

## Impact of Pradhan Mantri Jan Dhan Yojana on Socio-Economic Conditions of Rural People

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Received: 10.08.2021 | Revised: 12.09.2021 | Accepted: 19.09.2021

### ABSTRACT

The government of India takes several initiatives to accelerate the process of financial inclusion; the most popular one is “Pradhan Mantri Jan Dhan Yojana” announced by Prime Minister on 15th August 2014 and was launched initially for 4 years on 28th August 2014. PMJDY offers several benefits such as direct benefit transfer, RuPay debit card, accidental insurance cover, life insurance cover, overdraft facility, and pension scheme, etc. The present research “Impact of Pradhan Mantri Jan Dhan Yojana on Socio-economic conditions of Rural People” was carried out in Kanpur Nagar district of Uttar Pradesh state. The research was conducted to assess the social impact of respondents regarding Pradhan Mantri Jan Dhan Yojana based on their socio-economic status, thus, 25 respondents were selected from a bank of each of six villages of two blocks that constitutes a total of 150 respondents. The research study reveals, 29.3% respondents were illiterate and 52.0% respondents belonged to nuclear family in which 45.3% respondents had up to 5 family members. So, 90.0% of respondents strongly agree that PMJDY is beneficial for people, 85.3% of respondents feel PMJDY helps to reduce dependence on informal sources, and 83.3% of respondents strongly agree that the scheme provides social and financial security to poor people.

**Keywords:** Direct Benefit Transfer, Financial inclusion, Financial security, Financial services, PMJDY, RuPay debit card, Social Impact etc.

### INTRODUCTION

The Government of India has introduced several financial inclusion programs and policies, the most popular being the “Pradhan

Mantri Jan Dhan Yojana”. This scheme proves a crucial step taken by the Government of India by accelerating the growth of financial inclusion.

**Cite this article:** Tiwari, D., Gupta, S., & Verma, M. (2021). Impact of Pradhan Mantri Jan Dhan Yojana on Socio-Economic Conditions of Rural People, *Ind. J. Pure App. Biosci.* 9(5), 27-32. doi: <http://dx.doi.org/10.18782/2582-2845.8781>

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PMJDY provides a standard of living to rural and poor people by bringing good opportunities through JAN DHAN ACCOUNT that offers basic banking facilities like cash withdrawal, remittance, deposit, RuPay debit card with inbuilt accident insurance cover, life insurance cover and overdraft facility, etc. The scheme influences the economically weaker section of the society by enhancing the strength of banking among them.

#### **Pillars of Pradhan Mantri Jan Dhan Yojana**

The six pillars of the PMJDY scheme were designed to address the prior challenges, issues and to accelerate financial inclusion in India. Those six pillars are-

- Universal access to banking facilities.
- Provide Basic Banking Accounts for saving and remittance and RuPay Debit cards with inbuilt insurance cover.
- Financial Literacy Programme.
- Creation of Credit Guarantee fund

- Micro Insurance
- Unorganized sector pension schemes like Swavalamban.

#### **Objectives of the Study:**

1. To study the socio-economic profile of the respondents.
2. To find out the impact of PMJDY on poor people.

#### **MATERIALS AND METHODS**

The present study was undertaken during 2020-2021 in the Kalyanpur and Chaubeypur blocks of Kanpur Nagar. In each block, 3 villages were purposively selected. On that basis, in each village, a bank was purposively selected therefore 25 respondents from each village were randomly selected from six banks of six villages of two blocks, whose total number was 150. The statistical tools were used as a percentage, weighted mean, standard deviation, rank order, and correlation coefficient, etc.

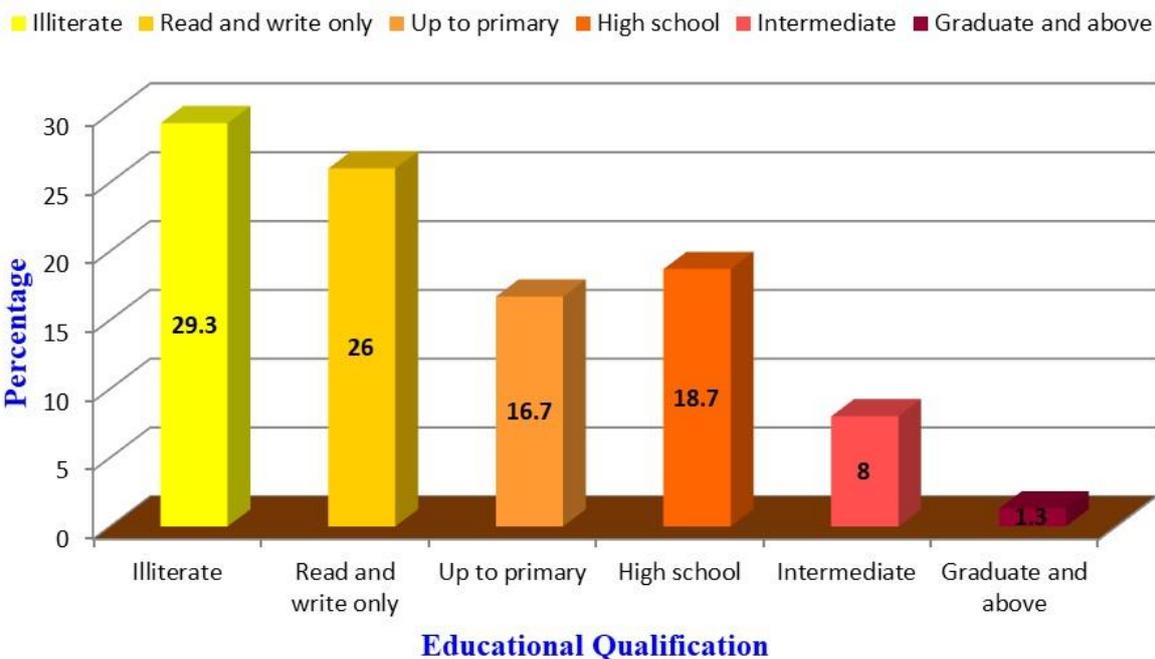
### **RESULT AND DISCUSSION**

**Table 1: Distribution of respondents according to educational qualification**

Education	Frequency	Per cent
Illiterate	44	29.3
Read and write only	39	26.0
Up to primary	25	16.7
High school	28	18.7
Intermediate	12	8.0
Graduate and above	2	1.3
<b>Total</b>	150	100.0

The table 1 shows, maximum 29.3 per cent of respondents in the study area were found to be illiterate followed by 26.0 per cent of respondents who can read & write-only. 18.7 per cent of respondents were found to be educated up to high school level whereas 16.7 per cent of respondents were educated up to primary level. On the other hand, 8.0 per cent had passed intermediate and minimum only

1.3 per cent respondent were found to be educated up to graduation & above. Education played a major role in awareness and impact regarding Pradhan Mantri Jan Dhan Yojana. Hence, more than half of the respondents are illiterate and those who can read & write only in the research study area which is similar to the findings of Pillai (2016) who had also revealed the same.

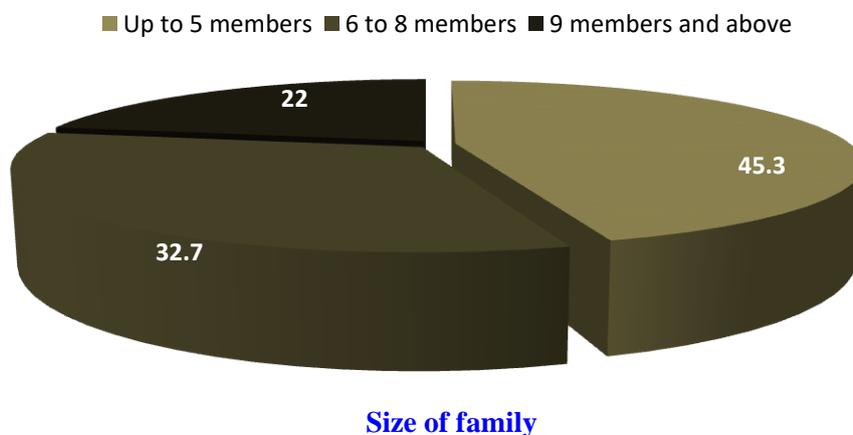


**Table 2: Distribution of respondents according to family size**

Family Size	Frequency	Per cent	Mean	SD
Up to 5 members	68	45.3	4	1
6 to 8 members	49	32.7	7	1
9 members and above	33	22.0	10	1
<b>Total</b>	150	100.0	6	2

The table 2 demonstrate that maximum 45.3 per cent respondents belonged to the family which had up to five members with a mean 4 and standard deviation 1, followed by 32.7 per cent of respondents who had six to eight members in their family with mean 7 and standard deviation 1 and 22.0 per cent of

respondents had nine members & above with mean 10 and standard deviation 1 in the research study area of district Kanpur. Therefore, it may be concluded that the majority of respondents had five and above members in their family.



**Table 3: Distribution of respondents according to the Social Impact of Pradhan Mantri Jan Dhan Yojana**

S. No.	Social Impact	Symbol	Strongly agree	Agree	Undecided	Disagree	Strongly disagree	Mean score value	S.D.	Rank
1.	Beneficial for people	A	90.0	9.3	0.7	0.0	0.0	4.89	4.38	I
2.	It helped to reduce dependence on informal sources (e.g., Money Lenders)	B	85.3	14.0	0.0	0.7	0.0	4.84	4.33	II
3.	Enhances the standard of living of people	C	66.7	33.3	0.0	0.0	0.0	4.67	4.16	IV
4.	Provides social and financial security to poor people	D	83.3	14.7	0.7	1.3	0.0	4.80	4.30	III
5.	Reduces inequality in distribution among beneficiaries	E	70.7	23.3	2.7	3.3	0.0	4.61	4.14	VI
6.	Increases the reliability of people in bank	F	70.0	26.0	0.7	2.0	1.3	4.61	4.15	V
7.	Helpful in poverty eradication in the country	G	38.7	47.3	11.3	2.7	0.0	4.22	3.76	VIII
8.	Led to an increase in self-employment	H	62.0	32.0	4.7	1.3	0.0	4.55	4.07	VII
9.	Helpful in corruption elimination.	I	28.7	42.7	26.0	2.7	0.0	3.97	3.53	IX

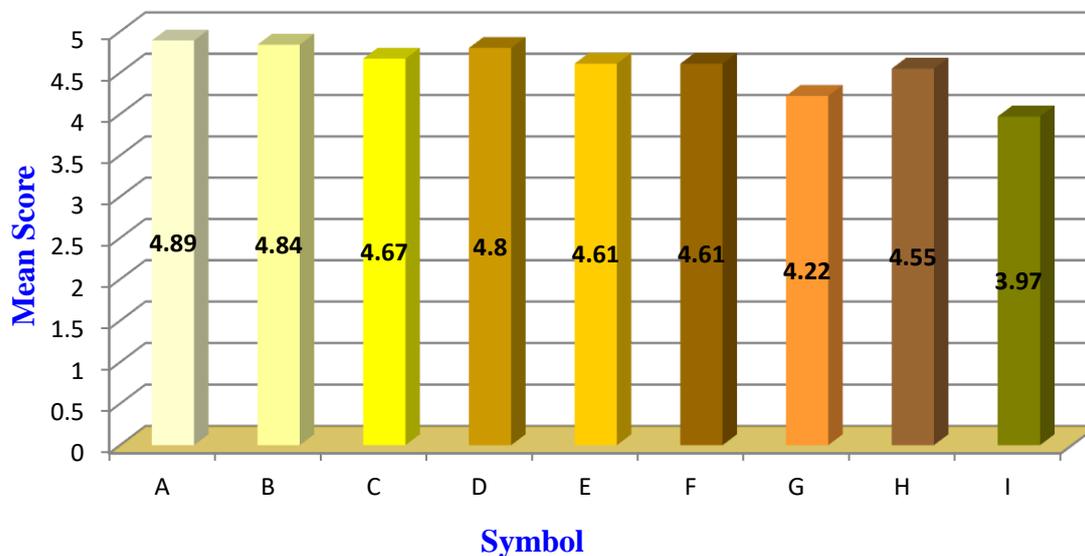
Table 3 depicts the distribution of respondents according to the social impact of Pradhan Mantri Jan Dhan Yojana in which 90.0 per cent of respondents strongly agreed that Pradhan Mantri Jan Dhan Yojana is beneficial for poor people, 9.3 per cent respondents agreed and 0.7 per cent respondent were undecided with mean score value 4.89, standard deviation 4.38 and rank I followed by 85.3 per cent of respondents who strongly agreed that Pradhan Mantri Jan Dhan Yojana helped in reducing dependency on informal sources like money lenders, 14.0 per cent respondents agreed with the fact and 0.7 per cent of respondent disagreed with mean score value 4.84, standard deviation 4.33 and position II. On the other hand, 83.3 per cent of respondents strongly agreed that Pradhan Mantri Jan Dhan Yojana provides social and financial security to poor people, 14.7 per cent respondents agreed and 0.7 per cent respondents were undecided while 1.3 per cent of respondents disagreed with the mean score value 4.80, standard deviation 4.30 and rank III. Similarly, 66.7 per cent of respondents strongly agreed that the scheme enhances the standard of living of people, whereas 33.3 per cent of respondents were agreed with a mean score value 4.67, standard deviation 4.16, and rank IV. 70.0 per cent respondents strongly agreed that Pradhan Mantri Jan Dhan Yojana increases the reliability of the people in the bank, 26.0 per cent respondents agreed whereas 0.7 per cent of respondents were undecided, 2.0 per cent of respondents disagreed and 1.3 per cent of respondents strongly disagreed with mean score value 4.61,

standard deviation 4.15 and rank V. 70.7 per cent of respondents strongly agreed that Pradhan Mantri Jan Dhan Yojana reduces inequality in distribution among beneficiaries, 23.3 per cent respondents agreed, 2.7 per cent respondents were undecided and 3.3 per cent respondents disagreed about the same with mean score value 4.61, standard deviation 4.14 and rank VI. The table also denotes that 62.0 per cent of respondents strongly agreed that the scheme led to an increase in self-employment, 32.0 per cent agreed, 4.7 per cent were undecided and 1.3 per cent respondents disagreed with a mean score value 4.55, standard deviation 4.07, and rank VII followed by 38.7 per cent of respondents who strongly agreed that scheme is helpful in poverty eradication in the country, 47.3 per cent respondents agreed, 11.3 per cent respondents were undecided about the fact while 2.7 per cent of respondents disagreed with mean score value 4.22, standard deviation 3.76 and rank VIII. 28.7 per cent of respondents strongly agreed that Pradhan Mantri Jan Dhan Yojana is helpful in corruption elimination, 42.7 per cent of respondents agreed, while 26.0 per cent of respondents were undecided with a mean score value 3.97, standard deviation 3.53, and rank IX.

Therefore, it may be concluded that all the respondents highly agreed that Pradhan Mantri Jan Dhan Yojana is beneficial for all people, because this scheme greatly benefitted poor people through their services which leaves a special impact on their lives and in their livelihood which conforms with the findings of Agrawal D., Singhal T. and

Swarup K. S. (2015) who stated four prominent factors, that is, financial benefits, encouraging saving habits, social development

and corruption elimination as the key benefits that the yojana holds.



### CONCLUSION

Pradhan Mantri Jan Dhan Yojana is such a great step to get the aim of poverty alleviation and financial inclusion. The present research concluded that more than half of respondents belonged to be illiterate and read & write-only were also utilizes the benefits of the schemes and had a positive impact in their livelihood although who were educated up to high school or intermediate level had the more effective impact of PMJDY services and products in their life. The research also depicts that the majority of respondents had five and above members in their family lead to great savings, which ultimately lead to the availability of surplus which can be utilized by the banks to channelize it to the needy sectors. From the overall view, it may be concluded that the scheme reduces the dependency on informal sources through savings, provides social and financial security to people, and increases their reliability on the bank.

#### Recommendations and suggestions:

1. Banks should decrease required documents for taking credit and loan facility and also reduce processing time.
2. Good mobile connectivity should be provided to the villagers so that they can take advantage of the mobile banking facility.

3. A single form should be used in every bank for opening a bank account which must be formulated by the Reserve Bank of India for the convenience of poor and weaker section of the society.
4. Banks should decrease required documents for taking credit and loan facility and also reduce processing time.
5. Good mobile connectivity should be provided to the villagers so that they can take advantage of the mobile banking facility.

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