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A STUDY ON RURAL BANKING IN INDIA WITH REFERENCE TO TELANGANA STATE

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ABSTRACT
Rural banking plays an important role in promoting financial inclusion, agricultural development, savings, entrepreneurship, and rural economic growth in India. In Telangana State, rural banks provide agricultural loans, savings facilities, insurance, government benefit transfers, self-help group finance, and digital banking services. This study examines access to rural banking, utilization patterns, customer satisfaction, financial inclusion, agricultural development, digital banking adoption, and operational challenges. Primary and secondary data are considered, with responses from 100 respondents in selected rural areas of Telangana. The study identifies loan delays, infrastructure limitations, internet problems, and financial literacy gaps and proposes measures for improving rural banking services.

Keywords: Rural Banking, Financial Inclusion, Agricultural Finance, Digital Banking, Telangana State

1. INTRODUCTION
Banking is an important economic foundation for economic development because it mobilizes savings, provides credit, supports investment, and facilitates financial transactions. Rural banking has a distinct role because it serves farmers, rural households, self-help groups, small enterprises, artisans, and rural entrepreneurs who may have limited access to formal financial institutions. By providing affordable savings, credit, insurance, remittance, and payment services, rural banks help connect rural communities with the formal financial system. Rural banking in India today includes Regional Rural Banks, cooperative banks, commercial bank branches, and other financial institutions serving rural and semi-urban populations. Their services include agricultural loans, crop finance, Kisan Credit Cards, rural housing loans, microfinance, self-help group finance, deposits, insurance, pensions, and digital banking. Government initiatives such as financial inclusion programmes, Pradhan Mantri Jan Dhan Yojana, Direct Benefit Transfer, and priority sector lending have expanded formal banking access in rural areas.Telangana has a strong agricultural and rural economic base involving agriculture, horticulture, dairy, poultry, fisheries, and village industries. Rural banks support these activities through credit facilities, savings products, insurance, and digital transactions. Banking institutions also assist government welfare and agricultural support programmes by transferring benefits directly to beneficiaries. Credit linkage with Self-Help Groups has further supported women's financial participation, household income, and rural entrepreneurship. Digital banking has increasingly changed rural financial services. Mobile banking, internet banking, UPI, Aadhaar-enabled payment systems, RuPay cards, digital wallets,

and banking correspondents can improve convenience, transparency, and transaction efficiency. However, rural customers may face inadequate financial literacy, weak internet connectivity, limited infrastructure, technological barriers, insufficient skilled personnel, delayed loan processing, and non-performing assets. Therefore, the present study examines rural banking in India with particular reference to Telangana State. It focuses on financial inclusion, access and use of banking services, savings, agricultural development, customer satisfaction, digital banking, and operational problems. The study seeks to identify the contribution of rural banking to rural development and to suggest practical measures for improving accessibility, service quality, financial literacy, digital adoption, and timely credit delivery. Such improvements can strengthen inclusive growth and support sustainable socioeconomic development in rural Telangana. The study also considers stronger banking access. The introduction is based on the uploaded report's discussion of rural banking, agricultural finance, digital services, financial inclusion, Telangana's rural economy, and existing challenges.

2. REVIEW OF LITERATURE

Rural banking has been recognized as a mechanism for financial inclusion and development. Sharma and Verma (2019) reported that rural banks improved access to formal financial services among low-income households. Kumar (2020) found that timely agricultural credit supported farm production, modern agricultural practices, and income. Patel and Reddy (2020) observed that savings, agricultural loans, subsidy transfers, and digital services improved customer satisfaction, although infrastructure and loan-processing delays affected service quality. Singh (2021) highlighted the contribution of Jan Dhan Yojana, Direct Benefit Transfer, and Aadhaar-enabled banking to financial participation. Nair and Joseph (2022) found that bank–Self-Help Group credit linkage strengthened women's financial independence, savings, income, and entrepreneurship. Agarwal and Mehta (2022) reported that mobile banking, internet banking, UPI, and Aadhaar-enabled payments improved convenience but required stronger digital literacy. Rao and Desai (2023) noted the importance of rural banks in agricultural credit in Telangana while identifying repayment problems and non-performing assets. Joshi and Kapoor (2023) emphasized infrastructure, staffing, literacy, technology, and connectivity challenges. Prakash and Iyer (2024) linked financial literacy programmes with greater confidence in digital services. Mishra and Gupta (2025) emphasized technology modernization for future rural banking. Overall, the literature supports rural banking's contribution to inclusion and development while identifying continuing operational challenges.

3. OBJECTIVES OF THE STUDY

1. **To research**, using Telangana State as a case study, how rural banking contributes to financial inclusion.
2. **To investigate** rural clients' access to and use of rural banking services.
3. **To assess** how rural banking affects savings, rural economic growth, and agricultural development.
4. **To identify** the problems influencing the successful operation of rural banking in Telangana State.
5. **To make** appropriate recommendations for enhancing rural banking services and bolstering financial inclusion in rural regions.

4. RESEARCH METHODOLOGY

A descriptive research design was adopted to study rural banking in Telangana State. Primary data were collected through a structured questionnaire from 100 respondents using convenience sampling. Secondary information was obtained from RBI publications, NABARD reports, government sources, journals, books, and reliable websites. Percentage analysis was used for systematic interpretation.

The original methodology specifies descriptive research, primary and secondary data, convenience sampling, a sample of 100 respondents, and a structured questionnaire.

4.1 STATISTICAL TOOL

Percentage Analysis

Percentage analysis is selected as the appropriate statistical tool because the study primarily examines categorical responses relating to banking access, service usage, financial inclusion, customer satisfaction, digital banking adoption, agricultural development, and operational problems.

The project specifically uses percentage analysis along with tabular presentation, bar diagrams, and pie charts.

5. DATA ANALYSIS AND INTERPRETATION

Table 5.1: Primary Purpose of Using Rural Banking Services

Purpose	Respondents	Percentage
Agricultural Loans	34	34%
Savings	24	24%
Deposits	18	18%
Remittances	14	14%
Others	10	10%
Total	**100**	**100%**

Analysis: Agricultural loans recorded the highest response with 34 respondents, representing 34% of the sample.

Interpretation: Agricultural loans are the most important reason for using rural banking services. This reflects the significant role of rural banks in supporting farmers and agricultural activities in Telangana State. The original Table 4.5 reports the same distribution.

Table 5.2: Satisfaction with Rural Banking Services

Satisfaction Level	Respondents	Percentage
Highly Satisfied	24	24%
Satisfied	46	46%
Neutral	16	16%
Dissatisfied	10	10%
Highly Dissatisfied	4	4%
Total	**100**	**100%**

Analysis: The highest response is from satisfied customers, with 46 respondents representing 46% of the total.

Interpretation: Most respondents are satisfied with rural banking services. The combined satisfied and highly satisfied responses represent **70%**, indicating a generally positive perception of rural banking services among the respondents.

Table 5.3: Principal Issues with Rural Banking

Principal Issue	Respondents	Percentage
Loan Delay	31	31%
Documentation	24	24%
Distance	20	20%
Staff	15	15%
Others	10	10%
Total	**100**	**100%**

Analysis: Loan delay is the most frequently reported problem, with 31 respondents or 31% of the sample.

Interpretation: Delay in loan processing is the principal issue affecting rural banking services. Documentation requirements and distance from banking facilities are also important concerns.

6. RESULTS

1. Rural banking plays an important role in **financial inclusion and socioeconomic development** in Telangana State.
2. **Farmers constitute the largest occupational group** among the respondents, highlighting the importance of rural banking for agricultural communities.
3. **Regional Rural Banks** are the most preferred rural banking institutions among respondents.
4. **Agricultural loans** are the most common purpose for using rural banking services, accounting for **34%**.
5. A majority of respondents are satisfied with rural banking services.
6. **70%** of respondents are either satisfied or highly satisfied with rural banking services.
7. Rural banking has contributed to improved financial accessibility, savings, government benefit transfers, and agricultural development.
8. Digital banking adoption is gradually increasing among rural customers.
9. **Loan processing delay**, at **31%**, is the major problem reported by respondents.
10. Documentation requirements, distance, infrastructure limitations, poor internet connectivity, and financial-literacy gaps continue to affect rural banking efficiency.
11. Respondents support stronger digital banking facilities, improved infrastructure, financial literacy programmes, and faster loan processing.
12. Overall, rural banking has made a positive contribution to financial inclusion, agricultural growth, and rural development in Telangana State.

7. SUGGESTIONS

1. Rural banks should **simplify and accelerate loan application and disbursement procedures**.
2. Banks should reduce unnecessary delays in providing agricultural credit to farmers and rural entrepreneurs.
3. Banking infrastructure should be strengthened in remote and underserved rural areas.
4. Banks should expand **banking correspondent services** to improve accessibility.
5. Regular **financial literacy and awareness programmes** should be conducted in rural communities.
6. Customers should be educated about savings, insurance, digital banking, investment opportunities, government schemes, and responsible borrowing.
7. Rural banks should promote user-friendly **mobile banking, internet banking, UPI, and secure digital payment facilities**.
8. Internet connectivity and digital infrastructure should be improved in rural areas.
9. Bank employees should receive regular training in customer service and digital technologies.
10. Banks, government agencies, financial institutions, and local organizations should cooperate to strengthen financial inclusion and rural development.

8. CONCLUSION

Rural banking has become an important instrument for promoting financial inclusion, agricultural development, savings, and rural economic growth in Telangana State. The study shows that rural banking institutions provide essential services such as agricultural lending, savings, deposits, insurance, digital banking, government benefit transfers, and financial assistance to self-help groups and rural businesses. Agricultural loans are the most common purpose for using rural banking services, demonstrating the strong connection between banking and rural livelihoods. The findings also indicate that customer satisfaction is generally positive, with 70% of respondents being satisfied or highly satisfied with rural banking services. Digital banking is gradually gaining acceptance and is improving convenience, transparency, and accessibility. However, several challenges continue to restrict the effectiveness of rural banking, particularly delays in loan processing, documentation requirements, distance, infrastructure limitations, poor internet connectivity, and inadequate financial literacy. These issues require coordinated action by banks, government agencies, regulators, and local communities. Faster credit delivery, stronger banking

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infrastructure, improved digital services, financial literacy programmes, and better employee training can enhance rural banking performance. Overall, rural banking has made a meaningful contribution to financial inclusion, agricultural growth, and socioeconomic development in Telangana State. Strengthening rural banking and expanding digital financial inclusion can further improve agricultural productivity, rural livelihoods, and sustainable economic development.

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