



A DIAGNOSTIC STUDY ON IMPACT OF PRADHAN MANTRI JEEVAN BIMA YOJNA WITH SPECIAL REFERENCE TO SELECT PUBLIC SECTOR BANKS

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ABSTRACT

Financial inclusion is an innovative concept which enables the alternative techniques to promote the banking habits and acts as enabler in reducing the poverty and the launch of Pradhan Mantri Jan Dhan Yojana (PMJDY) by Government of India is in that direction. The scheme is not only limited to opening of a bank account but has other benefits with it viz. zero balance bank account with RuPay debit card, in addition to accidental insurance cover of Rs.one lakh those who open accounts by January 26, 2015 over and above the Rs.1lakh accident, they will be given life insurance cover of Rs.30, 000 etc. This paper is an attempt to discuss the effect of Pradhan Mantri Jeevan Bima Yojna with reference to select public sector banks.

KEYWORDS: Pradhan mantra jeevan bima yojna, public, scheme effectiveness.

1.1 INTRODUCTION

The process of economic growth cannot be achieved without the inclusion of all stakeholders. These include people from all walks of life. A large part of the society is excluded from the financial system. This exclusion is a serious threat to economic growth. It is especially true in developing countries like India. The modern bank is completely different from the older banks. The banks today are more technologically powerful and hence the process of financial inclusion can be better implemented now. The government of India has launched the scheme PM JAN DHAN YOJANA for the purpose of Financial Inclusion of all the citizens especially those who have been out of it till now. Many people who till now hadn't even stepped inside the bank branch, have a bank account now.

The JAN DHAN YOJANA forms a platform for many other steps to uplift the society and bring them into the mainstream. Once they are into the financial system, many benefits and powers can be made available to them. The process of economic growth, especially when it is on high growth line, must attempt to take participation from all sections of society. The recent developments in banking technology have complete change in banking from the traditional brick-and-mortar infrastructure like staffed branches to a system supplemented by other channels like automated teller machines (ATM), credit/debit cards, online money transaction, internet banking, etc. Many of research reports and surveys clearly show that large numbers of population does not have an access to basic

banking and financial services not only in India but also whole world. People, particularly, those living on low incomes, cannot access main stream financial services and products such as bank accounts which are used for making payments and keeping money, remittances, affordable credit, insurance and other financial services, etc. Lack of accessible, affordable, and appropriate financial services has always been a global problem. It is estimated that about 2.9 billion people around the world do not have access to formal sources of banking and financial services. India is said to live in its villages, a convincing statement, considering that nearly 72% of our population lives there. However, a significant proportion of our 6,50,000 odd villages does not have a single bank branch to boast of, leaving swathes of the rural population in financial.

2.1 LITERATURE REVIEW

Sustained growth of the nation and its continued prosperity depend critically on universal financial services covering all people. Further, empirical evidence shows that inclusive financial system significantly raises growth, alleviate poverty and expand economic opportunity. Financial inclusion means the provision of affordable financial services, viz., access to payments and remittance facilities, savings, loans and insurance services by the formal financial system to those who tend to be excluded (Thorat, 2006). Financial inclusion is delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income groups. Unrestrained access to public goods and services is the sine qua non of an open and efficient society. As banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of the public policy (Leeladhar, 2006).

Concept of Financial Exclusion:-

In India, The Report of the financial inclusion in January 2008 by C Rangarajan, Financial exclusion is defined as restricted access to financial services to certain segment of the society. Generally, this large section of the population comprises individuals or family falling into low income groups, which are not able to access even the most basic banking services like bank accounts, credit, insurance, financial advisory services and payment services. So basically, financial exclusion is the situation where certain group of population is excluded or unable to access low cost an appropriate mainstream financial products and services.

Extent to financial exclusion in globally:-

The World Bank's Global Findex database reveals that between 2011 and 2014, 700 million adults worldwide became account holders. The number of adults without an account—the unbanked—dropped by 20 percent to 2 billion. Globally, 62 percent of adults have an account, up from 51 percent in 2011. Extent of Financial Exclusion –India India ranks 2nd in the world in terms of financially excluded households after China. India is place of the largest unbanked population where, only 35 percent adults having an account in financial institutions which shows that percentage of account penetration in India just below rest of the developing world. And around 145 million people are excluded from banking .About 50 percent of adult's reports in Andhra Pradesh and Delhi NCR and 40 percent in Gujarat, Kerala, and Maharashtra having a formal account but Bihar, Orissa, and Rajasthan reports less than 30 percent account penetration. As per data available from Census 2011, India is having population of around 1.22 billion and 65 per cent of adults across the country are excluded from the formal financial system. As per the report of World Bank, In India, only 35.2 percent adults above the age of 15 years have an account at formal financial institutions. 55 percent population has deposit accounts and only 9 percent population have credit accounts with formal financial institutions. Reports show that there is one bank branch per 14,000 persons. Just 18 percent are debit card holders and less than 2 percent are credit cards holders. In India, despite expansion of bank branches post reform period, the total branches of commercial banks including RRB s and SCB s has still stood only 33495 in a country to provide service to 6 lakh villages. So there is only one bank branch over the 12.5 villages. In India and other BRICS economies unbanked respondents reported obstacles to access formal accounts. And only a little less than 20% of the population has any kind of life insurance and 9.6% of the population has non life insurance coverage.

3. RESEARCH DESIGN

3.1 PROBLEM STATEMENT

Large part of Indian population does not have cost-effective insurance. In this given context, the Indian Government launched the PRADHAN MANTRI JEEVAN BIMA YOJNA to provide affordable insurance to general public which in turn helps to increase economic growth of India. This study identifies and analysis the effectiveness of the scheme from a micro perspective.

3.2 OBJECTIVES

1. To investigate the functioning of PRADHAN MANTRI JEEVAN BIMA YOJNA in the public sector banks.
2. To examine the Activities / Promotions done to create awareness about PRADHAN MANTRI JEEVAN BIMA YOJNA.
3. To analyse the awareness level among the people about the PRADHAN MANTRI JEEVAN BIMA YOJNA.
4. To provide possible suggestions to promote the scheme.

3.3 SCOPE OF THE STUDY

The scope of this research is related to public sector banks in Hubli region. The sample surveyed in this study are the existing Savings Account holders in the bank.

Research Methodology:-

The present study is descriptive in nature and evaluation type of study. The data used for the study is primary and secondary in nature.

3.4 DATA SOURCES

Primary data: A Structured questionnaire was distributed to obtain data for analyzing the consumer awareness towards PMJJBY. The bank managers were interviewed to collect the information.

Secondary data: Secondary data was collected through Textbooks, newspaper Articles, magazines, and from different websites.

METHOD OF DATA COLLECTION

Data was collected by giving Questionnaires to respondents and by Interviewing Bank employees. Some of the customer's data was collected through Email.

Sampling Plan:-

Sampling Method: Non probability (Convenient) and Random Sampling.

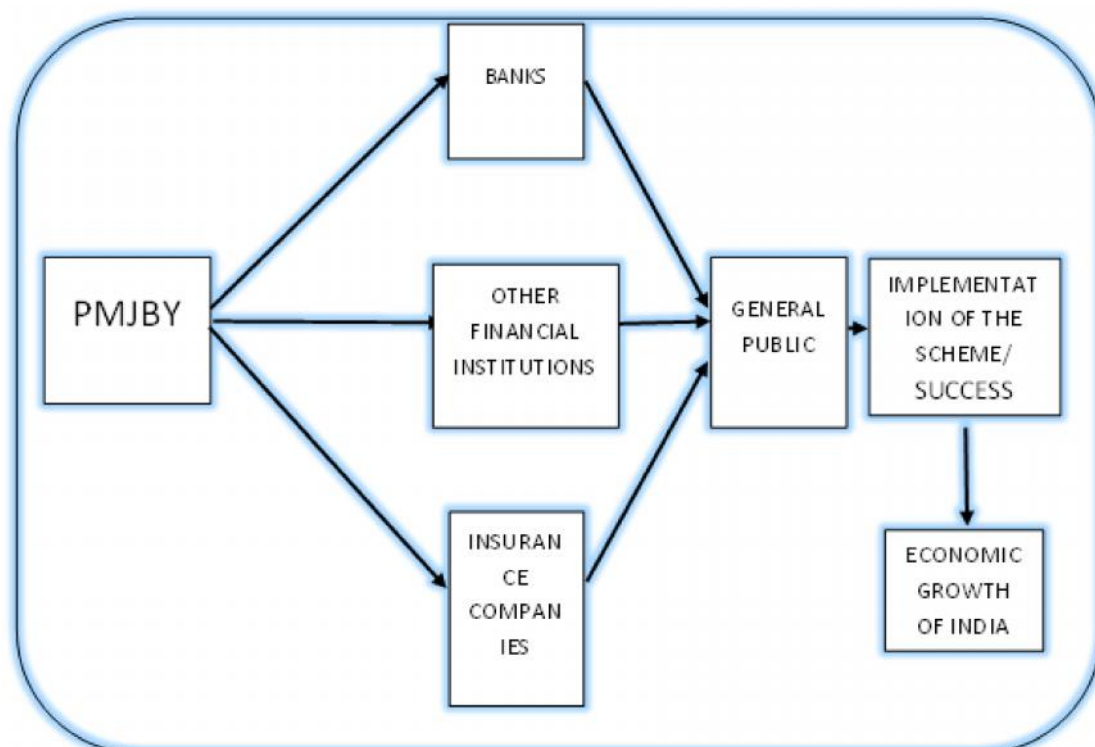
Sample Unit: Customers currently holding a savings account in Syndicate Bank, Andhra Bank and SBI.

Sample size: 37 Sample after removing missing data of the Respondents, Bank that is in Syndicate Bank, Andhra Bank and SBI and random general public Sample was collected.

Plan of Analysis:-

The analysis of the findings is presented in this report in the form of Tables of the responses, graphical representation and at the end an explanation of the findings with the inference is given. The tables also contain the frequency of the responses and the percentage of the total respondents for that response. The findings of the study are represented graphically with the help of Bar Charts.

CONCEPTUAL FRAMEWORK OF THE RESEARCH



Source: Authors

ANALYSIS

FACTOR ANALYSIS

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.581
Bartlett's Test of Sphericity	Approx. Chi-Square	220.689
	df	105
	Sig.	.000

The Sphericity test shows that the significance value is .000. This means the questionnaire administered is efficient.

Analysis has been made for each & every question given in the questionnaire. Mainly analysis has been done for area covering Hubli city and for Syndicate Bank, Andhra Bank and SBI. Therefore the findings will show the picture of these Banks

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items
.690	.672

The reliability analysis was conducted by computing the Cronbach's alpha () for each moderating variables. The Cronbach alpha for nineteen items or independent variables used to measure the PMJBY scheme was 0.690 indicating that the measures have acceptable internal consistency.

CHI-SQUARE ANALYSIS

H₁₀ : There is no awareness among public about the PMJBY
 H₁₁ : There is awareness among general public about the PMJBY

From the CHI-SQUARE tests above we can conclude that Null Hypothesis given below can be accepted as all the Pearson's Chi-Square Values are more than 0.05 (@95% confidence level)

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.853 ^a	12	.458
Likelihood Ratio	13.691	12	.321
Linear-by-Linear Association	.207	1	.649
N of Valid Cases	37		
a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .22.			

Result: Since the Pearson Chi-Square calculated value (11.853, p=0.458) is more than the table value (0.05) we Accept the null hypothesis. Hence there is no awareness among general public about the PMJBY.

Hypothesis-2

H₂₀ : There is no effect of promotional activities of PMJBY on public
 H₂₁ : There is an effect of promotional activities of PMJBY on public



Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.770 ^a	12	.044
Likelihood Ratio	15.099	12	.036
Linear-by-Linear Association	.294	1	.188
N of Valid Cases	37		
a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .22.			

Result: Since the Pearson Chi-Square calculated value (14.770, $p=0.044$) is less than the table value (0.05) we reject the null hypothesis and accept the alternate hypothesis. Hence there is effect of promotional activities of PMJBY on public.

H_3_0 : Promotional activities Satisfaction has no impact on age of the respondent

H_3_1 : Promotional activities Satisfaction has impact on age of the respondent

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.039 ^a	12	.027
Likelihood Ratio	25.433	12	.013
Linear-by-Linear Association	.600	1	.438
N of Valid Cases	37		
a. 19 cells (95.0%) have expected count less than 5. The minimum expected count is .43.			

Result: Since the Pearson Chi-Square calculated value (23.039, $p=0.027$) is less than the table value (0.05) we reject the null hypothesis and accept the alternate hypothesis. Hence Promotional activities Satisfaction has impact on age of the respondent

State Bank of India:-

The enrolment is 1700. Customer base is also less. Not much activity regarding PMJBY going on. Still promotion activities are being conducted by head office and by the HQ.

FINDINGS

The major finding in this research with three select banks is as follows:

Andhra Bank:-

This bank has the poorest progress of all in terms of implementation. They have just enrolled 10 customers out of 10000. They do not have any person assigned for the PMJBY scheme purpose, they provide information only if anybody asks for it. They haven't given any ads, or any kind of promotional activities.

Syndicate Bank:-

The enrolment at this bank has the maximum enrolment (3000 out of 12000 customers) they have assigned one person for the purpose. They regularly conduct enrolment camps. They have put up banners and hoarding. SBI: The enrolment is 1700. Customer base is also less. Not much activity regarding PMJBY going on. Still promotion activities are being conducted by head office and by the HQ.

Statistically, it is proved from the Chi-square test that there is no awareness among general public. But there is effect of promotional activities of PMJBY on public.

SUGGESTIONS

- ↪ Public banks should get more involved in promotional activities for the scheme. The decision making regarding the promotional activities, implementation should be done at the every branch level.
- ↪ More and better Bank employee incentive scheme will fasten the enrollment. Employee Targets should be set for implementation of the scheme.
- ↪ From the whole society, weaker section must be targeted as the scheme would really benefit them so the people belonging to lower economic strata like laborers should be main beneficiaries. Local Bodies like Panchayats and NGO should be involved for better reach.

- ↳ Claims have to be settled soon. Less paperwork. Single window, single day claim settlement. The banks should be compensated by LIC for their efforts.
- ↳ The unclaimed amount should be shared with the banks. The success of the scheme can be properly judged only after a year or two.
- ↳ Door to door campaign of SYNDICATE BANK, was very successful. More enrollment have happened. Similarly, many more campaigns by other public banks are necessary so as to popularize the PMJJBY.

CONCLUSION

The scheme is really good as it provides insurance to all at affordable rates. The PMJJBY can be successfully implemented if and only if the banks push for as can be seen from the SYNDICATE BANK. There is no substantial benefit for the banks as they get only 10/enrolment. Which is less than 1%. The only benefit to bank is that if the claimant owes money to the bank then the bank can recover its dues by debiting from the claim settlement amount. The scheme even though it is being done thru banks, LIC is the insurer. Thus the monetary benefit goes to LIC. The PMJJBY is still in its nascent stage therefore it has a long way go. Once the claims start coming in after

maybe a year and the government starts disbursing the claim amount, the scheme will become popular. People will then start believing. Once any person in the locality gets the benefit then there will be automatic publicity. Word of mouth publicity.

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