



FINANCIAL INCLUSION IN CANARA BANK THROUGH PMJDY - A STUDY

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Abstract

The dream of accessing the assistance of banks for backward sections remained happening today through the initiatives of financial inclusion by the commercial banks of India. Canara Bank over the years has remained the pioneer and remained role model through its initiatives on ensuring the ease of access, availability and use of formal financial system for cross sections of society. Canara Bank has succeed in achieving the highest number of accounts opened through the new scheme called Pradhan Mantri Jan Dhan Yojana (PMJDY). Canara Bank has been adopting the scheme successfully in the ongoing process of bringing the backward sections under the banking network. The accessibility through wide network, affordability, service quality, loyalty and benefits has encouraged the backward sections especially to be part of financial inclusion. In this scenario, the present paper is a field-based study primarily focuses on the backward sections in the select rural areas of Tamilnadu State. The study investigates the socio economic profile of the backward sections and evaluates how the PMJDY scheme under Canara Bank has contributed for the economic empowerment of backward sections in rural areas of Tamilnadu State. The study critically examines the motivating factors for the backward sections to be part of the scheme and further identifies the problems and prospects for the improvement of the Canara bank's performance of financial inclusions there by contributing to the nation's growth. The study is based on primary and secondary data sources. The primary data presents the perceptions of the beneficiaries drawn from backward sections among the select rural areas in Tamilnadu State. The secondary has been summarized from the reports of Canara Bank. The study examines the hypothetical assumption, i.e., the scheme has a significant influence on the participation of Backward sections in rural areas of Tamilnadu State. Select statistical tools including mean, standard deviation, ANOVA, t-test are applied for the analysis of survey results.

1. Overview of Pradhan Mantri Jan-Dhan Yojana Scheme

Pradhan Mantri Jan-Dhan Yojana is considered as one of the historic milestones in the empowerment of the unreached marginalized and poor in rural India. The scheme that is one of the flagship initiatives of NDA-2 government has been successfully working on mission for financial inclusion to ensure the access to the banking services for especially marginalized and poor. The scheme has been launched by Sri. Narendra Modi, the Honourable Prime Minister of India on 28th August, 2014 by interlinking Pradhan Mantri Suraksha Bima Yojana and Pradhan Mantri Jeevan Jyoti Bima Yojana. Extended banking services related to deposits, with drawls, credit, remittances, insurance and pension are held under one umbrella through this scheme. The integrated approach is expected to reach all the households in the country with special focus on achieving financial literacy, access to credit and other government features. The scheme is aimed to focus on covering the marginalized and poor households by reaching the hamlets despite its coverage on urban areas. The scheme has been extended to cover the hamlets consisting of minimum 1000-15000 households where the sub-service facilities will also be provided by the banks. The scheme also provides the facility of joint account, which can also be taken at nearest branch or Business correspondent outlet. Under PMJDY, the bank provide unique indigenous domestic debit card named 'RuPay Debit Card' acceptable in all ATMs for cash with drawl and also cash less purchases with in the country. The card linked with National Payment Corporation of India (NPCI), which can ensure the features similar to other debit cards. The card has other feature of providing accidental insurance cover upto Rs.1 lakh and life insurance cover of Rs.30 thousand which can't be found in other debit cards. Besides providing additional features of insurance coverage, the scheme provides the customers to avail bank facility with zero balance requirement and further provide the cheque book facility with limited minimum balance criteria. Further, the account holder can avail the DBT linked with Government schemes. Though the interest savings lead to 4% in comparison with other schemes, the scheme holders can avail overdraft facility after 6 months with around 12 %. A minor of above the age of 10 years can open Savings Bank account in any bank. The scheme has been recognized by the Guinness Book of world records for the achievements made under PMJDY, where 23.74 crore accounts opened so far with the value of Rs.41664.11 crore deposits and the engagement of 1.26 lakh Bank mitras. The scheme also held 9.65 crore Suraksha Bima policies and 3.04 crore Jeevan Jyoti Bima policies. So far two phases have been formulated under the scheme.

The first phase of this scheme starts from August 15, 2014 to August 14, 2015 which envisages the following: a. All households across the country have access to banking facilities with at least one Basic Bank Accounts with a bank branch or a fixed point Business Correspondent (BC). b. All households have RuPay Debit Card with Rs. 1 lakh inbuilt accident insurance cover. c. If bank account is operated satisfactorily for 6 months, Rs. 5000 overdraft facility will be granted to only Aadhaar enabled accounts. d. Direct Benefit Transfer facility of various government schemes will be provided through bank accounts to the beneficiaries. e. The existing Kisan Credit Card is proposed to be issued as RuPay Kisan Card to the farmers. f. Financial literacy programme under the scheme will be implemented up to village level. Phase-II of PMJDY The period of Phase II is August 15, 2015 to August 14, 2018 which focuses on the following: a. Micro insurance will be provided to the people. b. Swavlamban-an unorganized sector pension scheme is to be proposed through the Business Correspondents. c.

Households in hilly, tribal and difficult areas will be covered in this phase. d. This phase would also cover the remaining adults and students in households.

2. Brief Review on Review of Literature

Since the scheme has been launched only two years ago, there are very few studies concentrating on PMJDY and its impact on marginalized and poor. This section provides literature review on select studies. Sreelatha G in her study on PMJDY in urban areas concentrated on understanding the role of government and banks in PMJDY scheme and the implications of the scheme. Author has concluded that with support from all banks and participation of many supporting agencies, is trying hard to bring in the under privileged into the financial inclusion circuit. The major barriers to financial inclusion, as identified in the survey of Dharavi, are lack of financial understanding or information, poor people's low income and erratic cash flow, lack of suitable products and processes from formal financial service providers that cater to the needs of poor people. Most of the schemes of government for financial inclusion focused on rural areas, but the PMJDY scheme intends to focus on rural as well as urban areas. Bhattacharya A has opined that choosing a cost effective model for financial inclusion will require banks to significantly free up human resources, apart from using a banking correspondent model. With increase in financial inclusion and digitalization of banking, requirement of cash in the economy will reduce thereby helping in controlling unaccounted money in the economy. Sinha in his study on urban co-operative banks have the potential to complete the objectives of financial inclusion. His study thrusts to make financial inclusion a successful business model, banks have to focus on lowering the cost of transactions by leveraging technology and offering more products of credit to the already included population. Sigh et al. have studied that assuming few teething problems, PMJDY is well positioned for success. Account access alone will not generate limited impact in the lives of the poor- it is account usage that is important. Kaur and Singh in their study on financial inclusion have observed that financial inclusion will provide business opportunity to banks and the launch of PMJDY strengthens the resolve that when coordination, dedication, commitment trust, satisfaction and continuity is provided by all constituents and stakeholders, a frame work of construct is created which acts as a dominant force for accomplishment of the mission. Madhukar G in his study has opined that PMJDY is a mission to eradicate poverty and is expected to bring financial inclusion, financial stability and financial freedom to the poor and underprivileged people in rural, semi- urban and urban areas. The study of Sameer Sharma has found that the large volume of accounts opened in the PMJDY is expected offer an opportunity to trigger a hurricane by applying an appropriate form of benefit transfer. The scheme provide the beneficiaries to avail savings bank account, current account, Recurring Deposit Account, Term Deposit/Fixed Deposit account, small account in case of no identify proof and Basic Savings Bank Deposit Account.

3. Objectives of the Study

The study mainly examines the initiatives of Canara bank in the implementation of Pradhan Mantri Jan Dhan Yojana Scheme with regard to backward sections of the people in the select villages in Tamilnadu state. More specially:

1. To evaluate the performance of Canara bank towards PMJDY scheme.
2. To understand the socio-economic profile of the beneficiaries with special reference marginalized section in select rural areas.
3. To examine the motivating factors encouraged for the marginalized beneficiaries to be part of the scheme.
4. To identify the problems and prospects for the improvement of Canara bank performance towards financial inclusion.
5. To present the findings and suggestions on the basis of survey results.

4. Methodology

The study is descriptive research oriented. The required data used for the study is based on both primary and secondary data sources. Primary data is collected from the beneficiaries from Below poverty Line category of people considered as marginalized for the present study who are also drawn from BC/SC/ST categories from select rural area branches selected from Theni, Madurai and Dindigul district in Tamilnadu state. The sample size consists of 129 beneficiaries who are drawn through convenience sampling method. The secondary data is collected from the reports of Canara Bank, news paper and journal articles, web references from PMJDY website and other internet sources.

5. Analysis of Results

The analysis is segregated keeping in view of the objectives of the study. The detailed results generated from primary and secondary data sources are presented below,

I) Canara bank Initiatives on Financial Inclusion Through PMJDY Scheme.

Since from the inception, Canara bank has set an example by leading in the banking sector not only in terms of number of accounts held under its account but also in terms of the accounts maintained under PMJDY Scheme. The following table shows the statistical results on performance of Canara bank towards Pradhan Mantri Jandhan Yojana.

The comparison of Rural and Urban accounts shows that Canara Bank has maintained more number of urban accounts in comparison with the rural accounts. The number of rural accounts held by the bank is approximately 20 percent of the public sector banks and 14 percent of the overall banks operating in India. With regard to urban accounts, the bank is maintaining 15319484 accounts with an average of around 34 percent of public sector banks and 30 percent of the overall banks. The total number of accounts is approximately 26 percent of the public sector banks and 20.5 percent of the overall banks. The Debit Card, which is a unique debit card offered to the account holders under PMJDY scheme is issued to 22915287 account holders comprising 25 percent of the public sector banks and around 21 percent of the overall banks. Bank is maintaining around 73 thousand lakhs of amount, which comprise 7 percent of the overall banks operating in India. Canara bank was able to generate 20381053 accounts with zero balance, which is approximately equal to 31 percent of the public sector banks and 24 percent of the overall banks operating in India.

II) Socio-Economic Profile of Beneficiaries

An attempt is made to present the socio-economic profile of the sample respondents, i.e., account holders selected from backward sections in select villages with a view to understand the influence of various socio-economic factors such as age, gender, marital status, education, occupation, income, social class and religion on the perceptions of beneficiaries on the services of CANARA BANK branches in three districts of Tamilnadu-Theni, Dindigul and Madurai. It may be noted that 63 respondents are in the age-group of 31-40 years (48.8 per cent), followed by 36 respondents in the age group of 41 to 50 years (27.9 percent) and 29 respondents in the age group of less than 30 years (22.5 per cent).

Majority of the respondents (76.7 percent) were in the age group less than 40 years. Gender wise classification has revealed that of the total 129 respondents 60.5 per cent respondents were female followed by 39.5 percent of male respondents. The education level of the beneficiary is another important factor as knowledge; skill and attitude influence the individual in availing the services of the banks. In order to understand the opinion of beneficiaries, educational qualifications of respondents were classified into six categories namely, , Post-Graduation, Graduation, Under graduation, SSC, and illiterate.

It may be noted that, 48 (37.2 percent) respondents were graduation, followed by 28 (21.7 percent) respondents who were illiterate, 24 (18.6 percent) respondents with SSC, 21(16.3 percent) respondents with intermediate, 8 (6.2 percent) respondents with literate who can understand and write but not having SSC. The marital status is another variable that influences the behavioral choices of beneficiaries. The information furnished reveals that 86 percent of respondents are married, about 12.4 percent respondents are unmarried and 1.6 percent respondents are living separately. The religion-wise distribution of beneficiaries reveals that majority of the respondents are Hindus, followed by Christians and Muslims. The social class is one of the important factors influencing the behaviour of individuals in Indian society.

An attempt is made here to study the composition of respondents based on their social class with a view to analyze whether the social class of the beneficiaries has influence on the perceptions. The data pertaining to the social classification of the sample respondents are classified into four categories based on social status. These are open castes, backward castes; scheduled castes and scheduled tribes. It can be observed from the information provided in table that large numbers of the respondents belong to backward castes and scheduled castes. In terms of percentage, backward caste respondents constitute about 48.1 percent, scheduled castes constitute 27.1 percent, open caste constitute of 17.1 percent and scheduled tribes constitute of 7.8 percent of the respondents.

With reference to income range, 66 respondents constituting 51.2 percent represent monthly income group of less than Rs. 2500, followed by 39 (30.2 percent) respondents who represent monthly income group of Rs. 2500 to Rs.3000, 19 (14.7 percent) respondents with monthly income group of Rs. 3000. to 4500 and remaining 5 (3.9 percent) respondents with monthly income more than Rs.6000. Occupation-wise distribution of respondents presented in table 2 reveals that 25 (19.4 percent) respondents are working under Self help groups, 28 (21.7 percent) respondents are day wage earners and 76 (58.9 percent) respondents are engaged in farming.

III) Impact of PMJDY on Economic Empowerment of Beneficiaries

The notion of empowerment as a multidimensional process can be interpreted in different ways such as to express self-strength, control, self-power, self-reliance, own choice, life of dignity in accordance with one's values, capable of fighting for one's rights, independence, own decision making, being free, awakening and capacity building. Economic empowerment is one of the most important parameters of the overall empowerment, which includes social, psychological and political aspects of empowerment. Economic empowerment in terms of increased income, self-employment and thrift creation may result in one's ability to influence or make decision, increased self-confidence, better status and role in household etc. It emphasizes on breaking of vicious circle of poverty, reduction in vulnerability, enhancement in resources available for utilization and diversification towards higher income activities.

An attempt is made to understand the impact of the PMJDY scheme on the economic empowerment of the beneficiaries. Here, a liker 5-point rating scale is applied to assess the economic improvement of the beneficiaries.

Table 1: Survey results on assessing the economic empowerment of beneficiaries

| S. No | Economic empowerment dimension | | SD | D | N | A | SA | Total | Mean |
|-------|--|---|------|------|------|------|------|-------|------|
| 1 | Scheme has enabled the source of saving | f | 2 | 22 | 4 | 84 | 17 | 129 | 3.7 |
| | | % | 1.6 | 17.1 | 3.1 | 65.1 | 13.2 | 100 | |
| 2 | Scheme provide more interest rate than other sources | f | 41 | 49 | 1 | 29 | 9 | 129 | 2.3 |
| | | % | 31.8 | 38 | 0.8 | 22.5 | 7.0 | 100 | |
| 3 | Scheme provided smaller loans for self employment | f | 5 | 5 | 9 | 92 | 18 | 129 | 3.9 |
| | | % | 3.9 | 3.9 | 7.0 | 71.3 | 14.0 | 100 | |
| 4 | DBT can be better utilized under PMJDY Scheme | f | 4 | 2 | 9 | 97 | 17 | 129 | 3.9 |
| | | % | 3.1 | 1.6 | 7.0 | 75.2 | 13.2 | 100 | |
| 5 | Overdraft facility is better utilized in case of emergency | f | 7 | 9 | 16 | 83 | 15 | 129 | 3.7 |
| | | % | 5.4 | 7.0 | 12.4 | 63.6 | 11.6 | 100 | |
| 6 | Bank has encouraged for crop/SHG/small scale investments | f | 2 | 19 | 16 | 77 | 15 | 129 | 3.7 |
| | | % | 1.6 | 14.7 | 12.4 | 59.7 | 11.6 | 100 | |
| 7 | Confidence has increased with banking services | f | 0 | 6 | 16 | 91 | 16 | 129 | 3.9 |
| | | % | 0.0 | 4.7 | 12.4 | 70.5 | 12.4 | 100 | |
| 8 | Savings in the scheme has increased the ability for child education | f | 0 | 6 | 15 | 91 | 17 | 129 | 3.9 |
| | | % | 0.0 | 4.7 | 11.6 | 70.5 | 13.2 | 100 | |
| 9 | Discipline in the consumption patterns and rising saving attitude has been progressed. | f | 1 | 24 | 20 | 73 | 11 | 129 | 3.5 |
| | | % | 0.8 | 18.6 | 15.5 | 56.6 | 8.5 | 100 | |
| 10 | Credit needs are properly resolved. | f | 0 | 24 | 14 | 81 | 10 | 129 | 3.6 |
| | | % | 0.0 | 18.6 | 10.9 | 62.8 | 7.7 | 100 | |
| 11 | Banking services provide more comfort for withdrawals | f | 32 | 53 | 15 | 23 | 6 | 129 | 2.4 |
| | | % | 24.8 | 41.1 | 11.6 | 17.8 | 4.7 | 100 | |
| 12 | Loan disbursement is properly made | f | 1 | 1 | 20 | 99 | 8 | 129 | 3.9 |
| | | % | 0.8 | 0.8 | 15.5 | 76.7 | 6.2 | 100 | |

(Note: SA-Strongly Agree, A- Agree, N- Neither agree nor disagree, D- Disagree, SD- Strongly disagree)

Source: field survey results

The results presented in the table shows the perception of beneficiaries who are availing the banking services through PMGDY scheme. From the perceptions, it is understood that majority of the beneficiaries have agreed that the scheme has enabled them for the source of saving. Further, majority of the beneficiaries have disagreed that he scheme provide more interest rate than other sources. With reference to other features, beneficiaries have given 'agree' rating to the scheme proficiency in providing the smaller loans, credit disbursement and overdraft facility. Where as the beneficiaries have disagreed to 'withdrawal facilities' at banks and interest rate provided for the savings. With reference to mean values obtained for the rating given by the respondents, it is observed that for the items including 'interest rate' and 'comfort for with drawls', the mean rate has been found less than the population mean and for the remaining all items, the mean rate observed is more than 3 which is above the population mean, hence it can be interpreted that there is a significant impact of the scheme provided by CANARA BANK on the economic empowerment of the beneficiaries.

V) Problems and prospects in the implementation of PMJDY scheme

In order to under the problems that beneficiaries have been facing in availing the banking services from Canara bank under PMJDY scheme, effort is made by grouping the most influencing problems under 7 categories. Most of these variables are part of tangibility dimension comes under service quality. Different service organizations employ different types of tangibles. In the banking industry, trained bank staff, buildings, stationary improve the quality and promptness of service thereby improving the satisfaction of stakeholders. In order to understand the tangibility dimension in the problems and prospects pertaining to banking services, dimensions chosen under the label include access, convenience, comfort, cleanliness, assistance, timeliness, and adequacy of equipment such as vouchers, helpdesk etc. The aggregate of 7 dimensions used for analyzing the problems and prospects that the beneficiaries have been facing, likert scale is applied and the results are summarized in order to evaluate the mean and standard deviation scores for better analysis. The results are presented below

Table 2: Mean and Standard Deviation of Tangibility Dimension

| S. No | Dimension | Mean | Standard Deviation | N |
|-------|---------------|------|--------------------|-----|
| 1 | Accessibility | 2.55 | .748 | 129 |
| 2 | Convenience | 3.54 | .525 | 129 |

| | | | | |
|---|------------------------|------|------|-----|
| 3 | Comfort | 2.94 | .580 | 129 |
| 4 | Cleanliness | 3.81 | .447 | 129 |
| 5 | Assistance | 3.63 | .590 | 129 |
| 6 | Timeliness | 2.43 | .430 | 129 |
| 7 | Adequacy Aspects | 3.50 | .577 | 129 |
| 8 | Accountability at PHCs | 3.43 | .381 | 129 |

Source: Compiled from field survey

Under accessibility dimension, perceptions are recorded to analyze the aspects including distance that beneficiaries have been travelling to reach the branch, location of the bank branch and the transportation cost to reach the branch. The results clearly reflected that majority of the beneficiaries have felt that the location of the branch is not conveniently located and further, the beneficiaries have opined that they have to travel by the assistance of transportation facility where the cost is marginal. The mean score obtained is 2.55 which further shows the evidence that beneficiaries are not satisfied with the accessibility of the bank branch for the beneficiaries.

With reference to the convenience, it is observed that the operating hours are not satisfactory to the beneficiaries, as the hours are not helping them to avail service due to their engagement in wage earnings. The availability of telephone, consultation and voucher facilities are found satisfactory. The mean score is 3.54 which shows that the beneficiaries found conveniences in accessing the services. The study on comfort dimension revealed that, the facilities of parking, ventilation, fans, generator, waiting space, seating and separate toilets for male and female were found dissatisfactory and the mean score found also proves less than the population mean of 3. With reference to cleanliness, it is observed that beneficiaries are satisfied with the cleanliness of the benches, chairs, water facilities provided at the branch.

For the timeliness dimension, the mean score obtained found less than 3 which proves that the beneficiaries have dissatisfied by the long waiting hours for availing the loan, man power ratio for the beneficiaries, deposits and withdrawals time limits. The assistance dimension includes the provisions of help desk in attaining the information in the local language, special assistance to physically handicap and women. The mean value shows that the bank facilities are satisfactory as the mean value found more than 3 which is above the population mean.

With reference to adequacy in terms of the bank's position in maintaining cash ready for disbursement, physical and networking facilities, the mean score is more than 3 which is satisfactory. The accountability dimension which include the responsibility in providing the trusted services to the beneficiaries, unbiased service are found satisfactory as the mean score is found more than 3 which is above the population mean. Overall, by assessing the mean scores obtained through the calculation of weighted mean from the ratings given by the beneficiaries, it is proven that the beneficiaries have been facing the problems of accessibility, comfort and timeliness.

6. Conclusions and Suggestions

Pradhan Mantri Jan Dhan Yojana (PMJDY) is considered as noble attempt to bring uncovered marginalized and poor households under the umbrella of banking network. Canara bank has set the example in the banking industry by progressing well in terms of the number of accounts opened and the value of deposits collected. The unique features including insurance coverage, no mandatory minimum balance hurdles and direct beneficiary transfer linked with Government schemes have benefited the beneficiaries. The field survey results have shown that scheme has benefited the source of empowerment by providing the opportunity to the marginalized to engage in investments, financial contribution for child education and benefits achieved from Government under DBT. With reference to motivating factors, the beneficiaries have been motivated by the treatment procedures, availability of information and courtesy of bank staff. However, there is a clear need for the improvement in terms of providing caring services for women and senior citizens. The language support and advising from help desk need to be improved. With reference to problems and prospects, it is been observed that beneficiaries are satisfied with reference to accessibility of the bank branch, facilities at work place, assistance dimension and adequacy. Whereas, the accessibility including distance, working hours and amenities were found lacking in the rural branches where the marginalized beneficiaries found dissatisfactory. Since the rural branches are not having adequacy in terms of access and convenience in terms of amenities, it is observed that in all the select three districts, Canara bank branches need to increase its present range of amenities. The Tukey Post-hoc test has proved there is no significant difference in the perception of beneficiaries from the rural branches in the three select districts in Tamilnadu State.

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