



Pradhan Mantri Jan Dhan Yojna (PMJDY) – An Initiative of Government towards Financial Inclusion

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ABSTRACT: Banking System of India plays a very significant part in the inclusive growth of the nation. The reach of banking services was not adequate regardless of various schemes of financial inclusion already introduced in the country to change the economic landscape. According to reports of Indian Census 2011, only 58.7 percent of total households in India and only 54.4 percent households in rural areas had access to Formal banking service. Factors such as low income levels, poverty, literacy and distance from bank branches that were restricting the people from getting services of the formal banking system. To provide the access of bank account to every household Prime Minister of India Shri Narendra Modi announced the scheme Pradhan Mantri Jan Dhan Yojana (PMJDY) on his speech on 15th August 2014.

Mere opening of bank accounts may not accomplish the objectives of financial inclusion but PMJDY scheme is a step of government towards eradication of financial untouchability in India. This is an ambitious scheme for comprehensive financial inclusion which envisages universal access to banking services with at least one bank account for every Indian household. Current study is an effort to understand and examine the progress of PMJDY scheme. The current study is based on secondary data composed from various journals, newspapers, published articles and website of PMJDY. The study concludes that, the scheme has achieved significant results in the banking services related to financial inclusion.

Keywords: Financial Inclusion, PMJDY, Bank Account, households.

I. INTRODUCTION

Indian GDP grew at 7.6% in financial year 2015-16 up from 7.2% in 2014-15, outpacing the growth of China to become the fastest growing major economy in the world. Despite India showing higher GDP rates than most developed nations in the current years, a majority of Indian households still does not encompass essential access to banking infrastructure. Financial inclusion is a latest socio-economic initiative in the country to offer inexpensive financial products to the unbanked who are unable to pay for these banking services. Households from weaker sections of the society have a tendency to rely on conventional financial activities such as saving, borrowing and managing their daily expenses without any access to banking services like bank accounts, credit/debit cards and insurance services etc. and depend on unofficial means such as cash-on-hand, pawn-brokers, money lenders etc. in general these choices are inadequate, unsafe and expensive. According to the census 2011 only about 14.5 crore households of the country have access to bank facility. Thus, around 10.5 crore (2/5th) the households of the country do not have access to basic banking facilities. Despite several efforts in the course of financial inclusion, a big number of Indian households come under below poverty. The financial inclusion is very much required when the 2/5th population of country is entrapped in poverty. That is why there is an imperative requirement to implement PMJDY. While large number of the bank accounts under PMJDY scheme have been opened in the public sector banks, with private banks

contributing only 3 percent of the total bank accounts under the scheme (Inclusive Finance India Report 2014) [7]. Effective implementation of PMJDY will help in financial inclusion. Hence, this study is an endeavor to understand the significance of PMJDY in financial inclusion and analyze the contribution of PMJDY in financial inclusion. In addition this study also assesses the present status of PMJDY.

Pradhan Mantri Jan-Dhan Yojana (PMJDY): Shri Narendra Modi, Prime Minister of India launched this scheme on 28 Aug. 2014. This scheme is a National Mission on financial Inclusion which aims to provide banking services to every households of the country. Objective of "Pradhan Mantri Jan-Dhan Yojana (PMJDY)" is to provide the a variety of banking services like opening savings bank account, debit/credit card, remittance facility and insurance services to the weaker section of the society. PMJDY has not similar performance in all regions of country. The north east region has not performed as good as north and western regions. The north east region also lag behind the national average in achieving the targets of scheme [11]. This effort of financial inclusion at low cost is possible with use of technology. So it is clear that unbanked people are utilizing the PMJDY scheme effectively to be financially included.

II. LITERATURE REVIEW

Barua *et al.*, (2016) discussed the case of MSMEs and concluded that technology increases the opportunity to improve delivery of financial services. Further study also found that financial resources can be easily transferred

to households [1]. Chowhan and Pande (2014) focused on the importance and impact of PMJDY on stakeholders of country. Their study concluded that the scheme will bring weaker section of the society in formal banking system. Study found that financial inclusion schemes protect deprived people from exploitation by money lenders [2]. Gwalani and Parkhi (2014) Studied different financial inclusion models used in India, further their study concluded that customizations of financial inclusion models as per requirement will help in financial development of country which pick up the pace of economic growth of nation [3]. Hussain (2015) in his study Concluded that PMJDY has attracted mass population because it offers the bunch of financial services Zero balance bank account, micro finance and provision of pension at a very low cost [4]. Khuntia (2014), in study analyzed the contribution of PMJDY in financial inclusion. Further this Study also concluded that the scheme will help to bring underprivileged and unbanked areas in banking system of India [5]. Mohan (2014), Analyzed the performance of PMJDY, further study concludes that the scheme will help the weaker section of society in financial inclusion [6]. Sharma and Goyal (2017) conducted a study in rural area of Jaipur district of Rajasthan to know the success rate of PMJDY. The Study concluded that the nearness to banks increase the possibility of opening bank account under PMJDY [8]. Shetty and Deokar (2014) States that PMJDY is a mission on financial inclusion. The new programme as it stands has a small number of facts and does not give the impression to identify the complete size of the infrastructural and human resource challenges that must be conquer and the scaling up anticipated of the banking sector. There also seems to be a short of synchronization between the RBI and the Government of India [9]. Shettar (2016) Found that PMJDY has shown large growth in the number of bank accounts opened. The study also concluded that the

scheme is useful to urban and rural households in receiving financial services offered under the scheme [10]. Thangasamy (2014) focused on banking sector situation of the north-east region of India. The Study found that the north east region has not performed as good as north and western regions. The regions also lag behind the national average in achieving the targets of scheme [11]. Vinit and Dolly (2015) Concluded that PMJDY is one of the greatest steps of financial inclusion ever taken to eliminate poverty. Study also concludes that the scheme is great step to bring weaker section of society in banking system of country [12].

Methodology: The current study is based on secondary data collected from various journals, newspapers, published articles and website of PMJDY.

III. RESULTS AND DISCUSSION

Implementation and Progress of PMJDY: The scheme will be implemented in two phases in which efforts will be made to bring the weaker section of society under financial inclusion. Duration of the first phase of scheme was from 15.08.2014 to 14.08. 2015 and the second phase from 15.08.2015 to 14.08. 2018.

First Phase of PMJDY (15.08. 2014 to 14.08. 2015):

- To provide at least one saving bank account to every household of India.
- To provide bank overdraft facility up to Rs. 5,000 following six months satisfactory operation of saving bank account.
- To provide benefits of government schemes through saving bank account of households.
- Issuing Kisan credit card (KCC) to farmers as RuPay Kisan.
- Under the scheme Bank account will have facility of insurance coverage of one lakh.
- To implement financial literacy program at village level.

Table 1: Number of Bank accounts opened under PMJDY as on 12/08/2015.

Bank	Rural	Urban	Total	Deposits in saving bank accounts (In lakh)	Number of Rupay Debit Cards issued
Public Sector Banks	75342325	61889061	137231386	1755684.4	126227320
Regional Rural Banks	26830181	4607014	31437195	374807.49	23193629
Private Sector Banks	4155707	2849630	7005337	108907.32	6186118
Grand Total	106328213	69345705	175673918	2239399.2	155607067

3.02 crore saving bank accounts were opened by September 2014 under the first phase of scheme. The total number of saving bank accounts opened till 12.08.2015 are 17.56 crore, out of which 10.63 cr bank accounts opened in rural areas and 6.93 crore bank account were opened in urban areas. A total of 15.56 as RuPay cards have been issued till 12.08. 2015. The total amount of deposits under first phase of scheme rose to - 22393.99 crore by 12.08.2015.

Second Phase of PMJDY (15.08. 2015 to 14.08. 2018):

–To provide bank overdraft facility up to Rs. 5,000 subsequent to 6 months satisfactory operation of saving bank account.

- To Create ‘Credit Guarantee fund’ for defaults in the bank accounts with overdraft facility.
- To provide micro insurance services to the account holders.
- To implement pension schemes like Swavalamban to the people working in through the banking correspondence.
- To cover the households of mountain, tribal and remote areas and
- To cover left over adults in the family and students.
- To reactivate dormant saving bank accounts.

Table 2: Number of Bank account opened under PMJDY as on 17/08/2016.

Bank	Rural	Urban	Total	Deposits in saving bank accounts(In lakh)	Number of Rupay Debit Cards issued
Public Sector Banks	105241656	82701821	187943477	3302888.9	152141347
Regional Rural Banks	35272161	5773209	41045370	710195.41	28657626
Private Sector Banks	5191238	3255334	8446572	153326.31	7848323
Grand Total	145705055	91730364	237435419	4166410.6	188647296

Table 3: Number of Bank accounts opened under PMJDY as on 16/08/2017.

Bank	Rural	Urban	Total	Deposits in saving bank accounts(In lakh)	Number of Rupay Debit Cards issued
Public Sector Banks	130002531	107856442	237858973	5209934.6	182395775
Regional Rural Banks	40573912	7185413	47759325	1171317.4	35772531
Private Sector Banks	5808796	3757164	9565960	203215.61	8890247
Grand Total	176385239	118799019	295184258	6584467.6	227058553

Table 4: Number of Bank accounts opened under PMJDY as on 28/02/2018.

Bank	Rural	Urban	Total	Deposits in saving bank accounts(In lakh)	Number of Rupay Debit Cards issued
Public Sector Banks	135137585	116817944	251955529	6064998.4	189712585
Regional Rural Banks	42341816	7812326	50154142	1275187.9	36683950
Private Sector Banks	6000347	3899401	9899748	217022.88	9193075
Grand Total	183479748	128529671	312009419	7557209.2	235589610

The total number of bank accounts opened under the scheme at 23.74 crore, including 14.57 cr account holders from rural and 9.17 crore from urban areas. A total of 18.86 RuPay cards have been issued till 17.08.2016. The total amount of saving account deposits rose to Rs. 41664.10 crore by 17.08.2016.

The total number of saving bank accounts opened under the scheme at 29.51 crore, including 17.63 crore account holders from rural and 11.87 crore from urban areas. A total of 22.70 crore RuPay cards have been issued till 16.08.2017. The total amount of saving account deposits rose to Rs. 65844.67 crore by 16.08.2017.

The total number of saving bank accounts opened under the scheme at 31.20 crore, including 18.34 crore account holders from rural and 12.85 crore from urban areas. A total of 23.55 crore RuPay cards have been issued till 28.02.2018. The total amount of saving bank account deposits rose to Rs. 75572.09 crore by 28.02.2018.

Table 5: Year wise Number of Bank accounts opened under PMJDY (in crore).

Year	Rural	Urban	Total
12 Aug. 2015	10.63	6.93	17.56
17 Aug. 2016	14.57	9.17	23.74
16 Aug. 2017	17.63	11.87	29.51
28 Feb. 2018	18.34	12.85	31.2

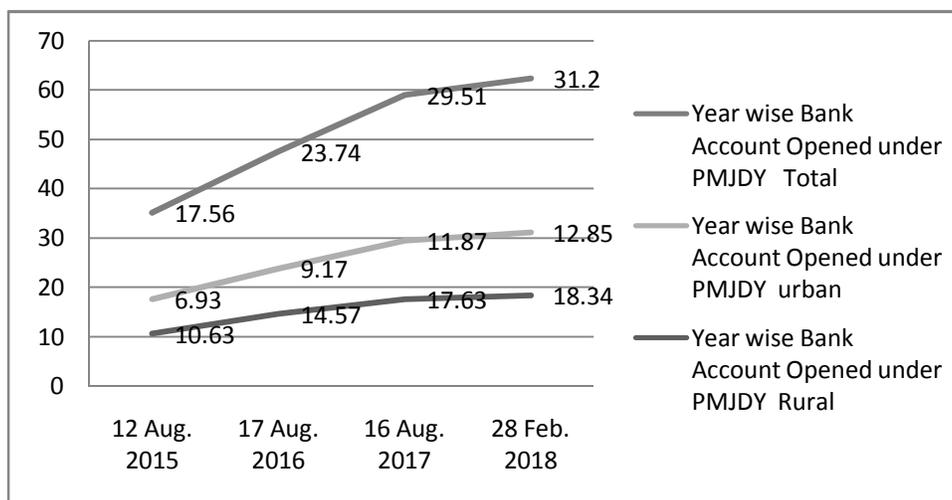


Fig. 1. Year wise Number of Bank accounts opened under PMJDY (in crore).

The PMJDY is facilitating financial inclusion to weaker section of society. While the scheme has made significant growth in financial inclusion, as on 28 February 2018 The total number of saving bank

accounts opened under scheme PMJDY at 31.20 crore including 18.34 crore account holders from rural and 12.85 crore from urban areas.

State wise performance of PMJDY as on 25.12.2019

Table 6: Top ten states' performance on PMJDY.

S. No.	State Name	Beneficiaries at rural/semi-urban centre bank branches	Beneficiaries at urban/metro centre bank branches	Total Beneficiaries	Balance in beneficiary accounts (in crore)	No. of RuPay cards issued to beneficiaries
1.	Uttar Pradesh	35,855,170	24,425,228	60,280,398	19,995.47	48,100,695
2.	Bihar	27,457,512	15,598,697	43,056,209	11,481.94	35,031,593
3.	West Bengal	24,115,157	11,793,688	35,908,845	12,950.83	29,280,296
4.	Madhya Pradesh	15,168,454	17,140,231	32,308,685	5,564.12	25,071,385
5.	Maharashtra	13,171,855	13,489,740	26,661,595	6,581.43	19,131,100
6.	Rajasthan	15,699,362	10,861,950	26,561,312	8,082.37	20,919,711
7.	Assam	12,283,933	3,869,838	16,153,771	3,849.17	12,485,165
8.	Odisha	11,366,708	4,082,089	15,448,797	5,179.35	12,865,470
9.	Karnataka	8,204,325	6,606,250	14,810,575	4,005.33	10,371,721
10.	Gujarat	7,594,155	7,098,705	14,692,860	4,661.01	12,105,354

IV. CONCLUSION

As the scheme is implemented in two phases in which efforts have be made to bring the weaker part of society under financial inclusion. Under the first phase of the scheme the total number of bank accounts opened are 17.56 crore, out of which 10.63 crore account are opened in rural areas and 6.93 crore bank account opened in urban areas. A total of 15.56 crore RuPay cards issued till 12.08.2015. The amount of deposits rose to ₹22393.99 crore by 12 August 2015. The second phase of the scheme begins from 15.08.2015. The total number of saving bank accounts opened under the scheme at 23.74 crore, including 14.57 crore account holders from rural and 9.17 crore from urban areas. A total of 18.86 crore RuPay cards have been issued 17.08.2016. The total amount of saving bank account deposits rose to ₹65844.67 crore by 17.08.2016. The total number of saving bank accounts opened under PMJDY at 31.20 crore, including 18.34 crore account holders from rural and 12.85 crore from urban areas. A total of 23.55 crore RuPay cards have been issued till 28.02.2018. The total amount of saving bank account deposits rose to ₹75572.09 crore by 28.02.2018. Current study is an attempt to understand and examine the progress made under PMJDY scheme. The study concludes that, PMJDY scheme has created an impressive result in the financial inclusion of weaker section of society by opening 31.2 crore saving bank account till 28.02.2018. The study concludes that, the scheme has achieved significant results in the banking services related to financial inclusion but only opening of saving bank accounts may not fulfill the aim of the scheme, there should be some more continuous operation implemented in the same direction.

V. FUTURE SCOPE

PMJDY scheme has created an impressive result in the financial inclusion of by opening 31.2 crore saving bank account. But only opening of saving bank accounts may

not fulfill the aim of the scheme, there should be some more continuous operation implemented in the same direction.

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