

# A Study on Pradhan Mantri Jandhan Yojana Awareness among Slum Dwellers in Bengaluru City

**Dr. Noor Firdoos Jahan**

*Professor, R V Institute of Management  
4th T Block, Jayanagar, Bengaluru, 560041  
Karnataka, India  
[noor.firdoos@gmail.com](mailto:noor.firdoos@gmail.com)*

**Ms. Divya U**

*Asst.professor, Adarsh Institute of Management & Information Technology  
Chamrajpet, Bengaluru-560018  
Karnataka, India  
[divya.u12345@gmail.com](mailto:divya.u12345@gmail.com)*

## **Abstract**

*Alleviating Poverty is the main objective of financial inclusion. RBI and GOI have taken many measures towards the financial inclusion of India. The major mile stone among them is the Pradhan Mantri Jandhan yojana. But just by opening the bank account the goal of financial inclusion cannot be achieved unless the people are made aware about its features and usage. This study revealed the slum dwellers awareness towards PMJDY scheme benefits and how to operate the accounts. So Financial literacy plays a vital role in achieving the same. Thus RBI and GOI should take measures to create financial literacy on Jan Dhan scheme*

**Keywords-** Pradhan Mantri, Jandhan yojana; Awareness; Slum dwellers; Financial literacy

## I. INTRODUCTION

Financial inclusion is the new model of economic development for the eradication of poverty and inclusive growth. The strategies adopted for economic development in India have identified a positive correlation between the development of the economy and financial inclusion. The eleventh five-year plan (2007-12) had given a lot of importance to inclusive growth and poverty alleviation through financial inclusion. The empirical evidence showed that countries with a larger excluded population from financial services had a higher rate of poverty and inequality. Access to financial services especially for bank accounts helps poor to inculcate the habit of saving and investments to break the hardship of low and irregular incomes. Linking poor to the formal financial system helps in reduction of poverty thereby inclusive growth and development of the economy. (Patnaik, Satpathy & Chandra super 2015). The financial inclusion initiative started in India with the establishment of a co-operative bank in the year 1904. The subsequent major steps towards financial inclusion include nationalization of commercial banks in 1969 and 1980, the establishment of regional rural banks (RRBs) in 1975, opening of Brick and Mortar branches, penetration of banking services

through Business correspondence and Business facilitators, mobile banking, Swabhimaan Campaign etc. (Nanda & Kaur 2014). The financial inclusion efforts were not new in India. The Reserve Bank of India and the Government of India together has taken many initiatives towards financial inclusion in India. In the mid-term review of the annual policy statement in 2005-2006, RBI issued guidelines to all the banks to reframe their policies with the main objective of financial inclusion.

Despite various measures taken by RBI and GOI towards financial inclusion and poverty, the financial exclusion continues to dominate the Indian economy even after six decades of its independence. But the Government of India and Reserve Bank of India didn't give up their efforts towards 100% financial inclusion. A milestone of financial inclusion in India is Pradhan Mantri Jan Dhan Yojana. The PMJDY was a scheme of Indian government with the motto - "Mera Khata - Bhagya Vidhaata". Honourable, Prime Minister of India Sri. Narendra Modi announced this national mission for financial inclusion on his first Independence Day speech on 15<sup>th</sup> august 2014. The scheme was formally launched on 28<sup>th</sup> August 2014. The objective of Pradhan Mantri Jan-Dhan Yojana (PMJDY) is "Ensuring access to various financial services like availability of basic savings bank account, access to need-based credit, remittances facility, insurance, and pension to the excluded sections i.e. weaker sections & low-income groups. This deep penetration at affordable cost is possible only with the effective use of technology". Pradhan Mantri Jan Dhan Yojana is a very important initiative towards financial inclusion in India. The key objective of this scheme is to provide access to a basic saving bank account with savings and deposit facility, credit and remittances facility and access to insurance and pension schemes at an affordable cost. The Jan Dhan account can be opened in any branch of the bank or even with business correspondents. It is a zero balance account but if the account holder requires a cheque book, then minimum balance needs to be maintained.

### **1.1 Documents required for opening the PMJDY account.**

If the Aadhaar card is available as an address proof, then no other documents are required for opening accounts. If the address has changed then self-certification of the current address is required. If Aadhaar is not available the account holder can provide other identity and address proof documents like voter ID, Driving license, PAN card, and Passport or NREGA card.

If the above documents also not available and the bank categorize it as low risk then the applicants can submit any one of the documents like ID card issued by central or State government departments, public sector undertakings, scheduled commercial banks, and public financial institutions. Even the letter issued by Gazette officer with a duly attested photograph can be submitted. (Irrinki & Burlakanti 2017)

## 1.2 Special Benefits under PMJDY

- ✓ The bank account can be opened in any bank branches or with business facilitators. It's a zero balance account and no minimum balance needs to be maintained.
- ✓ Deposit holders will get interested in their deposits.
- ✓ Overdraft facility will be provided up to Rs 10,000 to one account holder per household preferably to a lady of the household after satisfactory operation of the account for six months.
- ✓ Deposit holders will have inbuilt accidental insurance coverage up to Rs 2,00,000.
- ✓ The scheme offers life insurance coverage of Rs 30,000 payable on the death of the account holder subject to fulfilment of eligibility conditions.
- ✓ The benefits and subsidies under different government schemes will be directly transferred to the Jan Dhan accounts of beneficiaries without any intermediaries.
- ✓ The account holder can easily transfer their funds across India.
- ✓ Jan Dhan account holders can have access to different pension and insurance products.
- ✓ The National Payments Corporation of India (NPCI), introduced a new technology for a person to transfer funds, check balance through a normal phone which was earlier possible only with smartphones.
- ✓ The Mobile banking facility was provided for Jan Dhan account holders through the National Unified USSD Platform (NUUP) for which all banks and mobile companies have come together.
- ✓ After opening the Jan Dhan accounts, the account holders will be provided with a kit having cheque book, financial literacy material, and passbook.
- ✓ The account holder will be provided with a Rupay debit card for money withdrawal and transfers. (Khandelwal 2017).

### II. Literature Review

**Chowhan S S. & Pande, J C. (2014)** researched the PMJDY scheme as a big leap towards financial inclusion in India. They explained the features and benefits of the scheme such as no-frill account, relaxation of KYC role of Bank Mitras, application of ICT technology etc. They made a comparison between the earlier financial inclusion approach and Jan Dhan approach. They concluded that financial inclusion is key to inculcate the savings habit among low-income people, to provide them with a formal source of credit and to bridge the gap between subsidy programs of government and PMJDY scheme is a milestone in financial inclusion of India. **Kuntia R. (2014)** studied about PMJDY scheme of financial inclusion concerning its progress in account opening, challenges, roadblocks, features and benefits. He studied the contribution of PMJDY on the financial inclusion of underprivileged in India. The study found

that public sector banks have contributed more towards this scheme compared to private and foreign banks. Making the Jan Dhan account active was a challenge as mentioned by the author. **Gupta S K. (2015)** undertaken a performance appraisal of Jan Dhan scheme with the help of previous literature and government reports. The main problem under this scheme identified by the researcher was the number of the accounts opened under this scheme was inactive. Another problem was the duplicity of accounts. As per RBI report, 30% of the Jan Dhan accounts were duplicate due to relaxation of KYC. Duplicate accounts are not illegal but as most of these accounts were not active, it's caused the high cost of maintenance of these accounts for banks. To keep these accounts active, the government has linked direct benefit transfer to these accounts. **Patnaik B C. et al., (2015)** examined PMJDY as a new direction towards the inclusion of the financially excluded in India. The study was conducted among 137 respondents from an urban unorganized workforce of Odisha. They studied about their accessibility towards Banking services and awareness towards Jan Dhan scheme. They concluded that a very small number of respondents have access to banking services and they depend on the informal source of credit. They had poor knowledge of financial services. The respondents felt it's very difficult to save money and so they are not thinking about the opening of the bank account. So the researcher suggested creating more awareness towards zero balance feature of Jan Dhan accounts among the public. They also suggested to create financial literacy by organising literacy camps among respondents as they lack knowledge about financial services. **Gupta V. (2015)** studied about PMJDY scheme details, mission, phases for implementation of the scheme, progress of the scheme in terms of several accounts opened state-wise and bank-wise, issuance of Rupay debit card, deposit collection etc. the main findings of this study includes that the ratio between several Jan Dhan accounts to total population was highest in Chhattisgarh that is 21%, PSBs and RRBs performed better compared to Private sector banks, private sector Jan Dhan accounts had a maximum number of accounts with balances whereas public sector concentrated on account opening and not insisted on maintaining balances, among all banks SBI had taken lead and contributed maximum towards the achievement of scheme objectives. **Dasgupta A. & Anklesaria E. (2015)** studied about the challenges for the implementation of Pradhan Mantri Jan Dhan Yojana scheme. The main challenges of this scheme include poor infrastructure facility in remote areas, dormancy of bank accounts, financial illiteracy among the unprivileged segment of the population, and the problem of duplication of accounts etc. **Patnaik B C et al., (2015)** analysed about financial inclusion in Bhubaneswar and found that the respondents who had bank accounts were aware of Jan Dhan scheme and the respondents who were not having bank accounts were not aware of Jan Dhan accounts. Around 78% of male and 95% of financially excluded respondents not aware of Pradhan Mantri Jan Dhan scheme. They suggested Government and Banks undertake an aggressive campaign to create awareness about the scheme among financially excluded strata of society. **Bhatt A P. & Pawar G. (2015)** studied about Jan Dhan scheme as an

innovative measure towards financial inclusion. The main objective for their study is to understand the developments in financial inclusion in India and to study the effectiveness of PMJDY scheme towards financial inclusion. They studied previous literature and government reports and found that more than 50% of the population was not aware of the Jan Dhan Scheme. The Jan Dhan accounts were not very live as the account holders are not depositing any money due to lack of connectivity to banking services. The study suggested to create an aggressive awareness campaign through financial literacy program and business correspondents should take an active role in collecting money and depositing in Jan Dhan accounts.

### III. Objectives of the study

- i. To study the Slum dwellers awareness towards Pradhan Mantri Jan Dhan Yojana accounts.
- ii. To evaluate the association between Pradhan Mantri Jandhan account's awareness and demographic Variables of respondents.

### IV. Methodology

The study applied descriptive method of research. . The scale for the study is basically an interview schedule. PMJDY awareness scale was largely derived from referring research studies conducted by Irrinki and Burlakanti (2017) and Khandelwal (2017). Five point scale ranging from 5- Extremely aware to 1- Not at all aware was used to measure the awareness of respondents towards Pradhan Mantri Jan Dhan Yojana. Sampling unit selected for the study is slum dwellers in Bangalore city .The sample size of 300 respondents were considered for the study. The Non probability sampling techniques like purposive and Judgmental samplings were adopted for the study. Statistics provided by Karnataka Slum development board was considered as sampling frame for the selection of sample. The slum board broadly classifies the slums in Bangalore as declared slums and undeclared slums. The declared slums were considered for the study. In order to have a sample which has similar characteristics and features of the population, the declared slums were divided in to five groups based on Bangalore geographical regions such as Bangalore South, North, East, West and Central. From each of these regions two slums were selected based on the highest number of households in the slum. The number of respondents from each slum was selected proportionately to the total number households. One Respondent is surveyed from each of these selected households. Primary Data has been collected from 500 slum dwellers and out of them, 459 respondents were able to provide us complete information in the interview schedule and 41 interview schedules were rejected due to erroneous and missing responses. The response rate is 91.8%. The response rate was good as the face to face interview method was adopted for the data collection. The slum respondents were highly cooperative in providing information. The study applied R- Programming for statistics for analysis of data. The statistical tools such as Mean, Standard deviation, t-test and ANOVA were applied for the analysis of data.

V. Analysis and Results

**Table 1: Showing the Respondents' awareness towards the various features of PMJDY**

Items	Mean	SD
Jan Dhan is a Zero balance account.	3.76	1.08
Free Life Insurance coverage up to Rs1 lakh & Accidental insurance up to Rs 30000 for Jan Dhan account holders.	2.37	1.08
Operation of Rupay debit cards of Jan Dhan accounts.	3.22	1.1
Direct Benefit Transfer(DBT) to Jan Dhan accounts	3.61	1.03
Overdraft facility up to Rs 5000	2.17	1.14

Source: Questionnaire

On analysing the table 1 lists the items for measuring 'PMJDY Awareness', respondents on an average are aware about the feature 'Jan Dhan is a Zero balance account' (M=3.76, SD=1.08) and 'Direct Benefit Transfer (DBT) to Jan Dhan accounts' (M=3.61, SD=1.03). The respondents were 'slightly aware' about 'Overdraft facility up to Rs 5000' (M=2.17, SD=1.14) and 'Free Life Insurance coverage up to Rs1 lakh & Accidental insurance up to Rs 30000 for Jan Dhan account holders' (M=2.37, SD=1.08). The respondents were 'Moderately aware' about 'Operation of Rupay debit cards of Jan Dhan accounts' (M=3.22, SD=1.1). For all the above items standard deviation varied from 1.08 to 1.14.

**H<sub>01</sub>**- There is no significant difference between mean values of 'PMJDY Awareness' among Male and Female respondents

**Table 2: Showing t-test results on PMJDY Awareness between Male and Female respondents**

PMJDY Awareness		Female (n=136)	Male (n=164)	t_value	P_value	Remarks
	Mean	2.95	3.11	-2.01	0.04	sig at 5%
	Standard deviation	0.77	0.65			

Source: Questionnaire

An independent sample t-test was applied between male (M= 3.11, SD=0.65) and female (M=2.95, SD=0.77) respondents, to determine if there exists a significant difference in mean values of awareness towards Pradhan Mantri Jan Dhan Yojana. The mean difference 0.16 is statistically significant at 5% level of significance. ( $t_{(458)} = -2.01, p=0.04 < 0.05$ ). Hence the Null hypothesis is rejected. After rejecting null hypothesis based on test result the alternative hypothesis is accepted that "There is significant difference between mean values of 'PMJDY Awareness' among Male and Female respondents".

**H<sub>02</sub>**- There is no significant difference between mean values of 'PMJDY Awareness' among family size of less than five and greater than five members

**Tablet 3: Showing t-test result on PMJDY Awareness between Family Size**

PMJDY Awareness		Greater than five. n=48	Less than five. n=252	t_value	P_value	Remarks
	Mean	2.93	3.07	-1.29	0.20	Non sig
	Standard deviation	0.86	0.68			

Source: Questionnaire

An independent sample t-test was carried out to determine, if there exists a significant difference in mean values of awareness towards Pradhan Mantri Jan Dhan Yojana between family size of greater than five (M=2.93, SD=0.86) and less than five members (M=3.07, SD=0.68). The mean difference 0.14 is not statistically significant at 5% level of significance ( $t_{(458)} = -1.29, p=0.20 > 0.05$ ). Hence the Null hypothesis is accepted that “There is no significant difference between mean values of ‘PMJDY Awareness’ among family size of Less than five’ and Greater than five members”.

**H<sub>03</sub>**.There is no significant difference among mean values of ‘PMJDY Awareness’ across Educational groups

**Table 4: Showing One-way ANOVA test on PMJDY Awareness among Educational groups**

PMJDY Awareness		No Education	High School & Below	PUC & above	F-value	P-value	Remarks
	Mean	3.05	3.09	2.9	0.63	0.53	Non-sig
	Standard deviation	0.68	0.78	0.76			

Source: Questionnaire

A one-way ANOVA test was conducted to determine if ‘PMJDY Awareness’ was different for groups with different education levels. Respondents were classified into three groups: ‘No education’ (n=54), ‘High school and below’ (n=212) and ‘PUC and above’ (n=34). The mean values of PMJDY Awareness increased from ‘PUC and above’ (M=2.90, SD=0.76) to ‘No education’ (M=3.05, SD=0.68) to ‘High school and below’ (M=3.09, SD=0.78) groups in that order, but the mean differences among these education groups were not statistically significant at 5% level of significance [ $F(2, 298) = 0.84, (p) 0.63 > 0.05$ ]. Hence the Null hypothesis is accepted that “There is no significant difference among mean values of ‘PMJDY Awareness’ across different educational groups”.

**H<sub>04</sub>**.There is no significant difference among mean values of ‘PMJDY Awareness’ across age groups.

**Table 5 showing One way Anova test on PMJDY Awareness among age groups**

PMJDY Awareness		Less than 35 yrs	36yrs–45yrs	46yrs–55yrs	Greater than 56yrs	F-value	P-value	Remarks
	Mean	3.02	3.32	2.76	2.99	3.7	0.01	5%_sig.
	Standard deviation	0.67	0.67	0.9	0.72			

Source: Questionnaire

A one way Anova test was conducted to determine if ‘PMJDY Awareness’ was different for different age groups. Respondents were classified into four groups: ‘Less than 35years’ (n=67), ‘Between 36 and 45 years’ (n=180), ‘Between 46 and 55 years’ (n=35) and ‘Greater than 56 years’ (n=18). The ‘PMJDY Awareness’ increased from ‘Between 46 and 55 years’ (M=2.76, SD=0.90) to ‘Greater than 56 years’ (M=2.99, SD=0.72), to ‘Less than 35 years’ (M=3.02, SD=0.67) to ‘Between 36 and 45 years’ (M=3.32, SD=0.67) groups, in that order. The mean differences among these age groups were statistically significant at 5% level of significance [F (2, 298) =3.70, p=0.01 < 0.05]. Hence the Null hypothesis is rejected. After rejecting null hypothesis based on observation of test results the alternative hypothesis is accepted that “There is significant difference among mean values of ‘PMJDY Awareness’ across Age groups”.

**H<sub>05</sub>**- There is no significant difference among mean values of ‘PMJDY Awareness’ across Income groups

**Table 6: Showing One way Anova result on mean of PMJDY awareness between Income groups**

PMJDY Awareness		Rs 10000-20000	Rs 5000-10000	Less than Rs 5000	F-value	P-value	Remarks
	Mean	3.19	3.07	2.67	7.03	0.00	1%_sig.
	Standard deviation	0.61	0.67	0.94			

Source: Questionnaire

A one way Anova test was conducted to determine if ‘PMJDY Awareness’ was different for various monthly income groups. Respondents were classified into three groups: ‘between Rs 10000 and Rs 20000’ (n=105), ‘between Rs 5000 and Rs10000’ (n=178) and ‘less than Rs 5000’ (n=17). The ‘PMJDY awareness’ increased from ‘less than Rs 5000’ (M=2.67, SD=0.94) to ‘between Rs5000 and Rs 10000’ (M=3.07, SD=0.67) to ‘between Rs 10000 and Rs 20000’ (M=3.19, SD=0.61) groups in that order. The mean differences between these income groups were statistically significant at 1% level of significance [F (2, 457) = 7.03, p= 0.00 < 0.01]. Hence the Null hypothesis is rejected. After rejecting null hypothesis based on



observation of test results the alternative hypothesis is accepted that “There is significant difference among mean of ‘PMJDY Awareness’ across Income groups”.

**H<sub>06</sub>**- There is no significant difference among mean values of ‘PMJDY Awareness’ across Occupational groups

**Table No 7: Showing One way Anova test on PMJDY awareness between occupations**

PMJDY Awareness		Business	Job	Others	F-value	P-value	Remarks
	Mean	2.68	3.06	3.31			
SD	0.49	0.72	0.76	3.53	0.03	5%_sig.	

Source: Questionnaire

A one way Anova test was conducted to determine if ‘PMJDY Awareness’ was different for different occupation respondents. PMJDY Respondents were classified into three groups: ‘Business’ (n=16), ‘Job’ (n=266) and ‘others’ (n=18). The PMJDY Awareness increased from ‘Business’ (M=2.68, SD=0.49), to ‘Job’ (M=3.06, SD=0.72), to ‘Others’ (M=3.31, SD=0.72) groups, in that order. The mean differences between these occupation groups were statistically significant at 5% level of significance [F (2, 297) = 3.53, p= 0.03 <0.05]. Hence the Null hypothesis is rejected. After rejecting null hypothesis based on observation of test results the alternative hypothesis is accepted that “There is significant difference among mean values of ‘PMJDY Awareness’ across Occupational groups”.

## VI. Discussion

The analysis of items for measuring awareness towards PMJDY scheme revealed that the respondents are very much aware that PMJDY account is a zero balance account. There is good awareness about direct benefit transfer (DBT) of gas subsidy and other government benefits to PMJDY accounts. The awareness towards the Rupay debit card is moderate among slum respondents. But there has been very less awareness towards PMJDY benefits like overdraft facility, free life and accidental insurance coverage.

The hypothesis testing revealed that the Male respondents had more awareness towards PMJDY scheme than female slum respondents. There was no difference in awareness among different family sizes and educational groups. The awareness towards PMJDY was higher in the middle age group of 36-45 years than other age groups. The respondents belonging to high income had good awareness towards PMJDY scheme compared to respondents of the low-income bracket. There was difference in the awareness level among occupational groups. The awareness was more among respondents with job as occupation than business as occupation.

## VII. Suggestions

Alleviating Poverty is the main objective of financial inclusion. Reserve Bank India and Government of India have taken many measures towards the financial inclusion of India. The major mile stone among them is the Pradhan Mantri Jandhan yojana. The PMJDY scheme has entered Guinness book of records for opening maximum number of bank accounts under the scheme. But just by opening the bank account the goal of financial inclusion cannot be achieved unless the people are made aware about its features and usage. This study revealed that the slum dwellers lacks awareness towards PMJDY scheme benefits and how to operate the accounts. Thus RBI and GOI should take measures to create financial literacy on Jan Dhan scheme. To make these accounts active the banks should appoint more number of Business correspondents (Bank Mitras) to visit slum dwellers on their doorsteps for educating and encouraging them to save, withdraw, borrow from the formal source of finance, to invest in insurance and pension schemes and to use mobile banking facilities available under PMJDY scheme.

## VIII. Conclusion:

Thus just by opening a vast number of Jan Dhan accounts the goal of financial inclusion cannot be achieved unless a good awareness and literacy is created among account holders for its proper usage. Bank accounts are just the beginning of financial inclusion; people should be made aware of financial services and its contribution towards their development.

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