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A STUDY ON ROLE OF PRADHAN MANTRI JAN –DHAN YOJANA AS A TOOL OF FINANCIAL INCLUSION

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Abstract:

Pradhan Mantri Jan-Dhan Yojana (PMJDY)- A national mission for financial inclusion, aims to guarantee affordable access to financial services, including banking, savings and deposit accounts, remittance, credit, insurance, and pensions. Since the launch of this program's in 2014, it has contributed significantly to the access of millions of people to financial services. The government's plan is essential to achieving mass financial inclusion and moving the country closer to inclusive growth. This paper attempts to examine the scheme in-depth, as well as the role of PMJDY as a tool of financial inclusion.

Key words- Financial Inclusion, Rural People, Inclusive growth, sustainable development, Pradhan Mantri Jan- Dhan Yojana

1.1 INTRODUCTION

Even after 45 years of nationalization of banks in 1969, a large section of the country's population and most of the rural areas still remains unbanked leading to financial instability. As the poor and no income groups have no access to financial products and services, the issue of financial inclusion has emerged as a new paradigm of economic growth in India.

Financial inclusion connotes to the delivery of financial services to the disadvantaged and low income sections of the society at affordable cost i.e, at low interest rates . The main objective of financial inclusion in India is to promote sustainable development, generate

employment and alleviate poverty in rural areas by supplying various financial services to the poor people.

PRADHAN MANTRI JAN- DHAN YOJANA is a national mission on financial inclusion launched by the honorable prime minister of India Shri Narendra Modi on 28th August 2014 encompassing an integrated approach to at achieving comprehensive financial inclusion for every household in the nation through an integrated strategy. The plan calls for financial literacy, credit availability, insurance, and pension benefits, as well as universal access to banking services with at least one basic bank account per household. The beneficiaries would also receive a RuPay Kissan Card and a RuPay debit card with an integrated insurance coverage of Rs 1, 00,000

1.2 SIGNIFICANCE OF THE STUDY

Despite various measures for financial inclusion, poverty and exclusion continue to dominate socio economic and political discourse in India after six decades of post economic independence era. 100% financial inclusion is still a dream project. PMJDY launched on 28th August 2014 shows the nation hope of light. Since this one impairment impedes all other development efforts, it is imperative that PMJDY be implemented successfully through financial inclusion. This is a critical milestone in the transformation of the Indian economy into a digital and cashless. With the help of this study, we will be able to know to what extent PMJDY has contributed to the mobilization of savings for effective utilization and for social sustainable livelihood. Moreover the findings of this study will help the authorities concerned to evaluate the progress made by PMJDY.

1.3 RESEARCH GAP AND STATEMENT OF THE PROBLEM

In order to reduce the degree of “financial exclusion and untouchability ” the government of India has come up with a big bang action plan which is popularly known as “PRADHAN MANTRI JAN – DHAN YOJANA” . It is a mega financial inclusion plan with the objective of covering all the households in the country with banking facilities along with inbuilt financial insurance coverage. The purpose is to accelerate growth, fight poverty effectively and to empower the last man in the last row in Indian economy. Review of literature revealed that there are many studies relating to various aspects of PMJDY nationally. However region specific study especially in the state of Kerala on the role of PMJDY as a tool of financial inclusion is an untouched and unidentified area. Hence the problem is stated as “Role of

Pradhan Mantri Jan Dhan Yojana (PMJDY) as a Tool of Financial Inclusion". The study therefore rises following questions for enquiry.

- 1) To what extent PMJDY account holders in Peerumade Thaluk are aware about PMJDY scheme?
- 2) What are the reasons for the increasing popularity of PMJDY account among the people of Peerumade Thaluk ?
- 3) Do they face any problem while opening PMJDY account?
- 4) Do they perceive PMJDY as a tool for financial inclusion?
- 5) Are the PMJDY account holders satisfied with the services offered by PMJDY scheme?

1.4 OBJECTIVES OF THE STUDY

- 1) To know the awareness level regarding PMJDY scheme among PMJDY account holders in Peerumade Thaluk
- 2) To identify the reasons for the increasing popularity of 'PMJDY' accounts.
- 3) To identify the problems if any faced by the respondents while opening the account under PMDJY scheme.
- 4) To examine the perception of people towards 'PMJDY' scheme as a tool for financial inclusion.
- 5) To examine the satisfaction level of the beneficiaries of 'PMJDY'.
- 6) To make suggestions and recommendations based on the findings of the study.

1.5 HYPOTHESES

- H_0 : There is no significant difference between male and female respondents with regard to their awareness about PMJDY scheme
- H_0 : There is no significant difference between the mean rank towards the reasons for increasing popularity of PMJDY accounts
- H_0 : There is no significant difference between the mean rank towards the problems faced by the respondents while opening PMJDY accounts.
- H_0 : There is no significant difference between male and female respondents with regard to their perception about PMJDY scheme as a tool for financial inclusion

- H_0 : There is no significant difference between male and female respondents with regard to their satisfaction about PMJDY scheme.

1.6 SCOPE OF THE STUDY

Scope of the study is limited to the PMJDY account holders in Peerumade Thaluk

1.7 PERIOD OF STUDY

Study is conducted for a period of six months from March 2023 to August 2023.

1.8 METHODOLOGY

The study is based on data from primary and secondary sources.. Secondary data is sourced from various publications, journals, magazines and websites. Primary data for the purpose of study is obtained from field source. Entire PMJDY account holders from Peerumade Taluk constituted the population. 100 respondents are selected using random sampling technique and data is collected using schedule method. For better presentation of data graphs and charts are used. The collected data is analysed using simple statistical tools like percentages, mean...etc. For testing of hypotheses t test, Friedman test etc. are used.

1.9 LIMITATION

- 1) Due to time constraint, the study cannot be extended to all aspects of the financial inclusion through 'PMJDY'.
- 2) The study is conducted only among PMJDY account holders of Peerumade Thaluk
- 3) The study is based on customer response which may change from time to time.
- 4) Due to lack of time, money and personal constraints the number of sample is limited to 100 respondents.
- 5) The possibility of error in sampling method is expected.

2 - Theoretical Framework

2.1 Need of Financial Inclusion

Financial inclusion helps in the inclusive growth of the country and helps in bringing the people of low income group within the parameter of formal banking sector and it help in creating the culture of savings among large segment of rural population and plays an important role in the economic development of the country and helps in strengthening the

economic base of the country. It will help in achieving sustainable and inclusive growth of the country by help in providing monetary fuel for the economic growth. It helps the weaker sections of the society to channelize their income into buying productive resources or assets and promotes financial literacy of the rural households.

2.2 Challenges to Financial Inclusion

Financial Inclusion scheme have been identified following challenges:

1. **Lack of usage of bank accounts** – The majority of newly opened bank accounts are not active. The inactivity of bank accounts could be caused by a variety of factors, such as low account holders' funds or a lack of financial awareness.
2. **Financial Literacy** – This is one of the major concerns especially in rural areas. People don't have requisite knowledge and awareness of the financial services that are being offered to them.
3. **Handling of Large number of accounts** – To handle high volume of newly opened accounts, infrastructure must be set up .Technology may be quite helpful in providing services too many new and existing customers.
4. **Manpower Training** – In order to effectively communicate with rural people who may lack sufficient information about financial services, banking personnel and business correspondents should receive sufficient training .To interact with individuals in remote areas. Social skills training ought to be provided.
5. **Security** –Adequate systems should be needed so that there is no chance of any leakage of any sensitive information to the outside world.
7. **Lack of Trust** –Borrowing from moneylenders is remain prevalent that seems to be lack of trust in banking correspondents

2.3 Special Benefits under PMJDY Scheme

- a. Interest on deposit.
- b. Accidental insurance cover of Rs.1.00 lakh
- c. No minimum balance required.
- d. Life insurance cover of Rs.30,000/-
- e. Easy Transfer of money across India
- f. Direct Benefit Transfer
- g. Pension, insurance products.
- h. . Overdraft facility up to Rs.10000/-

2 . II- REVIEW OF LITERATURE

- Study conducted by **Supravat Bagli (2012)** shows that, the level of financial inclusion of the states in India have a low mean and high disparity. This study has revealed a strong positive association between the human development and the financial inclusion of the states in India. The mass financial literacy and awareness among the marginalized sections of people are absolutely necessary to achieve financial inclusion. Side by Side with this, financial institutions will have to be socially responsible as well as approachable to achieve complete financial inclusion.
- According to **Gitte Madhukumar R (2014)** – “Pradhan Mantri Jan – Dhan Yojana” is one of the biggest developments by the NDA government and is superior owes UPA’s financial inclusion programme . He is of the opinion that “Pradhan Mantri Jan – Dhan Yojana” is in the true sense of poverty alleviation programme and it has addressed all the deficiencies of the earlier schemes.
- **Keshavamurty (2014)** gives his view of PMJDY has been conceived as national mission of financial inclusion with the objective of covering all households in the country with banking facilities and having a bank account of each household. Financial Inclusion of inclusive financing is the delivery of financial services at affordable cost to each house hold at costs to sections of disadvantaged and low-income segments of society, in contrast to financial exclusion where those services are not available or affordable. The major shift this time is in this financial inclusion effort of the Government is that households are being targeted instead of villages as targeted earlier.
- **Katia Vikas. (2014)** studied in his research paper about financial Inclusion for direct benefit transfer growth and hurdles. He studied about direct benefit transfer model of subsidy disbursement and role of financial inclusion for direct benefit transfer .he studied about the grass root problems faced by the people to avail cards, accounts at zero balance and their linkage with agencies.
- **Ahmed Hussain (2015)** concluded that “Pradhan Mantri Jan – Dhan Yojana” has enabled especially low income group people to get rid of moneylenders , cultivate the habit of savings and most important benefits from string of financial products and services offered by banking system . The scheme has attracted the main population as it provides all financial products at a very affordable cost. The success depends on its effective execution and it solely depends on the skills of the government.

- **Dr. Shanti Ray (2015)** states that the multifarious nature which provides zero balance bank account with linked insurance coverage, Rupay debit card , overdraft facility etc will certainly benefit the poor and vulnerable sections of the society and has positive impact on savings , household consumptions , employment , poverty and overall wellbeing of the poor.

3. ANALYSIS OF DATA

3.1 Table showing personal profile of respondents

		Frequency	Percentage
Gender	Male	53	53
	Female	47	47
	Total	100	100
Occupation	Agriculture	25	25
	Business	14	14
	Employed	23	23
	Unemployed	26	26
	Others	12	12
	Total	100	100
Qualification	Up to primary	10	10
	Higher secondary	51	51
	Graduate	33	33
	Post Graduate	6	6
	Total	100	100
Annual Income	Below Rs.10,000	12	12
	Rs.10000-Rs.15000	9	9
	Rs.15001-Rs.20000	33	33
	Above Rs.20,000	46	46
	Total	100	100

Table 3.2 Awareness Among the features facilitated by PMJDY

Features	Mean	Standard deviation
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Zero balance account	4.88	.327
Accidental insurance	4.17	.711
Life insurance	4.15	.770
Bank overdraft	4.63	.544
Interest on deposit	3.96	1.091
Direct Benefit Transfer	4.30	.772
Debit card usage	3.89	1.063
Net banking	3.55	1.140
Mobile banking	3.58	1.112

The facility which is mostly aware by the respondents is the zero balance account, as it has the highest mean value (4.88), and the least aware is “net banking”(3.55).

Table 3.3 Perception level among the various facilities of PMJDY as a tool for financial inclusion

Facilities	Mean	Standard Deviation
Zero balance account	4.80	.402
Debit card usage	4.10	.718
Accidental insurance scheme	4.06	.664
Life insurance scheme	3.95	.657
Bank overdraft facility	4.53	.559
Direct benefit transfer	4.47	.611
Reduced KYC norms	3.38	.663
Proof for credit worthiness	2.73	.446
Avoidance of black money	3.01	.541
Reduced exploitation from money lenders	3.06	.583

Zero balance account accounts for the most responded feature of PMJDY as a tool for financial inclusion as it secured the highest mean value (4.80) and it is followed by bank overdraft facility (4.53).

Table 3.4 Satisfaction from PMJDY account scheme

Statements	Mean	Standard deviation
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• PMJDY has helped to reduce the dependence on informal sources	4.01	.628
• PMJDY is helpful in improving country's growth	3.47	.611
• Benefits under the scheme are adequately provided by the bank to the customers	4.11	.695
• Bank officials are cordial in providing information about scheme	3.70	.522
• PMJDY has resulted an increase in the standard of living people	3.22	.416
• PMJDY will help in reducing the spread of poverty in the country	2.73	.617

Respondents are mostly satisfied about the fact that “Benefits under the scheme are adequately provided by the bank to the customers” as it has the highest mean(4.11).The least satisfied feature of PMJDY is that “it helps in reducing the poverty in the country” (2.73).

TESTING OF HYPOTHESES

HYPOTHESIS-1

H_0 : There is no significant difference between male and female respondents with regard to their awareness about PMJDY scheme

H_a : There is significant difference between male and female respondents with regard to their awareness about PMJDY scheme

Test used:-**Independent sample t test**

Table 3.5 Awareness regarding the features of PMJDY scheme

Variables	Gender	N	Mean	Std .deviation	t value	Sig value
Respondents awareness	Male	53	4.3774	.55313		

on features of PMJDY	Female	47	3.8369	.47132	5.275	< 0.01
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Rejected null hypothesis at 1 % level of significance

Since the p value is less than 0.01(.000) the null hypothesis is rejected and alternative hypothesis is accepted. That is, there is significant difference between the male and female respondents with regard to their level of awareness regarding various facilities of PMJDY scheme.

HYPOTHESIS-2

H_0 : There is no significant difference between the mean rank towards the reasons for increasing popularity of PMJDY accounts

H_a : There is significant difference between the mean rank towards the reasons for increasing popularity of PMJDY accounts

Test used: - **Friedman test**

Table3.6

Reasons	Mean rank	Chi- square value	P value
Reduced KYC	5.02	55.87	< 0.01
Life insurance	5.31		
Medical insurance	4.52		
Pension scheme	2.65		
Direct Benefit Transfer	2.97		
Overdraft	2.93		
Universal access	6.34		
No collateral security needed	7.11		
Economic growth	9.06		

Feeling of nation building	9.09		
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**Rejected at 1% Level of Significance

Since P value is less than 0.01, the null hypothesis is rejected and alternative hypothesis is accepted at 1% level of significance. That is, there is significant difference between the mean rank towards the reasons for increasing popularity of PMJDY accounts. Based on the mean score it is clear that the most important reason for increasing popularity of PMJDY scheme is 'pension scheme'(2.65)

HYPOTHESIS-3

H_0 : There is no significant difference between mean rank towards the problems faced by the respondents while opening PMJDY accounts.

H_a : There is significant difference between mean rank towards the problems faced by the respondents while opening PMJDY accounts.

Test used: - **Friedman test**

Table3.7

Problems faced	Mean rank	Chi- square value	P value
Discriminatory approach	5.82	36.08	< 0.01
Information availability	3.08		
Lack of guidance/support	1.92		
Lack of adequate education	2.69		
Exploitation by intermediaries	6.57		
Stringent statutory requirements	4.08		
Transaction charge	3.84		

****Rejected at 1% Level of Significance**

Since P value is less than 0.01, null hypothesis is rejected and alternative accepted at 1% level of significance .That is, there is significant difference between the mean rank towards the problems encountered while opening PMJDY accounts. Based on mean score it is clear that the most important problem faced by the respondents while opening PMJDY account is 'lack of guidance/support' (1.92)

HYPOTHESIS-4

H_0 : There is no significant difference between male and female respondents with regard to their perception about PMJDY scheme as a tool for financial inclusion

H_a : There is significant difference between male and female respondents with regard to their perception about PMJDY scheme as a tool for financial inclusion

Test used:-**Independent sample t test**

Table3.8 Perception of respondents regarding the PMJDY scheme as a tool for financial inclusion

Variables	Gender	N	Mean	Std .deviation	t value	Sig value
Respondents perception of PMJDY as a tool for financial inclusion	Male	53	3.875	.18177	4.059	< 0.01
	Female	47	3.734	.16455		

Rejected null hypothesis at 1 % level of significance

Since the p value is less than 0.01 the null hypothesis is rejected .That is, there significant difference between male and female respondents with regard to their perception about PMJDY scheme as a tool for financial inclusion. Since mean score is slightly greater for men(3.87) it can be concluded that males have greater perception than females with regard to PMJDY as a tool for financial inclusion.

HYPOTHESIS-5

H_0 : There is no significant difference between male and female respondents with regard to their satisfaction regarding PMJDY scheme.

H_a : There is significant difference between male and female respondents with regard to their satisfaction regarding PMJDY scheme.

Test used: Independent **sample T test**

Table 3.9 Satisfaction Level of PMJDY Account users

Variables	Gender	N	Mean	Std .deviation	t value	Sig value
Respondents awareness on features of PMJDY	Male	53	3.584	.268	1.663	.099
	Female	47	3.489	.305		

,Accepted null hypothesis at 5% level of significance

Since the p value of the variables of respondent's satisfaction regarding PMJDY is greater than 0.05 (0.099) the null hypothesis is accepted .That is there is no significant difference between male and female respondent's with regards to their satisfaction regarding PMJDY.

4.1 FINDINGS, SUGGESTIONS AND CONCLUSIONS

General findings

- With regard to awareness level of respondents towards the various facilities offered by PMJDY, the facility which is mostly aware by the respondents is the zero balance account.
- With regard to the perception of the respondents about PMJDY as a tool for financial inclusion, it is clear that Zero balance account accounts for the most responded feature of PMJDY
- With regard to the satisfaction of respondents regarding the various features of PMJDY, respondents are mostly satisfied about the fact that "Benefits under the scheme are adequately provided by the bank to the customers"

Findings Based On Testing Of Hypotheses

1)There is significant difference between the male and female respondents with regard to their level of awareness regarding various facilities of PMJDY scheme.

2) The most important reason for increasing popularity of PMJDY scheme is 'pension scheme' (2.65).

3) The most important problem faced by the respondents while opening PMJDY account is 'lack of guidance/support'

4) Males have greater perception than females with regard to PMJDY as a tool for financial inclusion

5) Since the p value of the variables of respondent's satisfaction regarding PMJDY is greater than 0.05 (0.099) the null hypothesis is accepted .That is there is no significant difference between male and female respondents with regards to their satisfaction regarding PMJDY .

SUGGESTIONS

- The main problem encountered by them while opening "Pradhan Mantri Jan – Dhan Yojana Accounts" is the lack of guidance, support and education. Hence banks should take necessary steps to ensure that the bank staff provide necessary support and education regarding the scheme .
- The procedure for opening bank accounts should be made simple so that the poor and the illiterate finds its convenient and easy to open accounts under PMJDY.
- People are to be educated regarding the various other features of this scheme to improve the perception of people towards PMJDY scheme. Advertisements in television, radio and other print media is helpful in increasing the perception of people towards PMDJY account and also it will be helpful to increase the popularity of this scheme.
- For improving the satisfaction of customers bank officials have to ensure that the bank staffs are giving good and proper services to account holders under this scheme.
- Special campaigns must be conducted by government to educate poor and illiterate people in the rural areas about the benefits under PMDJY scheme.
- For better and effective implementation of PMJDY scheme the bank should recruit business correspondents (BC) from local areas because they are more accessible to the poor and the downtrodden

4.4 CONCLUSION

After conducting the study it can be concluded that PMDJY is a good financial inclusion initiative taken up by the government. Although it is a successful initiative, there requires

improvement in certain factors of PMJDY scheme. Weaker sections of the society are still not adequately aware about various facilities of PMJDY may be due to illiteracy or inconvenience. The satisfaction of the customers is the key factor for success of every schemes or policies. The people are only less satisfied with the services and behaviour of bank staffs while they come up to banks for opening PMJDY accounts. The government and banking officials have to take necessary steps for improving the service and behaviour of bank staffs towards PMJDY account holders. Then only the account holders under PMJDY schemes can attain 100% satisfaction.

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