

IMPACT OF LITERACY ON PRADHAN MANTRI JAN DHAN YOJNA AWARENESS AND FINANCIAL INCLUSION: EVIDENCE FROM SCHEDULED TRIBES OF KERALA

Reshma K * K.Kanniammal * *

Introduction

The Pradhan Mantri Jan DhanYojna (PMJDY), a flagship initiative for financial inclusion, with the goal of guaranteeing that every household in the nation has access to banking services. It offers a variety of financial services, including savings accounts, remittances, credit facilities, and insurance, with the goals of fostering financial literacy, facilitating direct benefit transfers, and improving the effectiveness of welfare programs. Because it helps close the gap between unbanked people and established financial institutions, PMJDY has attracted a lot of attention for its role in promoting inclusive growth and socioeconomic empowerment. With a focus on impoverished and marginalized groups in particular, this ambitious program seeks to guarantee financial service availability to all citizens, encourage financial literacy, and grant universal access to banking facilities. In India's heterogeneous socioeconomic environment, the PMJDY's efficacy depends on a number of elements, one of which is literacy, which is a crucial factor in determining knowledge of and involvement in this revolutionary program.

Beyond just being able to read and write, literacy also includes the ability to effectively understand, evaluate, and apply knowledge. Literacy is essential to financial inclusion because it enables people to make wise decisions about saving, borrowing, and investing, as well as to comprehend financial concepts and banking institutions. Increased engagement in formal financial services is correlated with higher literacy levels, which supports economic empowerment and lessens inequality in access to financial resources. Kerala offers a unique context for analyzing the relationship between literacy, PMJDY knowledge, and financial inclusion, especially within its communities of Scheduled Tribes. Kerala is known for its high literacy rates and progressive social indices. Kerala has made great progress in social development and education, but Scheduled Tribes still have unequal access to financial services and knowledge of government assistance programs, such as PMJDY.

* Senior Research Fellow, Department of Commerce, Avinashilingam Institute for Home Science and Higher Education for Women, Coimbatore.

* * Professor, Department of Commerce, Avinashilingam Institute for Home Science and Higher Education for Women, Coimbatore.

Examining how literacy affects Scheduled Tribes in Kerala's PMJDY awareness and financial inclusion provides important insights into the effectiveness of the program and the larger dynamics of inclusive development in the area.

As stated by the Committee on Financial Inclusion (Rangarajan, 2008), "Financial inclusion may be defined as the process of ensuring access to financial services and timely adequate credit where needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost". By giving people and communities access to formal financial services like savings accounts, credit, insurance, and payment methods, financial inclusion promotes economic empowerment. Financial inclusion helps people invest in entrepreneurship, healthcare, and education by easing loan availability and encouraging savings. This lowers poverty and fosters sustainable economic growth. Additionally, financial inclusion fosters inclusive development and lowers income inequality by promoting social equity, strengthening resilience to economic shocks, and making it easier for underprivileged communities to integrate into the formal sector.

This study seeks to explain the nexus between literacy rates, PMJDY awareness, and financial inclusion among Kerala's Scheduled Tribes by using empirical data and analytical frameworks. This study adds to the discussion on using literacy as a catalyst for inclusive growth and equitable development policies by analyzing the degree to which literacy affects the use of PMJDY services and the ensuing financial inclusion outcomes. This study intends to give nuanced insights that feed policy interventions targeted at promoting financial literacy and encouraging equitable socio-economic advancement through a careful examination of primary data obtained from Scheduled Tribes communities in Kerala.

LITERATURE REVIEW

Their financial inclusion status is a logical byproduct of the respondents' high income and educational profile. It is made clear how important PMJDY awareness is in helping to connect the underprivileged with traditional banking institutions. The likelihood of respondents being financially included increases with proximity to the bank. The dissemination of financial information has been aided by a variety of sources, including newspapers, bank mithras, television, friends, and the like. As a result, banks and legislators ought to collaborate closely to disseminate financial information because doing so is thought to have an immediate effect on their operations. Only one respondent indicated that they had received financial information from the bank, indicating that efforts by banks to disseminate financial information have not been successful (Sharma & Goyal, 2017). According to the available data, the current administration has opened more bank accounts through the new Pradhan Mantri Jan Dhan Yojana (PMJDY) financial inclusion program,

which has proven to be somewhat successful. However, it has been noted that, owing to illiteracy and ignorance, the majority of the rural market remains unexplored and undiscovered (Joshi & Rajpurohit, 2016). Contradictory to this, Sailaja & Rao (2018) found that, irrespective of age, gender, and education, respondents have a good awareness level of PMJDY. Even in the case of female street vendors, they are aware of the bank's initiatives for financial inclusion (Priyadarshini, 2022). In support of this study, Kingsly & Sivamurugan (n.d.) found that the existing account holders are aware of the PMJDY program, but their financial literacy is poor. Additionally, the study suggests that holding financial literacy workshops will result in efficient use of the program. Empirical results reveal that as education level rises, so does financial awareness and inclusion. It is also clear that households with one or more graduates have a higher likelihood of being financially inclusive and conscious of their financial situation (Raichoudhury, 2019).

Financial inclusion through PMJDY is one of the best initiatives ever attempted to end poverty. Any scheme needs to be regularly reviewed and checked in order to succeed. Achieving successful implementation would curb corruption in addition to decreasing poverty. A daring initial move by the NDA government did in fact assist a large number of people in entering the mainstream economy and lowering financial inequity (Kumar & Venkatesha, 2014). Although efforts have been made to reach the aim of financial inclusion through a scheme like PMJDY, in a country as diverse as India, it is essential to start with the fundamentals and adapt the models to the situation. This will promote financial development in the nation and assist to quicken the rate of economic expansion (Vincent & Sivakumar, 2019). The PMJDY program has been a generally successful financial inclusion strategy in rural areas, particularly for women. Numerous women have opened PMJDY accounts and entered the financial industry. In a similar vein, PMJDY accounts have been opened by people with a few years of schooling as well as those without a formal education. Although most people are unaware of these financial schemes, banks, SHGs, and BCs are becoming more and more crucial in helping people open PMJDY accounts (Singh & Naik, 2018). It has been discovered that while PMJDY has expanded the number of bank accounts for underprivileged and marginalized people by weakening KYC, the volume of transactions in the accounts is extremely low. However, a significant portion of accounts remain inactive due to either insufficient income to fund the account, insufficient money to deposit, or a lack of knowledge about banking procedures (Bijoy, 2017). There are differences in the effects of PMJDY on financial inclusion based on states, regions, communities, socioeconomic classes, and other factors. Research reveals that the only state where people were more satisfied with the Jan Dhan Yojana and aware of it was Uttar Pradesh. As a result, it is advised that RBI and commercial banks set up appropriate training for their

patrons and develop a coordinated campaign with trainers to inform them about the many financial inclusion programs (Dipa & Rohit, 2018; Kaur & Walia, 2016; Khuntia, 2014). Hence, much of the literature reviewed showcases the importance of PMJDY awareness for the successful attainment of the ultimate goal of the scheme, which is financial inclusion. Thus, it is critical to investigate the nexus between PMJDY awareness and financial inclusion with the mediating role of literacy among the most vulnerable sections such as Scheduled Tribes.

METHODS

The study follows a hybrid design that includes both qualitative and quantitative aspects of research. Multiple sources of data were used; first-hand data was gathered through conducting personal interviews by using an organized schedule, while published data was gathered from various public documents. As per Slovin's formula, 394 tribal respondents from three different tribal communities settled in Attappady tribal taluk were selected through multistage purposive sampling. Multiple statistical tools were used for data analysis, such as descriptive statistics and ANOVA.

OBJECTIVES

F To investigate the nexus between literacy and PMJDY awareness among Scheduled tribes of Kerala.

F To establish the relationship between literacy and financial inclusion among Scheduled tribes of Kerala.

RESULTS

The respondents were selected from the Attappady tribal region, Kerala. There were three sectors of tribal people: Irula, Muduga, and Kurumba.

Table: 1 - Demographic profile of the respondents

SI No	Variables	Categories	Sections of Tribes			Total
			Irula (%)	Muduga (%)	Kurumba (%)	
1	Age	Below 20	2.28	0	0.76	1.01
		21-40	42.42	48.48	57.25	49.37
		41-60	34.09	36.36	29.01	33.16
		Above 61	21.21	15.16	12.98	16.46
2	Gender	Male	43.18	70.45	77.10	63.54
		Female	56.82	29.55	22.90	36.46

3	Marital status	Married	82.58	83.33	84.73	83.55
		Unmarried	3.03	2.28	0	1.77
		Others	14.39	14.39	15.27	14.68
4	Educational Qualification	Illiterate	34.09	28.79	21.37	28.10
		Below SSLC	39.39	47.72	49.62	45.57
		SSLC	15.91	15.14	21.37	17.47
		Plus-Two	5.30	2.26	6.11	4.55
		Graduation	1.52	3.03	1.53	2.03
		Above Graduation	0.76	1.53	0	0.76
		Others (Technical)	3.03	1.53	0	1.52

Source: Primary data

Table 1 demonstrates that the researcher only included participants who were at least 18 years old. 49.37% of respondents (the majority) were in the age range of 21 to 40. 251 men and 144 women made up the sample of respondents, and 83.55% of the men and 1.77 percent of the women were married. Widows, widowers, and single moms make up the 'others' group, which constitutes 14.68% of the population. Personal interviews with individuals were used to acquire the data required for the timetable. The full schedule was completed in Malayalam because the respondents struggled with English. 45.57% of the total respondents said that their educational level was 'below SSLC'. It's significant to notice that only three responses qualify as 'above graduation'.

Among the total respondents, 73.16% work as paid workers under MGNREGS. Each respondent has a nuclear family arrangement. The majority of respondents (43.29%) had between 2 and 4 family members, and 92.91% of these households had up to 2 workers. The majority of families (87.09%) make less than Rs. 120,000 annually. It is obvious that the majority of respondents do not have a stable financial situation. In the income range of Rs. 2,40,000-Rs. 3,60,000, 0.25 percent of people reside. Just 3.8% of people come from a higher income group (Rs.4,80,000- Rs.6,00,000).

Influence of literacy on PMJDY awareness and financial inclusion of Scheduled tribes from Irula, Kurumba, and Muduga was analyzed using ANOVA test. The hypotheses set for the test were:

Table: 2
Socio-economic profile of respondents

SI No	Variables	Categories	Sections of Tribes			Total
			Irula (%)	Muduga (%)	Kurumba (%)	
1	Occupation	Un employed	16.67	9.85	3.05	9.87
		Self-occupied	4.54	2.27	5.34	4.05
		Paid laborers / MGNREGS	67.41	71.21	80.92	73.16
		Private job	3.03	4.54	0	2.54
		Government job	3.03	6.82	8.40	6.08
		Farmer	1.52	0.76	1.53	1.27
		Collection and sale of forest products	0.76	0	0	0.25
		Dairy farming	1.52	3.79	0	1.77
		Others	1.52	0.76	0.76	1.01
2	Number of family members	Up to 2	21.97	27.27	21.38	23.55
		2-4	55.30	37.88	36.64	43.29
		4-6	21.21	26.52	34.35	27.34
		Above 6	1.52	8.33	7.63	5.82
3	Number of working members	Up to 2	21.97	27.27	21.37	23.54
		2-4	55.30	37.88	36.64	43.29
		4-6	21.21	26.52	34.35	27.35
		Above 6	1.52	8.33	7.64	5.82
4	Annual income	Below Rs.1,20,000	90.15	84.85	86.26	87.09
		Rs. 1,20,000-2,40,000	5.30	7.57	0	4.30
		Rs. 2,40,000-3,60,000	0.76	0	4.58	1.77
		Rs. 3,60,000-4,80,000	0.76	3.79	4.58	3.04
		Rs. 4,80,000-6,00,000	3.03	3.79	4.58	3.80

Source: Primary data

Among the total respondents, 73.16% work as paid workers under MGNREGS. Each respondent has a nuclear family arrangement. The majority of respondents (43.29%) had between 2 and 4 family members, and 92.91% of these households had up to 2 workers. The majority of families (87.09%) make less than Rs. 120,000 annually. It is obvious that the majority of respondents do not have a stable financial situation. In the income range of Rs. 2,40,000-Rs. 3,60,000, 0.25 percent of people reside. Just 3.8% of people come from a higher income group (Rs.4,80,000- Rs.6,00,000).

Influence of literacy on PMJDY awareness and financial inclusion of Scheduled tribes from Irula, Kurumba, and Muduga was analyzed using ANOVA test. The hypotheses set for the test were:

H0: Literacy has no influence on PMJDY awareness of Scheduled tribes of Kerala.

H0: Literacy has no influence on the financial inclusion of Scheduled tribes of Kerala.

Table 3 Influence of Literacy on PMJDY awareness

Source	Sum of squares	DF	Mean square	F	Sig.
Corrected Model	.695 ^a	7	.099	1.158	.324
Intercept	458.506	1	459.505	5.362	.000
Literacy	.582	3	.193	2.261	.001
Error	33.173	387	.087		
Total	3171.734	395			
Corrected Total	33.867	394			

a. R Squared = .021 (Adjusted R Squared = .003)

Source: Computed data * Level of Significance: 5%

Table 3 makes evident that the age group's p-value is 0.001, which is less than 0.05 at the 5% threshold of significance. Therefore, it is concluded that the literacy has a significant effect on their level of awareness on PMJDY.

Table 4 : Influence of Literacy on financial inclusion

Source	Sum of squares	DF	Mean square	F	Sig.
Corrected Model	.694 ^a	7	.098	1.157	.325
Intercept	459.521	1	458.501	5.362	.000
Literacy	.571	3	.192	2.261	.002
Error	32.172	387	.085		
Total	3173.722	395			
Corrected Total	32.866	394			

Source: Computed data * Level of Significance: 5%

Table 4 makes evident that the age group's p-value is 0.002, which is less than 0.05 at the 5% threshold of significance. Therefore, it is concluded that the literacy has a significant effect on the financial inclusion of Scheduled tribes of Kerala.

DISCUSSION

Thorough empirical investigation has demonstrated that literacy is a crucial factor in enabling excluded communities to obtain information about PMJDY (p value 0.001) and, in turn, to advance financial inclusion (0.002). This discovery is consistent with more comprehensive theoretical frameworks that highlight the empowering impacts of literacy and education on people's capacity to understand, participate in, and reap the benefits of socioeconomic development activities.

The relationship between ST communities' literacy levels and PMJDY awareness is one of the main findings drawn from this study. According to the results, people who read more often are not only more likely to be aware of PMJDY's existence and goals, but they also appear to be more inclined to take part in the program actively. This phenomenon can be explained by the fact that literate people are better able to obtain and analyze information from a variety of sources, such as government publications, educational resources, and social media, which empowers them to make well-informed decisions about their financial health.

Moreover, it is impossible to overestimate the influence of literacy on financial inclusion in ST populations. According to the study, there is a correlation between higher literacy rates and the use of formal banking services made possible by PMJDY, including creating bank accounts, obtaining overdraft protection, and signing up for insurance and pension plans. People who are literate demonstrate an enhanced capacity to appreciate the advantages of these services, maneuver through bureaucratic processes, and efficiently manage financial resources to fulfill their varied requirements and ambitions. Higher literacy rates are therefore linked to improved living standards in ST households, increased economic empowerment, and resilience against financial shocks.

Significantly, in order to promote PMJDY awareness and enable financial inclusion, the results highlight the necessity of focused interventions meant to raise literacy levels among ST communities. Not only should basic literacy skills be prioritized, but financial education and digital literacy components that are specifically suited to the needs and conditions of ST communities in Kerala should also be included in such initiatives. These interventions have the potential to catalyze transformative change by providing people with the necessary knowledge and skills to engage meaningfully with financial services and government initiatives like PMJDY. This will help break the cycle of poverty and exclusion that has historically characterized ST communities.

In summary, the data in this study confirms the indisputable connection between financial inclusion, PMJDY knowledge, and literacy among Kerala's Scheduled Tribes. Policymakers and stakeholders can leverage the transformative power of literacy to accelerate inclusive growth, empower marginalized communities, and advance the overarching goals of social equity and sustainable development by identifying and addressing the educational barriers that obstruct access to information and resources.

CONCLUSION

This research has illuminated the significant influence of literacy on the knowledge and execution of the Pradhan Mantri Jan DhanYojna (PMJDY) and the consequent financial inclusion of Kerala's Scheduled Tribes (STs). After a thorough examination of the empirical data, it is clear that literacy is essential for improving the comprehension and use of government-run financial programs like PMJDY in underprivileged populations like Scheduled Tribes.

The results highlight the crucial importance of focused literacy campaigns as a means of encouraging financial literacy and inclusion programs among marginalized groups. It is possible to effectively reduce barriers to accessing and using formal financial services by providing people with the fundamental literacy skills they need, especially when it comes to financial literacy. This will empower individuals and promote social inclusion and economic empowerment within Scheduled tribal communities.

Furthermore, specific policy interventions are required to address the particular socio-economic situation of the Keralan STs, accounting for elements like historical marginalization, cultural variety, and physical remoteness. In addition to raising literacy rates, these initiatives should focus on raising the standard and applicability of education, giving people the know-how and abilities, they need to successfully negotiate the intricacies of contemporary financial institutions.

Ultimately, this study's implications go beyond the field of financial inclusion, highlighting the importance of literacy in general as a key factor in socioeconomic development and empowerment. It is crucial to acknowledge and give priority to the critical role that literacy plays in enabling policymakers and stakeholders to achieve the agenda of equitable access to opportunities and inclusive growth. This is especially true for historically marginalized communities such as Kerala's Scheduled Tribes.

ACKNOWLEDGEMENT

The corresponding author is a Senior Research fellow under the UGC NET JRF scheme, and is currently receiving funds from UGC under grant number 190510464440.

REFERENCES

1. Bijoy, K. (2017). Financial Inclusion in India and PMJDY: A Critical Review. ICITKM, 39-46.

2. Dipa, S., & Rohit, A. (2018). Can Jan Dhan Yojana Achieve Financial Inclusion? *Economic and Political Weekly*, 53(13).
3. Joshi, M., & Rajpurohit, V. P. (2016). Pradhan Mantri Jan Dhan Yojana (the Financial Inclusion): A Study of Awareness. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.2816493>
4. Kaur, J., & Walia, D. N. (2016). A review study on Pradhan Mantri Jan Dhan Yojana-A new scheme towards financial inclusion. *International Journal of Business Management and Scientific Research*, 18, 20-32.
5. Khuntia, R. (2014). Pradhan Mantri Jan Dhan Yojana (PMJDY): A new drive towards financial inclusion in India. *ZENITH International Journal of Business Economics & Management Research*, 4(11), 10-20.
6. Kingsly, L. M. J., & Sivamurugan, C. (n.d.). A Study on the Awareness of an Individual, Social and Financial on PMJDY Customers in Tamilnadu. *International Journal of Health Sciences*, III, 9609-9621.
7. Kumar, M. D., & Venkatesha, H. R. (2014). Financial Inclusion Using Pradhan Mantri Jan-Dhan Yojana-A Conceptual Study. *Asia Pacific Journal of Research*, 1.
8. Priyadharshini, I. (2022). Banking Needs Of Women Street Vendors-A Study With Special Reference To Pollachi Taluk. *South India Journal of Social Sciences*, 20(1), 54-66.
9. Raichoudhury, A. (2019). Impact of education on PMJDY awareness and financial inclusion: A study of Puri district. *International Journal of Civil Engineering and Technology*, 10(1).
10. Rangarajan, C. (2008). Report of the committee on financial inclusion. Ministry of Finance, Government of India, 155-167.
11. Sailaja, V. N., & Rao, T. U. M. (2018). A Study On Financial Inclusion Awareness Through Pradhan Mantri Jan-Dhan Yojana In Guntur District. *International Journal of Mechanical Engineering and Technology (IJMET)*, 50, 9.
12. Sharma, N., & Goyal, R. (2017). Pradhan Mantri Jan Dhan yojana (pmjdy)-a conceptual study. *International Journal of Research-Granthaalayah* Pg 143-152 ISSN 2350-0530 (O), ISSN 2394-3629 (P).
13. Singh, C., & Naik, G. (2018). Financial inclusion after PMJDY: A case study of Gubbi Taluk, Tumkur. *IIM Bangalore Research Paper*, 568.
14. Vincent, G., & Sivakumar, S. (2019). Financial inclusion in India-a progress and challenges. *International Journal of Advanced Science and Technology*, 28(19), 521-530.