

Impact of pradhan mantri jan dhan yojana on the socio-economic well-being of rural households in UT of Jammu and Kashmir.

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ABSTRACT

Financial inclusion is the mechanism to ensure access to financial services at an affordable cost, along with timely & sufficient credit whenever the vulnerable groups need it. India, a growing economy plays a particular role in financial inclusion as it takes large deprived sections of society into the financial sphere. This access to financial services generates revenue, reduces socio-economic disparities, creates financial assets, encourages region growth and offers new job opportunities across all industries and parts of the economy.

The present research paper focuses on evaluating the impact of financial inclusion on rural development among beneficiaries of four districts, i.e., Rajouri, Poonch, Pulwama, and Shopian of Jammu and Kashmir divisions of J&K state. Therefore, it is imperative to study the PMJDY under financial inclusion and its impact on rural

households in the state of J&K. Keeping this in view, the present study attempts to study the impact of Pradhan Mantri Jan Dhan Yojana under financial inclusion on the rural households of the two divisions of Jammu and Kashmir. PMJDY must meet the unattainable section of people and introduce them to the mainstream economy. In the age of financial globalization, financial inclusion was seen as a big necessity that, through the use of finance facility, protects against risks and shocks. Therefore, this leads to increased opportunities to earn revenue. The significance lies in identifying predictors of financial inclusion, its relation to social and economic empowerment, economic development, poverty reduction and area development. The study ends with some suggestions, and if global & national policymakers adhere to those suggestions, it will prove to be an advantage, particularly for the State and country in general.

Key words: Financial Inclusion, PMJDY, Socio- economic, Poverty, Development.

I. INTRODUCTION

Financial inclusion offers an equitable way of improving and developing social development across the world. It helps to empower the underprivileged and vulnerable, especially women, with the goal of making them self-sufficient and well-educated for better financial decisions. Financial Inclusion's goal is to ensure universal access to a broad range of financial services, such as payment and savings account, credit insurance, and pensions. Besides, Financial Inclusion also seeks to provide resources for business opportunities, employment, and retirement and insurance protection, including emergency loans, against risk. The Financial Inclusion process involves ensuring every household's bank accounts and providing their inclusion in the banking system (Reddy, 2007). Access to financial services fosters social inclusion, builds confidence and empowerment.

Since the aim of Financial Inclusion is to provide the poor segment with low-cost banking services and facilities, and those who are financially excluded, most bank accounts are opened with zero balance. Additionally, debit card facility is very

convenient for poor people so they can withdraw money at anytime, anywhere. According to PMJDY' trustworthy website, as opened on 23rd December 2016, out of 26.00 crore accounts, 23.86 Lakh accounts were opened with zero balance. All banks, including public, private and rural regional bank, issued 19.93 crore debit cards indicating that banks are meeting their Financial Inclusion goals. According to the 2011 census survey, out of the total population, only 58 percent of the populations have access to banking services, and the remaining 42 percent have no access to banking services, which indicates that Financial Inclusion has a long road ahead to travel.

Despite impressive economic growth over the past two decades, many countries around the world are experiencing inequalities that lead to adverse effects on social cohesion that, in turn, could dampen prospects for growth (Zhuang & Hasan 2008). It should be inclusive and broad-based across all sectors and sections of the economy to sustain growth in the long term (George, 2011). In modern times, the concept of financial inclusion takes on meaning from an inclusive economic growth viewpoint. The financial forum's coverage of all industries is the sine qua non to overall economic growth. Financial inclusion can be defined as a state where everyone has access to appropriate, preferred financial products and services. "Without access to adequate banking services, affordable credit, usable savings options, money advice or insurance, they face financial decisions that often lead to greater financial hardship and debt. "Without the Financial Literacy report, the study of financial inclusion would be incomplete. Across developed and developing countries alike, the need for financial literacy is felt. Only financial literacy can provide information to individuals and the Ministry of Micro, Small and Medium-sized Enterprises (MSMEs) on the quantity and quality of credits available to them, which is very important for the success of Financial Inclusion measures. As Raghuram Ranjan, former Indian Governor of the Reserve Bank, Government of India, pointed out, lack of credit information both upfront as they are assessed for credit and after lending where the lender has to monitor them is one of the difficulties faced by poor people and small business. Financial inclusion is expected to bring about significant economic changes, especially in the rural economy, which is expected to experience

a revolution in the availability of financial instruments mainly due to PMJDY, the gold monetization scheme and the Development and Refinance Agency (MUDRA) micro- units.

II. REVIEW OF LITERATURE

Atul Raman (2015), explained the opportunities, scope and challenges of financial inclusion in his research paper "Financial Inclusion and Growth of Indian Banking System" and concluded that financial inclusion plays a major role in eradicating poverty in the country and that the day will come when all Indians have their bank accounts. Everyone will be involved in financial inclusion.

Ahmed Hussain (2015), stated that the PMJDY scheme has attracted the majority of the population by providing a bunch of financial products & services like microfinance & pension provision at an affordable cost.

Murari & Didwania (2010), Kuri & Laha (2011), P.R & H. R (2015), Verma & Garge (2016) & Rehmani & Ansari (2017) in their studies found empirical relation between poverty and illiteracy. Rural households have a relatively low level of knowledge about banking & financial services. They also revealed that there is a high level of poverty & illiteracy in rural areas which is reduced by providing such financial services to the underprivileged and unbanked sections of the society with a series of measures. The initiative was taken by the government of India on 2nd August 2014, in the shape of Pradhan Mantri Jan Yojana to overcome the problems faced by rural areas at a mass level. However, due to financial illiteracy and tense situations from the last three decades, people remain beyond the pale of the formal financial system. This study attempts to bridge the gap by investigating the association of rural households with banking services about the initiative of PMJDY taken by the government of India. The present study also focuses on the role of financial inclusion and to find out the impact on the overall development of the weaker section of society

III. OBJECTIVES OF THE STUDY:

- To analyze the socio-economic impact of Pradhan Mantri Jan Dhan Yojana on the rural households in the study area.
- To make suggestions for the smooth functioning & implementation of the PMJDY in the study area.

IV. HYPOTHESIS

- H_0 : There is no significant impact of Pradhan Mantri Jan Dhan Yojana on the rural households in the study area.
- H_{01} : There is no significant impact of Pradhan Mantri Jan Dhan Yojana on the rural households with respect to Caste
- H_{02} : There is no significant impact of Pradhan Mantri Jan Dhan Yojana on the rural households with respect to District
- H_{03} : There is no significant impact of Pradhan Mantri Jan Dhan Yojana on the rural households with respect to Tehsil
- H_{04} : There is no significant impact of Pradhan Mantri Jan Dhan Yojana on the rural households with respect to Block
- H_{05} : There is no significant impact of Pradhan Mantri Jan Dhan Yojana on the rural households with respect to Village
- H_{06} : There is no significant impact of Pradhan Mantri Jan Dhan Yojana on the rural households with respect to Religion
- H_{07} : There is no significant impact of Pradhan Mantri Jan Dhan Yojana on the rural households with respect to Marital Status
- H_{08} : There is no significant impact of Pradhan Mantri Jan Dhan Yojana on the rural households with respect to Qualification
- H_{09} : There is no significant impact of Pradhan Mantri Jan Dhan Yojana on the rural households with respect to Occupation
- H_{10} : There is no significant impact of Pradhan Mantri Jan Dhan Yojana on the rural households with respect to Income

V. RESEARCH METHODOLOGY

1. Sampling Design

Multistage sampling has been employed to select the sample households. The study area covers sixteen villages from two divisions of J&K state. Besides this, the study focused on socio-economic parameters like occupation, landholding, literacy, income and people's opinion about banking services. Sampling has been done in three stages, and each stage is described in a detailed manner.

The three stages of sampling methods are:

First Stage: In this stage, the researcher has preferred to use a purposive sampling technique to select the Jammu and Kashmir state. At this stage, the researcher has studied the PMJDY in two divisions viz; Jammu and Kashmir of the state.

Second Stage: In this stage, the researcher selected four districts from both the divisions comprising of two districts from division Jammu and two districts from division Kashmir.

Third stage: In this stage, the selection consists of four villages from each district comprising of total sixteen villages. From each village, the researcher selected 30 respondents randomly; it means from 16 villages. $X \ 30 = 480$ respondents were selected.

Collection of Data

- (i) **Primary data:** This study is exclusively based on primary and secondary data. At the primary level, household data is collected from four districts in two divisions of J&K state. Primary data has been collected through well-designed questionnaire, focused group discussion and personal interviews with respondents & bank

officials.

- (ii) **Secondary data:** Secondary data has been collected from various reports of Centre for Monitoring Indian Economy (CMIE) reports, National Sample Survey Organization (NSSO), district statistical reports, district credit plan, economic survey, census of India, world economic forum reports, RBI annual reports & bulletin, and from selected four district lead bank reports etc.

Descriptive statistics of socio-demographic factors:

A descriptive statistic is a summary statistic that quantitatively describes or summarizes features of a collection of information, while descriptive statistics is the process of using and analyzing those statistics. Descriptive statistics is distinguished from inferential statistics or inductive statistics by its aim to summarize a sample, rather than use the data to learn about the population that the sample of data is thought to represent. This generally means that descriptive statistics, unlike inferential statistics, is not developed on the basis of probability theory, and are frequently non-parametric statistics. Even when a data analysis draws its main conclusions using inferential statistics, descriptive statistics are generally also presented. Descriptive statistics provide simple summaries about the sample and about the observations that have been made. Such summaries may be either quantitative, i.e., summary statistics, or visual, i.e., simple-to-understand graphs. These summaries may either form the basis of the initial description of the data as part of a more extensive statistical analysis, or they may be sufficient in and of themselves for a particular investigation.

Table Respondents responses based on the PMJDY programme helps to reduce poverty among poor.

PMJDY programme helps to reduce poverty among poor						
	Count			Count%		
	Male	Female	Grand Total	Male	Female	Grand Total
Strongly Agree	72	17	89	18%	4%	22%

Agree	66	30	96	17%	8%	24%
Neutral	74	35	109	19%	9%	27%
Disagree	48	28	76	12%	7%	19%
Strongly Disagree	27	3	30	7%	1%	8%
Grand Total	287	113	400	72%	28%	100%

Source: Primary Data

The demonstrated table above depicts about reducing poverty among poor under PMJDY programme. According to the respondents, 48% agreed that poverty will reduce under PMJDY programme whereas 27% did not agree on any reduction in poverty because of PMJDY programme. 27% of respondents have not responded to the reduction of poverty because of PMJDY programme.

4.3.25 Respondent's responses based on the PMJDY programme helps to reduce poverty among poor.

PMJDY programme helps to reduce poverty among poor						
	Count			Count%		
	Male	Female	Grand Total	Male	Female	Grand Total
Strongly Agree	72	17	89	18%	4%	22%
Agree	66	30	96	17%	8%	24%
Neutral	74	35	109	19%	9%	27%
Disagree	48	28	76	12%	7%	19%
Strongly Disagree	27	3	30	7%	1%	8%
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programme.

Table 4.6.4 Socio-economic factors, the impact of Pradhan Mantri Jan Dhan Yojana on the rural households in the study area.

Category	ANOVA						Results
		Sum of Squares	df	Mean Square	F	Sig.	
Age	Between Groups	7.153	3	2.384	5.902	0.001	Null Hypothesis Rejected
	Within Groups	159.982	396	0.404			
	Total	167.135	399				
Gender	Between Groups	0.043	1	0.043	0.102	0.749	Null Hypothesis accepted
	Within Groups	167.092	398	0.420			
	Total	167.135	399				
Caste	Between Groups	12.045	3	4.015	10.252	0.629	Null Hypothesis accepted
	Within Groups	155.090	396	0.392			
	Total	167.135	399				
District	Between Groups	15.673	3	5.224	13.659	0.000	Null Hypothesis Rejected
	Within Groups	151.462	396	0.382			
	Total	167.135	399				
Tehsil	Between Groups	43.522	7	6.217	19.716	0.000	Null Hypothesis Rejected
	Within Groups	123.613	392	0.315			
	Total	167.135	399				
Block	Between Groups	38.156	7	5.451	16.567	0.000	Null Hypothesis Rejected
	Within Groups	128.979	392	0.329			
	Total	167.135	399				
Village	Between Groups	94.370	15	6.291	33.201	0.000	Null Hypothesis Rejected
	Within Groups	72.765	384	0.189			
	Total	167.135	399				
Religion	Between Groups	6.468	5	1.294	3.172	0.806	Null Hypothesis
	Within Groups	160.668	394	0.408			

	Total	167.135	399				accepted
Marital Status	Between Groups	3.847	1	3.847	9.376	0.235	Null Hypothesis
	Within Groups	163.288	398	0.410			accepted
	Total	167.135	399				
Qualification	Between Groups	9.391	6	1.565	3.899	0.001	Null Hypothesis
	Within Groups	157.744	393	0.401			Rejected
	Total	167.135	399				
Occupation	Between Groups	19.731	27	0.731	1.844	0.715	Null Hypothesis
	Within Groups	147.404	372	0.396			accepted
	Total	167.135	399				
Income	Between Groups	3.308	3	1.103	2.666	0.048	Null Hypothesis
	Within Groups	163.827	396	0.414			Rejected
	Total	167.135	399				

Source: Primary data

Concluding Remarks: Hence, the null hypothesis ($H_{01}, H_{04}, H_{05}, H_{06}, H_{07}, H_{10}, H_{12}$) is rejected and $H_{02}, H_{03}, H_{08}, H_{09}, H_{11}$ is accepted and the implication says that there is a significant impact of PMJDY with respect to age, gender, caste, district, tehsil, block, village, religion, marital status, qualification, occupation and income.

VI. FINDINGS

- ❖ Majority of the respondents in the study area were from the age group of up to 30 years, i.e. 42.8%.
- ❖ Most of the respondents in the study area were males 71.8% and remaining 28.2% were females. Thus it shows that female respondents also take part in this scheme.
- ❖ It has been found that 56.5% of respondents are from SC/ST, which shows the highest percentage of the population in the study area are SCs and STs.
- ❖ 400 data points have been collected from the sixteen villages of Jammu and Kashmir to analyze the impact of Financial Inclusion and Its Impact on Rural Households - A Study of Jammu and Kashmir Divisions of J&K State with special reference to Pradhan Mantri Jan Dhan Yojana.

- ❖ It has been found that majority of the respondents in the study area belongs to the Muslim community (31.5%) followed by Hindu (29.5%).
- ❖ It has been found that most of the respondents who participated in the survey are literate.
- ❖ As per the result, respondents from several profession has participated in the survey, however significant occupation as per the data is as follows farmer (19.5%), housewife (18%), business (15.5%) and government employee (7.5%). Rest few of the occupation is as follows Sweeper, Carpenter, Teacher, Tailor, Anganwadi Worker, Supervisor, Office Clerk, Banker, Librarian, Painter, Agriculture, Shepherd, Cobbler, ATM Guard etc. This depicts that almost every profession have participated in the survey.
- ❖ PMJDY scheme will help in eradicating poverty according to the respondents 48% agreed that poverty will reduce under PMJDY programme whereas 27% did not agree and 25% have not responded on the reduction of poverty because of PMJDY programme.
- ❖ Majority of the respondents, 47% agreed on the statement of PMJDY programme is the best initiative taken by the government of India towards rural development.

At 90% confidence level following results have been found from one way ANOVA and t-test.

- As per the results, there are significant socio-economic factors like (age, qualification, district, income, etc.) does impact Pradhan Mantri Jan Dhan Yojana on the rural households in the study area.
- Hence, it can be concluded that there is an impact of Pradhan Mantri Jan Dhan Yojana in rural households in the selected districts of J&K as per the respondents. According to J&K governor (Malik, 2019) said each resident of J&K should be benefited from PMJDY. He further said that people of J&K has suffered a lot due to cross border terrorism and separatists propaganda. As per the results impact of PMJDY has been seen in the selected area of J& K, whereas a lot is still left to be done.

VII. CONCLUSION

Financial inclusion is believed to improve household welfare by allowing individuals to manage liquidity and to invest in activities such as education, which can potentially enhance future earning capacity. Much progress has been made in recent years in promoting financial inclusion through basic account ownership, but significant numbers of respondents in the area of study remain financially underserved.

Financial Inclusion commenced as a method to offer affordable and convenient banking services and financial solutions to every individual in the society, especially for the people of marginalized and unprivileged sections. With the launch of Pradhan Mantri Jan Dhan Yojana (PMJDY) in 2014, Financial Inclusion received primary focus from all stakeholders.

The PMJDY is the most effective and most beneficial scheme of the central government. Pradhan Mantri Jan Dhan Yojana Scheme based on only reason to bring cent percent financial inclusion in India has created an inspiring result in the banking sector with regards to ending of poverty; it is still in early stages.

The present study exposes that the PMJDY Scheme benefits are not fully exploited. Although respondents have full access to their bank accounts, empirical evidence showcases the partial knowledge of the scheme benefits among rural households. Rural areas are still to come out of the grip of money lenders, manage rising financial needs and get benefits from a range of financial services offered under PMJDY Schemes. The mere opening of bank accounts may not fulfil the aim of the scheme; there should be the continuous operation of bank accounts to give the real success of the scheme. Creating consciousness to use the financial products and services through awareness campaign among the rural people as well as training to business correspondents is considered necessary for the success of Jan Dhan Yojana scheme, and this will contribute for further positive outcomes. It will be the factual inclusive growth in society.

IX. SUGGESTIONS

- Research on access to financial inclusion through PMJDY Scheme and availing of financial services through PMJDY Scheme provides evidence to the fact that availing financial services varies widely across the revenue divisions and among the weaker sections of the rural households. Expanding access remains an important challenge in

this direction. Therefore, it is clear that the government and the formal banking network have an extensive role in supporting, and regulating the financial inclusion through the PMJDY Scheme.

- The government should initiate special promotion campaigns in unbanked rural region to improve financial literacy and awareness of the masses.
- In strengthening the financial inclusion through the PMJDY Scheme of the weaker section, government and banking network should increase the research funding on the sustainability of existing mechanism which provides financial services to the weaker section. There is also a need for impact evaluation of the socio-economic status of weaker sections on a broader base.
- For the success of the financial inclusion program, the government should make a subscription to financial services mandatory. There should also be proper implementation of a national program of “Pradhan Mantri Jan Dhan Yojana” for wider coverage.
- As per the present study, financial inclusion is a useful tool to alleviate poverty in the rural area, but it proved that most of the backward area remains unbanked. The government may concentrate on opening more bank branches in the backward region. This would help unbanked section of the society to open bank accounts and increase their savings.

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