



Operational performance of Pradhan Mantri Jan Dhan Yojana account holders in Tiruchirappalli district

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Abstract

Pradhan Mantri Jan Dhan Yojana is translated in English as People Money Scheme. A comprehensive financial inclusion providing all households in the country with banking services, with particular focus to empower the weaker sections of society, including women, small and marginal farmers, and labourers, both urban and rural areas. In order to provide, universal access to banking facility, Honourable Prime Minister Narendra Modi announced the scheme Pradhan Mantri Jan Dhan Yojana on 15 August 2014. With the help of Pradhan Mantri Jan Dhan Yojana, 30,79,51,262 accounts were opened as on 03 January 2018. Therefore, there is a need of an evaluation study on Pradhan Mantri Jan Dhan Yojana and its impact on socio-economic empowerment of the people concerned. This study will be useful to the policy makers to identify the strength and weakness of the schemes which help in effective implementation. Now our country achieved more than 80 per cent of the financial inclusion through inclusive banking. But has the PMJDY scheme made an impact on operational performance of the account holders? With this question, the present research is undertaken. The primary objective of the study is to measure the operational performance of select Pradhan Mantri Jan Dhan Yojana scheme in Tiruchirappalli District. Banking practice of the respondents and their operational performance has been improved with respects to visiting of banks, savings, loan facilities etc., inclusive banking and its impact on family aspects, community aspects, financial aspects and investment aspects has been improved in a remarkable manner. Therefore, this study concludes, operational performance of the account holders, location convenience, banking services, flexibility of schemes, attractive interest rate, and socio-economic empowerments of the respondents have been improved with respect to PMJDY scheme and influenced their social and economic status in a positive aspect.

Keywords: PMJDY, financial inclusion, operational performance, socio-economic empowerments, inclusive banking

Introduction

In developing countries like India inclusive growth is one of the emerging aspects which help in the overall and sustainable socio-economic growth. In this regard, Reserve Bank of India constituted a committee to formulate the model to extend the banking services to, the unreached and unbanked people in the country. Based on that, Reserve Bank of India introduced a concept called financial inclusion. It is one of the innovative socio-economic contribution scheme which aims at providing financial services to the unreached people at an affordable or free of cost. Banks play a key role in financial inclusion; hence, it is also called inclusive banking. Banking is one of the unavoidable segments of socio-economic aspects of the country, which leads to increased employment opportunities, industrial growth, and infrastructural development, human resource up gradation, poverty eradication, capital formulation and speedy delivery of capital flow. Pradhan Mantri Jan Dhan Yojana scheme is a national priority for every Indian citizen who can easily open a bank account. This scheme is mostly helpful for all the income group people who can easily open and continuously have transactions in banking sector. Hence, Pradhan Mantri Jan Dhan Yojana bank account holders are also getting RuPay debit card. RuPay debit card is useful in two ways for payment and purchasing.

Statement of the problem

Inclusive banking has been initiated from the early period in order to achieve the maximum coverage of the people through timely needed services. Cooperative and regional rural banks were established to extend banking services to the unreached people. Owing to globalization, technology plays a key role in the delivery of banking services to the targeted people at affordable price and in a speedy manner. After the computerization process was initiated in banking sector, its operation has taken serious steps towards the rural and unreached population in the country. Presently there are 10,12,610 branches with more than one lakh Automatic Teller Machines across the country. But it could cover only 65 per cent of the people and remaining 35 per cent of the people are far away from banking facilities. In this aspect Pradhan Mantri Jan Dhan Yojana is one of the innovative and modern schemes which helps attract the unbanked people in the country. But has the Pradhan Mantri Jan Dhan Yojana scheme made an impact on operational performance and socio-economic enhanced of the account holders? With this question in mind, the present research is undertaken.

Objectives of the study

1. To know the overview of Pradhan Mantri Jan Dhan

- Yojana scheme in India.
- To analyse the perception regarding the operational performance of Pradhan Mantri Jan Dhan Yojana scheme in Tiruchirappalli District.
 - To find out the impact of Pradhan Mantri Jan Dhan Yojana on socio – economic empowerment of the respondents.

Review of literature

Any research work needs background information which helps to understand the nature of the issues associated with the particular topic and its significance in the future studies. With this aspect review of literature part has been framed to study various literatures relating to the particular problem and identified the gap.

Rajeev Singh Bhandari (2015) ^[5] observed that financial inclusion is becoming the success of Pradhan Mantri Jan Dhan Yojana in achieving the inclusive growth. Every country wants to connect its people to the mainstream banking. Connecting unbanked people and households to the mainstream banking helps both the society and the economy. Financial inclusion plan is not only quantitative but also qualitative.

Abhinav Upadhyay (2015) ^[1] explains that bank transfer is the most efficient and easy way to include financially those families which are having Liquefied Petroleum Gas connection. The effect of direct bank transfer will not only lead to opening of bank accounts but also use of those accounts, as government will transfer subsidies to it directly.

Paramasivan C and Kamaraj R (2015) ^[3, 4] observed that Pradhan Mantri Jan Dhan Yojana scheme is a totally contributory scheme and everyone can easily open a bank account. In the last few years Reserve Bank of India launched many more schemes for banking sectors. Pradhan Mantri Jan Dhan Yojana scheme has created an impressive result in the banking sector with regard to eradication of financial untouchability in the country.

Paramasivan C and Kamaraj R (2015) ^[3, 4] conducted a study Pradhan Mantri Jan Dhan Yojana schemes have been implemented successfully with the help of commercial banks particularly public sector banks. But, still Regional Rural Banks are playing a major role in rural and agriculture development with the support of National Bank for Agricultural and Rural Development and other central and state government institutions.

Joshi *et al.* (2015) ^[2] explain that the people understand that financial inclusion is the emerging financial means which plays a major role to develop the country by eradicating

poverty. Financial inclusion includes a basic no frill account, credit availability at appropriate rate, knowledge of secure savings and financial products, remittance, pension and insurance etc.

Hypothesis

The present research study consists of primary hypothesis, which have been formulated according to their relevance and importance. Formulated hypothesis have been tested with appropriate statistical tools. There is no association between impact of Pradhan Mantri Jan Dhan Yojana on socio-economic empowerment and demographic profile of the respondents.

Nature of research

The present research study is descriptive in nature with the use of both primary and secondary data.

Research Methodology

A Stratified Random Sampling technique was applied to select the respondents of Pradhan Mantri Jan Dhan Yojana account holders for study purpose. In the first stage, 14 blocks were identified from the Tiruchirappalli district. In second stage, 504 respondents (14%) were taken as sample size for the study. In the third stage, 36 respondents from each block were chosen, of which 6 respondents are from each village. Proportionate stratified random sampling techniques were applied to select the sample respondents.

Sources of data

The present research study is descriptive in nature with the use of primary and secondary data. Primary data were collected with the help of structured interview schedule's which were distributed to the respondents of the Pradhan Mantri Jan Dhan Yojana account holders. Secondary data were collected from the reports of Reserve Bank of India, Ministry of Finance, bank reports, journals, thesis, dissertation, magazines and books etc.

Scope of research work

The present research work is one of fact finding with respect to the operational performance and its impact of Pradhan Mantri Jan Dhan Yojana account holders and impact on socio – economic development of the account holders.

Sampling Size

Sampling size calculator was applied to determine the sample size of the research study;

Table 1

S. No	Name of the Block	No. of Villages	No. of Villages selected (1x6=6)	No. of Respondents Selected (6x6=36)	No. of Bank Branches Available in Blocks
1.	Andhanallur	25	6	36	22
2.	Manikandam	22	6	36	20
3.	Thiruvarambur	20	6	36	22
4.	Manapparai	20	6	36	19
5.	Marungapuri	49	6	36	36
6.	Vaiyampati	18	6	36	15
7.	Lalgudi	45	6	36	39

8.	Mannachanallur	35	6	36	28
9.	Pullambadi	33	6	36	28
10.	Musiri	33	6	36	29
11.	Thottiam	26	6	36	22
12.	Thattayangarpettai	25	6	36	19
13.	Thuraiyur	34	6	36	24
14.	Uppiliyapuram	18	6	36	21
Grand Total		404	84	504	344

Source: Primary Data
 Population Size : 135746
 Confidence level : 95%
 Confidence Interval: 4.36
 Sampling Size : 504

Table 2: Bank wise Pradhan Mantri Jan Dhan Yojana account holders in Tiruchirappalli District

S. No	Name of the Bank	PMJDY A/c Holders	Per cent %
1	Allahabad Bank	926	0.68
2	Andhra Bank	1239	0.91
3	Axis Bank	17	0.01
4	Bank of Baroda	700	0.52
5	Bank of India	6212	4.58
6	Bank of Maharastra	19	0.01
7	Canara Bank	35525	26.17
8	Catholic Syrian Bank	260	0.19
9	Central Bank Of India	12811	9.44
10	City Union Bank	1092	0.80
11	Corporation Bank	1755	1.29
12	Dena Bank	1100	0.81
13	Dhanalakshmi Bank	70	0.05
14	Federal Bank	10	0.01
15	HDFC Bank	1273	0.94
16	ICIC Bank	3423	2.52
17	IDBI Bank	750	0.55
18	Indian Bank	27318	20.12
19	Indian Overseas Bank	16323	12.02
20	Indusland Bank	35	0.03
21	ING Vysya Bank	0	0.00
22	Karnataka Bank	36	0.03
23	Karur Vysya Bank	3644	2.68
24	Lakshmi Vilas Bank	174	0.13
25	Oriental Bank of Commerce	807	0.59
26	Pandian Grama Bank	28	0.02
27	Punjab and Syndicate Bank	470	0.35
28	Punjab National Bank	5142	3.79
29	South Indian Bank	180	0.13
30	State Bank of Hyderabad	500	0.37
31	State Bank of India	5203	3.83
32	State Bank of Mysore	178	0.13
33	State Bank of Travancore	560	0.41
34	Syndicate Bank	4214	3.10
35	Tamil Nadu Mercantile Bank	501	0.37
36	TDCC Bank	84	0.06
37	UCO Bank	1727	1.27
38	Union Bank of India	151	0.11
39	United Bank of India	389	0.29
40	Vijaya Bank	900	0.66
Total		135746	100.00

Source: trichy lead bank job

Table No.2 indicates the bank wise Pradhan Mantri Jan Dhan Yojana account holders in Tiruchirappalli district. 1,35,746 accounts were opened under Pradhan Mantri Jan Dhan Yojana scheme as on 30.07.2015, of which highest account holder uses by Canara bank has 35525 accounts (26.17%), and lowest account holders uses by Federal Bank (0.01%).

Table 3: Demographic profile of the respondents

Demographic Profile	Category	Total		Grand Total	
		T.N.R	Percentage	T.N.R	Percentage
Gender	Male	227	45.0	504	100.0
	Female	277	55.0		
Age	Below- 20	47	9.3	504	100.0
	21-30	168	33.3		
	31-40	162	32.1		
	41-50	117	23.2		
	51- Above	10	2.0		
Marital Status	Married	315	62.5	504	100.0
	Un married	185	36.7		
	Widow	1	0.2		
	Diverse	3	0.6		
Education	Illiterate	49	9.7	504	100.0
	School level	220	43.7		
	Diploma	50	9.9		
	ITI	43	8.5		
	Degree	142	28.2		
Occupation	Farmer	22	4.4	504	100.0
	Cooli	150	29.8		
	Private Employee	89	17.7		
	Self Employee	158	31.3		
	Students	85	16.9		
Annual Income	Below- 20000	69	13.7	504	100.0
	20001- 30000	208	41.3		
	30001- 40000	120	23.8		
	40001- 50000	66	13.1		
	50001- Above	41	8.1		
Location	Rural	342	67.9	504	100.0
	Semi – Urban	142	28.2		
	Urban	20	4.0		

Source: primary data

Table No 3 indicates the demographic profile of the respondents with respect to the study area in Tiruchirappalli

District. According to the gender, 45 per cent of respondents (227) are men and 55 per cent of respondents (277) are women. On the whole, majority of the respondents are women (55%), majority (33.33%) of them belong to the age group of 21-30 years, and majority (62.5%) of them are married, majority (43.7%) of them have school level, education, majority (31.3%) of them are self employees, majority (41.3%) of them belong to the 20001-30000 annual income group, and majority (67.9%) of them belong to the rural area.

Table 4: Bank Account Details of PMJDY Account Holders in Tiruchirappalli District

Particulars	Category	Total		Grand Total	
		T.N.R	Percentage	T.N.R	Percentage
Bank Name	PSB	418	82.9	504	100.0
	PB	86	17.1		
Document Used for Opening Bank Account	Election ID card	67	13.3	504	100.0
	Ration card	201	39.9		
	Driving license	34	6.7		
	Aadhar card	202	40.1		
Inducer to Open Bank Account	Friends	123	24.4	504	100.0
	Relatives	85	16.9		
	Neighbors	74	13.9		
	100 days salary	76	15.8		
	Bank officials	146	29.0		
Purpose of Bank Account	Savings	183	36.3	504	100.0
	Safety	147	29.2		
	Scholarship	78	15.5		
	Salaries	94	18.7		
	Person	2	0.4		
Number of Bank Account in the Family	One	19	3.8	504	100.0
	Two	104	20.6		
	Three	204	40.5		
	Four	177	35.1		
Nominee Details	Spouse	285	56.5	504	100.0
	Father	37	7.3		
	Mother	60	11.9		
	Brother	91	18.1		
	Sister	31	6.2		
Aadhar Enabled	Yes	426	84.5	504	100.0
	No	78	15.5		
Insurance Covered	Micro Insurance	4	0.8	504	100.0
	PMSBY	416	82.5		
	PMJJBY	84	16.7		
Account Dealings by	Self	398	79.0	504	100.0
	Spouse	25	5.0		
	Father	31	6.2		
	Mother	50	9.9		
Pension Provided	No	504	100.0	504	100.0

Source: primary data

Table No.:4 indicate the Bank Account Details of Pradhan Mantri Jan Dhan Yojana Account Holders in Tiruchirappalli District. With regards to banks, 82.9 per cent of respondents

(418) have account with public sector banks, and 17.1 per cent of respondents (86) have account with private banks. As evidence that account dealings by, 79 per cent of respondents (398) dealt by self, 5 per cent of respondents (25) dealt by spouse, 6.2 per cent of respondents (31) dealt by father, and 9.9 per cent of respondents (50) dealt by mother.

Table 5: Operational Performance and Age

Age (in years)		Operational Performance			Total	Chi – square value	p – value
		Low	Medium	High			
Below – 20	Numbers	12	30	5	47	29.837**	0.000**
	Row (%)	25.5	63.8	10.6	100		
	Col [%]	21.4	7.9	7.4	9.3		
21- 30	Numbers	22	123	23	168		
	Row (%)	13.1	73.2	13.7	100		
	Col [%]	39.3	32.4	33.8	33.3		
31-40	Numbers	6	131	25	162		
	Row (%)	3.7	80.9	15.4	100		
	Col [%]	10.7	34.5	36.8	32.1		
41-50	Numbers	11	90	10	111		
	Row (%)	9.9	81.1	9.0	100		
	Col [%]	19.6	23.7	14.7	22.0		
51- Above	Numbers	5	6	5	16		
	Row (%)	31.2	37.5	31.2	100		
	Col [%]	8.9	1.6	7.4	3.2		
Total	Numbers	56	380	68	504		
	Row (%)	11.1	75.4	13.5	100		
	Col [%]	100	100	100	100		

Note: **Denotes significant at 1% level; p<0.01

Ho: There is no association between Operational Performance and Age of respondents.

Table No.:5 It is shows that regarding operational performance, out of 47 respondents in the age group of below – 20 years, 25.5 per cent of respondents (12) are at low level, 63.8 per cent of respondents (30) at medium level, and 10.6 per cent of respondents (5) are at high level. It reveals that, out of 16 respondents between above 51 years, 31.2 per cent of respondents (5) are at low level, 37.5 per cent of respondents (6) at medium level, and 31.2 per cent of respondents (5) are at high level.

Table 6: Operational performance and occupation

Source of variation	Sum of Squares	df	Mean Square	F	Significant
Between Groups	509.126	4	127.281	20.623	0.000**
Within Groups	3079.731	499	6.172		
Total	3588.857	503			

Note: **Denotes significant at 1 % level.

Ho: There is no significant difference between operational performance and occupation.

The above table number 6 reveals that the p-value is less than 0.01; the null hypothesis is rejected at 1 per cent level of significance. It is concluded that there is a significant difference between operational performance and occupation. (F= 20.623; p<0.01).

Table 7: Rotated factor loading on impact of PMJDY

Factor No.	Variables	Factor loading
I Family aspects	Awareness on Banking Scheme	0.502
	Meet the Family Needs	0.538
	Growing Life Style	0.679
	Children’s Education	0.598
	Risk coverage to Family	0.711
II Community aspects	Increased Social Status	0.754
	Meet Social Commitments	0.662
	Avail Social Welfare Scheme	0.660
	Maintain Social Values	0.681
	Participation in Committees	0.566
III Financial aspects	Increase Family Income	0.682
	Economic Independence	0.603
	Meet Family Expenses	0.649
	Avail Overdraft Facilities	0.525
	Meet the Financial Problems	0.612
IV Investment aspects	Improve Savings	0.722
	Availing Loan	0.728
	Repayment of Debit	0.526
	Investment in Assets	0.652
	Purchase of households	0.764

Table No. 7 indicates that the variables namely awareness on banking scheme, meeting the family needs, growing life style,

children’s education and risk coverage to family have loadings of 0.502, 0.538, 0.679, 0.598 and 0.711 respectively.

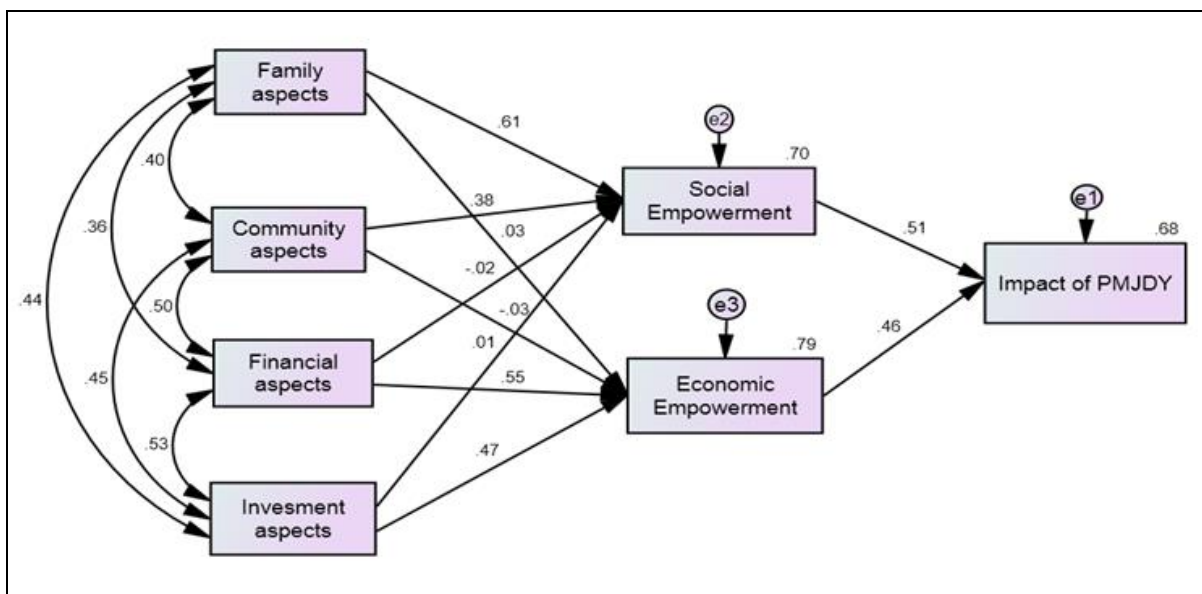


Fig 1: Structural equation model on impact of PMJDY scheme

Table 8: Variables in the structural equation model analysis

Variables	Estimate	S.E.	C.R.	p-value
Economic Empowerment ← Financial Aspects	0.592	0.028	21.215	0.000**
Economic Empowerment ← Family Aspects	0.032	0.027	1.205	0.002**
Economic Empowerment ← Community Aspects	0.034	0.026	1.293	0.019*
Economic Empowerment ← Investment Aspects	0.446	0.025	18.162	0.001**
Social Empowerment ← Family Aspects	0.572	0.026	21.752	0.008**
Social Empowerment ← Community Aspects	0.327	0.026	12.662	0.002**
Social Empowerment ← Financial Aspects	0.015	0.028	0.559	0.001**
Social Empowerment ← Investment Aspects	0.011	0.024	0.461	0.045*
Impact ← Social Empowerment	0.733	0.149	18.381	0.001**
Impact ← Economic Empowerment	0.324	0.123	16.443	0.002**

Note: **Denotes significant at 1% level. *Denotes significant at 5% level

Table No.8 shows that the impact of socio economic aspect of Pradhan Mantri Jan Dhan Yojana account holders to unstandardized coefficient of 0.592 represents the partial effect of financial aspects towards economic empowerment, holding family aspects, community aspects and investment aspects as constant. The estimated positive sign implies that such effect is positive that economic empowerment would increase by 0.592 for every unit increase in financial aspects and this coefficient value is significant at 1% level.

Findings

The present research study combined with both primary and secondary data is considered essential. The primary objective of the study is to measure the performance of select Pradhan Mantri Jan Dhan Yojana scheme in Tiruchirappalli District.

1. Bank wise Pradhan Mantri Jan Dhan Yojana account holders in Tiruchirappalli district. 1,35,746 accounts were opened under Pradhan Mantri Jan Dhan Yojana scheme as on 30.07.2015, of which highest account holder uses by Canara bank has 35525 accounts (26.17%), and lowest account holders uses by Federal Bank (0.01%).
2. According to the gender, 45 per cent of respondents (227) are men and 55 per cent of respondents (277) are women.
3. With regards to banks, 82.9 per cent of respondents (418) have account with public sector banks, and 17.1 per cent of respondents (86) have account with private banks.
4. The p-value is less than 0.01; the null hypothesis is rejected at 1 per cent level of significance. It is concluded that there is a significant difference between operational performance and occupation. ($F= 20.623$; $p<0.01$).
5. The unstandardized coefficient of 0.733 represents the partial effect of social empowerment towards the impact on Pradhan Mantri Jan Dhan Yojana, holding financial aspects, family aspects, investment aspects, economic empowerment as constant. The estimated positive sign implies that such effect is positive that impact on Pradhan Mantri Jan Dhan Yojana would increase by 0.733 for every unit increase in social empowerment and this coefficient value is significant at 1% level.

Suggestions

The study highlights the opinion towards the performance of Pradhan Mantri Jan Dhan Yojana respondents in Tiruchirappalli District. Majority of the respondents in the study area felt that the Pradhan Mantri Jan Dhan Yojana enables the inclusive banking innovative and effective practice. Both public and private sector banks have been concentrating on strengthening the Pradhan Mantri Jan Dhan Yojana through opening of more bank accounts in a stipulated period. Though the Pradhan Mantri Jan Dhan Yojana scheme focus is on opening of zero balance accounts by rural people, majority of the account holders will maintain a maximum balance in their bank accounts and it will increase gradually in future. Therefore, Pradhan Mantri Jan Dhan Yojana helps to promote the savings habits of the people which make a huge investment to the government also.

Conclusion

It is one of the very successful and most effective financial inclusion drives with respect to opening of accounts with zero

balance. It has reached as a viral effect and linked with all kinds of socio-economic assistance from the government; Pradhan Mantri Jan Dhan Yojana in Tiruchirappalli district has significantly contributed sufficient number of zero balance accounts and commercial banks have significantly contributed to open the bank accounts under the Pradhan Mantri Jan Dhan Yojana. Banking practice of the respondents and their operational performance have improved with respect to visiting of banks, savings, loan facilities etc. inclusive banking and its impact on family aspects, community aspects, financial aspects and investment aspects have improved in a remarkable manner. Therefore, this study concluded, that the socio-economic empowerment of the respondents has improved with respect to Pradhan Mantri Jan Dhan Yojana scheme and influenced their social and economic status in a positive aspect.

Scope for further study

The present research provides opportunities to explore some of the issues in future research such as state wise performance analysis of Pradhan Mantri Jan Dhan Yojana, outreach and efficiency of Pradhan Mantri Jan Dhan Yojana, Role of commercial banks in Pradhan Mantri Jan Dhan Yojana, savings performance of accounts holders of Pradhan Mantri Jan Dhan Yojana, status of zero balance account and its future in banking industries and technology based Pradhan Mantri Jan Dhan Yojana. The researchers may find ample opportunity to carry out the research on Pradhan Mantri Jan Dhan Yojana which is closely associated with the socio-economic development of the country.

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