Almost 7% of respondents were self-employed (26) and in service (28) each. About 10% (41) of the respondents were labourer whereas 5% (20) respondents were housewife. Remaining 4% (16) of respondents were unemployed.

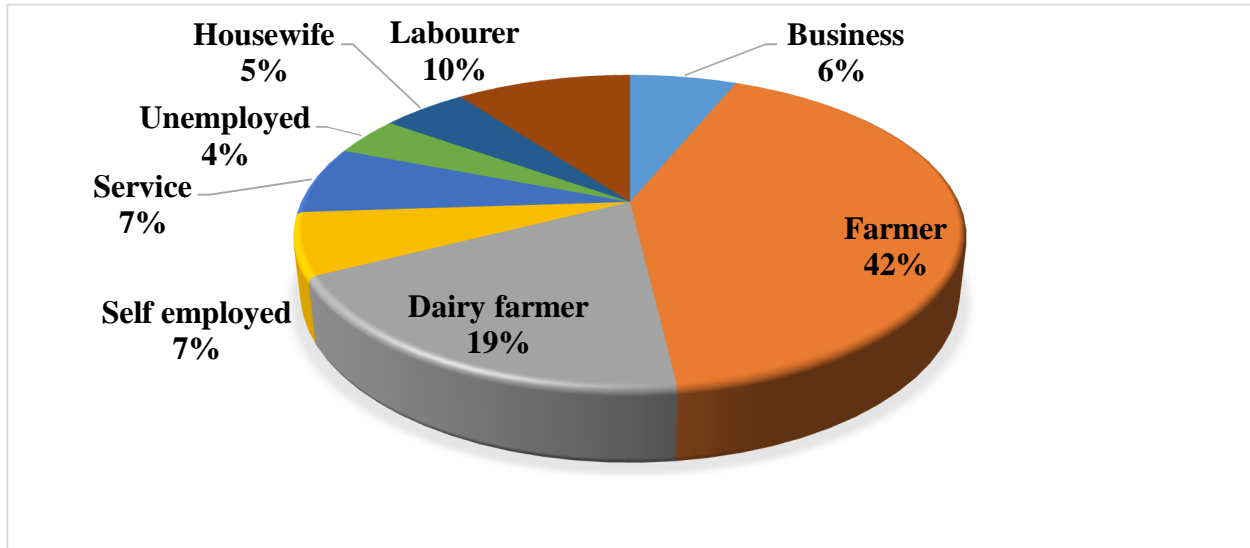


Chart 4.1.4 Occupation of respondents

#### 4.1.5 Annual income of respondents

Table 4.1.5 Annual income of respondents

Annual income	No. of respondents	Percent of respondents
No income	34	8%
Less than 2 lakhs	123	31%
2 lakhs to <4 lakhs	131	32%
4 lakhs to <6 lakhs	87	22%
6 lakhs and above	28	7%
<b>Total</b>	<b>403</b>	<b>100%</b>

From the above table 4.1.5, it is clearly seen that almost 31% (123) of the respondents were having income less than 2 lakhs, while 32 % (131) had income of 2 lakhs to below 4 lakhs. 22% (87) of respondents had income of 4 lakhs to below 6

lakhs whereas 7% (28) of the respondents had income of 6 lakhs and below. Only 8% (34) of respondents belong to no income group.

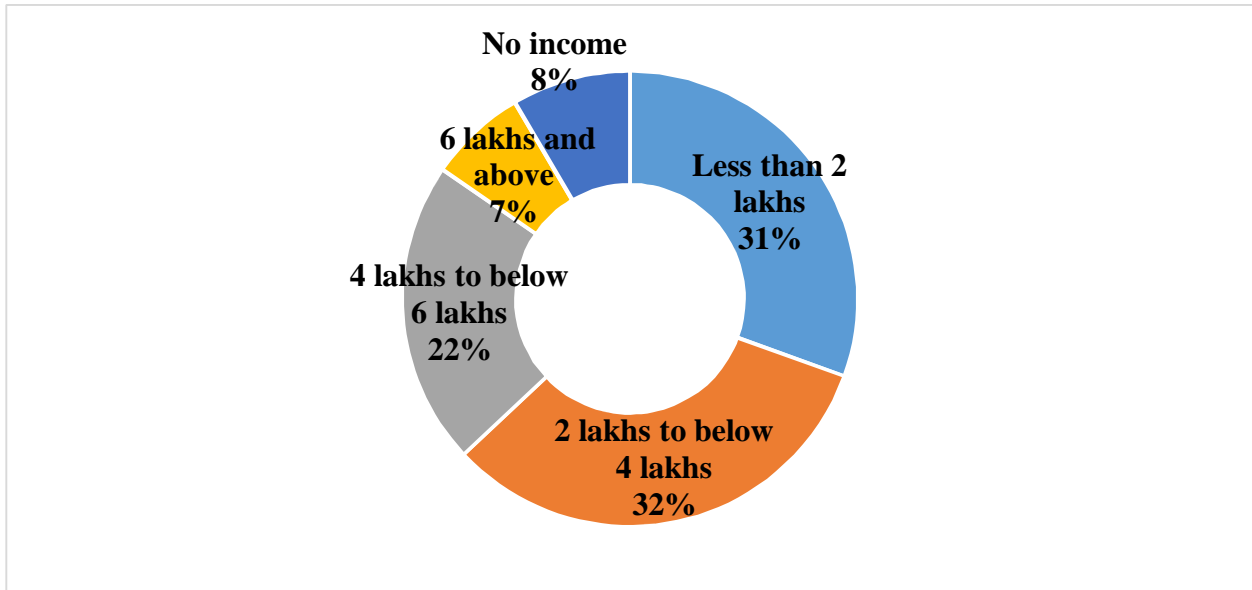


Chart 4.1.5 Annual income of respondents

#### 4.1.6 Land holding of respondents

Table 4.1.6 Land holding of respondents

Land holding	No. of respondents	Percent of respondents
No land holding	75	19%
Upto 2.5 acre	135	33%
>2.5 acre to 5 acre	105	26%
>5 acre to 10 acre	60	15%
>10 acre	28	7%
<b>Total</b>	<b>403</b>	<b>100%</b>

Below chart 4.1.6 shows the land holding of respondents in surveyed villages of Khambhat, in Bamanwa, 35.5% respondents had land holding upto 2.5 acre followed by 22.6% respondents having no land holding.

In Chhatardi, 61.5% of respondents had no land holding, followed by 38.5% respondents with land holding upto 2.5 acre.

Kalitalabdi village had 37.5% respondents of land holding more than 2.5 acre to 5 acre while 25% of the respondents were having land holding upto 2.5 acre.

33.3% of the respondents of Nagara village had land holding of more than 2.5 acre to 5 acre whereas almost 27% of the respondents had land holding upto 2.5 acre.

Almost 33% respondents had land holding more than 5 acre to 10 acre whereas 20.8% respondents had land holding of more than 2.5 acre to 5 acre and more than 10 acre each in Pandar village of Khambhat.

In Ralej, almost 37% respondents had land holding upto 2.5 acre while in Shakarpur 35% of the respondents were having land holding more than 2.5 acre to 5 acre.

In Shokhada, Undel and Vasana, 35.7%, 41.6% and 40.9% respondents had land holding upto 2.5 acre.

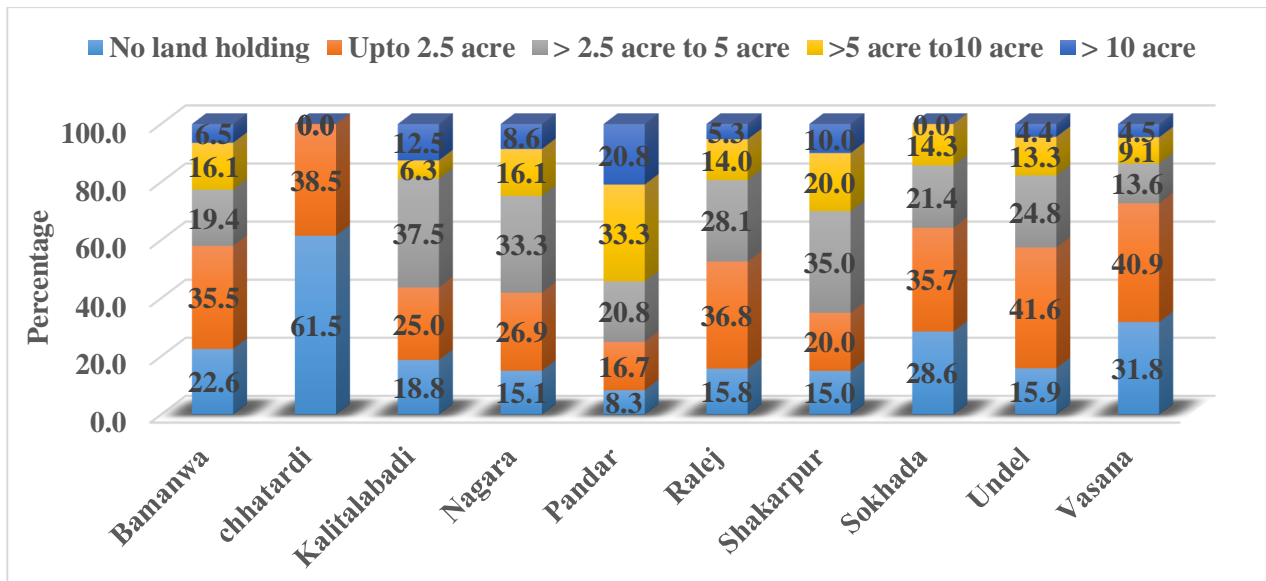


Chart 4.1.6 Land holding of respondents

#### 4.1.7 Family size of respondents

Table 4.1.7 Family size of respondents

Family Size	No. of respondents	Percent of respondents
Three	25	6%
Four	49	12%
Five	78	20%
Six	101	25%
More than Six	150	37%
<b>Total</b>	<b>403</b>	<b>100%</b>

The above table 4.1.7 shows the number of members in the family of respondents. 37% of the respondents had large family size of more than six members, while 25% of the respondents had exactly six members. 20% of the respondents had five members in their family. While 12% of the respondents had four family members. Only 6% of the respondents had very small family size of only 3 members.

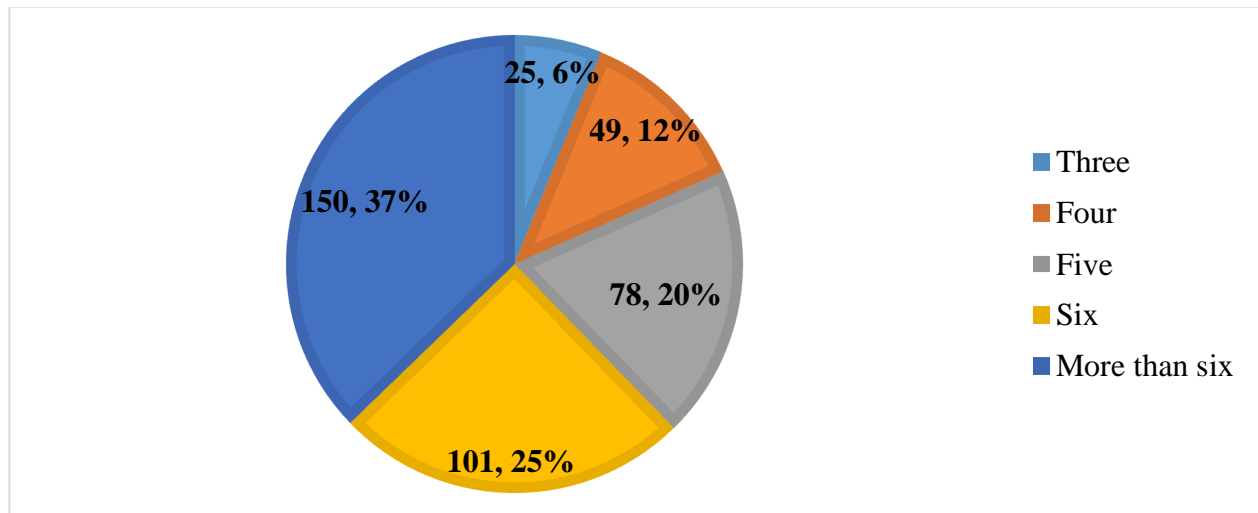


Chart 4.1.7 Family size of respondents

#### 4.1.8 Family type of respondents

Table 4.1.8 Family type of respondents

Family type	No. of respondents	Percent of respondents
Nuclear	139	34%
Joint	264	66%
<b>Total</b>	<b>403</b>	<b>100%</b>

The above table 4.1.8 represents that out of the total respondents covered under the survey, about 66% (264) lived in joint families while 34% (139) of the families of respondents were nuclear.

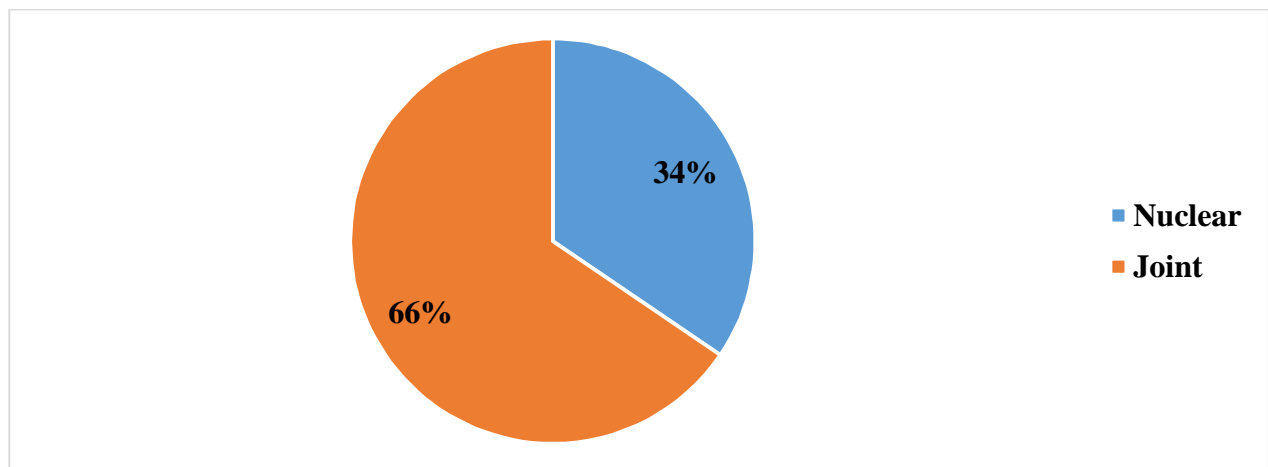


Chart 4.1.8 Family type of respondents

#### 4.1.9 Family members having account

Table 4.1.9 Family members having account

Family members having account	No. of respondents	Percent of respondents
One	58	14%
Two	76	19%
Three	99	25%
More than three	170	42%
<b>Total</b>	<b>403</b>	<b>100%</b>

Table 4.1.9 shows the number of members in the family of respondents who were having bank account. 14% of respondents had only one family member with account

while 19% respondents had two family members having bank account. 25% of respondents had three members in their family having bank account while 42% of respondents had more than three family members having bank account.

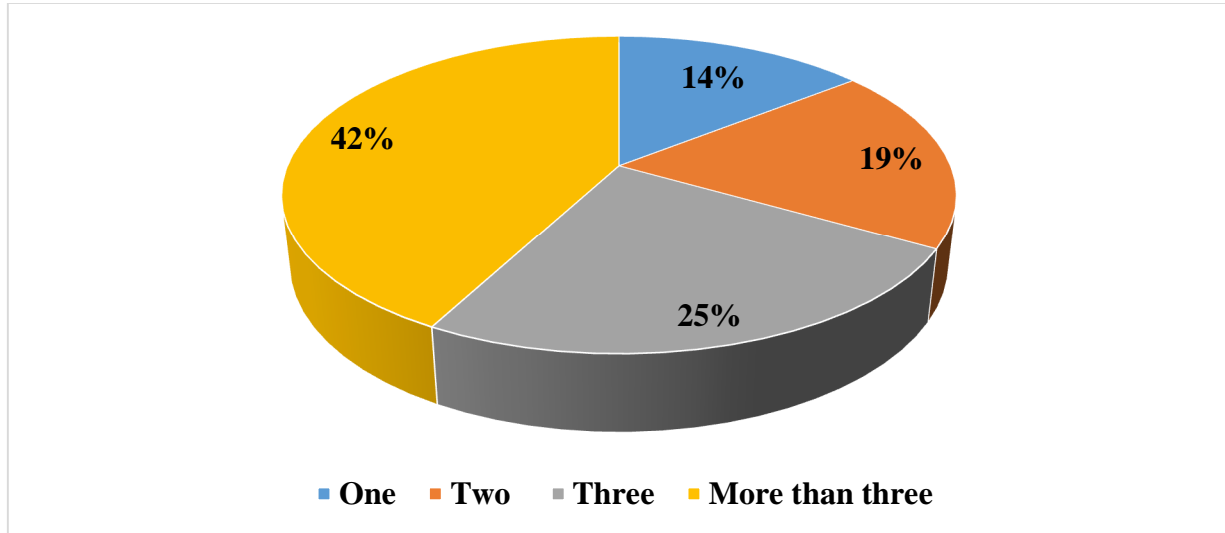


Chart 4.1.9 Family members having account

#### 4.1.10 Financial institutions connected with

Table 4.1.10 Financial institutions connected with

Financial Institutions	No. of respondents	Percent of respondents
Private Banks	105	26.05%
Commercial Banks	330	81.88%
RRB	7	1.73%
Co-operative Banks	186	46.15%
Others	45	11.16%
<b>Total</b>	<b>403</b>	<b>100%</b>

Table 4.1.10 shows the number of respondents who were connected with various financial institutions of that region. 330 respondents were connected to Commercial banks while 186 respondents were connected to Co-operative banks. 105 respondents were connected to private banks as well, while a meager 1.73% of respondents were connected to RRBs. 11.16% of respondents were connected to

other financial institutions like Muthooth finance, Mahindra finance, Mannapuram gold etc.

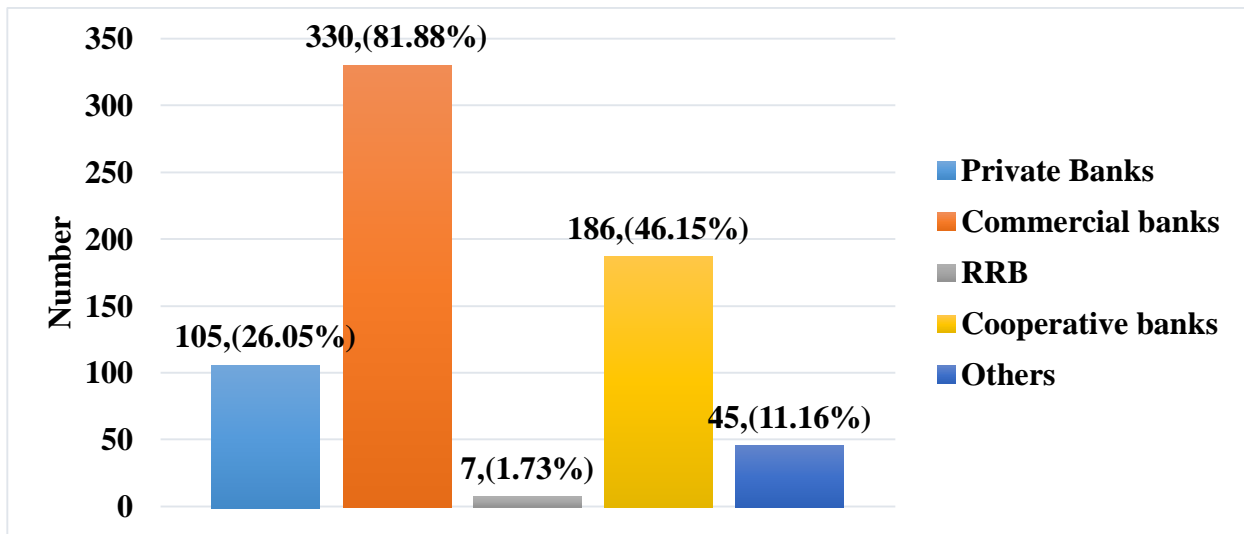


Chart 4.1.10 Financial institutions connected with

#### 4.1.11 Time of opening first bank account

Table 4.1.11 Time of opening first bank account

Time of opening first bank account	No of respondents	Percent of respondents
Less than a year	52	13%
1 year to 2 years	78	19%
>2 years to 3 years	91	23%
>3 years	182	45%
<b>Total</b>	<b>403</b>	<b>100%</b>

The above table 4.1.11 represents the duration passed when the respondents had opened their first bank account. 13% of respondents had opened their bank account less than a year ago whereas 19% of respondents had opened their account 1-2 years back and 23% of respondents had opened more than 2-3 years ago. 45% of respondents had opened their account more than 3 years ago.

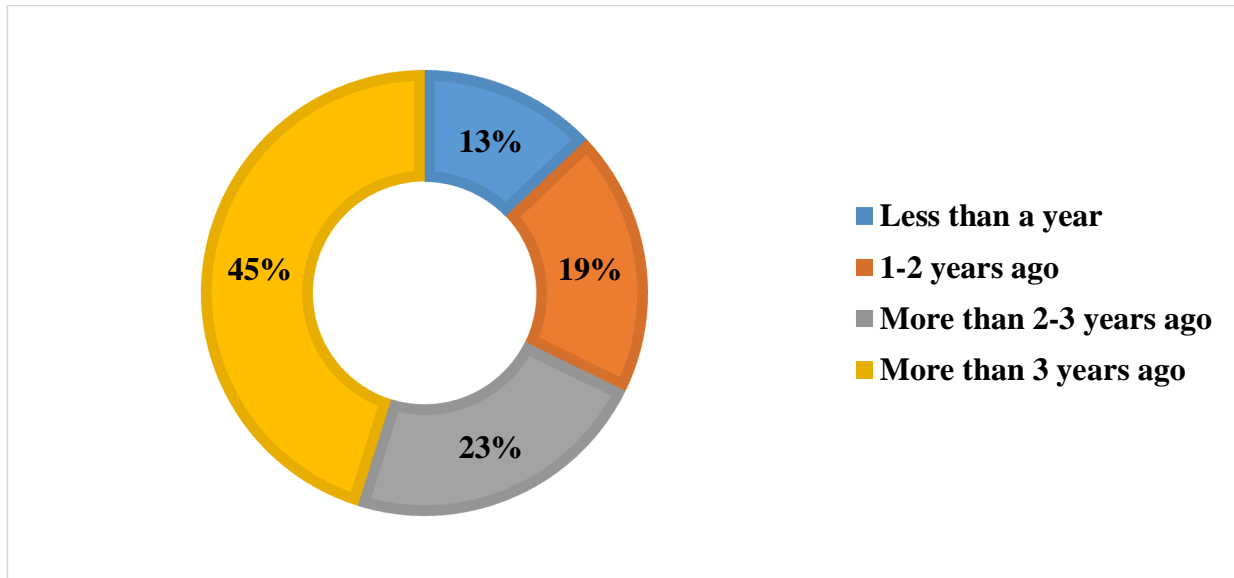


Chart 4.1.11 Time of opening first bank account

#### 4.1.12 Came across banking facilities

Table 4.1.12 Came across banking facilities

<b>Came across banking facilities</b>	<b>No. of respondents</b>	<b>Percent of respondents</b>
Directly visiting bank	134	33.25%
Through BC/BF	128	31.76%
Through friends/relatives	57	14.14%
Others	84	20.85%
<b>Total</b>	<b>403</b>	<b>100%</b>

Table 4.1.12 shows the medium through which respondents came across banking facilities. About 33% of the respondents said that they directly visited the bank for opening bank account. 31.76% said they started banking through business correspondent or business facilitator. 14.14% respondents came across banking facilities through friends or relatives. Other agencies like schools, employer etc. were also responsible (20.85%) through which respondents came across banking facilities.

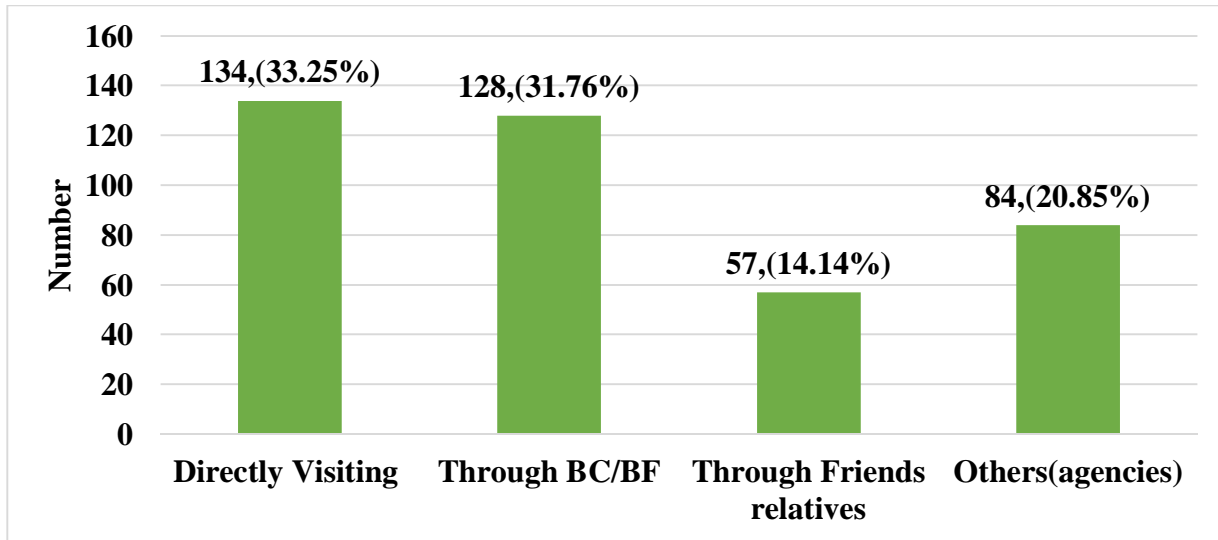


Chart 4.1.12 Came across banking facilities

#### 4.1.13 Purpose of opening bank account

Table 4.1.13 Purpose of opening bank account

Purpose	No. of respondents	Percentage of respondents
Savings	65	16%
Benefits from Govt.	79	19%
Loans	205	51%
Salary/Pension	27	7%
Others	27	7%
<b>Total</b>	<b>403</b>	<b>100%</b>

Above table 4.1.13 shows the purpose of opening bank account by the respondents. 51% of the respondents said the main purpose was loan for opening bank account. 19% said they had opened account for getting benefits from government. 16% respondents said they had opened bank account for savings purpose, 7% for salary/pension credit and remaining 7% for other purposes like payment of installment, receiving of cheque etc.

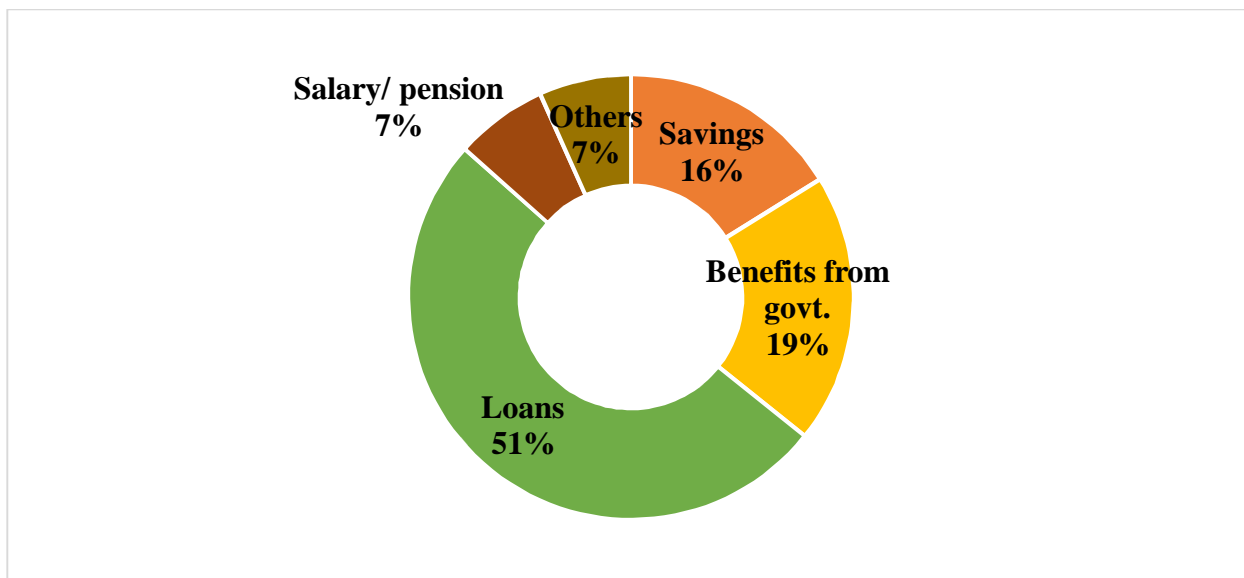


Chart 4.1.13 Purpose of opening bank account

#### 4.1.14 Major investments by the respondents

Table 4.1.14 Major investments by the respondents

Major investments	No. of respondents	Percent of respondents
General Savings	80	19.85%
Share Market	9	2.23%
FD	81	20.09%
Insurance	73	18.11%
Others	67	16.66%
No investments	93	23.06%
<b>Total</b>	<b>403</b>	<b>100%</b>

The above table 4.1.14 shows the major investments of respondents in rural areas of Khambhat. 19.85% respondents did general savings in their accounts. 2.23% of respondents had invested in share markets while 20.09% respondents had invested in fixed deposits. 18.11% of respondents had invested in insurance whereas 23.06% respondents did not had invested anywhere. 16.66% respondents had invested in tangible things like estate, gold etc.

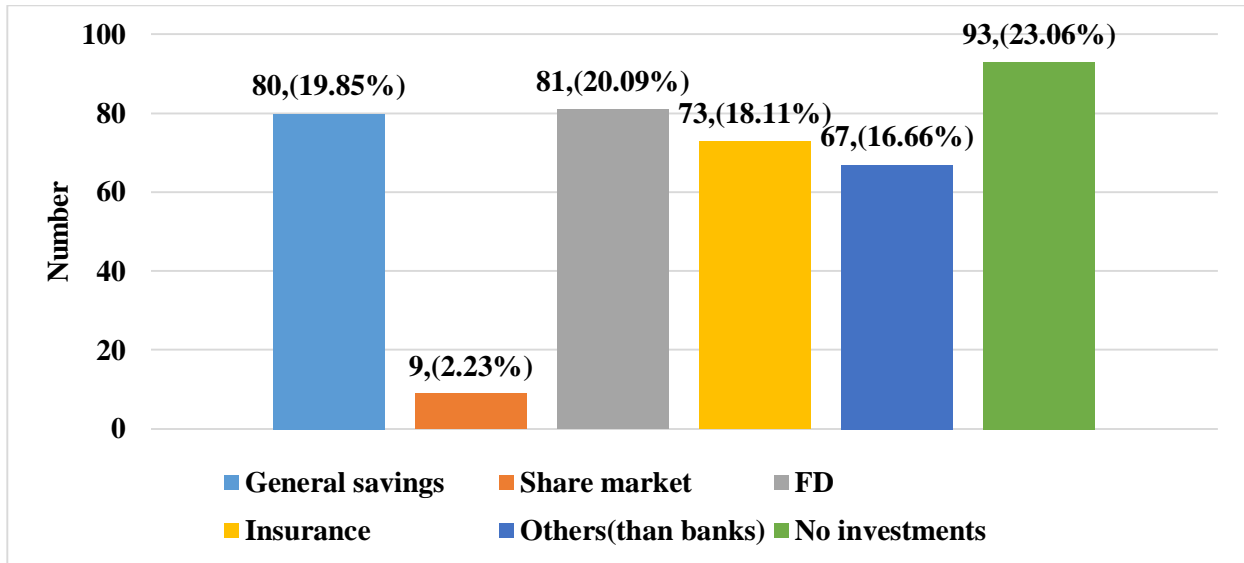


Chart 4.1.14 Major investments by the respondents

#### 4.1.15 Transactions preferred by the respondents

Table 4.1.15 Transactions preferred by the respondents

Transactions preferred	No. of respondents	Percent of respondents
Cash	51	13%
Non-cash	352	87%
<b>Total</b>	<b>403</b>	<b>100%</b>

The above table 4.1.15 shows the type of transactions preferred by respondents which may be cash transactions or non-cash transactions. 87% of the respondents preferred cash transactions while only 13 % respondents went for non-cash transactions like cheque payments, mobile banking, internet banking etc.

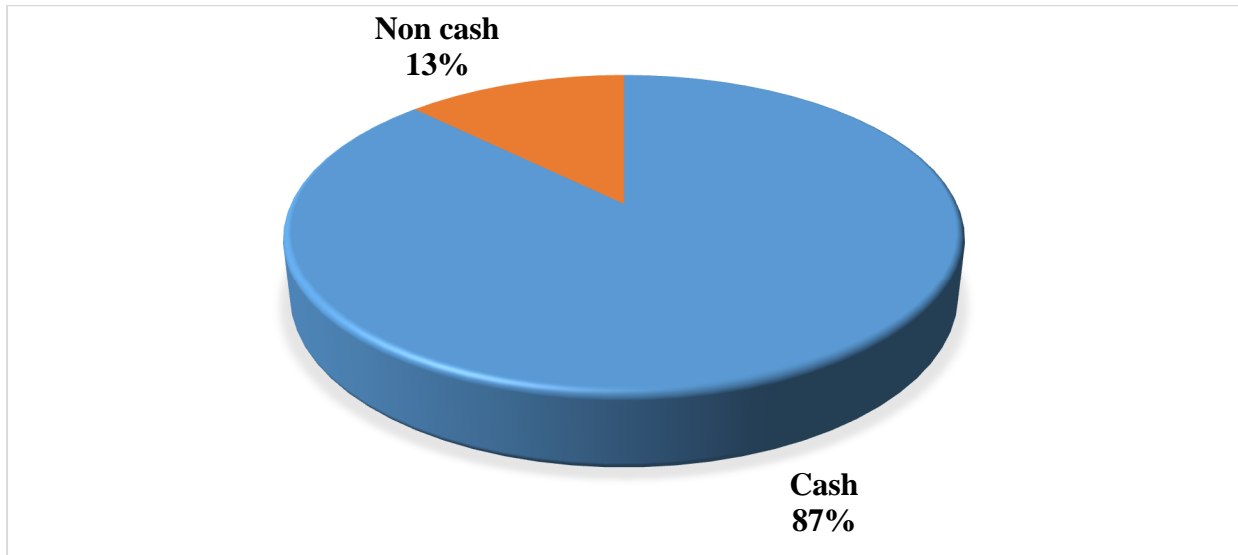


Chart 4.1.15 Transactions preferred by the respondents

#### 4.1.16 Bank dealt most by respondents

Table 4.1.16 Bank dealt most by respondents

Bank dealing most	No. of respondents	Percent of respondents
BOB	134	33.25%
HDFC	59	14.64%
SBI	51	12.66%
KDCC	46	11.41%
IOB	40	9.93%
Dena Bank	22	5.46%
Kalupur Commercial Co-op bank	11	2.73%
UCO	7	1.74%
Khambhat Nagrik Bank	7	1.74%
Bank of India	6	1.49%
Corporation bank	5	1.24%
PNB	4	0.99%
ICICI	4	0.99%
Canara Bank	3	0.74%
Vijaya Bank	3	0.74%
Union Bank	1	0.25%
<b>Total</b>	<b>403</b>	<b>100%</b>

From the above table 4.1.16, ratio in which the respondents were dealing with banks can be clearly seen. 33% of the respondents dealt with BOB, followed by HDFC having 15% respondents. SBI had 13% respondents followed by KDCC were having 11% respondents and IOB were having 10% respondents. Dena Bank had 5% respondents' dealings while Kalupur commercial cooperative bank had 3% respondents' dealings. UCO bank and Khambhat Nagrik bank had 2% respondents' dealings while ICICI, Vijaya bank, Canara bank, PNB, Corporation bank, BOI had 1% respondents' dealings.

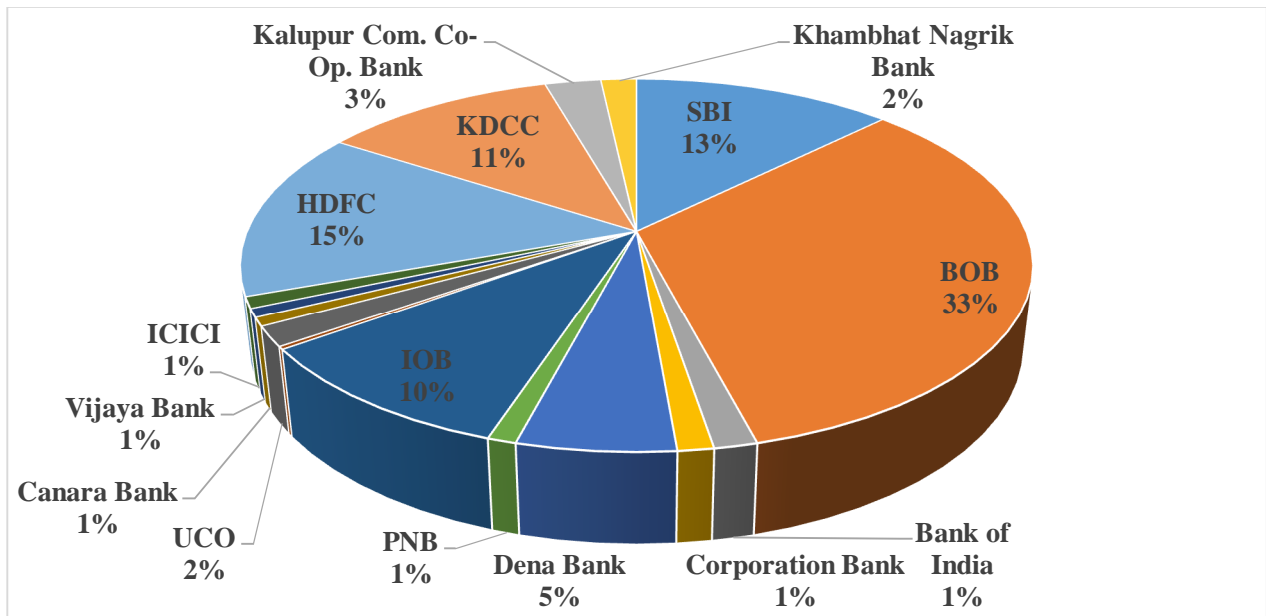


Chart 4.1.16 Bank dealt most by respondents

#### 4.1.17 Frequency of visiting bank/ATM (in a month)

Table 4.1.17 Frequency of visiting bank/ATM (in a month)

Frequency(in a month)	No. of respondents	Percent of respondents
Once	68	17%
Twice	44	11%
Thrice	49	12%
More than three times	168	42%
Rarely	74	18%
<b>Total</b>	<b>403</b>	<b>100%</b>

Table 4.1.17 represents the frequency of respondents for visiting the bank in a month. Mostly (42%) of respondents visited bank more than 3 times. 17% of respondents visited only once, 11% twice, 12% thrice and 18% rarely visited bank in a month.

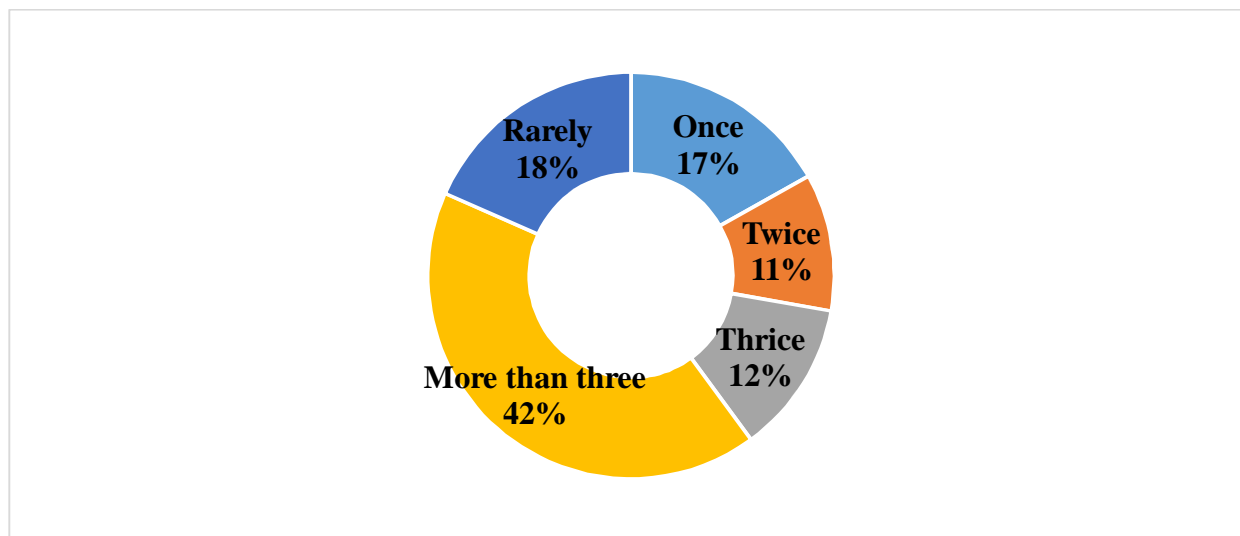


Chart 4.1.17 Frequency of visiting bank/ATM (in a month)

#### 4.1.18 Service(s) of bank used by respondents

Table 4.1.18 Service(s) of bank used by respondents

Services of bank	No. of respondents	Percent of respondents
Passbook	357	88.58%
Mobile banking	48	11.91%
ATM	230	57.07%
Internet banking	44	10.91%
SMS alert	218	54.09%
Cheque	255	63.27%
Others	31	7.69%

The above table 4.1.17 represents the basic services attached to an account availed by account holders either one of them or their combinations. 357 respondents said they have taken passbooks and 230 respondents have taken ATMs. 218 respondents used SMS alert facilities while 255 respondents used cheque. Only 48 respondents

had mobile banking facility and 44 respondents had internet banking facility. 31 respondents used other facilities like statements, info-books, etc.

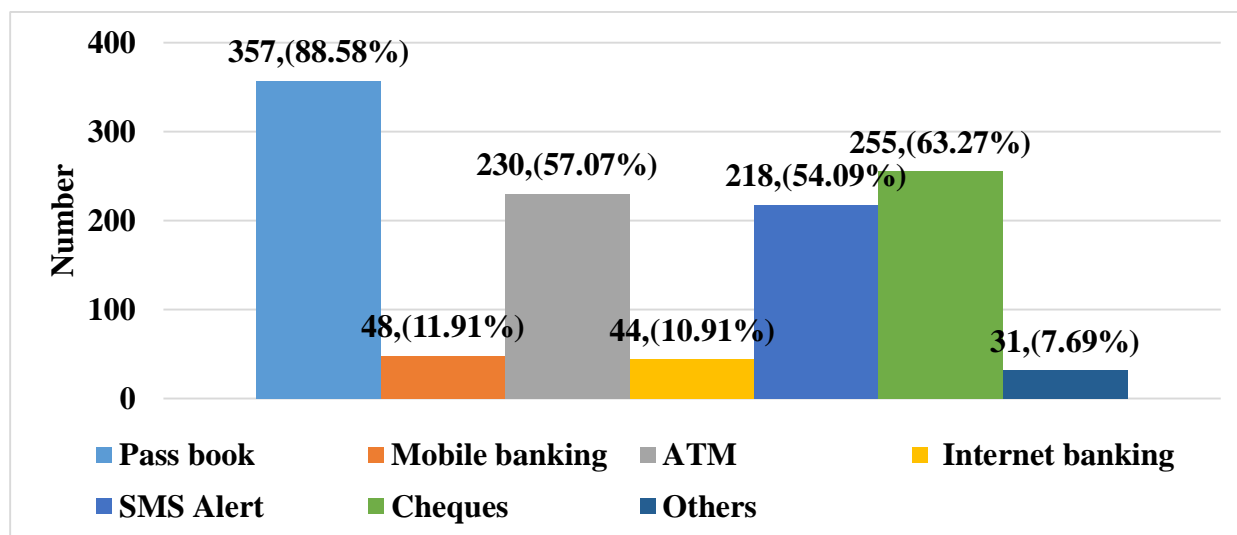


Chart 4.1.18 Service(s) of bank used by respondents

#### 4.1.19 Whether tried/taken loan (institutional sources)

Table 4.1.19 Whether tried/taken loan (institutional sources)

Tried or taken loan	No. of respondents	Percent of respondents
Yes	304	75%
No	99	25%
Total	403	100%

From table 4.1.19, percentage distribution of respondents who had ever tried or taken loan can be seen. 75% (304) of the respondents said yes, while 25% (99) respondents said no.

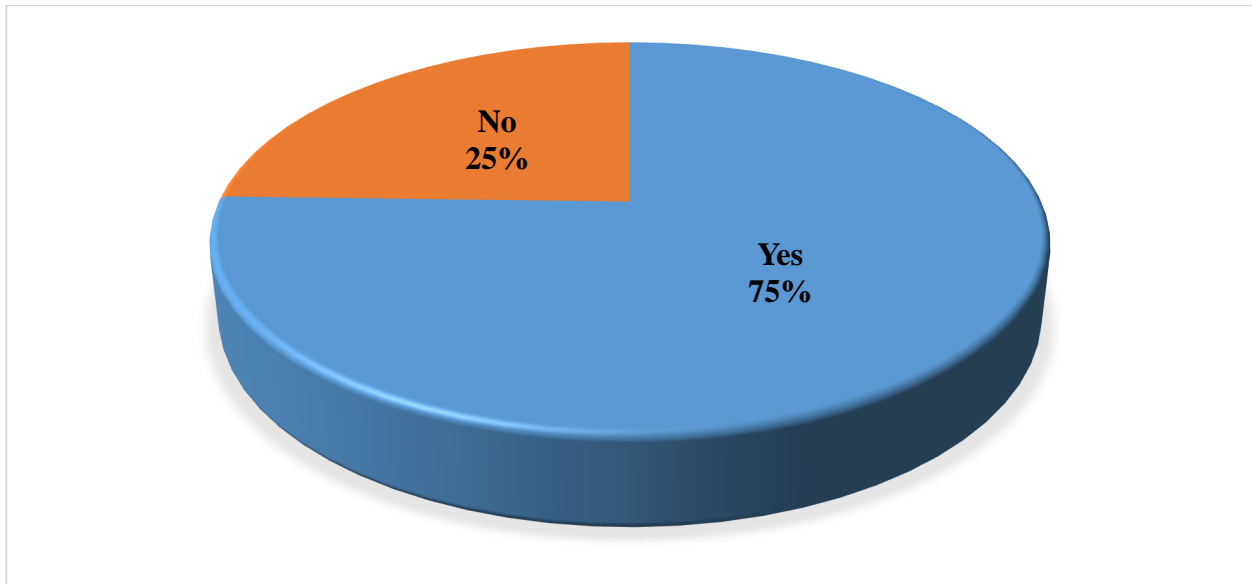


Chart 4.1.19 Whether tried/taken loan (institutional sources)

#### 4.1.20 Types of loan

Table 4.1.20 Types of loan

Types of loan	No. of respondents	Percent of respondents
Investment loan	42	14%
Marketing loan	21	7%
Production loan	199	65%
Consumption loan	42	14%
<b>Total</b>	<b>304</b>	<b>100%</b>

Above table 4.1.20 shows different types of loans for which the respondent had tried for or taken loan. Production loan accounts for maximum of 65% followed by investment loan and marketing loan of 14% each. Marketing loan contributes 7% of the total loans.

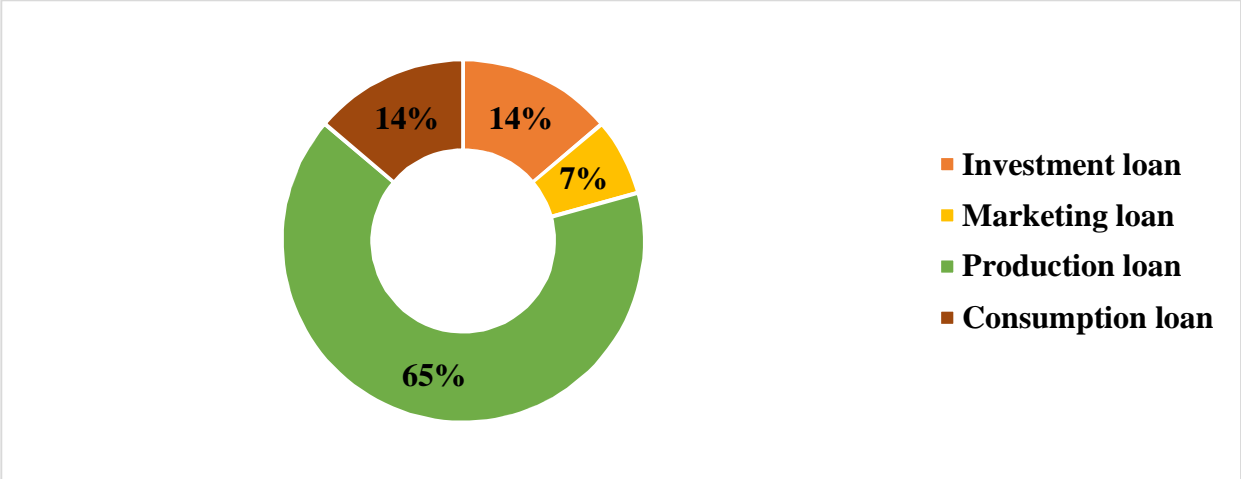


Chart 4.1.20 Types of loan

**4.1.21 Whether problem faced for taking loans**

Table 4.1.21 Whether problem faced for taking loans

Problem faced	No. of respondents	Percent of respondents
Yes	230	76%
No	74	24%
<b>Total</b>	<b>304</b>	<b>100%</b>

The above table 4.1.21 reflects whether respondents had faced any problems for taking loans. 76%(230) of the respondents say that they have faced problems for one reason or other while 24% (74) respondents say they have not faced any kind of problem.

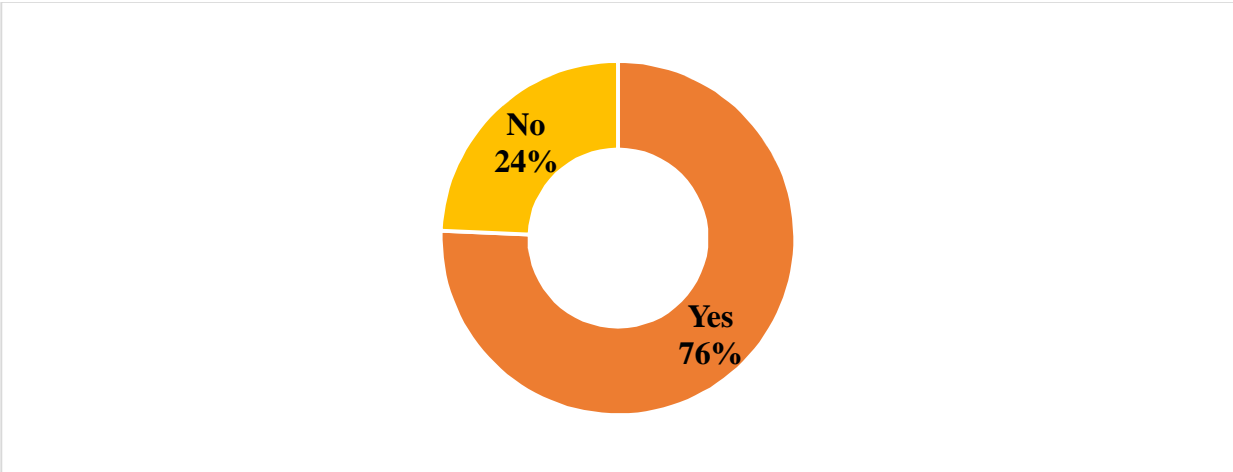


Chart 4.1.21 Whether problem faced for taking loans

#### 4.1.22 Types of problems

Table 4.1.22 Types of problems

Types of problem	No. of respondents	Percent of respondents
Documentation	137	60%
Bribe/Commission	14	6%
Collateral	49	21%
Interest rate dilemma	23	10%
Others	7	3%
<b>Total</b>	<b>230</b>	<b>100%</b>

The above table 4.1.22 represents the different types of problems faced by the respondents for taking loans. Majority of the respondent of rural areas of Khambhat faced problems related to documentation while 21% of the respondents said demand for collateral/security. 10% of the respondents did not had sufficient information regarding interest rate to be charged whereas 6% of respondents said they faced problem of bribe or commission. Only 3 % of respondents faced other types of problems like joint disbursement, hidden charges, late or no reimbursement of subsidy etc.

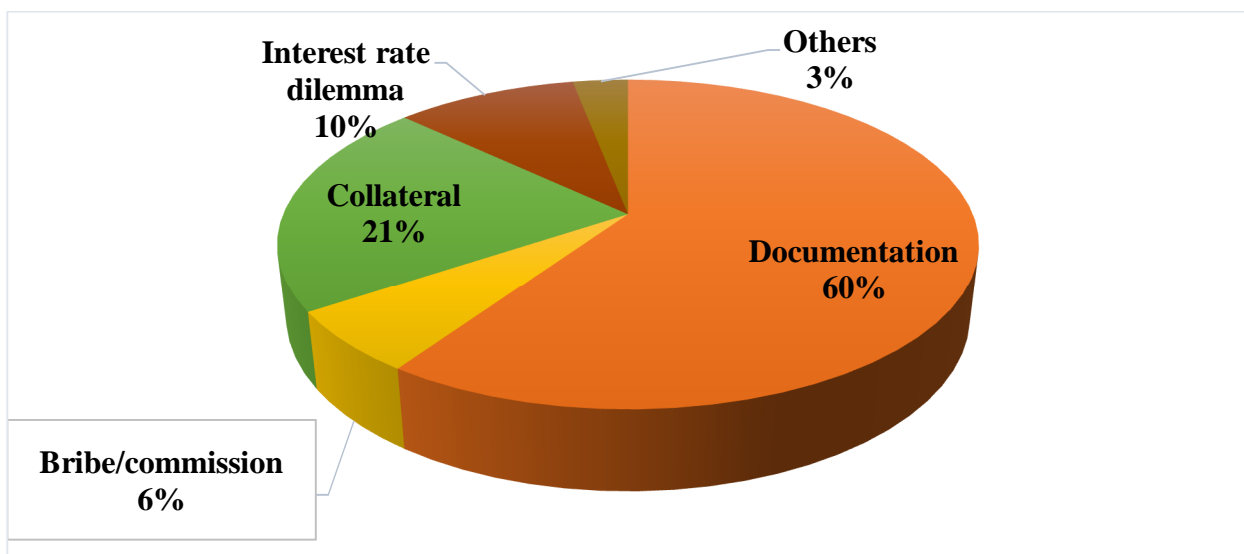


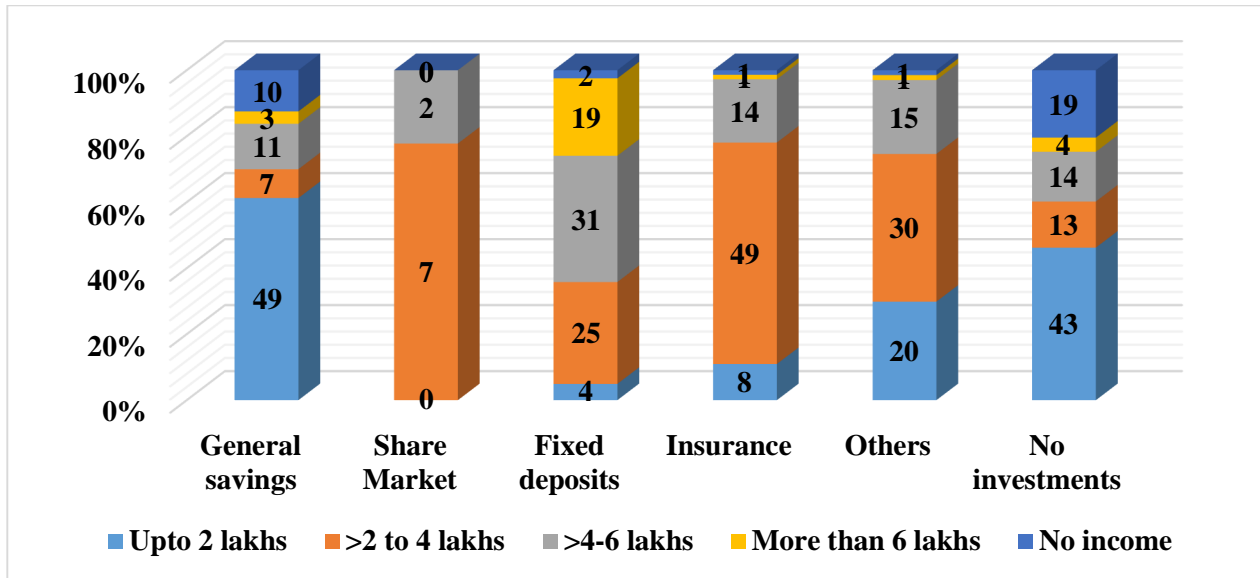
Chart 4.1.22 Types of problems

#### 4.1.23 Annual income in relation to major investments

##### 4.1.23 Annual income in relation to major investments

		Which type of major investment(s)						Total
		General savings	Share Market	Fixed deposits	Insurance	Others	No investments	
Annual income	Upto 2 lakhs	49	0	4	8	20	43	<b>124</b>
	>2 to 4 lakhs	7	7	25	49	30	13	<b>131</b>
	>4-6 lakhs	11	2	31	14	15	14	<b>87</b>
	More than 6 lakhs	3	0	19	1	1	4	<b>28</b>
	No income	10	0	2	1	1	19	<b>33</b>
<b>Total</b>		<b>80</b>	<b>9</b>	<b>81</b>	<b>73</b>	<b>67</b>	<b>93</b>	<b>403</b>

The above table 4.1.23 shows the annual income of account holders in relation to their major investments. Respondents having annual income upto 2 lakhs majorly invest in general savings in banks, while respondents having annual income of more than 2 lakhs to 4 lakhs majorly go for insurance. Annual income of respondents in the group of more than 4 lakhs to 6 lakhs and more than 6 lakhs majorly invest in fixed deposits. No income group respondents did not earn and hence no investment are made, but still housewives and some unemployed do savings and invest. From the above table it can be clearly seen that, though there are only 33 no income group respondents, 93 respondents do not make investments.



4.1.23 Annual income in relation to major investments

#### 4.1.24 Parameters for opening bank account

Table 4.1.24 Parameters for opening bank account

Parameters	Weighted Mean value	Rank
Less document requirement	4.13	4
Distance from residence	3.26	5
Min. balance requirement	3.03	7
Behaviour of bank personnel	4.60	1
Interest rates/ Schemes	4.29	3
Words of mouth	2.84	8
Charges for services	4.46	2
Advertisements	2.08	9
Benefits from government	3.05	6

(5= Most Important 4= Important, 3= Moderate, 2= Less Important 1= Not Important)

The first factor is less document requirement whose weighted mean value is 4.13, which is an important factor for opening of bank account. Other factor is distance from residence whose weighted mean value is 3.26 which plays a moderate role in opening of bank account. Another factor is minimum balance requirement whose

weighted mean value is 3.03, hence it also has a moderate role in opening of bank account. Fourth factor is behavior of bank personnel whose weighted mean value is 4.60, hence being the most important factor for opening of bank account. Fifth factor is words of mouth whose weighted mean value is 2.84, which has moderate role in opening of bank account. Sixth factor is charges for services having weighted mean value of 4.46, hence it is an important factor for opening of bank account. Advertisements has weighted mean value of 2.08 hence it is less important factor for opening of bank account. Last factor is benefits from government having weighted mean value of 3.05, hence being a moderate factor for opening of bank account.

## **4.2 Results and discussion (Non- Account holders)**

### **4.2.1 Gender of respondents**

Table 4.2.1 Gender of respondents

<b>Gender</b>	<b>No. of respondents</b>	<b>Percent of respondents</b>
Male	69	71.13%
Female	28	28.87%
<b>Total</b>	<b>97</b>	<b>100%</b>

Above table 4.2.1 shows the gender distribution of respondents who have been studied. Out of the total non- account holders studied in the survey 71% (69) were males while 29% (28) of them were females.

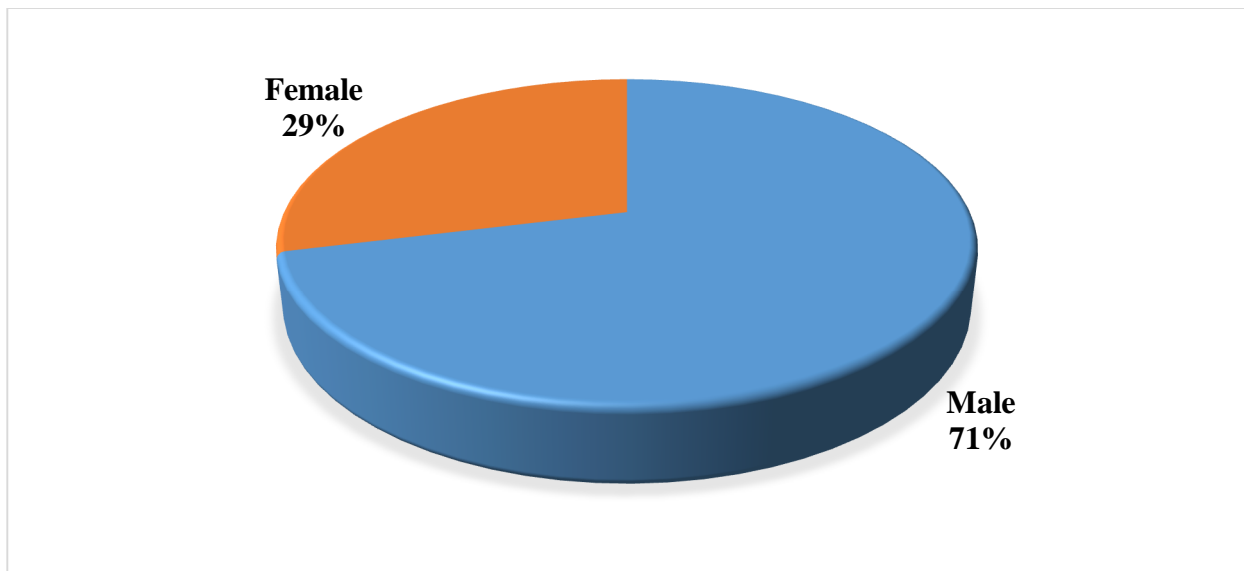


Chart 4.2.1 Gender of respondents

## 4.2.2 Age of respondents

Table 4.2.2 Age of respondents

Age of respondents	No. of respondents	Percent of respondents
Upto 30 years	16	16%
31-40 years	23	24%
41-50 years	29	30%
51-60 years	17	18%
More than 60 years	12	12%
<b>Total</b>	<b>97</b>	<b>100%</b>

Above table 4.2.2 shows the age of respondents of villages covered under area of study. 16% of the respondents were upto the age of 30 years. 24% respondents were in the age group of 31 to 40 years. Age group of 41 to 50 years constitute 30% of the respondents. 18% of respondents were of the age group of 51 to 60 years. While only 12% of respondents belong to age group of more than 60 years.

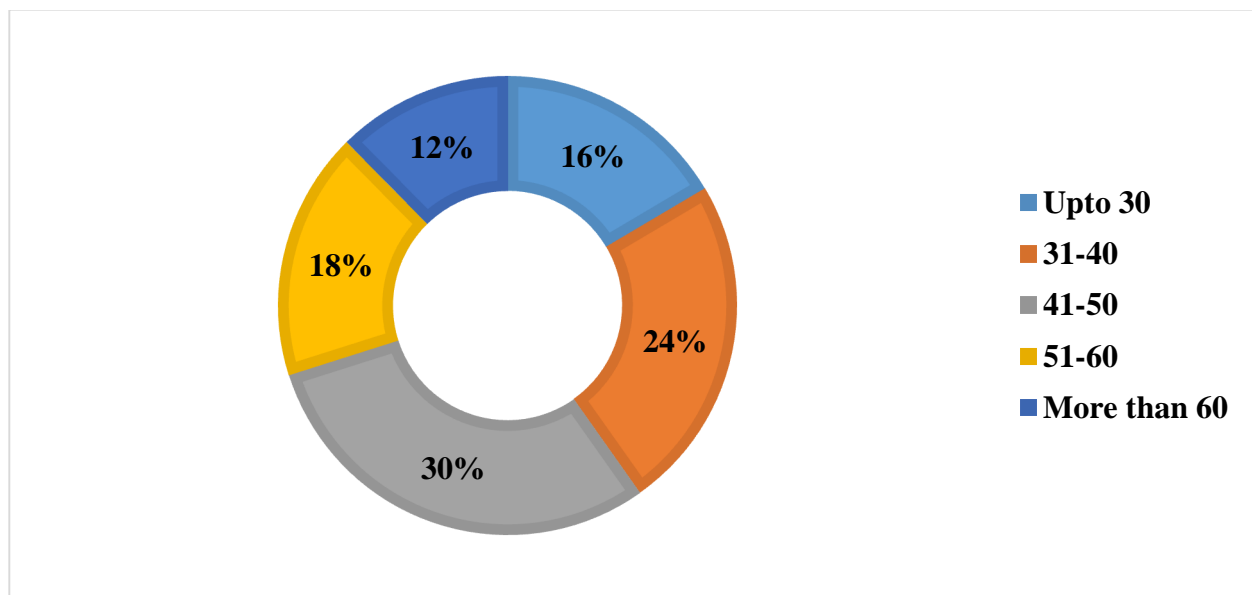


Chart 4.2.2 Age of respondents

### 4.2.3 Education level of respondents

Table 4.2.3 Education level of respondents

Education level	No. of respondents	Percent of respondents
Illiterate	34	35%
Less than 10th	33	34%
10th	27	28%
12 <sup>th</sup> /Diploma	3	3%
Graduate	0	0%
Postgraduate	0	0%
<b>Total</b>	<b>97</b>	<b>100%</b>

Table 4.2.3 shows the education level of non-account holder respondents in the study area. 35% of the respondents were illiterate while 34% respondents had studied less than 10<sup>th</sup> std. 28% respondents had completed their 10<sup>th</sup> standard whereas only 3% respondents were 12<sup>th</sup> pass. There were no respondents who had completed graduation or post-graduation.

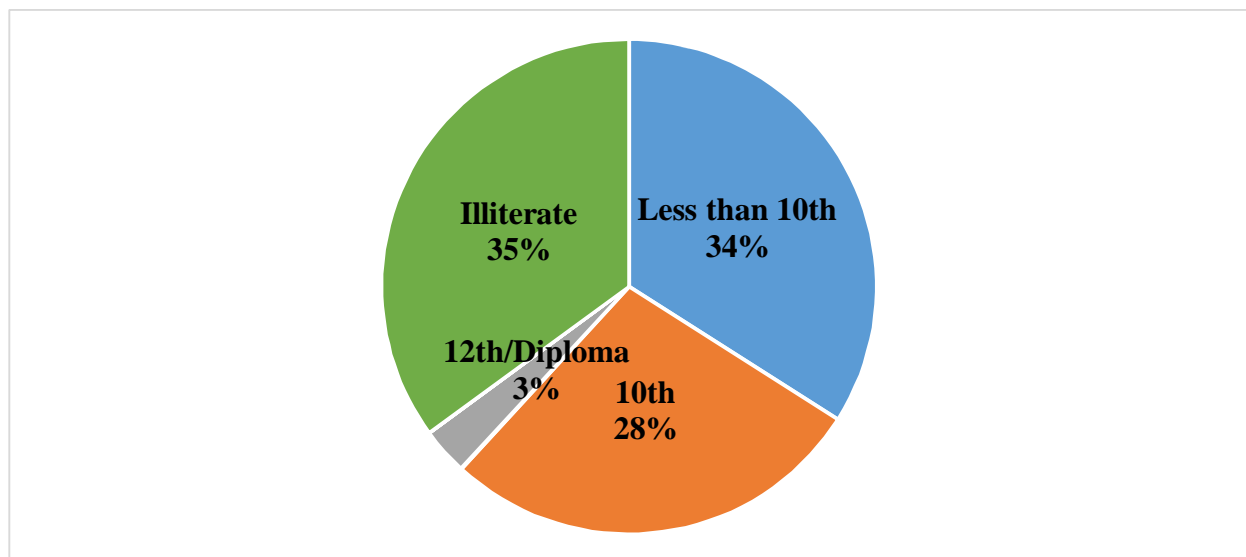


Chart 4.2.3 Education level of respondents

#### 4.2.4 Occupation of respondents

Table 4.2.4 Occupation of respondents

Occupation	No. of respondents	Percent of respondents
Business	0	0%
Farmer	27	28%
Dairy farmer	13	13%
Self employed	5	5%
Service	7	7%
Unemployed	18	19%
Housewife	2	2%
Labourer	25	26%
<b>Total</b>	<b>97</b>	<b>100%</b>

Classification of respondents on the basis of occupation has been done in the above table 4.2.4. There were no respondents doing business. 28% of the respondents were farmers while 13% respondents were dairy farmers. 5% respondents were self-employed whereas 7% respondents were servicemen. 19% respondents were unemployed and only 2% respondents were housewives. 26% non-account holder respondents were labourer.

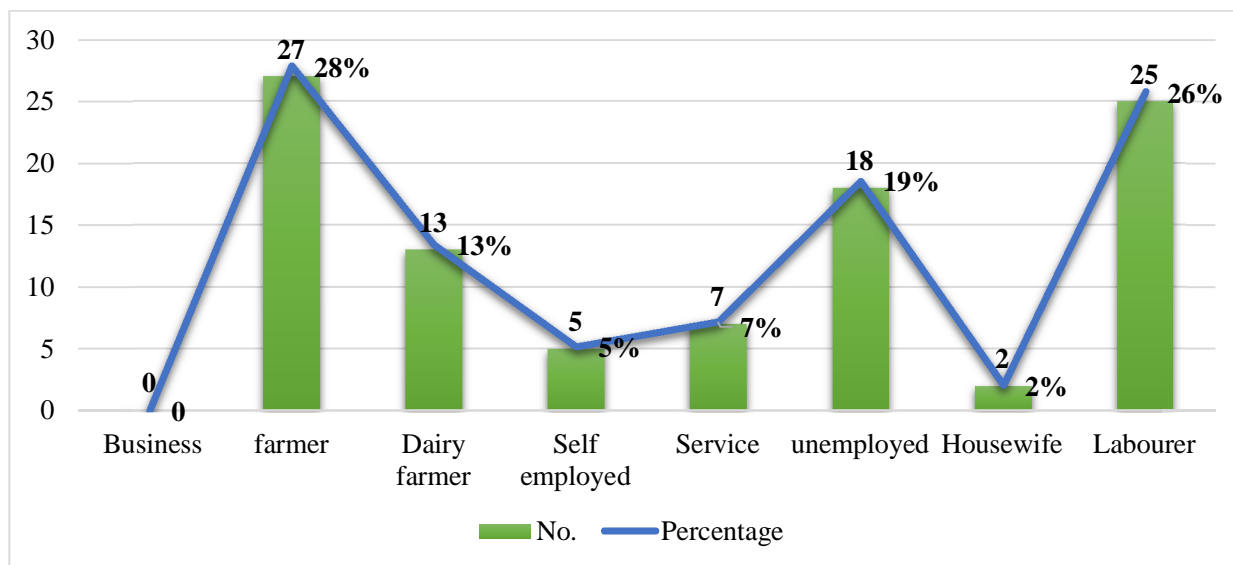


Chart 4.2.4 Occupation of respondents

#### 4.2.5 Annual income of respondents

Table 4.2.5 Annual income of respondents

Annual income	No. of respondents	% of respondents
No income	32	32.98%
Less than 2 lakhs	63	64.94%
2 lakhs to <4 lakhs	2	2.08%
4 lakhs to <6 lakhs	0	0%
6 lakhs and above	0	0%
<b>Total</b>	<b>97</b>	<b>100%</b>

The above table 4.2.5 shows annual income of non- account holders respondents. About 33% of the respondents had no annual income while 65% respondents had annual income of less than 2 lakhs. 2% respondents had annual income of 2 lakhs to below 4 lakhs while there was no non-account holders in annual income group of 4 lakhs to below 6 lakhs and 6 lakhs and above.

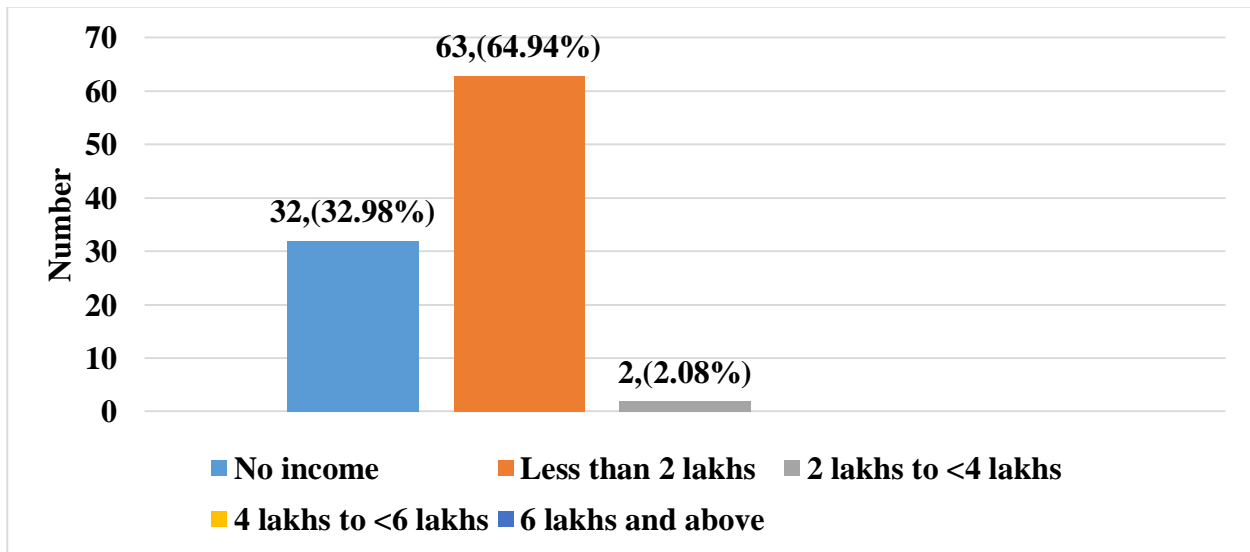


Chart 4.2.5 Annual income of respondents

#### 4.2.6 Family size of respondents

Table 4.2.6 Family size of respondents

Family size	No. of respondents	Percent of respondents
Three	9	9%
Four	7	7%
Five	14	15%
Six	26	27%
More than six	41	42%
<b>Total</b>	<b>97</b>	<b>100%</b>

Table 4.2.6 represents the classification of respondents on the basis of family size. 9% of the respondents had family size of three. 7% of respondents had 4 persons in their family whereas 15 % respondents had 5 persons in their family. 27% respondents said that, they had 6 persons in their family, while a maximum of 42% say that there were more than six persons in their family.

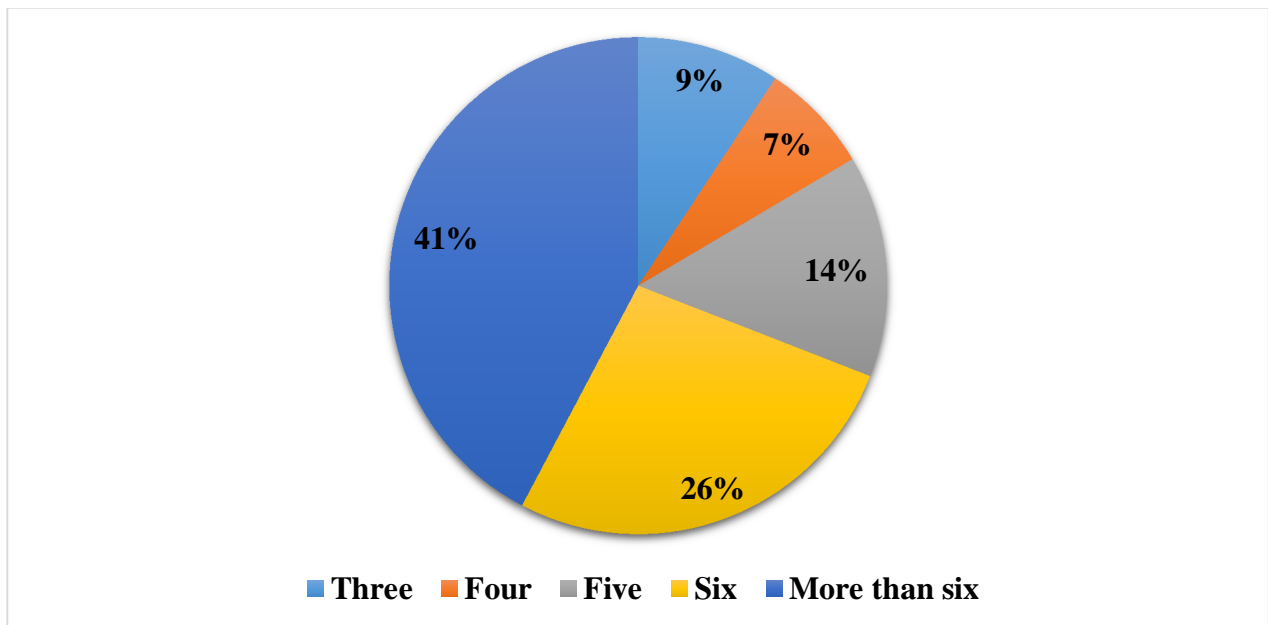


Chart 4.2.6 Family size of respondents

#### 4.2.7 Classification of respondents on the basis of land holding

Table 4.2.7 Classification of respondents on the basis of land holding

Land holding	No. of respondents	Percent of respondents
No land holding	49	52.57%
Upto 2.5 acre	41	43.29%
>2.5 acre to 5 acre	6	6.98%
>5 acre to 10 acre	1	1.03%
>10 acre	0	0%
<b>Total</b>	<b>97</b>	<b>100%</b>

The above table 4.2.7 represents the distribution of respondents on the basis of land holding. 51% of the respondents had no land holding followed by 42% of respondents who had land holding upto 2.5 acre. 6% respondents had land holding more than 2.5 acre to 5 acre whereas only 1% respondents had land holding of more than 5 acre to 10 acres. There were no respondents having land holding of more than 10 acres.

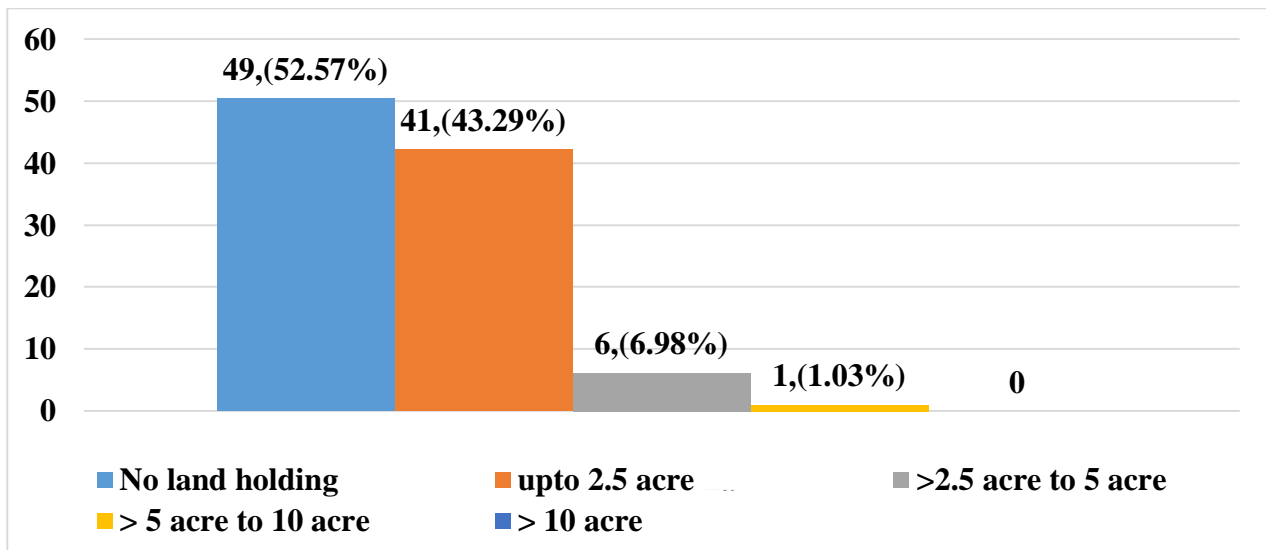


Chart 4.2.7 Classification of respondents on the basis of land holding

#### 4.2.8 Service(s) of banks known to respondents

Table 4.2.8 Service(s) of banks known to respondents

Services of banks	No. of respondents	Percent of respondents
Deposits	97	100%
Advances	91	93.81%
Payments	12	12.37%
Transfer of benefits	56	57.73%
Others	13	13.40%

The above table 4.2.8 shows the bank services known to respondents such as deposits, advances, payments, transfer of benefits and other services like insurance etc. All respondents said they knew that bank receive deposits, while 91 respondents said they knew that bank makes advances. Only 12 respondents knew that payments are done by banks while 56 respondents knew that bank transfers benefits. Only 13 respondents knew other services of banks like training,

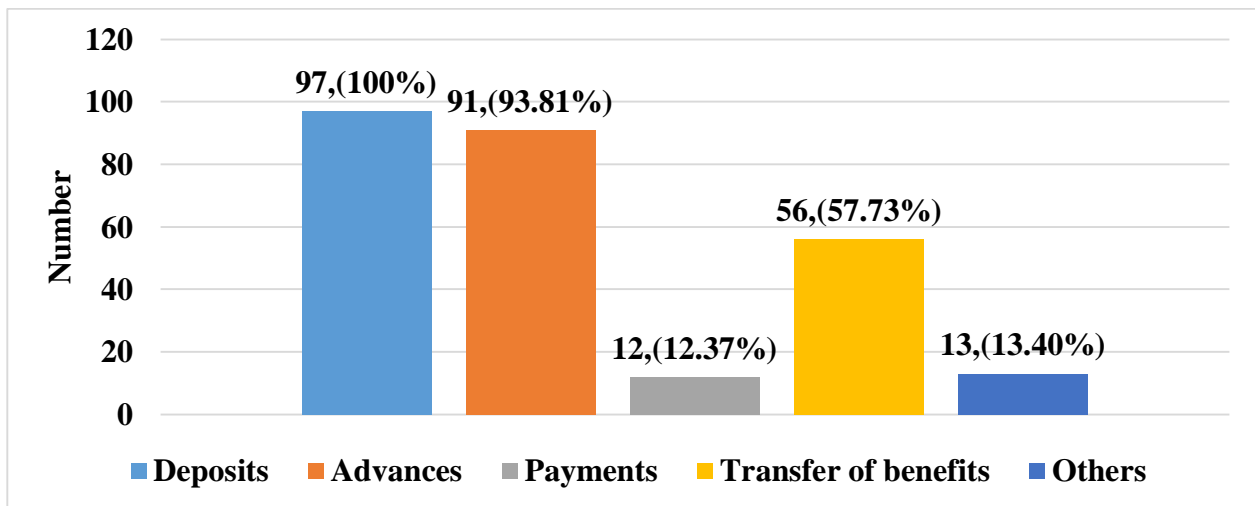


Chart 4.2.8 Service(s) of banks known to respondents

#### 4.2.9 Major expenses of respondents

Table 4.2.9 Major expenses of respondents

Major Expenses	No. of respondents	Percent of respondents
Education	14	14%
Daily needs	58	60%
Medical	7	7%
Festivals	2	2%
Others	16	17%
<b>Total</b>	<b>97</b>	<b>100%</b>

The above table 4.2.9 shows the major expenses of respondents in various activities. 14% respondents said their major expense was on education, while 60% respondents said their major expense occurs for the fulfilment of daily needs. 7% said their expense occurs in medical requirements while 2% said their major expense occurs during festivals. 17% respondents said their majority of expenses occurs in other activities like marriage, pilgrimages etc.

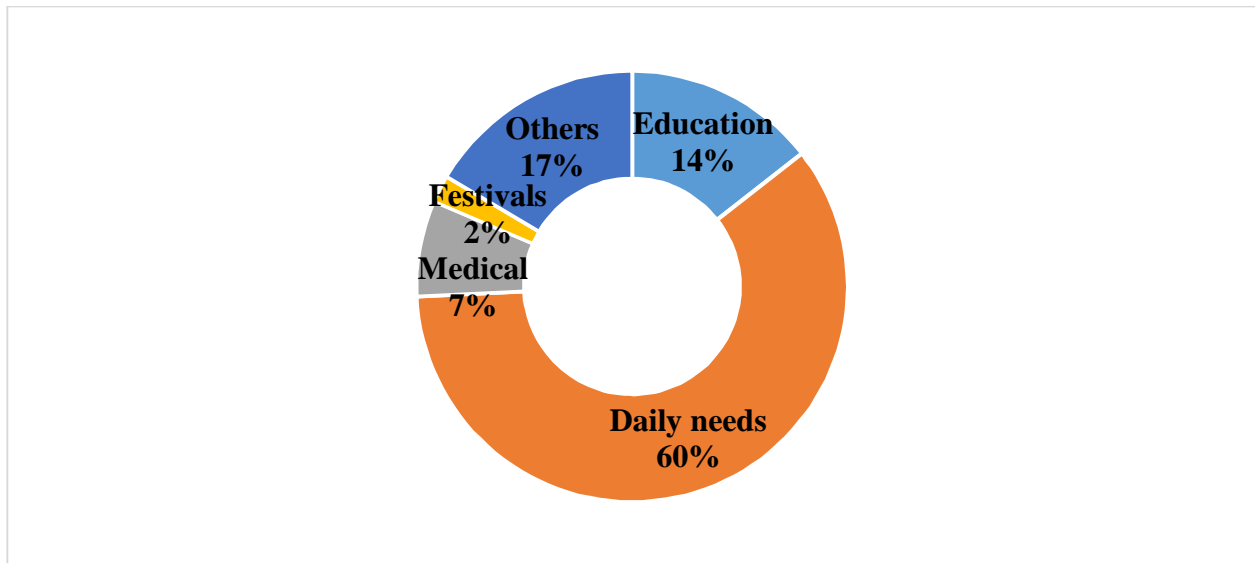


Chart 4.2.9 Major expenses of respondents

#### 4.2.10 Actions done by respondents with their savings

Table 4.2.10 Actions done by respondents with their savings

Savings by respondents	No. of respondents	Percent of respondents
Keep at home	13	13%
Keep with friends/relatives	5	5%
Invest	21	22%
Others	10	10%
Meagre or no savings	48	50%
<b>Total</b>	<b>97</b>	<b>100%</b>

Activities done by respondents with their savings can be understood from above table 4.2.10. 50% respondents said they did not have enough savings to keep in bank or elsewhere. 13% respondents said they keep their savings at their home. 5% of respondents said that their relatives or friends take care of their savings. 22% said they just invest their savings while 10% respondents did others like gambling, liquor etc.

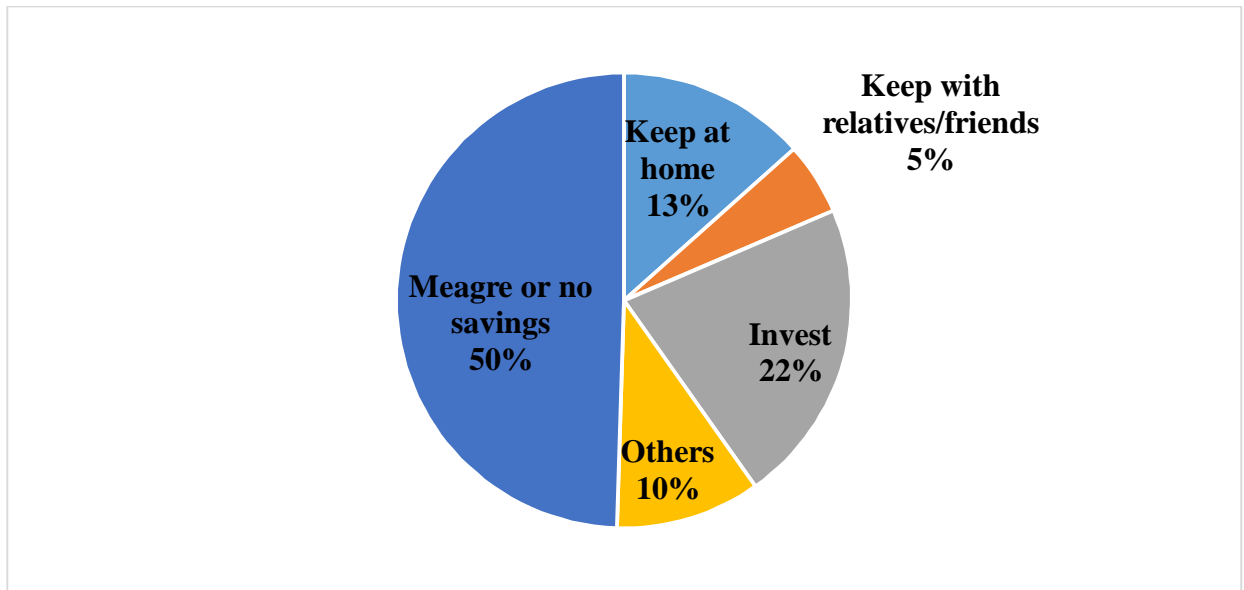


Chart 4.2.10 Actions done by respondents with their savings

**4.2.11 Ever went to bank for opening bank account**

Table 4.2.11 Ever went to bank for opening bank account

<b>Ever went to bank</b>	<b>No. of respondents</b>	<b>Percent of respondents</b>
Yes	89	92%
No	8	8%
<b>Total</b>	<b>97</b>	<b>100%</b>

The above table 4.2.11 shows whether the respondents had visited the bank for opening of bank account. 92% of the respondents said yes, they had visited while 8 % respondents said no.

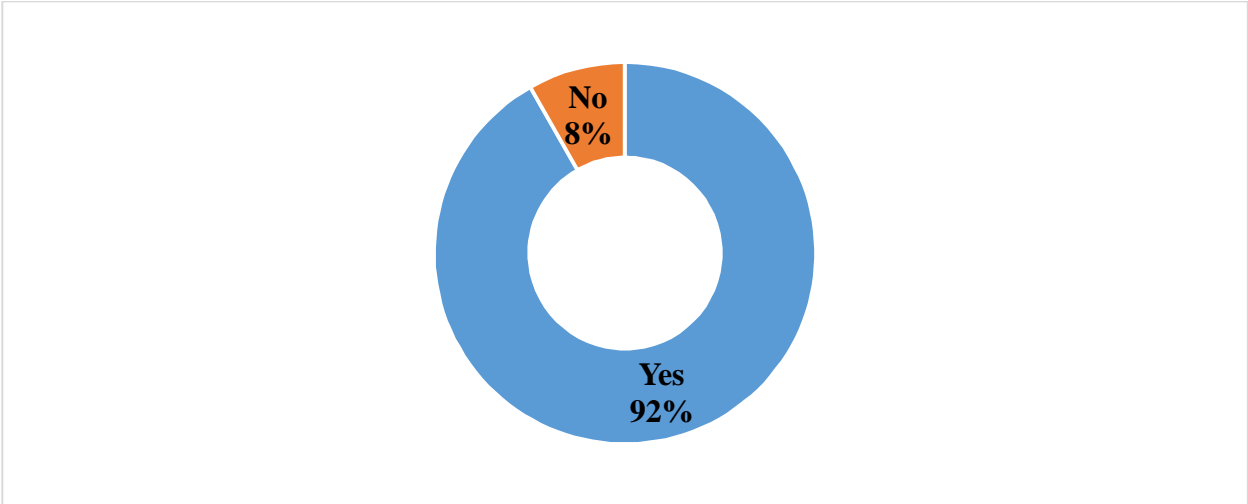


Chart 4.2.11 Ever went to bank for opening bank account

#### 4.2.12 Reasons for not opening bank account

Table 4.2.12 Reasons for not opening bank account

Reasons for not opening bank account	No. of respondents	Percent of respondents
Behavior of bank personnel	17	17.5%
No. of KYC documents req.	37	38.1%
Charges for services	20	20.6%
Min. balance req.	19	19.6%
Distance from residence	4	4.2%
<b>Total</b>	<b>97</b>	<b>100%</b>

The above table 4.2.12 shows the various reasons for which the respondents did not open bank account. 17.5% of the respondents said it was the behavior of bank personnel while 38.1% of the respondents said lack of KYC documents. 20.6% of respondents said various charges for banking services, where as 19.6% respondents said minimum balance requirement. Only 4.2% of the respondents said they were unable to open banks account due to distance factor.

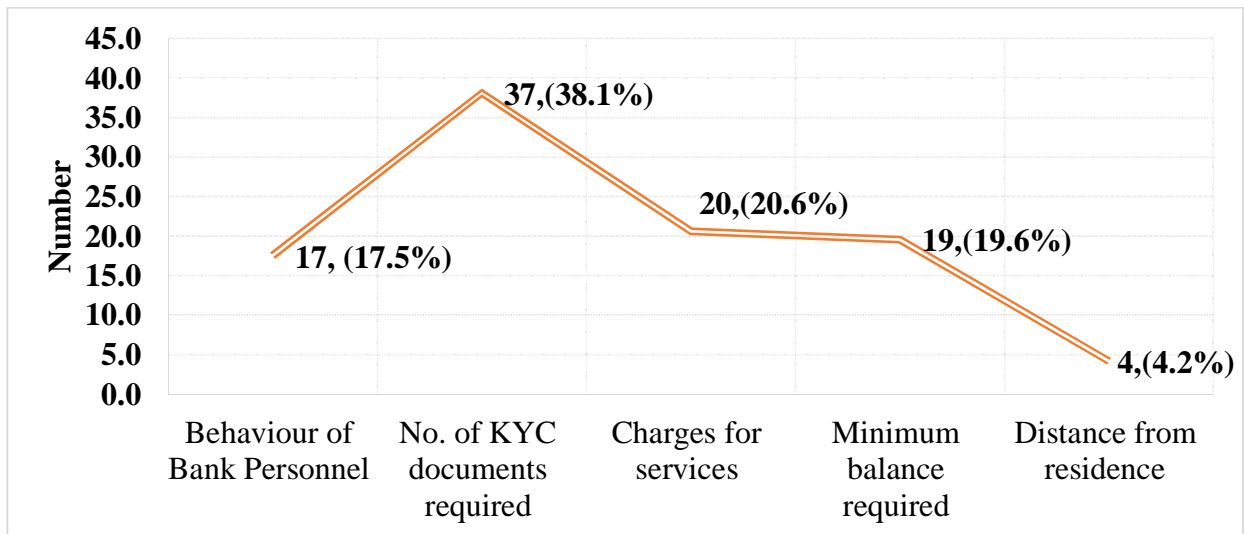


Chart 4.2.12 Reasons for not opening bank account

#### 4.2.13 Whether taken loans (non- institutional sources)

Table 4.2.13 Whether taken loans (non- institutional sources)

Take loans	No. of respondents	Percent of respondents
Yes	90	92.3%
No	7	7.7%
<b>Total</b>	<b>97</b>	<b>100%</b>

The above table represents the frequency of respondents who had taken loans from various non-institutional sources as well as respondents who had not taken loans. 93% (90) of respondents said they had taken credits or loans while only 7% (7) said they had not taken loans.

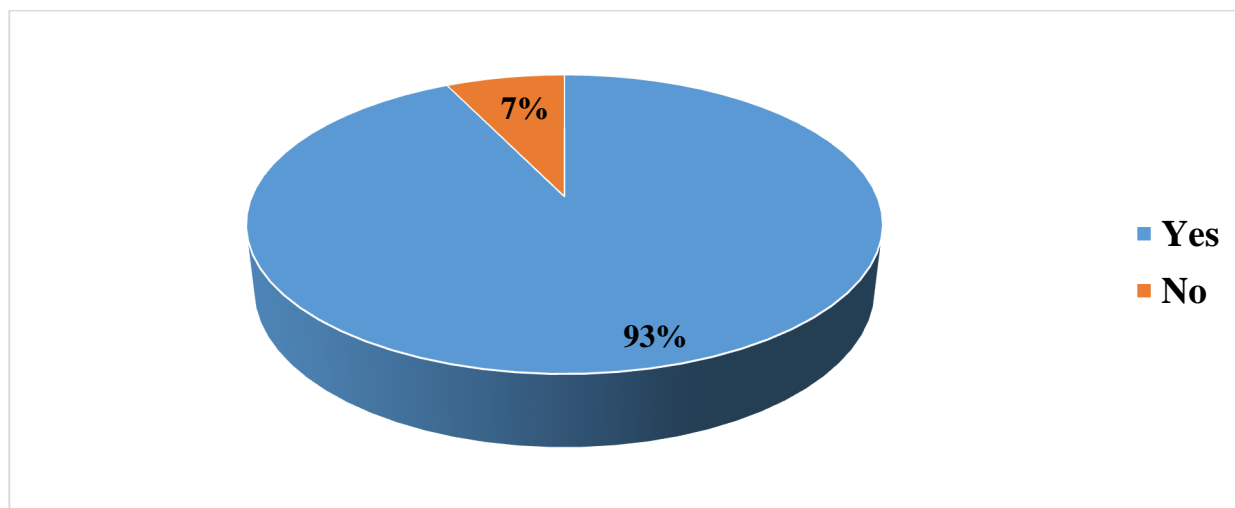


Chart 4.2.13 Whether take loans (non- institutional sources)

#### 4.2.14 Sources of loans

Table 4.2.14 Sources of loans

Sources of Loan	No of respondents	Percent of respondents
Moneylenders	47	51%
Landlords	14	16%
Relatives	6	7%
Friends	5	6%
Others	18	20%
<b>Total</b>	<b>90</b>	<b>100%</b>

From the table 4.2.14, which shows the different sources from where respondents had taken loans. 52% respondents said that they had taken loans from moneylender while 16% respondents had taken from landlords. 7% and 6% of the respondents had taken loans from relatives and friends respectively. Almost 20% of the respondents had taken loans from other sources like their employer, goldsmiths, pawn brokers etc.

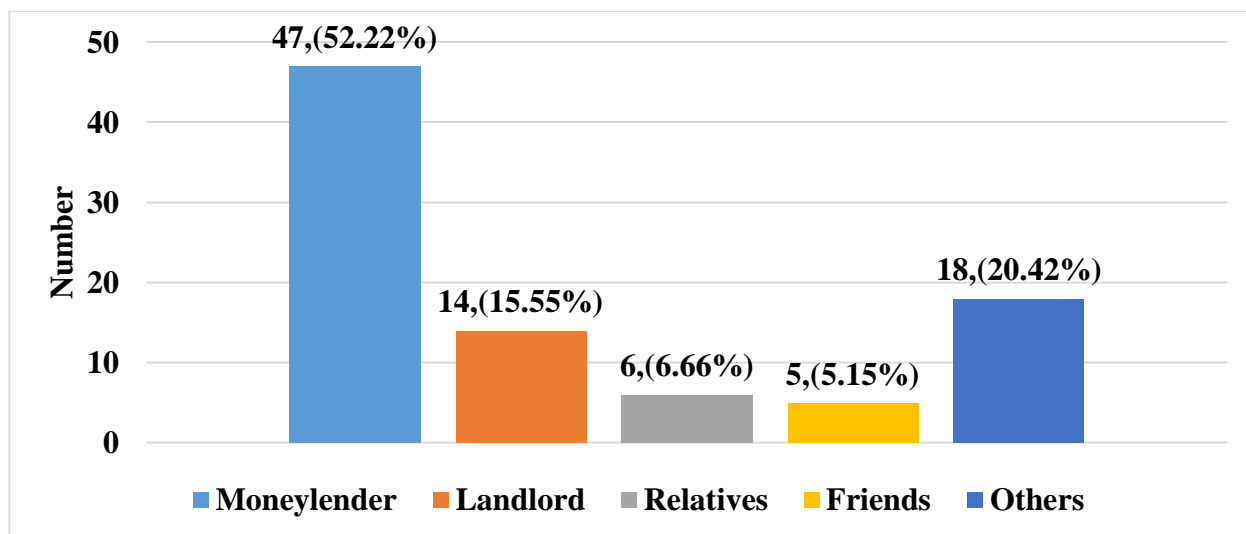


Chart 4.2.14 Sources of loans

#### 4.2.15 Quantum of loan taken

Table 4.2.15 Quantum of loan taken

Quantum of loan	No. of respondents	Percent of respondents
Upto 5000	23	25.55%
5001-10000	14	15.55%
10001-50000	39	43.33%
50001-100000	12	13.33%
1000001-125000	2	2.24%
<b>Total</b>	<b>90</b>	<b>100%</b>

The above table 4.2.15 shows the quantum of loan taken by the respondents from non- institutional sources. 26% of the respondents had taken loans upto Rs. 5,000 followed by 16% respondents who had taken loans between Rs.5,000 to 10,000. 43%

of the respondents had taken loans between Rs.10,000 to 50,000 whereas 13% respondents had taken loans more than Rs.50,000 to 1 lakh. Only 2% respondents had taken loan above Rs. 1lakh to 1,25,000.

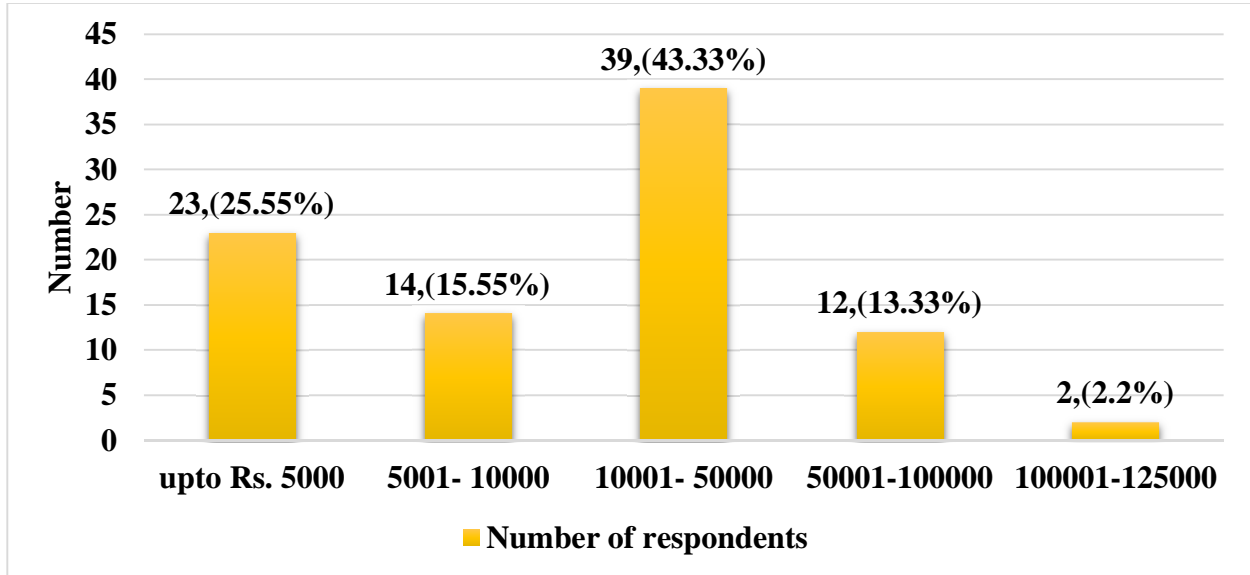


Chart 4.2.15 Quantum of loan taken

#### 4.2.16 Frequency of taking loans

Table 4.2.16 Frequency of taking loans

Freq. of taking loan	No. of respondents	Percent of respondents
Once in a year	51	57%
Twice in a year	12	13%
Thrice in a year	8	9%
Rarely	19	21%
<b>Total</b>	<b>90</b>	<b>100%</b>

Table 4.2.16 represents the frequency of taking credits from different sources. 57% of the respondents said that they had taken loans once in a year, 28% said that they had taken loans twice in a year, while 15% said that they take loans thrice in a year. 21% of the non-account holder respondents are such who had rarely taken loan.

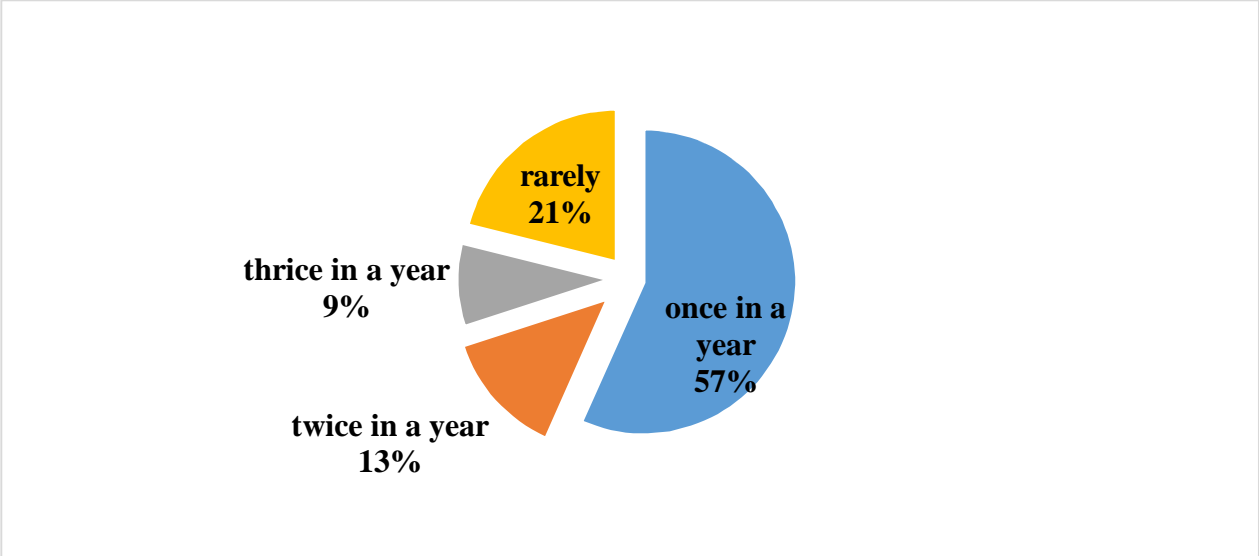


Chart 4.2.16 Frequency of taking loans

**4.2.17 Purpose of taking loans**

Table 4.2.17 Purpose of taking loans

Purpose	No. of respondents	Percent of respondents
Investment loan	12	13.5%
Marketing loan	0	0%
Production loan	22	24.5%
Consumption loan	56	62%
<b>Total</b>	<b>90</b>	<b>100%</b>

Table 4.2.17, represents the major purpose for which the respondents had taken loans. A majority of respondents constituting 62% had taken loans for consumption purpose while 25% of respondents had taken production loan. 13% of the respondents had taken investment loan while none of the respondents had taken loans for marketing purpose.

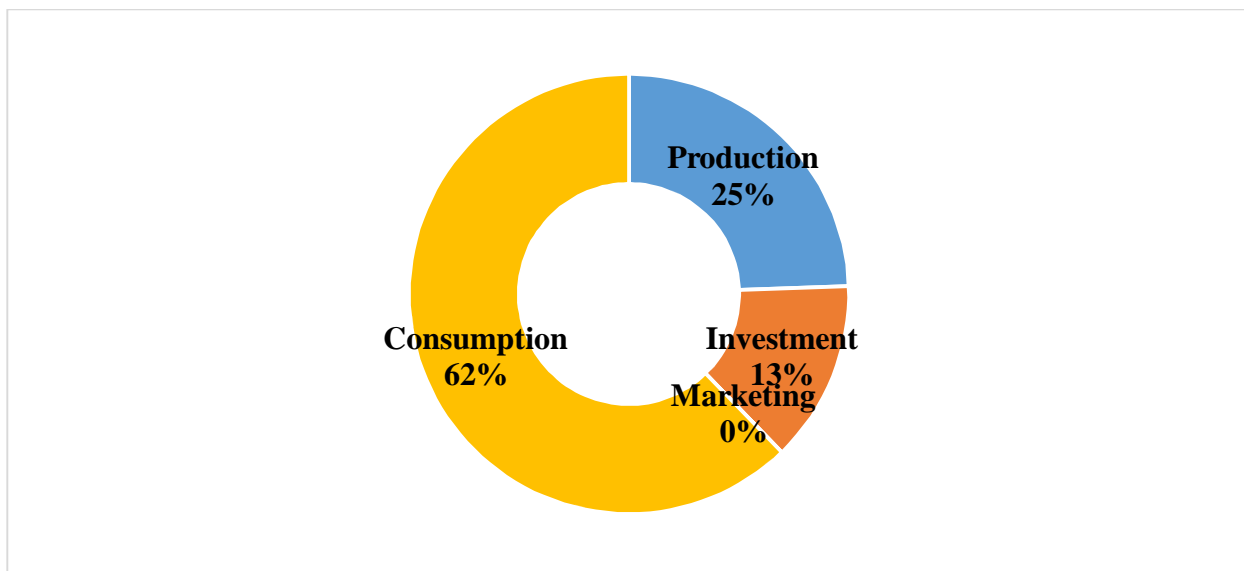


Chart 4.2.17 Purpose of taking loans

#### 4.2.18 Interest rate charged

Table 4.2.18 Interest rate charged

Interest rate charged	No. of respondents	Percent of respondents
1 pc per month	2	2%
2 pc per month	11	12%
3 pc per month	28	31%
No interest rate	10	11%
Never calculated	39	44%
<b>Total</b>	<b>90</b>	<b>100%</b>

The above table 4.2.18 shows the interest rate charged to the respondents for taking credit. Only 2% of the respondents were charged 1 percent per month while 12% of the respondents said they were charged at the rate of 2 percent per month. 31% of respondents say they were charged at the rate of 3 percent per month while 44 % of respondents said they have never calculated and unaware about what interest rate they were being charged. 11 percent respondents said they did not get charged if they take loan for a certain short period of time.

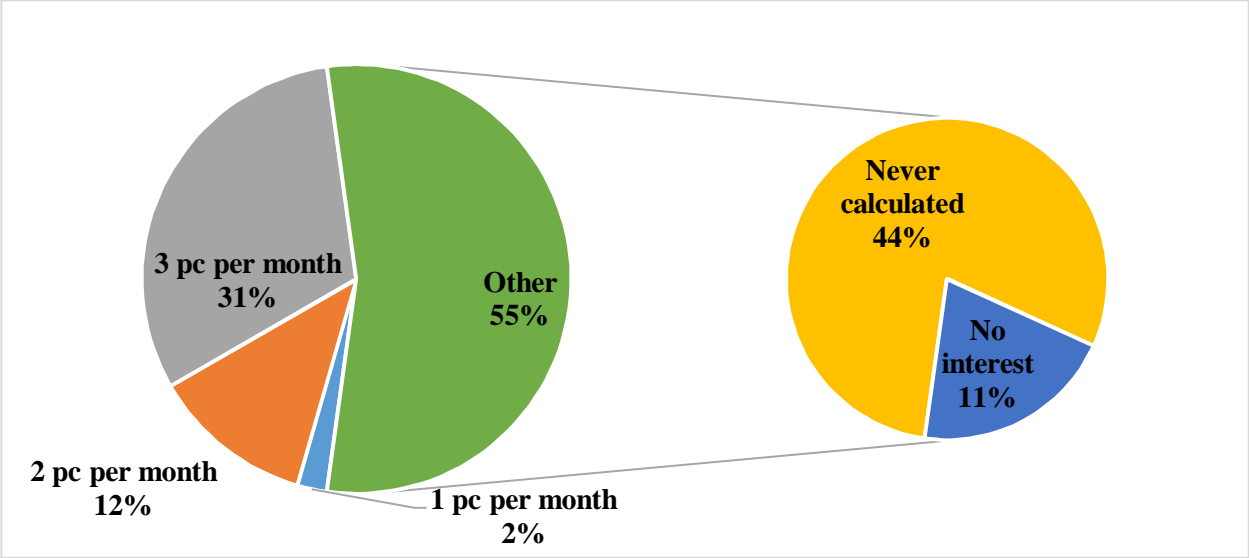


Chart 4.2.18 Interest rate charged

**4.2.19 Interest rate bank charge**

Table 4.2.19 Interest rate bank charge

Interest rate bank charge	No. of respondents	Percent of respondents
More than non-inst.	9	10%
Same as non-inst.	18	20%
Less than non-inst.	59	66%
No idea	4	4%
<b>Total</b>	<b>90</b>	<b>100%</b>

The above table 4.2.19 shows the respondents view about interest rate charged by the bank. Out of 90 respondents who had taken loans, 66% of the respondents said banks charge less than non-institutional sources, 20% respondents said banks charge same as non-institutional sources, while 10% respondents said that bank charge more than non- institutional sources. 4% of the respondents have no idea about the interest rate charged by the bank.

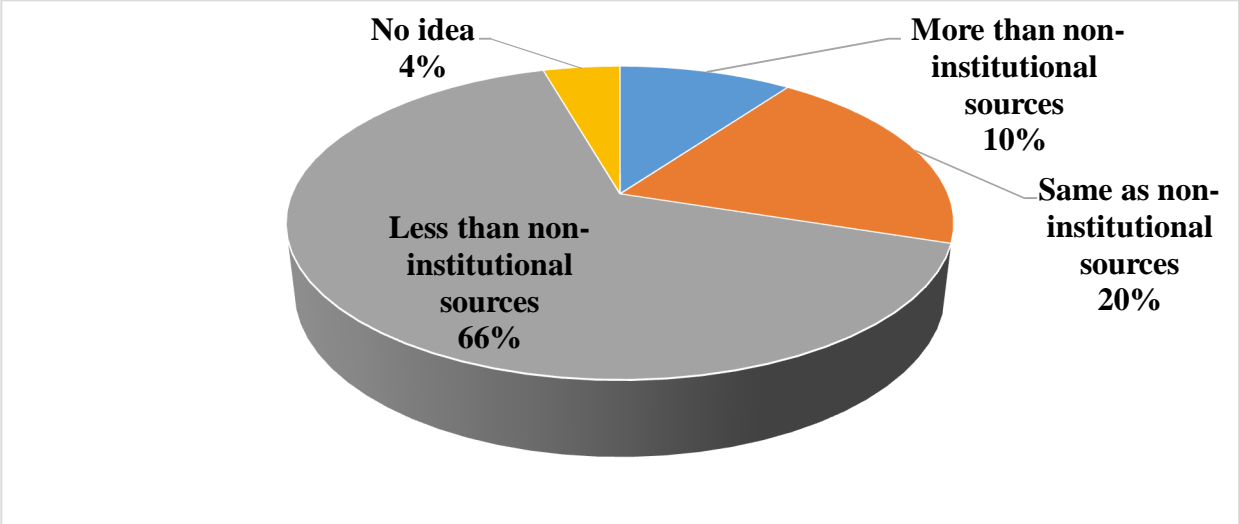


Chart 4.2.19 Interest rate bank charge

**4.2.20 Reason for going to non-institutional sources**

Table 4.2.20 Reason for going to non-institutional sources

Reason for going to non-institutional sources	No. of respondents	Percent of respondents
No documents required	19	21%
Easy availability	48	53%
No security required	13	15%
Trend	6	7%
Others	4	4%
<b>Total</b>	<b>90</b>	<b>100%</b>

The above table 4.2.20 represents the reasons for visiting of respondents to non-institutional sources. 21% (19) of the respondents took credit from non-institutional sources because no documentation was required while 53% of the respondents took loans from non-institutional sources because they were easily available in villages. 14 % of the respondents took loans from non-institutional sources because they did not demand any kind of security. 7% of the respondents said that taking credit from non- institutional sources was a trend while 4% of respondents took credit from non-

institutional sources for other reasons like nature of lender, charge is less, relatives or friends etc.

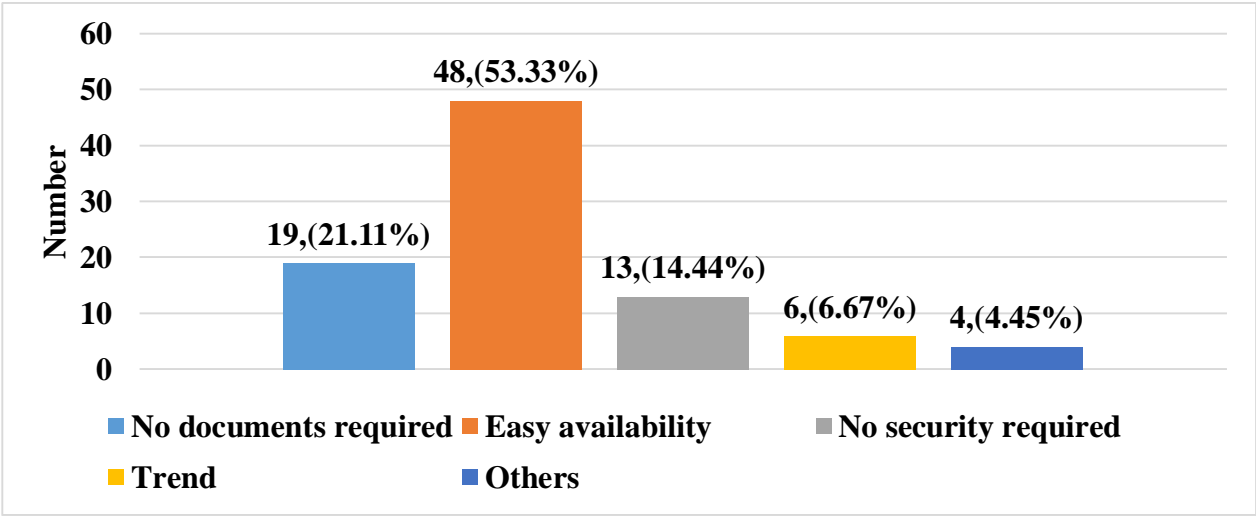


Chart 4.2.20 Reason for going to non-institutional sources

**Table 4.3.1 Branch-wise Sector-wise performance report of banks in  
Khambhat (2013-14)**

(Amount in Rs. thousand)

Sr. No.	BANKS WITH BRANCHES	CROP LOAN	MINOR IRRIGATION	FARM MECHANIZATION	DAIRY	PRIORITY	DRI	OTHER GOI PROG.	STATE GOVT. PROG.
<b>I</b>	<b><u>SBI</u></b>								
1.	CAMBAY	211258	--	--	--	211258	--	--	--
2.	GOLANA	144644	--	--	--	144644	--	--	--
3.	KANSARI	--	--	--	--	--	--	--	--
4.	CAMBAY(STATION ROAD)	62794	--	--	--	121936	--	--	--
<b>II</b>	<b><u>BOB</u></b>								
1.	CAMBAY	17706	--	1564	60	40920	--	1485	30
2.	INDUS. E	27931	--	8059	1915	49785	--	4810	--
3.	DHUVARAN	43448	554	1646	5200	58352	--	650	--
4.	UNDEL	11857	--	--	4934	17582	--	946	--
5.	VATADARA	8165	--	1576	11699	23075	--	1157	--
6.	KANISA	14132	--	515	29967	47550	30	3190	--
7.	NAGARA	19100	450	782	5462	25844	--	2925	--
<b>III</b>	<b><u>BOI</u></b>								
1.	JALUNDH	21942	--	--	--	25379	--	1030	--
2.	KHAMBHAT	17869	--	680	67	20273	--	--	--
<b>IV</b>	<b><u>BGGB</u></b>								
1.	KALAMSAR	16196	--	--	5568	21919	--	--	--
<b>V</b>	<b><u>CANARA BANK</u></b>								
1.	KHAMBHAT	803	--	--	300	10055	--	--	--
<b>VI</b>	<b><u>DENA BANK</u></b>								
1.	KHAMBHAT	104070	--	2349	100	114598	--	--	--
<b>VII</b>	<b><u>IOB</u></b>								
1.	CAMBAY	--	--	--	--	--	--	--	--
2.	METPUR	6825	--	--	--	6952	--	--	--
<b>VIII</b>	<b><u>UNION</u></b>								
1.	CAMBAY	39182	68	1240	9535	53736	--	--	--
<b>IX</b>	<b><u>PNB</u></b>								
1.	CAMBAY	2929	--	--	--	3079	--	--	--
<b>X</b>	<b><u>UCO</u></b>								
1.	CAMBAY	7982	255	1118	--	12438	--	--	--

Sr. No	BANKS WITH BRANCHES	CROP LOAN	MINOR IRRIGATION	FARM MECHANIZATION	DAIRY	PRIORITY	DRI	OTHER GOI PROG.	STATE GOVT. PROG.
<b>XI</b>	<b><u>CORPORATION BANK</u></b>								
1.	CAMBAY	29791	--	1200	3690	66416	--	--	--
2.	JINAJ	2365	128	634	503	4156	--	--	--
3.	PIPLOI	--	--	--	--	--	--	--	--
<b>XII</b>	<b><u>VIJAYA</u></b>								
1.	CAMBAY	5437	--	--	8800	53221	--	--	--
<b>XIII</b>	<b><u>HDFC</u></b>								
1.	KHAMBHAT	--	--	5102	--	74681	--	--	--
<b>XIV</b>	<b><u>ICICI</u></b>								
1.	KHAMBHAT	--	--	--	--	--	--	--	--
<b>XV</b>	<b><u>SLDB</u></b>								
1.	CAMBAY	9776	--	--	--	10614	--	--	--
<b>XVI</b>	<b><u>DCCB</u></b>								
1.	CAMBAY	118414	--	--	2155	124628	--	--	--
2.	UNDEL	6523	--	--	--	6576	--	--	--
	<b>TOTAL</b>								

Source: Lead Bank Office, BOB, Anand

**Table 4.3.2 Statement of banking figures in Anand district as on 31.12.2013**

BANKWISE CREDIT DEPOSIT RATIO AND OTHER INFORMATION AS ON 31.12.2013

SR. NO. OF THE BANK	NAME OF THE BANK	NO. OF BRs	CORE DEPOSITS	ADVANCES	C.D. RATIO	TOTAL AGR. ADV.	%AGE TO TOTAL ADV.	TOTAL P.S. ADV.	%AGE TO TOTAL ADV.	NON P.S. ADV.	%AGE TO TOTAL ADV.	WEAKER SECTION	%AGE TO TOTAL ADV.	WOMEN BENEFICIARIES	ADV. TO SCST	%AGE TO TOTAL ADV.	DRI ADV.	NRI DEPOSITS	(AMT. IN LACS)	
																			DEPOSITS	ADV.
<b>NATIONALISED BANKS</b>																				
1	ALLAHA	3	7355.00	2616.00	35.38	1167.00	44.81	1741.08	66.58	874.31	33.42	422.21	16.14	133.20	99.98	3.82	0.00	9.00		
2	ANDHRA	1	11755.73	1077.31	9.16	34.95	3.24	410.59	38.51	666.72	61.89	0.00	0.00	61.75	0.00	0.00	0.00	874.33		
3	BOB	53	490582.00	95897.00	19.55	36328.00	37.88	75834.00	78.77	20363.00	21.23	21989.00	22.93	7483.40	5055.00	5.27	307.00	147663.00		
4	BOI	19	153097.00	15538.00	10.02	9700.00	59.22	13222.00	85.11	2314.00	14.89	4821.00	31.03	6035.00	501.00	3.22	11.00	68829.00		
5	BOM	1	11055.00	2208.00	18.44	5.00	0.23	1407.00	63.76	788.00	36.22	2.00	0.09	14.00	1.00	0.05	0.51	504.00		
6	CANARA	3	42281.38	6338.14	19.73	249.78	2.99	1889.03	22.42	6489.11	77.58	150.67	1.61	307.44	28.42	0.34	2.97	1407.93		
7	CBI	32	195440.50	36252.91	20.06	23445.23	60.24	34297.45	57.35	4955.46	12.62	11436.67	28.14	382.54	1182.20	2.94	30.07	26849.36		
8	CORPO.	16	88575.00	7840.00	8.86	2555.00	33.83	5216.00	66.45	2633.00	33.55	1279.60	16.30	800.00	402.00	5.12	2.10	31255.00		
9	DENA	18	127895.00	14152.00	11.06	9242.00	65.31	11420.00	80.70	2732.00	19.30	7066.00	48.93	1777.00	284.00	2.01	72.00	15730.00		
10	INDIAN	1	11096.22	1959.46	17.75	439.53	22.27	1073.92	54.53	895.56	45.47	91.76	4.66	90.15	37.25	1.89	0.34	1076.80		
11	IOB	6	27448.43	1622.96	5.91	460.16	26.35	1537.13	94.71	45.25	2.79	239.21	14.74	247.33	76.02	4.68	0.37	3098.54		
12	OBC	5	38590.37	5842.01	15.10	287.77	4.63	3049.73	52.20	2792.28	47.80	306.51	5.25	6.02	70.96	1.21	0.00	2780.04		
13	PNB	8	34615.06	3379.29	9.76	450.68	13.33	2107.56	62.37	1271.74	37.63	14595.43	487.91	421.00	1375.23	40.70	2.01	16817.00		
14	SYNDI.	1	9155.86	894.94	9.78	11.27	1.26	558.79	62.44	336.15	37.56	125.64	14.04	105.29	92.03	10.28	3.00	993.04		
15	UCO	5	39556.00	5103.00	12.80	1686.00	33.04	3276.00	60.28	2027.00	39.72	364.93	5.95	264.33	145.85	2.86	1.86	3721.00		
16	UBI	16	110661.00	18195.00	16.41	12061.00	70.68	17151.00	94.26	1044.00	5.74	4812.52	28.45	1249.00	921.11	5.06	1.40	18903.00		
17	UTD. BOI	1	3347.10	558.68	16.69	0.00	0.00	423.99	75.89	134.69	24.11	43.07	7.71	127.80	43.00	7.70	0.07	531.17		
18	V.JAYA	2	18268.80	993.70	6.10	162.67	16.36	528.52	93.44	65.18	6.58	124.92	12.57	153.70	58.59	5.90	1.45	628.60		
SUB TOTAL		189	1422331.85	226483.42	15.85	98884.78	43.85	175024.39	77.82	50459.03	22.38	67650.58	30.10	22276.95	10343.64	4.69	436.15	335664.81		
<b>SBI GROUP</b>																				
1	SBI	32	254568.00	96338.00	37.48	27642.00	28.99	73755.00	77.36	21563.00	22.64	19920.00	20.89	28.30	8512.00	8.83	30.25	73390.00		
SUB TOTAL		32	254568.00	96338.00	37.48	27642.00	28.99	73755.00	77.36	21563.00	22.64	19920.00	20.89	28.30	8512.00	8.83	30.25	73390.00		
<b>KDCC &amp; GSCARDB</b>																				
1	KDCC	39	45164.79	16306.34	36.09	10724.88	65.77	13046.10	80.01	3260.24	19.99	3548.04	21.76	630.62	1011.27	6.20	0.00	0.00		
2	GSCARDB	4	229.96	1131.28	491.95	1031.96	91.22	1131.28	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
SUB TOTAL		43	45414.75	17437.62	38.40	11756.83	67.42	14177.38	81.30	3260.24	18.70	3548.04	20.35	630.62	1011.27	5.80	0.00	0.00		
<b>RRB</b>																				
1	BGBE	3	1183.00	1277.00	112.71	195.00	15.27	528.00	41.35	749.00	58.65	301.00	23.57	0.00	45.00	3.52	0.00	0.00		
GRAND TOTAL		267	1723236.60	338536.04	19.70	138478.59	40.78	263484.77	77.80	76061.27	22.40	91629.62	26.99	22937.87	19911.91	5.86	456.40	412054.81		

## BANKWISE CREDIT DEPOSIT RATIO AND OTHER INFORMATION AS ON 31.12.2013

		(AMT. IN LACS)																	
Sr. No.	Name of the Bank	No. of BRS	Core Deposits	Advances	C.D. Ratio	Total Agri. Adv.	%Age to Total Adv.	Total P.S. Adv.	%Age to Total Adv.	%Age to Non P.S. Adv.	%Age to Total Adv.	Wearer Section	%Age to Total Adv.	Women Beneficiaries	Adv. to SC/ST	%Age to Total Adv.	DRI Adv.	NRI Deposits	
PRIVATE SECTOR BANKS																			
1	ICICI	10	45161	14574	32.25	5029.00	34.51	10170.00	69.78	4404.00	30.22	1224.00	6.40	325.00	235.00	1.51	0.00	7316.00	
2	DBI	2	28414.00	1803.00	6.35	269.00	14.92	1144.00	63.45	659.00	36.55	12.00	0.67	5.00	50.00	2.77	0.00	2919.00	
3	HDFC	13	51385.77	37491.81	72.96	7142.25	19.05	17877.50	47.68	19614.31	52.32	3974.85	10.60	1026.00	1055.34	2.81	0.00	1138.14	
4	LAXMI VI.	1	2852.72	329.00	11.49	0.00	0.00	118.30	35.96	210.70	64.04	0.00	0.00	0.00	0.00	0.00	0.00	244.20	
5	AXIS	3	31797.67	10120.79	31.83	2087.00	20.82	10120.79	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7693.84	
6	KOTAK	2	23326.02	7220.96	30.96	412.66	5.71	5152.60	71.35	2068.35	28.64	2996.54	41.50	0.00	822.03	11.38	0.00	12572.64	
7	FEDERAL	3	1684.86	3698.50	212.14	137.49	3.44	1818.69	45.48	2179.81	54.52	71.96	1.80	0.00	0.40	0.01	0.00	63.96	
8	INDUSIND	2	6633.00	3635.00	43.42	1226.00	31.97	2386.00	62.27	1447.00	37.73	130.00	3.39	0.00	20.00	0.52	0.00	0.00	
9	KVB	1	3683.95	1540.94	38.68	0.00	0.00	102.50	6.65	1438.44	93.35	0.00	0.00	0.00	0.00	0.00	0.00	72.00	
10	YES	2	6983.00	633.78	9.08	13.47	2.13	44.30	6.99	593.48	93.01	13.31	2.10	0.00	0.00	0.00	0.00	825.00	
11	SIB	1	161.05	53.91	33.47	1.56	2.89	1.56	2.89	52.35	97.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
SUB TOTAL		40	204823.05	81601.69	39.84	16318.43	135.24	48938.24	512.52	32663.44	587.48	8422.66	68.45	1358.00	2182.77	19.12	0.00	32945.78	
GRAND TOTAL		307	1928069.85	421137.73	21.84	154797.02	36.76	312423.01	74.19	108714.71	25.81	100052.28	23.76	24295.87	22094.68	5.25	466.40	445000.59	

Source: Lead Bank Office, BOB.

## 5. SUMMARY AND CONCLUSIONS

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### 5.1 Summary

The study entitled “**A Study of Financial Inclusion in Rural areas of Khambhat Region in Gujarat**” was carried out to know the status of financial inclusion in Khambhat region. The topic to be studied was provided by the bank with some specific objectives. The objectives of the study were to find the awareness and perception of non- account holders towards banking services, study the access of rural house-holds to banking services, study the socio economic factors for opening of bank account and penetration of bank and availability of banking services in the area of study.

The study area was decided as Khambhat taluka of Anand district in Gujarat. 500 rural households were surveyed from selected villages of Khambhat. These respondents included bank account holders as well as non-account holders. Out of 500 rural households, 403 were having at least one bank account in their family while 97 rural households were having no bank account. The respondents from villages were selected based on the population. 31% of the accountholders had income less than two lakhs while 32% had income two lakhs to below two lakhs. 22% of respondents had income of 4 lakhs to below six lakhs whereas 7% respondents had annual income of six lakhs and above. Only 8 % of respondents belonged to no income group.

14% of respondents had one family member while 19% respondents had two family members having bank account. 25% of respondents had three members in their family having bank account while 42% of respondents had more than three family members having bank account.

Bank of Baroda is the lead bank of Anand district as well as leading bank in Khambhat region in terms of branches and business. 33% respondents dealt mostly with this bank followed by HDFC having 13% respondents.

Almost 75% respondents from villages of Khambhat had taken loan from institutional sources. Out of the total loans taken, 65% loans were production loan, 7% were marketing loan while 14% loans were investment and consumption loan each.

Respondents who had taken loan, 76% of them had faced difficulties while 24% had not faced any kind of difficulties. Majority of the respondent of rural areas of Khambhat had faced problems related to documentation while 21% of the respondents said demand for collateral/security. 10% of the respondents did not had sufficient information regarding interest rate to be charged whereas 6% of respondents said they faced problem of bribe or commission. Only 3 % of respondents faced other types of problems like joint disbursement, hidden charges, late or no reimbursement of subsidy etc.

19% of the total respondents surveyed did not had any bank account neither they were connected to any institutional financial institution.

33% of the non-account holders respondents had no annual income while 65% respondents had annual income of less than 2 lakhs. 2% respondents had annual income of 2 lakhs to below 4 lakhs whereas there were no non account holders in age group of 4 lakhs to below 6 lakhs and 6 lakhs and above.

92% of the non-account holder respondents had visited bank for opening bank account, while 8% had never tried so. 17.5% of the non-account holder respondents said the behavior of bank personnel while 38.1% of the non-account holder respondents said lack of KYC documents was the major reason for not opening of bank account. 20.6% of respondents said various charges for banking services,

where as 19.6% respondents said minimum balance requirement. Only 4.2% of the respondents said they were unable to open bank account due to distance factor.

93% of the non-account holder respondents had taken loans from non-institutional sources. Out of these respondents, 52% respondents had taken loans from moneylender, 16% from landlords, 7% and 6% from relatives and friends respectively, while 20% respondents had taken credit from other sources like employer, goldsmiths etc.

62% of the non-account holder respondents had taken loan for consumption purpose while 25% respondents had taken production loan.13% respondents had taken investment loans while no respondents had taken loans for marketing.

21% of the respondents had taken credit from non-institutional sources because no documentation was required while 53% of the respondents had taken loans from non-institutional sources because they were easily available in villages. 14 % of the respondents had taken loans because they did not demand any kind of security. 7% of the respondents said that getting credit from non- institutional sources is a trend while 4% of respondents had taken credit from non- institutional sources for other reasons like behavior of lender, charge was less, relatives or friends etc.

## 5.2 Conclusions

Qualification of majority of account holder respondents are limited to 12<sup>th</sup> std. and below. A large number of respondents are farmers and dairy farmers and 36% respondents have more than 2.5 acre to 5 acre of land holding.

94% of the respondents were having more than three members in their family while only 42% respondents had more than three bank account holders in their family. About 82% respondents are connected with commercial banks as well and business correspondent/business facilitator serve as an agent to outreach the customers (31.76%). Bank of Baroda is the leading bank in terms of business followed by HDFC bank and SBI.

87% respondents prefer cash transactions over non-cash transactions while 42% respondents visit bank/ATM more than three times in a month. Loans serve the basic purpose for opening of bank accounts by the respondents. Majority of the account holder take production loan which includes KCC and dairy loans.

Documentation is the major problem faced by the respondents for taking loans. About 8% account holder respondents do not have annual income in rural regions of Khambhat while 22% respondents are such who do not invest their money.

A large number of non-account holder respondents are farmer and landless labourers and 51% of the respondents have no land holding. The major expense occurred to the respondents is for fulfilment of daily requirements and everyday needs.

38% of the non-account holder respondents do not open bank accounts due to lack of sufficient KYC documents. A high number of respondents take loans from moneylenders whereas the quantum of loan taken for various purposes from different sources ranges from more than 10,000 to 50,000 with the major purpose of

consumption. Non-account holders respondents take loans from non- institutional sources of finance because of their easy availability and quick access.

## **Suggestions**

Financial training and literacy to the people in rural regions of Khambhat through banks can help in improving their understanding towards bank and its role. Business correspondents/ business facilitators are link between villagers and bank, hence they should be liberalized, properly guided and used extensively. Savings is the fundamental tool for rural people to have a better living. Rural people should be inculcated with the habit of savings. Adopting the ICT based agent bank model for ensuring door step delivery of financial products and services.

Bank should be in touch with lead bank continuously for proper guidance so that it can deal with customers efficiently of that region. Bank should check and eliminate the commission agents or corrupted bank personnels if any, to give better service to their customers. Bank should follow the guidance of RBI for relaxed Know Your Customer (KYC) documentation requirements for opening bank accounts for small customers.

Encouraging the SHG-Bank Linkage Model which is one of the largest micro finance models in the world, to outreach large number of customers. Identifying, attracting and creating potential customer base of the region and lending to them. The region is certified for Weavers credit card lending by the state government and has huge scope for Farmers' club formation.

Financial inclusion not merely means opening of accounts rather it means involving eligible individuals into the financial system by eliminating exploitation of non-institutional sources and channelizing different benefits through banks.

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## Annexure-I

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### Questionnaire (Account holders)

1. Name: \_\_\_\_\_
2. Address: \_\_\_\_\_
3. Gender: \_\_\_\_\_ 4. Age: \_\_\_\_\_
5. Education: \_\_\_\_\_ 6. Occupation: \_\_\_\_\_
7. Annual/Monthly income: \_\_\_\_\_ 8. Land Holding: \_\_\_\_\_
9. No. of family members: \_\_\_\_\_
10. Type of family: (1) Nuclear (2) Joint
11. No. of family members having bank account?  
(1) One (2) Two (3) Three (4) More than three
12. At present which financial institution(s) are you connected?  
(1) Private banks (2) Commercial Banks (3) RRB's (4) Cooperative Banks  
(5) Others, Specify the Names: \_\_\_\_\_
13. When did you open your first bank account?  
(1) Less than a year (3) More than 2 to 3 years ago  
(2) 1 to 2 years ago (4) More than 3 years ago
14. How you came across banking facilities?  
(1) Directly visiting the Bank (3) Through Friends/ Relatives  
(2) Through Business Correspondent/BF (4) Others \_\_\_\_\_
15. Purpose of opening bank account?  
(1) General Savings (4) Salary/Pension  
(2) Benefits from govt. (5) Others \_\_\_\_\_  
(3) Loans
16. Which type of investment(s) do you make?  
(1) General Savings (4) Insurance  
(2) Share Market (5) Others \_\_\_\_\_  
(3) Fixed Deposits (6) No Investment
17. Which type of transaction do you prefer the most? (1) Cash (2) Non- cash

18. At present which bank are you dealing the most? \_\_\_\_\_

19. Which service(s) of the bank do you avail?

- (1) Passbook
- (2) Mobile Banking
- (3) ATM
- (4) Internet banking Lockers
- (5) SMS Alerts
- (6) Cheques
- (7) Other \_\_\_\_\_

20. At present which bank are you dealing the most? \_\_\_\_\_

21. How often you visit the bank/ ATM (in a month)?

- (1) Rarely
- (2) Once in a month
- (3) Twice in a month
- (4) Thrice in month
- (5) More than three times

22. Have you ever tried/taken loan from the bank? (1)Yes (2) No

23. Which types of loan?

- (1) Investment loan
- (2) Marketing loan
- (3) Production Loan
- (4) Consumption loan

24. Whether problems faced in taking loan? (1) Yes (2) No

25. Which types of problems?

- (1) Documentation
- (2) Bribe/commission
- (3) Collateral
- (4) Interest rate dilemma
- (5) Others \_\_\_\_\_ -

26. Rate the following attributes while opening of bank account? (5= Most Important 4= Important, 3= Moderate, 2= Less Important 1= Not Important)

1. Less documents req.		2. Distance from residence		3. Min. Balance req.	
4. Behaviour of banking personnel		5. Interest rates/ Schemes		6. Words of mouth	
7. Charges for Services		8. Advertisements		9. Benefits from Govt.	

27. Any Suggestions?? \_\_\_\_\_

## Annexure-II

### Questionnaire (Non- Account Holders)

1. Name: \_\_\_\_\_
2. Address: \_\_\_\_\_
3. Gender: \_\_\_\_\_ 4. Age: \_\_\_\_\_
5. Education: \_\_\_\_\_
6. Occupation: \_\_\_\_\_ 7. Annual/ Monthly income: \_\_\_\_\_
8. No. of family members: \_\_\_\_\_ 9. Land Holding: \_\_\_\_\_
10. What services of banks known to you?
  - (5) Deposits
  - (6) Advances
  - (7) Payments
  - (4) Transfer of benefits
  - (5) Others \_\_\_\_\_
11. What are your major expenses? \_\_\_\_\_
12. What do you do with your savings?
  - (1) Keep at home
  - (2) Keep with friends/relatives
  - (3) Invest
  - (4) Meager or No Savings
  - (5) Others
13. Have you ever went to bank for opening a bank account?(1) Yes (2) No
14. If yes then why didn't you opened an account?
  - (1) Behavior of Bank Personnel
  - (2) No. of KYC documents required
  - (3) Charges for services
  - (4) Minimum balance required
  - (5) Distance from residence
15. Do you take loans? (1)Yes (2)No
16. What are the sources of loans?
  - (1) Moneylender
  - (2) Landlords
  - (3) Relatives
  - (4) Friends
  - (5) Other \_\_\_\_\_
17. What quantum of loan you have taken? \_\_\_\_\_
18. What is the frequency of taking loan (in a year)?
  - (1) Once
  - (2) Twice
  - (3) Thrice
  - (4) Rarely

19. For what purpose do you take loan?

(1) Investment loan

(3) Production Loan

(2) Marketing loan

(4) Consumption loan

20. What interest rate they charge?

(1) 1% per month

(2) 2% per month

(3) 3% per month

(4) Never calculated (5) No interest rate

21. What interest rate does bank charge?

(1) More than non-institutional

(3) Less than non-institutional

(2) Same as non-institutional

(4) No idea

22. Why you prefer non-institutional source for loan?

(1) No documents required

(4) Trend

(2) Easy availability

(5) Other \_\_\_\_\_

(3) No security required

23. Any Suggestions??? \_\_\_\_\_