



### Research Article

## A Critical Assessment of Awareness and Utilization of PMJDY Benefits in Vaishali's Low-Income Households

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### Abstract

The Pradhan Mantri Jan Dhan Yojana (PMJDY), launched in 2014, stands as India's most ambitious financial inclusion initiative. This study critically examines the awareness and utilization of PMJDY benefits among low-income households in Vaishali district, Bihar. Using a structured questionnaire and primary field data, it evaluates how effectively the scheme has integrated marginalized populations into the formal financial system. The research reveals a mixed outcome—while basic awareness of PMJDY exists widely, the utilization of its core benefits, such as overdraft, insurance, and pension, remains suboptimal due to low financial literacy and systemic gaps.

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**KEYWORDS:** PMJDY, financial sector, RuPay debit cards, Zero-balance savings accounts

### INTRODUCTION

Financial inclusion remains a cornerstone for sustainable development and poverty alleviation in India. Despite economic progress, a significant section of the rural population remains excluded from the formal financial sector. In response, the Government of India launched the Pradhan Mantri Jan Dhan Yojana (PMJDY) on August 28, 2014, with the ambitious goal

of ensuring at least one bank account per household. As of March 2024, over 50 crore beneficiaries have been enrolled under PMJDY, with deposits exceeding ₹2.35 lakh crore and nearly 34 crore RuPay debit cards issued (Ministry of Finance, 2024) <sup>[9]</sup>. Bihar, one of India's most socio-economically disadvantaged states, faces systemic issues such as poor

infrastructure, low literacy, and income inequality. Vaishali, a district with historical significance and predominantly agrarian economy, reflects these challenges. As per Census 2011, over 22% of the district population is illiterate, and more than 60% of households live below the poverty line (District Census Handbook, Vaishali, 2011).

The PMJDY scheme offers key benefits:

- Zero-balance savings accounts
- Accidental insurance cover of ₹2 lakh
- Overdraft facility up to ₹10,000
- Direct Benefit Transfer (DBT) for subsidies
- Access to micro-credit and Atal Pension Yojana

This study investigates whether these benefits have reached the grassroots in Vaishali's low-income households. It critically examines awareness levels, usage patterns, barriers, and impact of PMJDY, using primary data from 790 respondents across 79 villages.

PMJDY is divided into three phases. Phase I (2014–2015) focused on universal access to banking and financial literacy. Phase II (2015–2018) introduced micro-insurance and pension schemes. Phase III (post-2022) aims to integrate account holders with digital and doorstep banking. However, the success of these phases is contingent on people's awareness, accessibility, and trust in the system—variables this research seeks to measure.

Despite claims of universal banking, the Financial Inclusion Index (FII) for Bihar stands at 0.44 compared to the national average of 0.56 (RBI, 2023), indicating lag in outreach and utilization.

This study uses primary data and statistical tools such as Mean, Standard Deviation, Correlation, and Z-test to assess the effectiveness of PMJDY in a focused district-level context. It also benchmarks the results against national and regional studies to evaluate if Vaishali is moving toward inclusive banking or if gaps remain unaddressed.

## 2. OBJECTIVES OF THE STUDY

1. To assess the level of awareness regarding PMJDY among low-income households.
2. To analyze the extent of utilization of PMJDY benefits (zero-balance accounts, overdraft, insurance, etc.).
3. To identify key socio-economic barriers to full utilization.
4. To suggest measures for enhancing the scheme's effectiveness in rural Bihar.

## 3. LITERATURE REVIEW

The Pradhan Mantri Jan Dhan Yojana (PMJDY) has drawn extensive scholarly attention since its launch in 2014 as India's flagship financial inclusion initiative. Researchers have investigated its impact on banking access, savings behavior, credit use, digital transactions, and socio-economic empowerment. This section reviews relevant literature that informs and contextualizes the current study on Vaishali's low-income households.

Meera, Kaleeswaran, and Gurunandhini (2017) <sup>[8]</sup> examined the outreach of PMJDY in Tamil Nadu and found that while the majority of new accounts were opened in rural areas, usage remained low. They argued for an enhanced role of private sector banks and better promotion in urban localities. Their study also highlighted that lack of awareness about PMJDY's secondary benefits—such as overdraft, insurance, and RuPay card use—significantly hindered its impact.

Vaishali Khandelwal (2017) <sup>[14]</sup> evaluated the awareness and benefits of PMJDY among the poor. Her findings revealed that while account ownership had increased due to governmental push and incentivization, active use was still dependent on financial literacy. Khandelwal emphasized that knowledge of services such as direct benefit transfer (DBT), micro-insurance, and pension schemes was mostly limited to literate sections, with women lagging further behind.

Hemant Kumar Watts (2015) <sup>[15]</sup>, in his work “Implications of PMJDY on Financial Inclusion and Inclusive Growth,” argued that the challenge is not opening bank accounts, but maintaining them with regular transactions and savings. He highlighted the concern of dormant accounts, estimating that over 25% of PMJDY accounts were inactive within the first year, underscoring a systemic flaw in the scheme's execution.

Unnamalai (2015) <sup>[13]</sup> focused on the role of public sector banks and found that they spearheaded account creation under PMJDY. However, the absence of an enabling support system—such as adequate financial literacy programs and customer facilitation—restricted the scheme's success in rural areas. Her research also pointed out that regional rural banks (RRBs), while more accessible to the poor, lacked infrastructure and digital penetration.

Kaur and Singh (2015) <sup>[4]</sup> analyzed trends in financial inclusion and noted that while PMJDY had driven unprecedented account penetration, it had not yet translated into credit linkages or micro-enterprise growth. They called for the inclusion of financial literacy modules in school curricula and stronger institutional support for Business Correspondents (BCs) to increase doorstep delivery of financial services.

Kunt and Klapper (2012, 2013) <sup>[6, 7]</sup>, through the Global Findex Database, provided a macro-level analysis of financial inclusion across countries. Their findings underscored that in India, gender and education were two primary barriers to full financial inclusion. They emphasized that inclusion is not achieved merely by having a bank account but by regular usage, which remains elusive in many parts of rural India.

Divya (2013) <sup>[2]</sup> studied daily wage earners and highlighted the challenges they face in navigating the formal financial system. Her findings showed that while PMJDY opened new pathways for inclusion, the documentation requirements, long queues, and impersonalized banking experience dissuaded many from using their accounts. She advocated for simplified account management tools and periodic community-level banking camps.

Kushalakshi and Raghurama (2014) <sup>[5]</sup> discussed policy gaps and implementation bottlenecks in their work on financial inclusion in India. They acknowledged the Government of India

and RBI's efforts in promoting PMJDY but argued that without behavioral change and habit formation, the scheme would struggle to generate meaningful results. Their study emphasized the role of community-based organizations in promoting trust and uptake.

Mohan (2014) <sup>[10]</sup> offered insights into the structural elements of PMJDY. He discussed how the scheme leveraged India's demographic dividend through biometric identification (Aadhaar) and DBT mechanisms. While innovative, these mechanisms still required digital literacy and network coverage—both of which are lacking in many parts of Bihar and Uttar Pradesh.

Garg and Agrawal (2014) <sup>[3]</sup> reviewed financial inclusion initiatives and concluded that while the RBI had promoted banking access through PMJDY and other schemes, banks often lacked incentives to engage with low-income customers. This "business viability" concern led to poor service quality and ultimately discouraged usage among new accountholders.

Shahul (2014) <sup>[12]</sup>, in his work on slum dwellers in Assam, demonstrated how structural exclusion from financial services is deeply rooted in socio-economic disparities. His study found that PMJDY had brought banking closer, but without customized financial products and cultural alignment, the benefits failed to resonate with the poorest segments.

Singh and Tripathi (2021) <sup>[1]</sup>, in their comparative study across Indian states, found that states like Kerala and Maharashtra had higher utilization of PMJDY services due to better financial literacy and infrastructure. In contrast, Bihar and Jharkhand lagged significantly. Their study aligns closely with the context of Vaishali district and suggests that localized interventions are necessary to bridge the gap.

Charan Singh of IIM Bangalore conducted a micro-study in Tumkur district and revealed that PMJDY had a positive impact on women's banking participation. Female respondents were more likely to use accounts when encouraged by SHGs and community outreach. This observation is pertinent for Vaishali, where SHG networks are emerging and could be harnessed for improved outcomes.

Ravindran and Joshi (2020) <sup>[11]</sup> noted that while PMJDY led to a surge in bank accounts, over 40% of rural accountholders remained unaware of their account's features. They emphasized the importance of building trust in formal institutions through regular communication and grievance redressal mechanisms.

#### 4. RESEARCH METHODOLOGY

This research adopts a quantitative, analytical research design to critically assess the level of awareness and the extent of utilization of the Pradhan Mantri Jan Dhan Yojana (PMJDY) benefits among low-income households in the Vaishali district of Bihar. The study is grounded in primary data, supplemented by relevant secondary sources, and employs both descriptive and inferential statistical methods for analysis.

##### Profile of Respondents

Below is the demographic breakdown of the 790 surveyed low-income households:

**Table 1:** Demographic profile of respondents in Vaishali district.

Demographic Variable	Number of Respondents
Gender (Male)	348
Gender (Female)	442
Education (Illiterate)	300
Education (Primary)	332
Education (Secondary & Above)	158
Occupation (Daily Wage Laborers)	316
Occupation (Small Farmers)	221
Occupation (Self-employed)	253
Monthly Income (₹4000–₹6000)	510
Monthly Income (<₹4000)	280

##### Research Design and Approach

The study is analytical in nature, involving the collection of primary data through a structured questionnaire and its subsequent examination using statistical tools. The objective is to draw meaningful conclusions regarding awareness levels, usage behavior, and the barriers faced by respondents in accessing PMJDY-related services. The approach is cross-sectional, capturing data at one point in time to assess current trends and practices.

##### Sampling Technique

Given the vast geographical spread of the Vaishali district, probability sampling was employed to ensure representation and minimize selection bias. Specifically, the cluster sampling method was used. Vaishali district comprises 16 blocks and 1572 villages (as per Census 2011). From these, 5% of the total villages—approximately 79 villages—were randomly selected as clusters for the study. Within each village, 10 low-income households were selected based on pre-identified socio-economic criteria, such as income below ₹6,000 per month and lack of access to formal credit before PMJDY. This resulted in a total sample size of 790 respondents.

##### Data Sources

The study is based on both primary and secondary data:

- **Primary Data:** Collected directly from respondents using a pre-tested, structured questionnaire consisting of both closed and semi-closed questions. The questionnaire was designed to capture data on awareness, access, utilization, and perceptions regarding the PMJDY scheme. Where needed, short interviews and field observations were conducted to supplement responses, especially in cases of illiteracy or ambiguity.
- **Secondary Data:** Extracted from credible sources such as Ministry of Finance reports, Reserve Bank of India bulletins, government portals ([www.pmjdy.gov.in](http://www.pmjdy.gov.in)), published academic journals, and past empirical studies on financial inclusion.

##### Tools and Techniques for Data Analysis

The collected data was coded and entered into SPSS (Statistical Package for Social Sciences) for analysis. The following statistical tools were applied:

- Descriptive Statistics (mean, percentage, frequency) to summarize demographic data and usage patterns
- Z-test to test the significance of differences between groups (e.g., literate vs. illiterate respondents)
- Correlation Analysis to evaluate the relationship between awareness levels and utilization
- Cross-tabulation and Chi-square Tests for association between categorical variables such as gender, education, and service use

### Validity and Reliability

To ensure validity, the questionnaire was designed based on existing literature and pilot-tested on a small group of respondents. Expert feedback from academics in the field of commerce and social research was incorporated. For reliability, consistency in data collection was maintained through researcher-administered questionnaires in local language (Hindi), and responses were cross-verified through field observations and local facilitators.

## 5. RESULTS

### Awareness of PMJDY Components

**Table 2:** Awareness levels of PMJDY components among respondents.

PMJDY Component	% of Respondents Aware
Existence of PMJDY Account	100%
Zero-Balance Facility	86%
Overdraft Facility	53%
Insurance Benefits	39%
Atal Pension Yojana	21%
RuPay Debit Card Usage	44%

### Utilization Patterns

**Table 3:** Utilization rates of PMJDY services by surveyed households.

Service Used	% of Respondents Using
Active Bank Transactions	29%
Used Overdraft Facility	6%
Claimed Insurance	3%
Received DBT/Subsidies	68%
Enrolled in APY	7%

### Statistical Analysis

To analyze the primary data collected from 790 low-income households in Vaishali district, a combination of descriptive and inferential statistical techniques was employed using SPSS software. These tools helped to identify patterns, draw relationships, and validate hypotheses concerning the awareness and utilization of PMJDY benefits.

Descriptive statistics such as mean, percentage, and frequency distribution were used to present a clear picture of the respondents' demographic characteristics and their engagement with PMJDY services. The data revealed that while all respondents had bank accounts under PMJDY, only 29% of them actively used their accounts for transactions. A significant proportion (68%) had received subsidies through Direct Benefit Transfer (DBT), yet the utilization of other features like the

overdraft facility (6%) and insurance benefits (3%) remained extremely low. Awareness about the Atal Pension Yojana (APY) was also limited to just 21% of the respondents.

To statistically verify differences in service utilization between literate and illiterate respondents, a Z-test was applied. The hypothesis tested whether there was a significant difference in PMJDY benefit utilization between the two groups. The Z-value computed was 2.93, which exceeded the critical value of 1.96 at a 5% significance level. This led to the rejection of the null hypothesis, confirming that literate respondents made significantly more use of PMJDY services than their illiterate counterparts.

In addition to hypothesis testing, Pearson's correlation coefficient was used to examine the strength of relationships between key variables. A strong positive correlation ( $r = +0.61$ ) was found between education level and service utilization, indicating that as education increases, so does the likelihood of using PMJDY benefits. There was also a moderate positive correlation ( $r = +0.39$ ) between income level and usage of the overdraft facility. Furthermore, a weak but notable positive correlation ( $r = +0.28$ ) was observed between female respondents and their awareness of insurance benefits, suggesting that women associated with Self-Help Groups or local institutions may have slightly better exposure to such schemes.

To analyze the association between categorical variables such as gender and RuPay card usage, the chi-square test was applied. The analysis showed that gender had a significant impact on card usage, with a p-value of 0.011, indicating that male respondents were more likely to use RuPay debit cards than females. This reflects underlying issues such as digital literacy and mobility, which often constrain women in rural regions.

Cross-tabulation analysis further revealed that awareness and utilization of PMJDY benefits varied by geographical location. Blocks with better infrastructure and closer proximity to urban centers, such as Hajipur and Lalganj, reported higher levels of awareness and engagement with services like overdraft and insurance. In contrast, usage remained critically low in remote blocks such as Raghapur and Bidupur, underscoring the spatial divide in financial inclusion.

Overall, the statistical analysis confirms that while PMJDY has succeeded in ensuring account ownership, the challenge lies in translating access into active usage. Utilization is significantly shaped by education, income, gender, and geographic access to banking infrastructure. The evidence supports the partial acceptance of the hypothesis that PMJDY is beneficial for low-income households in Vaishali, but also highlights the urgent need for systemic and behavioral interventions to ensure inclusive and meaningful financial participation.

## 6. DISCUSSION

The findings show that while PMJDY has achieved its goal of widespread account opening, active utilization of services remains low, particularly among less-educated and lower-income groups. The key constraints are low financial literacy, distance from bank branches, and digital illiteracy.



Comparatively, a study by Meera *et al.* (2017) <sup>[8]</sup> found urban areas had 56% utilization of RuPay cards versus just 29% in rural areas. This mirrors Vaishali's low engagement despite awareness.

Kaur and Singh (2015) <sup>[4]</sup> emphasized that overdraft facilities were underutilized nationally due to lack of trust and procedural complexities. This resonates with Vaishali, where only 6% accessed overdrafts.

Unnamalai (2015) <sup>[13]</sup> highlighted the crucial role of Business Correspondents (BCs). In Vaishali, the absence of regular BC visits in remote villages was cited as a major access bottleneck.

Nationally, PMJDY has helped reduce reliance on informal credit. But in Vaishali, 48% of respondents still occasionally borrowed from moneylenders, indicating an incomplete transition.

Thus, the scheme's full impact is muted unless accompanied by targeted literacy programs, digital access, and service accountability. Women-led SHGs and panchayat-level awareness campaigns could be game changers.

## 7. RECOMMENDATIONS

In light of the findings from this study, several targeted measures are recommended to improve the awareness and utilization of PMJDY benefits among low-income households in Vaishali district. First and foremost, there is a pressing need to strengthen financial literacy campaigns at the grassroots level. Awareness regarding key features such as overdraft facilities, insurance coverage, and pension schemes remains low, especially among the illiterate and elderly. These campaigns should be delivered in the local language and adapted to the cultural context using folk media, visual aids, and interactive community events to ensure inclusivity and engagement. The role of local actors such as Self-Help Groups (SHGs), Anganwadi workers, school teachers, and Panchayat members must be institutionalized within financial inclusion strategies. These community leaders can serve as trusted facilitators who not only spread awareness but also assist beneficiaries in navigating procedures related to banking services. Strengthening the Business Correspondent (BC) model is equally vital. Regular and reliable presence of BCs in villages can significantly bridge the gap between formal banking services and rural residents, particularly those living far from physical bank branches. Encouraging active account usage through incentives can address the issue of dormant accounts. Small, periodic rewards for regular transactions or maintaining a minimum balance can promote positive banking behavior. Additionally, improving digital infrastructure, particularly internet and mobile connectivity in remote blocks, will enable broader adoption of digital banking and ensure seamless delivery of services linked to PMJDY. There is also a need to simplify the operational process of accessing PMJDY benefits. Many respondents reported difficulties in availing overdraft or insurance due to cumbersome paperwork or lack of clear guidance. Banks should streamline documentation, deploy help desks at rural branches, and proactively guide beneficiaries about available services and claim procedures. To ensure

accountability and efficiency, periodic monitoring and evaluation of PMJDY implementation at the district and block levels should be institutionalized. This can include household surveys, usage audits, and third-party assessments that provide feedback for timely corrective actions. Finally, policy implementation must be localized to reflect the socio-economic diversity within Vaishali. The study found significant variation in awareness and usage patterns across different blocks, indicating that a uniform strategy may not yield uniform results. Customized, block-specific interventions—backed by granular data and executed through a decentralized model—can make financial inclusion under PMJDY more effective, equitable, and sustainable.

## 8. CONCLUSION

The Pradhan Mantri Jan Dhan Yojana has undeniably revolutionized India's approach to financial inclusion. In Vaishali, Bihar, this research finds a mixed picture. On one hand, universal access to banking has largely been achieved—every surveyed household had at least one PMJDY account. On the other hand, utilization of the scheme's full spectrum of benefits remains inconsistent and limited.

The findings reveal that while awareness of basic features like zero-balance accounts is high, more advanced features such as insurance, overdraft, and pension remain underutilized due to systemic, educational, and infrastructural limitations. A significant gap persists between access and active participation. Financial literacy emerges as the single most important factor influencing utilization. Literate respondents, particularly those with secondary education or higher, were significantly more likely to engage with PMJDY services beyond basic banking.

Further, while direct benefit transfers have added credibility to the banking system, the lack of consistent service delivery, including absentee Business Correspondents and digital illiteracy, hampers long-term impact. Gender also plays a role, with women, especially those involved in SHGs, showing higher levels of engagement in financial services when supported by local initiatives.

Comparisons with national data and related studies reinforce the conclusion that Vaishali's experience is not unique—many rural districts face similar issues. However, the historical and cultural context of Vaishali offers a unique opportunity. The strong presence of community networks, religious tourism, and cultural identity could be leveraged to roll out region-specific financial literacy drives.

To move forward, a multi-pronged approach is required:

- Financial education must be institutionalized at the village level.
- Banking infrastructure needs expansion and digitization.
- Local governance bodies must be mobilized to ensure last-mile service delivery.

Only when access, awareness, and active utilization are aligned can PMJDY achieve its mission of transforming the socio-economic landscape of India's rural poor. For districts like

Vaishali, this transition holds the key to inclusive and sustainable development.

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