



## A Study On the Jan Dhan Yojana Society Financial Inclusion

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### Abstract:

The Jan-Dhan Yojana aims to ensure universal access to banking services, covering savings, credit, insurance, and pension schemes. Its success is attributed to strong infrastructure, extensive outreach, and incentivized initiatives, which have enabled marginalized communities to join the formal financial sector. Leveraging Aadhaar and mobile connectivity has expedited processes, even in remote regions. In addition to enhancing access, the program fosters financial literacy and empowerment, efficiently integrating welfare schemes. However, challenges remain, particularly in rural areas, underscoring the need to prioritize literacy, connectivity, and the expansion of financial services to sustain advancements in financial inclusion.

The study gathers survey responses from the public by delivering questionnaires to individuals as part of a quantitative data collection strategy.

**Key Words:** Jan-Dhan Yojana, Financial inclusion, Rural areas, financial literacy, Empowerment, Marginalized communities, Banking services.

### Introduction:

The National Mission for Financial Inclusion, or Pradhan Mantri Jan-Dhan Yojana (PMJDY), aims to guarantee affordable access to financial services, such as basic savings and deposit accounts, remittance, credit, insurance, and pensions. It has been defined as the process of guaranteeing vulnerable groups, such as lower income and weaker section groups, timely and

enough credit where needed at a reasonable cost by the Committee on Financial Inclusion in 2008. It essentially denotes having access to a bank account that is protected by deposit insurance, as well as the payment system and reasonably priced credit. To combat poverty, advance economic expansion, and support social development, financial inclusion is crucial. It frequently involves efforts to use cutting-edge strategies like mobile banking, microfinance, and digital financial services to provide banking and financial services to underserved or rural people. The equality of opportunity and accessibility to financial services is known as financial inclusion.

Among the principal explanations are Poverty and inequality are decreased via financial inclusion. Low-income and marginalized people can now access formal financial services including credit, insurance, and savings thanks to financial inclusion.

The Pradhan Mantri Jan Dhan Yojana (PMJDY), a historic programme introduced by the Indian government in 2014, is heavily dependent on financial inclusion. The programme gives millions of Indians access to basic banking services to alleviate their pervasive exclusion from the official financial system. Making sure that every Indian household has at least one bank account is the fundamental goal of financial inclusion in PMJDY. The need to provide financial services to all societal segments, particularly those who have historically been underserved or excluded, is emphasized by a number of important goals and concepts that support this audacious ambition.

In addition to merely creating an account, PMJDY encourages the use of financial services. It makes a variety of financial products and services more accessible, which incentivizes people to interact with the banking system. Pension plans, insurance, credit facilities, savings accounts, and remittance services are all included.

PMJDY highlights the promotion of active involvement with banking services in addition to account opening. It promotes people to make use of a variety of needs-based

financial goods and services, such as insurance, pension plans, credit facilities, remittance services, savings accounts, and credit facilities. By providing a wide range of financial services, PMJDY aims to meet the various needs of its clients and promote increased financial empowerment and inclusion.

**Literature Review:**

Nimbrayan, PK, et al. (2018), in the *Journal of Financial Inclusion*, discussed the importance of active usage of PMJDY accounts for saving money, accessing credit, and making payments. Their suggestion focused on increasing account activity and utilization of financial services to ensure the success of PMJDY. Singh, Bhanu Pratap, et al. (2021), in their research published in the *International Journal of Finance and Banking Research*, highlighted the challenge of low usage of financial services and the prevalence of dormant accounts after the launch of PMJDY. They suggested addressing obstacles such as poor service usage and dormant accounts to enhance the scheme's impact. Sharma, N., & Goyal, R. (2017), in the *Indian Journal of Economic Research*, highlighted the positive correlation between financial inclusion and income, financial information access, and awareness of PMJDY. They recommended promoting financial literacy and awareness to enhance the effectiveness of PMJDY. Shahid Amita, T. Singh (2015), in the *International Journal of Business and Management Invention*, highlighted the significant contribution of rural sectors in opening accounts under PMJDY. Their findings suggested investigating the factors driving higher account openings in rural areas and assessing the impact of PMJDY on rural development to ensure comprehensive financial inclusion strategies. Shylaja, H. N. (2021), in the *Journal of Development Economics*, emphasized the gains in household coverage and financial service utilization due to PMJDY. Their suggestion revolved around developing strategies to promote active participation in the financial system. Singh, P. K. (2014), in the *Journal of Financial Services Research*,

emphasized the critical role of financial services in driving economic growth and poverty reduction, especially for low-income and vulnerable groups. Their findings underscored the need to explore the impact of PMJDY on different socio-economic groups and regions to ensure equitable access to financial services and promote inclusive development. Parveen Kumar, Nimbrayan, Tanwar Nitin, Tripathi Ramesh Kumar (2018), in the *International Journal of Economics and Finance Studies*, highlighted the complex relationship between financial inclusion and various socio-economic variables. They suggested investigating the impact of PMJDY on different demographic groups and regions to ensure inclusivity and address disparities in access to financial services. Manjinder Kaur, MK, Mini Goya, MG (2017), in the *Rural Development Journal*, highlighted the progress made by PMJDY in reaching the unbanked population in rural Punjab. However, they also identified significant gaps in financial inclusion. Their findings suggested investigating the reasons for these gaps and proposing targeted interventions to ensure comprehensive financial inclusion in rural areas. Beriwal, Prachi, et al. (2021), in the *Journal of Social and Economic Development*, focused on the societal impacts of PMJDY in advancing financial stability and inclusion. Their findings underscored the need to explore the long-term effects of PMJDY on social inequalities and overall well-being. They recommended assessing the effectiveness of PMJDY in addressing systemic barriers and promoting inclusive societal development.

**Objective of The Study:**

1. To assess the effectiveness of the Pradhan Mantri Jan-Dhan Yojana (PMJDY) in increasing financial inclusion among marginalized communities, focusing on the extent of their participation in formal banking services, including savings, credit, insurance, and pension schemes.

2. To identify the key challenges hindering the full realization of financial inclusion goals in rural areas under the PMJDY framework, with a particular emphasis on factors such as financial literacy levels, connectivity infrastructure, and the availability of diverse financial products and services.
3. To evaluate the socio-economic impact of PMJDY beyond mere access to banking services, including its role in poverty alleviation, income generation, and empowerment of marginalized individuals and communities.

### **Research Methodology:**

This study adopts a quantitative research design, utilizing surveys and statistical analysis to investigate the research questions. A random sampling method will be employed to select participants from the target population of individuals holding PMJDY accounts. The sample size will be determined based on statistical considerations to ensure adequate power. Data will be collected through structured surveys administered to the selected sample, with measures in place to ensure ethical research conduct.

### **Tools for Analysis:**

Simple statistical techniques are used including the correlation and chi square test. These were carried out with the help of software like SPSS software.

### **Descriptive Statistics:**

A total of 217 responses have responded to the survey, of which 77.9% were male and 22.1% were Female. Details regarding age and area of residence are presented in table1.

<b>Variables</b>	<b>Categories</b>	<b>N=217</b>	<b>percentage</b>
<b>AGE</b>	18 –23 Years	18	8.3%
	24- 29 years	9	4.1%
	30-34 years	24	11.1%
	35- 39 years	80	36.9%
	Above 40 years	86	39.6%
<b>GENDER</b>	Male	169	77.9%
	Female	48	22.1%
<b>EDUCATION QUALIFICATION</b>	HSC	92	42.4%
	SSLC	51	23.5%
	Undergraduate	49	22.6%
	Postgraduate	25	11.5%
<b>OCCUPATION</b>	Government employee	165	76%
	Private employee	52	24%

LOCATION	Metropolitan cities	51	23.5%
	Urban cities	29	13.4%
	Rural areas	137	63.1%

**Chi-Square Test:**

	Valid		Cases Missing		Total	
	N	PERCENT	N	PERCENT	N	PERCENT
How affordable do you find the financial services provided under PMJDY? How frequently do you use your PMJDY account for banking transactions?	217	100.0%	0	0.0%	217	100.0%

How affordable do you find the financial services provided by PMJDY? How frequently do you use your PMJDY account for banking transactions? Crosstabulation count

How frequently do you use your PMJDY account for banking transactions?

		Daily	Monthly	Never	Weekly	Total
How affordable do you find the financial services provided under PMJDY?	Affordable	9	26	6	6	47
	Neutral	4	70	39	6	119
	Somewhat expensive	1	12	12	3	28
	Very affordable	2	7	0	4	13
	Very expensive	0	3	3	4	10
Total		16	118	60	23	217



	<b>Value</b>	<b>df</b>	<b>Asymptotic Significance (2-sided)</b>
Pearson chi-square	43.745a	12	<.001
Likelihood Ratio	42.386	12	<.001
N of Valid Cases	217		

10 cells (50.0%) have expected count less than 5. The minimum expected count is .74.

The chi-square test indicates a significant association between the perceived affordability of financial services under PMJDY and the frequency of use of PMJDY accounts for banking transactions ( $p < .001$ ). This suggests that affordability perception influences how often people use their PMJDY accounts. For instance, those who find the services affordable tend to use their accounts more frequently compared to those who find the services expensive. Assess the association between perceived affordability and frequency of usage using chi-square test. Interpret the significance level (p-value) to determine if there's a statistically significant relationship.

**Karl Pearson Correlation:**

The analysis shows a significant link between perceived affordability of PMJDY financial services and usage frequency ( $\chi^2 (12) = 43.745, p < .001$ ). Those finding services "Neutral use accounts most, followed by "Affordable" and "Somewhat expensive" groups. Conversely, those finding services "Very expensive" use accounts the least. This indicates a correlation: more affordable services likely lead to higher account usage. Yet, caution is needed due to cells with expected counts  $< 5$ , suggesting further analysis or larger samples for confirmation.

### **Conclusion:**

The Pradhan Mantri Jan-Dhan Yojana (PMJDY) stands as a significant initiative aimed at ensuring universal access to banking services in India, covering various financial products such as savings, credit, insurance, and pension schemes. Its success can be attributed to robust infrastructure, extensive outreach efforts, and incentivized initiatives, which have effectively facilitated the inclusion of marginalized communities into the formal financial sector. Addition to enhancing access to financial services, PMJDY also prioritizes fostering financial literacy and empowerment, effectively integrating welfare schemes to promote holistic financial inclusion. However, despite its achievements, challenges persist, particularly in rural areas, emphasizing the need to prioritize literacy, connectivity, and the expansion of financial services to sustain advancements in financial inclusion. Individuals who perceive the services as affordable demonstrate higher usage rates compared to those who perceive the services as expensive. This underscores the pivotal role of affordability perception in shaping financial behaviors and fostering engagement with formal banking channels, thereby promoting financial inclusion.

The findings from this study highlight the critical importance of perceived affordability in driving the utilization of PMJDY accounts and advancing financial inclusion objectives. Efforts to address affordability barriers and ensure equitable access to financial services, particularly in rural and underserved areas, are essential for sustaining the momentum of PMJDY and promoting inclusive economic growth and development in India.

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