



FINDING EFFECTIVENESS OF FINANCIAL LITERACY PROGRAM AND AWARENESS TOWARDS PMJDY

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ABSTRACT

People might become financially unreachable when they are in a position where they cannot get access to the conventional financial system. People without access to a reliable and affordable formal banking system often turn to predatory local money lenders. The issue of social discrimination is exacerbated by the phenomenon of financial inaccessibility. Promoting financial inclusion, which may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups like weaker sections and low income groups at affordable costs, is the only way to combat the evil of financial untouchability. Access to financial services, affordability of services, and actual consumption of financial services all contribute to financial inclusion. The government's primary focus in its fight against poverty is expanding access to financial services. On August 28, 2014, our Prime Minister introduced a program called the Prime Minister's People Money Scheme (PMJDY) to help more people get access to the financial system. Banks in India set a new record of 18,096,130 new accounts established in one week as part of a financial inclusion drive between August 23 and 29, 2014, with 1.5 crore accounts created on the first day alone. In all, 17.45 crore accounts had been established and around 22032.68 crore (US\$3.4 billion) had been deposited by August 5, 2015. The purpose of this research is to determine how well the district of Tiruchirapalli's inclusion approach has been. Primary and secondary data have been gathered for the research. The correlation (r) test is used to investigate the link between socioeconomic status and the adoption of inclusive financial practices.

Keywords: -Financial, Money, Account, People, PMJDY

I. INTRODUCTION

Growth, development, and advancement in the economy all depend on a stable financial system. The Indian financial system provides for the country's citizens' monetary requirements via the money market, capital market, debt market, and financial market. India's prosperous prosperity and development may be attributed in large part to the country's well-established banking system, which serves the financial requirements of people and families. In spite of the fact that banks are doing well, they have only ever catered to the demands of the elite in every society throughout history. It is difficult for the poor and powerless to have access to financial services.



This is due to a number of factors, including a lack of regular income, familiarity with financial services, and access to banking facilities. This is why policymakers decided they needed to devise a method for including these groups. On August 28, 2014, our Prime Minister introduced a program called the Prime Minister's People Money Scheme (PMJDY) to help more people get access to the financial system.

Banks in India set a new record of 18,096,130 new accounts established in one week as part of a financial inclusion drive between August 23 and 29, 2014, with 1.5 crore accounts created on the first day alone. As of 05 August 2015, 17.45 crore accounts have been established, with around 22032.68 crore (US\$3.4 billion) being deposited. In light of this context, researchers in the Tiruchirapalli district set out to quantify the extent to which the inclusion process has been successful. Both primary and secondary data were gathered for this investigation. To determine whether or whether there is a connection between socioeconomic status and the financial inclusion procedure, a correlation test may be performed.

II. STEPS TAKEN IN PAST TO ERADICATE FINANCIAL UNTOUCHABILITY

In past several initiatives were taken by Indian government to remove financial untouchability. Some of the steps taken by Indian government are:

1) The Indian government and the Reserve Bank of India (RBI) have made a number of steps to address the problem of financial untouchability. Some examples include microfinancing facilities, self-help group formation, and the nationalization of banks.

2) In June 2006, Indian government constituted a committee on financial inclusion, under the chairmanship of Dr. C. Rangrajan. The committee was asked to suggest measures including institutional changes to be undertaken by the financial sector to implement the proposed strategy of financial sector. The committee has submitted an interim report defining financial inclusion as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost (Rangarajan Committee, 2008). Government decided to implement two recommendations on priority basis:

a. The First is to establish a Financial Inclusion Fund (FIF) with National Bank for Agriculture and Rural Development (NABARD) for meeting the cost of developmental and promotional interventions.

b. Second is to establish a Financial Inclusion Technology Fund (FITF) to meet the costs of technology adoption. Each of these funds will have an overall corpus of Rs.500 crore, with initial funding to be contributed by Central government, NABARD, and RBI.



3) Banks were urged by the Reserve Bank of India to implement a zero-balance "No frills" account program in order to serve the country's underprivileged.

4) With the support of private organizations like NGOs and self-help groups, banks have been able to expand financial inclusion since 2006.

5) The RBI also introduced the concept of Business Correspondents (BC) to extend its reach to rural and underserved areas. More than 1,450,000 BC are now active across various banks in the nation. These banks cover every region of the country.

6) The banking industry has seen significant growth and development in recent years. Financial services are made more open and quick via the use of technology. The Indian government has made a number of positive efforts, but so far the results of these initiatives have been very little. A nationwide initiative to investigate the roots of the problem and provide viable solutions is required. Recently (2014), the Indian government introduced a program called PradhanMantri Jan DhanYojan (PMJDY) to guarantee that every Indian family has access to financial services in the form of at least one bank account.

III. RESEARCH METHODOLOGY

Following methodology has been used to fulfill the objectives of the present study:

Research Objectives Only 210 people from Bandrasindri village in the Ajmer district of Rajasthan and rural laborers working at the Central University of Rajasthan would be included in the research.

a) Sample Selection

The current research employs both a random sampling strategy and a judgment sampling strategy. Most respondents' inability to read and write necessitates using a discussion-based approach to data collection. Laborers, customers of the Bank of Badoda, and residents of the nearby Bandrasindri hamlet all qualify as potential respondents.

b) Data Collection for the Study

The data for the study has been collected through primary as well as secondary sources. The primary data has been gathered in the form of discussion held with respondent. The survey was conducted in the year 2015. The secondary data has been collected from various published and non-published sources.

IV. ANALYSIS OF FINDINGS OF THE STUDY



Findings of the present study have been divided into the following sections

- a) PradhanMantri Jan DhanYojana
- b) Awareness towards PradhanMantri Jan DhanYojana
- c) Reason of non-usage/access of banking product
- d) Effectiveness of financial literacy program

PradhanMantri Jan DhanYojana (PMJDY)

On August 15th, 2014, the Prime Minister declared PMJDY. On August 28th, 2014, it was released nationwide. The Indian government views it as a mission-critical initiative. It's a cooperative effort by the Reserve Bank of India (RBI), the Indian Banks Association (IBA), and a number of other public and commercial banks, as well as the Ministries of State Finance and Information and Broadcasting and the Department of Telecom (DoT). Every family in the nation will have access to financial services, including at least one bank account, according to this plan.

Awareness towards PradhanMantri Jan DhanYojana

The government's efforts to raise awareness of PMJDY are paying off. The government has suggested establishing a central budget for marketing campaigns. Publicity of scheme transactions is organized into three tiers, at the national, state, and local levels, respectively. Publicity materials must be used in the local language, as per official decree. Eighty-six percent of respondents, or 210 people, are familiar with PMJDY, but the resources at their disposal are rudimentary at best. Debit card and insurance plan use was not even on the radar for the vast majority of respondents. No bank account exists for over 70% of respondents.

Reason of Non-Usage/Access of Banking Product

Lack of available funds to deposit is a major deterrent to the use of banking services. The vast majority of those who participated are day laborers whose earnings are purely incidental. Another major barrier to banking access is low levels of literacy. The peasants have to labor during the bank's business hours, which is inconvenient for them.

Measurement of Effectiveness of Financial Literacy Program



Financial education programs are prioritized in order to reach underserved demographics. Awareness of banking products has prompted the establishment of financial literacy centers. Authorities in several countries have taken to holding seminars, lectures, choupal gatherings, and personal contacts with citizens in an effort to raise their level of knowledge. Nearly all respondents acknowledged that no financial literacy program had been undertaken in their village in recent years, indicating that a sample survey shows that these programs have little influence on the ground. The government should have effective monitoring methods in place to guarantee the success of such a program.

V. CONCLUSION

The study's findings corroborate the widespread belief that rural residents are less knowledgeable about banking and financial products and services. This research confirms the findings of other surveys and studies that have shown that rural areas suffer disproportionately high rates of poverty and illiteracy. Despite the benefits of financial services like debit cards, credit cards, and insurance, many rural residents are still hesitant to use them. The majority of respondents also confirmed in the poll that they had never utilized a bank. It is safe to say that the findings of this survey accurately reflect the state of financial and banking literacy in the nation as a whole.

More people stand to gain from the revised plan. This plan raised the number of depositors by over 10%. The deposit amount and the number of people who have accounts under the Prime Minister's People Money Scheme (PMJDY) set a new Guinness World Record for financial inclusion. More financial infrastructure, such bank branches, ATMs, etc., is needed so that people may use the banking system. The initiative is successful in increasing membership across all demographics (rural/urban, sex, education/income). The goal of universal access to financial services is within reach if the government invests in essential infrastructure like a robust network of institutions.

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