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## Unlocking Human Perspectives of PMJDY: Evidence from Rajasthan and Madhya Pradesh

Rabi Narayan Kar\* Kusha Tiwari\*\* Varun Bhandari\*\*\*

### Abstract

*The Pradhan Mantri Jan Dhan Yojana (PMJDY), India's biggest financial inclusion initiative, has transformed the banking sector in India. However, its real impact can only be gauged through the experiences and perceptions of the people it seeks to empower. This study explores the motivating factors driving force behind successful implementation of PMJDY and examines its role in transforming livelihoods and promoting financial empowerment among its beneficiaries. The findings indicate five key motivational factors driving the mass adoption of PMJDY—operational benefits, access convenience, service reliability, livelihood transformation, and financial empowerment. These factors align with a behavioural model rooted in Operant Conditioning Theory, where continuous reinforcements (operational ease and convenience) initiate financial habits, variable reinforcements (periodic benefits like DBTs) sustain engagement, and generalized reinforcements (empowerment outcomes) foster intrinsic motivation. This progression leads to sustained behavioural change and psychological empowerment, highlighting PMJDY's long-term impact beyond mere account ownership. Additionally, PMJDY has contributed substantially to improving the lives of beneficiaries, with a particularly notable impact on livelihood transformation and the enhancement of financial empowerment. This framework offers a novel lens to understand the long-term impact of PMJDY beyond financial inclusion.*

**Key words:** Unlocking human perspectives, PMJDY

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### Introduction:

Ever since its launch in August 2014, the Pradhan Mantri Jan Dhan Yojana (PMJDY) has become one of the most ambitious, and far-reaching financial inclusion programs on India's policy landscape. Designed to bring banking facilities to all households, particularly those located in unbanked and underbanked areas, PMJDY has become a cornerstone for the Government of India's attempts to mainstream the marginalized section of society through the formal financial sector. With features like zero-balance accounts, access to credit, insurance, and direct benefit transfers (DBT), the scheme has sought to address structural barriers to financial inclusion while promoting socio-economic upliftment.

Over the years, PMJDY has attracted considerable attention from scholars, policy makers and practitioners. Extensive volume of research has evaluated the impact of PMJDY across various dimensions such as financial inclusion, poverty alleviation, financial literacy, digital penetration, gender empowerment, and its role in improving the efficiency and transparency of social welfare delivery mechanisms. These studies have also analyzed in the ways in which PMJDY has facilitated the access of beneficiaries to financial services more easily, saved them from informal credit sources, and brought them into mainstream economic activity.

Moreover, PMJDY holds particular relevance for regions that are strategically important yet

socio-economically vulnerable. States such as Rajasthan and Madhya Pradesh, with their diverse demographic profiles, significant rural populations, and developmental disparities, offer critical insights into how centrally-sponsored financial schemes translate into tangible outcomes on the ground. These states present unique contexts where the success of PMJDY depends not only on institutional mechanisms but also on socio-cultural, psychological, and infrastructural variables that influence beneficiaries' engagement with formal finance.

Against this backdrop, the present paper aims to investigate the motivating factors that have facilitated the successful implementation of PMJDY and assess its impact on two vital aspects of socio-economic well-being, livelihood transformation and financial empowerment among beneficiaries in Rajasthan and Madhya Pradesh. By combining quantitative analysis with field-level data, the study endeavours to identify key motivating drivers of usage, trust, and satisfaction among account holders, and explore how access to PMJDY services has influenced their economic behaviour, resilience, and overall quality of life.

In order to achieve these objectives, data was collected from 2,504 PMJDY beneficiaries across various regions and select districts of Rajasthan and Madhya Pradesh using a structured questionnaire. The analysis employs Principal Component Analysis (PCA) to identify key motivating factors, and Multiple Regression Analysis to assess the impact of PMJDY on beneficiaries in terms of livelihood transformation and financial empowerment. By analyzing human perspectives of PMJDY, this research contributes to the broader discourse on inclusive development by providing empirical evidence on the ground-level effectiveness and offering policy

recommendations that can strengthen the scheme's outreach and impact in comparable regions across the country.

The paper is organized in five sections including Introduction. Section 2 presents the theoretical construct to examine existing studies on financial inclusion and the interconnectedness to examine extant literature dealing in human perspectives of PMJDY and identify research gaps. Section 3 describes the sampling framework, data collection process, and analytical techniques used in the study. Section 4 presents the findings and discussions, analyzing the motivating factors and impact assessment of PMJDY. Finally, Section 5 summarizes the key insights and offers recommendations to strengthen financial inclusion through PMJDY.

## 2. Theoretical Construct

PMJDY has been launched with an aim of bringing everyone under the umbrella of financial inclusion. In other terms, it's a scheme for each and every household that have still not been able to become a part of the formal financial system (Gupta, 2023). Starting with its scale of launch, Kamboj and Kumar (2016) accentuate that such scheme has reached the unimaginable target of 200 crore bank accounts in a span of 2 years of its launch. Similar numbers have been traced in a study by Jain and Jain (2017). Such a humongous response has been traced to one of the most promising features i.e. *Zero Balance Facility* of such banking initiative as the condition of minimum balance must have hindered many people earlier to not open an account or conduct transaction, if opened (Roy & Shetty, 2018; Singhal, 2016). Besides zero balance facility, other attached benefits such as pension, overdraft facility add to the number of ownerships of PMJDY accounts (Deb & Das, 2016). Gupta and Kumar (2019) take a more critical approach by focusing on the quality of inclusion rather than just

increasing the volume. They further argue that while the scheme has undeniably increased account ownership, actual usage of these accounts remains limited. They suggest that a substantial number of accounts exhibit minimal activity, indicating that many beneficiaries may not fully understand or have the means to take advantage of banking services.

There has been scant research literature dealing with human perspectives around such financial inclusion schemes. Summary of extant literature posits that socio-demographic determinants are significant to understand financial inclusion. Research indicates that income level is a key determinant; low-income households often face substantial barriers in accessing formal financial services. Many financial inclusion schemes are specifically targeted at these groups to alleviate inequality, as evidenced by the works of Sarma and Pais (2011) and Demirgüç-Kunt and Klapper (2013). Education also plays a vital role, with higher educational attainment linked to better financial literacy and, consequently, increased uptake of financial products. This connection underscores the importance of integrating financial literacy programs into financial inclusion initiatives, as highlighted by Zins and Weill (2016) and Grohmann et al. (2018). Gender disparities further complicate the financial landscape, particularly for women in rural areas, who experience heightened exclusion from formal financial services. Initiatives like the Pradhan Mantri Jan Dhan Yojana (PMJDY) aim to bridge this gap, as discussed by Sahay et al. (2015) and Cheston (2017). Geography also influences financial inclusion; rural areas are often more excluded compared to urban regions due to limited financial institution presence and digital technology penetration, an issue echoed in studies by Allen et al. (2016) and Ghosh (2020).

Besides, PMJDY has been able to help in poverty alleviation through the mechanism of its *Direct Benefit Transfers*. It's been argued that DBT has minimized the role of intermediaries, reduced unnecessary cost and enhanced greater savings to both Central and State Governments (Dev, 2016). Such savings are then used for the overall well-being of the poor people. Besides, such transfers reduce the financial dependence of poor households on external moneylenders and make them, especially women, economically empowered. It has been suggested that DBT scheme i.e. Ujawala Yojana has been instrumental in making the females, the game changer in their families (Bhatia & Singh, 2019). The findings are also supported by the macro level data which reports that there has been a decline in multi-dimensional poverty<sup>1</sup> by 17.89% between 2013-23 (Niti Aayog, 2024). However, infrastructural gaps, such as poor internet connectivity in rural areas and insufficient banking correspondents, have caused unnecessary delays in such direct benefits (Sharma & Mehta, 2018).

The effectiveness of PMJDY was also viewed through the lens of livelihood transformation, as discussed by Mehta (2021), who noted that financial inclusion under PMJDY indirectly supported micro-enterprise growth by enabling access to microcredit, and government schemes like Mudra loans. In a more quantitative approach, Patel and Rathi (2022) applied regression analysis using factor scores derived from Likert-scale responses, mapping various constructs such as convenience, reliability, and empowerment. Their study revealed a statistically significant relationship between perceived service quality and active

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<sup>1</sup> For more details please see <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1996271#:~:text=According%20to%20the%20Discussion%20Paper,reduction%20of%2017.89%20percentage%20points.>

account usage, suggesting that trust and transparency were crucial mediators of impact.

Another aspect associated with PMJDY is the gender specific upliftment and impact vis-à-vis women empowerment and financial independence. Researches reveal that economic and social spaces have long been the men's domain, even when utilizing financial products. Women, especially those hailing from underprivileged sections, were mainly dependent on their male counterparts to meet their financial needs; hence, they could never come within the purview of the financial system and broaden their horizons. By analyzing the relationship between gender and financial inclusion through the household survey data, it was revealed that female-headed households are 10% less likely to access and use formal finance as compared to male-headed households (Ghosh & Vinod, 2016). Therefore, Kandpal (2020) attributed the successful adoption of PMJDY by women to their urge to be independent financially. Studies have also revealed that more than 50%<sup>2</sup> of Jan-Dhan account holders are women, and most of these women have become contributing members in the family with meagre incomes after being financially covered under the schemes (Lokhande, 2014). They have even started their own business with the help of Self-Help Groups (SHGs) (Singh & Naik, 2018).

The impact of the PMJDY scheme on the social, political, and economic dimensions of women empowerment was investigated. It indicated that the PMJDY scheme has been beneficial for the women in urban slums, having a positive influence on three dimensions (Bhatia & Singh, 2019). Further, Sahu and Tripathi (2017) investigate the extent to which PMJDY has improved

women's access to formal banking. They find that the scheme has played a crucial role in encouraging women to open their own accounts, many for the first time. This access has empowered women to save independently, manage their household finances, and gain better control over financial decision-making. The study also highlights the indirect benefits of such empowerment, including increased social status within households and communities. In a similar vein, Bharti and Srivastava (2018) offer empirical evidence of the scheme's impact on rural women. They find that women who received direct benefit transfers (DBT) into their PMJDY accounts were better able to manage family expenses, and build savings for emergencies. Their research concludes that PMJDY has contributed to improving women's financial autonomy, though they caution that rural women still face significant barriers, such as lack of financial literacy and mobility to access banking services.

However, Agarwal (2020) critiques the assumption that account ownership alone leads to empowerment. Agarwal's research suggests that while PMJDY has indeed increased the number of women with bank accounts, the actual usage of these accounts remains low. Her study reveals that social and cultural norms, particularly in patriarchal rural households, often prevent women from independently accessing or using their accounts. Agarwal recommends that PMJDY needs to be complemented by targeted gender-focused financial literacy programs to ensure that women can fully benefit from their access to banking services.

Existing literature on PMJDY has concentrated mainly on its function as a catalyst for financial inclusion, poverty alleviation, increased credit availability, and enhanced social welfare scheme delivery. Although these studies provide meaningful

<sup>2</sup>

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1854909>

insights into the tangible benefits of the scheme such as enhanced banking penetration and empowerment of women—the relatively fewer studies address the human perspectives including psychological processes driving beneficiary actions. In response to this gap, the current study presents B.F. Skinner's Operant Conditioning Theory as a behavioural perspective to understand the reaction of PMJDY beneficiaries (Skinner, 1953). This theory is most relevant here because it describes how outside rewards—such as those provided under PMJDY—establish and maintain beneficiary behaviour in the long term. Its focus on reinforcement schedules best fits the phase-wise provision of scheme benefits, thus being perfectly suited for studying long-term financial engagement and empowerment.

Early motivators such as zero-balance accounts and direct benefit transfers, etc. serve as positive reinforcers under a schedule of continuous reinforcement, effectively encouraging early adoption of formal financial practices. As the scheme matures, the reinforcements transition to variable schedules through irregular but valued consequences like subsidies, which sustain involvement through uncertainty and anticipation. Eventually, intrinsic results such as financial literacy, decision-making skill, and autonomy become generalized conditioned reinforcers, reflecting profound behavioural and psychological change.

Despite PMJDY's success in extending access to banking services and enhancing financial inclusion, the literature remains limited in its assessment of region-specific adoption factors and the scheme's long-term impact on socio-economic outcomes. Very few empirical studies directly evaluate how PMJDY influences livelihood transformation and financial empowerment at the grassroots level. Therefore, this study seeks to unlock

the human perspectives by not only identifying the motivating factors behind the successful implementation of PMJDY but also by empirically assessing its impact on the financial well-being of beneficiaries in the states of Rajasthan and Madhya Pradesh. By integrating psychological insights with empirical data, the study offers a more holistic understanding of PMJDY's effectiveness as a policy instrument for inclusive development.

### **3. Data and Methodology**

#### **3.1 Sampling Framework & Data**

The present study has targeted two of the relevant states, i.e., Madhya Pradesh and Rajasthan together, a sample of 3000 approximately. We have systematically and scientifically chosen five divisions in each state and 30 districts of the aforementioned states. Responses were collected from the beneficiaries located in Rewa, Gwalior, Ujjain, Jabalpur, and Hoshangabad divisions of Madhya Pradesh; and Jaipur, Jodhpur, Bharatpur, Pali, and Bikaner divisions of Rajasthan. The selection of these areas is based on the principle of maximum coverage of beneficiaries across all demographic and socio-economic strata in all 4 zones (North, South, East and West).

Based on the principle of Stratified Sampling, the population is divided into different sub-groups on the basis of characteristics such as geographical zones, demographic factors, socio-economic status, etc. Once the population is divided into these strata, samples are then randomly selected from each stratum. This ensures that every subgroup is represented in the sample, thus maximizing coverage from all zones or groups within the population. Further, we were able to collect 1418 and 1500 responses in Madhya Pradesh and Rajasthan respectively, of which a final sample of 1070

and 1434 are retained in Madhya Pradesh and Rajasthan respectively after due filtration.

**Table 1: Stages of Filtration of Data**

<b>Divisions</b>	<b>Forms Circulated</b>	<b>Stage 1 Filtration</b>	<b>Preliminary Responses</b>	<b>Stage 2 Filtration</b>	<b>Final Responses</b>
Gwalior	300	17	283	45	238
Jabalpur	283	10	273	66	207
Narmadapuram	300	0	300	59	241
Rewa	275	23	252	37	215
Ujjain	260	38	222	53	169
<b>Madhya Pradesh (Total)</b>	<b>1418</b>	<b>88</b>	<b>1330</b>	<b>260</b>	<b>1070</b>
Bharatpur	300	0	300	3	297
Bikaner	302	0	302	0	302
Jaipur	300	30	270	5	265
Jodhpur	300	0	300	7	293
Pali	298	0	298	21	277
<b>Rajasthan (Total)</b>	<b>1500</b>	<b>30</b>	<b>1470</b>	<b>36</b>	<b>1434</b>

*Source: Authors' Own Compilation*

### 3.2 Sample Characteristics

The population sample in this study reflects diversity. We present the beneficiaries' profile across various categorical variables under demographic, socio-economic and geographic sub-groups. Figure 1 and 2 exhibit the sub-groups in Rajasthan and Madhya Pradesh respectively.



**Figure 1: Sample Distribution in Rajasthan**



**Figure 2: Sample Distribution in Madhya Pradesh**

**3.3 Tools & Techniques**

The objectives of the study focus on analyzing the motivating factors driving the success of PMJDY in both Rajasthan and Madhya Pradesh, and assesses the impact of PMJDY through regressing the motivating factors and other demographics on the two main constructs of livelihood transformation

and financial empowerment. This approach will provide insights into the effectiveness of PMJDY, and inform strategies for better financial inclusion.

**Principal Component Analysis**

Since, there was a need for field study through structured questionnaires to observe

and map the motivating factors behind the successful implementation of PMJDY. This process requires the collection of data and information from fieldwork through a survey. Accordingly, the beneficiaries were surveyed with the help of a structured questionnaire on a 5-point Likert scale. The study has used Principal Component Analysis (PCA), a dimension reduction technique used to reduce data to a smaller set of summary variables and to explore the underlying theoretical structure of the phenomena. It is used when the researcher doesn't have any preconceived structure for the data. In the context of our study, we have used PCA to analyze the responses of beneficiaries towards PMJDY. The goal is to identify a potentially lower number of unobserved variables, called factors that explain the patterns of correlations within a set of observed variables. This can help us reduce a large number of variables to a smaller number of factors, simplifying model selection and further analysis of the data. This statistical technique helped identify underlying latent constructs by grouping together interrelated statements that represent common psychological or experiential dimensions. Based on the extracted factors, factor scores were computed for each respondent, reflecting their alignment with each latent construct. These scores were subsequently used as independent variables in a multiple regression analysis to examine the extent to which various aspects of the PMJDY initiative have influenced beneficiary outcomes, both in terms of financial behaviour and perceived empowerment.

### Multiple Regression Analysis

The study assesses the impact of PMJDY through regressing the explanatory factors on the two main constructs of livelihood transformation and financial empowerment through OLS models to know the financial wellbeing of beneficiaries in Rajasthan and

Madhya Pradesh. Following are the regression equations to attain the results of our stated objective:

$$LT = \alpha + \beta_1 OB + \beta_2 CA + \beta_3 SR + \beta_4 FE + \beta_5 Gender + \beta_6 Category + \beta_7 Region + \beta_8 Number\ of\ Dependents + \beta_9 Number\ of\ Earning\ Members + \beta_{10} Awareness\ Level + \epsilon$$

$$FE = \alpha + \beta_1 OB + \beta_2 CA + \beta_3 SR + \beta_4 LT + \beta_5 Gender + \beta_6 Category + \beta_7 Region + \beta_8 Number\ of\ Dependents + \beta_9 Number\ of\ Earning\ Members + \beta_{10} Awareness\ Level + \epsilon$$

(2)

Where  $LT$  = Livelihood Transformation,  $OB$  = Operational Benefits,  $CA$  = Convenience in accessing the account,  $SR$  = Service Reliability,  $FE$  = Financial Empowerment. The variables mentioned above are the key factors extracted from PCA that ran on a handful of 5-point Likert scale items in the questionnaire. These factors are then converted into factor scores to run the multiple regression models on above equations. These equations also incorporate the effect of control variables like Gender, Category, region, Number of dependents, Number of earning members and Awareness level. Appropriate dummies have been used for these control variables. The authors have used *Excel*, *SPSS 24*, *Python* and *R-Studio* to run the empirical tests. In conclusion, a multiple regression model can provide a robust and flexible framework for analyzing the data in our study. It can help us understand the factors that influence the satisfaction level of the beneficiaries of PMJDY, thereby providing valuable insights into the effectiveness of the scheme.

### 4. Findings and Discussion

#### 4.1 Motivating Factors of PMJDY

The research instrument includes 35 statements focused on understanding motivations for the mass adoption of PMJDY, based on field surveys in Madhya Pradesh and Rajasthan. These statements, rated on a 5-point Likert scale, were analyzed using Exploratory Factor Analysis (EFA) to identify key motivating factors. Cronbach's Alpha for internal reliability was calculated at 0.835, indicating strong internal consistency.

Principal Component Analysis (PCA) with Varimax rotation was initially applied, using Eigenvalues greater than one, yielding eight

factors explaining 77.53% of the variance. However, to enhance face validity, PCA was re-conducted with a fixed extraction of five factors and a loading cutoff of 0.5. This confirmed face validity and revealed five robust motivating factors, accounting for 63.55% of the total variance. Sampling adequacy was verified with a high Kaiser-Meyer-Olkin (KMO) score of 0.952, and Bartlett's test of sphericity was significant ( $\chi^2 = 59749.86$ ,  $p < 0.01$ ), supporting factor analysis suitability. These findings were consistent across both Madhya Pradesh and Rajasthan, offering insights valuable for policymakers and financial inclusion stakeholders.

**Table 2: Motivating Factors of PMJDY**

Statements	Motivating Factors				
	LT	CA	OB	FE	SR
PMJDY offers No Frills Account facility	.094	.224	<b>.735</b>	.241	.002
Minimal documentation required for opening PMJDY account	.149	.227	<b>.782</b>	.237	-.041
PMJDY is a benefactor for all DBTs	.296	.182	<b>.719</b>	.221	.029
PMJDY provides social security benefits like insurance and pension	.326	.152	<b>.713</b>	.220	.024
PMJDY acts as a small saving instrument	.346	.183	<b>.678</b>	.175	.071
Bank organizes awareness campaign related to PMJDY	.320	<b>.563</b>	.222	.244	.084
Bank employees assist while doing banking transactions	-.015	<b>.884</b>	.079	-.070	-.027
Behaviour of bank employees is good	.031	<b>.737</b>	.207	.252	-.046
Courteous service	.077	<b>.789</b>	.151	.187	-.068
The latest information of the scheme shared	.157	<b>.767</b>	.138	.144	-.089
The queries are resolved with confidence and knowledge	.210	<b>.735</b>	.173	.177	-.018
Bank employees assist in solving your queries related to the scheme	.344	<b>.673</b>	.169	.178	.056
Prompt services provided by the Banks	.416	<b>.630</b>	.149	.150	.046
Helpful in handling requests by bank officials/BM	.480	<b>.543</b>	.197	.204	.083
Comfortable ambience at the service centre	.473	<b>.508</b>	.178	.163	.100
Scheme is served as declared	.129	.033	-.003	-.040	<b>.898</b>
Services rendered without any mistake	-.138	.045	.003	.172	<b>.882</b>
Promptness in getting the desired service	.134	.443	.193	..025	<b>.591</b>
Reliability of the service rendered/Bank employees rendered their services honestly	.229	.333	.227	.043	<b>.639</b>
The financial benefit of the scheme is better than others	.376	.170	.266	<b>.602</b>	.036
The scheme makes our life easy	.439	.157	.254	<b>.527</b>	.072
Dedicating more time for productive work	<b>.523</b>	.154	.249	.406	.078
Genuine and safe transactions	.080	-.115	.026	.017	<b>.901</b>
Government is concerned about our well-being	<b>.523</b>	.093	.444	.243	.086
Reduced dependency on local money lenders	<b>.590</b>	.176	.331	.175	.012
Lessened the unnecessary expenditure	<b>.508</b>	.370	.119	.222	-.030

Statements	Motivating Factors				
	LT	CA	OB	FE	SR
Economically viable for future	.255	.222	.241	<b>.653</b>	-.028
Affordable own contribution	.284	.243	.234	<b>.681</b>	-.026
Referred the scheme to others	.342	.188	.238	<b>.592</b>	-.024
PMJDY created a saving habit to fund future consumption	.500	.179	.251	<b>.517</b>	.029
Improved the usage of money	<b>.597</b>	.143	.260	.412	.037
Helped in mobilizing deposit in a secured manner	<b>.672</b>	.154	.240	.289	.044
Enhanced aspirations of life	<b>.742</b>	.177	.166	.177	-.016
Social status is improved	<b>.696</b>	.241	.112	.135	-.075
Socially sustainable scheme	<b>.678</b>	.149	.216	.275	.004

LT – Livelihood Transformation, CA – Beneficiaries' Convenience in Accessing Account, OB – Operational Benefits, FE – Financial Empowerment, SR – Service Reliability

Extraction Method: Principal Component Analysis  
Rotation Method: Varimax with Kaiser Normalization  
Source – SPSS Output

Principal Component Analysis (PCA) has extracted five motivating factors contributing to the success and widespread adoption of PMJDY in India. The first motivating factor is Operational Benefits. PMJDY offers simplified banking access through zero-balance accounts and minimal documentation, promoting ease of entry into the formal financial system. Direct Benefit Transfers (DBTs), overdraft facilities, interest on deposits, and embedded social security features such as insurance and pensions collectively ensure efficient welfare delivery and economic resilience. Beneficiaries' Convenience in Accessing Account emerges as the second key motivating factor contributing to the effectiveness of PMJDY. Focused awareness campaigns, supportive bank staff, and accessible services enhance user confidence and encourage effective utilization of banking features. Timely assistance, courteous service, and clear communication make the scheme approachable, especially for the unbanked and underserved.

The third motivating factor identified is Service Reliability. The credibility of PMJDY is strengthened through the consistent delivery of accurate, timely, and

transparent financial services. The assurance of secure and genuine transactions fosters trust among beneficiaries, while the government's visible commitment to citizen welfare further enhances public confidence in formal financial institutions. Collectively, these aspects underscore the reliability of the services provided under PMJDY, making it a critical driver of financial inclusion.

The fourth core factor driving the success of PMJDY is Financial Empowerment for Economic Advancement. PMJDY fosters long-term financial inclusion by encouraging savings, facilitating access to formal credit and insurance, and enabling DBTs. These features support economic self-sufficiency, raise financial awareness, and empower individuals to improve their standard of living, making the scheme highly recommended among beneficiaries.

Livelihood Transformation of Beneficiaries constitutes the fifth motivating factor enhancing the impact of PMJDY. By simplifying access to financial tools and reducing dependence on informal lending, PMJDY allows beneficiaries to focus more on productive activities. It promotes financial discipline, enhances social status, and supports aspirations like education and

entrepreneurship, leading to holistic socio-economic development.

The success of PMJDY and its ability to bring about lasting change in beneficiaries' behaviour can be understandably understood in the light of behavioural psychology, specifically the operant conditioning theory and schedules of reinforcement. In behaviour learning, reinforcement is the process whereby a behaviour is built up or increased through rewards. The rate and structure at which such rewards are provided—referred to as reinforcement schedules—have a significant role in shaping, maintaining, or extinguishing behaviour. Using this model to describe PMJDY helps to illustrate how motivating drivers, livelihood change and empowerment through finances lead to sustained access to formal financial systems by beneficiaries.

In the successful adoption of PMJDY, driving factors like operational benefits, convenience in accessing the accounts, service reliability, livelihood transformation and financial empowerment are continuous reinforcements. These motivating factors depict how PMJDY not only fills the gap in financial access but also plays a critical role in empowering communities, ensuring financial literacy, and stimulating inclusive

economic growth in India. These ongoing and real advantages reinforce the behaviour of maintaining and utilizing bank accounts in a positive manner. The immediacy and certainty of these initial rewards induce beneficiaries, who are largely first-time users of formal finance, to get into the system and build trust in its functionality. This stage is critical to the formation of habits and coincides with the initial stages of operant conditioning, where each instance of desired behaviour is rewarded.

#### 4.2 Impact Assessment in terms of Livelihood Transformation

The impact of PMJDY is assessed through regressing the explanatory factors on the two main constructs of livelihood transformation and financial empowerment through OLS models to know the financial wellbeing of beneficiaries in Madhya Pradesh and Rajasthan. The results showcase the contribution of each of the explanatory factors towards the attainment of the objective of the study in both Madhya Pradesh and Rajasthan and their select divisions across multiple control variables. The control variables are very relevant for the present analysis as they signify which homogeneous cluster exhibit the maximum positive outcome in the form of social and financial upliftment.

**Table 3: Impact Assessment in Terms of Livelihood Transformation for Rajasthan**

Parameters	Rajasthan	Bikaner	Pali	Jaipur	Jodhpur	Bharatpur
Constant	0.702***	1.448***	0.431***	0.455*	1.313***	1.441***
Operational Benefits (OB)	0.111***	-0.175***	0.171***	0.197***	0.024	-0.152**
Convenience (CA)	0.259***	-0.250***	0.078**	0.073*	0.143***	0.233***
Service Reliability (SR)	-0.087***	0.129**	-0.075***	0.134***	-0.042***	0.166***
Financial Empowerment (FE)	0.489***	0.137**	0.715***	0.489***	0.434***	0.160***
Gender – Female	-0.013	0.058	0.018	-0.016	-0.014	-0.009
Category – EWS	0.0004	0.022	0.025	-0.031	-0.013	0.007
Category – OBC	-0.008	0.044	0.026	-0.112*	0.017	-0.002
Category – SC	-0.021	0.048	0.021	-0.118*	0.029	-0.065**
Category – ST	-0.078***	0.066	0.021	-0.166**	0.010	-0.078*
Region – Rural	0.003	0.064	0.046*	0.006	0.031	0.010

Region - Semi-Urban	0.004	-0.001	0.030	-0.010	0.015	-0.033
Number of Dependents	-0.003	0.050**	0.005	-0.043	-0.015	0.005
Earning Members	-0.038*	0.017	-0.074***	-0.059	-0.032	0.032
Awareness	-0.038	0.021	0.012	-0.083	-0.023	0.002

Note: \*, \*\*, and \*\*\* show significance at 10 per cent, 5 per cent and 1 per cent levels respectively. In the above table, males, unreserved, urban, and unawareness are taken as reference categories.

Source – Own Compilation

**Table 4: Impact Assessment in Terms of Livelihood Transformation for Madhya Pradesh**

Parameters	MP	Gwalior	Rewa	Jabalpur	Narmadapuram	Ujjain
Constant	0.590***	0.425***	0.680***	0.976***	0.958***	0.825***
Operational Benefits (OB)	0.088***	0.124***	0.060	0.003	0.141***	-0.036
Convenience (CA)	0.053*	0.029	-0.062	0.181**	0.046	0.260***
Service Reliability (SR)	0.195***	0.212***	0.243***	0.198***	0.068	0.157**
Financial Empowerment (FE)	0.400***	0.451***	0.474***	0.163**	0.291***	0.277***
Gender – Female	0.018	-0.013	0.039	0.061*	0.028	-0.020
Category – EWS	0.032	0.130	0.053	0.048	0.276	-0.029
Category – OBC	0.014	0.024	-0.001	0.017	-0.048	0.059
Category – SC	0.017	0.002	0.029	0.003	-0.057	0.048
Category – ST	0.004	0.048	0.003	0.047	-0.059	0.079
Region – Rural	-0.056***	-0.059*	-0.055	-0.084	0.004	-0.005
Region - Semi-Urban	-0.073***	-0.074*	-0.16***	-0.043	-0.002	0.023
Number of Dependents	-0.002	-0.010	-0.021	-0.042*	0.021	0.006
Earning Members	-0.023	0.029	-0.051	0.017	-0.003	-0.063
Awareness	-0.020	-0.151*	0.039	0.024	0.117*	-0.044

Note: \*, \*\*, and \*\*\* show significance at 10 per cent, 5 per cent and 1 per cent levels respectively. In the above table, males, unreserved, urban, and unawareness are taken as reference categories.

Source – Own Compilation

In both Rajasthan and Madhya Pradesh, several explanatory factors have emerged as statistically significant contributors to the positive transformation of beneficiaries' livelihoods under PMJDY. Among these, operational benefits—comprising intrinsic features of the schemes such as the provision of no-frill accounts, minimal documentation requirements, and simplified access procedures—demonstrate a strong positive impact on livelihood transformation. This relationship is particularly pronounced in the districts of Pali and Jaipur in Rajasthan, and Gwalior and Narmadapuram in Madhya Pradesh, where the effect is significant at the 1% level. These findings underscore the importance of scheme design and ease of

access in enhancing financial inclusion and, by extension, improving livelihood outcomes.

Furthermore, the behaviour of bank employees—a critical variable reflecting the interpersonal and procedural experience of beneficiaries during scheme implementation—has also been found to be positively associated with livelihood transformation. This influence is evident across all divisions of Rajasthan, with the exception of Bikaner, and is notably significant in the Jabalpur and Ujjain divisions of Madhya Pradesh. These results suggest that the responsiveness, cooperation, and supportive attitude of banking personnel play an essential role in fostering trust and

encouraging the effective utilization of financial services.

Another influential factor is the perceived reliability of services offered under the scheme. This dimension encompasses aspects such as timely service delivery, consistency in operations, and overall dependability of the scheme infrastructure. The reliability of services is significantly associated with improved livelihood outcomes in the Bikaner, Jaipur, and Bharatpur divisions of Rajasthan, as well as in all divisions of Madhya Pradesh. This highlights the pivotal role that service quality and consistent implementation play in ensuring sustained engagement with financial schemes and enhancing their developmental impact on beneficiary populations.

Financial empowerment is significantly contributing to the positive transformation of livelihoods among beneficiaries across all regions of Madhya Pradesh and Rajasthan. Access to financial resources, inclusion in formal banking systems, and targeted financial literacy initiatives are enabling individuals and communities to improve their income-generating capacities, enhance economic resilience, and achieve greater self-reliance. This empowerment is fostering sustainable development and driving measurable improvements in quality of life throughout both the states.

As far as the control variables are concerned, it is accentuated that females' livelihood transformation vis-à-vis males, decreased especially in Jaipur and Jodhpur divisions. But, such a decrease is insignificant. On the contrary, females have shown more livelihood transformation as compared to males, especially in the Jabalpur division of Madhya Pradesh. Such differential transformation is highly significant, showing the robust government mechanism and more structured policies

facilitate a conducive environment for women empowerment.

However, when disaggregated by social categories such as Economically Weaker Sections (EWS), Other Backward Classes (OBC), Scheduled Castes (SC), and Scheduled Tribes (ST), the results of livelihood transformation appear mixed and inconclusive across divisions in both Madhya Pradesh and Rajasthan. These variations reflect the differentiated socio-economic realities and levels of access to resources, opportunities, and institutional support experienced by each category. In some divisions, members of these groups have shown notable improvement in economic indicators, while in others, persistent structural barriers continue to hinder progress.

Further insights from the regression model indicates that an increase in the number of dependents tends to negatively impact livelihood transformation outcomes in most divisions of both states. This negative association is particularly pronounced in the Bikaner division of Rajasthan and the Jabalpur division of Madhya Pradesh. The statistical evidence suggests that households with a greater number of dependents—especially non-earning ones—struggle to allocate sufficient resources toward productive investments or quality-of-life improvements. A substantial share of the household income is diverted toward fulfilling basic needs such as food, clothing, healthcare, and education, thereby limiting the scope for economic mobility and preventing households from reaching higher standards of living or experiencing meaningful social transformation.

A similar pattern emerges when analyzing the role of the number of earning members in a household. Although one might intuitively expect a higher number of earners to positively influence livelihood outcomes,

the results are more nuanced. In several divisions, the presence of multiple earning members does not necessarily translate into improved livelihood transformation of beneficiaries. This can be attributed to factors such as underemployment, low wage levels, informal work arrangements, and limited access to skill development opportunities, especially among marginalized groups. Hence, while the number of earning members increases, the qualitative nature of employment remains a limiting factor.

The level of awareness also plays a critical role in transforming the lives of beneficiaries. The data reveals that divisions with higher awareness levels tend to exhibit better financial empowerment results, as informed households are more likely to access and utilize government schemes, financial services, and market linkages effectively. However, the regression findings suggest that the impact of awareness is not uniformly positive across all divisions and categories. In some areas, despite reasonable awareness levels, systemic issues such as bureaucratic red tape, lack of trust in institutions, or cultural constraints may still act as deterrents to full utilization of resources and entitlements.

As the scheme matures and beneficiaries become regular users, the type of reinforcement shifts to intermittent or variable in nature. Financial benefits under PMJDY need not be uniformly experienced all along. For example, DBTs are paid when particular government programs are triggered on, and the insurance benefits ride

on infrequent and negative occurrence. In spite of the absence of regularity in these reinforcements, they will still be motivational and attractive so that they provoke anticipation and ensure continued participation. This is a reflection of the variable ratio or interval reinforcement schedules found in learning theory, which are known to yield more long-lasting, and enduring behaviour than continuous reinforcement. The uncertainty of the timing or frequency of rewards actually serves to generate enduring interest and participation.

### 4.3 Impact Assessment in terms of Financial Empowerment

In Rajasthan and Madhya Pradesh, the regression analysis reveals that the coefficient for operational benefits is both positive and statistically significant, indicating a strong association between these benefits and increased levels of financial empowerment among beneficiaries. This effect is particularly prominent in the districts of Bikaner, Pali, and Jodhpur in Rajasthan, as well as in Ujjain in Madhya Pradesh. The significant and positive coefficient implies that these operational features are effectively facilitating access to financial services, thereby enabling beneficiaries to engage more actively with formal financial institutions. This increased engagement contributes to improved financial literacy, better resource mobilization, and ultimately, enhanced financial empowerment.

**Table 5: Impact Assessment in Terms of Financial Empowerment for Rajasthan**

Parameters	Rajasthan	Bikaner	Pali	Jaipur	Jodhpur	Bharatpur
Constant	0.493***	0.569**	-0.135	0.796***	0.208	0.030
Operational Benefits (OB)	0.160***	0.215***	0.112***	0.041	0.111***	0.089
Convenience (CA)	0.021	-0.008	-0.001	-0.025	0.006*	-0.057
Service Reliability (SR)	0.127***	0.337***	0.081***	0.163***	0.085***	0.430***

Livelihood Transformation (LT)	0.425***	0.103**	0.758***	0.470***	0.557***	0.186***
Gender – Female	-0.003	0.029	-0.015	-0.003	0.038***	-0.057*
Category – EWS	0.028	0.051	0.020	-0.041	0.012	0.077*
Category – OBC	0.022	0.041	0.005	-0.001	-0.005	0.045
Category – SC	0.002	0.015	0.011	0.037	-0.021	0.009
Category – ST	0.037*	0.123**	0.025	0.050	-0.011	0.061
Region – Rural	0.021	0.031	-0.003	-0.039	-0.010	0.022
Region - Semi-Urban	0.006	0.028	-0.007	0.019	-0.014	-0.049
Number of Dependents	-0.013	0.003	-0.018	-0.017	0.022*	-0.017
Earning Members	0.004	-0.036	0.045*	-0.020	0.003	0.072
Awareness	-0.0003	0.023	0.019	0.025	-0.009	0.019

Note: \*, \*\*, and \*\*\* show significance at 10 per cent, 5 per cent and 1 per cent levels respectively. In the above table, males, unreserved, urban, and unawareness are taken as reference categories.

Source – Own Compilation

**Table 6: Impact Assessment in Terms of Financial Empowerment for Madhya Pradesh**

Parameters	MP	Gwalior	Rewa	Jabalpur	Narmadapuram	Ujjain
Constant	0.434***	0.222	0.965***	0.479**	0.722***	0.727**
Operational Benefits (OB)	0.059***	0.074	-0.044	0.067	0.061	0.236***
Convenience (CA)	0.155***	0.158***	0.124**	0.388***	0.151**	0.018
Service Reliability (SR)	0.116***	0.003	0.152***	0.067	0.095**	0.143***
Livelihood Transformation (LT)	0.431***	0.600***	0.457***	0.183**	0.304***	0.250***
Gender – Female	-0.021	0.001	-0.020	-0.065*	-0.060*	-0.026
Category – EWS	0.076	0.039	0.046	0.027	-0.127	0.022
Category – OBC	0.024	-0.019	-0.026	0.026	0.061	0.044
Category – SC	0.007	0.048	-0.095*	0.009	0.027	0.080
Category – ST	0.026	0.152***	-0.104	0.048	0.066	0.099
Region – Rural	-0.033*	-0.074*	-0.043	-0.086	0.066*	-0.085**
Region - Semi-Urban	0.011	0.010	0.098	0.021	0.034	0.029
Number of Dependents	0.006	0.013	0.017	-0.023	0.008	0.012
Earning Members	-0.034**	-0.023	-0.081**	0.027	-0.028	-0.035
Awareness	0.030	0.112	-0.093	0.048	0.090	-0.102

Note: \*, \*\*, and \*\*\* show significance at 10 per cent, 5 per cent and 1 per cent levels respectively. In the above table, males, unreserved, urban, and unawareness are taken as reference categories.

Source – Own Compilation

However, the bank employees' behaviour is negatively associated with financial empowerment in most of the divisions of Rajasthan (except of Jodhpur), suggesting a lack of effort on the part of bank officials to help create awareness about the scheme and its potential benefits. In Madhya Pradesh, however, the bank employees' courteous service and cordial environment have

contributed towards an increase in financial empowerment with the highest coefficient value in Jabalpur.

The analysis further reveals that the coefficient associated with service reliability exhibits a statistically significant positive influence on the financial empowerment of beneficiaries across all divisions of both

Rajasthan and Madhya Pradesh. Notably, the impact of service reliability is particularly robust in the divisions of Bikaner and Bharatpur in Rajasthan, as well as Rewa and Ujjain in Madhya Pradesh. This suggests that when scheme-related services are perceived as dependable and efficiently delivered, they instill greater confidence among beneficiaries, leading to higher levels of participation and more meaningful economic engagement.

Livelihood transformation is significantly contributing to the financial empowerment of beneficiaries across all regions of Madhya Pradesh and Rajasthan in a positive manner. Enhanced skill development, increased access to income-generating opportunities, and support through various government and non-government initiatives have led to improved economic resilience, better savings practices, and a higher standard of living among the beneficiaries.

As far as control variables are concerned, the results showcased that financial empowerment has decreased for females vis-à-vis males in Rajasthan (except of Bikaner and Jodhpur). Similar trends have been observed in Madhya Pradesh and its divisions. This could mean that the majority of the accounts opened in the names of females are either operated or managed by their spouses or children (sons). This could also mean that women prefer keeping their money at home despite having an account as they fear their spouse might splurge that amount extravagantly on things like gambling and other illegal activities.

While livelihood transformation initiatives are showing considerable promise in enhancing financial empowerment across regions of Madhya Pradesh and Rajasthan, a deeper, category-wide analysis reveals a more complex and nuanced picture. The financial empowerment outcomes are mixed and inconclusive when examined across

different demographic and geographic categories within the divisions of both states.

In Rajasthan, with the exception of the Bikaner and Jodhpur divisions, financial empowerment tends to be negatively associated with the number of dependents in a household. This indicates that an increased dependency burden potentially limits the economic gains achieved through livelihood interventions. Households with a higher number of dependents may experience greater pressure on resources, leading to diluted financial outcomes despite participation in income-generating programs. Contrastingly, the trend in Madhya Pradesh reveals a positive association between the number of dependents and financial empowerment across most of its divisions. This counterintuitive relationship finds support in first-hand field data gathered through structured questionnaires, which reveal that a significant proportion of surveyed households in Madhya Pradesh reported having dependents who were also contributing earners. These earning dependents—often women, youth, or the elderly engaged in small-scale enterprises or wage employment—help offset the traditional financial strain associated with dependency, thereby contributing positively to the household's financial resilience.

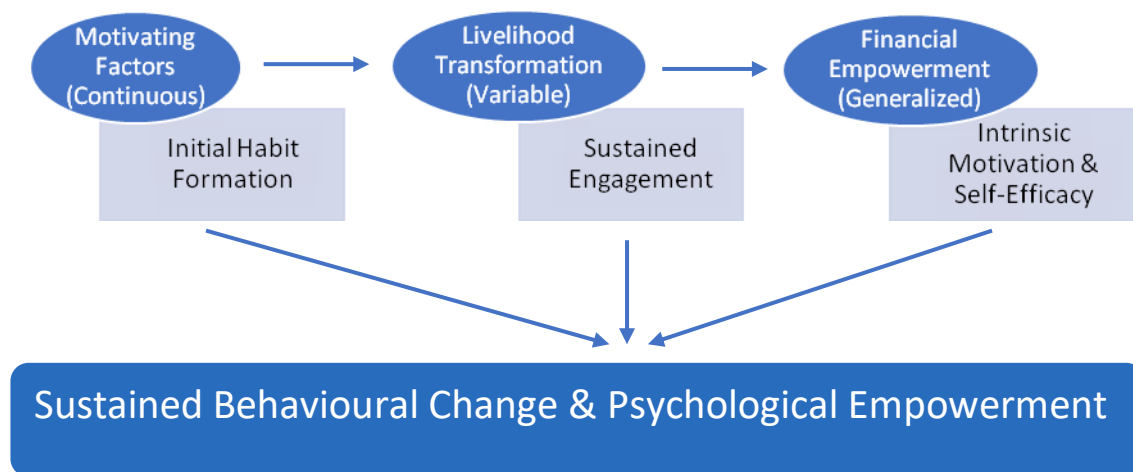
Another critical factor influencing financial empowerment is the level of awareness among beneficiaries regarding PMJDY. Across both states, a higher level of awareness correlates strongly with improved financial empowerment. Awareness acts as a catalyst, enabling households to access benefits, make informed financial decisions, and utilize resources effectively. However, this trend is notably absent in a few divisions—specifically Jodhpur in Rajasthan and Rewa and Ujjain in Madhya Pradesh—

where awareness levels appear insufficient to translate into tangible financial empowerment gains. This highlights the need for targeted awareness-building campaigns and community-level interventions in these areas to ensure that people not only have access to resources but also the knowledge and confidence to use them optimally.

With time, as the beneficiaries have better financial access and have developed confidence in managing their own money, the impacts of PMJDY start to act as generalized conditioned reinforcers. These consist of increased financial decision-making capacity, feeling of control over the resources, better savings behaviour, and psychological satisfaction of economic security. In contrast with concrete rewards, such generalized reinforcers cannot be confined to isolated events but grow over the years, in turn reinforcing the behaviour more inherently and persistently. The sense

of financial independence created by such a stage could also be recognized as an inherent motivator that perpetuates entry into the official financial system irrespective of the explicit external rewards or gains.

**Reinforcement-Based Behavioural Transformation Model:** From our theoretical construct and findings, PMJDY beneficiaries can best be understood through the theory of reinforcement learning, employing a three-phase model of reinforcement schedules—continuous, variable, and generalized. During the first phase of the derived model, incentive factors like operational advantages, ease of access to the accounts, service consistency, etc. act as continuous reinforcements by offering instantaneous and frequent rewards for using formal financial services. This stage is very important in establishing trust, increasing participation, and developing early habit formation for formerly unbanked customers.



**Figure 3: Reinforcement-Based Behavioural Transformation Model**

As beneficiaries start to engage more with financial services, they are at a stage of livelihood change where reinforcement occurs in a more variable manner. For example, the benefits of DBTs or credit may not be experienced regularly but have meaning when they arrive. This intermittent or variable reinforcement maintains

engagement by creating expectation and strengthening behaviour in spite of uncertainty of rewards. It creates resilience and enhances the engagement of the beneficiaries in the financial system.

Through time, this repeated exposure to financial services and instruments results in

financial empowerment, wherein the beneficiaries have greater autonomy, confidence, and control over their own financial choices. This phase embodies generalized reinforcement, where the rewards are no longer tied to specific external stimuli but are internalized in the form of self-reliance, psychological satisfaction, and a sense of identity as financially included citizens.

Collectively, these three phases result in long-term behavioural change and psychological empowerment. Beneficiaries persist with financial services even when there is no immediate benefit, reflecting long-term behavioural change. In addition, empowered people tend to impact others within their communities, generating social spillover effects that further increase the success of financial inclusion programs such as PMJDY.

## 5. Conclusion and Policy Recommendations

PMJDY has seen an unparalleled growth since its inception in all the regions of India especially the rural and semi-urban regions as these populations were deprived of reasonable and affordable banking services. The same has been examined in the current study focusing on livelihood transformation and financial empowerment of beneficiaries in the states of Rajasthan and Madhya Pradesh. The behavioural transformation observed among PMJDY beneficiaries has been meaningfully interpreted through reinforcement theory of learning. The progression from motivating factors to financial empowerment, guided by continuous, variable, and generalized reinforcement schedules, highlights how psychological enablers play a crucial role in sustaining financial inclusion and empowering communities in the long run. Such findings validate the capability of inclusive financial policies for catalyzing socio-economic advancement and emphasize

the necessity of a continuous effort for overcoming structural as well as behavioural hindrances to financial inclusion. To further enhance the impact of the scheme and ensure its sustainability, following recommendations have been made:

1. **Enhanced Financial Literacy Programs:** To improve financial inclusion and empower communities, banks must prioritize financial literacy, especially in rural and underserved areas. With significant portions of respondents in Rajasthan and Madhya Pradesh not using formal saving or investment instruments, there's a clear need for enhanced education. Banks can implement short-term training projects, dispatching employees to remote areas to educate on savings, investments, and contingencies. Collaborating with nearby higher education institutions can help tailor modules to meet specific community needs, facilitating these initiatives effectively.
2. **Engagement of Female Bank Mitras:** Since our data reveals that Rajasthan has only 32% female respondents signifying employment of more female staff in banks or female Bank Mitras to encourage more women in the state. Having female Bank Mitras could enhance trust and communication, particularly among female beneficiaries.
3. **Strategies to Address Dormancy in Accounts:** High dormancy rates hinder PMJDY's full potential. Regular follow-ups via SMS alerts, community meetings, and workshops can boost awareness and usage. Simplifying access to overdrafts and insurance, especially in rural areas, and offering small incentives for transactions or savings can further encourage account activity.
4. **Empowerment of Under-Privileged Beneficiaries:** To boost financial empowerment among SC/ST

beneficiaries, banks need to increase awareness about their schemes through deployment by bank staff. Additionally, they should organize more frequent branch meetings exclusively for SC/ST beneficiaries to understand their needs and challenges faced better.

5. **Skill Development towards Atmanirbhar Bharat:** In fostering financial inclusion and empowerment among rural populations, Banks should actively promote computer literacy alongside financial education in rural areas to empower individuals with digital skills. By offering training programs and ensuring access to common service centers in all Gram Panchayats, banks can enable rural populations to effectively utilize banking services and participate in the digital economy. This not only enhances banks' reputation as agents of positive social change but also contributes to the vision of an *Atmanirbhar Bharat*, fostering self-reliance and entrepreneurship.

6. **Infrastructure Investment Initiatives:** To enhance inclusivity and address infrastructure challenges, banks should prioritize investments in expanding branch networks and digital infrastructure in rural areas. Banking infrastructure can be improved with initiatives like the 'SBI Tiny Project' or 'Bank in a Box', which provide innovative solutions, such as a compact system comprising a cell phone POS machine, fingerprint reader, and tiny printer, all within a 10-inch by 10-inch box. These projects utilize smart cards for no-frills accounts, offering secure and convenient banking options through biometric validation (Ramkumar, 2007).

The transformative impact of the PMJDY is evident through empirical data, particularly in the states of Rajasthan and Madhya Pradesh. The study highlights how motivational and psychological factors play

an important role in the successful rollout and sustainability of PMJDY. According to operant conditioning and schedule of reinforcement perspectives, it emerges that early reward induces habit, sustained engagement, and finally financial empowerment based on intrinsic motivation and self-efficacy. The sequence of behavioural development leads to long-term psychological empowerment and inclusive development. Future studies can extend this theoretical framework by testing it against other financial inclusion programs, investigating regional differences, and using longitudinal studies to monitor long-term changes in behaviour.

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