



PRADHAN MANTRI JAN-DHAN YOJANA - A WAY TOWARDS FINANCIAL INCLUSION

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Abstract:

Pradhan Mantri Jan-Dhan Yojana is a financial inclusion scheme launched in India to provide financial services to all households in the country. The particular focus of scheme is to empower the weaker sections of society, including women, small & marginal farmers and labourers. Financial Inclusion is an important priority of the Government as it is an enabler for inclusive growth. The main objective of the scheme is to ensure universal access to banking facilities with at least one basic banking account for every household. This study suggests that there is a need of lot of efforts to be done by government and private sector bank to contribute towards inclusive growth of country. In this study, researcher explains the benefits of PMJDY and the status of banks accounts opened under this scheme. An attempt is made to find the current status of PMJDY scheme and trend of financial inclusion in India.

Keyword: Financial Inclusion, Inclusive Growth, PMJDY, Banking Facilities.

Introduction:

Pradhan Mantri Jan-Dhan Yojana (PMJDY) is a scheme introduced by Prime Minister of India Narendra Modi in his first speech of Independence Day in 2014. The purpose of this scheme is to uplift the socially and financially excluded people and include them into the mainstream of financial system. It is a way for financial inclusion. In India, population is segmented into two groups out of which one group enjoy all financial facilities and have bank account whereas second group is deprived of basic banking facilities. So this scheme is announced on 28 August 2014 caring

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the mission of financial inclusion. Financial inclusion is the national mission of PMJDY to accomplish the objective of providing access to banking facilities more likely bank account, credit facilities, pension and insurance at concessional rates. The focus has been given on opening bank account for each person and providing financial services at very affordable rate to the marginalized and low income group people. Before the launching of the scheme, people have cell phones but not the bank account. Under the scheme, a basic savings bank deposit (BSBD) account can be opened in any bank branch or Business Correspondent (Bank Mitra) outlet, by persons not having any other account. On the very first day, 15 million bank accounts were opened by PMJDY scheme. '*Mera Khata Bhagya Vidhata*' is the motto of PMJDY. The concept of financial inclusion has been started in 2005 in India when it is recognized that low income group people should have access to basic banking facilities. The PMJDY lies at the core of development philosophy of '*Sab Ka Sath Sab Ka Vikas*'. This paper emphasized on current status of financial inclusion with reference to PMJDY.

Contribution in financial inclusion

PMJDY is a National Mission for Financial Inclusion to provide access to financial services, with particular focus to empower the weaker sections of society, including women, small and marginal farmers and labourers, both rural and urban. It envisages universal access to banking facilities with financial literacy, access to credit, insurance, pension and at least one basic banking account for every household. It has provided a platform for the three social security schemes viz. *Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)*, *Pradhan Mantri Suraksha Bima Yojana (PMSBY)*, *Atal Pension Yojana (APY)* and one financial help scheme to small business starters *Pradhan Mantri Mudra Yojana (PMMY)*. PMJDY under the National Mission for Financial Inclusion was launched initially for a period of 4 years (in two phases) on 28th August 2014. The Government has decided to extend the comprehensive PMJDY program beyond 28.8.2018 with the change in focus on opening accounts from every household to every adult, with following modification:

- Existing Overdraft (OD) limit of Rs. 5,000 revised to Rs. 10,000.
- No conditions attached for active PMJDY accounts availing OD upto Rs. 2,000.
- Age limit for availing OD facility revised from 18-60 years to 18-65 years.
- The accidental insurance cover for new RuPay card holders raised from existing Rs.1 lakh to Rs. 2 lakh to new PMJDY accounts opened after 28.8.2018.

Benefits of PMJDY

- One bank account for every unbanked person.
- Opening of account with zero balance.
- Interest given on deposit in account.
- Accident Insurance Cover of Rs.1 lakh (enhanced to Rs. 2 lakh to new PMJDY accounts opened after 28.8.2018) is available with RuPay card issued to the PMJDY account holders.
- Upto Rs.10,000 overdraft facility is provided to eligible account holder.

Review of literature:

In order to make clear understanding of financial inclusion some academic journal are reviewed and have been listed there. As these studies are closely related to my study so it makes this present study strong.

Sharma and Kukreja (2013) examined the role of financial inclusion in economic and social development of the country. A survey was conducted on financial inclusion on 3518 respondents. The result of survey showed the increase in growth in development of nation. It also showed that Bank branches in rural area also increased.

Vidyashree and Rathod (2015) carried their study on three schemes Pradhanmantri Suraksha Bima Yojana, Pradhanmantri Jeevan Jyoti Bima Yojana and Atal Pension Yojana announced by government. Their study showed the increasing trend in the subscribers of these schemes. The objective of their study was to understand the benefit of these three schemes and to know the expenditure of government. The benefit provided to people encouraged others also for purchasing insurance schemes and also a social security system will develop in our country

Ramasethu (2016) carried his study on Pradhan Mantri Jan-Dhan Yojana, the most intensive financial inclusion scheme in India. His study examined that PMJDY was strongly needed from past few years for financial inclusion which ultimately help the low income group people in getting rid of indigenous bankers and encourage them for developing saving habits.

Chaudhari (2017) studied the implications and role of PMJDY in financial inclusion. The study highlighted the role implication and phase of PMJDY. This study discussed two phases of PMJDY. First phase covered service area, bank account and financial literacy however direct benefit transfer, insurance and credit guarantee fund covered under second phase.

Shekhar and Veeramani (2017) carried their study on financial inclusion through insurance and pension schemes. They took the sample from rural and urban area of Telangana state. The objective of their study was to address financial inclusion, to study insurance and pension schemes. Their study concluded that if insurance and pension schemes implemented properly, it would increase the policyholders of both from urban or rural area. Their study showed the effect of financial inclusion with the help of pension and insurance schemes as it provided social security to all people. Their study revolved around PMJDY, PMSBY, PMJJBY, APY and PMFBY schemes.

Desai and Desai (2018) analyzed the role of Pradhan Mantri Jan Dhan Yojana in the development of nation. The study pointed that more than 50% accounts were opened in rural area, 80% of accounts were opened by public sector bank and RRB's contribution was 3.18%. Till 27 December 2017, total 30.79 crore accounts were opened.

Ravikumar (2018) studied for evaluation of national scheme Pradhan Mantri Jan Dhan Yojana. It was found that this scheme is focused on both rural as well as urban area. But Swabhiman scheme only covered rural area and not provided mobile banking. This study revealed that 32.35 crore accounts were opened under Pradhan Mantri Jan Dhan Yojana. This scheme helped in empowering

women. It was seen that the scheme focused on financial literacy for financial inclusion and targets were achieved before the dates.

Kaur and Dhawan (2019) studied the impact of PMJDY on financial inclusion. This study focused on progress of PMJDY. The study revealed that accounts opened under the scheme increased year by year. A great role was played by public sector bank. It was suggested that government should take active part for increasing the performance of private sector bank.

Ankesh and Rathod (2020) carried a study on the protection of policyholders of Shivamoga district in Karnataka. The objective of the study was to evaluate the perception, usage and awareness of PMJDY scheme. Data was collected from 68 respondents by distributing structured questionnaire. Data was analyzed by using chi-square, t-test percentage and frequency with the help of SPSS and MS Excel. The study revealed that gender did not play any role in awareness of PMJDY scheme. There was close relation between educational qualification and awareness of PMJDY scheme. The t-test found the negative perception among beneficiaries about the scheme.

Objective of the study:

To analyse the current status of Pradhan Mantri Jan-Dhan Yojana and its role in financial inclusion.

Research methodology:

This study is based on secondary data sources. The data has been collected from various journals and official website of PMJDY.

Progress in Pradhan Mantri Jan-Dhan Yojana:

More than 42.37 core beneficiaries banked till 5th May 2021 and 143,814.60 crores balance in the beneficiaries accounts. A Guinness book of world record has been recorded under the achievement of PMJDY with the title “The most bank accounts opened in one week as a part of financial inclusion campaign”. This achievement was gained by Department of Financial Services, Government of India from 23rd to 29th August.

Table 1. Accounts Opened as on 5.5.2021 Pradhan Mantri Jan-Dhan Yojana

(All figures in crores)

Bank Type	No. of Bank Accounts in Rural Banks	No. of Bank Account in Urban Banks	Total No. of Bank Accounts	No. of Rupay Debit Cards Issued	Deposits in Accounts
Public Sector Bank	20.6	12.91	33.52	26.42	111881.77
Regional Rural Bank	6.65	0.94	7.59	3.45	27477.73
Private Sector Bank	0.69	0.56	1.25	1.11	4455.10
Grand Total	27.95	14.42	42.37	30.98	143814.60

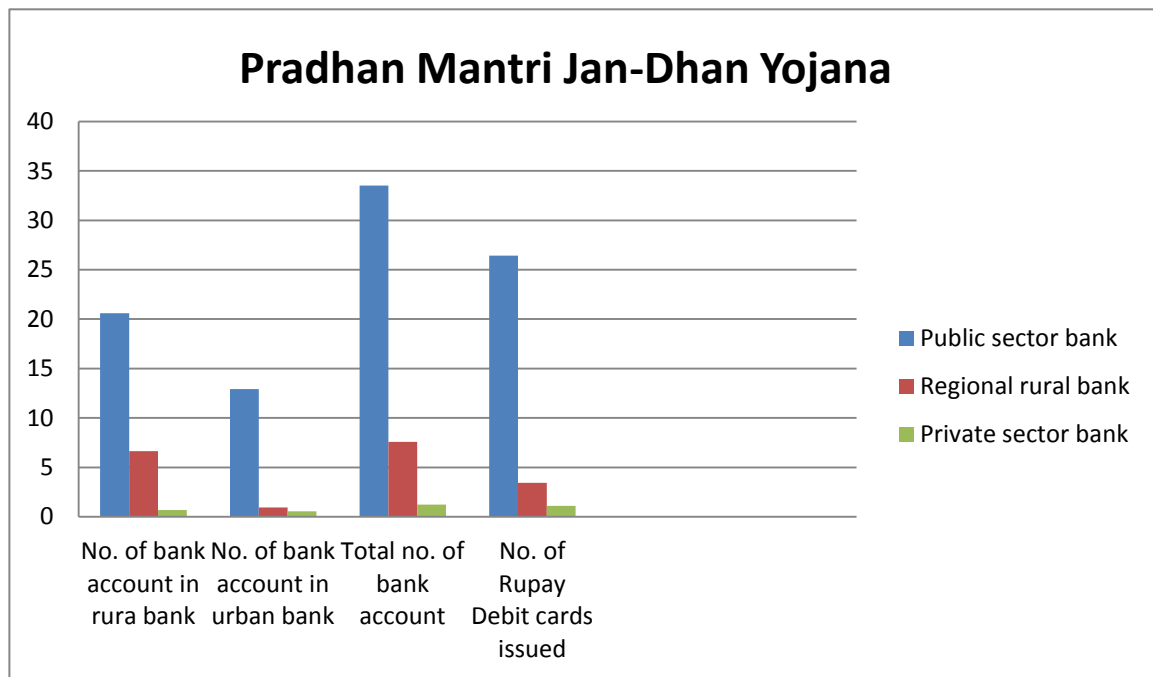


Fig. 1

As per above table it can be observed that opening of bank account have been increased upto 42.37 crores till 5.5.2021, out of which public sector bank's contribution is greater than any other bank. Under this scheme, total 33.52 crores bank accounts have been opened by public sector bank from which 20.6 crores opened in rural sector and 12.91 in urban sector. Bank accounts opened by private banks in rural sector is 0.69 crores and in urban sector is 0.56 crores and aggregate is 1.25 crores accounts have been opened. Accounts opened by RRBs in the rural area is 6.65 crores and in urban is 0.94 crores and total 7.59 crores accounts have been opened. From the total, approximate 65% (27.95) accounts have been opened under rural sector bank and 34% (14.42) in urban area. Out of total, 79%, 17% and 3% bank accounts opened under public, rural and private banks respectively.

Table 2. Accounts opened

State Name	Rural Bank	Urban Bank	Total no. of account	Total deposit (in crore)	No. of Rupay cards issued
Haryana	4,083,292	3,859,895	7,943,187	4,471.42	5,927,820

Conclusion:

The above study clearly addresses the inclusive growth with the help of PMJDY scheme. This scheme is announced by Prime Minister titled as PMJDY which will help in social and economic development of the nation and also help in financial inclusion. This study shows that public sector bank is highly contributing in accounts opening. Under this scheme 65% accounts are opened in rural area and total of 42.37 crore accounts have been opened upto 5.5.2021. But there is

need of lot more efforts to be done to make this scheme more effective and profitable. The efforts go waste if there will be no transactions in newly opened accounts.

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