

Uttarakhand Gramin Banks’ Services on Rural Economic Development in Uttarakhand with Reference to Dehradun



Amit Kr. Uniyal, Ravi Prasad

Abstract: From its origins in the 18th century, the Indian banking sector has come a long way. The financial revolution resulted in the introduction of ATMs, debit and credit cards, NEFT, RTGS, and internet banking, among other things. However, technological developments around the world have put pressure on the banking sector to use better technology. This paper focuses on Uttarakhand Gramin Banks’ innovative banking services and its efforts made in uplifting the rural economy in Dehradun region of Uttarakhand. The study aims to investigate the effect of emerging technology on rural customer’s satisfaction level and the growth of the rural economy in the Dehradun area. Primary data was collected from the banks’ customers and analyzed, yielding substantial results on the subject. The result shows that customers are not satisfied to an extent with the services of this bank and its efforts in enhancing the rural economy. The rural banks need to enhance its services in terms of quality and provide effective banking services for rural development.

Keywords: Digital Banking Services, Gramin Bank, Customer Satisfaction, Rural Economy

I. INTRODUCTION

Every modern economy's lifeblood is banking.. It's one of the essential pillar that play a critical role in an economy. For a country's economic growth, its funding needs for commerce, manufacturing, and agriculture must be met with greater dedication and responsibility. Banks should not be seen as money traders in a modern economy but rather as economic development leaders. Banks play an essential role in mobilizing deposits and the disbursement of loans to various sectors of the economy.

The banking system represents the country's economic health. The banking industry has gained access to new markets, new products, and more productive distribution networks due to liberalization and information technology. In the current scenario, technology has allowed banks to open branches in the lobby of a commercial building without the need for manual labor. Tele Banking, ATMs, Internet Banking, Mobile Banking, and E-banking keep the system open for 24 hours a day, seven days a week. These technology-driven distribution networks are used to serve the greatest number of consumers for the least amount of money and in the most effective way possible.

The benefit of these banking innovations is that they provide a win-win situation for both the banker and the client. Technology that is used effectively has a multiplier impact on growth and development. India's economy was opened, and private and foreign investors were invited to invest. This transition marked the entry of private players into the banking sector. The RBI issued banking licenses to ten private banks, some of which have survived like- HDFC, Axis Bank, DCB, ICICI, and Indus Ind. Bank. In 1998, the Narsimham Committee suggested that more private players join.

As a result, the RBI licensed Kotak Mahindra Bank in 2001 and Yes Bank in 2004. After almost a decade, the third round of licensing took place. IDFC Bank and Bandhan Bank were granted licenses by the RBI in 2013-14. The storey did not end there; the RBI launched two new banks – payments banks and small banks – to ensure that every Indian has access to finance, marking the fourth phase in the banking sector..

Globalization led to technological development in Indian Banking sector.

Table 1- The table below shows the technological development of Indian banking sector.

Sl.No	1980	1990	2000-10	2011-2018
1	MICR	ATM	IMPS	Bio Metrics
2	Standard Cheques	Electronic fund transfer	RTGS	Mobile banking
3	Encoder	Branch connectivity	NEFT	Cheque Truncation
4	-	Computerization	NECS	UPI
5	-	-	Online banking	USSD
6	-	-	Tele banking	E-wallet

Source: ICAI

Manuscript received on 21 March 2021 | Revised Manuscript received on 09 April 2021 | Manuscript Accepted on 15 October 2021 | Manuscript published on 30 October 2021.

* Correspondence Author

Dr. Amit Kumar Uniyal*, Department of Commerce, Graphic Era Deemed to be University, Dehradun, India. Email: amituniyal171@gmail.com

Mr. Ravi Prasad, Department of Law, Uttaranchal University, Dehradun, India. Email: raviprasad2007@gmail.com

© The Authors. Published by Lattice Science Publication (LSP). This is an open access article under the CC-BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>)

Uttarakhand Gramin bank’s innovative banking products and Services

Uttarakhand Gramin Bank, established under the RRBs Act 1976 and sponsored by the SBI.

Following the merger of two former RRBs in Uttarakhand, namely Uttaranchal Gramin Bank, Dehradun (Sponsored by SBI) and Nainital Almora Kshetriya Gramin Bank, Haldwani, the State Bank of India was founded on November 1, 2012. (Sponsored by Bank of Baroda), The bank's share capital was Rs. 4214.87 Lacks as of 31.03.2019, with contributions from the Central Government, the State Government, and the Sponsor Bank in the proportions of 50:15:35. The bank's coverage area spans all 13 counties and is served by a network of 286 branches. The bank's service area is rural, with 238 rural branches, 34 semi-urban branches, and 14 urban branches to serve this population density. IMPS, PPI, NEFT and are among the banking services RBI promotes, and banks are working to raise awareness of these services among rural customers.

The following are the different types of digital payments available to bank customers.

- i. Debit/Credit Card:.
- ii. RTGS/NEFT
- iii. Immediate Payment Service (IMPS)
- iv. Unified Payment Interface (UPI)
- v. Unstructured Supplementary Service Data (USSD)
- vi. E-Wallet

II. LITERATURE REVIEW

Dr. R. Sivakumar et al. (2020) : The author has examined the impact of digital marketing like on overall rural bank performance. The study reveals that it has increased the performance of Indian rural Banks. The banking sector needs to understand the impact of technological up gradation on profitability and productivity of rural bank. Adoption of the digital technology is essential of the survival of rural banks.

Lavanya V.(2019) : The researcher has examined the impact of digital banking on Indian Economy. The study has examined that with the rise in online transactions, one can notice how people are becoming more inclined to use digital payment services instead of cash. The digital banking services should be designed in such a way that it is customer friendly and it is easy to use for the rural customers.

Singh, R.et al. (2019) –The researcher analyzed the opportunities and challenges that are emerging in rural banking, with a focus on digitalization. In today's banking setting, digital literacy is critical. By collaborating with various educational organizations and non-governmental organizations, the study concludes that there are tremendous opportunities to raise awareness about digital transactions and financial literacy among rural citizens. Banks may also include multilingual online payment channels, such as mobile apps in regional languages, to make transactions more convenient.

Manjula Bai, H (2019) - The service quality of the R.R.B. has been studied by the researcher. The customer evaluates the quality of service on the basis of parameters like assurance, reliability, responsiveness etc. Customer satisfaction will depend on its service quality. But there are no standard scales to measure the quality of service in banking sector.

Puttaswamy Gowda. M (2018) - The paper has discussed about the concept and growth of internet banking in rural areas. The main objective of research is to analyse

the role e-banking in rural area. The study analyses the importance of ICT in Indian banking sector. The advancement of technology has taken place with immense use of internet, mobiles and online bill payments in India. A strong banking system will improve and uplift the Indian economy from its grass-roots level and rural population will contribute in country's economic growth.

Kumar, Satish et al.(2018) – The manuscript it states that to retain existing customers and attract new ones in this digital age, RRBs must focus on providing fast, high-quality, and safe banking services. Furthermore, rural banks must eliminate inconsistencies in their operations that result in an unequal relationship between banker and consumer. To address this problem, bank employees should engage with customers more facilities. Banks should establish their branches in areas where consumers do not have access to banking services.

Goswami & Boro (2018). In this paper the researcher has made an attempt to identify most prominent technology based banking service as well as factors that trigger usage of such service by urban customers. A sample of 350 respondents were surveyed out of which 302 was found suitable for data analysis. Test statistics like ANOVAs, chi-square, cross tabulation and factor analysis were used in order to analyze the data. The result concluded that easy to use factors were found to influence technology based banking service usage.

Najah Hassan Salamah (2017) : The effect of electronic banking services on banking transactions was investigated by the researcher. According to the findings, electronic services have aided in increasing the bank's financial operation as well as the number of clients.

The electronic method of banking has simplified banking services for both customers and bank employees. Customers' preference for electronic banking has had a positive impact on banking transactions.

S. V. Krishna Kishore et al. (2016)- In this paper, The researcher looked into the rural masses in Karnataka, their technology adoption factors, performance expectations, effort expectations, social impact, attitude, perceived risk, and behavioral intention toward mobile banking.

According to the results of the multiple regression–interaction study Age and gender moderated attitude's direction toward behavior purpose in technology adoption., Mobile phones are the way of the future when it comes to financial transactions. People in rural areas had a positive outlook.

D.Jayaprasad et al. (2016) - In this paper the researcher assesses the types of technical services used by bank customers and the benefits and challenges that technology presents to customers. A paradigm shift has occurred from a seller's market to a buyer's market, as a result, banks' strategies also shifted from "conventional banking" to "convenience banking" and "mass banking" to "class banking." As a result, banks are focusing more on providing customers with value-added services. The banking industry has been making rapid strides by using information technology as a medium, with the aim of reaching greater heights in the future.



Roy, S.K.et al. (2016): The growth of net banking has been highlighted by the researcher. Customers must be mindful of security concerns and take steps to secure their identities and other sensitive information from hackers. The research focuses on the benefits and drawbacks of net banking/online banking. Many people who are hesitant to use computers and the Internet? It is difficult to use this service. So the education regarding operation of net banking is urgently needed and proper training arrangement needs to be imparted to the online banking users.

III. OBJECTIVE OF THE STUDY

1. To examine modern banking services provided by UGB banks and its awareness among rural customers in Dehradun region
2. To assess the impact of banking services on the rural economy in Dehradun.

3. To analyze the customer satisfaction level of Uttarakhand Gramin Banks in Dehradun region of Uttarakhand state.

IV. RESEARCH METHODOLOGY

The study's data was analyzed objectively and meaningfully in order to draw rational and concrete conclusions. Percentage, average & other statistical methods are used for data processing. The study is based on primary data collected from the bank customers through a structured questionnaire keeping in mind the objective of the study.

Hypothesis of the Study

Ho: Banking services have not significantly affected the life of an Individual in rural area.

H1: Banking services have significantly affected the life of an Individual in rural area.

V. ANALYSIS AND INTERPRETATION

Table:1- Demographic profile of respondents of Uttarakhand Gramin Bank customers

Sl.no	Particulars of Respondents	Frequency	Per Cent (%)
1	Male	65	65
2	Female	35	35
Total		100	100
Ages of the respondents			
1	Below 25	15	15
2	25-35	25	25
3	35-45	20	20
4	45-55	10	10
5	Above 55	30	30
Total		100	100
Educational Background			
1	Matriculation	20	20
2	Higher Secondary	15	15
3	Graduation	45	45
4	Post Graduation	20	20
Total		100	100
Occupation			
1	Farmer	35	35
2	Business men	25	25
3	Professionals	05	05
4	Govt. Service	15	15
5	Private Service	10	10
6	Students	10	10
Total		100	100
Monthly Income			
1	Below 50,000	30	30
2	50,000 -1,00,000	35	35
3	1,00,000-2,00,000	15	15
4	2,00,000-3,00,000	10	10
5	3,00,000 and Above	10	10
Total		100	100
Types of Deposits			
1	Saving bank Account	35	35
2	Current Account	65	65
Total		100	100
Marital Status			
1	Bachelor (Single)	25	25
2	Married	75	75
Total		100	100

Field survey:

The above table 1 figure shows the demographic profile of the customers of the Uttarakhand Gramin bank in the Dehradun district of Uttarakhand.65% of the male respondents have a bank account in Uttarakhand gramian bank.The figure shows that 30% of the people above 55 years have an account with this bank. The table also shows that 45% of graduates also prefer to have an account with Gramin bank in Dehradun region.The table shows that 35%

respondents are farmers and in rural areas. More over respondents in the income group of 50,000 -1,00,000 prefer Uttarakhand Gramin bank as per the survey.



The table also shows that 65% of the respondents have current account with this bank and 75% are married as per the field survey have an account with this bank in rural areas of Dehradun.

Table- 2: Purpose for availing digital banking services from Uttarakhand Gramin Bank, Dehradun

Sl.No	Description	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		No	Perce nt (%)	No	Perce nt (%)	No	Perce nt (%)	No	Perce nt (%)	No	Per cent (%)
1	Secured online-banking Transaction	-	-	45	45	20	20	25	25	10	10
2	Quick Settlement	20	20	25	25	30	30	20	20	5	5
3	ETF (Electronic Fund Transfer)	20	20	10	10	25	25	45	45	-	-
4	Online bill payments	35	35	20	20	25	25	20	20	-	-
5	Online shopping	20	20	15	15	30	30	25	25	10	10
6	Balance Inquiry	-	-	-	-	55	55	20	20	25	25

Field survey:

Table 2. The table shows that 45% of the respondents UGBs' customers feel that the bank has provided secured online banking services. 25% of the respondents are of the opinion that there is quick settlement, 35% of the respondents carry out online bill payments through digital banking services provided by the bank.55 % prefer to check bank balance and 45% for Electronic fund transfer from their own account through e-banking services

Table-3: Problems faced in usage of digital banking Services by UGBs' rural customers, Dehradun

Sl.no	Category	No of respondents	Percentage (%)
1	Internet & connectivity	40	40

	speed		
2	Technical problems	35	35
3	Security risk	15	15
4	malware	10	10
Total		100	100

Field survey:

Table-3: This table depicts the problems faced by the Uttarakhand Gramin bank in Dehradun region. 40% of the respondents have faced problems related to internet connectivity and 35% of the respondents have issues related to the website of Uttarakhand Gramin bank services.15% of the respondents fear security and 10% malware from UGB in Dehradun region.

Table – 4 Are the rural customers satisfied with the efforts of Uttarakhand Gramin bank in the upliftment of rural economy.

Sl. No	Particulars: UGBs efforts for rural economy	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		No	Perce nt (%)	No	Perce nt (%)	No	Perce nt (%)	No	Perce nt (%)	No	Perce nt (%)
1	Increase in Business Income	15	15	35	35	45	45	5	5	-	-
2	Increase in Agriculture income	15	15	25	25	20	20	40	40	-	-
3	Increase in Property income	25	25	45	45	10	10	20	20	-	-
4	Increase in poultry income, dairy income and sheep rearing.	15	15	20	20	35	35	30	30	-	-
5	Increase in employment opportunity	15	15	35	35	5	5	45	45	-	-

Field Survey:

Table 4: This table shows the opinion of the respondents about the efforts of Uttarakhand gramin bank in the upliftment of the rural bank. 45% of the respondents believe that financial assistance to enhance business income is not fruitful.40% of the respondents are of the opinion that bank assistance is not enough to increase agricultural income.45% of the respondents are of the opinion that through housing loan from the bank, they have increased their property income. 45% of the respondents are of the opinion that bank

credit has not been enough in generating employment opportunities in the region and 35% of the respondents feel that banks have not increased the income level of people engaged in poultry, fishing and dairy business in the rural areas of Dehradun region of Uttarakhand



Table-5: Customer satisfaction level of UGBs’ digital and innovative banking Services, Dehradun

Sl. No	Particulars	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		No	Perce nt (%)	No	Perce nt (%)	No	Perce nt (%)	No	Perce nt (%)	No	Perce nt (%)
1	Highly Satisfied	15	15	20	20	20	20	45	45	20	20
2	Satisfied	25	25	45	45	10	10	20	20	-	-
3	Average	45	45	20	20	35	35	-	-	-	-
4	Dissatisfied	55	55	45	45	-	-	-	-	-	-
5	Highly Dissatisfied	-	-	-	-	15	15	40	40	45	45

Field Survey

Table: 5 This table shows the satisfaction level of the customers of Uttarakhand Gramin bank. 45% of the respondents are highly dissatisfied with the banking services of Uttarakhand Gramin bank. Further it has been found that 45% of the respondents are satisfied by the services from Uttarakhand Gramin bank.

Testing of hypothesis

Chi square Test

Ho: Banking services have not significantly affected the life of an Individual in rural area.

H1: Banking services have significantly affected the life of an Individual in rural area.

Respondents	Observed	Expected	(O-E)	(O-E) ²	(O-E) ² /E	Values
Agree	25	15	10	100	100/15	6.6
Disagree	55	65	-10	100	100/65	1.5
Neutral	20	20	0	0	0/20	0

Calculated Value: 8.1; Degree of Freedom (n-1) i.e. 3-1=2

Table value of Chi-square test for 2 degree of freedom@5% level of significance is 5.99

Since the measured value is more that the calculated value, null hypothesis is rejected.

Thus, banking services have significantly affected the life of an individual in rural areas.

VI. FINDING AND CONCLUSION

The following are the findings from the empirical data collected from the respondents of Dehradun regarding Uttarakhand Gramin banks’ banking services for the development of the rural economy.

1. Respondents have opted for having an Account in Uttarakhand gram in bank for carrying out online banking transactions from their own account. The study reveals that 45% of the respondents feel that UGBs’ provides secure online banking services. 25% of the respondents are of the opinion that there is quick settlement, 55 % prefer to check bank balance and 45% for Electronic fund transfer from their own account through e-banking services.

2. The 40% of the respondents have faced problems related to the usage of UGBs’ online banking services due to internet connectivity and speed in Dehradun region.35% of the respondents have issues related to technical problems of the website and 15% of the respondents fear security risk and 10% due to malware,

3. The respondents have not been satisfied by the efforts of UGB bank in uplifting the rural economy in increasing

their income level in rural areas through bank credit.45% of the respondents believe that financial assistance to enhance business income is not fruitful.40% of the respondents are of the opinion that bank assistance is not enough to increase agricultural income. Further the study also reveals that bank credit has not been enough in generating employment opportunities or in increase the income level of people engaged in poultry, fishing and dairy business in the rural areas of Dehradun region of Uttarakhand.

4. The 55% of the respondents in the Dehradun region are highly dissatisfied with the services of Uttarakhand Gramin bank in the rural development in Dehradun.

VII. CONCLUSION

Uttarakhand Gramin Bank since its inception in Nov, 2012 has come a long way with its innovative banking services and in expanding its branches all over the state of Uttarakhand .Efforts needs to be enhanced in mobilization of deposits and credit distribution in remote regions for the further growth of the regional and rural areas of the Dehradun district in uttarakhand, Bank officials needs to understand the credit needs of the poor rural people and accordingly focus in the disbursement of credit for agricultural growth and in increasing the income level and various economic activities of the rural people in Dehradun.

REFERENCES

1. Dr. R. Sivakumar et al.(2020), *Repercussion of digital marketing on performance of Indian rural banks* Journal of critical review,Vol-7,Issue-8,2020,pp-2555-2564
2. Lavanya V.(2019), *Impact of Digital Banking on Indian Economy.* International Journal Recent Scientific Research 10(09), pp. 34633-34635.DOI: <http://dx.doi.org/10.24327/ijrsr.2019.1009.3937>
3. Singh, R.et al. (2019). *Impact of Digitalization on Indian Rural Banking Customer: With Reference to Payment Systems.* *Emerging Economy Studies.* 239490151982591. doi:10.1177/2394901519825912 [CrossRef]
4. Manjula Bai, H.(2019) “*A Study on Service Quality of Pragati Krishna Grahmin Bank with Special Reference to Shimoga Town.*” Shanlax International Journal of Commerce, vol. 7, no. 4, 2019, pp. 20–29. <https://doi.org/10.34293/commerce.v7i4.403> [CrossRef]
5. Puttaswamy Gowda. M (2018). *Impact of E-Banking on Rural India-A Bird’s Eye view.* Asian Journal of Management. 2018; 9(3):1191-1194.DOI: 10.5958/2321-5763.2018.00192.0 [CrossRef]
6. Kumar, Satish et al,(2018), *Performance Evaluation of Regional Rural Banks (RRBs) in India* , SSRN,202-230,SSRN Electronic journal,



- <http://dx.doi.org/10.2139/ssrn.3095111> [CrossRef]
7. Goswami & Boro (2018). *Technology based Banking Behavior of Urban Customers: An Empirical Study in Kamrup Metro Districts of Assam, India* Asian Journal of Research in Banking and Finance, 8(4).pp. 20-47. DOI: 10.5958/2249-7323.2018.00025.1 [CrossRef]
 8. Najah Hassan Salamah(2017). *Impact of Electronic Banking Services on Bank Transactions*. International Journal of Economics and Finance 9(2), 111-121, doi:10.5539/ijef.v9n2p111 [CrossRef]
 9. S. V. Krishna Kishore, (2016) *An Empirical Investigation on Mobile Banking Service Adoption in Rural Karnataka*, SAGE open, 6 (1), 1-21, DOI: 10.1177/2158244016633731 [CrossRef]
 10. D.Jayaprasad et al.(2016) *A Study on the Role of Information Technology in Banking Sector: A Study on Regional Rural Banks in Karnataka*, International journal of scientific research ,5(12),620-622. DOI : 10.36106/ijsr
 11. Roy, S.K.et al.(2016) *Net Banking in India: Prescriptions for Safe Banking and Protection from Hackers MUDRA*: Journal of Finance and Accounting, 3(1), 59-69. <https://doi.org/10.17492/mudra.v3i1.6808> [CrossRef]

AUTHORS PROFILE



Dr. Amit Kumar Uniyal, Dr. Amit Kumar Uniyal- has 18 years (approx.) of experience has done M.Sc. (Statistics), MBA-HR, PGDBM-HR, PhD. in Statistics. He has got certification from University of London and SOAS and University of Illinois. He has got a number of publications in Web of Science, SCI and Scopus indexed journals. He has also presented and attended a number of national and international conferences and workshops, also has got two books under his credit (Management Subjects). Got the life time membership of (Statistics) DDU University –Gorakhpur and London Journal Press-London. He has been a registered and a regular reviewer of the Elsevier and Springer Journals. He is working as Associate Professor at Graphic Era Deemed To be University. He is Co-Guide to two Ph.D. scholars at Graphic Era Deemed to be University- Dehradun.



Mr. Ravi Prasad, is an Assistant Professor in the field of Finance and Accounting at Uttaranchal University, Dehradun. He has eleven years of expertise in post-graduate teaching at the MBA level and four years at the B.B.A. level. He has a dozen research papers published in reputed national and international journals/presented in National Conferences to his credit. In addition, he has written two books, “Accounting and Financial Analysis” & “Financial Mathematics” for the students of B.Com, BBA, M.Com, and MBA. His interest areas are Accounting, Financial Management, Banking and Insurance, Security Analysis and Portfolio Management, Financial Institutions, and Financial Services.