

AWARENESS AND EFFECTIVENESS OF PRADHAN MANTRI JAN DHAN YOJNA (PMJDY) AMONG RURAL PEOPLE IN PALAKKAD, KERALA

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Abstract:

This article looks into the awareness of the PMJDY scheme among rural people in Palakkad, Kerala. The country's economy is growing at a faster rate, but the growth is not inclusive, as the economic condition of the people in rural areas worsens. A few people in our country are enjoying all kinds of financial services, including zero balance facilities, net banking, mobile banking, and health insurance, but 40% of our citizens lack access to basic financial services, such as savings, small credit, and insurance. Financial inclusion will boost the financial condition and standard of living of financially excluded citizens in the country. Therefore, it is necessary to explore the awareness level of people towards PMJDY schemes. The study finds that in rural areas, people are not aware of the scheme, and they open a bank account only. For the effectiveness of this scheme, the government must adequately provide awareness to rural people.

Keywords: PMJDY, Rural people, financial inclusion, financial empowerment

Introduction

The scheme of PMJDY was introduced in 2014 by Prime Minister Narendra Modi. The main aim of this was to push the poor into the forwarding area by availing the banking facilities to the poor and also by opening a zero-balance account. A financial inclusion programme has become an essential part of an economy that is needed in every sector of the economy for sustainable growth. The Pradhan Mantri Jan Dhan Yojna (PMJDY) is one of the successful financial inclusion programs in India which provides social and financial empowerment to needy sections of the population. Due to the correlation between financial exclusion and poverty since early 2000, the term financial inclusion has gained importance “Financial inclusion refers to the delivery of financial services conveniently and efficiently at an

affordable cost to enormous sections of underprivileged and low-income groups of the population”. Its main aim is to bring 100% financial inclusion in India. PMJDY aims to provide all the citizens of India, especially among the poor classes a bank account, credit facility, insurance cover, and debit card it also focuses on reducing the dependence on informal sources by the poor sections by allowing subsidies and overdraft facilities through their bank account. The efforts have been made by policymakers and financial institutions for expansion in India. We cannot think of economic development in a developing nation without financial inclusion since a substantial segment of the population remains outside the process. “This article focuses on the effectiveness of Pradhan Mantri Jan Dhan Yojana (PMJDY) among rural people in Palakkad, Kerala.

Review of Literature

PMJDY accounts have been opened by people with a few years of schooling as well as those without a formal education. Although most people are unaware of these financial schemes, banks, SHGs, and BCs are becoming more and more crucial in helping people open PMJDY accounts (Singh & Naik, 2018). It has been discovered that while PMJDY has expanded the number of bank accounts for underprivileged and marginalized people by weakening KYC, the volume of transactions in the accounts is extremely low. However, a significant portion of accounts remain inactive due to either insufficient income to fund the account, insufficient money to deposit, or a lack of knowledge about banking procedures (Bijoy, 2017). A study on PMJDY – concerning a nationalized bank (Bank of Baroda) attempts to reveal an overview of financial inclusion, Bank of Baroda’s performance concerning financial inclusion, and the latest trends being implemented for financial inclusion by PMJDY. (Sri Lakshmi & Mamatha 2014). The main purpose of this study is to know about the awareness and impact of PMJDY on poor people of India. The study aims to define the reasons for opening a bank account under the scheme” (Parmod,2016). Alka Chaudhary (2017) conducted a study on the role of PMJDY in financial inclusion and inclusive growth in India This paper attempts to find out the role of PMJDY in financial inclusion and growth of India as well as how effectively this scheme will be implemented in India (Vedala & Uma, 2018) points out from the study “A study on financial inclusion awareness through PMJDY in Guntur District The progress made under this scheme. The study concludes that the PMJDY scheme has created a positive result in the banking sector concerning the abolition of financial untouchability in the country” Sandra & Dey (2022) in their study “The impact of financial inclusion in the successful implementation of PMJDY

scheme” suggest that interest from the part of government employees should be increased and also financial literacy programs should be conducted to remove the drawbacks of the scheme”. Although these policy measures were implemented there is a lack of in-depth research to analyze the effectiveness of those schemes among the targeted audience. This study aims to examine the awareness level of the PMJDY scheme and financial inclusion in a rural area with a focus on the Palakkad district of Kerala.

Objectives of the study

To analyze the awareness level of rural people towards PMJDY schemes

To analyze the awareness level of rural people towards the usage of the Rupay Card

Data and Methodology

Primary data was collected from 60 PMJDY account holders from Palakkad District of Kerala by using interview schedules such as direct and telephonic ways. Secondary data was collected from official website of PMJDY articles, newspapers, and other publications. Non-random sampling such as judgment sampling is used. In this technique, based on research, a judgment sample is selected and considered as the percentage of the population.

Results and Discussions

The demographic details such as age, gender, marital status, occupation, education level, and annual family income, are analyzed using the frequency table below.

Table 1

Variables	Frequency	Valid Percent	Cumulative Percent
Age			
Below 20	2	3.3	3.3
21-40	19	31.7	35
41-60	27	45	80
Above 60	12	20	100
Total	60	100	
Sex			
Male	26	43.3	43.3
Female	34	56.7	100

Total	60	100	
Level of Education			
School level	22	36.7	36.7
Secondary Education	15	25	61.7
Graduate	8	13.3	75
PG /more	15	25	100
Total	60	100	
Marital status			
Married	49	81.7	81.7
Single	11	18.3	100
Total	60	100	
Occupation			
Student	11	18.3	18.3
Farmer	9	15	33.3
Business	6	10	43.3
Unemployed	16	26.7	70
Others	18	30	100
Total	60	100	
Annual Family income			
Up to 100000	29	48.3	48.3
100000-200000	20	33.3	81.7
200000-300000	8	13.3	95
Above 300000	3	5	100
Total	60	100	

Source Primary data

Table 1 shows that 45% of the respondents belong to the age group of 41-60 and 31% belong to the age group of 21-40. 56% of the respondents are female and 44% of the respondents are male. The majority of the respondents are female. 36% of the respondents have primary education and 25% have both secondary and postgraduate education. Only 13% of them are graduates. 81% of the respondents are married, 18% are unmarried. 30% of the respondents are doing other work and 26% of the respondents are unemployed. Only 10% of the respondents are doing business activities. 48% of the respondents are from lower-income groups (up to 100000). Only 5% of the respondents have an income above 300,000.

Awareness of the documents needed to open the account based on Age

H1: There is a difference in the awareness level of PMJDY based on age.

Table 2

Age * aware of the documents Crosstabulation						
Count						
		Aware of the documents				Total
		Fully aware	Aware	Partly aware	Unaware	
Age	Below 20	0	1	1	0	2
	21-40	3	3	10	3	19
	41-60	2	7	13	5	27
	Above 60	2	3	2	5	12
Total		7	14	26	13	60

Source Primary data

Table 3

Chi-Square Tests			
	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	7.941 ^a	9	.540
Likelihood Ratio	8.657	9	.469
Linear-by-Linear Association	.329	1	.566
N of Valid Cases	60		

a. 11 cells (68.8%) have an expected count of less than 5. The minimum expected count is .23.

Source: Computed data

It shows that the sig value is greater than 0.05 (Pearson Chi-square). Hence the H0 is accepted and concludes that the awareness level of the respondents is not different based on their age.

Awareness of the documents needed to open the account based on Education

H2: There is a difference between the awareness about the document needed based on their education.

Table 4

Education * aware of the documents Crosstabulation						
Count						
		Aware of the documents				Total
		Fully aware	Aware	Partly aware	Unaware	
Education	school level	0	4	9	9	22
	secondary education	0	4	9	2	15
	Graduate	2	4	1	1	8
	PG/more	5	2	7	1	15
Total		7	14	26	13	60

Source: Primary data

Table 5

Chi-Square Test			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23.867 ^a	9	.005
Likelihood Ratio	25.891	9	.002
Linear-by-Linear Association	12.085	1	.001
N of Valid Cases	60		

a. 12 cells (75.0%) have an expected count of less than 5. The minimum expected count is .93.

Source Primary data

Table 5 shows that the sig value is less than .05 (Pearson chi-square). Hence, reject the H0 that there is no difference between awareness and education.

Awareness of the documents needed to open the account based on Gender

H3: There is a significant relation between the use of accounts based on gender.

Table 6

	Sex	N	Mean Rank
Cash deposit	Male	26	27.04
	Female	34	33.15
	Total	60	
Cash withdrawal	Male	26	25.63

	Female	34	34.22
	Total	60	
Loans and advances	Male	26	29.08
	Female	34	31.59
	Total	60	
Debit card transactions	Male	26	28.25
	Female	34	32.22
	Total	60	

Source Primary data

Table 7

Test Statistics				
	Cash deposit	Cash withdrawal	Loans and advances	Debit card transactions
Mann-Whitney U	352.000	315.500	405.000	383.500
Wilcoxon W	703.000	666.500	756.000	734.500
Z	-1.389	-2.016	-.570	-.906
Asymp. Sig. (2-tailed)	.165	.044	.569	.365
a. Grouping Variable: Sex				

Source: Computed data

Table 7 shows that the sig value is less than .05 for some cash withdrawals and for others, the sig value is greater than .05. Hence, conclude that in the case of cash withdrawal, it is significantly related to gender. Others have no significant relation between the usage of accounts and gender.

Awareness of Schemes based on Education Levels

H4: There is variation in the mean scores obtained for the variables related to the awareness about the scheme based on education level

Table 8

ANOVA

Descriptives					
		N	Mean	F	SIG
Are people aware of PMJDY	School level	22	3		
	Secondary education	15	2.73		0.1

	Graduate	8	2.25	2.156	
	PG/more	15	2.6		
	Total	60	2.73		
Are people aware of accidental schemes	School level	22	3.64		0.01
	Secondary education	15	3.13		
	Graduate	8	2.63	3.952	
	PG/more	15	2.93		
	Total	60	3.2		
Are people aware of the life insurance scheme	school level	22	3.45		0.07
	secondary education	15	2.87		
	Graduate	8	2.63	2.51	
	PG/more	15	3		
	Total	60	3.08		
Do people aware of the OD facility	School level	22	3.77		0.01
	Secondary education	15	3.47		
	Graduate	8	2.88	4.04	
	PG/more	15	2.93		
	Total	60	3.37		

Source: Computed data

The result of one-way ANOVA for the statements based on education gives F values which are 2.156, and 2.510, significant at a 10 percent level (.103,.068 greater than .05) hence the null hypothesis is accepted. This implies that there is no significant difference in the mean scores obtained for the variables related to the awareness of the schemes based on education. Awareness about PMJDY and awareness about overdraft facilities have an F value of 3.952, 4.040 have a sig value of .013, and .011 in 10% level of significance, lesser than .05. hence reject H₀, which means that there is variation in the mean scores obtained for the variables related to the awareness of schemes based on education.

Awareness of Schemes based on Education Levels

H₁: There is a significant relation to awareness based on gender.

TABLE 9

Test Statistics

	Are people aware of PMJDY	Aware of the accidental scheme	Aware of the life insurance scheme	Aware of the OD facility
Chi-Square	.860	1.131	3.078	.005
Df	1	1	1	1
Asymp. Sig.	.354	.288	.079	.943
a. Kruskal Wallis Test				
b. Grouping Variable: Sex				

Source Primary data

Table 9 shows Sig values (.354, .288, .079, .943) are greater than .05, hence accept H0. That is there is no significant differences in awareness level based on gender.

Usage of Rupay Card by Rural People

Table 10

		Frequency	Valid Percent	Cumulative Percent
Valid	Frequently	3	3.4	3.4
	Usually	11	18.6	22.0
	Occasionally	18	30.5	52.5
	Rarely	28	47.5	100.0
	Total	60	100.0	100

Source: Primary data

Table 10 shows that 47% of respondents use RUPAY cards rarely. Only 3% of them use it Frequently and 28% of respondents use it rarely.

Conclusion

This study is an attempt to analyze the effectiveness and awareness of rural people towards the PMJDY scheme. Through the introduction of this scheme, almost all people have opened a bank account and become a part of banking services. In rural areas, the people are not aware of the scheme, and they just opened a bank account and the awareness level of people is very low. There is a need to aware people of the usage and functioning of RUPAY cards. Bank staff should be more trained to assist the customers and they must be in good relations with the customers. The majority of the bank accounts are in public sector banks. Private-sector banks

should also be encouraged. The main reasons for not opening a bank account are lack of awareness and earnings. People depend mainly on bank branches for making transactions in respect of using RUPAY cards because they are technologically less advanced. They use this account mainly for getting loans and advances, it is a plus point for this scheme that it reduces the dependence of informal banking sectors. For the effectiveness of this scheme, the government must adequately provide awareness to rural people.

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