

Impact of Financial Inclusion through Pradhan Mantri Jan Dhan Yojana in Transforming Rural Economy

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Abstract: It is estimated that globally over 2.5 billion people are excluded from access to financial services of which one third are in India. For a developing country like India, the era is of Inclusive growth and development. An important principle of the inclusive growth strategy is that the constituents of development policy must be managed in an efficient manner and the success of which can be evaluated in terms of high rate of economic growth, greater distributive equity and poverty reduction as an irreducible set of policy objective within the framework of democratic governance. India is moving ahead on the path of transformative and technologically advanced economy and striving hard to establish a pattern of social order based on the principle of distributive justice and providing equal opportunities of growth to masses. No doubt, economic reforms over the years have succeeded in enhancing India's potential on many developmental forefronts but, still, it has failed in alleviating the poverty. This poverty can be eradicated from its roots only when the poor starts contributing in the growth process through their productive involvement. The availability of financial services in rural areas is extremely important for the growth of the economy as this will enable a large number of rural households to fund the growth of their livelihoods. The growth of the economy is dependent on the growth of the rural market at large. Therefore, greater financial inclusion in these segments is imperative. Pradhan Mantri Jan Dhan Yojana (PMJDY) is an innovative and efficacious measure of financial inclusion, which is designed to eliminate the problem of "Financial Untouchability" by ensuring distributive justice to the poor and vulnerable section of the society.

The paper analyzes the perception of rural masses residing in Chamba and Shimla districts of Himachal Pradesh, regarding PMJDY, in contributing to the nation's inclusive growth and development strategy. The research methodology follows the multistage sampling to acquire required primary data for the study. The study concludes itself by giving in result four prominent factors, that is, financial benefits, encouraging saving habits, social development and corruption elimination as the key benefits that the yojana holds.

Keywords: Inclusive growth, Inequality gap, Poverty eradication, Financial untouchability.

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I. Introduction

Let us join this mass movement towards Surajya. Realize the hopes and aspirations of the people and take India to greater heights.

Prime Minister Shri Narendra Modi

"Inclusive Growth" is not easy to measure, as it can mean many things to many people. A report *Inclusion Matters: the Foundation for Shared Prosperity* (World Bank, 2013b) defines inclusion as, "the process of improving the ability, opportunity and dignity of people disadvantaged on the basis of their identity to take part in society." The need for inclusive growth can be seen from the inequality or imbalance of wealth distribution prevailing for a long time in our country. This gap of inequality is increasing, the reasons for this have been seen that while there are some segment which are uplifted are again receiving the fruit of socio-economic growth and development and on the other side of the coin there is a portion of population which are deprived of the basic necessities even. For India, presently a developing nation, to enter in to the category of developed nations, it is essential to cover the economically lagged behind population and providing them support till the time they can stand alone and need no further assistance. This, itself, arises a need for the answer of the question that how this inclusive growth can be achieved?

It has been rightly quoted that "Planning without villages in India is a myth, business without village a bad bargain and service without village a mockery" (Chakrabarti, 2011). It is fortunate that our economy is accelerating its economic growth and development through different sectors, but still it is pre-dominantly occupied by the agriculture sector and its rural people. The development of Indian economy, thus, depends upon

rural re-building to a great extent. Rural re-building is a strategy to improve the social and economic life of the people, comprising of small and marginal farmers, tenants, landless labourers and the poor who seek livelihood in rural areas (Sharma, 2013). Rural development and re-building can also be defined as a constructive way to improve the quality of life of the rural poor people. The emphasis must be put on the financial institutional framework that also require to be re-engineered by identifying the dodge and then designing the strategy to extend financial services to vulnerable group (Karmarkar, et.al., 2011). The term “Financial Inclusion” was used for the first time in April 2005 in the Annual Policy Statement presented by Y.Venogopal Reddy, the then Governor, Reserve Bank of India. The report of the internal group to examine issues relating to Rural Credit and Microfinance in July 2005 (Khan Committee, 2005) drew strength from this announcement by Governor Y.Venugopal Reddy, wherein he had expressed deep concern on the exclusion of vast sections of the populations from the formal financial system. The former RBI Governor Raghuram Rajan outlined, in conceptual terms, what inclusion should be, “Simplicity and reliability in financial inclusion in India, though not a cure all, can be a way of liberating the poor from dependence on indifferently delivered public services and from venal politicians,” he said. Further, “In order to draw in the poor, the products should address their needs — a safe place to save, a reliable way to send and receive money, a quick way to borrow in times of need or to escape the clutches of the money lender, easy to understand life and health insurance and an avenue to engage in savings for the old age. From the table 1, it is evident that if we compare from 2001 to 2011, there is a considerable increase in the percentage of people that have been covered, ranging from 35.5% in 2001 to 58.7% in 2011. But still, there is nearly 40% of the population who is out of the sphere of inclusive growth process and is deprived of their legitimate share in the country’s growth and development.

Table 1: Position of Household Availing Banking Services

| HOUSEHOLD | AS PER CENSUS 2001 | | | AS PER CENSUS 2011 | | |
|--------------|----------------------------|--|---------|---------------------------|--|---------|
| | Total Number of Households | No. of Household Availing Banking Services | Percent | Total Number of Household | No. of Household Availing Banking Services | Percent |
| RURAL | 13,82,71,559 | 4,16,39,949 | 30.1 | 16,78,26,730 | 9,13,69,805 | 54.4 |
| URBAN | 5,36,92,376 | 2,65,90,693 | 49.5 | 7,88,65,937 | 5,34,44,983 | 67.8 |
| TOTAL | 19,19,63,935 | 6,82,30,642 | 35.5 | 24,66,92,667 | 14,48,14,788 | 58.7 |

Source: Census Report 2001 and 2011

As we consider finance as the lifeblood of a modern economy, therefore, banking system is the linchpin of any development strategy. Banking system helps to mobilize financial surpluses of an economy and transfers them to areas of financial deficit (Sahoo, 2014). It promotes saving by providing a wide variety of financial assets to the general public. Savings collected from the household sector are pooled together and allotted to various finance seeking sectors of the economy for raising the growth level of economy. If the allocation of credit is judicious and socially equitable, it can help achieve the twin objective of growth and social justice (Sharma, 2015). Pradhan Mantri Jan Dhan Yojana is a national mission on financial inclusion which was announced by Hon’ble Prime Minister Sh. Narendra Modi on his first Independence Day address to the nation expressing his wish to remove “Financial Untouchability” by providing a bank account for every family.

Prime Minister had referred to the ancient Sanskrit verse: “Sukhasya Moolam Dharma, Dharmasya Moolam Artha, Arthasya Moolam Rajyam” which puts the onus on the state to involve people in economic activity (GOI, 2014). The objective of PMJDY is ensuring access to various financial services like availability of basic saving bank account, access to need based credit, remittances facility, insurance and pension to the excluded sections i.e. weaker section and low income group (Singh, et.al., 2015). This deep penetration at affordable cost is possible only with the effective use of technology.

A national mission on financial inclusion initiated with the slogan of *Sab Ka Sath, Sab Ka Vikas* envisage six pillars to achieve:

- Universal access to banking facilities
- Providing Basic Saving Bank Accounts and RuPay Debit Card which has inbuilt accident insurance cover
- Organizing financial literacy and credit counseling programmes
- Credit guarantee fund
- Micro-Insurance scheme.
- Unorganized Sector Pension scheme

Table 2: Details of the Accounts Opened under PMJDY (OCT, 2018)

(All Figures in Crores)

| Sr. No. | Particulars | No. of Accounts | | | No. of RuPay Debit Card | Deposits In Accounts |
|---------|----------------------|-----------------|-------|-------|-------------------------|----------------------|
| | | Rural | Urban | Total | | |
| 1. | PUBLIC SECTOR BANKS | 14.33 | 12.26 | 26.59 | 20.07 | 66960.61 |
| 2. | REGIONAL RURAL BANKS | 4.55 | 0.84 | 5.39 | 3.73 | 17303.54 |
| 3. | PRIVATE BANKS | 0.61 | 0.40 | 1.01 | 0.94 | 2216.78 |
| | TOTAL | 19.49 | 13.50 | 32.99 | 24.74 | 86480.93 |

Source: Pradhan Mantri Jan Dhan Yojana, www.pmjdy.gov.in

The present study attempts to study how much inclusive is the growth particularly at the rural segment of the population? Various studies have been reviewed to evaluate the financial inclusion, PMJDY and its different aspects for the inclusive growth and development in India in general and Himachal Pradesh in particular. It is revealed that no scientific and systematic study has been conducted to evaluate the effects and significance of financial inclusion as well as PMJDY in Chamba and Shimla districts, specifically in the rural area. Therefore, the present study has been taken up for detailed empirical verification with a view to achieve the following objective:

- To analyze the impact of the Pradhan Mantri Jan Dhan Yojana on the inclusive growth and transformation of rural economy of the region under study.

II. Research Methodology

The study is primarily empirical in nature. However, primary secondary data has also been used to justify the study. Taking into center the research objectives, schedule was formed and accordingly data has been collected from 400 respondents using multistage sampling. 5-point Likert scale has been used to form study dimensions.

III. Results & Discussions

The demographic profile of the sample respondents depicts a diverse characteristic of the population under study. As far as the geographical background is concerned, the selected district i.e. Shimla and Chamba and their respective block i.e. Chaupal, Basantpur, Theog, Nankhari, Bharmour, Mehla, Chamba and Tissa have been contributing towards providing a complete representation to the state of Himachal Pradesh highlighting one which is mostly advance (i.e. Shimla) and other which is mostly backward (i.e. Chamba). Coming on to the age factor, respondents of the age group 30-50 are giving maximum representation of 54% and but there is a gender disparity with regard to financial dealing covering almost 61.8% of the male respondents. Study also reveals that 29.5% of the total respondents are employed in different private and public sector and approximately one fourth of the sample respondents are engaged as farmer and labour. Study also undertakes the educational qualification possessed by the respondents and makes visible that maximum percentage of 43.5 lies with respondents who are educated Below 10th level and only 13% are there who are graduate or above graduate.

Table: 3 Demographic Profile of Respondents

| Demographic Profile of Respondents | | | Percentage |
|------------------------------------|-----------|----------|------------|
| District | Shimla | 240 | 60.0 |
| | Chamba | 160 | 40.0 |
| Administrative Block | Chaupal | 60 | 15.0 |
| | Basantpur | 60 | 15.0 |
| | Nankhari | 60 | 15.0 |
| | Theog | 60 | 15.0 |
| | Bharmour | 40 | 10.0 |
| | Mehla | 40 | 10.0 |
| | Chamba | 40 | 10.0 |
| | Tissa | 40 | 10.0 |
| | Age | Below 30 | 65 |
| | 30-50 | 216 | 54.0 |
| | Above 50 | 119 | 61.8 |
| Gender | Male | 247 | 61.8 |

| | | | |
|-------------------------------|------------------------|-----|------|
| | Female | 153 | 38.3 |
| Occupation | Farmer | 97 | 24.3 |
| | Labour | 100 | 25.0 |
| | Employed | 118 | 29.5 |
| | Self-Employed | 85 | 21.3 |
| Educational Background | Below 10 th | 174 | 43.5 |
| | Matriculation | 82 | 20.5 |
| | Intermediate | 92 | 23.0 |
| | Graduate & Above | 52 | 13.0 |
| Annual Income | Below 25,000 | 102 | 25.5 |
| | 25,000-75,000 | 133 | 33.3 |
| | 75,000-1 lakh | 26 | 6.5 |
| | 1 lakh & Above | 139 | 34.8 |
| Bank | Punjab National Bank | 105 | 26.3 |
| | State Bank of India | 143 | 35.8 |
| | UCO | 90 | 22.5 |
| | HP Gramin Bank | 49 | 12.3 |
| | Others | 13 | 3.3 |
| Bank Distance | Less than 5 km | 99 | 24.8 |
| | 5-10 km | 56 | 14.0 |
| | Above 10 km | 245 | 61.3 |

*Source: Data collected through schedule

SIGNIFICANT IMPACT OF PRADHAN MANTRI JAN DHAN YOJANA ON VARIOUS DIMENSIONS: FACTOR ANALYSIS

PMJDY claims various benefits that it holds for the upliftment of the excluded weaker and vulnerable section of the society. Not only the financial upliftment but it also covers the social upliftment (Tiwari, 2015). This financial inclusion model has made itself simple so that the poor is able to get in touch with the formal system without hesitation and making themselves link to the mainstream of formal benefit channel. For the detail analysis of the inclusive growth and development of rural masses, respondents' perception has been measured on 5 point Likert Scale i.e. (1) Strongly Disagree (2) Disagree (3) Undecided (4) Agree (5) Strongly Agree. The rating given by the sample respondents on the basis of their agreement with the different statement relating to PMJDY has been presented all the way through the table 4. The prime focus of the analysis presented explains the descriptive statistics for respondent's perception regarding various dimensions of PMJDY. Further, based on the responses from diverse group of respondents, factor analysis has been done to extract the factors from observed variables which facilitate to measure the impact of various dimensions of PMJDY on the respective population of the study group.

The table shows the value of mean, standard deviation, skewness and kurtosis for thirty two variables. Furthermore, the analysis reveals that the mean value is highest i.e. 4.13, 4.09 and 4.06 respectively for variables like hassle free means of linking savings to banks, curbing the corruption of Govt. officials and less documentation encouraging respondents to link themselves to the formal channel as compared to other variables. However, it is noteworthy to mention that mean values for the variables like financial support for primary income generating activities, narrow down the gap of rich and poor and encouraging the entrepreneurial abilities of women also stands as a prominent feature of PMJDY as per the respondents' responses with their mean values 4.03, 4.01 and 4.00 respectively. Therefore, it can be said that these variables of PMJDY play a dominant role for the upliftment of weaker section residing in rural areas.

Table: 4 Descriptive Statistical Analyses of Various Dimensions of PMJDY

| Sr. No. | Statements | N | Min. | Max. | Mean | Std. deviation | Skewness | Kurtosis |
|---------|--|-----|------|------|------|----------------|----------|----------|
| 1 | Financial Support for primary income generating activities | 400 | 2 | 5 | 4.03 | .931 | -.660 | -.468 |
| 2 | Giving an avenue for women to earn | 400 | 2 | 5 | 3.78 | 1.042 | -.359 | -1.055 |
| 3 | Providing direct benefit transfer | 400 | 2 | 5 | 3.87 | 1.018 | -.411 | -1.000 |
| 4 | Fulfilling the requirement of different expenses incurred for running various activities | 400 | 2 | 5 | 3.50 | .966 | .262 | -.962 |

| | | | | | | | | |
|----|--|-----|---|---|------|-------|-------|--------|
| 5 | Diversification of activities | 400 | 1 | 5 | 3.13 | .928 | .376 | -.437 |
| 6 | Overdraft facility at low interest rate | 400 | 2 | 5 | 3.18 | .928 | .212 | -.948 |
| 7 | Financial support of pension for people working in informal sector | 400 | 2 | 5 | 3.37 | .993 | .079 | -1.055 |
| 8 | Hassle free means of linking savings to banks | 400 | 2 | 5 | 4.13 | .934 | -.675 | -.688 |
| 9 | Providing complete liquidity | 400 | 2 | 5 | 3.72 | 1.176 | -.335 | -1.385 |
| 10 | Providing social security benefit to the poor | 400 | 2 | 5 | 3.84 | .998 | -.304 | -1.060 |
| 11 | Increasing self-employment leading to poverty alleviation | 400 | 2 | 5 | 3.66 | 1.036 | -.243 | -1.092 |
| 12 | Reduction of dependence on informal sector | 400 | 1 | 5 | 3.82 | .975 | -.523 | -.269 |
| 13 | Less documentation to link with the bank | 400 | 2 | 5 | 4.06 | .940 | -.466 | -1.031 |
| 14 | Providing safety for the savings | 400 | 2 | 5 | 3.73 | 1.119 | -.322 | -1.265 |
| 15 | Enhances savings | 400 | 2 | 5 | 3.80 | .995 | -.292 | -1.021 |
| 16 | Simplified KYC norms encourages to link with the formal system | 400 | 2 | 5 | 3.45 | 1.049 | .146 | -1.168 |
| 17 | Easy access to formal credit | 400 | 2 | 5 | 3.32 | .986 | .195 | -.988 |
| 18 | Encouraging the entrepreneurial abilities of women | 400 | 1 | 5 | 4.00 | .973 | -.596 | -.501 |
| 19 | Education to children | 400 | 1 | 5 | 3.70 | 1.095 | -.253 | -1.123 |
| 20 | Medium to procure health facilities | 400 | 1 | 5 | 3.51 | .958 | .011 | -.574 |
| 21 | Recognition in the society | 400 | 1 | 5 | 3.19 | .901 | .0148 | -.458 |
| 22 | Support to cure ailments | 400 | 1 | 5 | 3.34 | .970 | .182 | -.599 |
| 23 | Support for the dependent after the death of bread earner | 400 | 1 | 5 | 3.99 | 1.028 | -.800 | -.156 |
| 24 | Narrow down the gap of rich and poor | 400 | 2 | 5 | 4.01 | 1.055 | -.651 | -.878 |
| 25 | Enhancing standard of living | 400 | 1 | 5 | 3.74 | 1.182 | -.376 | -1.274 |
| 26 | Socio-economic development of rural people | 400 | 2 | 5 | 3.75 | .937 | -.336 | -.741 |
| 27 | Reducing leakages | 400 | 1 | 5 | 3.18 | .939 | -.134 | -.185 |
| 28 | Curbing corruption of Govt. Officials | 400 | 2 | 5 | 4.09 | .935 | -.613 | -.721 |
| 29 | Curbing corruption of Panchayati Raj Institution | 400 | 1 | 5 | 3.65 | 1.118 | -.451 | -.756 |
| 30 | Awareness among rural people for their general financial rights | 400 | 1 | 5 | 3.70 | 1.064 | -.331 | -.591 |
| 31 | Reducing financial untouchability | 400 | 1 | 5 | 3.32 | .978 | -.172 | -.297 |
| 32 | Making financially aware | 400 | 1 | 5 | 3.67 | .976 | -.598 | -.473 |

***Data collected through schedule**

Further, the calculated values of standard deviation expose high variation in the factors affecting the perception of rural people regarding various dimensions of PMJDY. In case of skewness, most values are concentrated on the right side of the mean with extreme value to the right, so it can be said that distribution is negatively skewed. In case of kurtosis, the calculated values are less than zero which reveals platykurtic distribution for the responses given by respondents. Furthermore, the mean scores for all variables have been found more than three which reveals an agreed perception of respondents on various dimensions of PMJDY.

Kaiser- Mayer-Olkin Measure of Sampling Adequacy And Barlett’s Test Of Sphericity

Table 5 depicts the results of a Kaiser-Meyer-Olkin measure of sampling adequacy and Barlett’s test of Sphericity. The Kaiser-Mayer-Olkin (KMO) measures the sampling adequacy which should be greater than 0.5 for a satisfactory factor analysis to proceed further. This measure assesses the overall significance of the correlation matrix with the Barlett test. When taken overall, the results are significant at 1 percent level which is 0.935.

Table: 5 KMO and Barlett’s Test

| | | |
|--|---------------------------|-----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy | | 0.935 |
| Barlett’s Test of Sphericity: | Approx. Chi-square | 18135.358 |
| | Df | 496 |
| | Sig. | .000 |

It implies that the sample is adequate and factor analysis is appropriate for the data. The Barlett’s test is another indication of the strength of the relationship among variables. This tests the null hypothesis that the correlation matrix is an identity matrix in which each variable correlates perfectly with itself but has no correlation with other variables. Further, the table shows that Barlett’s test of Sphericity is significant i.e. its associated probability is less than 0.05. Infact, it is actually 0.000 i.e. the significance level is small enough to reject the null hypothesis. This means that correlation matrix is not an identify matrix. All the measures tested above, indicate that the reduced set of variables is appropriate for factor analysis.

Total Variance

Table 6 explains the total variance. Further, table shows all the factors extractable from the analysis along with their eigenvalues, the percent of variance attributable to each factor, the cumulative variance of the factor and the previous factors.

Table: 6 Total Variance Explained

| Component | Initial Eigenvalues | | | Extraction Sums of Squared | | | Rotation Sums of Squared loadings | | |
|-----------|---------------------|---------------|--------------|----------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 31.392 | 66.851 | 66.851 | 21.392 | 66.851 | 66.851 | 7.107 | 22.208 | 22.208 |
| 2 | 1.699 | 5.309 | 72.160 | 1.699 | 5.309 | 72.160 | 6.309 | 19.715 | 41.923 |
| 3 | 1.248 | 3.901 | 76.061 | 1.248 | 3.901 | 76.061 | 6.281 | 19.628 | 61.552 |
| 4 | 1.076 | 3.361 | 79.422 | 1.076 | 3.361 | 79.422 | 5.719 | 17.870 | 79.422 |
| 5 | .766 | 2.393 | 81.816 | | | | | | |
| 6 | .583 | 1.821 | 83.637 | | | | | | |
| 7 | .512 | 1.599 | 85.235 | | | | | | |
| 8 | .480 | 1.499 | 86.734 | | | | | | |
| 9 | .434 | 1.358 | 88.092 | | | | | | |
| 10 | .403 | 1.261 | 89.352 | | | | | | |
| 11 | .385 | 1.204 | 90.556 | | | | | | |
| 12 | .317 | .989 | 91.546 | | | | | | |
| 13 | .299 | .933 | 92.479 | | | | | | |
| 14 | .287 | .896 | 93.374 | | | | | | |
| 15 | .244 | .763 | 94.137 | | | | | | |
| 16 | .230 | .718 | 94.855 | | | | | | |
| 17 | .226 | .707 | 95.562 | | | | | | |
| 18 | .224 | .701 | 96.263 | | | | | | |
| 19 | .178 | .557 | 96.820 | | | | | | |
| 20 | .150 | .469 | 97.290 | | | | | | |
| 21 | .128 | .401 | 97.691 | | | | | | |
| 22 | .119 | .373 | 98.064 | | | | | | |
| 23 | .114 | .356 | 98.420 | | | | | | |
| 24 | .086 | .270 | 98.689 | | | | | | |
| 25 | .075 | .234 | 98.923 | | | | | | |
| 26 | .070 | .218 | 99.141 | | | | | | |
| 27 | .061 | .190 | 99.331 | | | | | | |
| 28 | .053 | .167 | 99.498 | | | | | | |
| 29 | .046 | .145 | 99.643 | | | | | | |
| 30 | .045 | .139 | 99.782 | | | | | | |
| 31 | .038 | .119 | 99.901 | | | | | | |
| 32 | .032 | .099 | 100.000 | | | | | | |

***Extraction Method: Principal Component Analysis**

The table reveals that, the first factor accounts for 66.851% of the variance, the second factor 5.309%, the third factor 3.901% and fourth factor 3.361%. All the remaining factors are not significant.

Scree Plot

Figure 1 shows the scree plot, it is graph of the eigenvalues against all the factors. The graph is useful for determining how many factors to retain.

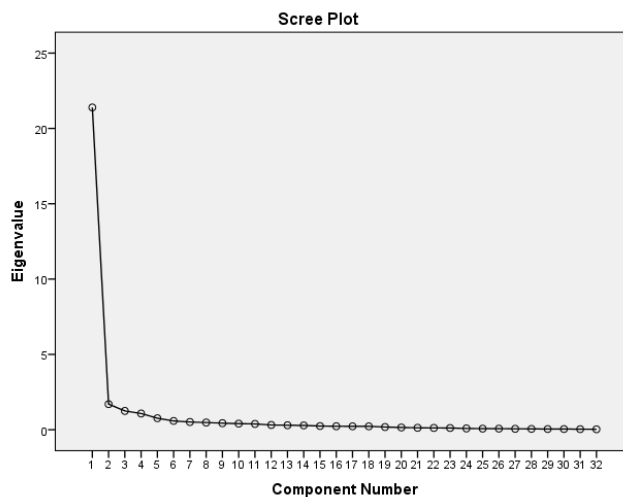


Fig: 1 Scree Plot

Further, the graph depicts that the curve begins to flatten between factors three and four. Therefore, only four factors have been retained.

Component Matrix

Table 7 shows the component matrix results.

Table: 7 Component Matrix

| Statements | Component | | | |
|--|-----------|-------|-------|-------|
| | 1 | 2 | 3 | 4 |
| Beneficial in enhancing standard of living | .934 | -.027 | -.109 | .030 |
| Curbing corruption of government officials | .897 | -.042 | .040 | .099 |
| Providing complete liquidity | .890 | -.305 | -.048 | -.156 |
| Narrow down gap between rich and poor | .888 | -.001 | .003 | .100 |
| Providing social security benefit | .881 | -.115 | -.089 | -.200 |
| Giving avenue for women to earn | .880 | -.230 | .019 | .039 |
| Providing direct benefit transfer | .875 | -.226 | .030 | -.001 |
| Increasing self-employment | .866 | -.030 | .091 | -.073 |
| Curbing corruption of Panchayati Raj Institution | .861 | -.188 | -.365 | .066 |
| Providing education to children | .850 | -.123 | -.051 | .153 |
| Providing safety for the savings | .847 | -.193 | -.142 | -.316 |
| Awareness among rural masses for their financial rights | .845 | .030 | -.364 | .060 |
| Socio-economic development of rural people | .843 | 0.54 | -.169 | .153 |
| Support of pension for the people engaged in informal sector | .829 | -.015 | .198 | -.069 |
| Hassle free means of linking savings to banks | .822 | -.342 | .219 | -.008 |
| Simplified KYC norms encouraged people to link with formal system | .821 | .217 | -.146 | -.251 |
| Less documentation encourage the poor to link with link | .821 | -.320 | .101 | -.072 |
| Reducing leakages | .815 | .379 | .021 | .159 |
| Enhances savings | .813 | -.135 | -.260 | -.292 |
| Making people financially aware | .812 | .037 | -.203 | .203 |
| Overdraft facility at low interest rate | .807 | .039 | .331 | .069 |
| Financial support for primary income generating activities | .775 | -.193 | .234 | .267 |
| Reducing dependence on informal sector | .773 | -.081 | .236 | -.432 |
| Recognition in the society | .766 | .415 | -.036 | .010 |
| Encouraging entrepreneurial abilities of women | .760 | -.087 | .250 | .203 |
| Procuring health facilities | .759 | .233 | .066 | .083 |
| Support for dependent after the death of bread earner | .756 | -.129 | .198 | .364 |
| Easy access to formal credit | .755 | .314 | -.078 | -.087 |
| Reducing financial untouchability | .750 | .157 | -.404 | .256 |
| Support to cure certain ailment | .716 | .532 | .138 | .024 |
| Diversification of activities | .696 | .249 | .389 | -.098 |
| Fulfilling the requirement of different expenses incurred for running various activities | .692 | .447 | .063 | -.278 |

*Extraction Method: Principal component matrix
Four components extracted

The above table reveals the loadings of the thirty two variables on the four factors extracted. The higher the absolute value of loadings, the more the factor contributes to the variables.

Rotated Component Matrix

Table 8 exhibits the results of rotated component matrix. Further, the table reports that four factors are extracted through factor analysis i.e. Financial benefits, Encouraging saving habit, Social development and Corruption Elimination. The rotation matrix reduces the number of factors on which the variables under investigation have high loadings.

Table: 8 Rotated Component Matrix

| Variables | Component | | | |
|-----------|-----------|------|------|------|
| | 1 | 2 | 3 | 4 |
| 1 | .756 | .247 | .227 | .284 |
| 2 | .749 | .142 | .244 | .346 |
| 3 | .692 | .541 | .175 | .198 |
| 4 | .684 | .240 | .323 | .244 |
| 5 | .640 | .300 | .493 | .154 |
| 6 | .591 | .508 | .237 | .406 |
| 7 | .573 | .533 | .247 | .379 |
| 8 | .570 | .390 | .392 | .431 |
| 9 | .552 | .371 | .271 | .498 |
| 10 | .530 | .371 | .413 | .458 |

| | | | | |
|----|------|------|------|-------|
| 11 | .529 | .452 | .451 | .209 |
| 12 | .492 | .491 | .431 | .307 |
| 13 | .292 | .758 | .275 | .372 |
| 14 | .365 | .717 | .445 | .001 |
| 15 | .197 | .712 | .272 | .461 |
| 16 | .490 | .699 | .198 | .380 |
| 17 | .367 | .650 | .347 | .398 |
| 18 | .584 | .591 | .174 | .264 |
| 19 | .273 | .098 | .813 | .266 |
| 20 | .100 | .356 | .767 | .185 |
| 21 | .239 | .203 | .701 | .414 |
| 22 | .386 | .127 | .682 | .451 |
| 23 | .451 | .272 | .656 | -.002 |
| 24 | .200 | .318 | .619 | .396 |
| 25 | .153 | .522 | .585 | .410 |
| 26 | .398 | .212 | .561 | .352 |
| 27 | .243 | .164 | .346 | .781 |
| 28 | .362 | .504 | .161 | .710 |
| 29 | .268 | .407 | .333 | .709 |
| 30 | .409 | .264 | .337 | .626 |
| 31 | .414 | .305 | .384 | .595 |
| 32 | .467 | .470 | .398 | .537 |

***Extraction Method: Principal component analysis**
Rotation Method: Varimax with Kaiser Normalisation
Rotation converged in 6 iterations

Further, the table reports the loading of different statements on identified four factors. Following variables are loaded on **factor 1** i.e. Financial Benefit which includes statements like financial support for primary income generating activities, giving women avenues to earn, providing direct benefit transfer, fulfillment of different expenses for running various activities, diversification of activities, overdraft facility at low rates, pension support for people engaged in informal sector, hassle free means of linking savings to banks, provides complete liquidity, provides social security benefit, increasing self-employment avenues and reduction of dependence on informal sector for credit. The variables that are loaded on **factor 2** i.e. Encouraging Saving Habit are: less documentation encouraging villagers to link with the bank, provides safety for the saving, enhances savings, simplified KYC norms facilitating to link more people with the formal channel, easy access to formal credit and encouraging the entrepreneurial abilities of women. In the **factor 3** i.e. Social Development variables like providing education to children, procuring health facilities, recognition in the society, support to cure certain ailment, support to the dependant after the death of bread earner, narrow down the gap of rich and poor, enhancing the standard of living and socio-economic development of rural people are taken. In the last segment, **factor 4** i.e. Corruption Elimination consists of variables like reducing leakages, curbing corruption of Govt. officials, curbing corruption of Panchayati Raj Institutions, awareness among rural masses for their general financial rights, reducing financial untouchability and making people financially aware.

Reliability Statistics:

The result of reliability statistics have been presented in the table 9. The reliability of the construct is determined by computing the Cronbach's alpha. Cronbach's coefficient alpha value of 0.6 is considered acceptable for the exploratory purposes, 0.7 is considered adequate and 0.8 good for confirmatory purposes.

Table: 9 Reliability Statistics

| Cronbach's Alpha | Cronbach's Alpha based on Standardized Items | No. of items |
|------------------|--|--------------|
| 0.984 | 0.984 | 32 |

Further, table reveals that the Cronbach alpha value based on standardized items obtained is 0.984 which shows high reliability of the scale. The overall reliability and validity of the scale as depicted by Cronbach alpha is well above 0.7, therefore it is valid to use this scale.

IV. Conclusion

Financial inclusion model of Pradhan Mantri Jan Dhan Yojana has come up as a promising solution for the problem of inequalities, prevalent among different regions as well as people. It is a model pre-dominantly adopted for the enhancement of those regions as well as social section of the strata which are deprived of the growth opportunities. Finance serves as a major factor for the upliftment of the poor. So, by providing financial resources with the essential counseling for its effective utilization is thereby giving them opportunity. The

results of the analysis give a clear indication of the same that this account has potentially moved forward from Jan Dhan to Jan Suraksha. It is through this yojana that the rural masses are getting not only the financial benefit but also the social development benefit as a whole.

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