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## Impact of Pradhan Mantri Jan Dhan Yojana on economic conditions of poor people

Divyanka Tiwari and Dr. Sangeeta Gupta

### Abstract

On August 15, 2014, the Honorable Prime Minister, announced the launching of the “Pradhan Mantri Jan Dhan Yojana” (PMJDY) as a brand new scheme for financial inclusion and launched this scheme on 28, August 2014. Pradhan Mantri Jan Dhan Yojana is a nationwide financial inclusion scheme that offers open access to an Indian citizen to various banking services. The present study, “A study of the economic impact of Pradhan Mantri Jan Dhan Yojana on rural and poor people” was performed in Kanpur Nagar District of Uttar Pradesh state. The present study was attempted to access the impact of annual income and occupation on the life of rural and poor people in utilizing the benefits of PMJDY. Thus, 25 respondents were selected from a bank of each of six villages of two blocks that constitutes a total of 150 respondents. The research study reveals 60.0% of families had an annual income between Rs. 50,000 and Rs. 75,000 and 26.7% of respondents engaged in agriculture as labor. So, 88.7% of respondents strongly agree that PMJDY gave a hassle-free means of linking savings to a bank, 85.3% of respondents strongly agree that the scheme helps improve the extent of financial literacy, and 84.0% of respondents strongly agree that the PMJDY encourages savings habits in poor people.

**Keywords:** economy, economic impact, financial inclusion, PMJDY

### Introduction

Pradhan Mantri Jan Dhan Yojana is a nationwide financial inclusion program for an Indian citizen to get the benefit of financial services and products. PMJDY is the ray of hopes in attaining economy in addition to social inclusion target. This flagship program is launched to deliver each phase of the society inside the ambit of financial services such as availability of basic savings bank account, access to need-based credit remittance facility, insurance, and pension to the otherwise excluded sections. The main objective of the scheme is to ensure financial inclusion of the poor and underprivileged sections of society by providing them financial freedom and financial stability. Another objective of Pradhan Mantri Jan Dhan is to make every adult enjoy a bank account and other banking facilities.

### Objectives of the Study

1. To study the socio-economic profile of the respondents.
2. To find out the impact of PMJDY on poor people.

### Materials and Method

The present study was undertaken during 2020-2021 in the Kalyanpur and Chaubeypur blocks of Kanpur Nagar. In each block, 3 villages were purposively selected named Singhpur, Naramau, Tikra in Kalyanpur block and Gabraha, Tatyaganz, and Bansithi in Chaubeypur block. On that basis, in each village, a bank was purposively selected. Therefore, 25 respondents from each village were randomly selected from six banks of six villages of two blocks, whose total number was 150. The statistical tools were used as a percentage, weighted mean, standard deviation, rank order, and correlation coefficient, etc.

### Results and Discussions

**Table 1:** Distribution of respondents according to annual income

Annual Income	Frequency	Per cent	Mean (Rs)	SD (Rs)
Up to Rs 25000	8	5.3	24375	518
Rs 25001 to Rs 50000	46	30.7	46022	3521
Rs 50001 to Rs 75000	90	60.0	70956	4014
Rs 75001 and above	6	4.0	78654	7654
Total	150	100.0	60403	12860

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Table 1 shows, 60.0 per cent of respondents belonged to those families whose annual income is Rs. 50,001 to Rs 75000 with a mean income of Rs. 70956 and standard deviation 4014, 30.7 per cent of respondents belonged to those family whose annual income lies between Rs. 25001 and Rs. 50,000 with mean income Rs. 46022 and standard deviation 3521. Therefore, 5.3 per cent of respondents belonged to those families whose annual income was up to Rs. 25,000 with

mean income Rs. 24375 and standard deviation 518. Minimum 4.0 per cent of families had an annual income of Rs. 75001 and above with mean income of Rs. 78654 and standard deviation 7654. Hence, it is accomplished that mainstream families had an annual income between Rs. 50,001 and Rs. 75,000 in each year which is similar to the findings of Sharma, N. and Goyal R. (2017) [6] who had also concluded it.

**Table 2:** Distribution of respondents according to occupation

Occupation	Frequency	Per cent
Farming	26	17.3
Service	38	25.3
Agriculture labour	40	26.7
Caste based occupation	26	17.3
Business	20	13.4
Total	150	100.0

Table 2 concludes, maximum 26.7 per cent of respondents had agriculture labour as their major work, while 25.3 per cent of respondents were earning income from service. The table also reveals that 17.3 per cent of respondents were earning their income from farming and 17.3 percent of

respondents were engaged in caste-based occupation. Minimum 13.4 percent of respondents were busy in business. From the overall view, it may be accomplished that the equal number of respondents were engaged in agriculture as labour and service for earning money.

**Table 3:** Distribution of respondents according to the economic impact of Pradhan Mantri Jan Dhan Yojana

S. No.	Economic Impact	Symbol	Strongly agree	Agree	Undecided	Disagree	Strongly disagree	Mean score value	S.D.	Rank
1.	It gave a hassle free means of linking savings to bank	A	88.7	11.3	0.0	0.0	0.0	4.89	4.37	I
2.	Helpful in improving the extent of financial literacy	B	85.3	14.7	0.0	0.0	0.0	4.85	4.34	II
3.	Effective policy measure to solve the problem of financial exclusion	C	32.7	42.0	25.3	0.0	0.0	4.07	3.62	IX
4.	Provides financial support for primary income generating activities	D	78.0	20.0	1.3	0.7	0.0	4.75	4.25	VI
5.	Narrowed down the socio-economic gap between rich and poor	E	76.7	18.7	3.3	1.3	0.0	4.71	4.22	VII
6.	Led to a reduction in financial untouchability	F	82.0	16.7	1.3	0.0	0.0	4.81	4.30	V
7.	Important foot forward toward solving the financial needs of people	G	83.3	16.7	0.0	0.0	0.0	4.83	4.32	IV
8.	Provides financial support of pension for people working in informal sector	H	36.0	36.0	25.3	2.7	0.0	4.05	3.62	X
9.	Encourages savings habits in poor people	I	84.0	16.0	0.0	0.0	0.0	4.84	4.33	III
10.	People could avail overdraft facility at low interest rate	J	53.3	20.7	24.7	0.7	0.7	4.25	3.83	VIII

Table 3 describes the distribution of respondents according to the economic impact of Pradhan Mantri Jan Dhan Yojana, where 88.7 per cent respondents strongly agreed that the scheme gave a hassle-free means of linking savings to banks while 11.3 per cent respondents agreed with a mean score value 4.89, standard deviation 4.37 and rank I followed by 85.3 per cent of respondents who strongly agreed that the scheme will be helpful in improving the extent of financial literacy, 14.7 per cent respondents agreed with mean score value 4.85, standard deviation 4.34 and position II, whereas, 84.0 per cent respondents strongly agreed with the statement that Pradhan Mantri Jan Dhan Yojana encourages savings habit in poor people, 16.0 per cents respondents agreed about the same with mean score value 4.84, standard deviation 4.33 and rank III. Similarly, 83.3 per cent of respondents strongly agreed that Pradhan Mantri Jan Dhan Yojana is an important foot forward toward solving the financial needs of people, 16.7 per cent respondents were agreed with a mean score value 4.83, standard deviation 4.32, and rank IV whereas, 82.0 per cent of respondents strongly agreed that the scheme led to a reduction in financial untouchability, 16.7 per cent respondents agreed and 1.3 per cent respondents were found to be undecided about the same with mean score value 4.81, standard deviation 4.30 and rank V. 78.0 per cent of respondents strongly agreed, 20.0 per cent respondents agreed, 1.3 per cent respondents were undecided and 0.7 percent respondents disagreed that the scheme is helpful in

providing financial support for primary income-generating activities with mean score value 4.75, standard deviation 4.25 and rank VI. On the other hand, 76.7 per cent of respondents strongly agreed that Pradhan Mantri Jan Dhan Yojana narrowed down the socio-economic gap between rich and poor whereas 18.7 per cent of respondents agreed, 3.3 per cent respondents were undecided and 1.3 per cent respondents disagreed with a mean score value 4.71, standard deviation 4.22 and rank VII. The table also indicates that 53.3 per cent of respondents strongly agreed that people could avail overdraft facility at a low-interest rate while 20.7 per cent respondents agreed, 24.7 per cent respondents were undecided because they never use overdraft facility, 0.7 per cent respondents disagreed and 0.7 per cent of respondents strongly disagreed with mean score value 4.25, standard deviation 3.83 and rank VIII. 32.7 per cent of respondents strongly agreed that the scheme is an effective policy measure to solve the problem of financial exclusion whereas 42.0 per cent of respondents agreed and 25.3 per cent of respondents were undecided with a mean score value 4.07, standard deviation 3.62, and rank IX followed by 36.0 per cent respondents strongly agreed that Pradhan Mantri Jan Dhan Yojana provides financial support of pension for people working in the informal sector, 36.0 per cent of respondents agreed, 25.3 per cent of respondents were undecided and 2.07 per cent of respondents disagreed with mean score value 4.05, standard deviation 3.62 and rank X.

So, from the above table, it is accomplished that the Pradhan Mantri Jan Dhan Yojana provides hassle-free means of linking savings to banks and it is helpful in improving the extent of financial literacy.

### Conclusion

Pradhan Mantri Jan Dhan Yojana is undoubtedly a believable accomplishment of the Government for changing the economic condition of individuals. The present study has looked into the economic impact of Pradhan Mantri Jan Dhan Yojana. The results obtained pronounce that the majority of respondents were engaged in agriculture as labor and in-service where the majority of respondents earned Rs. 50,000 to Rs. 75,000 annually which gave a hassle-free means of linking savings to the bank. The study also concluded that the respondents who had money to save were improving the extent of financial literacy by using PMJDY benefits efficiently. The study also confirms that the majority of respondents had an economic impact like PMJDY is giving them hassle-free means of linking savings to the bank, helpful in improving the extent of financial literacy, encourages saving habits, solve the financial needs of people and lead to a reduction in financial untouchability. So, from the overall view, it is concluded that the respondents had a positive economic impact of PMJDY in their lives.

### Recommendations and Suggestions

1. Government should provide more employment to rural and poor people; this will lead to better savings and results in financial inclusion.
2. Government should more focus on monitoring of financial products and services.
3. Bank should increase the number of financial literacy drives that result in better financial inclusion.
4. An adequate number of bank staff should be available to serve people efficiently and effectively.
5. An optimal number of business correspondents must be present in every village to reduce the travel time and increase convenience.

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