

## BANK-WISE ANALYSIS OF FINANCIAL INCLUSION INITIATIVES OF GOVERNMENT: A STUDY OF HARYANA

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### (ABSTRACT)

The present study attempts to analysis the bank-wise viewpoint towards financial inclusion initiatives of government in Haryana. There is no significant difference among the bank-wise respondents' viewpoint towards financial inclusion of government is null hypothesis of the study. The study used exploratory-cum-descriptive research design. The present study used sample of 300 bank employees from selected four banks (60 from each bank). The study is based on primary as well as secondary data. Primary data is collected with the help of questionnaire from bankers' of the selected banks on five point Likert scale. The secondary data is collected from the websites, annual reports of RBI and NABARD, IBA Bulletin, journals, etc. ANOVA technique has been used to test the hypotheses and validate the results of the study. It found that there is no significant difference among the bank-wise viewpoint towards DBTL for LPG Subsidy and PMJDY as an initiative by GOI for financial inclusion.

**KEYWORDS:** inclusion, RBI, pension, PMJDY, MANREGA etc.

### INTRODUCTION

The financial inclusion as a concept has become the centre of focus in India for a long period of time. The main objective of the financial inclusion is to cater the basic financial services offered by the banks to that population of the nation which is unbanked. RBI and Ministry of Finance, GOI has designed multidimensional strategies for the successful execution of those policies which can attain the inclusive and sustainable development of the country. Still, there is a huge gap between the actual and the desired standard or benchmark for achieving the inclusive growth in a wider perspective. Just opening more and more new branches of the scheduled commercial banks in the remote area will not suffice the basic purpose of financial inclusion. The strategy of financial inclusion will not be able to produce the desired outcomes unless and until the issue of social inclusion is addressed properly. Simultaneously, it is high time for the Union Government as well as its different financial regulatory bodies to rethink whether just offering a basket of the different

money market instruments to the common mass will be sufficient enough to achieve their goal. The cycle of the financial inclusion remains incomplete so long the product and services of both the money market as well as the capital market can be made accessible to the all stakeholders of the nation (**Dhar, 2013**).

#### LITERATURE REVIEW

A brief review of some of the relevant literature is as under:

**Leeladhar (2006)** highlighted that financial inclusion is the delivery of banking services at an affordable cost to the vast sections of advantaged and low income groups. **Mohan (2006)** highlighted the significance of lack of access by certain segments of the society to appropriate, low-cost, fair and safe financial products and services from mainstream providers. **RBI (2008)** explained in its report the long history of sound banking system developed by RBI after Independence, which could support planned economic development through mobilization of resources/deposits and channel them into productive sectors. **Ramji (2009)** assessed the implementation of the financial inclusion drive and the use of banking services by households of Gulbarga, a District in the state of Karnataka, which is one of the first locations claimed to have achieved 100 per cent financial inclusion. The results showed that 36 per cent of the total sample remained excluded from the mainstream of banking. Those which are in the ambit of banking periphery are mostly under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) than under the financial inclusion drive. Accounts were opened by household to receive government assistance. **Joseph (2010)** appraised the financial institutions which have a very crucial and a wider role to play in fostering financial inclusion. Lack of financial literacy is the major hindrance in spreading financial inclusion. This has resulted in the more than 50 per cent of savings of the household sector and of the financially illiterate getting drained in non-financial investments. **Nair (2015)** appraised the branchless banking project of the bank, which was initially launched in Chandauli district in the state of Uttar Pradesh and subsequently extended to Wardha district in Maharashtra and 8 districts of Andhra Pradesh. Bank also provided this facility to the migrant workers living in Mumbai, Karaikudi in Tamil Nadu and Chandigarh City. Till date, the bank is serving in excess of 3 million branchless banking customers through the BCs with about 3254 customer service touch points. The study examined the extent of financial inclusion in West Bengal. **Adhikay and Bagli (2010)** examined the socio-economic traits as determinants of the financial exclusion and inclusion. In order to accelerate the financial inclusion through curbing the hegemony of village moneylenders, it was suggested to implement the SHGs Bank/Co-operative Linkage more intensively in rural areas under study. **The Economist (2012)** indicated in its report that the financial exclusion is a global issue. In some

countries, fewer than 10 per cent of people have access to financial services of any kind. But even in developed countries, the harsh realities of exclusion are just as real. The global emerging challenges in access to finance, access to resources and use of financial services remains a big constraint. Two thirds of the adult population in developing countries or 2.7 billion people lack access to basic formal financial services such as savings or checking accounts. **Panda (2016)** stated that India's efforts towards financial inclusion started with its bank nationalization program, way back in 1969. Several important steps have been taken in this direction since then. However, these efforts could not meet with much success until the recent launch of the PMJDY, which emerged as the game changer. **Atwal (2016)** analyzed the bankers' viewpoint towards Aadhaar Card as a tool of financial inclusion. It found that there is no significant difference among the district-wise bankers' viewpoint with regard to Aadhaar Card as a tool of financial inclusion by Government of India. However, a significant difference among the bank-wise respondents' viewpoint is found in this regard.

The foregoing literature have not studied about the financial inclusions initiatives of the government and bankers responses have not considered in the above literature even the no study was conducted in Haryana State. Therefore, the present study title 'Bank-wise analysis of financial inclusion initiatives of government: A study of Haryana'.

#### RESEARCH DESIGN

The objective of the study is bank-wise analysis of financial inclusion initiatives of government in Haryana. Null Hypothesis of the study is there is no significant difference among the bank-wise respondents' viewpoint towards financial inclusion of government. The study used exploratory-cum-descriptive research design. The population for the present study is the respondents of selected banks of Haryana i.e. who are dealing with the various schemes covered under financial inclusion. For this study, a sample of 300 bank employees is selected from five banks viz. State bank of India, Punjab national bank, Oriental bank of India, Union bank of India and Haryana gramin bank (60 from each bank). The study is based on primary as well as secondary data. Primary data is collected with the help of questionnaire from bankers' of the selected banks on five point Likert scale. The secondary data is collected from the websites, annual reports of RBI and NABARD, IBA Bulletin, journals, etc. ANOVA technique has been used to test the hypotheses and validate the results of the study.

#### ANALYSIS AND INTERPRETATION

This part covers the analysis of the banker's viewpoint on financial inclusion initiatives by government in the selected banks such as DBTL for LPG Subsidy, MNREGA, Pension and PMJDY.

The analysis of bank-wise response in Table 1 with respect to DBTL for LPG subsidy reveals that maximum respondents *i.e.* 57 respondents (19 percent) from SBI, 54 respondents (18 percent) from PNB, 53 respondents (17.7 percent) from OBC, 54 respondents (18 percent) from UBI and 54 respondents (18 percent) from HGB strongly agree with DBTL for LPG subsidy as an initiative of GOI for financial inclusion. Comparatively, SBI is placed at the top (Mean =4.93, SD=0.31), followed by PNB & HGB (Mean =4.90, SD=0.30), OBC (Mean =4.87, SD=0.39) and UBI (Mean =4.86, SD=0.43) in terms of DBTL for LPG subsidy as an initiative of GOI for financial inclusion. Statistically, ANOVA results show that there is no significant difference among the bankers' viewpoint towards DBTL for LPG subsidy as an initiative of GOI for financial inclusion ( $p=0.824$ ), therefore the null hypothesis ( $H_{01}$ ) is accepted at 5 percent level of significance.

The analysis of bank-wise response in Table 2 with respect to MNREGA depicts that maximum respondent *i.e.* 33 respondents (11 percent) from PNB, 35 respondents (11.7 percent) from OBC, 33 respondents (11 percent) from HGB agree with MNREGA as an initiative of financial inclusion by the GOI.

Comparatively, OBC is placed at the top (Mean =3.65, SD=0.66), followed by HGB (Mean =3.64, SD=0.61), PNB (Mean =3.57, SD=0.56), UBI (Mean =3.38, SD=0.61) and SBI (Mean =3.29, SD=0.52) in terms of MNREGA as an initiative of financial inclusion by GOI. Statistically, ANOVA results show that there is a significant difference among the bankers' viewpoint towards MNREGA as an initiative of financial inclusion by GOI ( $p=0.002$ ), therefore the null hypothesis ( $H_{01}$ ) is rejected at 5 percent level of significance.

The analysis of bank-wise response with respect to pension in Table 3 reveals that maximum respondents *i.e.* 28 respondents (9.3 percent) from SBI, 39 respondents (13 percent) from PNB, 40 respondents (13.3 percent) from OBC, 31 respondents (10.3 percent) from UBI and 42 respondents (14 percent) from HGB agree with pension as an initiative for financial inclusion by the GOI. Comparatively, OBC is placed at the top (Mean =3.85, SD=0.61), followed by HGB (Mean =2.17, SD=0.53), PNB (Mean =3.68, SD=0.50), UBI (Mean =3.57, SD=0.67) and SBI (Mean =3.53, SD=0.56) in terms of pension as an initiative by GOI for financial inclusion. Statistically, ANOVA results show that there is a significant difference among the bankers' viewpoint towards pension as an initiative for financial inclusion by GOI ( $p=0.005$ ), therefore the null hypothesis ( $H_{01}$ ) is rejected at 5 percent level of significance.

Bank-wise analysis of response with respect to PMJDY in Table 4 reveals that maximum respondents *i.e.* 50 respondents (16.7 percent) from SBI, 49 respondents (16.3 percent) from PNB, 51

respondents (17 percent) from OBC, 47 respondents (15.7 percent) from UBI and 41 respondents (13.7 percent) from HGB strongly agree with PMJDY as an initiative of financial inclusion by GOI.

Comparatively, OBC is placed at the top (Mean =4.72, SD=0.78), followed by SBI (Mean =4.65, SD=0.86), PNB (Mean =4.60, SD=0.88), UBI (Mean =4.52, SD=1.03) and HGB (Mean =4.32, SD=0.52) in terms of PMJDY as an initiative of financial inclusion. Statistically, ANOVA results show that there is no significant difference among the bankers' viewpoint from selected banks towards PMJDY as an initiative of financial inclusion ( $p=0.185$ ), therefore the null hypothesis ( $H_{01}$ ) is accepted at 5 percent level of significance.

### CONCLUSION

The main focus of financial inclusion in India is to promote sustainable development and generating employment in rural areas for the rural population. It found that there is no significant difference among the bank-wise viewpoint towards DBTL for LPG Subsidy and PMJDY as an initiative by GOI for financial inclusion. On the other hand, significant different towards MNREGA and Pension as initiative by GOI for financial inclusion. The study also concluded that financial inclusion initiatives by GOI in order of their importance are DBTL for LPG Subsidy, PMJDY, Pension, and MNREGA as viewed by 90.7 percent, 79.3 percent, 60.0 percent and 48.0 percent bankers, respectively.

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**Table 1: Bank-wise Analysis of DBTL for LPG Subsidy**

Banks	N/P	SA	A	N	D	SD	Total	Mean	SD	ANOVA	
										F	Sig.
SBI	N	57	2	1	0	0	60	4.93	0.31	0.378	0.824
	P	19.0	0.7	0.3	.0	.0	20.0				
PNB	N	54	6	0	0	0	60	4.90	0.30		
	P	18.0	2.0	.0	.0	.0	20.0				
OBC	N	53	6	1	0	0	60	4.87	0.39		
	P	17.7	2.0	.3	.0	.0	20.0				
UBI	N	54	4	2	0	0	60	4.86	0.43		
	P	18.0	1.3	0.7	.0	.0	20.0				
HGB	N	54	6	0	0	0	60	4.90	0.30		
	P	18.0	2.0	.0	.0	.0	20.0				
Total	N	272	24	4	0	0	300	4.89	0.35		
	P	90.7	8.0	1.3	.0	.0	100.0				

**Source:** Survey, **Note:** N= No. of Respondents, P= Percent, df=4,295, \*Significant at 5 percent level.

**Table 2: Bank-wise Analysis of MNREGA**

Banks	N/P	SA	A	N	D	SD	Total	Mean	SD	ANOVA	
										F	Sig.
SBI	N	0	19	39	2	0	60	3.29	0.52	4.448	0.002*
	P	.0	6.3	13.0	0.7	.0	20.0				
PNB	N	1	33	25	1	0	60	3.57	0.56		
	P	.3	11.0	8.3	.3	.0	20.0				
OBC	N	3	35	21	0	1	60	3.65	0.66		
	P	1.0	11.7	7.0	.0	0.3	20.0				
UBI	N	1	24	32	3	0	60	3.38	0.61		
	P	0.3	8.0	10.7	1.0	.0	20.0				
HGB	N	3	33	23	1	0	60	3.64	0.61		
	P	1.0	11.0	7.7	0.3	.0	20.0				
Total	N	8	144	140	7	1	300	3.50	0.61		
	P	2.7	48.0	46.7	2.3	0.3	100.0				

**Source:** Survey, **Note:** N= No. of Respondents, P= Percent, df=4,295, \*Significant at 5 percent level.

**Table 3: Bank-wise Analysis of Pension**

Banks	N/P	SA	A	N	D	SD	Total	Mean	SD	ANOVA	
										F	Sig.
SBI	N	2	28	30	0	0	60	3.53	0.56	3.853	0.005*
	P	0.7	9.3	10.0	.0	.0	20.0				
PNB	N	1	39	20	0	0	60	3.68	0.50		
	P	0.3	13.0	6.7	.0	.0	20.0				
OBC	N	6	40	13	1	0	60	3.85	0.61		
	P	2.0	13.3	4.3	0.3	.0	20.0				
UBI	N	3	31	23	3	0	60	3.57	0.67		
	P	1.0	10.3	7.7	1.0	.0	20.0				
HGB	N	4	42	14	0	0	60	3.83	0.53		
	P	1.3	14.0	4.7	.0	.0	20.0				
Total	N	16	180	100	4	0	300	3.69	0.59		
	P	5.3	60.0	33.3	1.3	.0	100.0				

**Source:** Survey, **Note:** N= No. of Respondents, P= Percent, df=4,295, \*Significant at 5 percent level.

**Table 4: Bank-wise Analysis of PMJDY**

Banks	N/P	SA	A	N	D	SD	Total	Mean	SD	ANOVA	
										F	Sig.
SBI	N	50	2	6	1	1	60	4.65	0.86	1.561	0.185
	P	16.7	0.7	2.0	0.3	0.3	20.0				
PNB	N	49	1	7	3	0	60	4.60	0.88		
	P	16.3	0.3	2.3	1.0	.0	20.0				
OBC	N	51	4	3	1	1	60	4.72	0.78		
	P	17.0	1.3	1.0	0.3	0.3	20.0				
UBI	N	47	3	6	2	2	60	4.52	1.03		
	P	15.7	1.0	2.0	0.7	0.7	20.0				
HGB	N	41	6	7	3	3	60	4.32	0.52		
	P	13.7	2.0	2.3	1.0	1.0	20.0				
Total	N	238	16	29	10	7	300	4.56	0.96		
	P	79.3	5.3	9.7	3.3	2.3	100.0				

**Source:** Survey, **Note:** N= No. of Respondents, P= Percent, df=4,295, \*Significant at 5 percent level.