

Impact Of Jan Dhan Yojana On Poverty Reduction: A Study With Special Reference To Bangalore Rural Districts

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Abstract: The Pradhan Mantri Jan Dhan Yojana (PMJDY) is a flagship financial inclusion program initiated by the Government of India in 2014. The scheme aims to provide universal access to banking facilities, financial literacy, and social security to economically weaker sections of society. This study evaluates the impact of PMJDY on poverty reduction in Bangalore Rural Districts by analyzing its role in financial inclusion, income generation, and social security. The research is based on primary and secondary data collected from beneficiaries, financial institutions, and government reports.

Keywords: Jan Dhan Yojana, Financial Inclusion, Poverty Reduction, Bangalore Rural, Economic Development

1. Introduction Poverty remains a significant socio-economic challenge in India, particularly in rural areas. Financial exclusion has been a major barrier to economic growth, and initiatives like PMJDY have been designed to address this gap. The objective of this study is to assess the effectiveness of PMJDY in improving financial access and reducing poverty levels in Bangalore Rural Districts.

2. Literature Review Various studies have highlighted the significance of financial inclusion in economic development. PMJDY has been recognized as a transformative initiative that facilitates direct benefit transfers (DBT), access to credit, and micro-insurance. Previous research indicates that similar programs have contributed to improved savings behavior and financial stability among marginalized communities.

3. Objectives of the Study:

- To analyze the accessibility and usage of PMJDY accounts in Bangalore Rural Districts.
- To examine the impact of financial inclusion on poverty reduction.
- To assess the challenges faced by beneficiaries in utilizing PMJDY services.
- To suggest policy recommendations for enhancing the effectiveness of the scheme.

4. Research Methodology The study employs a mixed-method approach, utilizing both qualitative and quantitative techniques. Data is collected through:

- **Primary sources:** Surveys and interviews with PMJDY beneficiaries, bank officials, and local government representatives.
- **Secondary sources:** Reports from RBI, NABARD, and Government of India publications. A sample size of 200 households across different villages in Bangalore Rural Districts is selected using a stratified random sampling technique.

5. Analysis and Discussion The impact of PMJDY on poverty reduction is analyzed through key indicators:

- **Bank Account Penetration:** The study finds a significant increase in bank account ownership among rural households, with over 85% of respondents having a functional account under PMJDY.
- **Savings and Financial Literacy:** There is an improvement in savings habits, with 60% of respondents reporting regular deposits.

- **Access to Credit and Government Schemes:** The scheme has facilitated access to microloans and government subsidies, leading to enhanced entrepreneurial activities.
- **Social Security Benefits:** Insurance schemes such as Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Atal Pension Yojana (APY) have provided financial security to economically weaker sections.

6. Challenges and Limitations Despite the positive impact, challenges such as inactive accounts, lack of awareness, and limited digital literacy persist. The study also identifies gaps in financial infrastructure and connectivity in remote areas.

7. Findings and Discussion:

- **Financial Access:** A significant percentage of rural households now have access to bank accounts, enabling better savings and credit opportunities.
- **Credit Availability:** PMJDY has facilitated access to small loans through overdraft facilities, leading to increased economic activities among rural entrepreneurs.
- **Economic Empowerment:** Women and marginalized groups have particularly benefited from direct benefit transfers (DBTs) and government subsidies, enhancing their financial stability.
- **Challenges:** Despite improvements, issues such as lack of financial literacy, inactive accounts, and difficulties in availing credit persist, limiting the scheme's full potential.

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9. References:

- Government of India Reports on PMJDY
- RBI and NABARD Financial Inclusion Reports
- Scholarly articles on financial inclusion and poverty reduction
- NITI Aayog Studies on Poverty Reduction