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A Study-Reachability of Pradhan Mantri Jan Dhan Yojna in Ernakulam District

Annmaria¹ and Shabu K.R.²

¹Second Year M.Com, Department of Commerce and Management, School of Arts and Sciences, Amrita University, Kochi. Email: ann.131093@gmail.com

²Prof., Department of Commerce and Management, School of Arts and Sciences, Amrita University, Kochi-682024.

ABSTRACT

Pradhan Mantri Jan Dhan Yojana is a scheme that provides access to various financial services like availability of basic savings bank account, access to need based credit, remittances facility, insurance and pension to the excluded sections that is, weaker sections & low income groups. In a society, financially excluded sections includes urban labourers, construction labourers, domestic labourers, drivers and slum dwellers of the cities. This paper analyses the awareness of PMJDY Scheme among the people and the satisfaction level with regards to the available banking services and initiatives for these underprivileged ones. This study is limited to Ernakulam, India. Primary and secondary data was used for this study. Primary data have been collected using a questionnaire and the secondary data have been collected from journals and websites. The data is being analysed using SPSS20.

Keywords: PMJDY, Financially excluded sections, India.

1. INTRODUCTION

Pradhan Mantri Jan Dhan Yojna is a national mission for financial inclusion in India which was launched by the Prime Minister of India Narendra Modi on August 28, 2014. The scheme was announced on the Prime Minister's first Independence Day speech in 2014. The scheme is managed by the Department of Financial Services of the Ministry of Finance.

The mission of this scheme is to provide nation-wide banking facilities and savings bank account for each household. This Yojna is based on the philosophy "Sab Ka Sath Sab Ka Vikas".

This financial inclusion plan was mainly introduced with the aim to provide universal access to basic banking facilities. Financial inclusion means delivery of financial services at an affordable cost to the vast

sections of the disadvantaged and low-income group. The main services provided are saving and deposit accounts, credit facility, insurance coverage, pension schemes and overdraft facility.

The Prime Minister declared in an email sent to the Chairmans of all the PSU banks that a bank account for each household was a national priority. Over 7.5 crore household were the desired target in this scheme.

The account can be opened in any bank branch or Business Correspondent (Bank Mitra) outlet. To open an account, an officially valid document, such as passport, driving license, PAN card, Voters ID card, etc. must be presented. However, Reserve Bank of India has clarified that those persons with no officially valid documents can open 'Small Accounts' with banks on the basis of a self-attested photograph and his/her signature or thumb impression put in the presence of officials of the bank.

The benefits that the account holders under the Pradhan Mantri Jan Dhan Yojna Scheme will enjoy are as follows:

1. Account holders will be provided zero balance accounts.
2. Rupay debit cards will be issued.
3. Accidental insurance coverage of ₹1 lakh.
4. Life cover of ₹30000 payable on the death of the beneficiary.
5. They will be eligible for ₹5000 overdraft after six months of opening of the bank account.
6. Beneficiaries of government schemes will get direct benefit transfers.
7. Access to Pensions and Insurance products.
8. Mobile banking facility through National Unified USSD Platform (NUUP).

The scheme was so well planned that on the inauguration day itself, 1.5 crore bank accounts were opened. And, 3.02 crore bank accounts were opened by September 2014. Within the span of 2 months, another 4 crore bank accounts were opened, thus just lakhs away from meeting the target. As soon as the target was met, Finance Minister Arun Jaitley revised the target to 10 crores by January, 2015. By the end of the year 2016, over 25.5 crore bank accounts were opened under the scheme.

Nearly 19 lakh households have availed for the overdraft facility. Accounts opened under the scheme has reached 28.02 crore. The total deposits under the scheme has reached ₹63836.65 crore.

Achievements of the Pradhan Mantri Jan Dhan Yojna scheme are:

- Kerala and Goa became the first states to provide one basic bank account for every household.
- Uttar Pradesh and West Bengal accounted for 29% of the total deposits.
- The scheme entered into Guinness book of world records for 'the most bank accounts opened in one week' on 20 January 2015.

Mission Mode Objectives (Six pillars):

1. Universal access to banking facilities.
2. Providing basic banking accounts with overdraft facility and RuPay debit cards to all households.

3. Financial literacy programme.
4. Creation of credit guarantee fund to cover the overdraft accounts defaults.
5. Micro-insurance.
6. Unrecognised sector pension schemes like swavalamban.

Under the mission the first three pillars will be given thrust in the first year.

2. OBJECTIVES

1. To analyse the reachability of the Pradhan Mantri Jan Dhan Yojna between the low income group in Ernakulam District.
2. To analyse the effectiveness of Pradhan Mantri Jan Dhan Yojna among the low income group in Ernakulam district.

3. HYPOTHESIS

- H_0 : There is no wide reachability of Pradhan Mantri Jan Dhan Yojna.
 H_1 : There is reachability of Pradhan Mantri Jan Dhan Yojna.
- H_0 : Pradhan Mantri Jan Dhan Yojnais not beneficial to the low income group.
 H_1 : Pradhan Mantri Jan Dhan Yojna is beneficial to the low income group.

4. LITERATURE REVIEW

According to the Reserve bank of India, “Financial Inclusion is the process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low income groups at an affordable cost in a fair and transparent manner by cost in a fair and transparent manner by mainstream Institutional players.”

World Bank (2008) declares that in the absence of financial inclusion the poor go to the informal sources to fulfil their opportunities which are available much more easily but at a high interest factor. The World Bank further added that achieving financial inclusion in a country like India requires a very strong initiative and penetration from the formal financial system.

BasuPriya (2006) opine that the rural household face many problems when it comes to their relationship with banks. They might lack the eligibility to apply for a bank loan. And this has led to the increase of informal sources of loans.

Paramasivan and Ganeshkumar in their paper “Overview of Financial Inclusion in India” opine that financial inclusion is mainly aimed at distributing banking and financial services to everyone in a fair and equitable manner at an affordable cost.

Patnaikand Satpathy (2015) found out in their study “Pradhan Mantri Jan Dhan Yojna (PMJDY) – a new direction for mainstreaming the financially excluded” that only 13.8% of the total respondents have access to bank accounts and the rest were not even aware of PMJDY scheme.

Achala Prashanth Bhatt and Geethanjali Pawar (2015) Analysed that more than 50% are not aware of the PMJDY scheme, and those who are a part of it are not able to keep their accounts active on a regular basis.

Khuntia (2014) has in his article “Pradhan Mantri Jan Dhan Yojna - A new drive towards financial inclusion” grazed over the various key areas and barriers of this scheme. He has also suggested various strategies for financial inclusion.

Goel and Goel (2015) have studied that the number of bank accounts in the rural area was more in the public and private sector banks as compared to Regional rural banks.

Misra and Gupta (2015) have concluded in their study that due to PMJDY an additional 17.57 crore bank accounts have been opened in India. Therefore, they opine that this scheme has forwarded our financial inclusion towards a positive direction.

Kumar and Venkatesha (2014) opine in their study “Financial Inclusion through Pradhan Mantra Jan Dhan Yojna - a conceptual study” that PMJDY is one of the greatest steps ever taken by the Indian government to eradicate poverty through financial inclusion.

Prof. Sreelatha Guntupalli in her study “Exploring the impacts of ‘Pradhan Mantri Jan Dhan Yojna – PMJDY,’ in urban areas, w.r.t. Mumbai” points out that PMJDY scheme is trying to bring in the under-privileged even in the urban areas into the financial inclusion circuit. The major barrier to this scheme is the lack of financial understanding.

5. ANALYSIS AND MAJOR FINDINGS

Percentage Analysis

1. 54% of respondents are male and 46% are female.
2. Majority of the respondents belong to the age group 30-39.
3. 96% of the respondents live in nuclear families.
4. 50% of the respondents belong to the income group 15000-20000. The rest 34% have an income of more than 20000 and only 16% belong to the income group of 10000-15000.
5. 94% of respondents have heard about PMJDY.
6. 60% of the respondents have come to know about PMJDY through newspaper. 24%, 10% and 6% through television, friends and other sources, respectively.
7. Majority of the respondents believe that PMJDY is beneficial to their family which is 90% of the respondents.
8. 44% of respondents are aware of loan benefits.
9. 32% of the respondents are aware of interest on deposits, 14% about pension benefits and 10% about life insurance coverage.
10. In 22% households, at least two people have an account under PMJDY scheme.

11. 54% of respondents have availed for loan benefits.
12. 30%, 12% and 4% of the respondents have availed for interest on deposits, life insurance coverage and pension benefits, respectively.
13. None of the respondents availed for Direct transfer of subsidies and overdraft facilities.
14. 46% of respondents say that they are neither satisfied nor dissatisfied with the PMJDY scheme. However, 38% are highly satisfied and 16% are somewhat satisfied.
15. All the respondents had a savings account before and after PMJDY came into effect.
16. Majority of the respondents are the customers of Bank of India followed by other banks. 42% belongs to Bank of India, 36% belong to State bank of Travancore, 18% to State Bank of India and 4% to Punjab National bank.
17. Many have opened a new account after PMJDY came into effect. 40% of these are in SBT. 26% in Bank of India, 20% in SBI and 14% in Punjab National Bank.
18. All the respondents have commented that they will recommend PMJDY to their accomplices who are in need of this scheme.

Chi-square Test

Table 1

	<i>There are Many Benefits of PMJDY. How Many of These are You Aware of?</i>	<i>Is PMJDY Beneficial to You and Your Family in Any Way?</i>
Chi-Square	15.120 ^a	32.000 ^b
Df	3	1
Sig.	.002	.000

The Chi-Square value is 15.120 for 3 degrees of freedom at 0.02 level of significance.

Here, $p < 0.05$ is significant at 3 degree of freedom, showing that there is significant difference in expected and observed frequencies. Therefore, we reject null hypothesis and accept the alternative hypothesis. So, there is goodness of fit between effectiveness and awareness of Pradhan Mantri Jan Dhan Yojna. Thus, we can say that the benefits that are available for the account holder lead to awareness about this scheme.

Table 2

	<i>How Many People in Your Family is Part of PMJDY?</i>	<i>Is PMJDY Beneficial to You and Your Family in Any Way?</i>
Chi-Square	15.680 ^a	32.000 ^a
Df	1	1
Sig.	.000	.000

The Chi-Square value is 15.680 for 1 degree of freedom at 0.00 level of significance.

Here, $p < 0.05$ is significant at 3 degree of freedom, showing that there is significant difference in expected and observed frequencies. Therefore, we reject null hypothesis and accept the alternative hypothesis.

So, there is goodness of fit between effectiveness of PMJDY and the number of people involved in the PMJDY scheme from a household. It is clear that the factor that PMJDY is beneficial to a household plays a major role in how many people are ready to join the scheme.

Table 3

	<i>Select the Benefits that You Chose Through PMJDY?</i>	<i>Is PMJDY Beneficial to You and Your Family in Any Way?</i>
Chi-Square	29.520 ^a	32.000 ^b
Df	3	1
Sig.	.000	.000

The Chi-Square value is 29.520 for 3 degree of freedom at 0.00 level of significance.

Here, $p < 0.05$ is significant at 3 degree of freedom, showing that there is significant difference in expected and observed frequencies. Therefore, we reject null hypothesis and accept the alternative hypothesis. So, there is goodness of fit between whether PMJDY is effectiveness and what benefits are available for PMJDY. Therefore, we can say that there is a direct link between the benefits that people chose to how it will benefit them.

Table 4

	<i>Are You Satisfied with PMJDY?</i>	<i>Is PMJDY Beneficial to You and Your Family in Any Way?</i>
Chi-Square	7.240 ^a	32.000 ^b
df	2	1
Sig.	.027	.000

The Chi-Square value is 7.240 for 2 degrees of freedom at 0.027 level of significance.

Here, $p < 0.05$ is significant at 3 degree of freedom, showing that there is significant difference in expected and observed frequencies. Therefore, we reject null hypothesis and accept the alternative hypothesis. So, there is goodness of fit between satisfaction and effectiveness of the scheme. Thus we can see that the beneficial factor would directly affect the satisfaction of the account holders.

Most of the respondents are middle aged that is they belong to the age group 30-39 years. The gender distribution among the respondents is not very diverse. Majority of the respondents live in nuclear families and belong to low income group.

It can be seen in the percentage analysis that majority of the respondents have heard about PMJDY through newspapers. 90% of the respondents believe that PMJDY is beneficial to their families. The respondents however, are not very much aware of all the benefits of PMJDY. Most of the respondents know about loan benefits. Only 54% of the respondents have availed for loan benefits. There are most no respondents who have availed for direct transfer of subsidies and overdraft facilities. Most of the respondents are neither satisfied nor dissatisfied with PMJDY. Even though they had a bank account before PMJDY came into effect, almost everyone has opted for a new bank account after PMJDY came into effect. Most of the accounts that were opened were in the State Bank of Travancore. All the respondents will recommend this scheme to their accomplices.

From Chi-square test, it is evident that there are many factors that affect the reachability and effectiveness of this scheme. It is evident that there is an association between awareness and effectiveness. The number of people involved will directly affect benefits of the scheme. Benefits chosen by the respondent will also affect the effectiveness of the scheme. Satisfaction is a major factor that will affect the effectiveness of the scheme.

6. SUGGESTIONS

The study suggests that most of the people are not aware about the most beneficial part of this scheme. Even though people might be a part of this scheme, they tend to not avail all the benefits provided under this scheme. The target a group is low income group, and it must be taken into special care that they are educated about the scheme.

7. CONCLUSION

It can be concluded from the above study that there are various factors that affect the reachability of benefits of PMJDY. The many factors are awareness among people, the number of people involved, and the benefits chosen by them. It can also be seen that this scheme was focused on the low income group. The main aim of this scheme was to financially include each and every family by providing them bank accounts with special benefits.

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