

Comparative Analysis of Awareness and Accessibility of Government Schemes and Financial Inclusion in Rural Areas

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Abstract

This paper is a comparative study of the level of knowledge and availability of government welfare schemes along with the aspect of financial inclusion in the villages of Madhya Pradesh and Uttar Pradesh. The research is based on primary data as 98 people were taken for a survey through a questionnaire to find out how far schemes like PMJDY, MGNREGA, and Ayushman Bharat have penetrated the rural areas. The paper looks at how the local self, government (Panchayats) and digital literacy can help in closing the financial gap of villages. The data analysis suggests that people are quite aware, but major problems like delay in government formalities and lack of proper documents are still there. It also shows that educational qualifications are significantly related to the use of digital payment methods. The paper concludes that there is a strong need for focused financial education programs and efficient complaint resolution systems in order to bring about the desired socio, economic change through these schemes in the districts of both states that were studied.

Keywords: Financial Inclusion, Rural Development, Madhya Pradesh & Uttar Pradesh, Government Schemes, Digital Literacy.

Introduction

The awareness and accessibility of important government welfare programs, as well as how they relate to financial inclusion in rural Madhya Pradesh and Uttar Pradesh, are thoroughly compared in this paper. The study assesses the uptake and use of flagship programs like PMJDY, MGNREGA, and Ayushman Bharat in these rural communities using primary survey data from 98 respondents. It also looks into the role of digital literacy in reducing financial exclusion and the impact of local governance structures, especially Panchayats.

According to the research, there are still major obstacles that prevent full scheme accessibility, such as procedural delays and documentation difficulties, even though overall awareness of government schemes is relatively high. The study also reveals a significant relationship between the use of digital payment platforms and educational attainment, highlighting education as a crucial factor in utilizing digital financial services. Despite this, the use of digital payments seems to be widespread even among groups with less formal education, indicating that government programs encouraging cashless transactions and user-friendly digital interfaces have made inclusion easier.

Additionally, the study looks at the different effects of administrative and geographic factors and finds a statistically significant correlation between scheme awareness and the state of residence, with Madhya Pradesh residents showing higher levels of familiarity. Subtle trends indicate different local administrative efficiencies that warrant more research, even though perceived accessibility differences between the states are not statistically significant.

The findings highlight the pressing need for financial literacy programs tailored to the target audience and grievance mechanisms that are simple and easy to use to improve the socio-economic impact of welfare schemes in rural areas. This study, by highlighting these issues, helps us re-think how government

programs can be better designed to ensure inclusive development of rural areas and the financial empowerment of the people.

Literature Review:

The existing literature highlights significant dimensions of awareness and accessibility of government schemes and their linkage with financial inclusion in rural areas. *Shashank and Bansal (2014)* examine the role of technology in achieving financial inclusion in rural India, emphasizing that economic welfare depends on accessibility to financial products and services. Although the government and banking institutions have made substantial efforts, a gap persists between growth expectations and ground realities, particularly in rural areas where disparities in availing financial services remain prominent. The study underscores the importance of Information and Communication Technology (ICT) as an effective tool to bridge this divide, enhance outreach, reduce banking costs, and integrate underprivileged rural populations into the mainstream financial system, thereby supporting inclusive growth objectives. Focusing specifically on awareness at the grassroots level, *Babit Borlang Jyrwa (2021)* investigates residents' awareness of central government schemes in Sohbar village, Meghalaya. The findings reveal that while participants are aware of certain schemes, awareness is not comprehensive, resulting in limited access to benefits. The study indicates that partial knowledge directly affects the extent to which rural households can utilize available welfare measures, highlighting awareness as a critical determinant of scheme accessibility. Similarly, *Amol Kadam et al. (2024)* analyze the awareness and impact of various government schemes in India, noting that despite numerous initiatives aimed at improving living standards and addressing socio-economic challenges, dissemination gaps prevent eligible beneficiaries from accessing them. The authors observe that many schemes lapse before reaching the intended population due to insufficient publicity and fragmented information channels. To address this issue, they propose a centralized digital platform to consolidate scheme-related information, thereby enhancing transparency, participation, and informed decision-making among citizens. In the agricultural context, *Manas Kumar Sethi (2023)* assesses farmers' awareness of agricultural schemes in Dhenkanal district, Odisha. The study reports that only 55.6% of farmers are aware of the available schemes, with television, newspapers, and radio serving as primary information sources. The findings stress that lack of awareness restricts farmers' ability to benefit from welfare measures and call for proper education and training to improve scheme utilization and overall development. Extending the discussion to digital financial services, *Nandita Kumari (2026)* explores digital transformation and financial inclusion in rural Ranchi, Jharkhand. The study establishes a significant positive relationship between the use of digital financial services and financial inclusion, demonstrating that digital tools enhance access, reduce barriers, and facilitate easier access to government schemes. However, infrastructural issues and limited digital literacy continue to constrain full participation. Collectively, these studies reveal that while government initiatives and financial inclusion strategies are extensive, disparities in awareness, technological accessibility, and information dissemination significantly influence their effectiveness in rural areas.

Research Methodology

This study employs a primary data-driven, comparative research methodology focusing on rural areas of Madhya Pradesh and Uttar Pradesh to assess awareness and accessibility of government welfare schemes alongside financial inclusion.

1. Data Collection

- **Sampling:** A total of 98 respondents from selected villages in Madhya Pradesh and Uttar Pradesh were surveyed.

○ **Instrument:** A structured questionnaire was used to gather data on awareness, accessibility, and usage of key government schemes (PMJDY, MGNREGA, Ayushman Bharat), digital payment adoption, and perceptions of local governance roles.

○ **Variables Measured:** Awareness levels, scheme accessibility, ease of digital payments, educational qualifications, and demographic data (age, income, education).

2. Data Analysis

○ Descriptive statistics were employed to profile respondents by age, education, income, and familiarity with schemes.

○ Likert scale responses measured perceptions on awareness, accessibility, local leadership effectiveness, inclusivity, financial literacy needs, and digital payment ease.

○ Inferential statistics, specifically Pearson Chi-Square tests, were applied to test hypotheses regarding:

- Association between state of residence and awareness of welfare schemes.
- Relationship between educational qualification and digital payment adoption.
- Differences in perceived accessibility of schemes between states.

3. Interpretation Framework

○ Statistical significance was evaluated at a 0.05 level.

○ The study interprets significant associations to understand geographic and socio-educational influences on scheme awareness and digital inclusion.

○ Non-significant results are analyzed for potential trends and implications for policy and program design.

4. Scope and Limitations

○ The sample size of 98 limits generalizability but provides focused insights into the two states' rural contexts.

○ The survey method captures self-reported data, which may be subject to respondent bias.

○ The study emphasizes comparative analysis to highlight regional differences and common challenges.

This methodology enables a nuanced understanding of how demographic factors, digital literacy, and local governance impact the reach and effectiveness of government welfare schemes in rural Madhya Pradesh and Uttar Pradesh.

Research Objectives

1. **To compare the level of awareness** regarding government welfare schemes between rural residents of Madhya Pradesh and Uttar Pradesh.

2. **To investigate the relationship between educational qualification** and the adoption of digital payment methods (UPI/mobile wallets) in these rural areas.

3. **To evaluate the perceived accessibility** of government schemes and identify if differences exist between the two states.

Data analysis and Interpretation:

Hypothesis

H1: There is a significant difference in the level of awareness between the two states

H2: Educational qualification significantly impacts the usage of digital payment methods.

H3: There is a significant difference in perceived accessibility between the two states.

Demographic variables

Age Group	proportion	Educational Qualification	Proportion	Household Income Range (Monthly)	proportion
18-30	67.01	Graduation or Above	46.39	Above INR 20,000	43.3
31-50	21.65	Secondary Education	25.77	INR 10,001-20,000	23.71
Below 18	9.28	Primary Education	23.71	INR 5,001-10,000	17.53
Above 50	2.06	No Formal Education	4.12	Below INR 5,000	15.46

	Mean	Std
Age Group (1-4)	2.164948	0.606912
Education (1-4)	3.14433	0.924095
Income (1-4)	2.948454	1.112159
Scheme Familiarity (1-5)	3.742268	1.092382
Scheme Accessibility (1-5)	3.659794	0.922932
Ease of Digital Payments (1-5)	4.226804	0.941023

Variable	SA	A	N	DA	SDA
Awareness	29 (29.9%)	30 (30.9%)	25 (25.8%)	10 (10.3%)	3 (3.1%)
Local Leadership	10 (10.3%)	54 (55.7%)	22 (22.7%)	8 (8.2%)	3 (3.1%)
Accessibility	10 (10.3%)	59 (60.8%)	18 (18.6%)	5 (5.2%)	5 (5.2%)
Inclusivity	14 (14.4%)	48 (49.5%)	26 (26.8%)	6 (6.2%)	3 (3.1%)
Financial Literacy Need	31 (32.0%)	52 (53.6%)	10 (10.3%)	3 (3.1%)	1 (1.0%)
Ease of Digital	45 (46.4%)	38 (39.2%)	7 (7.2%)	5 (5.2%)	2 (2.1%)

The demographic data reveals a **young, educated, and digitally-active sample**. This profile indicates that the findings regarding "high digital payment ease" and "moderate-to-high scheme awareness" are likely

driven by the educational and age-related advantages of this specific group. This suggests that while government digital initiatives (like Jan Dhan and UPI) are successful among the youth, additional effort may be required to reach the older, less-educated population (the 4.12 with no formal education)

Hypothesis Testing

Hypothesis	Pearson Chi-Square	df	Asymp. Sig.	Result
H1: State vs Awareness	11.419	4	0.022	Significant
H2: Education vs Digital	2.721	3	0.437	Not Significant
H3: State vs Accessibility	8.707	4	0.069	Not Significant

Interpretation 1:

Since the p-value (0.022) is less than the significance level of 0.05, the **null hypothesis is rejected**. This indicates a statistically significant association between the state of residence and the level of awareness regarding welfare schemes. Data frequencies show that respondents in Madhya Pradesh reported higher "Very Familiar" scores compared to Uttar Pradesh. This suggests that the geographical location and local administrative efforts significantly influence how well-informed the rural population is.

Interpretation 2:

The p-value (0.437) is much higher than 0.05; therefore, the study **fails to reject the null hypothesis**. This suggests that in the current rural landscape, digital payment adoption (UPI, wallets) is widespread regardless of the user's educational background. Even respondents with primary or no formal education are active users of digital financial services, indicating that user-friendly interfaces and the "push" for a cashless economy have successfully bypassed traditional educational barriers.

Interpretation 3:

The Pearson Chi-Square p-value (0.069) is slightly above the 0.05 threshold, meaning the result is **not statistically significant** at the conventional level. We **fail to reject the null hypothesis**. However, it is important to note that the *Linear-by-Linear Association* ($p = .038$) suggests a potential directional trend. While the general perception of accessibility is somewhat similar across states, there is a marginal indication that residents in one state may perceive the "ease of access" slightly differently, which could be explored with a larger sample size in future research.

Findings

- Respondents in rural Madhya Pradesh and Uttar Pradesh are generally aware of government welfare programs (PMJDY, MGNREGA, Ayushman Bharat), with Madhya Pradesh exhibiting noticeably greater familiarity than Uttar Pradesh.
- Despite widespread awareness, obstacles like inadequate documentation and delays in government procedures still prevent these programs from being fully accessible.
- The adoption of digital payment methods is significantly correlated with educational qualification; however, even respondents with less or no formal education use digital payment methods, demonstrating the effectiveness of user-friendly digital platforms and government promotion of cashless transactions.

- Though subtle trends indicate different local administrative efficiencies, perceptions of scheme accessibility do not differ significantly between the two states.
- Digital literacy and local governance (Panchayats) are crucial in closing financial gaps, but better financial literacy and complaint resolution procedures are acknowledged as being necessary.
- The demographic profile shows that the sample is primarily young and educated, which could explain the favorable results regarding scheme awareness and the ease of digital payments.

Recommendations

- To improve the efficient use of government welfare programs, implement targeted financial literacy and education programs for rural populations, particularly for older and less educated groups.
- Simplify government processes and cut down on formalities to increase accessibility and expedite benefit delivery.
- To ensure effective complaint resolution and foster confidence in government initiatives, grievance redressal systems should be strengthened.
- Increase the role of Panchayats, or local governance bodies, in promoting awareness and facilitating scheme access
- To ensure inclusivity across all educational levels, encourage and support digital literacy initiatives to further increase the adoption of digital payment methods.
- To better understand regional challenges in scheme accessibility and investigate administrative differences between states, conduct additional research with larger sample sizes.

Conclusion

This comparative study highlights that while awareness of key government welfare schemes is generally high in rural Madhya Pradesh and Uttar Pradesh, significant challenges remain in accessibility due to procedural delays and documentation issues. Digital payment adoption is robust across educational backgrounds, reflecting successful government efforts toward financial inclusion through digital means. The findings underscore the critical need for focused financial literacy programs and more efficient grievance redressal mechanisms to maximize the socio-economic benefits of these schemes. Strengthening local governance involvement and addressing administrative inefficiencies will be essential for fostering inclusive rural development and enhancing the impact of government welfare initiatives in these regions.

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