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An Analysis of Pradhan Mantri Jan Dhan Yojana (Pmjdj) in Bangalore Rural District

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Abstract

Financial inclusion ensures that marginalized households gain access to formal banking services such as deposits, credit, insurance, pensions, and safe fund transfers. Pradhan Mantri Jan Dhan Yojana (PMJDY), launched in 2014, is a flagship mission to provide every household with a bank account and access to financial products. Bangalore Rural district, despite its proximity to Bengaluru city, remains largely agrarian with 72% of its population living in villages. Income disparities, dependence on agriculture, and limited collateral restrict access to formal credit. PMJDY has emerged as a transformative initiative, enabling rural households to open zero balance accounts, receive RuPay debit cards, and access insurance schemes. This paper analyzes the current status of PMJDY in Bangalore Rural, its role in promoting financial inclusion, and its socio-economic impact.

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1. Introduction

Financial inclusion is no longer a policy choice but a necessity for sustainable development. The Rangarajan Committee (2008) defined it as ensuring timely access to financial services and adequate credit for weaker sections at affordable cost. PMJDY embodies this vision by offering:

- Zero balance accounts with no minimum deposit requirement
- Interest on deposits
- Life insurance cover of ₹30,000
- Accidental insurance of ₹1 lakh
- RuPay debit cards for digital transactions
- Overdraft facility up to ₹10,000
- Access to pension schemes

In Bangalore Rural, where agriculture and small industries dominate, PMJDY provides a pathway for households to escape informal moneylenders and integrate into the formal financial system.

2. Need of the Study

Bangalore Rural's economy is characterized by:

- **Agrarian Dependence:** Majority of households rely on farming and allied activities.
- **Income Disparity:** Small farmers and landless laborers earn significantly less than peri-urban households.
- **Limited Collateral:** Banks often hesitate to extend credit without security.
- **Digital Divide:** Despite proximity to Bengaluru, rural households lag in digital literacy.

PMJDY addresses these challenges by offering accessible accounts, insurance, and digital payment tools. Studying its impact in Bangalore Rural helps evaluate how financial inclusion contributes to socio-economic development.

2.1 Objectives

1. To assess the current status of PMJDY in Bangalore Rural.
2. To analyze PMJDY's role in promoting financial inclusion and socio-economic growth.
3. To examine awareness levels and sources of information among rural households.
4. To evaluate adoption of RuPay cards and zero-balance accounts.

3. Research Methodology

- **Sample Design:** 500 respondents selected from four taluks-Devanahalli, Doddaballapur, Nelamangala, and Hosakote.
- **Sampling:** Multistage cluster sampling (taluks → panchayats → villages).
- **Data Sources:**
 - **Primary Data:** Household surveys, interviews with local banks, SHGs.
 - **Secondary Data:** RBI reports, NABARD publications, PMJDY portal, Ministry of Finance statistics.

3.1 Present Status of PMJDY in Bangalore Rural (as of March 2024)

Category	Beneficiaries	Balance in Accounts (₹ crore)	RuPay Cards Issued
Rural/Semi-urban branches	1,245,000	987.42	865,000
Urban/Metro branches	112,000	95.13	78,000
Total	1,357,000	1,082.55	943,000

PMJDY has mobilized over ₹1,082 crore deposits in Bangalore Rural, reflecting strong participation.

3.2 Awareness of Respondents

Awareness levels vary across taluks:

- **Devanahalli:** Highest awareness (due to literacy and proximity to Bengaluru airport).
- **Hosakote:** Moderate awareness, aided by NGO campaigns.
- **Doddaballapur & Nelamangala:** Lower awareness, linked to agricultural dependence.

Chi-square analysis shows significant association between awareness and taluk status. Overall, 77.8% respondents reported awareness of PMJDY.

3.3 Sources of Information

Source	Respondents (%)
Friends & Relatives	28.5
Media & Advertisements	52.3
Banks & Institutions	12.4
Other sources	6.8

Media and advertisements remain the most effective medium, followed by interpersonal networks.

3.4 No-Frill Accounts

Zero-balance accounts encourage savings among low-income households.

- 62% respondents reported opening such accounts.
- Highest adoption in Hosakote taluk, linked to SHG activity.
- Chi-square analysis confirms significant association between taluk and account adoption.

3.5 Awareness of RuPay Card

- 54% respondents reported awareness and usage.
- No significant association between taluk and awareness.
- Usage higher among younger respondents and those with secondary education.

3.6 Interrelationship of PMJDY Facets

Correlation Analysis Reveals:

- **Caste and Religion:** Positive association with awareness of insurance schemes.
- **Education Level:** Strong correlation with RuPay card usage and overdraft facility.
- **Income Groups:** Higher literacy linked to adoption of pension and insurance schemes.

4. Discussion

PMJDY has transformed financial access in Bangalore Rural:

- **Economic Empowerment:** Households now save formally, reducing dependence on moneylenders.
- **Digital Inclusion:** RuPay cards and mobile banking promote cashless transactions.
- **Social Inclusion:** Insurance schemes provide safety nets for vulnerable groups.
- **Challenges:**
 - Limited digital literacy in older populations.
 - Inadequate awareness campaigns in remote villages.
 - Overdraft facility underutilized due to lack of confidence in repayment.

Conclusion

He Pradhan Mantri Jan Dhan Yojana has emerged as a cornerstone of financial inclusion in Bangalore Rural district. With more than 1.35 million accounts opened and deposits exceeding ₹1,082 crore, the scheme has successfully integrated a large segment of rural households into the formal banking system. This achievement is particularly significant given the district's agrarian profile, where income disparities and dependence on informal credit have historically hindered socio-economic progress.

The study reveals that awareness levels are uneven across taluks, with Devanahalli showing the highest due to its proximity to Bengaluru and better literacy rates, while Nelamangala and Doddaballapur lag behind. Media and advertisements have proven to be the most effective channels of communication, highlighting the importance of accessible and low-cost information dissemination. However, interpersonal networks such as friends and relatives continue to play a crucial role in spreading awareness, especially in villages with limited digital penetration.

The adoption of no-frill accounts has been encouraging, with 62% of respondents reporting usage. These accounts have fostered a culture of savings among low-income households, reducing reliance on moneylenders. Yet, the RuPay card adoption rate (54%) indicates that digital financial literacy remains a challenge. While younger and better-educated respondents are more likely to use RuPay cards, older populations and those with limited education continue to prefer cash transactions. This gap underscores the need for targeted digital literacy campaigns.

Correlation analysis further demonstrates that education and income levels strongly influence awareness and adoption of PMJDY benefits such as insurance schemes, overdraft facilities, and pensions. Caste and religion, though positively associated with awareness, show that inclusivity has been achieved across social groups. This suggests that PMJDY has succeeded in transcending socio-cultural barriers, but economic and educational disparities still shape the depth of participation.

From a policy perspective, PMJDY in Bangalore Rural has laid the foundation for economic empowerment, social inclusion, and digital transformation. However, challenges remain:

- Limited awareness in remote villages.
- Underutilization of overdraft facilities due to repayment fears.
- Gaps in RuPay card usage and digital transactions.
- Need for stronger collaboration between banks, NGOs, and self-help groups.

Going forward, door-to-door awareness campaigns, integration of financial literacy into rural education, and leveraging SHGs as community anchors can enhance participation. Banks must also adopt a more proactive approach in extending credit and overdraft facilities, ensuring that financial inclusion translates into tangible economic empowerment.

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