

Impact of Pradhan Mantri Jhan Dhan Yojna on Financial Inclusion in Jammu and Kashmir: A Case Study of District Pulwama.

Ishfaq Mohi Ud Din Para¹, Irshad Ahmad wani²

^{1,2}Research Scholar, DAVV School of Economics Indore M.P.

Abstract:

Financial Inclusion is emerging as a new paradigm of economic growth that plays a major role in driving away poverty from the country. As banking services are like the public good, it is essential that availability of banking and payment services to the entire population without discrimination of the prime objective of public policy. The 11th and 12th five-year plans have inclusive growth as the central agenda. Out of 19.9 crore households in India, only 6.82 crore households have access to banking services. As far as rural areas are concerned, out of 13.83 crore rural households in India, only 4.16 crore rural households have access to basic banking services. In respect of urban areas, only 49.52% of urban households have access to banking services. Several steps have been taken by the Reserve Bank of India and the Government to bring the financially excluded people to the fold of formal banking services. The 100 percent financial inclusion drive is progressing all over the country. However, the State of Jammu and Kashmir lags behind other States in its vital financial inclusion indicators; Credit-Deposit ratio at 71% against the national average of 75.7 in Dec 2019. Unrest retarded the growth of advances of banks. With peace Prevailing in the State the Credit-Deposit ratio of banks will increase above the national average. Pradhan Mantri Jan Dhan Yojna (PMJDY) is a national mission for financial Inclusion to ensure access to financial services, namely, Banking/ Savings and Deposit Accounts, remittances, Credit, Insurance, and Pension affordably.

Keywords: financial inclusion, PMJDY, banking service, credit deposit ratio, credit, Remittance, Insurance

I. Introduction

Pradhan Mantri Jan Dhan Yojna (PMJDY) is a national mission for financial Inclusion to ensure access to financial services, namely, Banking/ Savings and Deposit Accounts, Remittances, Credit, Insurance, and Pension affordably. The account can be opened in any Branch or Business Correspondent outlet. Accounts opened under PMJDY are being opened with zero balance. However, if the account holder wished to get a checkbook, he/he will have to fulfill the minimum balance criteria. The account can be opened in any bank branch or Business Correspondent (Bank Mitr) outlet. Accounts opened under PMJDY are being opened with Zero balance. However, if the account holder wishes to get a checkbook, he/she will have to fulfill the minimum balance criteria.

Jammu & Kashmir is mostly hit by strikes and has a Muslim majority. In Islam Interest is prohibited and it has a great effect on financial inclusion people do not prefer banking based on the interest system. But

day by day people are getting aware of the same and the percentage of people touched by the banking system is increasing. However, the State of Jammu and Kashmir lags behind other States in its vital financial inclusion indicators; Credit-Deposit ratio at 71% against the national average of 75.7 in Dec 2019. Unrest retarded the growth of advances of banks. With peace Prevailing in the State the Credit-Deposit ratio of banks will increase above the national average.

II. Review of literature

1. Mir S. Q., Bhat I. A., & Zargar F. N. (2014), "A study on the effectiveness of the financial inclusion program in Jammu and Kashmir: an initiative by the major banks", *Global Journal of Finance and Management*, Volume 6, Number 3(2014), pp. 281-286. In their Paper, "A study on the effectiveness of the Financial Inclusion Programm in J&K" concluded that though the banks in the State are complying with RBI norms in terms of opening new bank Branches, offering no-frills accounts, Kisan Credit Card, simplifying KYC norms, still a lot of effort is required to be put in for financial inclusion process. Banks in the State need to open more branches in rural areas and create more awareness about banking services among rural people by telling them about the benefits of banking services, Financial Inclusion requires efforts on the part of three parties- RBI, all the banks as well as the general public for its better progress.

2. Ahmad F., Sharma Dr. R. L., & Mujtaba A.(2018), in their study" Financial Inclusion and Economic Growth of Jammu and Kashmir State: An empirical analysis", 2nd international conference on Research Developments in Arts, social science, & Humanities, 8th-9th April 2108, found that the banks play a significant role in increasing the financial inclusion. Various efforts have been taken by RBI and Govt. agencies to achieve the greater objective of financial inclusion in the State. Banks operate significant services in the state such as no-frills accounts, self-help groups, and Kisan credit card schemes. They also found that significant impact of the no. of bank branches and significant credit deposit ratio of banks on the gross state domestic product of the state economy. A lot of study has been done but a lot is yet to be done. There is a requirement to remove the various problems to achieve greater financial inclusion in the state.

3. Kaur P., & Abrol V. (2018), "Measuring Financial Inclusion In Jammu and Kashmir State: An empirical study", *IOSR Journal of Business Management (IOSR-JBM)* 20.1(2018): 37-44 found that the penetration of banking services in rural districts' is very low. Merely opening up bank accounts can not be considered financial inclusion until the utilization of these accounts is increased, which can be done only if the presence of banking outlets is increased. In rural areas, business correspondents have been appointed by the banks to provide access to financial services which have their limitations. Customer Service Points (CSP) or BCs operate on ICT mode which requires a strong Internet connection and precise communication devices which sometimes hinders the process Internet connectivity is poor in rural areas moreover people are less aware of the benefits of availing of banking services, in this regard more financial literacy camps should be organized to make people aware of the services available and to inculcate the habit of savings among people.

III. Objectives of the study

1. To study the existing status of PMJDY in Jammu and Kashmir.
2. To analyze empirically the performance of PMJDY in light of its objectives.
3. To study the relationship between the resident place of respondents and their awareness about PMJDY.

IV. Research Methodology

To study the performance of PMJDY and to know the accrued benefits, a sample of 100 customers has been collected. Since the study is based on the Pulwama district of Jammu and Kashmir, the sample for the study has been taken from the customers who have opened their accounts under the PMJDY scheme in different branches consisting of five commercial banks and one cooperative bank operating in the district. In all, a sample of 100 customers has been taken with the help of convenience sampling. While selecting the sample, the utmost care has been taken that the respondents of all ages, qualifications, sex, and occupation have been taken into consideration and regional and geographical variations are also duly represented.

V. TOOLS OF ANALYSIS

The data collected from different sources has been classified and arranged in tables in one or more forms according to the requirement of the analysis. The data have been collected through a pre-tested structured questionnaire and schedules. The data have been classified based on respondents of PMJDY age, qualification, sex, & resident place. Various statistical techniques have been used to analyze the collected data like ratio, proportion, and Chi-square test. For analysis, the statistical package for social science (SPSS.22) has been used.

VI. HYPOTHESIS OF THE STUDY

To the objectives of the study, the following Hypothesis has been formulated

H₀: There is no significant relationship between the residence place of respondents and their awareness of PMJDY.

VII. DATA ANALYSIS

In context to the objectives of the study, the data collection through questionnaires has been analyzed and interpreted in the present section. The section presents the empirical analysis of the Pradhan Mantri Jan Dhan Yojana in light of its objectives. The data has been analyzed by percentages and chi-square test and chi-square test has been employed to measure the degree of association of the said variables.

Different strategies are being formulated to ensure to grab all over opportunities regarding financial inclusion and PMJDY is also one of them to boost up the banking sector further. In context to the objectives of the study, the schedules have been prepared and the data was collected from the study area and further data have been structured in tabular form to get the idea of the public about the PMJDY.

Demographic Profile of the Respondents:

The following table is regarding the demographic characteristics of the respondents in terms of age, qualification, sex, residents' place, and type of occupation.

Table 1
Demographic Profile of Respondents

Profile	Particulars	Frequency	Percentage	Total
Age	0-20	11	11.00	100
	21-40	43	43.00	
	41-60	36	36.00	
	Above 60	10	10.00	
Qualification	Illiterate	22	22.00	100
	up to matric	26	26.00	
	Graduation and above	52	52.00	
Sex	Male	56	56.00	100
	Female	44	44.00	
Residential Background	Rural	41	41.00	100
	Urban	23	23.00	
	Semi-Urban	36	36.00	
Occupation	Agriculture	17	17.00	100
	Business	12	12.00	
	Service	22	22.00	
	Labor	12	12.00	
	Housekeeping	21	21.00	
	Student	16	16.00	

Source: Field Survey, 2023

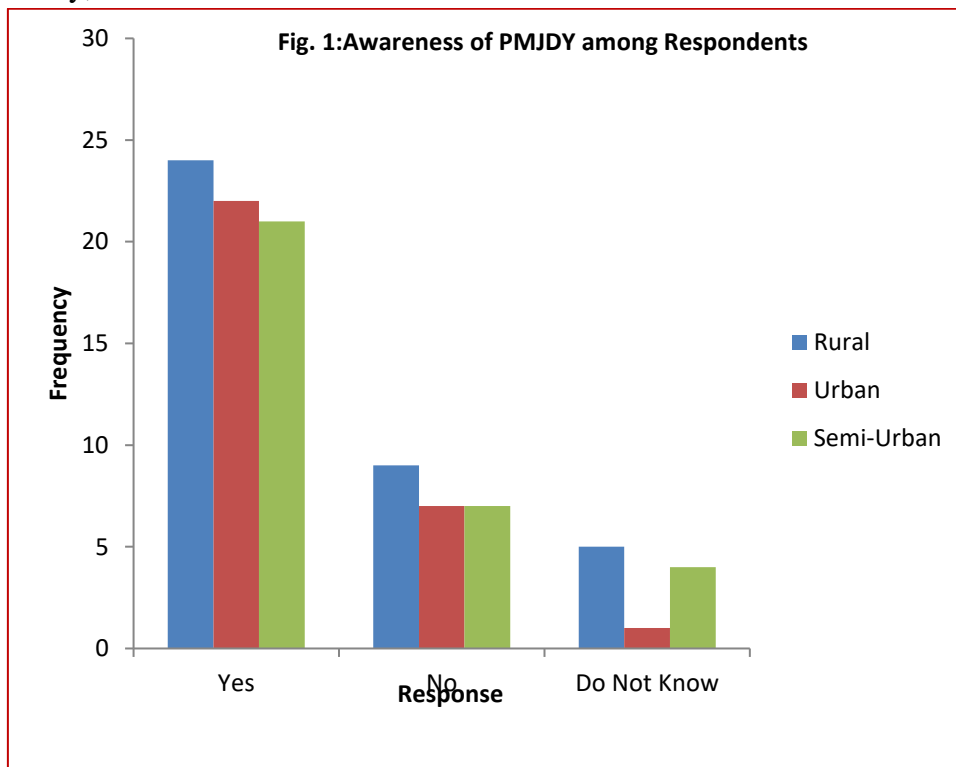
Table 1 exhibits that the majority of the respondents i.e. 43% are of age 21–40 years, followed by 36 percent of age group 41–60. Among the above 60 years age group, there is 10 percent of respondents and the rest of followed by the below 20 age group. The qualification-wise distribution reveals that 26 percent of respondents are up to matric education qualification and for graduation & above education qualification there is 52% and illiterate with 22 percent of respondents. Among all respondents, 56 percent of respondents are male, and 44 percent respondents are female. Similarly, the resident place shows that 41 percent of respondents belong to rural areas, 23 percent of respondents are from urban areas and 36 percent of respondents belong to semi-urban areas. Among all respondents 22 percent of respondents belong to the Service sector, 21 percent of respondents belong to housekeeping, 17% belong to agriculture, and 16% are students for business and labor 12%.

Table 2
Awareness of PMJDY among Respondents

Residential Background	RESPONSES			TOTAL	P-value
	YES	NO	Do Not Know		
Rural	24		5	38	.697

	(63%)	9 (23%)	(14%)	(100%)
Urban	22 (73%)	7 (23%)	1 (3.3%)	30 (100%)
Semi-Urban	21 (65%)	7 (21%)	4 (12%)	32 (100%)
Total	67 (67%)	23 (23%)	14 (14%)	100 (100%)

Source: Field Survey, 2023



By Applying the Chi-Square test through SPSS, the following results were generated;

Residential background * Response of respondent Crosstabulation

Count

		Response of respondent			Total
		Yes	No	Do not know	
Residential background	rural	24	9	5	38
	urban	22	7	1	30
	semi-urban	21	7	4	32
Total		67	23	10	100

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.211	4	.697
Likelihood Ratio	2.628	4	.622
Linear-by-Linear Association	.064	1	.800
N of Valid Cases	100		

After applying the Chi-Square test the p-value obtained is .697 which is greater than .50, which means we fail to reject the null hypothesis. And hence **There is no significant relationship between the residence place of respondents and their awareness of PMJDY.**

XIII. FINDINGS

To study Pradhan Mantri Jan Dhan Yojana- An Empirical Analysis, 100 customers from rural and urban areas in the Pulwama district of Jammu and Kashmir UT have been contacted and data has been collected. The survey reveals that Government wants to link all unbanked households in the country with banking to inculcate the habit of saving among people. Financial Literacy and credit counseling programs should be taken up for public awareness at Gram Panchayat Level especially for counseling of illiterate or less literate individual households through this public awareness programme. Governments' machinery should have also been made a part of this scheme and government agencies should be involved in identifying such uncovered people of the society. The Government should take steps to overcome the problem of poor and no connectivity in rural, remote, and hilly areas. Department of Telecom has been requested to ensure that problems of poor and no connectivity are resolved. BCs should be properly compensated for increasing their involvement. Linking of the Aadhaar card number should be compulsory in each account for availing the benefits so that it can become a powerful tool to reform welfare programs by switching to DBT as well to keep control on the availability of overdraft facility and other benefits of the insurance scheme.

The main findings of the study based on analysis and interpretation revealed that:

- Majority of the respondents belong to the age group of 21 to 40 years.
- The survey shows that 22% of respondents are illiterate, 26% of respondents are below matric, and 52% graduation and above qualification.
- 56% of respondents are males and 44% of respondents are females.
- 41% of respondents belong to rural areas, 36% of respondents belong to semi-urban areas and 23% of respondents belong to urban areas.
- The study shows that 17% of the respondents belong to agriculture.
- The majority of the respondents are aware of Pradhan Mantri Jan Dhan Yojana.

IX. SUMMARY / CONCLUSION

The Government of India has launched "Pradhan Mantri Jan Dhan Yojana" (PMJDY) to cover all households in the country with banking facilities and have a bank account for each household. The

scheme was launched with a target to provide 'universal access to banking facilities starting with Basic Bank Account with an overdraft facility of Rs.5000/- after six months and RuPay Kisan Card & in next phase, Microinsurance & Pension, etc. will also be added.

Through financial literacy campaign, awareness should be created among poor people and illiterate people of this country for minimum transactions in account and use of a RuPay ATM card at least once in 45 days for getting the benefit of accidental insurance.

Through this study we can understand the importance of Prime Minister Jan Dhan Yojana, with the successful implementation of the schemes; account holders will get benefits from the scheme which will improve their social status and also contribute to the growth of the economy through their hard-earned savings. Moreover, it will also help to Government for disbursing subsidies/DBT through their accounts without any corrupt means.

To study Pradhan Mantri Jan Dhan Yojana- An Empirical Analysis, 100 customers from rural and urban areas in the Pulwama district of Jammu and Kashmir UT have been contacted and data has been collected. The survey reveals that Government wants to link all unbanked households in the country with banking to inculcate the habit of saving among people. Financial Literacy and credit counseling programs should be taken up for public awareness at Gram Panchayat Level especially for counseling of illiterate or less literate individual households through this public awareness programme. Governments' machinery should have also been made a part of this scheme and government agencies should be involved in identifying such uncovered people in society.

Jammu and Kashmir Lieutenant Governor G C Murmu Launched a Financial Inclusion campaign with a special focus on extending banking services to all unbanked areas and opening bank accounts for unbanked adults under PMJDY.

Addressing a function the Lt. Governor said promoting financial inclusion means taking action which results in expanding people's access to the services offered by the formal financial sector (Greater Kashmir, 04 March 2020).

Calling for sustained efforts to implement Financial Inclusion sustainably and inclusively, J&K Bank Chairman and Managing Director, Rajesh Kumar Chhibber stressed upon his senior management team to ensure financial deepening In J&K UT.

X. SUGGESTIONS

- Private Banks like Public Sector Banks should also be involved in opening the account not only for uncovered households but also for every individual under Pradhan Mantri Jan Dhan Yojana.
- Financial literacy and awareness should be created about the use of RuPay cards at least once in 90 days, to get the benefits of accidental insurance cover.
- The benefits of the scheme should be explained to every person in the country. Pradhan Mantri Jan Dhan Yojana entitles to accidental insurance of Rs. 1 lakh, life insurance of Rs. 30000/-, and an overdraft limit of up to Rs. 5000/- after 6 months.
- Survey shows that some people still have no bank account. So there is needed to make efforts through government agencies and also through banks for 100% financial inclusion.
- The general public should have been made more aware of the benefits of the Aadhaar card/aadhaar number. Mating Aadhaar with the Jan Dhan Scheme creates a powerful tool to reform welfare programs by switching to cash transfers through electronic means. So, it is necessary to provide Aadhaar numbers to all the financially excluded households throughout the country.

- The government should take steps to solve connectivity/server problems through service providers at Banking Correspondents locations in rural, remote, and hilly furthest centers. The network speed is slower in remote, rural, and tribal hill areas of the country, service providers especially government service providers i.e. BSNL should increase signal strength and speed by putting more towers in these places.

XI. REFERENCES

1. **Mir S. Q., Bhat I. A., & Zargar F. N. (2014)**, “A study on the effectiveness of the financial inclusion program in Jammu and Kashmir: an initiative by the major banks”, *Global Journal of Finance and Management*, 6(3), pp. 281-286.
2. **Anjana (2015)**, Financial Inclusion through Pradhan Mantri Jan Dhan Yojana”, *International Journal of Advances Research in Computer Science and Management Studies*,3(12).
3. **Bijoyata & Peerzadah (2016)**, “The Game Changer Pradhan Mantri Jan Dhan Yojana (PMJDY)- Progress and Strategies to Make It a Success”, *International Journal of Commerce, Business, and Management*, Vol. 5, Issue Jan-Feb.
4. **Ahmad F., Sharma Dr. R. L.,& Mujtaba A.(2018)**, *Financial Inclusion and Economic growth of Jammu and Kashmir State: An empirical analysis*”, 2nd international conference on Research Developments in Arts, social science, & Humanities,8th-9th April 2108.
5. **Kaur P.,& Abrol V. (2018)**, Measuring Financial Inclusion In Jammu and Kashmir State: An empirical study”, *IOSR Journal of Business Management(IOSR-JBM)* 20.1(2018): 37-44.