

A Study on Financial Inclusion among BPL Families of Chamarajanagar District with Special Reference to Jandhan Accounts.

Dr. Divya U¹ Dr. D Jogish² Dr.Y Nagaraju³ R Umesh⁴ Krupa M⁵

¹Associate professor, Alliance school of Business, Alliance University,
Bengaluru,,Karnataka, India
divya.u@alliance.edu.in

²Professor and HOD, MBA,
Sai Vidya Institute of Technology, Bengaluru, Karnataka, India
hodmba@saividya.ac.in

³Professor& Director,
CBSMS, Bangalore University, Bengaluru
drnagaraju2007@rediffmail.com

⁴ Assistant Professor, MBA,
Sai Vidya Institute of Technology, Bengaluru, Karnataka, India
And Research Scholar- CBSMS, Bangalore University, Bengaluru
umeshmalla2006@gmail.com

⁵Research Scholar, Dept. of Management Studies,
Sai Vidya Institute of Technology, Bengaluru, Karnataka, India
Krupa.manjunath25@gmail.com

Abstract

Financial inclusion is a key program for poverty alleviation and balanced growth in any economy. The main objective of the financial inclusion scheme is to bring financially excluded segment of the economy into the formal financial system. The primary goal of financial inclusion is to provide vulnerable and economically disadvantaged members of society with affordable access to banking and other financial services. The Reserve Bank of India and the Government of India together have taken several initiatives to achieve the goal of 100% financial inclusion. A major milestone among them is Pradhan Mantra Jandhan Yojana. Such an important scheme of financial inclusion was chosen for our study to evaluate its impact on the financial inclusion of BPL families of Chamarajanagar district in terms of their awareness and usage of jandhan accounts. The major findings of the study are that there was great awareness among respondents towards zero balance facility, UPI interface, Rupay debit card and direct benefit transfer but the awareness towards OD facility and free life and accidental insurance coverage was very less. With respect to the usage of Jandhan accounts, the account holders used the bank accounts frequently for depositing and withdrawing through UPI. They have not taken much credit facility from the accounts. The study revealed that there is association between educational qualification and the awareness towards Jandhan scheme. There is also an association between educational qualification, Income and usage of Jandhan accounts.

Keywords-Financial inclusion, PMJDY, Awareness, usage, Direct benefit transfer, Rupay debit card, Borrowings

1 INTRODUCTION

India is the seventh-biggest country, has the largest democracy in the world, and has the tenth-highest Economy of all countries in one hand. On the other hand, the sizable portion of India's population still lives in poverty. According to the Multidimensional Poverty Index (MPI) roughly around 55% of Indians live in poverty (2010). Poverty alleviation is the main objective of government of any country. The main route to ending poverty and achieving long-term economic growth in a nation is financial inclusion. The main objective of financial inclusion is to provide access to banking and financial services at an affordable cost to vulnerable and economically weaker sections of the society who are unbanked to inculcate the habit of savings and to provide access towards formal sources of borrowing to improve their standard of living. The access to these Financial Inclusions at a reasonable cost can range from savings, deposits, payments, credit and insurance. Developing banking habits among vast sections of the underprivileged segment also lead to accumulation of capital formation for the development of economy. The majority of the financially excluded population depend upon informal sources of borrowings from money lenders, relatives and friends. The money lenders used to charge very high rate of interest and these unbanked population are stuck with this vicious circle of poverty by paying very high interests. Their income will not be sufficient for their expenses as they are supposed to pay high rate of interest. So again they used to borrow and they are stuck with debt trap. Providing them the formal and transparent sources of credit will really help them to come out of the debt trap. Financial inclusion and opening basic bank account is an important step to take away middlemen between government welfare schemes and beneficiaries through direct benefit transfers (DBT).

The Financial inclusion initiatives in India includes Nationalization of Banks, SHG Bank Linkage Program, Kisan credit cards (KCC), No Frill accounts, Bank Mitra (Bank Correspondent) model, Swabhiman campaign etc. Despite all these measures the poverty and financial exclusion continue to dominate in the Indian economy. Nonetheless, the GOVT and

RBI continued to work for complete financial inclusion. Pradhan Mantri Jan Dhan Yojana is a significant step taken in this direction. The program officially began on August 28, 2014. This scheme is the landmark in the financial inclusion in India for opening maximum number of bank accounts and the scheme also entered Guinness book of record for the same.

Special Benefits under PMJDY

- You can open a bank account at any branch of a bank or through a business correspondent. There is no minimum amount required to be kept in the account because it has no balance at all.
- The owners of the deposits will get interest on them.
- If the account has been operating satisfactorily for six months, an overdraft of Rs 5000 would be made available to one account holder per home (ideally to the lady of the household).
- The scheme also provides life insurance benefit of Rs. 30,000 payable on the beneficiary's death, subject to qualifying requirements, with an accidental insurance limit of Rs. 100,000 integrated into the Rupay debit card.
- The direct transfer of benefits (DBT) from various government programmes to these accounts.
- The account holder can move money around India with ease.
- The owner of the account will have access to insurance and pension options.

II REVIEW OF LITERATURE

Bansal, D., & Divya, U. (2021) researched about financial awareness of slum dwellers in Bangalore city and found that most of the slum dweller respondents are aware of savings bank accounts, ATM services and fixed deposit. Few of them are not aware about zero balance accounts and loans provided by the banks. Survey about general financial awareness on capital market revealed that only one third of the respondents are aware about share and bonds, mutual funds, stock exchanges and Sensex. They concluded that lot of awareness and literacy is need to be created among slumdwellers to improve their wellbeing. In Bengaluru City's slums, **Jahan, N. F. (2020)** conducted research on Pradhan Mantri Jandhan Yojana awareness. The results of this study showed that slum residents were well-informed about the benefits of the PMJDY scheme and how to use the accounts. They underlined that attaining financial inclusion depends heavily on financial knowledge. They recommended that the RBI and GOI take action to promote financial literacy about the Jan Dhan initiative. Financial inclusion improves the association between income inequality and economic growth, according to research by **Kim, J. H. (2016)** concerning the relationship between income disparity and economic growth in the west. Income inequality has a negative impact on GDP growth. The inverse association between income inequality and economic growth becomes a positive relationship when income inequality is reduced through financial inclusion. **Ranjani, K. S., and Bapat, V. (2015)** explored the topic of extending financial inclusion beyond account opening and the challenges facing banks. They discovered that the respondents either lacked a basic bank account or did not actively use those that they had opened. They didn't go to banks for their credit needs because they had a lot of trouble getting loans from them. Their loan application had been turned down for a number of reasons, including respondents' reluctance to approach banks and perceptions of difficulty with the documentation required, the lengthy and time-consuming loan sanction procedure, and rigid repayment terms. In 2015, **Stephen, N., and Tom, T. R.,** conducted study on cooperative banks' contributions to financial inclusion. The study's key findings were that there is a strong correlation between demographic factors such as the respondents' gender and their level of desire for financial services as well as their preference for small personal loans. Also, there is a strong correlation between respondents' salaries and their justifications for not having a bank account. **Gupta V. (2015)** researched about Pradhan Mantri Jandhan scheme progress and found that the public sector banks and regional rural banks performed well compared to private sector banks, private sector Jan Dhan accounts had a maximum number of accounts with balances whereas public sector concentrated on account opening and not insisted on maintaining balances, among all banks SBI had taken lead and contributed maximum towards the achievement of scheme objectives. By examining the branch expansion of various banks, **Kumar, B., and Mohanty, B. (2011)** conducted research on the financial inclusion of various Indian demographic categories. Comparing Regional Rural Banks, commercial banks, and foreign banks, the Nationalized Bank Group is the leader in both the maximum number of functional branches opened. **Leyshon, A., Thrift, N., & Pratt, J. (1997)** have described financial exclusion as attributing to the processes which serves to hinder some individuals and groups of the society from acquiring access to the orderly financial system.

III RESEARCH OBJECTIVES:

1. To investigate BPL households' knowledge of the PMJDY programme.
2. To assess the relationship between respondents' demographic characteristics and their awareness of Pradhan Mantri Jandhan accounts.
3. To comprehend how BPL families use the Pradhan Mantri Jandhan scheme.
4. To assess the relationship between respondents' demographic characteristics and their use of Pradhan Mantri Jandhan accounts.

IV RESEARCH METHODOLOGY:

For the current study Descriptive method of research was adopted. The study uses both primary and secondary data. The primary data has been collected by conducting a survey among 100 Below Poverty Line (BPL) family members of Chamrajnagar district by preparing a structured interview schedule in the month of December 2023. The scale mainly includes questions regarding demographic variables, PMJDY awareness and usage. To measure the awareness and usage regarding Pradhan mantra jandhan yojana 3-point scale has been adopted. The scale for the study was largely derived from referring research studies conducted by Irrinki and Burlakanti (2017) and Khandelwal (2017). Convenient sampling method was applied for selection of sample. To get insight into the area of research the secondary data has also been used. The primary data has been analyzed by applying statistical tools like Percentages, Cross tabs and Chi square test by using SPSS software -21.

HYPOTHESIS TESTING: Hypotheses formulated for the study are as follows:

- 1) H_{01} : There is no significant association between Demographic factors (Gender, Age group, Qualification, Marital status and Monthly income) and PMJDY awareness.
- 2) H_{02} : There is no significant association between Demographic factors (Gender, Age group, Qualification, Marital status and Monthly income) and PMJDY Usage.

V RESULTS AND DISCUSSION

Descriptive analysis (table 1) has been done where demographic details of the respondents has been explained.

Table 1**Profile of Respondents**

	Frequency and %
Gender	
Male	65
Female	35
Total	100
Age(years)	
Upto 20	10
21-40	40
41-60	30
>60	20
Total	100
Educational Qualification	
No formal education	5
Upto Primary school	30
High school	20
PUC	15
Graduation and more	30
Total	100
Monthly Income	
Less than Rs 5000	34
More than Rs5000	66
Total	100
Marital Status	
Unmarried	42
Married	58
Total	100
Occupation	
Daily wage worker	15
Mines worker	10
Farmer	25
Peti business	12
self employed	18
Services	15
Unemployed	5
Total	100

Source: Survey

Interpretation:

35% of respondents were female, whereas 65% of respondents were men. 10% of respondents were under the age of 20, 40% of respondents are in the medium age bracket of 21 to 40 years, 30% are between the ages of 41 and 60 years, and 20% are older than 60 years. Regarding respondents' educational backgrounds, the lowest five percent (%) had no formal education, thirty percent (30%) had completed elementary school, twenty percent (20%) had finished high school, fifteen percent (15%) had finished PUC, and thirty percent (30%) had graduated. 34% of the respondents made less than 5000 in a month than 66% of the respondents, who made more than 5000. 58% of them were married, while 42% were single. 15% of them worked for a daily wage, 10% worked in mining, 25% were farmers, 12% had petti stores, 185 were self-employed, 15% worked in the service industry, and just 5% were jobless.

Table 2**Possession of Bank account Under PMJDY scheme**

PMJDY account	Frequency and %
Account Holder	64
Not account holder	36
Total	100

Source: Survey

Interpretation:

36% of the respondents did not have accounts under the Pradhan Mantra Jandhan Yojana, while 64% of those who responded had created accounts under this financial inclusion programme.

Table 3**Banks in which the accounts are opened by the Respondents**

Bank	Frequency and %
Public Sector	78
Private Sector	22
Total	100

Source: Survey

Interpretation:

Only 22% of the Jandhan accounts opened by BPL family members were in private banks, while 78% were in public sector banks.

Table-4**Reasons for opening the Jandhan account. (Multiple response)**

Reason	Frequency & %
Simple KYC	73
Direct benefit Transfer	62
Zero balance	45
Savings facility	36
OD facility	11
Life insurance & Accidental insurance	7

Source: Survey

Interpretation:

73% of respondents said they opened a Jandhan account because of the account's simplified KYC requirements, 62% said they did so to receive direct benefit transfers from government programmes, 45% said they did so because the account allowed for zero balances, 36% said they did so to start saving money, 11% said they opened an account to use an overdraft facility, and 7% said they did so to sign up for free life insurance and an account.

Table 5**Awareness of PMJDY accounts**

Aware of PMJDY	Frequency & %
Aware	72
Un Aware	28
Total	100

Source: survey

Interpretation

According to the aforementioned data, 28% of respondents in Chamarajanagar were not aware of the PMJDY Scheme, whereas 72% of respondents knew about this financial inclusion programme.

Table 6**Awareness towards Jandhan account Facilities (Multiple response)**

Awareness	Zero balance	OD facility	Life Insurance & Accidental insurance	Rupay debit card	Direct benefit transfer
Aware	50	12	17	64	78
Slightly Aware	12	6	5	4	6
Not Aware	38	82	78	32	16

Source: survey

Interpretation:

Regarding knowledge of Jandhan account features, 78% of respondents are aware of the direct benefit transfer to Jandhan accounts, 64% are aware of the issued Rupay debit cards, and 50% are aware of the zero balance facility. However, knowledge of the OD facility and the free life and accident insurance is less common. Approximately 82% of them are unaware of the Jandhan account's overdraft facility, and 78% are unaware of the free life and accident insurance coverage provided by the programme.

Table 7**Usage of Jandhan accounts**

Usage	Deposit	Withdrawal	Rupay Debit card	UPI(paytm,Gpayetc)	Credit Facility
Very Frequently	34	35	24	42	15
Frequently	28	26	32	24	20
Never	38	39	44	34	65
Total	100	100	100	100	100

Source: Survey

Interpretation:

In terms of how the Jandhan accounts are used, 34% of users deposit money into them very frequently, 28% deposit money into them frequently, and 38% have never done so. Regarding withdrawals, 35% of them took money out of their accounts extremely regularly, 26% took money out frequently, and 39% never took money out of their accounts. 44% of them did not use debit cards, 32% did so occasionally, and 24% used their Rupay debit cards extremely frequently. 42% of respondents said they used UPI apps like Paytm, Gpay, etc. more regularly. A whopping 24% of them routinely used these apps, 34% did not use the UPI payment interface, and 65% did not use any credit facilities.

PMJDY AWARENESS AND DEMOGRAPHIC FACTORS**Hypothesis –**

H_0 : There is no significant association between Demographic factors (Gender, Age group, education, Monthly income, Marital status, and occupation) and PMJDY awareness.

Table 8**Chi-square test between PMJDY Awareness and demographic variables**

VARIABLE	P-VALUE	ACCEPT / REJECT
Gender	.672	Accept
Age Group	.566	Accept
Education	.043	Reject
Monthly Income	.457	Accept
Marital Status	.455	Accept
Occupation	.054	Accept

Analysis:

Chi Square test was conducted to find the association between the demographic variables and awareness towards PMJDY scheme among the respondents.

Interpretation:

With $\chi^2 = .672$, ($p < .05$) there seems to be no association between gender and PMJDY awareness. The males and females are equally aware about the benefits of the Jandhan scheme. Thus we are accepting null hypothesis. Similarly there is no association between Age group of respondents and PMJDY awareness, since $\chi^2 = .566$ and we accept the null hypothesis. There is an association between Education qualification of respondents and PMJDY awareness, since $\chi^2 = .043$ ($p < .05$), which means that the awareness about zero balance facility, OD facility, Free life and accidental insurance, direct benefit transfer and Rupay debit card, is more for the respondents who are educated than among uneducated. There is no association between PMJDY awareness and monthly income, marital status and occupation since $p > .05$.

PMJDY USAGE AND DEMOGRAPHIC FACTORS**Hypothesis –**

H₀: There is no significant association between Demographic factors (Gender, Age group, education, Monthly income, Marital status and Occupation) and Usage of PMJDY accounts.

Table 9**Chi-square test between PMJDY usage and demographic variables**

VARIABLE	P-VALUE	ACCEPT / REJECT
Gender	.725	Accept
Age Group	.366	Accept
Education	.047	Reject
Monthly Income	.049	Reject
Marital Status	.465	Accept
Occupation	.557	Accept

Analysis:

Chi Square test was conducted to check the association between attributes like usage of Jandhan account and demographic variables like Gender, Age, Education, Monthly income, Marital status and Occupation. The $p < .05$ for the demographic variables like Education, Monthly income and Usage of Jandhan account, we reject the null hypothesis and there is an association between Education and PMJDY usage. There is also association between Monthly income of respondents and usage of Jandhan accounts. Since $p > .05$ for the demographic variables like gender, age, marital status and occupation, we accept the null hypothesis that "There is no significant association between demographic variables like Gender, Age, Marital status, Occupation and respondent's usage of PMJDY account."

Interpretation:

It is observed that the respondent who are educated have better usage of the Jandhan accounts and the respondents whose income are more also have higher usage of the PMJDY accounts. But the other variables like Gender, Age, Marital status, Occupation has no relation with respondent's usage of PMJDY account.

VI FINDINGS

The Pradhan Mantri Jandhan Yojana represents an important turning point in India's financial inclusion initiatives. For opening the most bank accounts in a short period of time, the Jandhan initiative has been listed in the Guinness Book of Records. Our study chose such a significant financial inclusion initiative, and the results showed that public sector banks opened the most Jandhan accounts relative to private sector banks. Simplified KYC requirements, the ability to register accounts with no balance, and direct benefit transfers from the government were the main drivers behind Jandhan account opening for BPL families. The respondents are generally aware of the PMJDY financial inclusion programme. The respondents are well aware of the zero balance option, the Rupay debit card, and direct benefit transfer, but they know very little about the OD option and the free life and accident insurance. When it came to using Jandhan accounts, the account holders commonly made deposits and withdrawals through the UPI payment interface. Since the majority of them are small businesses and street sellers, they frequently use UPI payment apps like Phone Pay, Paytm, and G-Pay for electronic transactions and receipts. They haven't used the accounts' credit facilities very frequently. The study found a link between the account holder's educational background and their familiarity with the Jandhan plan. Compared to those who were less educated, those who were better educated were more aware of the advantages of the Jandhan scheme. The study also showed a correlation between demographic parameters like income level, educational attainment, and use of Jandhan accounts. The respondents with greater levels of education actively used their Jandhan accounts, and those with higher incomes likewise used their bank accounts more frequently.

VII SUGGESTION

The government of India and RBI should insist and encourage Private sector banks to actively involve themselves in PMJDY implementation and to contribute towards achieving the goal of financial inclusion in India. There is very less awareness among BPL families regarding the OD facility, free life and accidental insurance coverage provided under Jandhan scheme. The banks and financial literacy centers should conduct financial literacy programs to create awareness regarding benefits of Jandhan scheme. Even though the Jandhan accounts have inbuilt OD facility, many banks have not provided the OD facility to account holders as it is unsecured. RBI and banks should formulate appropriate policy for granting OD and other Loans under Jandhan Scheme.

VIII CONCLUSION

Financial inclusion objective cannot be fulfilled just by opening bank accounts for the poor and vulnerable section of the economy unless the bank accounts are properly utilized by them. Even though large number of accounts were opened under Jandhan scheme many of these accounts are not very active due to lack of awareness. The Jan Dhan account usage has been very limited due to vast financial illiteracy among people and they hesitated to operate the accounts. Most of the respondents have not availed any loan from banks nor invested in Government insurance and pension schemes. The scheme was successful in direct benefit transfer of Gas subsidies and other benefits directly to the accounts of beneficiaries. Thus, the Government of India and RBI should take appropriate measure to increase the financial literacy of poor people to financially include them into the mainstream of economy and to achieve the goal of hundred percent financial inclusion in India. To conclude the Pradhan Mantri Jan Dhan Yojana is a wonderful step taken by the government towards financial inclusion indeed a great milestone in financial inclusion in India, but the scheme is not implemented properly. The scheme is less effective today due to various problems related to its implementation.