

An Empirical Analysis of Progress of Pradhan Mantri Jan Dhan Yojana : A Comparative Study of Punjab and Haryana

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Abstract

Financial inclusion is essential for sustainable development of economy. Pradhan Mantri Jan Dhan Yojana (PMJDY) is a comprehensive financial inclusion scheme. In the States of Punjab and Haryana, a large proportion of persons have no access to formal financial services. The present paper attempts to study the progress of PMJDY in Punjab and Haryana in covering unbanked population. The study is based on secondary data and tools like tables, pie-charts and percentage have been used for the analysis of data. The study found that the total number of accounts opened under the scheme is more in Haryana but the amount of deposits accumulated is more in Punjab. In both the states more accounts have been opened in rural areas but percentage is higher in Punjab (59.5%) as compared to Haryana (56.53%). In two States, Public Sectors Banks are opening more accounts in rural areas followed by Regional Rural Banks and Private Banks. The study suggested for further penetrating the scheme across length and breadth of the two states.

Key Words

Financial Inclusion, Punjab, Haryana, PMJDY, Rural Areas

INTRODUCTION

Financial inclusion is the delivery of financial services at affordable costs to vast sections of disadvantaged and low income groups. The aim of financial inclusion is to promote sustainable development, generating employment especially in the rural areas, inculcating habit of saving, providing formal credit avenues and

successful implementation of welfare programmes. Banking sector possesses a tremendous potential to act as an agent of change and ensure redistribution of wealth in the society thereby playing important role in financial inclusion. Reserve Bank of India (RBI) as a supreme authority in banking structure takes efficient and effective steps for inclusive financing. RBI exhorted the banks to make available a basic banking 'no frills' account either with 'NIL' or very minimum balances as well as charges that would make such accounts accessible to vast sections of the population. The banking system has started to adopt the business correspondent mechanism to facilitate banking services in those areas where banks are unable to open branches for cost considerations. To plug the leakages that are present in transfer of payments through the various levels of bureaucracy, government has begun the procedure of transferring payment directly to accounts of the beneficiaries i.e. Electronic Benefits Transfer. Recently, the government initiated Pradhan Mantri Jan Dhan Yojana (PMJDY) comprehensive financial inclusion scheme on 28 August 2014. The scheme is run by Department of Financial Services, Ministry of Finance and on the inauguration day, 1.5 Crore (15 million) bank accounts were opened under this scheme. Hence, it becomes significant to study the progress under the schemes in the states which have large number of unbanked villages.

In the states of Punjab and Haryana, a large proportion of persons have no access to the types of formal financial services delivered by regulated financial institutions. As per State-Level Banker's Committee (SLBC) 2013, there are 10,132 unbanked villages in Punjab and 4,077 unbanked villages in Haryana. It is essential in both the states to engage rural population in progress of state's economy. For a steady state economy, an efficient system of banking and finance machinery is essential.

Punjab is a state with an agrarian economy with a lower industrial output as compared to other states of India. The prominent feature of the industrial scenario of Punjab is its small-sized industrial units. Punjab is now putting more and more focus to its industry and infrastructure for better economic growth. The economy of Haryana relies on manufacturing, retailing and information outsourcing. Despite recent industrial development, Haryana is primarily an agricultural state. Institutional finance is essential for any further development programme.

Hence, for the development of both the states, a formal system of finance is required. Institutional finance through commercial, cooperative banks and other term lending institutions reduces pressure on the budgetary resources of the State Government.

REVIEW OF LITERATURE

Barhate and Jagtap (2014) studied financial inclusion in India with reference to Pradhan Mantri Jan Dhan Yojana. The study found that a bold step is required to withstand the heat of economic down surge and fight poverty and the Jan Dhan Yojana is playing a major role in this regard.

Chowhan, Sudhinder Singh and Pande J. C. (2014) in their research paper studied the importance of financial inclusion and the impact Pradhan Mantri Jan Dhan Yojana (PMJDY). The study found financial inclusion of the unbanked masses is a critical step that requires political will, bureaucratic support and persistent persuasion by RBI. PMJDY is playing important role in financial inclusion.

Kaur and Singh (2015) studied the recent trends in financial inclusion in India with special reference to Pradhan Mantri Jan Dhan Yojana (PMJDY). It was found that financial inclusion of the unbanked masses is a critical step that requires political will, bureaucratic support and determined persuasion by RBI. PMJDY scheme is a rapid move forward for those people who have still remained deprived of basic banking and financial systems.

Patnaik, Satpathy and Supkar (2015), in their paper examine the level of financial access to banking services of the urban unorganized and awareness of "Pradhan Mantri Jan Dhan Yojna" Scheme in the Eastern region of India and particularly capital region of Odisha. The study was based on primary data collected through a sample population of 137. The study revealed that a very small portion of respondents are having a bank account due to very little savings and illiteracy. PMJDY is playing a major role in inclusive growth. The study suggested banks to create more awareness on zero balance account and also launch a campaign for opening bank accounts outside the banking premises so that maximum people get benefited.

OBJECTIVES OF THE STUDY

1. To study PMJDY as a national mission on financial inclusion.
2. To compare the progress of PMJDY in Punjab and Haryana.
3. To examine the group-wise share of banks in two states.
4. To analyse the share of different types of banks in two states.

RESEARCH METHODOLOGY

The present study is based on secondary data. The data has been collected from various reports, publications and websites of the government and related

departments. Tools like tables, pie-charts and percentage have been used for the analysis of data.

PMJDY – A NATIONAL MISSION ON FINANCIAL INCLUSION

PMJDY is an integrated approach to bring about comprehensive financial inclusion of all the households in the country. The scheme aims at ensuring access to various financial services like availability of basic savings bank account, financial literacy, need based credit, remittances facility, insurance and pension to the excluded sections i.e. weaker sections & low income groups. In addition, the scheme also provides the beneficiaries with RuPay Debit card having inbuilt accident insurance cover of ₹ 1 lakh. The plan also envisages channeling all Government benefits (from Centre / State / Local Body) to the beneficiaries' accounts and pushing the Direct Benefits Transfer (DBT) scheme of the Union Government. The account holders also get facilities like interest on deposit, Life Insurance cover of Rs.30,000, Easy Transfer of money across India, Access to Pension, insurance products and overdraft facility upto Rs.5000/- is available in only one account per household, preferably lady of the household.

Various Documents Required for Opening an Account under PMJDY are :

1. Aadhaar Card/Aadhaar Number. If there is change in address then a self -certification of current address is sufficient.
2. If Aadhaar Card is not available, then any one of the following Officially Valid Documents (OVD) is required: Voter ID Card, Driving License, PAN Card, and Passport & NREGA Card. If these documents also contain address, it can serve both as "Proof of Identity and Address".
3. If a person does not have any of the "officially valid documents" , but it is categorized as 'low risk' by the banks, then he/she can open a bank account by submitting any one of the following documents :
 - (a) Identity Card with applicant's photograph issued by Central/ State Government Departments, Statutory / Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks and Public Financial Institutions;
 - (b) Letter issued by a gazette officer, with a duly attested photograph of the person.

PMJDY IN PUNJAB AND HARYANA

Table 1
Progress of PMJDY in Punjab and Haryana (as on 25.02.2015)

States	Accounts Rural	Accounts Urban	Total Accounts	Deposits (Rs. in Lacs)
Punjab	2245439 (59.50)	1528474 (40.50)	3773913 (100)	92379.81
Haryana	2188922 (56.53)	1683074 (43.47)	3871996 (100)	73830.83
Total	4434361	3211548	7645909	166210.64

Note : Figure in parenthesis indicate percentage share to total

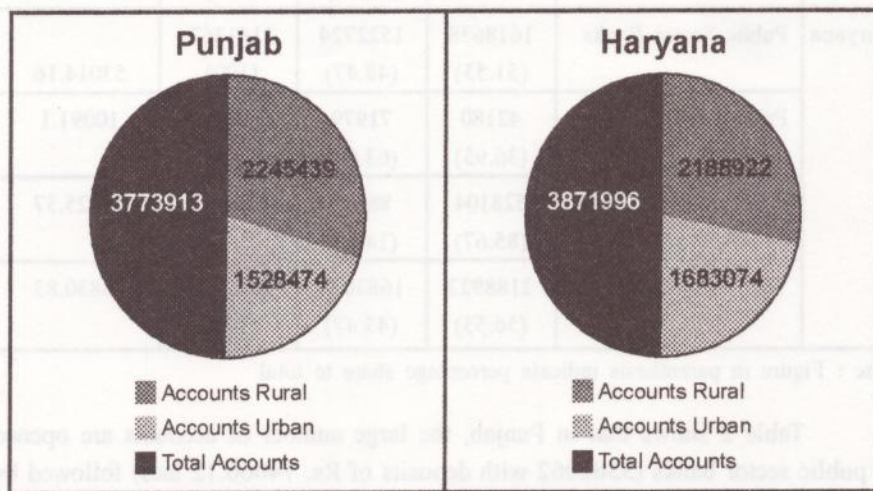


Chart 1

Chart 2

Table 1 and Chart 1 reveal that total number of accounts opened in Punjab were 3773913 with a deposit of Rs. 92379.81 lacs. The proportion of accounts opened in rural areas was more (59.5%) as compared to urban areas (40.5%). Further Table 1 and Chart 2 show that in case of Haryana, the total number of accounts opened was 3871996 with a deposit of Rs. 73830.83 lacs. The proportion of accounts opened in rural areas was more (56.53%) as compared to urban areas (43.47%).

Thus, the total number of accounts opened is more in Haryana as compared to the neighboring state but the amount of deposits accumulated are more in Punjab. In both the states more accounts are opened in rural areas but percentage is higher in Punjab (59.5%) as compared to Haryana (56.53%).

Table 2

Bank Group-wise Share in Punjab and Haryana (as on 25.02.2015)

States	Bank Group	Accounts	Accounts	Total	Deposits
		Rural	Urban	Accounts	(Rs. in Lacs)
Punjab	Public Sector Banks	2003663 (59.24)	1378399 (40.76)	3382062 (100)	74066.12
	Private Banks	101259 (47.04)	114024 (52.96)	215283 (100)	17145.05
	Regional Rural Bank	140517 (79.58)	36051 (20.42)	176568 (100)	1168.64
	Total	2245439 (59.50)	1528474 (40.50)	3773913 (100)	92379.81
Haryana	Public Sector Banks	1618638 (51.53)	1522724 (48.47)	3141362 (100)	53014.16
	Private Banks	42180 (36.95)	71979 (63.05)	114159 (100)	10091.1
	Regional Rural Bank	528104 (85.67)	88371 (14.33)	616475 (100)	10725.57
	Total	2188922 (56.53)	1683074 (43.47)	3871996 (100)	73830.83

Note : Figure in parenthesis indicate percentage share to total

Table 2 shows that in Punjab, the large number of accounts are opened by public sector banks (3382062 with deposits of Rs. 74066.12 lacs) followed by private banks (215283 with deposits of Rs. 17145.05 lacs) and regional rural banks (176568 with deposits of Rs. 1168.64 lacs). The public sector banks (59.24%) and regional rural banks (79.58%) have opened more accounts in rural areas whereas private banks have concentrated more on urban areas (52.96%).

In Haryana, proportionately more accounts are opened by public sector banks (3141362 with deposits of Rs. 53014.16 lacs) followed by regional rural banks (616475 with deposits of Rs. 10725.57 lacs) and private banks (114159 with deposits of Rs. 10091.1 lacs). The public sector banks (59.24%) and regional rural banks (79.58%) have opened more accounts in rural areas whereas private banks have concentrated more on urban areas (52.96%). The public sector banks (51.53%) and regional rural banks (85.67%) have opened more accounts in rural areas whereas private banks have concentrated more on urban areas (63.05%).

Table 3

Bank Group-wise Share in Punjab (as on 25.02.2015)

Bank Type	Sr. No.	Bank Name	Accounts Rural	Accounts Urban	Total Accounts	Deposits (Rs. in Lacs)
	1.	Punjab National Bank	473224	102484	575708	6520.04
	2.	State Bank of Patiala	206618	300341	506959	12281.6
	3.	Punjab & Sind Bank	424367	66902	491269	24385.86
	4.	Oriental Bank of Commerce	230516	68961	299477	17739.96
	5.	State Bank of India	68210	174862	243072	1261.04
	6.	Canara Bank	120657	47992	168649	2414.92
	7.	UCO Bank	59181	92637	151818	2151.97
	8.	Bank of India	34765	100100	134865	650.65
	9.	Central Bank of India	70803	46886	117689	621.13
	10.	Allahabad Bank	74567	36081	110648	457.67
Public Sector Banks	11.	Bank of Baroda	9486	79429	88915	1491.53
	12.	Corporation Bank	36664	45846	82510	1068.45
	13.	Indian Overseas Bank	14443	66664	81107	466.77
	14.	Union Bank of India	42918	19293	62211	369.49
	15.	Indian Bank	28758	19210	47968	262.97
	16.	IDBI Bank Ltd.	25556	14538	40094	101.93
	17.	Syndicate Bank	17027	15020	32047	228.89
	18.	Andhra Bank	20692	9387	30079	153.85
	19.	Dena Bank	10420	16418	26838	272.31
	20.	Vijaya Bank	11914	12211	24125	114.48
	21.	Bank of Maharashtra	8369	8364	16733	215.67
	22.	United Bank of India	0	13787	13787	399.87
	23.	State Bank of Bikaner & Jaipur	0	7947	7947	269.97
	24.	State Bank of Hyderabad	0	3400	3400	27.12
	25.	State Bank of Travancore	141	258	399	9.19
		Sub-Total	1989296	1369018	3358314	73937.33

Contd.

Contd. Table 3

Private Banks	26.	HDFC Bank Ltd	74432	97292	171724	16719.79
	27.	ICICI Bank Ltd	18702	10432	29134	276.01
	28.	Axis Bank Ltd	14367	9381	23748	128.79
	29.	Jammu & Kashmir Bank Ltd.	3015	1410	4425	26.96
	30.	Federal Bank Ltd	2879	1469	4348	96
	31.	IndusInd Bank Ltd	271	1810	2081	10.15
	32.	Kotak Mahindra Bank Ltd.	1370	700	2070	6.26
	33.	Yes Bank Ltd	590	199	789	2.66
	34.	Karur Vysya Bank Ltd.	0	280	280	1.39
	35.	South Indian Bank Ltd.	0	256	256	1.73
	36.	City Union Bank Ltd.	0	176	176	4.1
		Sub-Total	115626	123405	239031	17273.84
Regional	37.	Punjab National Bank	92930	33334	126264	586.82
Rural	38.	State Bank of Patiala	38121	646	38767	492.93
Banks	39.	Punjab & Sind Bank	9466	2071	11537	88.89
		Sub-Total	140517	36051	176568	1168.64
		Grand Total	2245439	1528474	3773913	92379.81

Table 3 portrays that in Punjab, in case of public sector banks, the largest number of accounts were opened by Punjab National Bank (575708 with deposits of Rs. 6520.04 lacs) whereas State Bank of Travancore opened the lowest number (399 with deposits of Rs. 9.19 lacs). In case of private banks, HDFC Bank Ltd. took the lead in opening maximum accounts (171724) and City Union Bank Ltd. opened only 176 accounts with nil accounts in rural areas. In the category of Regional Rural Banks, Punjab National Bank opened the highest number of accounts (126264) whereas Punjab & Sind Bank opened the lowest number (11537).

Table 4

Bank Group-wise Share in Haryana (as on 25.02.2015)

Bank Type	Sr. No.	Bank Name	Accounts		Total Accounts	Deposits (Rs. in Lacs)
			Rural	Urban		
Public Sector Banks	1.	Punjab National Bank	594287	158788	753075	10304.27
	2.	State Bank of India	105583	315919	421502	1784.17
	3.	Oriental Bank of Commerce	167446	71118	238564	15389.94
	4.	State Bank of Patiala	87776	149048	236824	4124.64
	5.	Central Bank of India	120034	70032	190066	1224.95
	6.	Canara Bank	103579	80059	183638	4834.75
	7.	Syndicate Bank	86044	38238	124282	2147.31
	8.	Bank of Baroda	15551	103792	119343	1804.12
	9.	Punjab & Sind Bank	65604	40610	106214	2904.59
	10.	UCO Bank	31377	74576	105953	1425.4
	11.	Union Bank of India	44530	49372	93902	505.29
	12.	Corporation Bank	44565	43226	87791	1644.15
	13.	Indian Overseas Bank	9147	64060	73207	526.63
	14.	Allahabad Bank	41786	26205	67991	365.48
	15.	Indian Bank	28578	32810	61388	510.9
	16.	Bank of India	10024	49701	59725	481.52
	17.	Dena Bank	14182	27661	41843	395.51
	18.	Andhra Bank	13563	22254	35817	266.42
	19.	IDBI Bank Ltd.	12532	17311	29843	92.8
	20.	Axis Bank Ltd	10167	10657	20824	148.79
	21.	Bank of Maharashtra	2923	17841	20764	318.26
	22.	United Bank of India	1769	24874	26643	640.41
	23.	State Bank of Bikaner & Jaipur	0	16935	16935	861.14
	24.	Vijaya Bank	5357	9054	14411	133.96
	25.	State Bank of Hyderabad	1631	5960	7591	126.47
	26.	State Bank of Travancore	302	1799	2101	35.37
	27.	State Bank of Mysore	301	323	624	0.25
	28.	Bhartiya Mahila Bank	0	501	501	16.67
		Sub-Total	1618638	1522724	3141362	53014.16

Contd.

Contd. Table 4

	29.	HDFC Bank Ltd	24823	48358	73181	9594.78
	30.	ICICI Bank Ltd	7980	12788	20768	350.17
	31.	Federal Bank Ltd	1913	2891	4804	73.95
	32.	Kotak Mahindra Bank Ltd	3164	1341	4505	22.83
	33.	Jammu & Kashmir Bank Ltd.	1856	2196	4052	13.07
Private Banks	34.	IndusInd Bank Ltd	1064	1741	2805	11.34
	35.	Yes Bank Ltd	1380	629	2009	7.13
	36.	South Indian Bank Ltd.	0	621	621	9.16
	37.	Lakshmi Vilas Bank Ltd.	0	621	621	3.19
	38.	Karur Vysya Bank Ltd.	0	480	480	1.53
	39.	City Union Bank Ltd.	0	313	313	3.95
		Sub-Total	42180	71979	114159	10091.1
Regional Rural Banks	40.	Punjab National Bank	528104	88371	616475	10725.57
		Sub-Total	528104	88371	616475	10725.57
		Grand Total	2188922	1683074	3871996	73830.83

Table 4 shows that in Haryana, in case of public sector banks, Punjab National Bank has opened maximum number of accounts (753075 with deposits of Rs. 10304.27 lacs) whereas Bhartiya Mahila Bank opened the lowest number (501 with deposits of Rs. 16.67 lacs). In case of Private Banks, HDFC Bank Ltd. took the lead in opening maximum accounts (73181 with deposits of Rs. 9594.78 lacs) and City Union Bank Ltd. opened only 313 accounts with nil accounts in rural areas. In the category of Regional Rural Banks, Punjab National Bank opened 616475 accounts with deposits of Rs. 10725.57 lacs.

CONCLUSION

The Government and RBI are taking effective steps to reach the unbanked population. Pradhan Mantri Jan Dhan Yojana is an important step in this regard and is playing a magnificent role in terms of financial inclusion in the States of Punjab and Haryana. The total number of accounts opened under the scheme is more in Haryana as compared to Punjab but the amount of deposits accumulated is more in Punjab. In both the states, more accounts are opened in rural areas but percentage

is higher in Punjab (59.5%) as compared to Haryana (56.53%). In the two states, public sectors banks are opening more accounts in rural areas followed by regional rural banks and private banks. In case of public sector and regional rural banks, Punjab National Bank is playing a major role under the scheme whereas in case of private banks HDFC Bank is opening more accounts. The Government has taken a milestone step and to further penetrate the scheme, the technological issues like poor connectivity, online transactions, use of mobile transactions should be addressed as the deep penetration of the scheme at affordable cost is only possible with effective use of technology.

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