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## **A Study on Assessing the Impact of Pradhan Mantri Jan Dhan Yojana on Financial Inclusion: Awareness, Satisfaction, Issues and Challenges**

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### **ABSTRACT**

Pardhan Mantri Jan Dhan Yojana (PMJDY) is a social security scheme with a financial inclusion perspective which was announced on 15th August 2014, by the Prime Minister of India .The main purpose behind the launch of this program was to ensure an easy financial access to everyone at a national level. Traditional banks have consistently failed to provide financial services to the poor. As a result PMJDY was introduced with the aim to cover vulnerable and financially weaker communities through banking facilities. Despite the early response, corresponding increase in terms of number of accounts, deposit amount, and so on has not occurred. This study aims to evaluate the effect of PMJDY on monetary incorporation by exploring the levels of awareness, satisfaction, and issues encountered by recipients and non- recipients of the program. By employing a mixed-methods approach, including both primary and secondary data collection and analysis, this exploration study will provide important insights into the effectiveness of PMJDY in promoting financial inclusion in India.

The study will contribute to the existing knowledge by evaluating the awareness levels, satisfaction, and challenges faced by individuals regarding PMJDY and financial incorporation. The findings will help in identifying the impact of PMJDY on financial inclusion, barriers faced by individuals, and areas of improvement.

Key Words: Pardhan Mantri Jan Dhan Yojana (PMJDY), Awareness, Satisfaction, Issues, Challenges

## 1 Introduction

Exclusion of an enormous number of individuals from any access to financial services forestalls the development of any country. A plan to engage citizens financially was exceptionally required so everybody can receive the benefits of the growth. So Government of India with unique accentuation on financial inclusion of citizens as it is crucial to poverty alleviation presented PMJDY. "Financial inclusion is a significant stage towards comprehensive development which ensures the monetary development of the underestimated segments of the general public. Financial inclusion represents conveyance of appropriate financial services at a reasonable expense on ideal premise to weak gatherings, for example, low-income groups and more fragile segments that need admittance to even the most fundamental banking services. Accounts are being opened with Zero balance. PMJDY plot is furthermore ensured by the Guinness World Records for achievements which states most ledgers opened in one week. The scheme has been begun with a target to provide universal access to banking facilities beginning with basic banking accounts with overdraft facility of Rs. 5,000 after half year and RuPay Debit Card with inbuilt accident insurance cover of Rs.

1Lakh and RuPay Kisan card. Currently it has 50.87 crore beneficiaries. In that female beneficiaries are 28.23 crore. Simply opening bank accounts may not achieve the scheme's goal, but continual operation of bank accounts is required to ensure the scheme's true success.

## 2 Benefits of Pradhan Mantri Jan Dhan Yojana

**The right to a bank account:** Under the PMJDY scheme, any person can sign up for a bank account with the most minimum number of records. Special provisions are also put in place for people of provincial regions who are unable to produce valid documents.

**No minimum balance required:** Accounts under the Jan Dhan Yojana can be opened with zero minimum balance. However, depending on the bank, a minimum balance may be required if the customer wishes to have additional facilities like cheque book, etc.

**RuPay Debit Card:** A RuPay Debit Card will be given to the individual which can be utilized to withdraw money across all ATMs in India.

**Insurance Coverage:** All members of the PMJDY scheme will be eligible for a life insurance cover of Rs 30,000/-, provided that they comply with specific

prerequisites like opening the bank account before 26th January 2015.

**Overdraft Facility:** After 6 months of opening the account under the Pradhan Mantri Jan Dhan scheme, the account holder can avail overdraft facility of Rs 5000/-

**Loan Benefits:** Persons availing the PMJDY scheme are eligible for loans up to Rs.5000/- after 6 months of opening their bank account. Aimed at the rural population, such a loan benefit can help persons below the poverty line in cash crunch situations.

**Simplified Mobile Banking:** The PMJDY scheme allows users to check account details and transfer funds through a simplified mobile banking system, using simple mobile phones that people below the poverty line can afford, instead of smart phones.

### 3 Objectives of the study

- ❖ Evaluating the effectiveness of the PMJDY in advancing financial inclusion and raising awareness among individuals.
- ❖ Investigating the correlation between individuals' satisfaction with PMJDY and factors such as the accessibility of financial services provided by the scheme.

- ❖ Proposing effective strategies to address the challenges faced by PMJDY and enhances its reach and impact in promoting financial inclusion.

### 4 Methodology of the study

**Research Design:** The examination plan for this study will be a mixed-methods approach, including both primary and secondary data collection and analysis.

### 5 Data Collection

#### Primary Data:

**Survey Questionnaire:** An organized questionnaire was created to collect primary data from individuals. The questionnaire was intended to accumulate data on awareness levels, satisfaction, challenges, and impact of PMJDY on financial inclusion. The questionnaire was managed through online surveys to a representative sample of individuals across different demographic groups.

#### Secondary Data:

**Literature Review:** A comprehensive review of significant writing, including scholarly papers, reports, and government publications, was conducted to gather information on the PMJDY, financial inclusion, and related topics.

**Data Sources:** Secondary data was collected from official reports and datasets provided by government agencies, financial institutions, and research organizations. This data includes information on banking penetration, financial literacy, income levels, and demographic factors.

**Ethical Considerations:** Ethical considerations will be considered to ensure confidentiality, privacy, and informed consent of the participants. All participants will be furnished with clear data about the purpose of the study, their rights as

participants, and the voluntary nature of their participation.

**Limitations:** Potential limitations of the study may include sampling biases, self-reporting bias, and generalizability of findings to a larger population.

#### **Policy Recommendations:**

Based on the findings from the analysis, policy recommendations will be formulated to improve the effectiveness of PMJDY in promoting financial inclusion, addressing challenges, and enhancing customer Satisfaction.

### **DATA ANALYSIS**

Parameters	Factors	%	Total out of 76	Total
Gender	Male	40.8%	54	76
	Female	59.2%	22	
Education	Illiterate	-----	---	76
	Upto sslc	5%	4	
	PU	4%	3	
	Degree	39.5%	30	
	Post graduation	39.5%	30	
Area	Rural	69.7%	53	76
	Urban	30.35%	23	
Marital status	Married	42.1%	32	76
	Unmarried	57.9%	44	
Occupation	Business	7.9%	6	76
	Profession	30.3%	23	
	House wife	10.5%	8	
	Student	32.9%	25	
	Agriculture	2%	1	
	Others	5%	13	
Income level (p.a)	Upto 1,50,000	57.9%	44	76
	1,50,000 to 3,00,000	19.7%	15	
	3,00,000 to 6,00,000	6.57%	5	
	6,00,001 and above	15.8%	12	

In our research study, we analyzed the demographic data of 76 participants. The sample was fairly balanced in terms of gender representation, with 59.2% (45) of the respondents being male and 40.8% (31) being female.

Education levels of the participants varied, with 50% of the respondents being postgraduates, indicating a higher level of academic achievement. Additionally, 39.5% had completed their graduation, showing a significant proportion of participants with undergraduate degrees. A small percentage (5.3%) had completed SSLC (Secondary School Leaving Certificate), indicating a lower level of formal education.

The participants were predominantly residing in rural areas, with 69.7% residing in such areas while 30.3% reported living in urban areas. This circulation recommends that our research sample included a diverse mix of individuals from different geographic backgrounds.

Regarding marital status, a larger part of the respondents (57.9%) indicated that they were unmarried, while 42.1% stated they were married. This distribution

shows a fairly balanced representation of both married and unmarried individuals in our sample.

In terms of occupation, the respondents consisted of various professional groups, with 30.3% being professionals, 32.9% being students, 10.5% being housewives, and 7.9% being businessmen. The remaining participants fell into other occupational categories. This diversity in occupations indicates a broad range of perspectives among our participants.

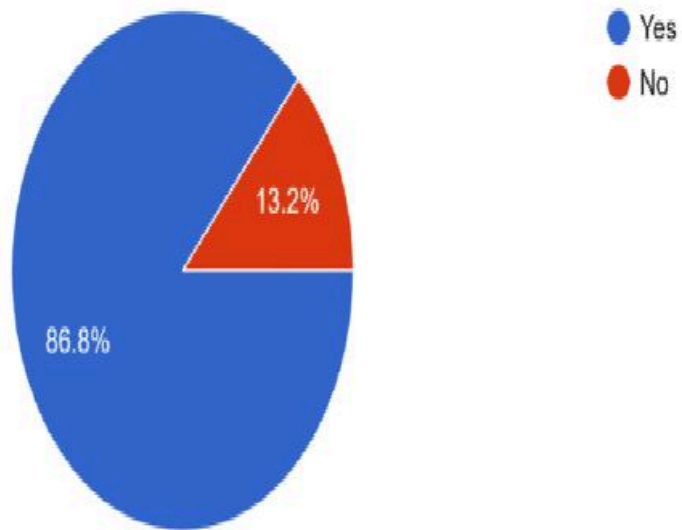
When examining income levels, the majority of respondents (57.9%) reported earning up to 1,50,000 p.a. Furthermore, 19.7% earned between 1,50,001 to 3,00,000, while 15.8% reported earning 6,00,000 and above annually. The distribution across income levels suggests a varied socioeconomic background among the participants.

Overall, our research study includes a diverse range of participants in terms of gender, education, residential area, marital status, occupation, and income levels. This diverse representation enhances the validity and generalizability of our findings, as it allows for a comprehensive understanding of the research topic.

### Awareness of PMJDY

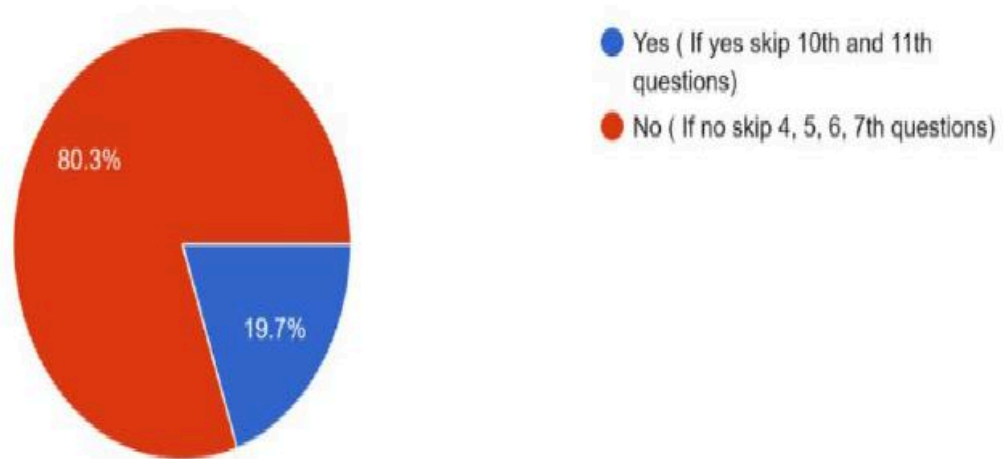
1. Have you heard about the Pradhan Mantri Jan Dhan Yojana (PMJDY)?

76 responses



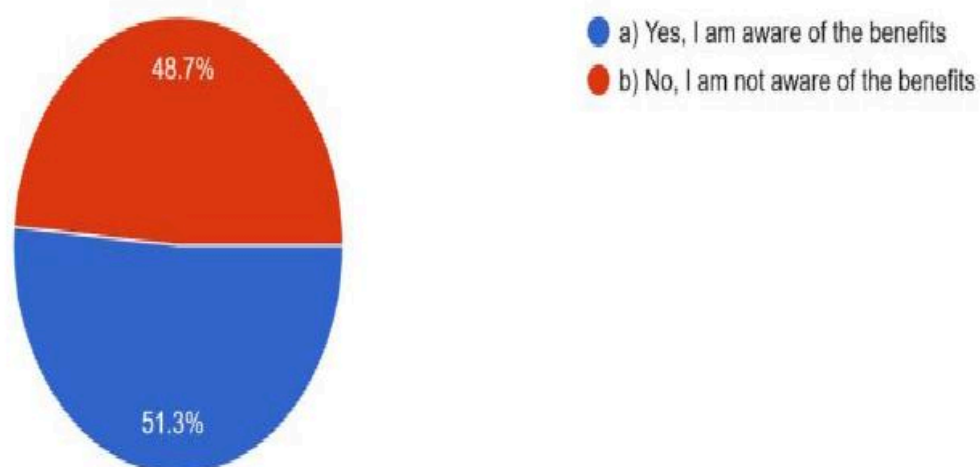
2. Do you have Jan Dhan Account?

76 responses



### 3. Are you aware of the benefits of having a bank account under PMJDY?

76 responses



It is encouraging to see that a large number of respondents, approximately 86.8%, have heard about the Pradhan Mantri Jan Dhan Yojana (PMJDY). This shows that awareness about the scheme is widespread and reaching a significant portion of the population. However, the fact that only 19.7% of respondents have actually opened accounts under the scheme highlights the need for increased adoption.

Interestingly, a substantial majority of respondents, around 80.3%, have not yet taken up the PMJDY scheme, citing various reasons. This indicates that there is still some hesitation or barriers preventing people from availing the benefits of the scheme. It is essential to address these concerns and make the

process of opening accounts more convenient and accessible.

Furthermore, while the greater part of the respondents, approximately 51.3%, are know about the benefits of the PMJDY scheme, it is concerning that nearly half, around 48.7%, are unaware of the benefits they can acquire through this drive. This underscores the requirement for continuous and targeted efforts to educate the public about the benefits and potential opportunities that accompany with being a part of the plan.

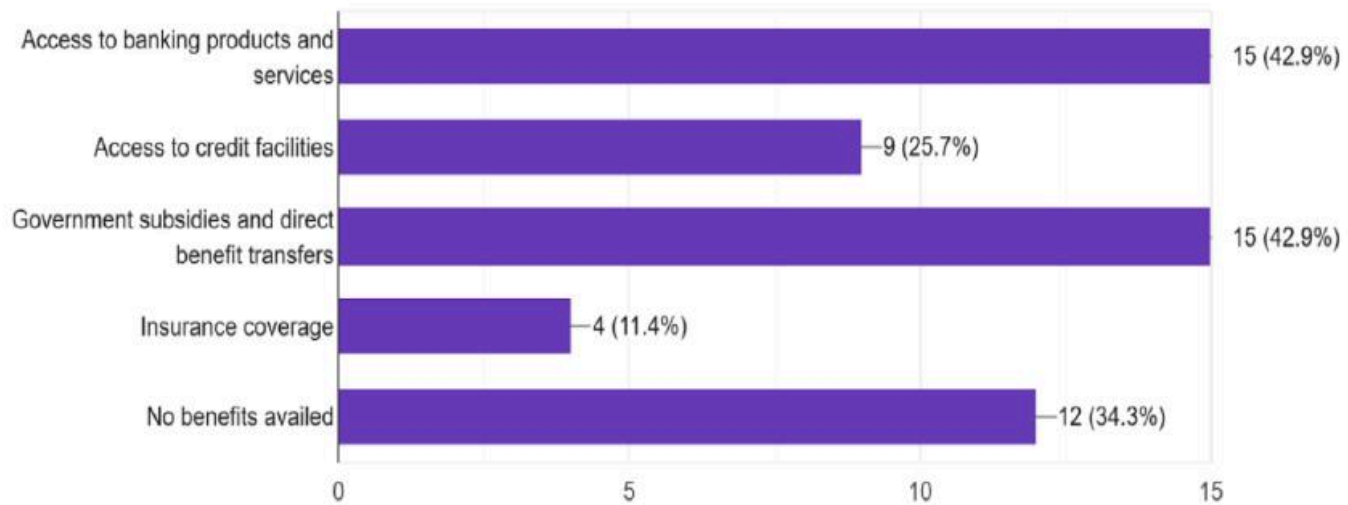
In conclusion, while there is solid awareness about the PMJDY scheme, there is still room for improvement in terms of adoption and understanding of its benefits. By addressing barriers and

increasing efforts to educate the public, we can bridge the gap between awareness and adoption, guaranteeing

that more people can get the advantages provided by this impactful initiative.

4. What are the benefits you have availed through your PMJDY account? (Select all that apply)

35 responses



Majority of the respondents are using this scheme to access the banking products and services and are getting government subsidies and other direct benefit transfers through this account.

Very less people had access to credit facilities and insurance coverage benefits. 34.3% respondents say that they did not get any benefits from this scheme.

5. How often do you use your PMJDY account for banking transactions?

31 responses



Majority of the respondents who opened the account under this scheme are rarely doing the banking transactions. 35.5% are monthly doing the transactions.



6. Are you satisfied with the services provided by your PMJDY account?

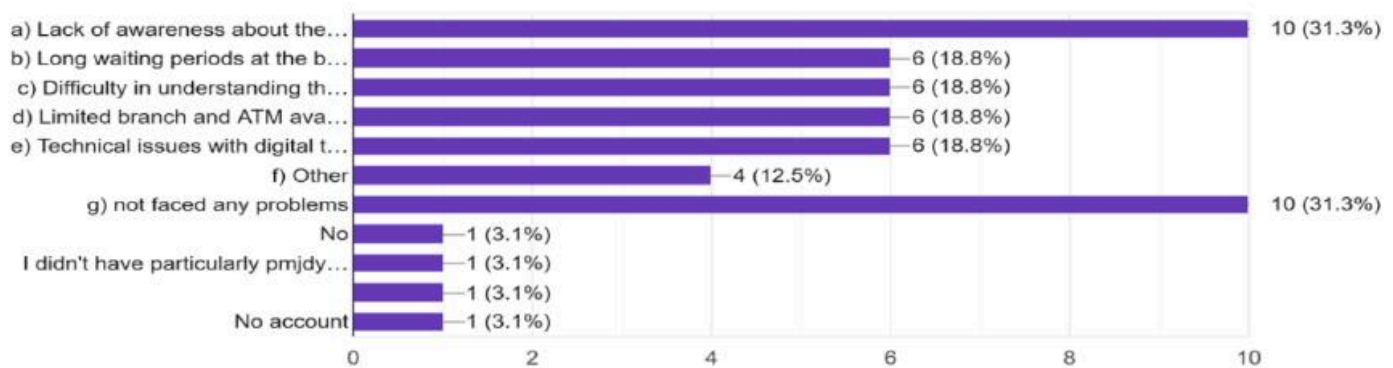
32 responses



50% of the respondents are satisfied with the services provided by the PMJDY account. 37.5% are neutral about the services offered by this scheme.

7. Do you face any challenges in accessing and using your PMJDY account? (Select all that apply)

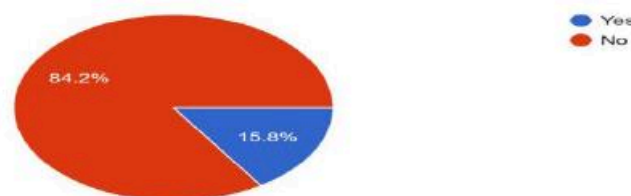
32 responses



In spite of the fact that there are many difficulties faced by the respondent's lack of awareness about the services available through PMJDY is one the main reasons for non usage of accounts.

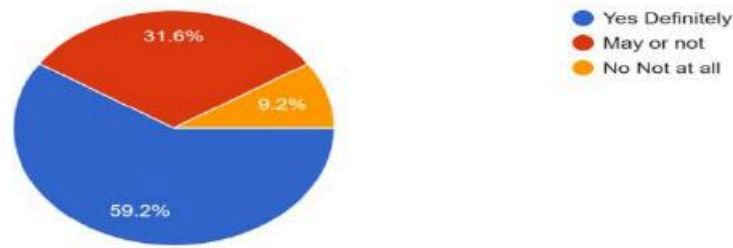
8. Have you received any financial literacy training or guidance in using PMJDY account effectively?

76 responses



Majority of the respondent's i.e. 64 (84.2%) out of 76 did not get any financial training or guidance in using PMJDY account. Only few i.e. 15.8% got some training or guidance regarding the usage.

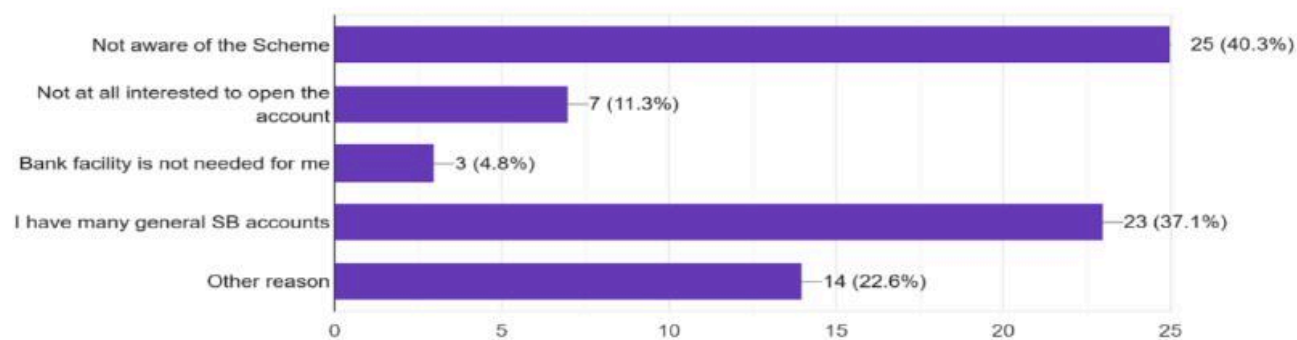
9. Will you refer others to open/operate this account?  
76 responses



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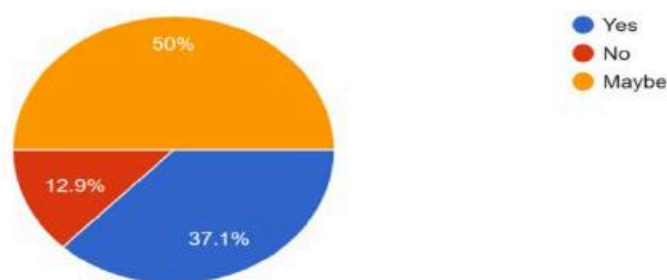
significant number of the respondents showed positive assessment in regards to suggesting others to open the account under PMJDY. 9.2% are not showing interest about the scheme due to various reasons.

10. What is the reason for not opening the account? ( select all that apply)  
62 responses



Most of the respondents because of having other SB accounts and Majority of the respondents due to lack of awareness about the scheme did not open the account under this scheme.

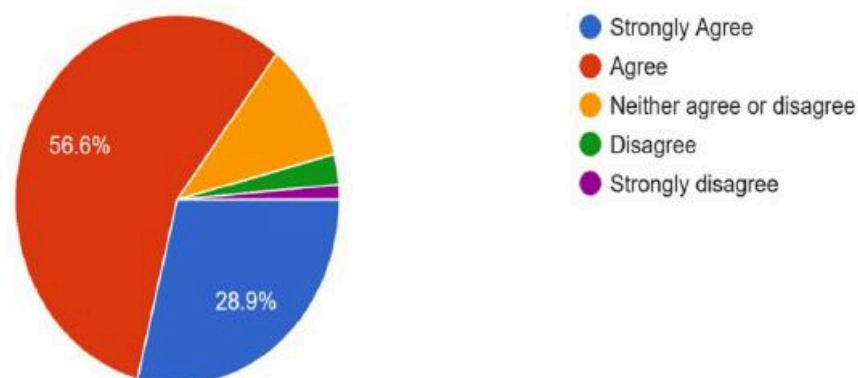
11. Are you interested to open the Jan Dhan account in the near future?  
62 responses



37.1% of the respondents are interested to open Jan dhan account in the near future. 12.9% are not ready to open the account and 50% are not taken any decisions about this.

## 12. Do you agree Government of India could have done much for promotional about the PMJDY?

76 responses



A substantial majority of respondents, 56.6%, acknowledge that the government of India has made significant efforts in promoting the PMJDY. Furthermore, an impressive 28.9% of respondents strongly affirm this assertion.

### ISSUES

The progress in financial access has been remarkable, but the vast numbers of inactive accounts show it is to create products and commitment procedures are intended to address the issues of the people. While the scheme has been successful in accomplishing its targets generally, there are still some significant issues and challenges are identified through above study. Some of these include:

- ❖ **Low account usage:** According to RBI's master circular of July 2015 on customer service in banks savings accounts are treated as

inoperative/ dormant if there has been no transaction in the account for over 2 years. While a large number of accounts have been opened under the PMJDY, many of them remain dormant, with very few transactions. As per August 2022, about 18% accounts are inoperative. This indicates a lack of awareness about the benefits of using formal banking channels and the need for financial literacy and education.

- ❖ **Inclusion of women:** Though there has been a huge expansion in the number of accounts opened by women under PMJDY, there are yet many women who need admittance to formal banking services due to social and cultural barriers. PMJDY has helped motivate many women to open their bank accounts, but there are still a large number of Indian women who don't have access to banks. But among the women who

do have bank accounts, 62% either don't have access to it or are not frequent users.

In India, one in every five women lack access to a bank account. Women continue to face barriers to accessing financial services for various reasons: they are likely to lack proof of identity or a mobile phone, live far away from banks, and need support to open and effectively utilize a bank account.

The review suggests that women should open bank accounts as well as need to become regular users for them to improve financial inclusion among the gender. The PMJDY helped successfully in opening accounts of millions of people. Presently financial literacy will assist people in general with understanding how they can utilize bank accounts to their benefit.

- ❖ **Lack of infrastructure:** A large section of the population living in remote areas and villages still face challenges in accessing banking services because of a lack of infrastructure and connectivity like transportation system, limited access to basic services, reduced connectivity etc.
- ❖ **Fraud and misuse:** Some reports suggest that PMJDY accounts have been misused for money laundering and other fraudulent activities. This highlights the need for a robust regulatory framework and stricter monitoring mechanisms.
- ❖ **Lack of access to credit:** In spite of expansion in the quantity of bank accounts, admittance to credit stays a challenge for many people, particularly those in provincial regions. This is because of the absence of collateral and credit history, which banks use to assess creditworthiness
- ❖ **Low literacy level:** Low literacy is a national crisis that affects all of us and our broader economy. 40% of the populace still lack access to fundamental financial services like savings, credit, investment and insurance facilities because of lack of proper education
- ❖ **Lack of trust:** lack of trust in financial institution is barrier that is difficult to overcome. Lack of information that triggers a lack of trust, which hinders the people from using formal financial services
- ❖ **Irregular incomes:** it is the most cited reason for financial exclusion. The poor have extremely less and

- ❖
- ❖ irregular income and less capacity to save and are bound to be without a bank account
- ❖ **Lack of documentation:** To open a bank account various documents are required. But in India many of the citizens are not having required documents like PAN, Aadhar card, voter ID driving license .

### **Possible solutions to overcome from the issues**

Here are some suggestions to overcome the issues related to PMJDY

**Increase Financial Literacy:** Financial education and training can help people to understand the benefits of PMJDY and how to make best use of the scheme.

**Improved Infrastructure:** Increment the number of bank branches and ATMs in rural areas and guaranteeing that they have all the required facilities to operate smoothly.

**Technology integration:** Ensure the incorporation of technology such as portable banking, web banking, and other digital payment methods to reduce transaction costs, increase proficiency and convenience.

**Simplified process:** Simplify the account opening process to attract more people to participate in PMJDY.

**Better awareness:** The government should increase the level of awareness of about the scheme and its benefits to the common people, especially those in rural areas.

**Strengthen Monitoring System:** Establish a robust monitoring mechanism to ensure the smooth implementation of the scheme, detect frauds or misuses of the accounts opened under PMJDY and to avoid overdrafts.

**Collaboration with NGOs:** Collaborate with non-governmental organizations (NGOs), microfinance institutions and other stakeholders to raise awareness and provide training and support to those who need it most.

Executing these suggestions can assist with conquering the issues related to PMJDY and make the scheme more effective and beneficial for the overall advancement of the country.

## **6 Conclusion**

The Pradhan Mantri Jan Dhan Yojana (PMJDY) has been successful in increasing financial inclusion in India, according to the findings of the study. However, there are a few obstacles that must be addressed, including low awareness among the poor and rural population, inadequate infrastructure, and lack of access to digital banking services. The scheme also faces the

challenge of ensuring that the bank accounts opened under it remain active and are utilized for their intended purpose. Overall, the study highlights the importance of continued efforts to overcome these challenges and ensure that the PMJDY scheme keeps on contributing to the economic growth and financial empowerment of the poor people and marginalized sections of society.

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