

# A Study on Social Banking and Small Finance Bank in Thiruvallur District

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## **Abstract**

*Small Finance Banks are a type of position banks in India which can provide basic banking service of acceptance of deposits and lending. The aim behind setting up of such banks is to provide financial inclusion to sections of the society not being served by the traditional banks, such as small business units, small and marginal farmers, micro and small industries and unorganized sector. Financially excluded people not accessing the benefits provided by Indian government for their economic and social development. When the country achieves complete financial inclusion then only the country will achieve its economic development. The present study is focus on the strategies followed by the government of India for bringing people into the financial inclusiveness. A bank which has been established under by a special act in the parliament or under the company's act 1956 is considered as a commercial bank. Reserve Bank of India (RBI) is the governing body that has been taking care of the banking industry in our country. Over the past few years our banking industry has gone through numerous changes in which recent change has been emergence of concept Small Finance Banks. Small Finance Banks are a type of niche banks in India which can provide basic banking service of acceptance of deposits and lending. The aim behind setting up of such banks is to provide financial inclusion to sections of the society not being served by the traditional banks, such as small business units, small and marginal farmers, micro and small industries and unorganized sector.*

**Key Words:** Financial Inclusion, Banking Services, Micro Finances, Social Banking.

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## 1. Introduction

Banking plays a crucial and significant part in monetary advancement of a nation. Banks are mostly egotistical and they are focused on benefit. In the current time banking idea is changed. Presently they are centre around financial job. The way of thinking of social banking has arisen in the year 1967. Bank has the obligation of meeting the assumptions not just in the rich and metropolitan class of individuals, yet in addition they need to focus on destitute individuals the individuals who live beneath the neediness line. The bank needs to focus financial development with social equity. Social financial will focus on mass government assistance; present plans which will conform to the advancement of society. It likewise endeavours to make different financial administrations and items moderate to the general public particularly the more fragile segment (enormous section in India) by presenting different innovative achievements and reducing overhead expenses. They should pursue making society liberated from destitution and consequently expanding expectations for everyday comforts by giving those occasions to join standard banking. India has consistently worked for the government assistance of its more unfortunate areas of society by route for different agreeable social orders, agreeable banks, Self-help gatherings, Regional Rural Banks, and so forth The objective of social banking isn't to boost benefits yet to fortify a positive effect on society.

Standard banks are by and large entered exclusively on the rule of benefit boost; social financial actualizes the triple guideline of benefit human planet. Social banks care about making a benefit, however similarly for advancing human and natural prosperity. It is this „triple principle“ that they follow when they choose to whom to loan cash, and for what reason. For social banks, the obligation regarding the entire of society is the main measure for a decent loaning practice and is a higher priority than benefit alone. The primary intention of the segments which different banks are not served previously. There is a move from conventional idea of „class banking“ to the advanced idea of „mass banking“. Banks need to go about as an impetus of „economic development with social justice“ banks is relied upon to make a direct as opposed to a backhanded assault of the issue of destitution and to annihilate the different social ills tormenting the general public.

With the giving of licenses to 11 instalments banks and 10 little banks in September, 2015 the Indian financial area has seen a significant advancement in contacting an alternate customer base and model of conveyance which was not recently covered by the planned business banks. Little money banks are a kind of specialty banks in India. Banks have little account bank permit, they can give fundamental financial capacities, for example, acknowledgment of stores and loaning of cash to un-served and underserved areas.

Reserve Bank of India allowed ten organizations "on a basic level" permit with the target of setting up of little account bank to give further monetary incorporation by arrangement of investment funds vehicles, supply of credit to independent venture units, little and negligible ranchers, miniature and little enterprises and other disorderly area elements through high innovation and minimal effort tasks. ESAF microfinance get little account bank permit. At that point the ESAF microfinance changed over to ESAF little money bank in the year 2016. ESAF Small Finance Bank is the Tamilnadu first little money bank. The vision

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ESAF Small Finance bank is guided by the standard of practical all encompassing change of poor people and underestimated. The bank centres triple main concern approach. That is, the bank offers significance to monetary administrations, social administrations and natural administrations. According to an exploration assessment by KPMG, continuously 2020, the MSME labour force of 106 million across horticultural, assembling and administration areas. In this way, there is a prerequisite to guarantee that the monetary requirements of independent ventures, disorderly area, low pay family units and ranchers are met. Little account banks are significant fragments for offering these types of assistance to meet the credit and settlement needs of this need area.

## **2. Statement of the Problem**

Commercial Banks and different institutions are not serving the destitute individuals viably. They are giving more significance to semi and metropolitan territories and furthermore offer significance to higher pay gatherings and give credit to them. Be that as it may, in our general public greater part of the individuals has a place with low and center pay gathering. The idea of social banking is to give banking offices to the destitute individuals and gives simple conventional credit, straightforward entry and so forth the goal of social banking is monetary consideration and need area loaning. With the point of extending monetary consideration, the RBI presented the idea of Small Finance Banks to serve the un-served and underserved areas of the general public. The country individuals face a great deal of trouble to benefiting credit through business banks and furthermore take a ton of strategies. The individual who lives low and center pay, they face trouble to take advance from cash loan specialists and numerous individuals don't have credit offices because of poor actual framework offices. There is still a lot of comprehended the idea of social banking in little money banks. In this way, with the assistance of little account banks, discernment on social banking is centering in the un-served and underserved segments of the economy and how they access credit and banking offices. The current investigation manages view of social banking in India with the assistance of ESAF Small Finance Bank. ESAF SFB has better information about the rustic individuals. In view of that beforehand it was microfinance foundation. So they can improve thought regarding the customer's needs and needs. In the present circumstance the current examination attempts to break down the discernment on social banking of India; an observational investigation with uncommon reference to ESAF Small Finance Bank of Thiruvallur district.

## **3. Need for the Study**

Social banking is fundamental in the current time. These days, the banks offer significance to social banking. As a piece of additional monetary consideration, RBI give "on a basic level" permit to ten organizations to shape Small Finance Banks. ESAF Small Finance Bank is the Thiruvallur first Small Finance Bank. They serve the financial offices to un-served and underserved areas of the economy. The bank follows triple primary concern approach. The bank centers the monetary administrations, social administrations and

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ecological administrations. Focussing this bank will make obvious information about the social banking.

#### **4. Objectives of the Study**

1. To examine the Perception on Social Banking in ESAF Small Finance Bank, Thiruvallur District.
2. To contemplate the financial and banking profile of the ESAF SFB customers.

#### **5. Scope of the Study**

The present study is confined is bound to the social banking of Thiruvallur district as it were. With the end goal of the examination, ESAF (Evangelical Social Action Forum) Small Finance Bank is chosen as it is the primary little money bank which get little account bank permit in Tamilnadu and it is the Tamilnadu first private area business planned bank since the country's autonomy and it was dispatched in Thiruvallur, the social capital of Tamilnadu. Study focussed on females as it were. Considering the significance of this little money bank it was felt important to zero in insight on social managing an account with exceptional reference to ESAF little account bank.

#### **6. Research Methodology**

Methodology is a systematic method to tackle the exploration issue. It could be perceived as a study of concentrating how examination is done logically. This part centers around the exploration plan and system embraced for the investigation. The part manages the terms and ideas utilized in the examination, which have been operationally characterized. Cautious thought has been given for the choice of the suitable devices, assortment of information and examination of information. The example size and inspecting strategy received for information assortment are likewise introduced. The information for the examination was accumulated through an organized survey. An immediate study was utilized to gather the information for this investigation. The overview was done on the insight on social banking in India: An exact examination with unique reference to ESAF Small Finance Bank clients in Thiruvallur District.

#### **7. Research Design**

The study will receive the realistic study formation involving information collection and analysis.

#### **8. Sampling Size and Design**

"People who are ESAF little account bank clients" were the number of inhabitants in the investigation, which is indefinable. The people who have account in ESAF SFB in

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Thiruvallur District were the example outline. 'Advantageous examining strategy' was received for gathering essential information. An aggregate of 250 questionnaires were given and the respondents were given adequate time for filling the survey. 210 questionnaires of the gotten back from the respondents. So the study comprises of 210 respondents.

## 9. Data Collection

The data collected in this study is primary data is essential information utilizing very much organized poll. In any case, endeavours were additionally taken to gather data from all accessible distributed information, particularly from sites, papers, magazines and diaries. So both essential and auxiliary source is used for this study.

## 10. Results and Discussion

The study was undertaken among 210 respondents using structured questionnaire. The data collected through primary sources was analysed using statistical package for the social sciences.

**Table – 1 Age of the Respondents**

Age of the	Frequency	Percent	Valid	Cumulative
Below 25	36	17.1	17.1	17.1
Between 25-35	54	25.7	25.7	42.9
Between 36-45	60	28.6	28.6	71.4
Above 45	60	28.6	28.6	100.0
Total	210	100.0	100.0	100

Source: Sample Survey -2021

shows that out of 210 respondents, 28.6per cent of the respondents belongs to the age group of 36-45 years and above 45 years , 25.7per cent of the respondents belongs to the age group of 25-35 years and only 17.1per cent of respondents belongs to the age group of below 25 years.

**Table – 2 Marital Statuses of the Respondents**

Marital Status	Frequency	Percent	Valid Percent	Cumulative Percentage
Married	155	73.8	73.8	73.8
Unmarried	55	26.2	26.2	100.0
Total	210	100.0	100.0	

Source: Sample Survey -2021

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**Table – 3 Occupational Statuses of the Respondents**

<b>Occupational Status</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid</b>	<b>Cumulative</b>
Private Employee	75	35.7	35.7	35.7
Government Employee	17	8.1	8.1	43.8
Self-Employed	11	5.2	5.2	49.0
Student	33	15.7	15.7	64.8
Home Maker	71	33.8	33.8	98.6
Retired	3	1.4	1.4	100.0
Total	210	100.0	100.0	

Sample Survey -2021

The table 4.5 and chart 4.5 clearly shows that occupational status of 210 respondents. 35.7per cent of respondents belong to occupational status of private employees. 33.8per cent of respondents are home maker, 15.7per cent of respondents belong to the category of students, 8.1per cent of respondents belong to the category of government employee, 5.2per cent of respondents belong to the category of self employed and only 1.4per cent of respondents are retired persons.

**Table – 4 Mean Based Ranking for Selecting ESAF SFB**

<b>Reasons</b>	<b>Mean</b>	<b>Std.deviation</b>	<b>Rank</b>
Financial Services	3.74	0.853	1
Reputation of the bank	3.47	1.072	2
Value added services	3.32	1.264	3
Convenient location	3.28	1.150	4
Convenient location	3.28	1.150	4
Timely and adequate loan	3.10	1.137	5
Attractive interest rates	2.11	0.921	6

Sample Survey -2021

The study reveals, clearly that out of 210 respondents, 28.6 per cent of respondents belong to the age group of 36-45 years and above 45 years. 25.7 per cent of the respondents belong to the age group of between 25-35 years and 17.1per cent of respondents belong to the age group of below 25 years. The study also indicates that out of 210 respondents, there are 41.0 per cent HSC, 35.7 per cent under graduates, 13.8 per cent Post graduates, 7.6 per cent professional qualified and 1.9 per cent other educational qualified people. Majority of the respondents were lives in nuclear family (61.9 per cent). Majority of the respondents are married (73.8 per cent). The study shows 35.7per cent of respondents are private employees, 33.8 per cent are home makers, 15.7per cent are students, 8.1per cent respondents are government employees, and 5.2 per cent are self employed. Only 1.4 per cent is retired persons. Majority of the respondents that is 53.3per cent earns family monthly income of Rs. 15,000 to 30,000. Majority of the respondents have savings account (81per cent). Majority respondents are operating their bank account monthly (46.7per cent). Majority of the

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respondents gets source of information about ESAF Small Finance Bank from Banks (47.6 per cent).

## 11. Conclusion

This study is lead with an essential goal to investigate the different determinants and fulfilment level on social focuses of social banks in India. This investigation was led distinctly in ESAF SFB of Thiruvallur District of Tamilnadu. The observational and clear examination configuration was received to investigate the significant answers for the exploration destinations. The observational discoveries demonstrate that, Customers favour present day banking administrations alongside other customary administrations. Clients have moderate mindfulness on various sorts of credits offered by ESAF SFB in the investigation zone. Further the outcome shows that, Necessities Factor, Inclusion Factor, Agricultural Development Factor, Health Development Factor, Enrichment Factor, Awareness and Training Factor, Empowerment Factor and Economic Development Factor are the predominant components of social focuses of ESAF SFB in Thiruvallur District of Tamilnadu. To close, explanations behind social bank choice, fulfilment on monetary administrations, and mindfulness on various kinds of credits have critical and positive impact on fulfilment of social targets.

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