

Consumer Awareness towards various Government Schemes for Financial Inclusion

Asst. Prof. Darshan Punjani,

JVIMS MBA College, Jamnagar

E-mail Id: darshan.punjani@oshwaleductaiontrust.org

Ph.: +91 94089 63987

Abstract

Indian economy is one of the fastest growing economies of the world, however, the growth is skewed, and all sections of the society do not enjoy all the benefits equally. A large population still lives below the poverty line and have no or minimum access to financial services. Government of India has launched various schemes for providing financial services like credit, investments, and insurance. This research was conducted to find out the awareness levels for such schemes among the customers of Cooperative Banks and Gramin Banks of Jamnagar city. A structured questionnaire was created, and data was collected from 101 customers of Cooperative Banks and Gramin Banks from Jamnagar. The research concluded that mostly customers were aware about PMJDY compared to other government schemes. Interestingly, the finding revealed that there is no significance difference in level of awareness about government's financial inclusion schemes among male and female customers.

Keywords

Financial Inclusion, Government Schemes, Gramin Banks, Investors Awareness

Introduction

Financial Inclusion includes delivery of financial products and services at lower costs to underprivileged and lower income segment of the society. This mainly focuses on covering maximum citizens of the country under formal financial system. In India, government provides many benefits through various schemes, specifically for people living in rural areas to bring them into formal financial system.

Conceptual Framework

Financial Inclusion includes activities like providing access to zero-balance accounts, access to credit facilities, access to insurance facilities and financial education to poor, low-income households, and micro enterprises. For the same the Government of India has launched several schemes which are available to all the citizens.

Pradhan Mantri Jan Dhan Yojna (PMJDY):

PMJDY offers unbanked persons easy access to banking services and awareness about financial products through financial literacy programmes. In addition, they receive a RuPay debit card, with inbuilt accident insurance cover of Rs. 2 lakh, and access to overdraft facility.

Pradhan Mantri Jeevan Jyoti Bima Yojna (PMJJBY):

The PMJJBY is available to people in the age group of 18 to 50 years having a bank account who give their consent to join / enable auto-debit. The life cover of Rs. 2 lakhs shall be for the one-year period stretching from 1st June to 31st May and will be renewable. Risk coverage under this scheme is for Rs. 2 Lakh in case of death of the insured, due to any reason. The premium is Rs. 436 per annum which is to be auto debited in one instalment from the subscriber's bank account as per the option given by him on or before 31st May of each annual coverage period under the scheme.

Pradhan Mantri Suraksha Bima Yojan (PMSBY):

The Scheme is available to people in the age group 18 to 70 years with a bank account who give their consent to join / enable auto-debit on or before 31st May for the coverage period 1st June to 31st May on an annual renewal basis. The risk coverage under the scheme is Rs.2 lakh for accidental death and full disability and Rs. 1 lakh for partial disability. The premium of Rs. 20 per annum is to be deducted from the account holder's bank account through 'auto-debit' facility in one instalment.

Pradhan Mantri Mudra Yojan (PMMY):

The scheme was launched on 8th April 2015. Under the scheme a loan of up to Rs. 50,000 is given under sub-scheme 'Shishu'; between Rs. 50,000 to 5.0 Lakhs under sub-scheme 'Kishore'; and between 5.0 Lakhs to 10.0 Lakhs under sub-scheme 'Tarun'. Loans taken do not require collaterals.

Atal Pension Yojna (APY):

Atal Pension Yojana (APY) is a guaranteed pension scheme and is administered by the Pension Fund Regulatory and Development Authority (PFRDA). Atal Pension Yojana (APY), a pension scheme for citizens of India, is focused on the unorganised sector workers. Under the APY, guaranteed minimum pension of Rs. 1,000/- or up to 5,000/- per month will be given at the age of 60 years depending on the contributions by the subscribers.

Stand-Up India Scheme:

Government of India launched the Stand-Up India scheme on 5th April 2016. The Scheme facilitates bank loans between Rs.10 lakh and Rs.1 crore to at least one Scheduled Caste/ Scheduled Tribe borrower and at least 1 woman borrower per bank branch for setting up greenfield enterprises.

Literature Review

Jeevitha. P & Dr. KVR R(2019) “Awareness of Government Schemes for Banking Sector with Reference to Orathanadu Taluk, Thanjavur District, Tamil Nadu” Journal of Emerging Technologies and Innovative Research, VOLUME 6 NO. 1-4

This research paper was carried out to identify how people got awareness about the banking schemes launched by the government. Data were collected with the help of survey method through structured questionnaire with sample size of 150. ANOVA was used to study awareness among different types of banking customers, and it was concluded that the banks in each area should provide more information about these schemes to the people to increase awareness level.

Dr. Jha N & Naik P (2017) “Awareness of Financial Inclusion Scheme: A Study with Special Reference to PMJDY in Thane District” Indian Journal of Accounting, Vol. XLIX (1) NO.1-5.

In this research the researchers have ascertained the level of awareness of residents of Thane towards benefits of Pradhan Mantri Jan Dhan Yojna (PMJDY). The data was collected from 334 respondents and result showed that lower income group are less aware of PMJDY than higher income group and as income increases awareness increases.

Aggarwal S & Dr. Bamba M (2017) “Awareness Regarding Financial Inclusion Scheme of Government of India” Vinayak Global Research Review, Volume 4, No 1-10

The researcher collected data from 349 respondents of rural and urban areas of Rohtak and Rewari districts of Haryana. It was concluded that the level of awareness of PMJDY was very high in respondents while respondents were least aware about the PMMY scheme of Financial Inclusion.

Hema K (2013) “A Study on Impact of Financial Inclusion with Reference to Daily Wage Earners” Journal of Business Management & Social Sciences Research, Volume 2, No.1-8

The objective of this study was to find the impact of financial inclusion on daily wage earners and to find out whether the financial services were reaching the low-income groups or not. The study concluded that there is more need to educate and create some new instruments for daily wage earners and also make them a part of financial inclusion.

Research Methodology

Research Objectives

- To analyse the customer's awareness towards various government schemes.
- To measure the intensity of financial inclusion and financial awareness among the people.
- To study the investor's use of banking services.

Research Design

In this research Descriptive Research Design is used to describe the level of financial inclusion and awareness about various government schemes. Primary data was collected using a structured questionnaire. Other secondary data regarding various government schemes was collected from government websites.

Sampling Design

Banking customers of Jamnagar city is considered as population. Sample size include 101 customers of selected Cooperative and Gramin banks of Jamnagar. Non-probability convenience sampling was used for this research.

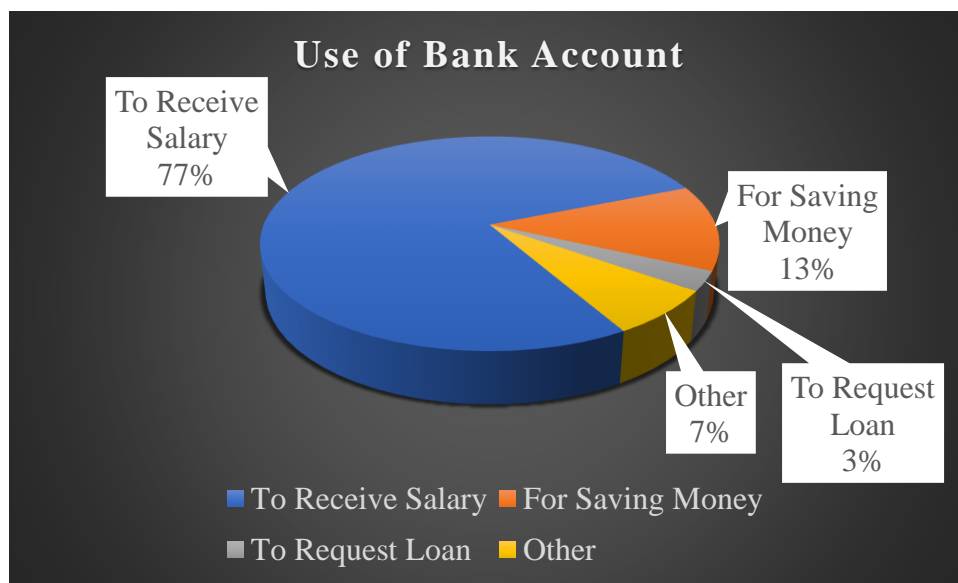
Data Analysis

1. Demographics of Respondents

Particulars	Categories	Response (%)
Age	18-30	69
	31-45	18
	46-60	13
Gender	Male	57
	Female	42
Marital Status	Married	57
	Unmarried	42
Education	Primary Education	7
	SSC	29
	HSC	14
	Graduate	42
	Postgraduate	9
Occupation	Student	38
	Farming	1
	Salaried Person	15
	Self-Employee	28
	Businessmen	18
	Retired	1
Annual Income	Less Than 1 Lakh	59
	1 Lakh To 2 Lakh	22
	2 Lakh To 5 Lakh	16
	More Than 5 Lakh	4

2. Purpose of using Bank Account

Purpose	Response (%)
To Receive Salary	77.2
For Saving Money	12.9
To Request Loan	3.0
Other	6.9
Total	100.0

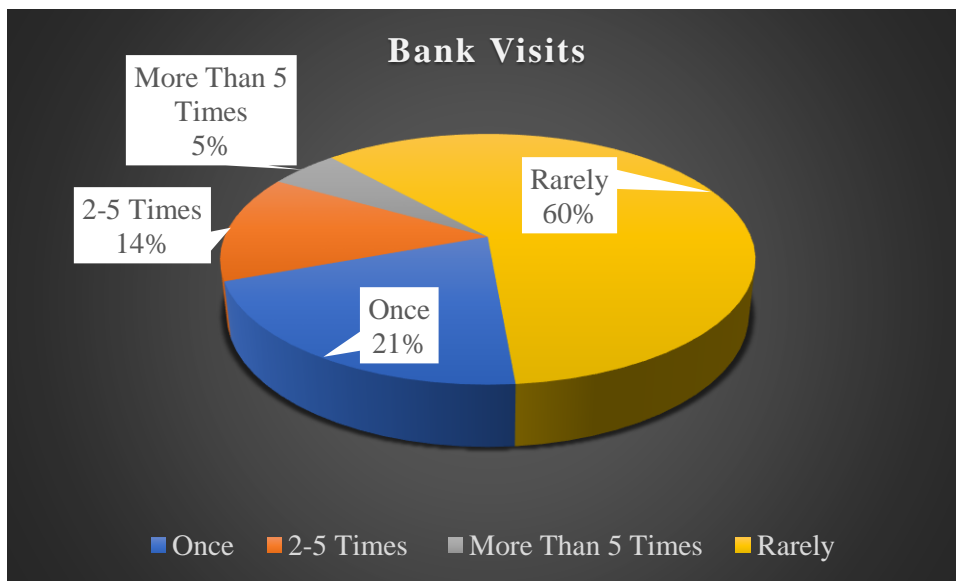


Interpretation

Around 77% customers use bank account just to receive salary. Very few customers use their bank account for savings, investment, or other objectives.

3. Frequency of Bank Visits

Purpose	Response (%)
Once	20.8
2-5 Times	13.9
More Than 5	5.0
Rarely	60.4
Total	100.0

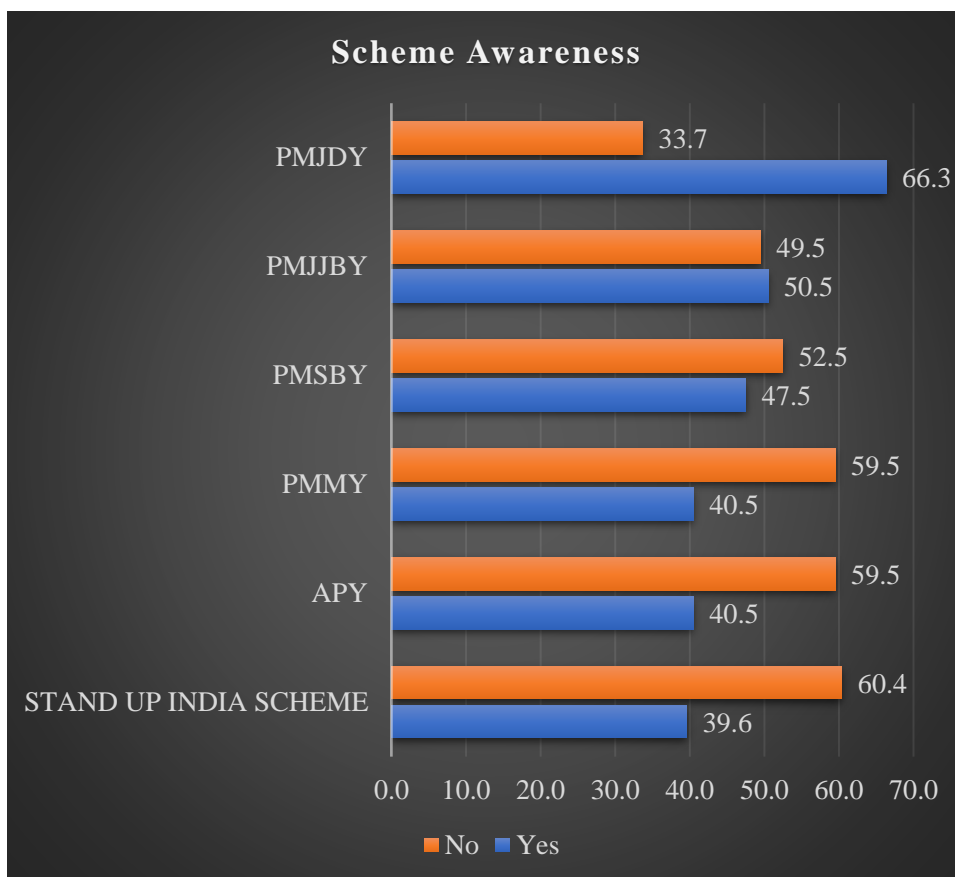


Interpretation

Around 60% customers rarely visits their bank branches, and 21% customers visit only once in a month. This indicates that bank branches can no longer be considered as an important channel to share information about these government schemes to customer.

4. Investors awareness about different government schemes

Schemes	Yes	No
PMJDY	66.3	33.7
PMJJBY	50.5	49.5
PMSBY	47.5	52.5
PMMY	40.5	59.5
APY	40.5	59.5
STAND UP INDIA SCHEME	39.6	60.4

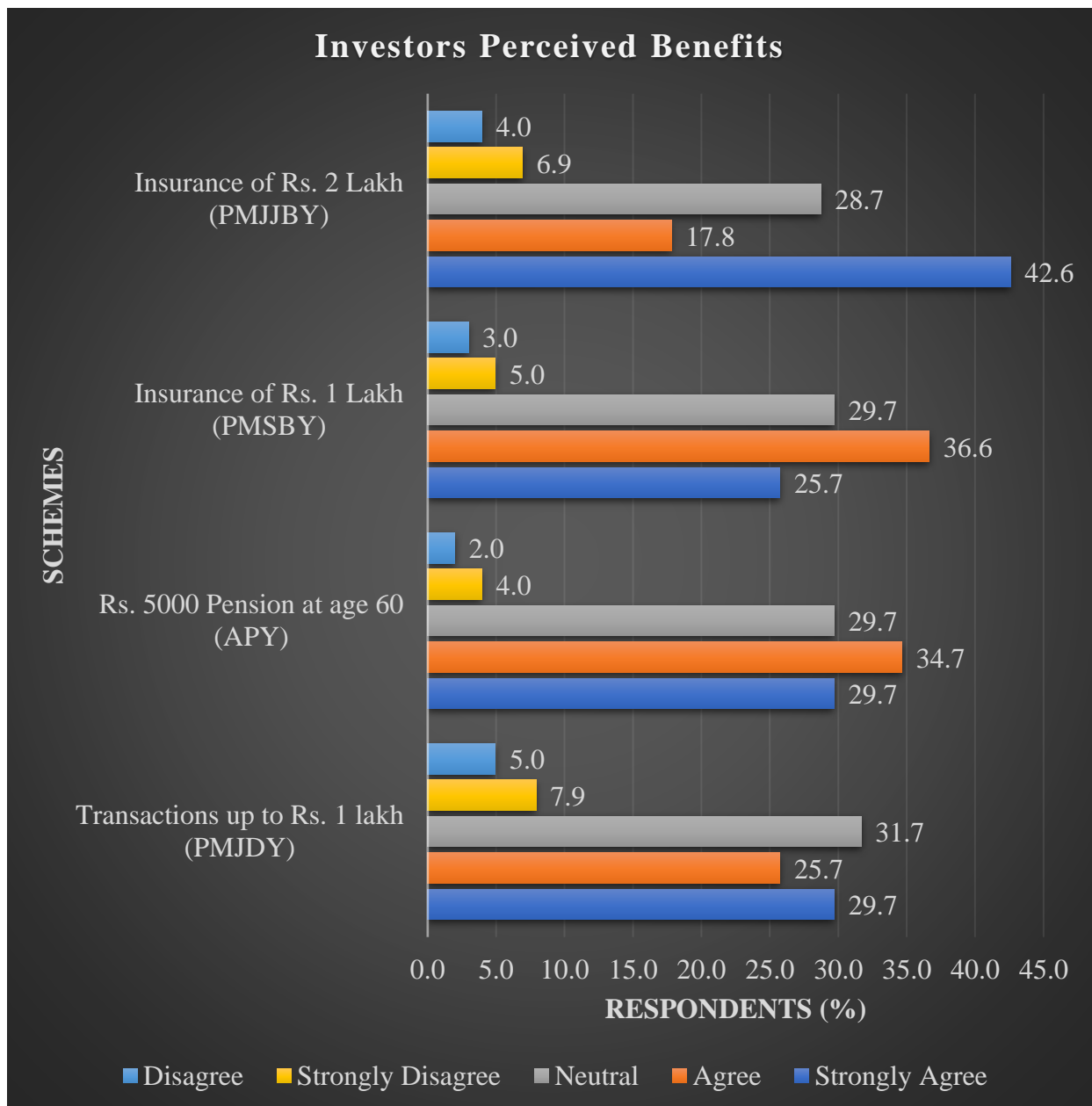


Interpretation

More than 50% customers are aware about PMJDY and PMJJBY, while 47.5% customers are aware about PMSBY. However, only around 40% of the customers are aware about PMMY, APY and Stand-Up India Scheme.

5. Investors perceived benefits from different government schemes

	Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree
Insurance of Rs. 2 Lakh (PMJJBY)	42.6	17.8	28.7	6.9	4.0
Insurance of Rs. 1 Lakh (PMSBY)	25.7	36.6	29.7	5.0	3.0
Rs. 5000 Pension at age 60 (APY)	29.7	34.7	29.7	4.0	2.0
Transactions up to Rs. 1 lakh (PMJDY)	29.7	25.7	31.7	7.9	5.0



Interpretation

Around 60% customers agrees that the benefits available through the given schemes are appropriate compared to the cost. However, there are several customers who believes that these schemes do not provide net benefits and may not be sufficient for their investment/insurance needs.

Hypothesis Testing

For this research Chi Square test was used to compare banking customers' level of awareness towards different financial inclusion schemes. The following hypothesis was set to compare the same.

H0 = There is no significant difference in level of awareness about government's financial inclusion schemes among male and female banking customers.

H1 = There is no significant difference in level of awareness about government's financial inclusion schemes among male and female banking customers.

Observed Frequencies

Schemes	Male	Female	Total
PRADHAN MANTRI JAN DHAN YOJNA (PMJDY)	70.7	60.5	131.2
PRADHAN MANTRI JIVAN JYOTI BIMA YOJNA (PMJJBY)	58.6	39.5	98.2
PRADHAN MANTRI SURAKSHA BIMA YOJNA (PMSBY)	50.0	44.2	94.2
PRADHAN MANTRI MUDRA YOJNA (PMMY)	44.8	34.9	79.7
ATAL PENSION YOJNA (APY)	48.3	30.2	78.5
STAND UP INDIA SCHEME	43.1	34.9	78.0
Total	315.5	244.2	559.7

Expected Frequencies

Schemes	Male	Female	Total
PRADHAN MANTRI JAN DHAN YOJNA (PMJDY)	73.9	57.2	131.2
PRADHAN MANTRI JIVAN JYOTI BIMA YOJNA (PMJJBY)	55.3	42.8	98.2
PRADHAN MANTRI SURAKSHA BIMA YOJNA (PMSBY)	53.1	41.1	94.2
PRADHAN MANTRI MUDRA YOJNA (PMMY)	44.9	34.8	79.7
ATAL PENSION YOJNA (APY)	44.3	34.3	78.5
STAND UP INDIA SCHEME	44.0	34.0	78.0
Total	315.5	244.2	559.7

Chi Square Analysis

Inputs	
Level of Significance	0.05
Number of Rows	6
Number of Column	2
Degree of Freedom	5

Results	
Calculated Value	2.06
Critical Value	11.07
P Value	0.8403

Here at 5% significance level, the calculated value of chi square is 2.06 which is less than the critical value which is 11.07. Hence, we accept the null hypothesis. It means that there is no significant difference in level of awareness about government's financial inclusion schemes among male and female banking customers.

Findings

From the research it is evident that,

- Level of awareness among male and female customers is very low regarding various schemes.
- Majority of customers are aware about Pradhan Mantri Jan Dhan Yojana (PMJDY) compared to other schemes.
- More than 60% customers perceive benefits provided by various government schemes sufficient and greater than the cost for the same.
- Most of the customers rarely visits the bank hence it cannot work as effective communication channel for spreading information about government's financial inclusion schemes.

Suggestions

The present study revealed that there is no significant difference in level of awareness about government's financial inclusion schemes among male and female banking customers. There is lack of awareness regarding financial inclusion schemes. The research concluded that despite of efforts by Government of India, many customers are still not aware about majority of the schemes apart from PMJDY. Customers also rarely visits banks hence government should consider other platforms to spread awareness regarding financial inclusion schemes. An online application which can provide all information about these schemes as well as an option to enrol in relevant scheme can solve a lot of issue and we can reduce financial exclusion in India.

References

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