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Can Financial inclusion Instil Happiness among the Mass in India? A study into the celebrated Jan Dhan scheme in the state of West Bengal

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Abstract

A survey is conducted on 1000 respondents from five selected districts in the state of West Bengal in India of whom 500 respondents opened bank account under PMJDY.It is observed that PMJDY could not instil family happiness. Any bank account, even those pre-existing, resulted in rising self-esteem. Income has not been found to be a predictor of general happiness only for PMJDY accountholders unlike all the accountholders. Capability to fund child education or to meet medical expenses is increased negligibly with PMJDY.

Key-words: Financial inclusion, Jan Dhan, Happiness, Social esteem, Dummy variables, Ordered logit

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1. PMJDY in the wake of Financial Inclusion efforts in India

The Government of India's continuous efforts in enhancing financial inclusion broke all previous records with in the country and across the world when in August 2014 the then new Government at the centre launched the Pradhan Mantri Jan Dhan Yojana (PMJDY).Immediately before that, in February 2011, the Government and the Indian Banks' Association (IBA), the body of top bank executives, jointly launched Swabhimaan, which aimed at ensuring availability of banking facilities within the reach of every village with a population of over 2000 by the end of March, 2012. With a target to reach over 73,000 villages in the country this project failed miserably. Basic Savings Bank Deposit Account (BSBDA), as no-frill zero balance account, was introduced in 2010 for the lower income group. Accounts named as "small account" could be opened only with photograph initially without any identity proof. Census 2011 estimated that out of 246.7 million households in the country, 144.8 million (58.7%) households had access to banking services. Of the 167.8 million rural households, 91.4 million (54.46%) were availing banking services and of the 78.9 million urban households, 53.4 million (67.68%) households were availing banking services. But after its introduction with in the first week, PMJDY with similar features like zero balance and one identity proof was listed in the Guinness Book for a huge 18.1 million number of bank accounts having opened. Reserve Bank of India (RBI), the central bank also undertook some other measures in 2014 to augment financial inclusion, such as permitting non-banking financial companies to act as business correspondents for banks, and issuing guidelines for small banks and payments banks. In the same year the noted Kolkata-based micro finance institutions, Bandhan obtained banking license to start commercial banking operations in the country. All these paved the way of including the huge unbanked adult people till then in the country.

Initially, under the PMJDY, a person from an unbanked household opening an account (maximum balance ₹ 50000) was given a RuPay debit card, a ₹ 1 lakh accident insurance cover and an additional ₹ 30000 life insurance cover (for accounts opened till January 26, 2015), and an overdraft limit of ₹ 5000. To get the benefit of accident insurance cover, the RuPay debit Card had to be used at least once every 45 days. As per the scheme website nearly one-third of the paltry 11024 number of accident claims since inception were refused till June 2021.The scheme had given emphasis on opening of new bank accounts only until August 2015 in the first year. But later, direct transfer of subsidies and introduction of insurance and pension products were given importance. From August 2018 the overdraft limit is raised to ₹ 10000, the accidental insurance coverage to ₹ 200000, and the age limit for opening an account was relaxed to 65 from the earlier 60. But, the two issues continue to be thorns in the throat: first, dormancy of accounts and secondly, average deposit of such accounts.

Dormancy has been mechanically resolved very recently in the jan dhan accounts of the women accountholders during the pandemic when the Government decided to send them ₹ 500 ex gratia for three consecutive months starting from April, 2020. Subsequently, most of the women beneficiaries used their respective bank accounts to withdraw the money so transferred. As per a RBI circular issued in August 2008,a customer induced transaction with in two years would keep an account active and that deposits as per customer mandate would be treated even such a transaction.₹ 5.53 trillion was transferred digitally across 319 government schemes spread over 54 ministries during 2020-21 under direct benefit scheme. 95.9 per cent of the bank accounts are now claimed by the Government having been covered by at least one digital means of payment as on March 2021.

The average deposit of these accounts has increased roughly by ₹ 1000 in three years from ₹ 2580 in January 2019, it itself looks still very low. Due to siphoning of money from the pockets of richer people into these accounts predominantly held by poor the average deposit shoot upto ₹ 2643 in January 2017 post-demonetization (November 8, 2016) which didn't reflect the true average balance in such accounts even then. Later after that no increase in the average deposit could therefore be seen in two years, rather it decreased a little due to withdrawal of money from such accounts which was earlier siphoned as anticipated. Remarkably enough with the progress of the scheme, it is observed that bank account ownership has risen much. As estimated in World Bank Findex in 2017 by its interview of 3000 households in the country from April 21 to June 2 in the same year to know the possession of bank account, 80% is found to have a bank account – 83% of males and 77% of the females. As a natural consequence it should have increased further. In January, 2022 the total number of accountholders rose to a mammoth 444 million (source: scheme website). On the occasion of seventh anniversary of the scheme in August 2021, the union finance minister has claimed that 55 per cent of the jan dhan accounts are held by women, thus refuting the familiar criticism of one-third of poor women not having such an account. Although the thrust of the bank officials in obtaining new jan dhan accountholders was no longer found as they had to be busy with the targets for other schemes like mudra yojana, a lending scheme to boost up non-farm self-employment.

2. Economic well-being and Happiness: The nuance role of a Bank Account

Many of researchers use the term 'happiness' interchangeably with "subjective well-being," which they measure by simply interviewing people to report how satisfied they feel with their own lives and how much positive and negative emotion they are experiencing. Happiness is different from economic wellbeing. Economic well-being improves the quality of material life (food, clothing, house, etc.) but may not necessarily bring happiness. Rather for the common people, a lot of happiness can be imbibed by any activity that heightens self-esteem. The poor people also look content if they can send their children to school and minimum tuition to private tutors or can manage to bear the medical expenses with the support of government hospitals and health centres.

As we know that coining a new measure, gross national happiness, the tiny Himalayan kingdom of Bhutan shot to global fame in the 1970s rejecting the age-old practice of using gross domestic product to represent the state of people's condition by the value of goods and services produced. Daniel Kahneman and Angus Deaton (2010) differentiated between two concepts -emotional well-being and life evaluation. Emotional well-being refers to the quality of our experiences. These are somewhat hedonistic and are derived from simple everyday events. We can derive happiness from eating a good meal, smoking a cigarette, being hugged by loved ones, or surrendering ourselves in prayer at a temple. Behavioural scientists have used facial expression (smile, laughter etc.) to measure the state of happiness.

Although not directly proclaimed that the PMJDY scheme would augment social esteem and family happiness among those who would become bank accountholders. Yet such references can be found in the bank advertisements and also in occasional quotes of the government officials and ministers. Hailing the scheme on the seventh anniversary, even its originator, the prime minister tweeted that "….It has ensured financial inclusion and a life of dignity as well as empowerment for countless Indians. ……have ensured the people of India lead a better quality of life." The message is quite clear in an indirect reference towards people's happiness. Besides considering a few extant literature worldwide examining the relation if any between financial inclusion and happiness, this paper attempts to look into it with reference to a few selected districts in the state of West Bengal.

3. West Bengal as the State of Study

West Bengal is situated geographically in the eastern part of India covering a total area of 88,752
square kilometers with a total of 23 districts. The state's economy is predominantly dependent upon agriculture and medium-sized industry. However, the role of service industry and heavy industries in generating state revenue has increased in recent time. According to the 2011 national census, West Bengal has 7.55% of India's population and thus the fourth in terms of total population in the country. But, population density of 1,029 inhabitants per square kilometer makes it the second-most densely

populated state. The literacy rate of the state is 77.08%, higher than the national average of 74.04%. According to SBI Research, the total size of West Bengal's economy in the last financial year (2020-21) and present financial year (2021-22) is estimated to be ₹ 13500 billion and ₹ 15100 billion. With per capita GDP of ₹ 115,348 the state ranks sixth in the country as per the RBI Handbook of Statistics (Indian Economy, 2020-21). The state ranks second in terms of micro, small and medium enterprises in the country, comprising 3.7 million businesses employing roughly 8.6 million people, according to the state's budget documents. The state remains financially vulnerable with the eruption of series of scams in the timeline expropriating common people money. After the Sanchayita, Sanchayani and Verona scams during the 1980s, the Saradha Group scam was unfolded in 2013. The other chit fund scams were thereafter exposed one after another in the companies or groups like Rose Valley, MPS, i-Core, Prayag, etc. The state continually ranks highest in respect of small savings deposits in the country. This proves that even financially capable persons who reside in the state try to avoid risk in respect of personal finance. The bank account ownership in the state will further be boosted up with the Lakshmi Bhandar scheme by which the state government will provide ₹ 1,000 per month to women heads of Scheduled Caste and Scheduled Tribe families and ₹ 500 to those belonging to the general category only through bank account. As the response from the sample group was obtained prior to introduction of Lakshmi Bhandar scheme, any effect of the novel scheme on bank account ownership remains outside purview of the bank.

4. Literature Review

Esipova, N., Klapper, L., and Kellison, L. (2016) spliced Gallup's data with the Global Findex database to track how many adults worldwide own accounts, save money, and make digital payments. They observe that people who have an account or saved in the past year tend to be happier than those who do not, regardless of differences in income, age, gender, and education. And women seem to get a bigger boost than men.

Considering the impact of microfinance on happiness and wellbeing, Bunsit (2016) found that clients of the group lending scheme can repay better and led to a higher level of self-reported happiness and subjective wellbeing. The ability to repay also affected a low level of stress or negative moods.

Banerjee, A. and Gupta, A. (2019) conducted a survey on 1000 respondents from five selected districts in the state of West Bengal on completion of four years of the jan dhan scheme in India. The much hyped bank account-induced family happiness could not be identified after analysis of response.

ILO's Impact Insurance Facility (2016) shows that health insurance has the impact to improve access to healthcare, lower out-of-pocket expenses, help families avoid relying on burdensome coping strategies and provide peace of mind.

Donath, L. and Opera, I. (2020) took data for Finland, Poland, Romania, Kenya and Saudi Arabia from the Global Findex database to see the impact of the GDP per capita, human development and financial inclusiveness on the happiness index during 2012-2018. They conclude that sustainability-related factors are the main source of happiness as a manifest of the subjective perception of well-being.

Among the above studies, the author's original study (2019) as referred above reports principally issues like arithmetic bank account ownership, small entrepreneurship or insurance benefits enabled by PMJDY. It just concluded with the observations on happiness from the responses obtained from same sample set. Given the background of the state of West Bengal, it deserves to be the focal point of any such study.

5. Objectives of the study

The study attempts to look into happiness and self-esteem of the mass as could be instilled by financial inclusion. It also checks whether economic well-being as to be measured by income can be a cause of happiness.

6. Key variables

Financial inclusion

Traditionally, financial inclusion used to be measured only by bank account ownership. But over the passage of time, it included access to credit, insurance and other financial instruments also in its fold. Accordingly, four criteria, viz. (a) branch visit at least once in month, (b) at least one time use of ATM Card, (c) overdraft/loan obtained, and (d) at least one investment in other institutions (e.g., post office deposits, insurance policies) are considered to denote financial inclusiveness of a respondent. For satisfying each criterion a score of 1 is awarded. Thus this variable is having a score range from 0 to 4.

Demographic and socio-economic variables

Gender, decision making responsibility (whether the respondent himself/herself makes the major household decisions in his/her family), educational qualifications, actual household size and income group are considered to be relevant demographic and socio-economic variables. The first two variables are given scores like 0 or 1 because of following the technique of dummy variables in econometrics. The remaining variables are treated as ordinal variables in which scores follow a value pattern, from lower to higher or vice versa, not just to categorize like dummies. For example, higher income group has score range of 0 to 5 as it was classified with multiple groups.

Happiness

The respondents were directly asked on happiness- whether a family is happier after opening bank account and availing the associated benefits. Again, scoring was done through 0 and 1 dummies.

7. Sample

A field study has been conducted on five selected districts in the state with 200 respondents from each district, thus making a total sample size of 1000 respondents. All these districts surround the state capital Kolkata- North 24 Parganas, South 24 Parganas, Haora, Nadia and Hugli. The selected districts represent about 37% population of the state and thus are capable to make a true representation of the state. The sample respondents have been chosen from the two most populous towns and villages of each district. Thus, the following towns (population) as followed by villages (population) actually came under the survey: South Dumdum (4,03,316), Rajarhat Gopalpur (4,02,844), Banglani (24422) and Barunhat (16635) in North 24 Parganas district, Maheshtala (4,48,317), Rajpur-Sonarpur (4,24,368), Ganespur (32932) and Kamaria (26575) in South 24 Parganas district, Howrah Municipal Corporation (10,77,075), Bally (2,93,373), Gobindapur (11665) and Kalinagar (11358) in Haora district, Krishnannagar (1,53,062), Santipur (1,51,777), Debagram (32695) and Mahatpur (27912) in Nadia district, and Serampore (1,81,842), Chinsurah (1,79,931), Bara Kamalapur (20047) and Ghoshpur

(19014) in Hugli district. The total sample comprises 500 respondents having newly opened a bank account under the jan dhan scheme and the remaining 500 respondents owning a normal bank account beforehand. Thus again to state district-wise, 100 respondents are jan dhan accountholders and the other 100 are normal accountholders. The respondents were approached near bank branches to identify the new jan dhan accountholders. The officials from the bank branches endorsed the research team almost in all cases.

Happiness and social esteem are recorded through self-reporting. Where some inconsistencies in responses are found, those were cross-checked by asking once more. General wellbeing of the respondents is put to question in terms of knowing the response on children education and health. These are already explained in section II as being correlational to happiness of the mass.

Many respondents, particularly women, avoided answering the question on happiness because they considered the question too personal or they avoided answering the question not being really happy or not finding out any objective measure in respect of happiness. But they were not hesitant in answering the question of enhancement of self-esteem due to owning a bank account. As a result the respondents who finally gave a feed-back on happiness drastically came down to 134, of which only 68 only were jan dhan account holders.

8. Statistical techniques used

Dependent and independent variables in the study are mostly categorical or ordinal variables in which scoring takes a specific pattern as detailed in section VI above. Application of econometrics starts here in this study.

Descriptive statistics are analyzed first to understand the characteristics of sample from various perspective in terms of the dependent as well as independent variables.

Logistic regression, also called ordered logit, is used to predict a dependent variable on the basis of one or more categorical independent variables. A binomial logistic regression is used to predict a dichotomous dependent variable like happiness. It helps to interpret the probability that one group has a higher or lower value on the dependent variable compared to the second group. Unlike linear regression where normal R2is used to test whether the model is a good fit, in logistic regression pseudo R2 is used to test the strength of the model.

9. Findings

In the control group, among the existing bank accountholders, male representation is much more than female. In this category mostly the male member in a family came to attend the research team in spite of the female member having a bank account. But, in the respondent group in jan dhan bank account category women respondents exceed the men in number. Table 1 narrates the result. This is not simply as regards appearance or any biasness in sample. Enquiries even going outside the purview of the questionnaire have revealed that.

Table 1: Samples respondents by Gender

Districts	Male	Female	Total
North 24 Parganas	125	75	200

South 24 Parganas	119	81	200
Haora	134	66	200
Nadia	116	84	200
Hugli	147	53	200
Total	**641**	**359**	**1000**
Jan dhan Account	241	259	500
Non- *Jan dhan* Account	400	100	500

Type of Accountholders	Improved (As %)	No Change (As %)	Can't Say (As %)	Total
PMJDY Accountholders	137 (27.4)	285 (57.0)	78 (15.6)	500
Non-PMJDY Accountholders	215 (43.0)	217 (43.4)	68 (13.6)	500

Among the jan dhan accountholders, 27.4% says that self-esteem has been more now after a bank account. 57% respondents did not feel any change. Since this is matter of perception, no direct conclusion should be drawn from this. However, just above 15% of the respondents couldn't report anything on this.

However, in the control group an almost equal 43% of the respondents marked an improvement in self-esteem or no change in the same. Interestingly, similar to the jan dhan category, here too almost 145 of the respondents couldn't report anything.

However a very low number of jan dhan accountholders observed any change in respect of their capability to fund child education or to meet medical expenses after opening a bank account (vide Table 2). Rather many more couldn't report anything in these two matters.

Table 2:Response on Children education and Family Health Care (PMJDY accountholders)

Better facility to Children education (Number of Responses)			Total nos. of respondents (in percentage)	Better Care on Health of Family members (Number of Responses)		
Yes	No	Can't say		Yes	No	Can't say
8	461	31	500	1	467	32
1.6	92.2	6.2	100	0.2	93.4	6.4

Although in both the categories of bank accounts, jan dhan and normal, respondents expressed happiness in having a bank account (vide Table 3).

Table 3: Response on Family happiness (for different account types)

Type of Bank Accounts	Responses on happiness					
	Yes	No	Previously yes, now no	Previously no, now yes	Don't know/ Refuse to say	Total
PMJDY Accountholders	409	25	16	27	23	500
As %	81.8	5	3.2	5.4	4.6	100.0

Non-PMJDY Accountholders	408	11	17	38	26	500
As %	81.6	2.2	3.4	7.6	5.2	100.0
Total	817	36	33	65	49	1000

More importantly 6.5% of the respondents, most of them falling under the two lower income groups, report more happiness (vide Table 4). Thus, income doesn't prove to be a reason of such increased happiness. Even lesser percentage of respondents, about 5 couldn't report anything.

Table 4: Response on Family happiness (for different income groups)

Income category (in ₹)	Responses on happiness					
	Yes	No	Previously yes, now no	Previously no, now yes	Don't know/ Refuse to say	Total
Less than 5000	203	27	16	20	21	287
5000 to 10000	373	9	15	29	21	447
10000 to 15000	127	0	2	11	1	141
15000 to 20000	31	0	0	4	0	35
Above 20000	43	0	0	1	0	44
Refused	40	0	0	0	6	46
Total	817	36	33	65	49	1000

Thus, when logit is run on the selected variables, it is observed however that income is a statistically significant predictor of happiness irrespective of the accountholders holding normal or jan dhan bank accounts (vide Table 5).

Table 5: Logistic regression results: Dependent variable (Happiness)

Number of obs. = 134
LR chi sq. (7) = 20.62
Prob.> chi sq. = 0.0044
Pseudo R^2 = 0.1111

Independent variables / Constant	Coeff.	z	P>z
Bank Account Type	- 0.016	- 0.03	0.973
Financial inclusion	0.103	0.25	0.804
Gender	0.206	0.43	0.668
Actual household size	- 0.003	- 0.01	0.989
Decision making responsibility	- 0.016	- 0.04	0.971
Educational qualification	0.020	0.13	0.896
Income group	1.246	3.54	0
Constant	- 1.025	- 1.07	0.283

But when it is run exclusively for the jan dhan accountholders, none of the variables initially considered as factors of happiness come out to be statistically so (vide Table 6). Even income is also not found not having any explanatory power.

Table 6: Logistic regression results: Dependent variable (Happiness among PMJDY accountholders)

Number of obs. = 68
LR chi sq. (6) = 2.30
Prob.> chi sq. = 0.8896
Pseudo R^2 = 0.0252

Independent variables/ Constant	Coeff.	z	P>z
Financial inclusion	-0.041	-0.090	0.930
Gender	0.103	0.160	0.876
Actual household size	0.083	0.300	0.764
Decision making responsibility	-0.286	-0.390	0.699
Educational qualification	0.199	1.020	0.306
Income group	0.507	0.920	0.356
Constant	-1.263	-.960	0.338

10. Conclusion

The success of jan dhan scheme may be attributed more to the target-oriented bank officials rather than the people friendly terms and conditions. It became evident when they were asked among initial questions that might have motivated them to open a bank account under the scheme. Many reported about being asked to keep silent about any existing bank account. Although much publicity was given behind the scheme from its day one, still the common people or the poor were found not informed due to their basic lack of awareness in respect of financial issues. As the study was conducted after the enhancement of limits and benefits related to the scheme in 2018, the respondents couldn't tell about those changes. RuPay card in many cases are not used at least once even to generate the pin by which the card could become active, thus making them ineligible to avail accidental insurance if needed. Instead many of them reported the rumours concerning the jan dhan account that they would get some big amount free from the Government at some point of time in future in the newly opened account, however they have no clue about how big that amount would be. So level of awareness of the mass to this particular type of bank account and its benefits is proven to be very low if not zero. In this situation it was already difficult a response to obtain about happiness. The response came as too casual that the error of subjectivity remains in spite of cross checking through related question. But responses on self esteem were more spontaneous. A large number of respondents, much more in number in responding on happiness have said that they can't say. The concerned bank accounts under the new jan dhan scheme carry such insufficient balance that those were practically not useful at the time of funding children education expenses and more to finance medical treatment cost when needed. For that perhaps a longer waiting is required when the culture of savings will be inculcated among the poor with owning a bank account, and obviously if their earnings become that much that they can make some savings.

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