



A CONCEPTUAL STUDY OF PRADHAN MANTRI JAN-DHAN YOJANA (PMJDY) IN INDIA

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ABSTRACT

The present study seeks to review the current status of the Pradhan Mantri Jan-Dhan Yojana (PMJDY) and financial inclusion in India. Even after 47 years of nationalization of banks in 1969, a large section of country's population and most of the rural areas still remains unbanked leading to financial instability. To enhance financial inclusion status and overcome the issues, the government of India announced innovative scheme namely PMJDY on the auspicious occasion of Independence Day. The Honorable Prime Minister Shri Narendra Damodar Das Modi launched the Pradhan Mantri Jan Dhan Yojana (PMJDY) a new financial scheme for poor people. On August 28, 2014, this scheme was dedicated as a national programme aiming at the financial inclusion of all especially for the benefit of weaker sections of the society. The scheme is not only limited to opening of a bank account but has other benefits with it viz. zero balance bank account with RuPay debit card, cheque in addition to accidental insurance coverage of Rs one lakh to those who open accounts by January 26, 2015 over and above the Rs one lakh accidental coverage, they will be given life insurance coverage of Rs 30,000 etc. This paper is an attempt to highlight the present status of PMJDY account opened during 14/08/2014 to 31/08/2015 and to present Bank Category wise Report status of PMJDY Account opened during 15/08/2015 to 14/08/2018 in India.

KEYWORDS: Pradhan Mantri Jan-Dhan Yojna (PMJDY), Financial inclusion, Nationalization of banks.

INTRODUCTION

Banking for the unbanked is the main motive behind the launch of Indian Government's flagship program of financial inclusion named as Pradhan Mantri Jan-Dhan Yojana (PMJDY). On August 15, 2014 our independence day, the Honorable Prime Minister Shri Narendra Damodar Das Modi launched the Pradhan Mantri Jan-Dhan Yojana (PMJDY) as a new scheme for financial inclusion. On August 28, 2014 it was dedicated as a national program aiming at the financial inclusion of all especially for the benefit of weaker sections of the society. Its aim is to ensure financial inclusion for weaker sections of the society by providing savings & deposit accounts in banks, facility of credit, Insurance and Pension benefits. It tries to mitigate the ill effects of earlier schemes giving the poor sections of the society dignity, financial stability and financial freedom. Before the scheme was launched formally the PM wrote personal emails to the chief of all banks to be in a state of preparedness for opening bank accounts of over 7.5 million households. He

declared that the enrolling and opening of such accounts for each household should be considered as a "national priority". PMJDY is a national mission program for financial inclusion of every individual who does not have a bank account. The objective of the scheme is to ensure access to financial services such as savings and deposit accounts, credit, insurance, remittance, pension etc. in an easy and affordable mode. PMJDY a flagship scheme program of Indian government and is a huge step forward towards financial inclusion. The objective behind its launch is to provide banking facility to all households. These are zero balance accounts with other benefits such as accidental insurance coverage, overdraft facility, life insurance, debit card etc. With this program, the Government aims to channelize the benefits directly into the beneficiary accounts under various other schemes. All impediments of poor connectivity, technological problems relating to online transactions will be solved. For this purpose telecom operators and their centers will be used as cash out points. These measures taken by PM will help the poor



to become financially strong and connecting themselves to the vehicle of the economy. This scheme is having a comprehensive coverage as it includes both rural as well as urban areas. So far as performance and working is concerned, it has been efficiently implementing and also promoting financial literacy. It is acting as a platform for creating habit of saving, providing subsidies to poor people and running welfare programs for such low income groups.

The mission will be implemented in three phases, the details of which are as follows

- First Phase – 15th August 2014 to 14th August 2015.
- Second Phase – 15th August 2015 – 14th August 2018.
- Third Phase - beyond 14th August 2018 to till date.

First phase: (from 15 August 2014 to 14 August 2015)

Following are the objectives:-

- To ensure universal access to banking facilities throughout the country except for areas with infrastructure and connectivity constraints.
- To provide basic banking accounts and RuPay debit card.
- To facilitate each account holder an accidental insurance coverage of Rs 1, 00,000.
- To implement Financial Literacy Program
- Issuance to Kisan Credit Card as well.

Second phase: (15 August 2015 to 14 August 2018)

These are the related objectives to this phase:-

- To ensure overdraft facility up to Rs 5 000/- after six months of satisfactory operation of the account.
- To extend the overdraft limit for the account holders beyond Rs 5000.
- To create credit guarantee fund for coverage of defaults in overdraft account.
- To promote micro finance scheme.
- To cover geographical areas left in phase-I due to infrastructure and connectivity problems.
- To promote financial inclusion program up to individual level covering adults and students of each household.

Third phase: (14 August 2018 to till date)

These are the objectives for this phase:-

- To focus on opening accounts from "every household to every adults and students"

- To provide facility for over Draft (OD) up to Rs 2,000.
- Age limit for availing OD facility to be revised from 18-60 years to 18-65 years.
- Under the expanded coverage from "every household to every adult", accidental insurance cover for new RuPay card holders to be raised from Rs 1 lakh to Rs 2 lakh to new PMJDY accounts opened after 28.8.18.

There are following key things to know about Pradhan Mantri Jan Dhan Yojana(PMJDY)

- The overdraft limit for account holders of Pradhan Mantri Jan Dhan Yojana has now been doubled to Rs 10,000 from Rs 5,000 earlier and there won't be any conditions attached for overdraft up to Rs 2,000. The age limit for availing overdraft facility has also been revised from 18-60 years to 18-65 years.
- Under the expanded coverage from "every household to every adult", accidental insurance cover for new RuPay card holders has been raised from Rs 01 lakh to Rs 02 lakh to Pradhan Mantri Jan Dhan Yojana accounts opened after August 28, 2018, said the release.
- According to the release, 32.41 crore pradhan mantri Jan Dhan accounts have been opened with more than Rs 81,200 crore of deposit balance and 53 per cent are women account holders and 59 per cent accounts are in rural and semi urban areas.
- The pipeline of Jandhan-Aadhaar-Mobile (JAM) will continue to provide the necessary backbone for coverage of these activities and thereby accelerating the pace of digitized financially included and insured society, added the release.

OBJECTIVES OF THE STUDY

This study has been aimed with the following objectives in mind.

1. To Present status of PMJDY account opened during 14/08/2014 to 31/08/2015 in India.
2. To present Bank Category wise Report status of PMJDY Account opened during 15/08/2015 to 14/08/2018 in India.

REVIEW OF LITERATURE

The author focuses on the importance of financial inclusion and financial literacy for the benefits of the lower segment of the people. The main objective



of financial inclusion is to provide various types of financial products at affordable costs. But only creation of financial products will not be sufficient, until the beneficiaries realize their potential benefits. For this reason implementation of financial literacy program is necessary **Ramkumar 2007**.

Financial inclusion Reports that in the absence of inclusive formal financial system, poor individuals and small entrepreneurs have to rely on informal sources to invest in better opportunities because of its timely availability and easy accessibility but at a much greater interest burden. FI can help in removing this impediment. Achieving FI in a country like India, with large and diversified population with significant segments in rural and unorganized sectors requires a high level of penetration by the formal financial system **World Bank 2008**.

The authors analyzed the progress of financial inclusion scheme as implemented by the central government. The concept of microfinance is not new and it was prevalent in India long ago. But it failed to achieve spectacular success as till date most of the rural and urban poor do not have adequate access to capital and financial resources. Improvement of a marginal group of people cannot be claimed as a successful strategy unless and until it benefits the entire group. Considering the not so impressive performance of earlier financial inclusion initiatives, the Government of India has decided to introduce the National Mission on Financial Inclusion in the year 2014. The outcome of this scheme is Pradhan Mantri Jan-Dhan Yojana (PMJDY). The sole objective of the initiative is to create awareness of financial products and to open bank accounts for at least one member of every household. The scheme has responded well and now it is time to see whether it really can change the lives of the rural poor. If it is able to change it, then surely it may bring lots of changes for the poor **Chowhan et al 2014**.

This is an analysis of the trend pattern of the Pradhan Mantri Jan Dhan Yojana (PMJDY) and made a comparison of the accounts opened at public and private sector banks. She reported that 71% were zero balance accounts, and 64% for private banks **Sonam Kumari Gupta 2015**.

Studied progress of financial inclusion initiatives taken before and after launch of Pradhan Mantri Jan-Dhan Yojana (PMJDY). Different initiatives taken by RBI and other Banks for achieving financial inclusion were also discussed in study **Kaur and Singh 2015**.

“An Analytical Study: Relevance of Financial Inclusion for Developing Nations”, states the role of financial inclusion, in strengthening the India’s position in relation to other countries economy. The study gathered data through secondary sources including report of RBI, NABARD, books on financial inclusion and other articles written by eminent authors **Dr. Anupama Sharma and Ms. Sumita Kukreja**.

METHODOLOGY

The present study is based on primary sources of data taken from the government publications. It aims to analyze the status of Pradhan Mantri Jan-Dhan Yojna in India. Primary data will be used from the sources like,

1. Pradhan Mantri Jan-Dhan Yojna Reports published by Government of India Committees.
2. Pradhan Mantri Jan-Dhan Yojna (PMJDY) Scholarly research books, journals, and articles.
3. Pradhan Mantri Jan-Dhan Yojna (PMJDY) reports developed for a poor people.
4. This programme is useful for poor people.

ANALYSIS AND INTERPRETATION

Table no.01
PMJDY Account opened as on 14.08.2014 to 31.08.2015 in India

Types of Areas	Public sectors Bank	Regional Rural Bank	Private sectors Bank	Total
Rural	53500249	18459445	3226397	71789697
Urban	45147276	3297833	2012086	48445109
Total	98447525	21757261	5238463	120234606

Sources: <http://Pmjdyp.gov.in> account



Table no.02
Bank Category wise Report as on 15/08/2015 to 14/08/2018 in India

Bank Name / Type	Number of Beneficiaries at rural/semi urban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	Number of Total Beneficiaries	Deposits in Accounts(In lakh)	Number of Rupay Debit Cards issued to beneficiaries
Public Sector Banks	76124391	62502892	138627283	1775839.10	126990641
Regional Rural Banks	27057190	4638159	31695349	380715.49	23329529
Private Sector Banks	4180445	2856455	7036900	108180.24	6195132
Grand Total	107362026	69997506	177359532	2264734.83	156515302

Sources: <http://Pmjdy.gov.in>

On the basis of table 01, the number of Public sectors Bank in Rural and Urban areas are 53500249 and 45147276 respectively, for Regional Rural Bank Rural and Urban areas are 18459445 and 3297833 respectively, and for Private sectors Bank Rural and Urban areas are 3226397 and 2012086 whereas the percentage of public sectors Bank is 54.34 in rural area, 45.85 in urban area, those for Regional Rural Bank 84.84 and 15.15 in Rural and Urban areas and those for Private sector Banks 61.59 and 38.40 for Rural and Urban areas respectively PMJDY Account opened during 14.08.2014 to 31.01.2015 in India.

On the basis of table 02, Number of Beneficiaries at rural/semi urban centre bank branches is 76124391 for Public Sector Banks, 27057190 for Regional Rural Banks, 4180445 for Private Sector Banks and 107362026 as Grand Total. The Number of Beneficiaries at urban metro centre bank branches is 62502892 for Public Sector Banks, 4638159 for Regional Rural Banks, 2856455 for Private Sector Banks and 69997506 as Grand totals. The Number of total Beneficiaries is 138627283 for Public Sector Banks, 31695349 for Regional Rural Banks, 7036900 for Private Sector Banks, and 177359532 as Grand totals. Deposits Accounts (In lakh) 1775839.10 for Public Sector Banks, 380715.49 for Regional Rural Banks, 108180.24 for Private Sector Banks, and Number of Rupay Debit Cards issued to beneficiaries is 126990641 for Public Sector Banks, 23329529 for Regional Rural Banks, 6195132 for Private Sector Banks respectively under Bank Category wise Report during 15/08/2015 to 14/08/2018 in India.

The percentage Bank Category wise Report as on 15/08/2015 to 14/08/2018 in India. of Number of Beneficiaries at rural/semi urban centre bank branches Public Sector Banks 70.90 Regional Rural

Banks 25.20 Private Sector Banks 3.89, Number of Beneficiaries at urban metro centre bank branches Public Sector Banks 89.29 Regional Rural Banks 6.62 Private Sector Banks 4.08, Number of Total Beneficiaries Public Sector Banks 78.16 Regional Rural Banks 17.87 Private Sector Banks 3.96, Deposits Accounts (In lakh) Public Sector Banks 78.41 Regional Rural Banks 16.81 Private Sector Banks 4.77, Number of Rupay Debit Cards issued to beneficiaries, Public Sector Banks 81.13 Regional Rural Banks 14.90 Private Sector Banks 3.95 respectively in India.

CONCLUSION

Following are the findings of the present study:-

The percentage of public sectors Bank is 54.34, that of Regional Rural Bank 84.84, that of Private sectors Bank 61.59, in rural area whereas the percentage of public sectors Bank is 45.85, in Regional Rural Bank 15.15, in Private sectors Bank 38.40 in urban area respectively under PMJDY Account opened as on 14.08.2014 to 31.08.2015 in India.



The percentage of Number of Total Beneficiaries Bank is 78.16, Deposits in Accounts (In lakh) 78.41, Number of Rupay Debit Cards issued to beneficiaries 81.13 for Public Sector Banks; the percentage of Number of Total Beneficiaries Bank is 25.20, Deposits in Accounts (In lakh) 16.81, Number of Rupay Debit Cards issued to beneficiaries 14.90 for Regional Rural Bank; the percentage of Number of Total Beneficiaries Bank is 3.96, Deposits in Accounts(In lakh) 4.77, Number of Rupay Debit Cards issued to beneficiaries 3.95 for Private Sector Banks respectively under Bank Category wise Report during 15/08/2015 to 14/08/2018 in India.

Suggestions regarding this scheme

1. Based on the study, the majority of the PMJDY accounts holders are rural areas. So, the banks should attract more customers from urban area also.
2. From the overall findings of the study compare to public sector banks performance private sector banks performance is very low. So the private sector banks should actively participate in PMJDY scheme.
3. Most of the people are not aware of benefits available for PMJDY account. So the government of India and concerned authority should explain the various benefits of having PMJDY scheme account.
4. The Government of India and RBI may open more number of financial literacy center and conduct more number of financial literacy camps for the purpose of achieving 100% financial inclusion.

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