

A STUDY ON STATUS OF PRADHAN MANTRI JAN DHAN YOJANA (AN INITIATIVE TOWARDS FINANCIAL INCLUSION) IN INDIAN SCENARIO

Sunil*

Abstract

Financial inclusion in India is aimed at providing financial services to excluded Indian segment at economic cost which was previously available at higher cost.¹ Pradhan Mantri Jan Dhan Yojana launched by present Indian PM is a giant effort to include the big deprived society in the race of financial inclusion. From independence to till now, it was a big issue to connect the every Indian household (atleast one member) with the banking system so that they can enjoy the financial services at their level. Under PMJDY scheme, various benefits are offered to its accountholder and the government is targeting to link the PMJDY accountholder beneficiary with the government benefits provided at some concession whether it is their pension, LPG subsidy or any other monetary benefit through Electronic benefit transfer (EBT) and Direct benefit transfer (DBT). The results notified under the scheme are quite impressive within a short span of time. Majority of states has achieved their 100 percent target as per the allotment settled for them. Totally **24,98,38,787** accounts has been opened under this scheme with **5,89,14,748** zero balance accounts and issuance of **19,35,62,832** Rupay Debit Card. A total amount of Rs. **74321.56** has been deposited in these accounts by their accountholders (Up to November 30, 2016). Due to some obstacles in the path of scheme as mentioned in research paper, a large population still remains uncovered under the scheme so real 100 percent will be accomplished only through the inclusion of such uncovered population which is possible up to a large extent by considering the suggestion made in this research paper and that will be the real financial

* **Research Scholar, Dept. of Commerce MDU Rohtak**

inclusion for India where each Indian household will be a beneficiary of financial services with the connectivity of banking.

Keywords: Territory, Aadhaar, SSA (Sub-Service Area), Population, Bank Mitra, Coverage.

Introduction

The term financial inclusion may be defined as an invitation for access to financial services at very economic terms to a big part of India categorized as disadvantaged group due to their low earning/income.² financial “Even after 60 years of independence, a large section of Indian population remains unbanked. This malaise has led generation of financial instability and pauperism among the lower income group who do not have access to financial products and services. However, in the recent years the government and Reserve Bank of India has been pushing the concept and idea of financial inclusion.”³

PMJDY scheme was launched by our Honourable Prime Minister Shri Narendra Modi on August 28, 2014 which can be termed as the biggest initiative of financial inclusion in the world history with its gigantic significance for the citizens of India.⁴ This scheme is an Indian government initiative towards financial inclusion for ensuring economic as well as convenient access to financial services. Such financial services encompass banking accounts (saving as well as deposit accounts), insurance, remittance, pension and credit facility.⁵ Such accounts can be opened in any branch of bank or through Bank Mitra outlet (business correspondent selected for the scheme purpose). Even the facility for accounts with zero balance has been provided in this scheme.⁵ The aim behind the scheme imagines global entree to banking services with minimum one basic banking account for each household, pension facility, insurance facility, remittance facility, credit facility as well as financial literacy.⁵ All the account holders will get Rupay debit card having facility for inbuilt insurance cover in case of accidents upto Rs.1,00,000.⁵ All the schemes offered by the government (whether it is state government, central government or local government authorities) will be linked through DBT (direct benefit transfer) with this scheme.⁵ It is planned to use the telecom operators as well as their authorized and established centres through their mobile transactions under this scheme for achieving financial inclusion.

Benefits of PMJDY⁶:

- Interest on Deposited money
- Coverage of accident insurance upto Rs. 1 Lac.
- There is no requirement of minimum balance in these accounts.
- Life Insurance Coverage up to Rs. 30000 but will be provided in case of death of beneficiary as well as on fulfillment of eligibility conditions.
- Facility of overdraft upto Rs. 5000 to only one account holder in the household preferable to female candidate in case of successful operation of the account for 6 month as well as satisfactory credit history under this account.
- Transfer of money across India is very easy under the scheme.
- Access towards insurance and pension products under scheme.

Review of Literature

Raval (2015)⁷ studied about the financial inclusion as well as PMJDY scheme's objectives, prospects and achievement in India. According to Dr. Rawal, six pillars of PMJDY included : access to banking facilities universally, banking accounts with the facility of overdraft and Rupay debit card per household, program for financial literacy, credit guarantee fund creation, pension scheme specially for unorganized scheme as well as micro insurance. The researcher concluded throughout the study that the coverage of excluded segment is possible only with the participation of people as well as private sector involvement, not merely by policy making.

Narayana et. al. (2016)⁸ throughout their combined study entitled as "A study on financial inclusion initiatives and challenges in India with reference to PMJDY" focused on studying the implementation, performance and challenges as well. It was a exploratory cum descriptive study based on secondary data. The researchers found out that there was a continuous increasing trend among rural as well as urban people for participation in financial services through banking industry. They concluded that service delivery was still the real challenge and to meet this as well to fuel the PMJDY, the Postal department must be given an opportunity for a license of full banking as Postal department has largest coverage in India.

Joshi (2016)⁹ aimed his study to analyze the moving trends in financial inclusion programme with reference to PMJDY. The researcher found out PMJDY a milestone for financial inclusion in India but also concluded that the whole scheme may be prove a wasteful work if it leads to accounts duplication, no transaction in these accounts and if the accountholder get bad experience with the scheme.

Bhatia & Sharma (2015)¹⁰ attempted to know the impact of PMJDY, uniqueness of PMJDY scheme as well as steps taken by bank of bankers to improve the level of financial inclusion. The researchers stated that opening of no frill account, relaxation in KYC (know your customer) norms, engaging BC's (Business correspondent's), ICT (Information and communication technology), EBT (Electronic benefit transfer) adoption, credit cards facility, simplification of branch authorization, to overcome the language barriers, three year plan meant for financial inclusion as well as financial literacy were the moves adopted by RBI in the direction of financial inclusion. They concluded out that EBT as well as DBT (Direct benefit transfer) were the proposed pillars with attaching all the monetary or equivalent to monetary benefits provided by the government bodies for properly executing the scheme.

Objective of the Study

This research paper covers the following objectives:

1. To study present status of PMJDY in India.
2. To find out challenges in the roadmap of PMJDY in India.
3. To give some suggestions for the better functioning of the scheme.

Research Methodology

A good research methodology adopted is half the research done. It tells us about the procedure as well as tools applied for the research. Descriptive research design has been adopted for the present paper. This paper is based wholly on secondary data which has been compiled from the various websites through the internet, research papers, journals and newspapers etc. Tabulation, percentage as well as use of graphs/charts has been made to present as well as analyze the data.

Analysis of Report and Interpretation:

S. No	Name of State/Union Territory	Population (2011 Census)	Total Number of Accounts	Percentage of Accounts (on population basis)	Total Amount Deposit (in Crore)	Aadhaar Seeded	Number of Zero Balance Accounts	Number of Rupay Card Issued
1	ANDAMAN & NICOBAR	379,944	55,174	14.52	27.92	40,374	16,333	46,787
2	Andhra Pradesh	8,46,65,633	80,33,807	9.48	1695.65	61,88,921	17,11,239	66,45,862
3	Arunachal Pradesh	13,82,611	1,86,817	13.51	56.91	47,746	50,194	1,44,517
4	Assam	3,11,69,272	98,41,728	31.57	2592.95	2,16,811	23,34,159	59,40,936
5	Bihar	10,48,04,637	2,63,58,851	25.15	6221.23	1,12,50,306	53,51,293	1,71,90,366
6	CHANDIGARH	10,54,686	2,11,724	20.07	103.53	1,74,645	26,957	1,88,669
7	Chhattisgarh	2,55,40,196	1,19,14,626	46.65	1842.86	65,56,902	39,32,844	78,78,060
8	DADRA & NAGAR HAVELI	3,42,853	64,940	18.94	28.42	41,912	15,108	37,814
9	DAMAN & DIU	2,42,911	23,326	9.6	12.64	15,671	4,868	15,553
10	Goa	14,57,723	1,42,642	9.78	90.8	90,109	22,337	1,24,932
11	Gujarjat	6,03,83,628	90,56,081	14.99	3649.21	45,60,376	19,12,076	71,61,289
12	Haryana	2,53,53,081	55,14,087	21.74	2870.46	41,49,338	8,85,655	46,12,065
13	Himachal Pradesh	68,64,602	9,63,374	14.03	515.12	7,60,581	1,26,020	7,80,324

14	Jammu & Kashmir	1,25,48,926	19,24,362	15.33	910.39	3,17,070	6,24,493	16,20,836
15	Jharkhand	3,11,69,272	86,92,355	27.88	1645.51	66,92,160	22,14,470	56,83,767
16	Karnataka	6,11,30,704	99,68,326	16.3	3068.49	67,65,909	21,48,615	88,82,673
17	Kerala	3,33,87,677	33,09,278	9.91	1206.04	24,35,115	6,52,317	25,66,698
18	LAKSHADWEEP	64,429	5,239	8.13	5.40	4,465	1,082	4,523
19	Madhya Pradesh	7,25,97,565	2,24,91,278	30.98	3098.56	1,28,96,837	61,40,579	1,60,38,895
20	Maharashtra	11,23,72,972	1,60,35,738	14.27	4250.45	1,18,31,675	46,18,105	1,23,73,832
21	Manipur	27,21,756	7,07,974	26.01	258.21	2,31,922	1,50,143	4,52,715
22	Meghalaya	29,64,007	3,77,922	12.75	270.12	6,585	64,262	2,00,055
23	Mizoram	10,91,014	3,82,371	35.04	28.31	38,011	1,25,222	94,493
24	Nagaland	19,80,602	1,94,766	9.83	45.54	65,943	60,015	1,61,012
25	DELHI	1,67,53,235	34,25,982	20.44	1674.80	24,35,671	7,93,791	27,75,334
26	Orissa	4,19,47,358	1,07,83,014	25.7	2882.52	48,36,987	23,72,941	78,87,489
27	PUDUCHERRY	12,44,464	1,26,941	10.2	40.58	1,00,499	21,504	1,07,334
28	Punjab	2,55,40,196	51,23,121	20.05	2729.53	41,38,558	8,11,624	44,57,926
29	Rajasthan	6,86,21,012	1,89,72,222	27.64	6311.16	1,26,02,302	37,47,024	1,52,53,730
30	Sikkim	6,07,688	84,613	13.92	32.95	65,105	16,190	66,082
31	Tamil nadu	7,21,38,958	87,94,128	12.19	2003.17	41,39,544	19,33,210	73,33,357
32	Telangana	3,33,87,677	83,24,320	24.93	1472.76	62,04,776	23,16,391	69,73,482
33	Tripura	36,71,032	8,25,976	22.49	627.33	5,15,413	1,07,823	4,56,804
34	Uttar Pradesh	19,95,81,477	3,82,07,606	19.14	11918.38	1,67,38,045	86,46,840	3,11,83,310
35	Uttarakhand	1,01,16,752	20,91,116	20.66	978.21	9,61,084	3,38,857	17,31,043

36	West Bengal	9,13,47,736	2,46,31,689	26.96	9155.45	1,14,28,047	46,20,167	1,64,90,268
	Grand Total	1,21,01,93,422	24,98,38,787	20.64	74321.56	13,95,45,415	5,89,14,748	19,35,62,832

Table 1.1- Showing data on PMJDY as on November 30, 2016

(Source: Compiled from <http://www.pmjdy.gov.in/statewise-statistics> and edited as per requirement)^{11&12}

Interpretation:- As it is clear from the above table 1.1 that in India upto November 30, 2016 totally 24,98,38,787 accounts has been opened (including rural as well as urban accounts) and 74321.56 crore rupees has been deposited in these PMJDY accounts. Out of these accounts 13,95,45,415 accounts has been seeded with Aadhaar cards and in these accounts 5,89,14,748 accounts are Zero balance accounts. Out of total PMJDY accountholders, Rupay debit cards has been issued to 19,35,62,832 accountholders up to data realisation date (November30,2016).

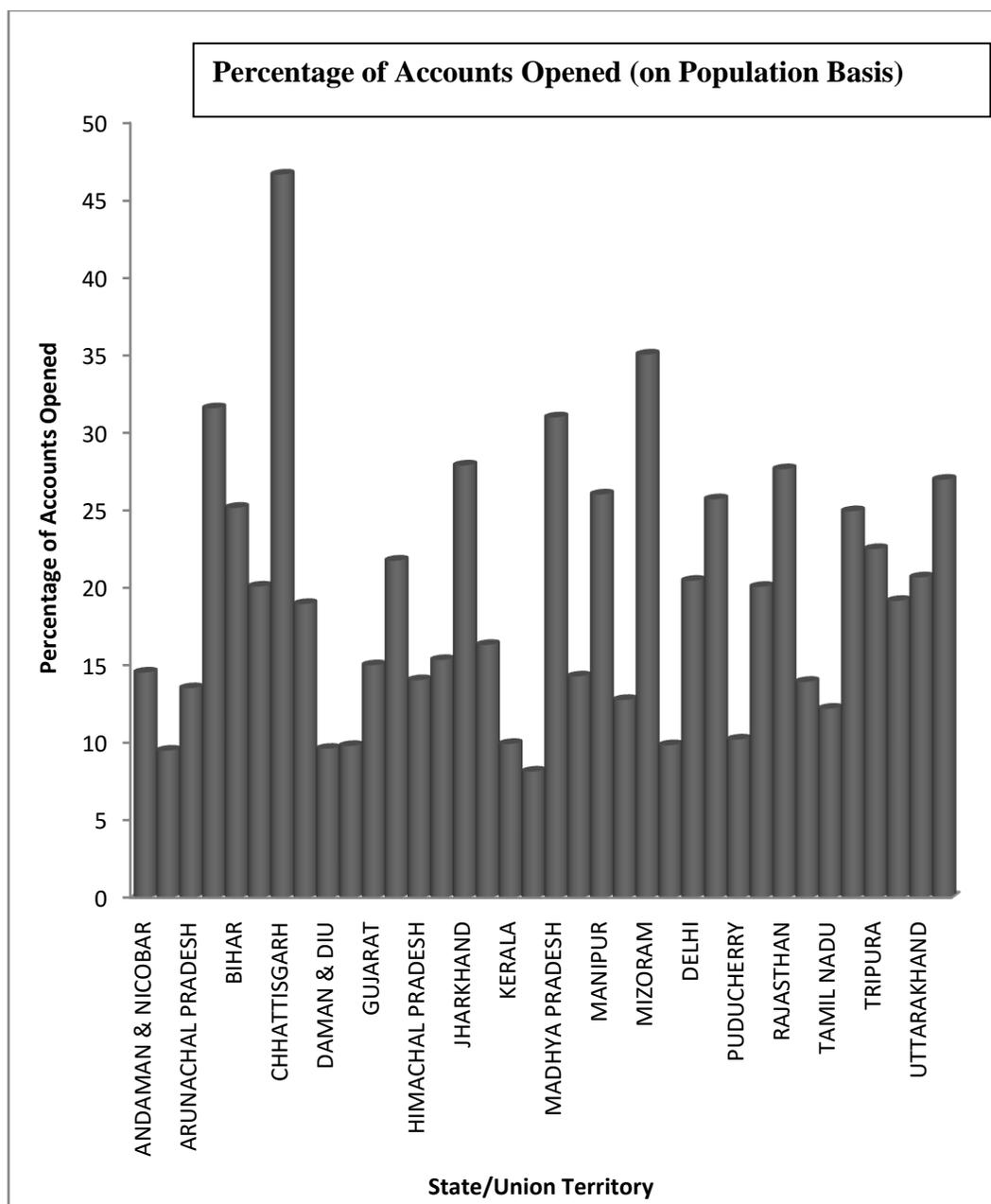


Figure 1.1

Table 2 Showing Data on PMJDY in terms of Coverage done

Name of the State/UT	Number of Allotted Wards-SSAs	Number of Wards-SSAs Survey	Number of Wards-SSAs Survey Pending	Total Number of Households	Number of Covered Households	Households Coverage (in %)

		Done				
Jammu & Kashmir	604	604	0	357340	356295	99.71%
Himachal Pradesh	2489	2489	0	1298191	1298191	100%
Punjab	6743	6743	0	4746147	4746147	100%
CHANDIGARH	136	136	0	193876	193876	100%
Uttarakhand	2769	2769	0	1136431	1136431	100%
Haryana	4870	4870	0	4596617	4596617	100%
DELHI	266	266	0	2696322	2696322	100%
Rajasthan	14169	14169	0	11463959	11462956	100% (Approx.)
Uttar Pradesh	37424	37424	0	31159992	31159148	100% (Approx.)
Bihar	14640	14640	0	17281831	17281831	100%
Sikkim	175	175	0	131086	131086	100%
Arunachal Pradesh	236	236	0	197861	197861	100%
Nagaland	413	413	0	334034	333762	99.92%
Manipur	576	576	0	514604	513359	99.76%
Mizoram	228	228	0	181946	181806	99.92%
Tripura	767	767	0	755041	755041	100%
Meghalaya	539	539	0	477182	477182	100%
Assam	4925	4925	0	5013404	5011228	99.96%
West Bengal	13248	13248	0	19261587	19261587	100%
Jharkhand	5147	5147	0	5438679	5438679	100%
Orissa	7962	7962	0	7432140	7420665	99.85%
Chhattisgarh	6197	6138	59	5189795	5188545	99.98%

Madhya Pradesh	18410	18410	0	14739932	14739932	100%
Gujarat	9831	9831	0	11709247	11709247	100%
DAMAN & DIU	24	24	0	22528	22528	100%
DADRA & NAGAR HAVELI	35	35	0	59908	59908	100%
Maharashtra	17722	17718	4	16374622	16374030	100% (Approx.)
Andhra Pradesh	11592	11592	0	11855426	11855366	100% (Approx.)
Karnataka	11645	11645	0	11178005	11175204	99.97%
Goa	396	396	0	331457	331457	100%
Lakshadweep	29	29	0	10189	10189	100%
Kerala	5582	5582	0	4585375	4585375	100%
Tamil Nadu	19987	19987	0	14353828	14353794	100% (Approx.)
PUDUCHERRY	177	177	0	252105	252105	100%
ANDAMAN & NICOBAR	51	51	0	67287	67287	100%
Telangana	6193	6193	0	5223218	5223218	100%

(Source: Compiled from <http://pmjdy.gov.in/statewise-statistics> and edited for calculation)¹²

Interpretation:- As it is clear from the above table that 100 percent coverage has been made in all states/union territories in terms of household coverage which were allotted for each state/UT respectively except Jammu and Kashmir, Rajasthan, Nagaland, Manipur, Assam, Odisha, Chhattisgarh and Karnataka (with more than 99 percent coverage). In terms of wards covered, almost each state has accomplished its target except only two states that are Maharashtra and

Chhattisgarh. There are 59 wards in Chhattisgarh state and 4 wards in Maharashtra state which still remains pending (up to November 30, 2016) to be covered within near future.

Challenges under PMJDY Scheme

Here are some challenges as written below which can be termed as obstacles in the roadmap of PMJDY scheme in India:-

- In PMJDY new account opened in India but transactions are not so much.
- Lack of awareness among people especially to the rural people who are illiterate.
- There is great variation among the number of branches in rural parts as compared to urban parts.
- KYS (know your customer) or verification of documents is also a complex job in the way of account opening.
- Lack of saving habit among masses is still a big issue to be resolved.
- People are not so aware about the investment opportunities which also create hindrance in scheme fulfillment.
- Access to banking facilities in more than one bank misguides government authorities with wrong information.
- Inadequate proper infrastructure problems like electricity, internet facilities etc. in various regions of India is also a big hindrance in the way of scheme.
- Sometimes, bank staff's behavior is found to be not so energetic as required to welcome the potential accounts opener.

Suggestion for Improvement:- Based upon the challenges in the roadmap as well as findings of the PMJDY as well as the literature available on the issue, following considerable suggestions may be of immense importance:-

- ❖ Efforts are demanded from the government officials to motivate the accountholders to make routine transactions as well as savings through their PMJDY account.
- ❖ Illiterate people need to be aware through simplest as well as convenient means that seems trustworthy to them especially for the investment opportunities considerable nearby them.
- ❖ More and more branches must be opened in the rural area having atleast one branch in one village and if population in very much then more than one branch will not be futile.

- ❖ KVS norms need further some relaxation especially in undeveloped and least educated areas.
- ❖ People must provide authentic as well realistic information about their accounts as well as other information regarding their bank accounts necessary to government official so as to guide government in proper policy formulation.
- ❖ Basic infrastructure demands huge investment from government with participation of private entrepreneurs as well as people.
- ❖ Timely training program as well as perks for bank staff to behave with consumers in a polite as well as charming way.
- ❖ Connect more and more youth, private 'Bank Mitra' as well as Postal department of India for the timely achievement of the scheme.

Conclusion: PMJDY scheme as stated in the introduction part is the biggest plan to get lead for the financial inclusion propaganda in the India. No doubt, the results shown in both table are impressive but there is still a question mark on the ground reality. The second real question is that is it enough? And if we compare the number of accounts opened with the population as depicted through figure 1.1 then ground reality or real 100 percent still remains so far in each state of India. Some basic challenges shown as obstacles in the roadmap of scheme demand solution, some of them are suggested as well. But we can't deny the fact that PMJDY may prove as a 'Raambaan' to include each deprived household for fulfilling the dream of financial inclusion in developing India.

Limitations of the study:

- The whole study is based upon secondary data.
- Authenticity of the results/findings depends on the authenticity of the retrieved data from the sites taken into account.
- As the census 2011 data has been taken into consideration while the PMJDY data belongs to year 2016. So there may be time variation.
- Lack of financial resources restricts the study up to secondary sources.

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