

## **Impact of PMJDY scheme on the Financial empowerment of rural Poor – A study across Bangalore rural district in Karnataka, India**

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### **Abstract:**

The objective of this study is to analyze the effects of the benefits and features of the Pradhan Mantri Jan-Dhan Yojana (PMJDY) program on the financial empowerment of impoverished rural communities. The Pradhan Mantri Jan Dhan Yojana (PMJDY) is a notable financial inclusion initiative in India that endeavors to promote financial wellness among rural populations. This research is characterized as descriptive and employs primary data obtained from the beneficiaries of the Pradhan Mantri Jan-Dhan Yojana (PMJDY) in four Taluks located in the Bangalore Rural District. A Cochran formula was utilized to calculate the sample size of 385 respondents who were selected through a proportionate random sampling technique. The respondents were administered a structured questionnaire consisting of Likert scale statements. The evaluation of scale validity and reliability is imperative in order to meet the standards of sound research. The validation of the hypotheses is conducted through the utilization of Chi-squared and Structural Equation Modeling (SEM) Path analysis techniques. The study's results indicate that the primary reasons for beneficiaries enrolling in the PMJD Scheme are the absence of a minimum balance requirement and the opportunity to access government benefits. The utilization of the overdraft facility is minimal in this scheme, and the easy transfer of funds is also underutilized due to inadequate technical infrastructure in rural regions. The scheme's benefits are not impacted by demographic factors such as gender, age, qualification, and experience. The study concludes through path analysis that the PMJDY Schemes have a significant impact of 76% on financial empowerment. This finding suggests that implementing this scheme nationwide could be an effective means of improving the financial well-being of rural India. The PMJDY Financial inclusion scheme has been in effect in India for a period of 8 years, during which there has been a decrease in the number of accounts opened under the scheme in recent times. Consequently, it has become necessary to investigate whether the scheme has had any impact on the financial empowerment of its beneficiaries. The potential impact of this tool could facilitate India's achievement of complete financial inclusion.

**Keywords:** PMJDY, Financial empowerment, Rural poor

## **1. Introduction**

India is a rapidly developing nation with a significant population, however, the benefits of this growth are not uniformly distributed among all segments of the economy. Unemployment and hunger have persisted as chronic societal issues for several decades. Furthermore, there has been a notable increase in economic and social disparities, resulting in significant regional disparities. Consequently, a considerable portion of the population has been excluded from access to fundamental healthcare and educational resources, as noted by Yojana in 2022. The national objective of the government has been to achieve inclusive development. The concept of financial inclusion is a recent development in India. The provision of credit facilities to rural citizens during the 18th century represents an initial endeavor to offer financial services. Taccavi loans were provided to impoverished farmers to facilitate the purchase of agricultural inputs such as seeds and equipment. The institutionalization of financial inclusion in India was introduced through the development of credit co-operatives, which was accompanied by the enactment of the Cooperative Credit Societies Act of 1904. Since the 20th century, there has been an increasing momentum surrounding the idea of funding production and economic growth, which has garnered greater interest on a global scale (Trivedi, 2016).

The implementation of structured financing has the potential to enhance employment opportunities, mitigate economic instability, and foster investment in intellectual capital. According to a report by the Reserve Bank of India in August 2019, increased financial integration at the macro level has the potential to promote viability and enhance overall socio-economic development. The establishment of the National Financial Inclusion Strategy (NSFI) is imperative in order to achieve the objectives in a synchronized and timely fashion. In the last ten years, there have been global endeavors to execute the National Financial Inclusion Strategy (NFIS). During the middle of the 2018 season, the NFIS initiative was introduced by more than 35 nations, which encompassed Brazil, China, Indonesia, Peru, and Nigeria. Furthermore, certain countries undertook a restructuring of their initial National Financial Inclusion Strategies (NFIS), as reported by the World Bank in 2018.

As per the report published by the Planning Commission of India in 2017, a global development system has been initiated. This system aims to foster a growth process that ensures fair opportunities and substantial advantages for all. As per the definition provided by Dr. C. Rangarajan in 2008, financial inclusion pertains to the provision of appropriate and timely credit facilities to individuals belonging to disadvantaged groups, including those with low income and marginalized backgrounds, at reasonable costs. The mechanism pertains to the integration of finances and the provision of financial services. Deepa Thumma (2017) highlights that India's primary objective with regards to financial inclusion is to facilitate sustainable development and generate employment opportunities for individuals residing in rural areas. As per the United Nations, financial inclusion encompasses two primary avenues, namely formal financial institutions and diverse providers of financial services. Both customers are required to be available.

### **Pradhan Mantri Jan Dhan Yojana (PMJDY)**

#### **Features and benefits of PMJDY Scheme are:**

A coverage of INR 100,000 for accidental incidents. The payment of interest on deposited funds. A minimum balance account is not required. The life insurance policy provides coverage of Rs. 30,000 and is payable upon the death of the beneficiary, subject to the fulfillment of the policy's conditions. The provision of a convenient and efficient system for transferring funds throughout the nation. The implementation of a direct benefit transfer system has been proposed to provide a streamlined process for the disbursement of government scheme benefits to eligible recipients. The option to utilize an overdraft facility is contingent upon satisfactory account usage for a period of six months, and is preferably extended to the female head of the household for a maximum amount of Rs. 5,000. The Pradhan Mantri Jan Dhan Yojana (PMJDY) scheme provides automatic access to pension and multiple insurance products.

The eligibility for a personal accidental insurance claim under PMJDY requires the Rupay Card holder to have completed a successful transaction at a bank branch, ATM, POS, or bank Mitra within 90 days prior to the date of the accident.

The Indian government has decided to extend the National Mission on Financial Inclusion, known as the Pradhan Mantri Jan Dhan Yojana (PMJDY), beyond August 28, 2018. The program's focus will shift from "one account per household" to "one account per adult," accompanied by certain modifications.

- The overdraft limit for all PMJDY account holders has been raised from Rs. 5,000 to Rs. 10,000.

- The age range previously stipulated as 18-60 years has undergone a revision to extend the upper limit to 65 years.
- There will be no conditions attached to overdraft (OD) amounts up to Rs. 2,000.
- As per the agenda notes of the 143rd meeting of SLBC-Karnataka held on 7th December 2018, the accidental insurance coverage for newly issued Rupay Cards has been increased from Rs. 1 lakh to Rs. 2 lakhs for individuals who have opened new PMJDY accounts after 28th August 2018.

The Ministry of Finance has pledged to offer financial inclusion and support to individuals who are socially and economically marginalized. Financial inclusion has been prioritized by the government as a crucial facilitator of inclusive development at the national level. The significance of this lies in its ability to facilitate the integration of vulnerable individuals into the formal financial system, enabling them to remit funds to their families residing in rural areas, and liberating them from the exploitative practices of predatory money lenders. The Pradhan Mantri Jan Dhan Yojna (PMJDY), which is considered to be one of the largest financial inclusion initiatives globally, constitutes a fundamental aspect of this commitment.

## **2. Review of literature**

As per Joseph's (2018) findings, there was an increase in the number of enrolments in both programmes between 2015 and 2016. SBI has been instrumental in expanding its programs, resulting in a notable increase in rural enrolment from 50% in 2015 to 52% in 2016, when compared to other banks. (2016). The proposition posited that the endeavors aimed at extending social security benefits to disadvantaged members of society may not come to fruition until the program is comprehensively executed. According to Mahendra K Sonawane's (2017) findings, a significant obstacle is the conversion of dormant accounts into active zero balance accounts. The primary objective of the Pradhan Mantri Jan Dhan Yojana (PMJDY) is to ensure inclusive and equitable access to a range of financial services for households residing in both urban and rural areas. Consequently, the mission has suggested that the public sector banks and post offices should proactively strive towards the efficient execution of the scheme. Additionally, the government should establish more financial literacy centres, and private banks should be sternly cautioned against surreptitiously levying charges. Furthermore, a mobile banking service system should be instituted to facilitate the effective utilization of account holders. According to Meghal Manchanda's (2018) research, among the 19 nationalised banks in Rohtak City, Punjab Nationalized Bank demonstrated the highest level of effectiveness in terms of opening PMJDY accounts. Despite the perceived adequacy of financial inclusion progress, banks have implemented further efforts to augment the number of PMJDY bank accounts. The program necessitates progress in domains such as financial education, self-assurance, technological proficiency, and digital availability. The primary weakness of the scheme was the banks' prioritization of quantity over the stability of their clients' income levels, as evidenced by their focus on augmenting bank deposits. The study conducted by Sreevidhya S. (2016) revealed that the Pradhan Mantri Jan-Dhan Yojana (PMJDY) has proven to be efficacious in facilitating the financially excluded impoverished population to avail a robust banking infrastructure. The PMJDY programme has facilitated extensive access to banking facilities through the provision of over 1.91 billion RuPay cards, each equipped with an integrated accident cover of INR 100,000. The primary finding of the study indicates that the progress of the scheme is contingent upon the position of public sector banks.

According to Ravikumar.T's (2018) findings, the PMJDY initiative successfully achieved its objective of opening a significant number of accounts within a restricted timeframe. However, sustaining this accomplishment over an extended period presents a considerable challenge. Additional challenges that must be addressed involve sustaining the account's functionality, enhancing comprehension of financial inclusion and the PMJDY initiative among individuals from diverse backgrounds and global regions, and ultimately, selecting an appropriate technological platform for executing financial inclusion via mobile devices. Rakesh, K. (2017) asserts that the Pradhan Mantri Jan Dhan Yojana (PMJDY) marks a significant turning point in the government's endeavors to promote financial inclusion and enhance banking literacy among the populace of the nation. The PMJDY scheme has encountered several obstacles, including money laundering through the division of funds across multiple JDY accounts, inadequate technological infrastructure to manage high volumes of banking transactions, insufficient awareness among rural populations regarding the advantages of banking products and services, a rise in non-performing assets due to the provision of overdraft facilities of Rs. 5,000, and the proliferation of unnecessary transactions. The analysis indicates that the Pradhan Mantri Jan Dhan Yojana (PMJDY) has not yielded the anticipated results, necessitating governmental intervention to enhance the scheme's efficacy. Malligar and Bangarappa

Bankapur (2016) reported that the Pradhan Mantri Jan Dhan Yojana scheme resulted in the opening of approximately 19.34 crore accounts by public sector banks, 15.14 crore accounts by private banks, 3.48 crore accounts by Regional Rural Banks (RRBs), and 0.73 crore accounts by RRBs as of November 25th, 2015. The state of Uttar Pradesh had the highest number of zero balance accounts.

The authors Ashok, M. V., Nair, G. K., & Kharlukhi, G. N. (2019) assert that financial inclusion is a top priority for both the Reserve Bank of India and the Central Government, aimed at eliminating financial exclusion within India. The primary findings of the study indicate that the implementation of Financial Literacy initiatives utilizing the business correspondents' model led to a notable improvement in comprehension of the program and its operational mechanics. It is recommended that both the government and the Reserve Bank of India (RBI) implement strategies to guarantee a minimum balance in zero accounts and enhance the efficacy of the associated programs. As per the findings of Payal Saini's (2018) research, the PMJDY initiative implemented by the NDA Government is a more effective financial inclusion policy compared to any measures taken by the UPA Government. The rationale behind this is that earlier initiatives lacked emphasis on catering to specific households, and inhabitants of urban areas were comparatively neglected. The previous systems were found to have certain shortcomings such as limitations on accessing client norms, inadequate credit disbursement, difficulty in tracing company correspondents, and inactive accounts. The PMJDY system has incorporated the aforementioned issues as a benchmark for poverty eradication. The PMJDY system is deemed as the sole means to provide monetary inclusion, financial security, and economic independence to impoverished and susceptible populations residing in rural, semi-urban, and urban areas.

Falak (2018) posits that the effectiveness of PMJDY hinges on the feasibility of its framework. The system is plagued by a number of issues, including the duplication of bank accounts, improper allocation of government expenditures for benefit offerings, insufficient control over overdraft facilities by interested banks, and abuse of power by market correspondents, which ultimately contributes to the impoverishment of account holders. The widespread access to monetary framework would be necessary for PMJDY to effectively empower households in both rural and urban areas. The study conducted by Prachi (2018) aimed to examine the impact of opening a bank account under the PMJDY scheme on the economic status of women. The investigation focused on assessing the extent to which this initiative improved the economic empowerment of women and its consequent effect on their social status. The study collected data from a sample of 384 female workers in unorganized industries located in Bengaluru City. The findings revealed that the program had a positive impact on the physical, social, and economic well-being of the majority of the women. Consequently, the opening of a Pradhan Mantri Jan Dhan Yojana (PMJDY) account by a woman resulted in her receiving benefits that had a significant impact on her lifestyle and tendencies. It has served as a motivating factor for individuals at different levels, ranging from the individual citizen to the household, as well as the broader cultural and societal contexts. Yashika Guleria and O.P. Verma (2018) identified four factors for assessing the impact of PMJDY's financial inclusion: financial gain, promotion of saving habits, social progress, and corruption elimination. The identification of financial gain as a fundamental element contributed to the advancement of the underprivileged group across all four categories. The investigation revealed that the program has undergone a transformation from Jan Dhan to Jan Suraksha, wherein individuals residing in rural areas have been able to reap not only monetary advantages but also social welfare benefits in a broader sense. The integration of financial services and essential counseling has the potential to enable individuals living in poverty to optimize their opportunities. As per Kamaraj's (2018) findings, the implementation of PMJDY in the Triuchirappalli district has yielded noteworthy outcomes, including the establishment of zero balance accounts, enhancement of banking practices among individuals, and optimization of the scheme's operational efficacy. Robust banking systems have had a significant impact on various aspects of individuals' lives, such as families, society, investment, and finance. There has been a significant improvement in the financial situation. The implementation of the scheme has led to an improvement in the social and economic status of account holders residing in the Triuchirappalli district, thereby facilitating their progress towards positive outcomes.

A significant amount of literature exists that is primarily exploratory in nature and utilizes basic descriptive analysis. Additionally, there is a dearth of studies that qualitatively assess the impact of the PMJDY Scheme. This article addresses a methodological gap by utilizing Structural Equation Modeling (SEM) techniques to examine the influence of features and benefits of the Pradhan Mantri Jan-Dhan Yojana (PMJDY) on the financial empowerment of rural impoverished individuals.

### 3. Objectives

The objective of this study is to examine the impact of demographic factors on the benefits received by individuals living in rural poverty. The study also aims to examine the effects of the features of the Pradhan Mantri Jan Dhan Yojana (PMJDY) on the financial empowerment of individuals residing in rural areas who are experiencing poverty.

### 4. Research design

**Table -1 Research design**

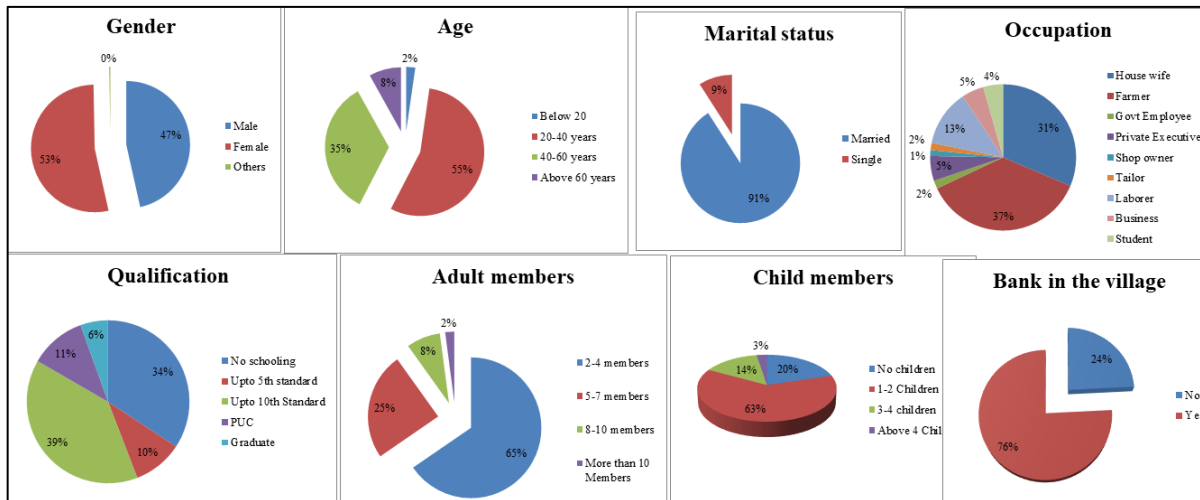
Research Type	Descriptive research
<b>Data collection tools</b>	Questionnaire The survey comprises three distinct sections. Section One: Demographic Profile of the Respondent (Multiple Choice) Section Two: Advantages / Characteristics of Pradhan Mantri Jan-Dhan Yojana (PMJDY) Section Three: Enhancing Financial Empowerment (Using a 5-point Likert Scale)
<b>Data collection Techniques</b>	Interviews
<b>Sampling: Population</b>	As per the SLBC, Karnataka report, There are 279701 PMJDY account holders in Bangalore Rural District (as of September, 2018)
<b>Determination of sample size</b>	Cochran Formula of Known Population $n = \frac{\frac{z^2 * p(1-p)}{e^2}}{1 + \left(\frac{z^2 * p(1-p)}{e^2 N}\right)} = \frac{\frac{1.959964^2 * 0.5(1-0.5)}{0.05^2}}{1 + \left(\frac{1.959964^2 * 0.5(1-0.5)}{0.10^2 * 279701}\right)}$ <p>= 95% confidence level and 5% margin of error, sample size of 385 respondents</p>
<b>Sampling Frame</b>	Beneficiaries of PMJDY Scheme in Bangalore Rural District
<b>Sampling Technique</b>	Proportionate Random Sampling.
<b>Sample</b>	A total of 400 questionnaires were disseminated, and 385 responses that met the criteria for validity were chosen for inclusion in the study.
<b>Pilot Study</b>	The survey instrument underwent a pre-testing phase with a sample size of 80 participants, and minor modifications were implemented to the questionnaire based on the feedback received.
<b>Plan of Analysis</b>	Chi-sqr analysis and SEM Analysis

Taluk	No. of responses collected	No. of Questionnaire distributed
Hoskote Taluk	95	100
Devanahalli Taluk	99	100
Dodballapur Taluk	94	100
Nelamangala Taluk	97	100
<b>Total</b>	<b>385</b>	<b>400</b>

5. Results and Discussions

5.1 Personal Profile of the respondents

Fig 1 – Demographic profile of the respondents



A majority of 205 women amounting to 53.2 % of the sample are women, 179 respondents are male only 1 respondent did not reveal his/her sexual orientation. The gender plays a major role in the awareness and availing of financial schemes. Internationally, only 58 percent of women hold an account in financial inclusion schemes, contrasting against 65 percent of men (Demirguc-Kunt et al., 2015). For the purpose of ease and clarity, the researcher has divided the age in 4 categories, 9 respondents who amount to the least percentage of the sample are below 20 years of age, this could be due to very small amount of people below 20 years take responsibilities of the house in developing nations like India. A majority of respondents are in their early 20’s and later 30’s, 213 respondents amounting to 55.3 % are in the age group of 20-40 years. A second majority of 34.3 percent belonged to the group of 40-60 years. It can be interpreted that the major portion of the respondents are between 20-60 years which are foremost years of responsible life.

In developing nations like India, Marriage is an emotional institution which embeds all types of responsibilities on the partners. A majority of 350 respondents who amount to 90.9 % of the total sample size are married and the remaining 9.1 % respondents are single.

In India the education system is different from other foreign nations. Upto 5<sup>th</sup> standard is called as primary education and as the government guidelines primary education is the right of every child. Upto 10 th standard is regarded as completion of basic education and a majority of 151 respondents amounting to 39.2 % have completed their matriculation. It is sad to notice that 132 respondents have not done their schooling. A very small percentage of beneficiaries of financial inclusion scheme PMJY are highly qualified. It can be interpreted that a preponderance respondent is not educated or educated in basic levels which could impact the understanding of the schemes introduced by the government for economic development. There are various types of occupation, but for the purpose of the study occupation is identified and classified under 9 Types. A majority of 141 respondents amounting 36.65 are farmers, 121 respondents who are the second majority of 31.4% are women – house wife. 48 respondents are laborers and very small percentage below 5 % is business men, students, Govt employees, shop owner and Tailors. It can be interpreted that this study majorly deals with the housewives and farmers who are the beneficiaries of PMJY scheme introduced by the government for financial empowerment.

Ration card is a record given by the State Government which fills in as a proof of nationality. It is a significant archive which fills in as a character evidence as well as shows a person's financial status. It is a wilful report and not obligatory for each native to get, however individuals for the most part apply for it is a well-acknowledged character confirmation and helps an individual profit different Government benefits through this plan. Ration cards have different classifications which are given by the gaining limit of a person. Various states have various plans however depends on a person's yearly pay. Ration cards are given dependent on the all-out individuals in a family, and every class of the proportion card decides a person's privilege to certain apportioned products. People with higher procuring limit (as fixed by the separate state Govt)

can't get proportions at a sponsored expense. All respondents under this study are holding ration cards through which they have access to various financial schemes introduced by the Government.

No of members in the family also determine the financial conditions of the family and also the availing of the financial schemes by the government. India is slowly moving towards nuclear family system, a majority of 252 members amounting to 65.5 % have 2-4 members in the family. 24.7% respondents have 5-7 members in their family. A very small percentage of the beneficiaries of PMJDY Scheme have large families of 8-10 or more than 10 members. It can be interpreted that the families are nuclear and the study will examine the financial improvement of these families from the benefits of the scheme. From the table 3 it can be noted that 90 percent of the respondents are married and majority of 241 respondents amounting to 62.6% have 1-2 children, 56 % respondents had 3-4 children. With the introduction of the family planning the number of child members is reducing in India and this can be evident with the above table, there are less 3% respondents who have more than 4 children.

A majority of 292 respondents amounting a preponderance 75.8% agreed that there is no bank in their village remaining 24.2% have access to bank in their village. It can be interpreted that there are still a greater portion of the rural areas where there is no accessibility to banking facilities. This could lead to unaware customers and increase in business correspondents (discussed in the chapter further) Account holding is an important criterion to avail benefits of the Government schemes. The respondents in the study were enquired whether they held bank accounts, all respondents are account holders in either of the banks.

## **5.2 Descriptive Analysis**

### **Features/Benefits of PMJDY Scheme**

In this study the eight benefits of the PMDJY scheme are enquired to examine the opinions of the respondents. Since it is a Qualitative study the perceptions of the beneficiaries under this study are recorded with the help of Likert scale of agreement. The scale denotes the degree of agreement to each benefit in 5 points- Strong disagreement to strong agreement. For purpose of ease codes are given to each of the benefits which are written as B(Benefit)\_(Underscore)1.

The first benefit of no maintenance of minimum balance, A majority of 384 respondents amounting to 99.7% strongly agreed that this benefit is enjoyed by the PMDJY account holders. Interest on deposits is the income earned on the savings which are available in the accounts, there are two contrasting responses on the beneficiaries, 204 respondents amounting to 53% strongly disagreed and 177 respondents amounting to 46% strongly agreed that they have earned some income on their savings. Accidental insurance cover of Rs. 1 lakh is given to the beneficiaries under the PMDJY scheme, 47.5% respondents strongly disagreed that this benefit is availed, 51.7% of the beneficiaries strongly agreed that this benefit is advantageous to the account holders. Life cover of Rs. 30,000 is payable on the death of the beneficiary, this advantage of the scheme strongly agreed by 201 respondents amounting to 52.2% and strongly disagree by 46.8%. A majority of 221 respondents who are about 57.4% strongly disagreed that easy money transfer facility is available, 41.8% respondents have strongly agreed to the same.

Over draft facility up to Rs. 5,000 is available to the beneficiaries on the account holders under PMDJY Scheme, a greater majority of 80% respondents strongly disagreed on this benefit of the scheme. Access to pension& insurance products is also one of the gain of the account holders under this scheme, 56.6% strongly agreed that they are aware of this benefit and give positive opinions on this benefit. 260 respondents who are about 67.5% strongly agreed that direct Benefit Transfer of the Government Schemes is available to the beneficiaries of PMDJY Scheme.

It can be interpreted that the respondents have strong opinions, either strong agreement or strong disagreement on the benefits of the schemes. Benefit 1 - No minimum balance required and benefits 6 - Over draft facility up to Rs. 5,000 is available have high level of agreement and all the other benefits have contrasting opinions where an estimated 50% have agreed and other 50% have disagreed on the benefits.

Table 2 – Benefits of PMJDY Scheme

		Mean	Std. Deviation
B_1	No minimum balance required	5.00	.051
B_2	Interest on the deposits	2.86	1.989
B_3	Accidental insurance cover of Rs. 1 lakh is given	3.09	1.995
B_4	Life cover of Rs. 30,000 is payable on the death of the beneficiary	3.12	1.991
B_5	Easy money transfer facility is available	2.70	1.973
B_6	Over draft facility up to Rs. 5,000 is available	1.77	1.553
B_7	Access to pension& insurance products	3.36	1.946
B_8	Direct Benefit Transfer of the Government Schemes	3.78	1.823

Descriptive information facilitates to illustrate and comprehend the features of a definite data set by providing small review about the sample and measures of the data. Measures of central tendency portray the center of a data set and Measures of variability or spread illustrate the diffusion of data inside the set. B\_1 has the highest mean score of 5.00 with the least variability of .051; B\_6 has the least mean of 1.77, indicating a strong disagreement on these benefits of the schemes. B\_2 and B\_7 have the least mean of 2.86 and 2.07 respectively indicating more of disagreement as compared to agreement. The opinions of the beneficiaries on other benefits are somewhat neutral in nature.

Table 3 - Impact of PMDJY on Financial development of the beneficiaries

		Mean	Std. Deviation
Impact_1	Provide financial support for primary income generating activities	2.11	1.448
Impact_2	I receive direct benefit transfer facilities like LPG subsidy directly into my account	3.09	.590
Impact_3	Facilities like over draft, loans etc. reduced my interest burden	3.09	.564
Impact_4	Provide pension support for people engaged in informal sector	3.02	.255
Impact_5	Reduced my dependence on informal credit and payment of exorbitant charges	3.06	.464
Impact_6	Rupay Card facility offered help to meet my credit needs.	2.93	1.966

Source: Primary data/ SPSS Calculated

Descriptive information facilitates to illustrate and comprehend the features of a definite data set by providing small review about the sample and measures of the data. Measures of central tendency portray the center of a data set and Measures of variability or spread illustrate the diffusion of data inside the set.

The above table shows the mean scores of the impact of PMDJY Scheme on the financial status of the respondents. Impact\_2, Impact\_3, Impact\_4 and Impact\_5 have mean scores 3.09, 3.09, 3.02, 3.06 indicating very less impact on their economic conditions. Impact\_1 and Impact\_6 are having mean scores near 2.00 which indicate respondents have a small impact on their financial lives.



### 5.3 Testing of Hypothesis

#### Hypothesis 1 : Demographic variables impact the benefits availed by the respondents in relation to Pradhan Mantri Jan Dhan Yojana

**Table 3- Summary of results for Hypothesis 1**

SL.NO	HYPOTHESIS (Using Chi-Sqr)	RESULT
1	There is no significant impact of <i>gender</i> on availing benefits of Pradhan Mantri Jan Dhan Yojana	Accepted
2	There is no significant impact of <i>marital status</i> on availing benefits of Pradhan Mantri Jan Dhan Yojana	Accepted
3	There is no significant impact of <i>qualification</i> on availing benefits of Pradhan Mantri Jan Dhan Yojana	Rejected
4	There is no significant impact of <i>occupation</i> on availing benefits of Pradhan Mantri Jan Dhan Yojana	Accepted

The findings indicate that the null hypothesis was accepted for the majority of corollary hypotheses, suggesting that demographic variables have no significant impact on the benefits obtained by respondents in relation to the Pradhan Mantri Jan Dhan Yojana.

The findings of the present investigation are consistent with the prior scholarly inquiry conducted by Dr. T. Unnamalai in 2016, which similarly demonstrated the absence of a correlation between the awareness of the Pradhan Mantri Jan Dhan Yojana Scheme (PMJDY) and the educational attainment of deposit holders. Furthermore, the results indicate that this lack of relationship persists regardless of the demographic variables of age, gender, income, and education level of the respondents.

#### Hypothesis 2: Impact of Pradhan Mantri Jan Dhan Yojana on Financial empowerment

To test the second hypothesis Path analysis using the SEM-AMOS software is use. The independent variables being the features / benefits of PMJDY and dependent variable being Financial empowerment. The scale validity and reliability was checked with the help of CR, CA and AVE and all statistics were within the acceptable range

**Model fit** - The goodness-of-fit of the model is supported by the statistical significance of the Chi-Square value of 4099.65 with 651 degrees of freedom, as evidenced by the p value of 0.00. The Goodness of Fit Index (GFI) value of 0.751 falls below the anticipated criteria, while the Root Mean Square Error Approximation (RMSEA) value of 0.065 indicates that the model is approaching the expected level of fitness. The diagram presented below depicts the visual representation of the results obtained from the model execution, wherein the standardized estimates for the associations are displayed within the Model.

**Table 4- Structural relationship between variables- Benefits of PMJDY and Financial Empowerment**

Structural Relationship		Estimate	S.E.	C.R.	P
Fin_empowerment	<--- Benefits_PMJDY	0.762	0.07	10.74	***

The statistical analysis reveals a significant correlation between the attributes of the Pradhan Mantri Jan-Dhan Yojana (PMJDY) Scheme and financial empowerment. The unstandardized coefficient of 0.762 (SE=0.07 and CR=10.74) indicates that an increase in the utilization of the scheme's benefits leads to a 76% rise in financial empowerment. This outcome is a remarkable achievement, considering that the scheme has been operational for only six years.

## **6. Conclusion**

The present research deduces that financial inclusion in India has made strides in the correct direction, owing to the continuous endeavors of the government and banks. However, there remains unfinished work to attain complete financial inclusion of the entire population. The efficacy of the Pradhan Mantri Jan Dhan Yojana (PMJDY) during the period spanning from January 2015 to January 2020 is indicative of the praiseworthy efforts of the government to promote financial inclusion and mitigate financial disparity. The Pradhan Mantri Jan-Dhan Yojana (PMJDY) has functioned as a financial instrumentality aimed at augmenting financial inclusion on a global scale.

During the initial phase of PMJDY, notable advancements were made, such as a rise in the number of opened accounts, an augmentation in net deposits in the aforementioned accounts, and a reduction in accounts with negative balances. The second phase of the scheme is currently underway. The challenges, conversely, represent distinct facets of the identical undertaking. The implementation of the scheme resulted in an augmented workload for banks in the public sector, leading to challenges in human resources management and operational complexities. The scheme's attractive benefits were also responsible for the occurrence of account duplication. The efficacy of the scheme has been impeded by the imprecise and covert provisions of the overdraft facility, in addition to inadequate credit provision from the financial institution.

The matter pertaining to zero balance accounts and dormant accounts arising from the Pradhan Mantri Jan Dhan Yojana (PMJDY) demands due consideration. Unresolved issues include inadequate financial literacy and education among impoverished communities, as well as limited technological resources and internet connectivity. There exists a significant untapped opportunity due to a proportion of the populace that has relocated to urban areas and continues to perceive opening a bank account as a daunting task.

Although addressing the aforementioned issues may not guarantee complete financial inclusion, it is a plausible outcome. In order to ensure the successful implementation of the Pradhan Mantri Jan Dhan Yojana (PMJDY) scheme, it has been recommended that an appropriate regulatory framework be established and that the software be subject to continuous and frequent supervision.

## **7. Scope for further research**

Attaining sustainable growth is the foremost objective of the government, which has been pursued through a series of measures undertaken by both the Reserve Bank of India and the government. One such measure is the implementation of the Pradhan Mantri Yojana. The Jan Dhan Yojana is a scheme sponsored by the government. The Pradhan Mantri Jan Dhan Yojana was initiated by the Government of India with the objective of attaining financial inclusion across the nation. The objective of this study was to investigate the impact of the Pradhan Mantri Jan-Dhan Yojana (PMJDY) initiative on the socio-economic status of the underprivileged population residing in the rural areas of Bangalore Rural District. To date, there has been a dearth of significant research conducted to ascertain the impact of the aforementioned scheme in the Bangalore Rural District. The present study was constrained to the PMJDY initiative, which was initiated by the government of India. A potential avenue for further investigation involves conducting a comparative study that considers the various governmental and RBI-led initiatives, in order to obtain a more comprehensive understanding of the impact of financial inclusion on rural impoverished communities. The present study was constrained to the investigation of the impact of explicit advantages availed by recipients of the Pradhan Mantri Jan-Dhan Yojana (PMJDY) program. Nonetheless, forthcoming research endeavors could delve into the examination of the implicit benefits obtained and their repercussions. Moreover, there exists ample opportunity to conduct a comparative examination of various schemes and assess their efficacy. Possible academic rewrite: Potential endeavors could involve extending the present investigation to additional districts within Karnataka and other states of India, in order to ascertain the reproducibility of the findings. The potential for financial inclusion programs targeting the rural poor of India may warrant further investigation, considering the fact that a significant proportion of the country's populace resides in rural areas.

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