



## A STUDY ON PRADHAN MANTRI JAN DHAN YOJANA SCHEME AND ITS EFFECTS

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**Abstract:** The present research aims to focus on impact of Pradhan Mantri Jan Dhan Yojana as social economic status and saving pattern of the beneficiaries. More than 41.44 crore people benefited from the PMJDY and 131,324.14 cores balance in saving beneficiary account. The study found that first of all the Indian rural population and urban population has developing a behavior of positive savings habits increase in the country. This behavior is expected to change after the implementation of PMJDY as the programme has been successful in opening the banks account. An important aspect that DBTs via PMJDY account have ensured every rupee reaches its intended beneficiary financial inclusion to provide all households in the country with financial services, with focus on small and marginal farmers and labourers both rural and urban. It is direct benefit transform, Covid-19 period financial inclusion is national priority of the government as it is an enabler for inclusion growth, the fiancé ministry of India.

**Index Terms – Financial Inclusion, PMJDY, Benefits and Limitation.**

### I. INTRODUCTION

The Government of India lays special emphasis on financial inclusion of citizens as it is crucial to poverty reduction. Exclusion of a large number of people from any access to financial services prevents the growth of our country. A scheme to empower citizens financially was highly needed so that everyone can reap the benefits of growth and development. Pradhan Mantri Jan Dhan Yojana, the biggest financial inclusion initiative in the world, was announced by the Hon'ble Prime Minister shri Narendra Modi on 15th August 2014 from the ramparts of the Red Fort and launched by him on 28th August 2014 across the country. While launching the Yojana, the Prime Minister had described the occasion as a festival to celebrate the liberation of the poor from a vicious cycle. Prime Minister had referred to the ancient Sanskrit verse: Sukhasya Moolam Dharma, Dharmasya Moolam Artha, Arthasya Moolam Rajyam - which puts the onus on the state to involve people in economic activity. The Prime Minister had also sent email to an estimated 7.25 lakh bank employees, exhorting them to help reach the target of 7.5 crore bank accounts, and bring freedom from financial untouchability.<sup>1</sup>

Pradhan Mantri Jan-Dhan Yojana (PMJDY) is National Mission for Financial Inclusion to ensure access to financial services, namely, a basic savings and deposit accounts, remittance, credit, insurance, pension in an affordable manner. Under the scheme, a basic savings bank deposit (BSBD) account can be opened in any bank branch or Business Correspondent (Bank Mitra) outlet, by persons not having any other account. Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way. Financial inclusion has been a buzzword for the policymakers and governments for a long time. Attempts have been made by the policymakers and financial institutions to bring large sections of the rural population within the banking system having realized that financial inclusion is the essence of sustainable economic growth and development in a country like India.<sup>2</sup>

### Objective of the study

- To analyze the Socio-economic Profile of the Beneficiaries and the Benefits received by them from PMJDY Scheme.
- To examine the Limitations of Pradhan Mantri Jan Dhan Yojana Scheme.

<sup>1</sup> <https://financialservices.gov.in/financial-inclusion-schemes>

<sup>2</sup> <https://financialservices.gov.in/about-us/about-the-department>

## Research Methodology

The studies have focused on the benefit factor influence of the PMJDY account holders. The primary data have used to collect data directly from the respondents in Pradhan Mantri Jan Dhan Yojana scheme account holders. The sample size of the study is 400 and is collected from five districts (Villupuram, Tirunelveli, Thanjavur, Kancheepuram and cuddalore), these districts consists of the highest number of beneficiaries in Tamil Nadu.

**Socio Economic Profile of the Respondents**

This table explains the profile of the Pradhan Mantri Jan Dhan Yojana account holders. Like age, gender, area of living, educational qualification and occupational level of the respondents.

**Socio Economic Profile of the Respondents****Table No.1**

S.No	Age	No of respondents	Percentage
1	Below 18 years	33	8.3
2	19-30 years	121	30.3
3	31-45 years	144	36.0
4	46-60 years	75	18.6
5	Above 61	27	6.8
<b>Total</b>		<b>400</b>	<b>100</b>
S.No	Gender	No of respondents	Percentage
1	Male	152	38
2	Female	248	62
<b>Total</b>		<b>400</b>	<b>100</b>
S.No.	Area of living	No of respondents	Percentage
1	Rural	224	56
2	Urban	80	20
3	Semi urban	96	24
<b>Total</b>		<b>400</b>	<b>100</b>
S.No	Educational Qualification	No of respondents	Percentage
1	Illiterate	113	28.2
2	School level	143	35.8
3	Under graduate	88	22
4	Post graduate	56	14
<b>Total</b>		<b>400</b>	<b>100</b>
S.No.	Occupational level	No of respondents	Percentage
1	Student	61	15.2
2	Agriculture Labour	158	39.5
3	Business	43	10.8
4	Employee	138	34.5
<b>Total</b>		<b>400</b>	<b>100</b>

**Source: Computed from Primary Data**

From the above table, out of 400 respondents, 144 are in age group of 31-45 years. It is inferred that, in this category beneficiaries are showing more interest to open the PMJDY account. Similarly, account holders are more in the age group of 19-30 years. Regarding gender female respondents are more in the PMJDY scheme, because they are more associated with SHG and the like schemes. After the implementation of PMJDY, rural people are willing to open the bank account. This is also shown in the table, ie.,224 are in rural area of living. 39.5% of the respondents belongs to agricultural labour, because no minimum balance (except for cheque) is required in this bank account and they use this for agricultural loan purposes. Even illiterate respondents (43), opened PMJDY bank account with the help of bank officials and bank mitra.

**Benefits of Pradhan Mantri Jan Dhan Yojana Scheme**

Factor analysis is a multi – variant statistical technique that explains the inter-relationship among the total set of observed variables. None of these variables is treated differently than the others. Factor analysis is a way of grouping of variables based on the criterion of common characteristics which would serve as a common denominator for such classification. It is an analytical tool which can aid primary investigations and in the interpretation of the relationship among a large number of inter-related and inter – dependent variables.

The technique adapted to analyze benefit factors to the PMJDY account holders. There are several methods available for factor analysis. But the principle component method with Kaisers' Varimax Rotation is mostly used and widely available in the factor analytic computer programme. One of the final outcomes of the factor is called rotated factor. The sum of squares of the factors loading of a variable is called communalities (H2).

The communalities of a factor are common factor variance. The factors whose loading is 1.00 or greater are considered significant factor. This limit is chosen because it had been judged that factors with less than 100% common variance with the rotated factor pattern are too weak to report. In the present study, the principle analysis factor with the KMO and Bartlett's and rotated component Varimax Rotation is used to identify the significance of difference variable of benefitted factors of PMJDY Account Holders. The estimated results are given in the table.

## Results of KMO &amp; Bartlett's Test

Table No.3

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.916	
Appriox. Chi-Square	5580.955	
Bartlett's Test of Sphericity	Degrees of freedom	136
	Sig.	.000

Source: Primary Data

The below table shows the matrix of common factor co-efficient or factor loadings, the number of factors extracted was four and they are named as Financial products benefits factor, Economic benefits factor, Credit benefits factor and Personal benefits factor. The rotation which has the highest loading (>1.00) in each factor are grouped, that is, the ratios which are more closely related to a particular group is boxed. The last column in the table is "communality" (H2) that is, the variance explained by the factor. In the following section, these results have been interpreted by examining the significant loading for ratio clustering on each factor carefully.

## Benefits of Pradhan Mantri Jan Dhan Yojana Scheme

Table No.4

Benefits	Component				
	F1	F2	F3	F4	H2
<b>Financial Products benefits</b>					
Bank account opening and loan procedures are easy	<b>.751</b>	-.432	.031	-.295	.838
Easy to obtain life Insurance	<b>.753</b>	-.499	-.017	-.269	.889
Easy to get overdraft facility	<b>.746</b>	-.211	-.191	-.169	.667
Easy to deposit and withdraw in this a/c	<b>.780</b>	-.402	.113	-.123	.798
Minimum document is required to open bank account	<b>.818</b>	-.182	.020	-.015	.703
<b>Economic Benefits</b>					
Increased to banking mobilization	.284	<b>.662</b>	.018	.513	.782
Improvement in financial exposure	.122	<b>.745</b>	-.187	.325	.710
More financial awareness among the public	.059	<b>.809</b>	-.315	.162	.783
Increase in savings and assets	.064	<b>.796</b>	-.238	.152	.718
<b>Credit Benefits</b>					
Solved loan approvals	.766	.269	<b>-.332</b>	-.032	.770
Solved prepayment options	.797	.290	<b>-.159</b>	-.016	.745
Solved financial problems	.791	.331	<b>.174</b>	-.136	.784
Solved for claim procedures	.668	.487	<b>-.084</b>	-.078	.696
<b>Personal Benefits</b>					
Improved the standard of living	.595	.379	.205	<b>-.346</b>	.659
Improved in the financial literacy	.662	.109	.584	<b>-.026</b>	.792
Improvement in the purchasing power	.707	.112	.495	<b>.125</b>	.773
Improved services at affordable cost	.681	.145	.462	<b>.229</b>	.750
Bank accounts offer convenience					

Source: Computed from Primary Data

**Financial Products Benefits (Factor - I (F<sup>1</sup>))**

The first factor variables are Bank account opening and loan procedures are easy (.751), Easy to obtainment of Insurance (.753), Easy to get overdraft facility (.746), Easy to deposit and withdraw in this a/c (.780) and Minimum document is required to open bank account (.818). These are named as financial products benefits factors. Out of these variables Minimum document is required to open bank account is the highest significant positive loadings.

**Economic Benefits (Factor - II (F<sup>2</sup>))**

The second factor variables are increased to banking mobilization (.662), Improvement in financial exposure (.745), more financial awareness among the public (.809) and Increase in savings and assets (.796). These are named as economic benefits factors. Out of these variables Increase in savings and assets have the highest significant positive loadings.

**Credit Benefits (Factor - III (F<sup>3</sup>))**

The third factor variables are Solved loan approvals (-.332), Solved prepayment options (-.159), Solved financial problem (.174) and Solved for claim procedure (-.084). These are grouped as credit benefits factors. Out of these variables

decrease in Solved loan approvals have the lowest insignificant negative loadings. Because, lack of awareness about the eligibility conditions for loan approvals and policy claims are taking a very long time.

#### Personal Benefits (Factor IV (F<sup>4</sup>))

The fourth factor variables are Improved the standard of living (-.346), Improved in the financial literacy (-.026), Improvement in the purchasing power (.125) and Improved services at affordable cost (.229). These are grouped as personal benefits factors. Out of these variables Increase in Improved services at affordable cost have the highest significant positive loadings. Because of new technologies adapted to banking sector in KYC form is very easy.

#### Limitations Faced by PMJDY Account Holders

With a view to ascertain opinion of the respondents regarding the major limitations faced by Pradhan Mantri Jan Dhan Yojana account holders, they were asked to rank the limitations. To understand the preference in the order of importance 'Garret's ranking technique' has been used.

Percentage position =  $(100 \text{ Rij} - 05) / \text{Nj}$

Rij = Rank given for the item by the j<sup>th</sup> individual

Nj = Total ranks given by the j<sup>th</sup> individual

The results obtained were compared with Garret's ranking table. The total scores of each item were added and ranks were given according to the total value.

#### Limitations Faced by the PMJDY Account Holders

Table No.2

S. No	Limitations	Total score	Mean score	Rank
1	Late in policy process	14210	35.52	VIII
2	Restricted usage of ATM card	23680	59.20	I
3	Bank is not providing more details	16862	42.15	VI
4	Lack of transparency	16494	41.23	VII
5	Delay in receiving the benefits	21006	52.51	V
6	Over draft facility is not available	21480	53.70	III
7	Eligibility conditions	16862	42.15	VI
8	Lengthy Claim procedure	22105	55.26	II
9	Minimum balance is required	21200	53.00	IV

Source: Primary Data

The above table shows the limitations faced by PMJDY account holders. These results are given in the ranking system. In the opinion of PMJDY beneficiaries, the first limitation is "Restricted usage of ATM card". It is followed by "lengthy claim procedure" as the second rank. The third rank is assigned to "Overdraft facility is not available". It is followed by "Minimum balance is required" for using cheque book in the fourth rank. The fifth rank is assumed by assigned to "Delay in receiving the benefits" for the government subsidies. Then sixth rank is "Bank is not providing more details" and "Eligibility conditions". The seventh rank is "lack of transparency" about the scheme details. The last rank would prefer to "late in policy process", while implementing the scheme.

#### Conclusion

The financial inclusion process has been highly activated through central government. All banking sector have been supported to Pradhan Mantri Jan Dhan Yojana scheme. The findings of this research are helpful in understanding the access to banking services of households. Respondents are more likely to be financially included at opening to bank account in Pradhan Mantri Jan Dhan Yojana scheme beneficiaries. Several economic theories predict that financial inclusion programmes such as PMJDY can also have broader regional implications by bringing new capital into the formal banking system by means of new deposits and giving formal credit access to these underprivileged segments. Overall, it may be said that PMJDY has served the purpose of financial inclusion to a great extent by enabling formal credit system benefitting lower income households at the micro level through savings, spending, and reduction in transaction costs over a period of time.

#### REFERENCE

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