

FINANCIAL LITERACY ABOUT BASIC BANKING TRANSACTIONS AND OPERATIONS AMONG THE PARTICIPANT FARMERS OF DAIRY VIGYAN KENDRA

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ABSTRACT -In the recent past there is a significant increase in the number of bank accounts held by farmers in rural areas. There have been significant developments in the country's banking sector such as the introduction of Jandhan accounts, demonetization, and several social benefit schemes offered to account holders. However, it is felt that financial literacy of basic banking services should be possessed by all bank account holders in order to easily operate their accounts, safeguard themselves from any fraud and to benefit themselves from various government development schemes which are primarily linked to account holders. Hence this research study was undertaken and the following methodology was followed. Total 100 respondents were selected for the study. The respondents were the participants of training programme conducted by the Dairy Vigyan Kendra during the year 2017-18 and were having bank accounts. Necessary data was collected from the respondents by using interview schedule with the respondents. The data analysis was done for making interpretations. The results indicated that respondent's knowledge of banking transactions was low- for example not all respondents could fill the transaction slips themselves, also awareness of various aspects of was low; also majority were not aware of interest rate on savings and FD. Hence it is suggested that, in the present era where the thrust is on initiatives such as -cashless transaction, digital transactions, mobile banking, financial inclusion, etc.; it is very necessary to improve the basic banking literacy of rural farmers.

KEYWORDS-Banking literacy, dairy farmers, digital India, cashless transactions, financial awareness.

1. INTRODUCTION

In the recent past there is a significant increase in the number of bank accounts held by farmers in rural areas. There have been significant developments in the country's banking sector such as the introduction of Jandhan accounts, demonetization, and several social benefit schemes offered to account holders. However, it is felt that financial literacy of basic banking services should be possessed by all bank account holders in order to easily operate their accounts, safeguard themselves from any fraud and to benefit themselves from various government development schemes which are primarily linked to account holders. Hence this research study was undertaken and the following methodology was followed.

Total 100 respondents were selected for the study. The respondents were the participants of training programme conducted by the Dairy Vigyan Kendra during the year 2017-18 and were having bank accounts. Necessary data was collected from the respondents by using interview schedule with the respondents. The data analysis was done for making interpretations.

2. OBJECTIVES

- To study the profile of selected respondents and having bank accounts
- To identify the type of accounts held, category of bank (Cooperative, Public sector banks, private banks) of respondents having bank accounts
- To know the level of financial literacy in terms of basic banking services among respondents having bank accounts

3. RESEARCH METHODOLOGY

A total 100 respondents were selected for the study. The respondents were the participants of training programme conducted by the Dairy Vigyan Kendra during the year 2017-18 and were having bank accounts. Necessary data was collected from the respondents by using interview schedule with the respondents. The collected data analysis was done for making interpretations.

4. OBSERVATIONS RECORDED, RESULTS AND INTERPRETATION:

The analysis of results and interpretations are given below.

Profile of respondents

I. Profile of respondents

1. Majority of respondents were in the age group 31 to 50 years (60%), around 68% were Male respondents and around 83% respondents were literate. Further, majority were from Panchmahal districts (68%) and 59% respondents had family size of 5 to 8 members (total 91% had family size below 8 members)
2. Majority (91%) of respondents had land ownership. Further, Majority had land holding 'less than 0.5 hectares' (47%) and '0.51 to 1.00 hectares' (22%), hence total 69% respondents had land below 2.00 hectares. Considerable 57% respondents had irrigated land.
3. Majority (93%) respondents owned Milch animals and around 87% had Buffaloes. Further, majority had herd size of 1 to 5 animals.
4. Majority (86%) had Daily milk collection 'less than 10 litres' (57% had less than 5 litres) and around 87% was sold to VDCS.
5. Considerable (60%) respondent families had no Smartphones and another 24% had only 1 Smartphone.

Banking account related information

1) Bank accounts in a given family

The details of family members of respondents having bank accounts is given in the table below.

Table 1 Distribution of respondents based on the No. of family members having bank accounts

| Sr. No. | No. of family members having bank accounts | Frequency | Percentage |
|---------|--|-----------|------------|
| 1 | 1 | 11 | 11% |
| 2 | 2 | 27 | 27% |
| 3 | 3 | 14 | 14% |
| 4 | 4 | 17 | 17% |
| 5 | 5 | 16 | 16% |
| 6 | 6 and above | 15 | 15% |
| 7 | Total Respondents | 100 | 100% |

The above table shows that 11% respondents said that only one family member had bank account and another 74% indicated that 2 to 4 members in their family had bank accounts.

2) Bank accounts held by the respondents

The details of bank accounts held by respondents is given in the table below.

Table 2 Distribution of respondents based on Number of bank accounts held by them

| Sr. No. | Number of bank accounts held by the respondent | Frequency | Percentage |
|---------|--|-----------|------------|
| 1 | 1 | 82 | 82% |
| 2 | 2 | 9 | 9% |
| 3 | 3 to 5 | 9 | 9% |
| 4 | Total respondents | 100 | 100% |

The above table shows that majority 82% of respondents had only 1 bank account and remaining 18% had more than one bank account.

3) Time lapsed after opening the first bank account by respondents

The details of Time lapsed after opening the first bank account by respondents is given in the table below.

Table 3 Distribution of respondents based on the time lapsed after opening the first bank account by them

| Sr. No. | Bank accounts opened since | Frequency | Percentage |
|---------|----------------------------|-----------|------------|
| 1 | < 1 year | 14 | 14% |
| 2 | 1 to 2 year | 16 | 16% |
| 3 | 3 to 5 years | 32 | 32% |
| 4 | 6 to 10 years | 20 | 20% |
| 5 | above 10 years | 18 | 18% |
| 6 | Total respondents | 100 | 100% |

The above table shows that around 30% respondents had bank accounts of age less than 2 years, around 32% respondents had bank accounts of age between 3 to 5 years, and another 38% had bank accounts of age above 6 years. Hence we can say that only 30% respondents had new bank accounts and 70% had old bank accounts.

4) Respondent's ability to recall the Basic bank account related information

The details of Respondent's ability to recall the Basic bank account related information is given in the table below

Table 4 Distribution of respondents based on the respondent's ability to recall the Basic bank account related information

| Sr. No. | Respondents ability to recall the Basic bank account related information | Frequency | Percentage |
|---------|--|-----------|------------|
| 1 | Unable to recall name of bank | 4 | 4% |
| 2 | Unable to recall the branch of bank | 8 | 8% |
| 3 | Unable to correctly identify the category of bank (Public/Private/Coop) | 15 | 15% |
| 4 | Unable to identify the type of account (Savings/current/etc.) | 8 | 8% |
| 5 | Total respondents | 100 | 100% |

The above table shows that 4% respondents were Unable to recall name of bank and 8% respondents were Unable to recall name of branch. While the data revealed that the major banks where respondents had bank accounts were Bank of Baroda, State Bank of India, Dena Bank, Allahabad bank, Gujarat Gramin bank, etc. and only one respondent had account in cooperative bank, around 15 % respondents were Unable to identify the category of bank (Public/Private/Coop). Further, around 92% respondents identified their accounts as savings account but 8% respondents were unable to identify the type of account (Savings/current/etc.).

5) Knowledge of the procedure for opening a bank account

The details of Respondent's Knowledge of the procedure for opening a bank account is given in the table below

Table 5 Distribution of respondents based on their Knowledge of the procedure for opening a bank account

| Sr. No. | Do you know the procedure for opening a bank account? | Frequency | Percentage |
|---------|---|-----------|------------|
| 1 | Yes | 59 | 59% |
| 2 | No | 41 | 41% |
| 3 | Total respondents | 100 | 100% |

The above table shows that 59% of respondents had knowledge of the procedure for opening a bank account

6) Person who helped the respondent in opening a bank account

The details of Person who helped the respondent in opening a bank account is given in the table below.

Table 6 Person who helped the respondent in opening a bank account

| Sr. No. | Person who helped the respondent in opening a bank account | Frequency | Percentage |
|---------|--|-----------|------------|
| 1 | Bank officer | 15 | 37% |
| 2 | Brother / son / Family member | 5 | 12% |
| 3 | Relative | 15 | 37% |
| 4 | Friend/Neighbor | 6 | 15% |
| 5 | Total respondents who opened account with help of others | 41 | 100% |

The above table shows that main persons who helped the respondents (total 41 respondents not knowing how to open a bank account) in opening their bank accounts were Bank officer and relatives.

7) Knowledge of documents needed to open bank account

The details of respondent's Knowledge of documents needed to open bank account is given in the table below

Table 7 Knowledge of documents needed to open bank account

| Sr. No. | Document needed to open bank account | Frequency | Percentage |
|---------|--------------------------------------|-----------|------------|
| 1 | Aadhar card, election , Photo | 59 | 100% |

| | | | |
|---|--|----|------|
| 2 | Total respondents who said that they knew how to open bank account | 59 | 100% |
|---|--|----|------|

The above table shows that all the 59 respondents knew the documents needed to open a bank account.

8) Accounts opened under Jan DhanYojana

The following table shows the details of respondent's accounts opened under Jan DhanYojana.

Table 8 Details of accounts opened under Jan DhanYojana

| Sr. No. | Was the bank a/c opened under Jan DhanYojana? | Frequency | Percentage |
|---------|---|-----------|------------|
| 1 | Don't know | 20 | 20% |
| 2 | Yes | 23 | 23% |
| 3 | No | 57 | 57% |
| 4 | Total respondents | 100 | 100% |

The above table shows that 57% respondents said their account was not opened under Jandhan scheme, 23 % respondents said their account was opened under Jandhan scheme and remaining 20% respondents said they did not know whether their account was opened under Jandhan scheme or not.

9) Accounts opened because of Demonetization

The following table shows the details of respondent's Accounts opened after Demonetization.

Table 9 Details of Accounts opened after Demonetization

| Sr. No. | Was the account opened after Demonetization | Frequency | Percentage |
|---------|---|-----------|------------|
| 1 | Yes | 11 | 11% |
| 2 | No | 89 | 89% |
| 3 | Total respondents | 100 | 100% |

The above table shows that 89 % respondents said that their account was opened before demonization.

10) Reasons for opening the bank account

The following table shows the Main reason for opening the bank account

Table 10 Reason for opening the bank account

| Sr. No. | Main reason for opening the bank account | Frequency | Percentage |
|---------|--|-----------|------------|
| 1 | No particular reason | 45 | 45% |
| 2 | Subsidy | 20 | 20% |
| 3 | safety | 17 | 17% |
| 4 | Save money | 14 | 14% |
| 5 | Direct benefits/ Scholarship etc. | 4 | 4% |
| 6 | Total respondents | 100 | 100% |

The above table shows that 45% respondents said that there was no particular reason for opening the bank account, 17% said that the reason was to keep money safe, 14% said the reason was to save money, and remaining 24% said the reason was to get subsidy, direct benefits and scholarship.

Banking transaction/operations related information

11) Usage of thumb impression or sign for banking transaction

The following table shows the Usage of thumb impression or sign for banking transaction

Table 11 Distribution of respondents based on the Usage of thumb impression or sign for banking transaction

| Sr. No. | Use of thumb impression or sign for transaction | Frequency | Percentage |
|---------|---|-----------|------------|
| 1 | Signature | 83 | 83% |
| 2 | Thumb impression | 17 | 17% |
| 3 | Total respondents | 100 | 100% |

The above table shows that around 17 % respondents used Thumb impression for banking transactions.

12) Knowledge of Documents needed to withdraw cash from bank

The following table shows respondent's Knowledge of Documents needed to withdraw cash from bank

Table 12 Distribution of respondents based on their knowledge of Documents needed to withdraw cash from bank

| Sr. No. | Documents needed to withdraw cash from bank | Frequency | Percentage |
|---------|---|-----------|------------|
|---------|---|-----------|------------|

| | | | |
|---|------------------------------|-----|------|
| 1 | Don't Know | 8 | 8% |
| 2 | Withdrawal slip and passbook | 46 | 46% |
| 3 | Withdrawal slip | 44 | 44% |
| 4 | Passbook | 2 | 2% |
| 5 | Total respondents | 100 | 100% |

The above table shows that only 8% of the respondents did not know the documents (withdrawal slip/passbook) required to withdraw cash from bank.

13) Ability to fill banking transaction slips

The following table shows Respondent's Ability to fill banking transaction slips

Table 13 Respondent's Ability to fill banking transaction slips

| Sr. No. | Ability to fill transaction slips | Frequency | Percentage |
|---------|------------------------------------|-----------|------------|
| 1 | know how to fill withdrawal slip | 66 | 66% |
| 2 | Know how to fill Cash deposit slip | 59 | 59% |
| 3 | Total Respondents | 100 | 100% |

The above table shows that 66% of the respondents could fill the cash withdrawal slips while 59% respondents knew how to fill cash deposit slips.

14) Knowledge of rate of interest on Savings account

The following table shows respondent's Knowledge of rate of interest on Savings account

Table 14 Distribution of respondents based on their knowledge of rate of interest on Savings account

| Sr. No. | Rate of interest earned on savings account | Frequency | Percentage |
|---------|--|-----------|------------|
| 1 | Around 3 to 4% p.a | 13 | 13% |
| 2 | Don't know/ wrong answer | 87 | 87% |
| 3 | Total Respondents | 100 | 100% |

The above table shows that 87% respondents did not know the correct rate of interest available on savings account.

15) Knowledge of Rate of interest earned on one year Fixed Deposit.

The following table shows the respondents Knowledge of Rate of interest earned on one year Fixed Deposit

Table 15 Distribution of respondents based on their knowledge of rate of interest on one year FD

| Sr. No. | Rate of interest earned on Fixed deposit | Frequency | Percentage |
|---------|--|-----------|------------|
| 1 | Around 6 to 9 % p.a | 10 | 10% |
| 2 | Don't know/ wrong answer | 90 | 90% |
| 3 | Total Respondents | 100 | 100% |

The above table shows that 90 % respondents did not know the correct rate of interest available on one year Fixed Deposits(FD)

16) Ability to identify the type of cheque

The following table shows Respondent's Ability to identify the type of cheque

Table 16 Respondent's Ability to identify the type of cheque

| Sr. No. | Type of cheques | Frequency | Percentage |
|---------|--|-----------|------------|
| 1 | Cheque used for cash withdrawal is called Bearer Cheque | 16 | 16% |
| 2 | Cheque used for paying in the account is called Account Payee Cheque | 19 | 19% |
| 3 | A cheque is valid for 3 months | 21 | 21% |

| | | | |
|---|-------------------|-----|------|
| 4 | Total respondents | 100 | 100% |
|---|-------------------|-----|------|

The above table shows that only 16% respondents could correctly indicate that Cheque used for cash withdrawal is called Bearer Cheque, only 19% respondents could correctly indicate that Cheque used for paying in the account is called Account Payee Cheque, and only 16% respondents could correctly indicate that a cheque is valid for 3 months.

Miscellaneous information

17) Frequency of respondent's visits to a bank during a month

The following table shows Distribution of respondents based on the number of visits to the bank in a month

Table 17 Distribution of respondents based on the number of visits to the bank in a month

| Sr no. | Number of visits to the bank in a month | Frequency | Percentage |
|--------|---|-----------|------------|
| 1 | 0 times | 18 | 18% |
| 2 | 1 to 5 times | 75 | 75% |
| 3 | 6 to 10 | 4 | 4% |
| 4 | > 10 | 3 | 3% |
| 5 | Total respondents | 100 | 100% |

The above table shows that 18% respondents did not visit the bank even once in a month, however around 75% respondents visited the bank up to 5 times in a month.

18) Distance between respondent's house and the bank

The following table shows details of the distance between their bank and house

Table 32 Distribution of respondents based on the distance between their bank and house

| Sr no. | Distance of bank from respondent's house (km) | Frequency | Percentage |
|--------|---|-----------|------------|
| 1 | Up to 1 | 16 | 16% |
| 2 | 2 to 5 | 47 | 47% |
| 3 | 6 to 10 | 27 | 27% |
| 4 | above 10 | 10 | 10% |
| 5 | Total respondents | 100 | 100% |

The above table shows that around 90% of the respondents were staying within 10 km distance from their bank.

19) Travelling cost of visiting the bank

The following table shows the details of travelling cost of visiting the bank

Table 33 Respondent's Travelling cost of visiting the bank

| Sr no. | Respondent's Travelling cost of visiting the bank | Frequency | Percentage |
|--------|---|-----------|------------|
| 1 | Nil | 17 | 17% |
| 2 | 5 to 10 | 37 | 37% |
| 3 | 15 to 20 | 28 | 28% |
| 4 | 20 to 50 | 18 | 18% |
| 5 | Total respondents | 100 | 100% |

The above table shows that around 54% respondents had to spend around Rs 10 as travelling cost during their single visit to their bank. Hence we can say that around 82% respondents had to spend around Rs 20 as travelling cost during their single visit to their bank.

20) Time spent by respondent in the bank during their visit

The following table shows details of Time spent by respondent in the bank during their visit

Table 18 Time spent by respondent in the bank during their visit

| Sr no. | Time spent by respondent in the bank during their visit | Frequency | Percentage |
|--------|---|-----------|------------|
| 1 | Less than 30 min | 49 | 49% |

| | | | |
|---|-------------------|-----|------|
| 2 | 31 min to 1 hr | 36 | 36% |
| 3 | Up to 2 hrs | 12 | 12% |
| 4 | more than 2 hrs | 3 | 3% |
| 5 | Total respondents | 100 | 100% |

The above table shows that around 49% respondents used to spend less than 30 minutes at the bank, around 36% used to spend around 31 to 60 minutes in the bank.

21) Feedback & Suggestions given by respondents

The following table shows the feedback & suggestions given by respondents

Table 35 Feedback & Suggestions given by respondents

| Sr no. | Feedback & Suggestions | Frequency | Percentage |
|--------|---|-----------|------------|
| 1 | Training should be provided | 10 | 10% |
| 2 | Problems of connectivity, electricity and non-availability of cash at the bank. | 1 | 1% |
| 3 | Total respondents | 100 | |

The above table shows that the main suggestions were to provide banking related training and to address the Problems of connectivity, electricity and non-availability of cash at the bank.

Summary of Results and interpretation

II Basic bank account related information

1. Considerable (74%) respondent had more than 1 bank accounts in their family, while around 82% of respondents themselves had only 1 account in only one bank, and Majority 70% bank accounts were more than 2 years old.
2. Around 4% respondents were Unable to recall name of bank and 8% respondents were Unable to recall name of branch, 15 % respondents were Unable to identify the category of bank (Public/Private/Coop), 8% respondents were unable to identify the type of account (Savings/current/etc.).
3. Considerable 59% of respondents had knowledge of the procedure for opening a bank account and knew the documents needed to open a bank account.
4. The main persons who helped the respondents (total 41 respondents not knowing how to open a bank account) in opening their bank accounts were Bank officer and relatives.
5. Around 57% respondents said their account was not opened under Jan dhan scheme and 89 % accounts were opened before demonization. Further, 45% respondents said that there was no particular reason for opening the bank account, and remaining 24% said the reason was to get subsidy, direct benefits and scholarship.

III. Basic banking transaction/operations related knowledge

1. Around 17 % respondents used Thumb impression for banking transactions and Majority knew about the documents (withdrawal slip/passbook) required to withdraw cash from bank.
2. Considerable (66%) of the respondents could fill the cash withdrawal slips while considerable (59%) respondents knew how to fill cash deposit slips.
3. Majority (87%) respondents did not know the correct rate of interest available on savings account and a high number (90%) of respondents did not know the correct rate of interest available on one year FD.
4. Only 16% respondents could correctly indicate that correct meaning of bearer and account payee cheques. Further, only 16% respondents could correctly indicate that a cheque is valid for 3 months.

IV. Miscellaneous findings

1. Around 28% respondents had availed crop loans from banks and very few respondents (3% to 6%) had availed Home loan, car loan, consumer durable loan or gold loan.
2. Around 18% respondents did not visit the bank even once in a month, however around 75% respondents visited the bank up to 5 times in a month.
3. Around 90% of the respondents were staying within 10 km distance from their bank.
4. Around 54% respondents had to spend around Rs 10 as travelling cost during their single visit to their bank. Hence we can say that around 82% respondents had to spend around Rs 20 as travelling cost during their single visit to their bank.

5. Around 49% respondents used to spend less than 30 minutes at the bank, around 36% used to spend around 31 to 60 minutes in the bank.
6. The main suggestions were to provide banking related training and to address the Problems of connectivity, electricity and non-availability of cash at the bank.

CONCLUSION

It can be said that, according to the findings, respondent's knowledge of banking transactions was low- for example not all respondents could fill the transaction slips themselves, also awareness of various aspects of was low; also majority were not aware of interest rate on savings and FD. Hence it is suggested that, in the present era where the thrust is on initiatives such as -cashless transaction, digital transactions, mobile banking, financial inclusion, etc.; it is very necessary to improve the basic banking literacy of rural farmers.

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