



## “A STUDY ON IMPACT OF DEMONETIZATION ON PRADHAN MANTRI JAN DHAN YOJANA WITH SPECIAL REFERENCE TO KOLAR DISTRICT”

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### Abstract

The government has implemented a major change in the economic environment by demonetising the high value currency notes – of Rs 500 and Rs 1000 denomination. These ceased to be legal tender from the midnight of 8th of November 2016. Demonetization move has result in a windfall of Rs.3 Lakh cr.to the RBI. Highly placed sources say that after targeting black money hoarders, the government, has to send a strong signal to poor farmers, among others, that benefits are given to them, a reward for their hardship, perhaps. Jan Dhan Deposits will definitely prove to be a game change. Hence the study is conducted to assess the Impact of Demonetization on Pradhan Mantri Jan Dhan Yojana with special reference to kolar dist. The study is done with the sample size of 100 personnel from Kolar district through snow ball sampling techniques.

**Key words:** Demonetization, Jan Dhan Yojana, Government.

### Introduction

On November 8, Prime Minister Narendra Modi in a surprise move announced Demonetization of 500 and 1,000 rupee notes and since then, long queues before banks and post offices are seen to deposit or exchange these currencies. With a view to increasing banking penetration and promoting financial inclusion and with the main objective of covering all households with at least one bank account per household across the country, Pradhan Mantri Jan Dhan Yojana (PMJDY) was launched on August 28, 2014. Such accounts have a deposit limit of Rs 50,000. Demonetization's aim mainly was to target the rich with unaccounted money but the planners never thought that the scheme would make the poor rich and bring in a new concept called benami Deposits. And this is exactly what happened, the looks Jan Dhan Yojana bank accounts opened for the poorest of poor but are now swelling with cash since November 8. There is no need for any financial wisdom to understand this to conclude that these accounts have become holders of somebody's account. What we find is the poor have been used by those with hordes of unaccounted for money to park their funds. According to sources Jan Dhan accounts were increasing Rs.5, 000 to Rs.50, 000 of cash deposits each in most of the zero-balance accounts. Post November 8th the scenario has changed, a majority of them have witnessed the first ever transactions in the past two years, ever since they were opened, a senior bank officer revealed.

### Literature Review

According to Indian institute of banking and finance, “financial inclusion is delivery of banking services at an affordable cost ('no frills' accounts,) to the vast sections of disadvantaged and low income group. Unrestrained access to public goods and services is the sine qua non of an open and efficient society. As banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of the public policy.”

According to Dr. K.C.Chakrabarty, Deputy Governor, Reserve Bank of India, financial Inclusions the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular at an affordable cost in a fair and transparent manner by main stream institutional players.

### The Objectives of Study

- To analyze awareness level of Jan Dhan Yojana facilities.
- To know the impact of demonetization on Jan Dhan Yojana account holders in availing banking facilities.
- To understand effect of demonetization on Jan Dhan Yojana.

### Hypothesis

H1	H <sub>01</sub>	There is no impact of demonetization on Jan Dhan Yojana Account holders
	H <sub>11</sub>	There is an impact of demonetization on Jan Dhan Yojana Account holders
	H <sub>02</sub>	Theirs is no variance in account balance of Jan Dhan Yojana before and after demonetization

H2	H <sub>1</sub>	Theirs is a variance in account balance of Jan Dhan Yojana before and after demonetization
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### Methodology

The study is empirical in nature and is based on both the primary and the secondary data. Secondary data was collected from various sources such as; the websites, books and journals, while primary data is collected through structured questionnaire from 100 personnel based on Snow Ball sampling. The data were analyzed and interpreted with the help of SPSS software. Statistical tool is Factor analysis, Paired T-test, F-test and Correlation.

### Analysis and Interpretation

#### Primary Data

For analyses awareness level of Jan Dhan Yojana facilities and researcher used factorial analysis to extract the variable of awareness level of Jan Dhan Yojana

#### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	Approx. Chi-Square	.798
	Df	913.384
	Sig.	78
		.000

#### Interpretation

Here KMO=0.798>0.6 and Bartlett's Test of Sphericity reject the null hypothesis that the variables are not correlated significantly. Hence, it is appropriate to carry out factor analysis. The communality values of all the factors are more than .4 which means all the factors are significantly contributes to the data. The extracted factors are Facilities, Benefits, Information. Extracted factors are find out on the basis of Eigen value and total variance explained. Total variance explained = 72.569 (>60) and Eigen values of that factors are more than one.

#### Rotated Component Matrix<sup>a</sup>

		Component		
		1	2	3
Facilities	Aware of Jan Dhan Yojana	.861		
	Aware of Micro-insurance policy in Jan Dhan Yojana	.824		
	Availing the credit facility in Jan Dhan Yojana	.696		
	Jan Dhan Yojana Card (Rupay card)	.718		
Benefits	All transaction through their Bank A/c		.655	
	Plastic money for all purchase		.768	
	Saving money better than investment		.812	
	Took loan form there Jan Dhan Yojana Bank account		.753	
	Good interest on deposit		.763	
	all transaction if safe in Jan Dhan Yojana		.750	
Information	Banks are creating awareness in opening Jan Dhan Yojana			.804
	Need some more benefits			.561
	Mobile wallet and ussd based mobile banking			.442

#### Interpretation

Form factorial analysis the extracted variable are facilities, benefits and information. To know the awareness level of Jan Dhan Yojana facilities from which it can be seen that most of the respondent are aware about Jan Dhan Yojana facilities, benefits and information.

For the analysis of Correlation between variables

Correlations			
		Demonetization impacted	Availing all the banking facilities
Demonetization impacted	Pearson Correlation	1	.302**
	Sig. (2-tailed)		.002
	N	100	100
Availing all the banking facilities	Pearson Correlation	.302**	1
	Sig. (2-tailed)	.002	
	N	100	100
**. Correlation is significant at the 0.01 level (2-tailed).			

### Interpretation

The correlation between two variables impact of demonetization and availing all the banking facilities, there is moderate positive correlation the values .302 between demonetization and availing all the facilities and level of significance .002 i.e.,  $.002 < .01$  Hence it can be said that there is enough evidence to suggest that the correlation observed does exist in the population and their Correlation between demonetization and availing all the banking facilities after demonetization

### Test of Hypothesis

H <sub>0</sub> 1	There is no impact of demonetization on Jan Dhan Yojana Account holders	P>.05(Accept) P<.05(Reject)
H <sub>1</sub> 1	There is an impact of demonetization on Jan Dhan Yojana Account holders	P>.05(Reject) P<.05(Accept)

### Paired Difference

Pairs	Statement	Avrg Mean	Std. Deviation	t-test	Df	Sig. (2-tailed)	Hypothesis
Before After	Sufficient flow of money market	2.49	1.50752	16.517	99	0.000	Reject H <sub>0</sub> 1 Accept H <sub>1</sub> 1
Before After	Took loan from bank	0.95	1.61667	5.876	99	0.000	Reject H <sub>0</sub> 1 Accept H <sub>1</sub> 1
Before After	Saving in home is better than bank	0.72	1.71199	4.206	99	0.000	Reject H <sub>0</sub> 1 Accept H <sub>1</sub> 1
Before After	Availing all the banking facilities	0.36	1.27541	2.823	99	0.006	Reject H <sub>0</sub> 1 Accept H <sub>1</sub> 1

### Interpretation

The Above table shown explain the paired difference between before and after demonetization impact on Jan Dhan Yojana Account holders in which it can be seen that their difference and paired t test values are 16.517, 5.876, 4.206, 2.823 and degree of freedom is 99, significance level(5%) is p and p values of this variables 0.000, 0.000, 0.000, 0.006, from which researcher comes to conclusion i.e., reject the null hypothesis and Accept the alternative hypothesis: There is an impact of Demonetization on Jan Dhan Yojana Account holders

### Secondary Data

H2	H <sub>02</sub>	Theirs is no variance in account balance of Jan Dhan Yojana before and after demonetization	F critical value>F value Reject F critical value<F value Accept
	H <sub>12</sub>	Theirs is a variance in account balance of Jan Dhan Yojana before and after demonetization	F critical value>F value Reject F critical value<F value Accept

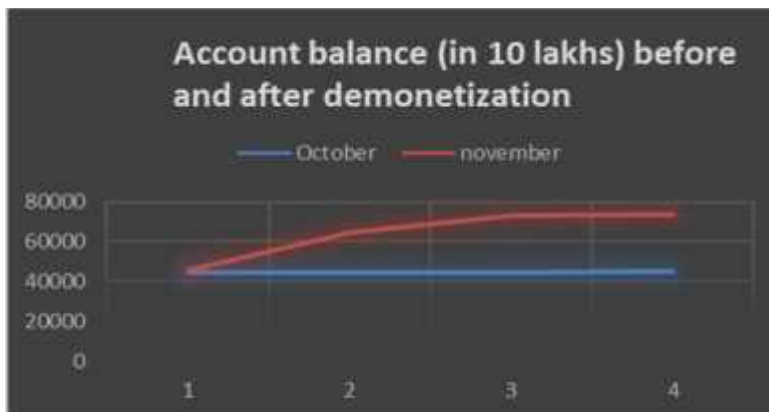
Account Balance in Jan Dhan Yojana

Account Balance(in 10 lakhs)	
October	November
44221.2695	45636.6093
44480.119	64252.156
44774.556	72834.7233
44867.277	73421.5525

F-Test Two-Sample for Variances Account balance in Jan Dhan Yojana		
	Before (October)	After (November)
	<i>Variable 1</i>	<i>Variable 2</i>
Mean	44585.80537	64036.26028
Variance	86303.02938	168030142.9
Observations	4	4
df	3	3
F	0.000513616	
P(F<=f) one-tail	1.97427E-05	
F Critical one-tail	0.107797789	

### Interpretation

From the above table F value (0.000513616) is less than F-critical value (0.107797789) hence the researcher reject the null hypothesis and accept the alternative hypothesis i.e., there is a variance in Account Balance in Jan Dhan Yojana before and after demonization.



## Result and Discussion

### Major Findings

- **Based on objective 1: To analyze awareness level of Jan Dhan Yojana facilities.**
  - From Factorial analysis the extracted variable are facilities, benefits and information. This three components extracted from factorial analysis and from this it can be seen that majority of respondent are aware of Jan Dhan Yojana Facilities and responds also aware about benefits and information.
- **Based on objective 2: To Know the impact of demonetization on Jan Dhan Yojana account holders in availing banking facilities.**
  - From correlation between two variables impact of demonetization and availing all the banking facilities, there is moderates positive correlation the values .302 between demonetization and availing all the facilities and level of significance .002 i.e.,  $.002 < .01$  Hence it can be said that theirs enough evidence that sample are significantly correlated and theirs Correlation between demonetization and availing all the banking facilities.
- **Based on Objective 3: To understand effect of demonetization on Jan Dhan Yojana.**
  - From the f-test analysis the researcher find out there is a huge variance of account balance of Jan Dhan Yojana before and after demonetization

### Other Findings

- Majority of Respondent are Age 35 and above, and Age 20-25.
- Majority of Respondent is Day labor And Agriculture
- Most of the Respondent Monthly Income Below Rs.5000
- Majority of Respondent Religion is Hindu
- Most of Respondent annul Saving is Below Rs.10000
- Majority of Respondent have Bank Account
- Most of Respondent open Their Accounts before 8<sup>th</sup> Nov 2016

## Conclusion

The currency withdrawal, the total balance has crossed Rs 65,000 crore to Rs 66,636 crore. As of November 9, the balance in about 25.5 crore such accounts was Rs 45,636.61 crore in Jan Dhan Yojana. RBI statistics shows that 80 percent of monetary circulation in India consisted of Rs. 500 and Rs. 1000 notes. This demonetization is putting more than 80 percent of the country's monetary economy under suspicion of black money. This creates confusion between unaccounted money and black money". The government's move towards demonetization aims to convert black money into white money but inclusive growth can be achieved only if this money is used for development purposes.

## Reference

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