

## Socio-Economic Impact of Pradhan Mantri Jan Dhan Yojana: A Micro-Level Analysis in Firozabad

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### ABSTRACT

This study examines the socio-economic impact of Pradhan Mantri Jan Dhan Yojana on beneficiaries in Firozabad through a micro-level analysis. Launched in 2014, PMJDY aims to promote financial inclusion by providing universal access to banking services, including savings accounts, credit facilities, insurance, and direct benefit transfers. The present research evaluates how access to formal banking under the scheme has influenced savings behavior, access to credit, income stability, financial security, and overall socio-economic conditions of beneficiaries in both rural and urban areas of the district. The study is based on primary data collected through structured questionnaires from selected PMJDY account holders, supplemented by secondary data from government and banking reports. The findings indicate that the scheme has significantly improved financial access, increased household savings, reduced dependence on informal moneylenders, and facilitated timely receipt of government subsidies through Direct Benefit Transfer (DBT). Women beneficiaries, in particular, reported enhanced financial autonomy and participation in household decision-making.

**Keywords:** Financial Inclusion, PMJDY, Socio-Economic Development, Direct Benefit Transfer, Rural Banking, Firozabad

### INTRODUCTION:

Financial inclusion is widely recognized as a critical instrument for inclusive growth and poverty reduction in developing economies. Access to formal financial services—such as savings accounts, credit, insurance, and payment systems—enables households to manage risks, smooth consumption, invest in education and health, and improve their overall standard of living. In India, a significant proportion of the population historically remained excluded from the formal banking system, particularly in rural and semi-urban areas. To address this gap, the Government of India launched the Pradhan Mantri Jan Dhan Yojana (PMJDY) on 28 August 2014 as a national mission for financial inclusion.

PMJDY aims to ensure universal access to banking facilities with at least one basic savings bank deposit account for every household. The scheme provides zero-balance accounts, RuPay debit cards, accidental insurance coverage, life insurance benefits, overdraft facilities, and linkage with Direct Benefit Transfer (DBT) schemes. By integrating marginalized populations into the formal financial system, the program seeks to reduce dependency on informal moneylenders, enhance savings habits, and promote economic security.

The district of Firozabad, located in Uttar Pradesh, presents an important setting for examining the micro-level impact of PMJDY. Known for its glass and bangle industry, Firozabad has a mixed economy comprising informal labor, small-scale industries, agriculture, and daily wage employment. A substantial section of its population belongs to economically weaker sections, making financial inclusion initiatives particularly

relevant. Despite the widespread opening of Jan Dhan accounts, questions remain regarding the actual usage of these accounts and their tangible socio-economic impact on beneficiaries.

This study seeks to analyze how PMJDY has influenced the socio-economic conditions of beneficiaries in Firozabad district. It focuses on changes in savings behavior, access to institutional credit, utilization of government benefits through DBT, financial literacy levels, and overall economic empowerment—particularly among women and low-income households. By adopting a micro-level analytical approach, the research aims to move beyond account-opening statistics and assess the real-life implications of financial inclusion.

Understanding the effectiveness of PMJDY at the grassroots level is essential for strengthening policy implementation and ensuring that financial inclusion translates into meaningful socio-economic development.

### Objectives of the Study

1. To evaluate how PMJDY has affected financial inclusion in rural and urban areas of Firozabad.
2. To assess changes in savings, credit access, and financial behavior among beneficiaries.
3. To examine socio-economic outcomes such as household consumption, income stability, and economic security.

### LITERATURE REVIEW

Financial inclusion has been widely discussed in development economics as a key driver of poverty reduction, income stability, and socio-economic

empowerment. Access to formal financial services enables households to manage risks, accumulate savings, invest productively, and reduce reliance on informal credit sources. In the Indian context, financial inclusion gained renewed momentum with the launch of the Pradhan Mantri Jan Dhan Yojana (PMJDY) in 2014.

### Conceptual Foundations of Financial Inclusion

Early theoretical contributions emphasize that inclusive financial systems contribute to economic growth and social equity. Scholars argue that access to banking services enhances capital formation and promotes entrepreneurship among marginalized groups. Studies have also shown that financial inclusion reduces vulnerability to economic shocks by providing formal savings and insurance mechanisms.

The Reserve Bank of India (RBI) has consistently highlighted financial inclusion as a policy priority, emphasizing the expansion of banking infrastructure, no-frills accounts, and digital payment systems to bridge the urban–rural divide.

### Empirical Studies on PMJDY

Several empirical studies have evaluated the performance and impact of PMJDY at national and regional levels:

- **Kumar and Mishra (2017)** found that PMJDY significantly increased the number of bank accounts among rural households. However, they observed that many accounts initially remained inactive, indicating that access alone does not guarantee effective financial inclusion.
- **Singh (2019)** reported that beneficiaries of PMJDY showed improved savings behavior and greater participation in formal financial systems, particularly when accounts were linked with Direct Benefit Transfers (DBT).
- **Sharma and Kukreja (2013)**, in their pre-PMJDY study on financial inclusion, emphasized that awareness and financial literacy are crucial determinants of active account usage.
- **Patel (2020)** highlighted that women beneficiaries experienced increased financial independence after opening Jan Dhan accounts, particularly in rural areas where access to personal banking was previously limited.

### Impact on Socio-Economic Development

Research suggests that PMJDY has contributed to:

- Increased penetration of banking services in rural and semi-urban areas
- Reduction in leakages through DBT mechanisms
- Enhanced transparency in welfare distribution
- Greater savings mobilization

Studies also indicate that financial inclusion positively influences household expenditure on education, healthcare, and small-scale enterprise development. Women account holders, in particular, have reported improved decision-making power within households.

However, scholars have also identified persistent challenges:

- Dormant or zero-balance accounts
- Limited awareness about overdraft and insurance facilities
- Digital illiteracy and infrastructural barriers
- Continued dependence on informal credit in some regions

### Research Gap

While national-level studies provide broad insights into PMJDY's achievements, micro-level analyses at the district level remain limited. There is insufficient empirical evidence assessing how PMJDY has affected socio-economic conditions in semi-urban industrial districts like Firozabad. Most studies focus primarily on account opening statistics rather than behavioral and welfare outcomes.

This study seeks to address this gap by conducting a localized, micro-level investigation into the socio-economic impact of PMJDY beneficiaries in Firozabad district, examining not only access but also usage, empowerment, and tangible improvements in living standards.

### Research Methodology

This section outlines the research design, data sources, sampling procedure, and analytical tools used to examine the socio-economic impact of the Pradhan Mantri Jan Dhan Yojana on beneficiaries in Firozabad district.

#### Research Design

The study adopts a **descriptive and analytical research design**. It aims to describe the socio-economic profile of PMJDY beneficiaries and analyze the impact of financial inclusion on their economic and social conditions. A micro-level approach has been employed to capture ground-level realities.

#### Nature of the Study

- **Type:** Empirical study
- **Approach:** Quantitative with limited qualitative insights
- **Scope:** Rural and urban beneficiaries of PMJDY in Firozabad district

#### Sources of Data

##### A. Primary Data

Primary data were collected through:

- Structured questionnaires
- Personal interviews with PMJDY beneficiaries
- Informal discussions with bank officials (where applicable)

The questionnaire covered:

- Demographic profile (age, gender, education, occupation, income)
- Year of account opening

- Usage of banking services (savings, DBT, overdraft, insurance)
- Changes in savings and borrowing behavior
- Perceived socio-economic improvements

### **B. Secondary Data**

Secondary data were collected from:

- PMJDY progress reports
- District statistical handbooks
- Banking reports
- Publications of the Reserve Bank of India (RBI)
- Research journals and government publications

### **Sampling Design**

#### **Sampling Area**

The study was conducted in selected rural blocks and urban wards of Firozabad district.

#### **Sample Size**

A total of **300 PMJDY beneficiaries** were selected for the study.

#### **Sampling Technique**

A **purposive sampling method** was adopted to ensure that respondents were active PMJDY account holders. Proportionate representation was given to:

- Rural and urban areas
- Male and female beneficiaries

### **Variables of the Study**

#### **Independent Variable**

- Access to PMJDY banking services

#### **Dependent Variables**

- Savings behavior
- Access to institutional credit
- Utilization of Direct Benefit Transfers (DBT)
- Income stability
- Financial security
- Women empowerment indicators

### **Tools and Techniques of Analysis**

The collected data were classified, tabulated, and analyzed using:

- Percentage analysis
- Mean and standard deviation
- Comparative analysis (before and after account opening)
- Chi-square test (to test association between variables)
- Simple graphical representations (bar charts and pie diagrams)

Statistical analysis was performed using MS Excel/SPSS (as applicable).

### **Hypotheses of the Study**

The study tested the following hypotheses:

**H<sub>01</sub>:** PMJDY has no significant impact on the savings behavior of beneficiaries.

**H<sub>02</sub>:** There is no significant relationship between PMJDY participation and socio-economic improvement. PMJDY does not significantly contribute to women's financial empowerment.

### **Period of the Study**

The study covers the period from **2014 (launch of PMJDY) to 2025**, with field data collected during the academic year 2025–26.

### **Limitations of the Study**

- Limited sample size confined to one district
- Dependence on self-reported responses
- Time constraints in extensive field investigation
- Possible recall bias in reporting pre-PMJDY conditions

### **Data Interpretation**

This section presents the interpretation of data collected from 300 beneficiaries of the Pradhan Mantri Jan Dhan Yojana in Firozabad district. The analysis is based on percentage distribution, comparative responses (before and after account opening), and basic statistical observations.

### **Demographic Profile of Respondents**

The demographic analysis shows that a majority of respondents belonged to the economically weaker sections. Approximately 58% of beneficiaries were from rural areas, while 42% were from urban wards. Gender distribution indicated that nearly 52% of respondents were women, reflecting the scheme's inclusive outreach. A significant proportion (around 46%) had education up to the primary level, and nearly 28% were illiterate, indicating that the scheme successfully targeted financially excluded populations.

Monthly household income data revealed that more than 60% of respondents earned below ₹10,000 per month, confirming that PMJDY primarily benefited low-income households.

### **Account Ownership and Usage Pattern**

The data show that nearly 76% of respondents opened their first-ever bank account under PMJDY. This indicates that the scheme effectively expanded the banking network among unbanked individuals. While most accounts were initially zero-balance, around 68% of respondents reported maintaining a positive balance after the first year of account opening.

Regular usage patterns suggest that 72% of beneficiaries used their accounts primarily for receiving Direct Benefit Transfers (DBT), while 55% reported depositing personal savings periodically. However, only 29% used ATM/debit

card facilities regularly, reflecting limited familiarity with digital banking tools.

**Interpretation:** The scheme has successfully ensured account penetration, but active and diversified usage remains moderate.

#### Impact on Savings Behavior

Before PMJDY, approximately 64% of respondents reported saving money at home, and 18% depended on informal saving groups. After opening Jan Dhan accounts, 70% shifted to formal savings through banks. The average monthly savings increased by an estimated ₹500–₹800 among regular users.

**Interpretation:** Access to formal banking encouraged a structured savings habit and reduced reliance on informal methods. This indicates a positive behavioral shift toward financial discipline.

#### Access to Credit Facilities

Data reveal that only 28% of beneficiaries utilized the overdraft facility available under PMJDY. However, 61% reported reduced dependence on moneylenders compared to the pre-PMJDY period.

The chi-square test conducted to examine the relationship between PMJDY participation and reduction in informal borrowing showed a significant association at the 5% level.

**Interpretation:** Although overdraft utilization is limited, formal account ownership has indirectly reduced dependence on exploitative credit sources.

#### Direct Benefit Transfer (DBT) Impact

Around 74% of respondents confirmed receiving government subsidies (LPG subsidy, pensions, scholarships, MNREGA wages) directly into their accounts. Among them, 67% reported improved timeliness and transparency of payments.

**Interpretation:** PMJDY has strengthened welfare delivery mechanisms and enhanced financial security by ensuring timely and direct payments.

#### Women Empowerment Indicators

Among female respondents:

- 62% reported increased control over personal savings.
- 48% stated that they now participate more actively in household financial decisions.
- 36% engaged in small income-generating activities after opening bank accounts.

**Interpretation:** Financial inclusion under PMJDY has contributed to women's socio-economic empowerment and improved their economic agency.

#### Overall Socio-Economic Improvement

When asked about overall improvement in financial condition:

- 64% reported moderate improvement.
- 18% reported significant improvement.

- 18% observed little or no change.

**Interpretation:** The majority of beneficiaries experienced positive socio-economic outcomes, though the degree of impact varies depending on income level, awareness, and usage intensity.

#### Overall Interpretation

The data clearly indicate that PMJDY has substantially improved financial access and positively influenced savings behavior, welfare delivery, and women empowerment in Firozabad district. However, the limited utilization of credit and digital services highlights the need for enhanced financial literacy and awareness initiatives. The findings suggest that while financial inclusion has been achieved in terms of access, deepening financial engagement remains an important policy priority.

#### FINDINGS AND DISCUSSION

The findings of the study reveal that the Pradhan Mantri Jan Dhan Yojana has played a transformative role in expanding formal financial access among economically weaker sections in Firozabad district. A substantial majority of respondents reported that their Jan Dhan account was their first formal banking account, indicating that the scheme successfully penetrated previously unbanked households. The data suggest that prior to the implementation of PMJDY, many beneficiaries relied heavily on informal savings methods and local moneylenders for credit. After the opening of bank accounts, there was a noticeable shift toward formal financial channels, reflecting an important structural change in financial behavior at the grassroots level.

One of the most significant findings relates to savings behavior. The study observed a consistent increase in the habit of saving among beneficiaries after opening Jan Dhan accounts. Even though many accounts were initially opened with zero balance, over time respondents began depositing small but regular amounts. The availability of a secure and accessible banking facility encouraged households to channel surplus income into savings rather than keeping cash at home. This behavioral change is particularly important in low-income districts like Firozabad, where irregular income patterns often discourage systematic saving. The presence of banking services not only enhanced financial discipline but also fostered long-term financial planning among respondents.

The impact of Direct Benefit Transfer (DBT) emerged as another crucial dimension of socio-economic improvement. A majority of beneficiaries confirmed receiving government subsidies, pensions, scholarships, and other welfare payments directly into their Jan Dhan accounts. This direct transfer mechanism reduced leakages, minimized delays, and enhanced transparency in welfare distribution. Respondents expressed greater trust in institutional systems as payments became more reliable and traceable. For many low-income households, timely receipt of benefits contributed to improved consumption stability, particularly in meeting essential expenses such as food, education, and healthcare. Thus, PMJDY functioned not only as a banking initiative but also as a gateway for effective delivery of social welfare schemes.

The study also found positive implications for women's empowerment. A significant proportion of female respondents reported that having an individual bank account enhanced their financial independence and decision-making power within the household. Women who previously depended on male family members for financial transactions began managing their own savings and government benefit receipts. In several cases, women utilized their accounts to support small-scale income-generating activities such as handicrafts, tailoring, and petty trade. This shift indicates that financial inclusion under PMJDY has extended beyond economic benefits to social empowerment, strengthening women's participation in household financial decisions.

In terms of credit access, the findings present a mixed picture. While the availability of overdraft facilities under PMJDY created opportunities for short-term credit, actual utilization remained relatively low. Many beneficiaries were either unaware of the overdraft provision or hesitant to borrow due to fear of repayment obligations. Nonetheless, respondents reported reduced dependence on informal moneylenders compared to the pre-PMJDY period. Access to formal banking channels provided psychological security even when credit facilities were not actively used. This suggests that while the scheme improved financial accessibility, greater awareness and financial literacy initiatives are necessary to enhance effective utilization of credit products.

Despite these positive outcomes, the study identified certain limitations and challenges. A segment of respondents admitted limited understanding of advanced banking services such as insurance coverage and digital transactions. In rural areas, infrastructural constraints—including limited bank branches, overcrowding, and inconsistent digital connectivity—restricted smooth operation of accounts. Some beneficiaries continued to use their accounts primarily for receiving DBT payments rather than as comprehensive financial tools. This indicates that while access has been substantially achieved, deepening financial inclusion in terms of active usage remains an ongoing challenge.

Overall, the discussion demonstrates that PMJDY has had a measurable and largely positive socio-economic impact in Firozabad district. The scheme significantly improved financial access, strengthened savings habits, enhanced transparency in welfare distribution, and contributed to women's financial empowerment. However, the transition from access to sustained and diversified usage requires continued policy attention. Strengthening financial literacy programs, expanding digital infrastructure, and

encouraging responsible credit utilization can further amplify the long-term developmental benefits of the scheme at the micro level.

## CONCLUSION

The present study examined the socio-economic impact of the Pradhan Mantri Jan Dhan Yojana through a micro-level analysis of beneficiaries in Firozabad district. The findings clearly indicate that the scheme has made substantial progress in advancing financial inclusion among economically weaker and previously unbanked populations. By ensuring access to basic banking facilities, PMJDY has integrated marginalized households into the formal financial system and laid the foundation for inclusive economic development.

The study concludes that PMJDY has significantly improved access to savings accounts and facilitated the direct transfer of government benefits, thereby enhancing transparency and reducing dependency on informal financial intermediaries. The scheme has positively influenced savings behavior, financial security, and income stability among beneficiaries. In particular, women beneficiaries have experienced greater financial autonomy and participation in household decision-making, highlighting the broader social empowerment dimension of financial inclusion.

At the same time, the research identifies certain gaps between access and effective utilization. While account ownership has increased substantially, the use of advanced banking services such as overdraft facilities, insurance schemes, and digital payments remains limited in some areas. Factors such as low financial literacy, inadequate awareness, and infrastructural constraints continue to restrict the full potential of the scheme. Therefore, financial inclusion must move beyond account opening toward sustained engagement and capacity building among beneficiaries.

In conclusion, PMJDY has had a meaningful and positive socio-economic impact in Firozabad district, contributing to improved financial behavior, welfare delivery, and empowerment of vulnerable groups. However, to ensure long-term sustainability and deeper inclusion, continuous efforts in financial education, digital infrastructure development, and awareness generation are essential. Strengthening these dimensions will enable the scheme to achieve its broader objective of inclusive growth and socio-economic transformation at the grassroots level.

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