

Financial Inclusion through Pradhan Mantri Jan-Dhan Yojana (PMJDY) Scheme

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Abstract - 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 enhancing financial inclusion status and overcome this issues the government of India announced innovative scheme namely PMJDY. Pradhan Mantri Jan-Dhan Yojana (PMJDY) is a National Mission for Financial Inclusion to ensure access to financial services, namely, Banking, Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in an affordable manner. Financial inclusion is an innovative concept which enables the alternative techniques to promote the banking habits and acts as enabler in reducing the poverty and the launch of Pradhan Mantri Jan Dhan Yojana (PMJDY) by Government of India is in that direction. India's Prime Minister Narendra Modi announced the launch of this scheme at the historic Red Fort on the occasion of India's Independence Day 2014. 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, in addition to accidental insurance cover of 1 lakh, those who open accounts by January 26, 2015 over and above the 1 lakh accident, they will be given life insurance cover of 30,000, etc. The present paper endeavor to study the need of financial inclusion in india, pillars of the PMJDY and current status and progress of this scheme.

Keywords: Financial inclusion, Pradhan Mantri Jan Dhan Yojana, Banking, Insurance.

I. INTRODUCTION

Since independence, the government and the Reserve Bank of India have taken many initiatives for financial inclusion such as nationalization of banks, establishing Regional Rural banks, Cooperative banks, appointing Banking Correspondence Agents (BCA), launching of Swabhiman and Swavlambhan Schemes, introducing micro finance, opening up of no-frills account and provision of keeping 25 percent of bank branches in rural areas, initiating the model of Bharatiya Mahila Bank, simplifying the KYC norms and so on. But the objective of financial inclusion has never been achieved in entirety. Recently, the government has come up with an innovative idea of connecting people especially from rural and remote areas with banking industry by launching Pradhan Mantri Jan Dhan Yojana (PMJDY) with the vision of economic liberlization and development and growth of all.

The PMJDY, roughly translated as 'People's Wealth Scheme' was announced by the Prime Minister in his Independence Day speech with the slogan '*Mera Khata – Bhagya Vidhata*' which means 'My Bank Account – The Creator of the Good Fortune' (Mohan, 2014). PMJDY is a comprehensive financial inclusion programme, targeting opening up of 7.5 crore new accounts within five months with insurance and pension facilities. Under the provisions of the scheme, the account holder is entitled to get accidental insurance worth Rs 1 lakh, overdraft of up to Rs 5,000 and life insurance of Rs 30,000. On the accident insurance cover of Rs 1 lakh being offered to new account holders, it comes with the condition that before making the claim, the holder should have used his/her account during the 45 days prior to the claim date.

The Rupay debit carbeing given to the beneficiaries will have an inbuilt accident insurance cover Rs 1 lakh and an over draft facility upto Rs 5000. The use of debit cards will allow the unbanked to start a building a transaction history, which can be a decisive step in initiating the account holder towards financial inclusion. The PMJDY also aims at eliminating corruption as it would facilitate routing of subsidies directly into the accounts of intended beneficiaries (Chowan and Pande, 2014). Pradhan Mantri Jan Dhan Yojna (PMJDY) is a social upliftment scheme which aims to bring the million of excluded Indian people in the main financial stream though financial inclusion. Prime Minister on his Independence Day speech on 15th August 2014 declared "PRADHAN MANTRI JAN DHAN YOJNA" scheme which intended to accomplish financial inclusion by providing basic banking accounts with a debit card, with insurance. This scheme was launched on 28 August 2014 with target of 1 Crore banks account on first day itself. The scheme ends to target 7.5 Crore families which are financially excluded. At present only 58.7% of the total population comes under financial inclusion.

II. REVIEW OF LITERATURE

1. Bharati Pajari (2016), "Pradhan Mantri Jan Dhan Yojana (PMJDY) : A Major step towards Financial Inclusion in India". The author suggested that life insurance cover, accidental cover and credit facilities should be given to all account holders without any exclusion and to conduct more number of financial literacy center.

2. Unnamalai.T (2015) has published an article entitled "Role of Indian Bank's in Financial inclusion policy through Pradhan Mantri Jan Dhan Yojana (PMJDY)". The researcher find out in their study the public sector banks are the leader in opening an account, account balance maintained with them, issue of Rupay debit cards, etc., He also suggests that the government of India can open a number of branches for regional rural banks and may give permission for the private sector banks for opening branches.
3. Paramasivan and Kamaraj (2015) have published an article entitled "Commercial Bank's performance on Pradhan Mantri Jan Dhan Yojana". The authors concluded that the PMJDY scheme has created an impressive results in the banking sector with regard to eradicate of financial untouchability in the country.
4. Gitte Madhukar R. (2015) has published an article "Pradhan Mantri Jan Dhan Yojana: A National Mission on Financial Inclusion in India". The authors revealed that the PMJDY programme is in true sense one of the poverty alleviation programmes. Crores of poor people in India are still outside the organised financial system, despite the nationalisation of commercial banks long ago in 1969. Hence, this is the mission to eradicate poverty through the financial inclusion programme. The poor and the underprivileged people in rural, semi-urban and urban areas are expected to get all the benefits such as financial inclusion, financial stability and financial freedom through the PMJDY.
5. Shetty and Deokar (2014) jointly published in their findings that "Pradhan Mantri Jan Dhan Yojana" is not a new programme but there were various programmes initiated by RBI and Ministry of Finance, but due to lack of co-ordination among people, government and RBI, the objectives of all those programme have not been achieved till now. It concludes that formulation of programme is not sufficient for conversion of dreams into reality, but this requires effective and transparent implementation of that programme at the ground level with the co-ordination of government, bank and the general public.

III. OBJECTIVES OF THE STUDY

The following objectives are drawn from above literature review.

1. To know the salient features and benefits enjoyed form PMJDY account holders.
2. To explain the pillars and key elements of PMJDY scheme.
3. To analyze the current status and progress of the PMJDY scheme.
4. To make suitable suggestions for the betterment of this scheme.

IV. METHODOLOGY

The study is descriptive in nature and based on secondary data. Data have been collected from journals, articles,

websites (www.pmjdy.gov.in) and various magazines. The data used in the paper covers the period from 02/09/2014 to 28/12/2016.

V. ACCOUNTS OPENED UNDER PMJDY: BASIC FEATURES & BENEFITS TO THE CUSTOMER

1. Each family will have a bank account which will help them to save their earnings.
2. No minimum balance required.
3. Issue of a Rupay Debit card from the account through ATM as well as BC Terminal. Account holder will also get an accidental insurance of Rs. 1 lakh.
4. Life insurance cover of Rs.30000/- if accounts are opened before 26th January 2015).
5. Inter-operability in accounts through Aadhaar based transactions as well as through Rupay card.
6. Interest on deposit would be received on balance maintained.
7. Easy Transfer of money across India.
8. Beneficiaries of Government Schemes will get Direct Benefit Transfer in these accounts.
9. After satisfactory operation of the account for 6 months, an overdraft facility may be considered.
10. Access to Pension, insurance products through these accounts
11. A person who is already having a bank account with any bank NEED NOT to open a separate account under PMJDY. He/she will just have to get issued a RuPay Card in his existing account to get benefit of accidental insurance. .

VI. PILLARS OF PRADHAN MANTRI JAN DHAN YOJNA SCHEME

The programme for financial inclusion under the PMJDY is based on six pillars:

A. Universal Access To Banking Facilities

The foremost pillar of the PMJDY is to provide access to banking facilities and services to ensure financial inclusion of the underprivileged section of the society. Almost 6 lakh villages in the country are to be covered through Sub Service Areas. Banks are required to provide one fixed point banking outlet as a either branch or Business Correspondent (known as "Bank Mitra") to cater services to 1000 to 1500 households within a short distance of 5 kms. Technological services like internet connectivity, mobile telephone services etc will be key element for effective financial inclusion

B. Providing Basic Banking Accounts

The effort would be to first cover all uncovered households with banking facilities by August, 2015, by opening basic bank accounts. Account holder would be provided a RuPay Debit Card. Facility of an overdraft to every basic banking

account holder would be considered after satisfactory operation / credit history of six months.

C. Financial Literacy

For successful implement of PMJDY awareness among the people about the benefits of formal financial system, banks, savings, credit, ATM centre, timely repayment of loans and other services is the key to success. About 718 Financial Literacy Centers have been setup and 2.2 million people have received the benefits of awareness camps, seminars and lectures during 2012-13. Increasing number of FLCs in rural areas will play a vital role in implementing the scheme. It is also planned to make a convergence with the National Rural Livelihood Mission and the National Urban Livelihood Mission and also to take help of NGOs working with NRLM and NULM to achieve the objective of financial literacy.

D. Credit Guarantee Fund

Creation of a Credit Guarantee Fund (CGF) would be to cover the defaults in overdraft accounts. The CGF is

proposed to be created and kept under the National Credit Guarantee Trust. This fund will give a security to banks to provide over draft credit and will bring in discipline in the monitoring mechanism.

E. Micro Insurance

Micro insurance policy is provided under this scheme for the coverage economically vulnerable sections of the society. This facility will be available in the form of health insurance, personal accident, and insurance of house, livestock, tools, machinery and instruments. The “Bank Mitra” will be the key factor offering micro insurance policies in order to cover the rest of the beneficiaries.

F. Pension Scheme

Pension payments under the Swavalamban Yojana scheme for workers in the unorganized sector will be paid through bank accounts by August 201 8. It encourages them to save income on their own for their old age.

VII. ANALYSIS AND INTERPRETATION

TABLE 1 NO OF ACCOUNTS OPENED THROUGH PMJDY SCHEME RURAL AND URBAN

S.No	As on	Rural	% in Total	Urban	% in Total	Total
1	31.12.2014	62348872	59.67	42133595	40.33	104482467
2	30.12.2015	121039913	61.01	77344620	38.99	198384533
3	28.12.2016	159609882	60.92	102409576	39.08	262019458

Source : www.pmjdy.gov.in

From the above table it is observed that the total number of accounts opened under PMJDY by commercial banks, private sector banks, and RRB both in rural and urban areas. In the year 2014 104482467 accounts opened under PMJDY out of which 59.67 percent accounts were opened in rural areas, and 40.33 percent accounts were opened in urban areas. In the year 2015, 198384533 accounts opened under PMJDY out of which 61.01 percent accounts were opened

in rural areas, and 38.99 percent accounts were opened in urban areas. And in the year 2016, 262019458 accounts opened under PMJDY out of which 60.92 percent accounts were opened in rural areas, and 39.08 percent accounts were opened in urban areas. On the whole, it is noted that the rural enrollment has been increased from 65348872 to 159609882. And the urban enrollment has been increased from 42133595 to 102409576.

TABLE 2 NO. OF ACCOUNTS OPENED IN PUBLIC SECTOR, REGIONAL RURAL BANKS AND PRIVATE BANKS UNDER PMJDY SCHEME

As On	Public Sector Banks	% in Total	Regional Rural Banks	% in total	Private Sector Banks	% in Total	Total
31.12.2014	83091061	79.53	18509871	17.72	2881535	2.75	104482467
30.12.2015	155374164	78.32	35654295	17.97	7356074	3.71	198384533
28.12.2016	209055345	79.79	44433417	16.96	8530696	3.25	262019458

Source : www.pmjdy.gov.in

With the help of the above table, it is observed that the enrollment of accounts through public sector Banks, Regional Rural Banks and Private Sector Banks. When the

scheme started the enrollment through the public sector banks is higher than the Regional Rural banks and Private Sector Banks in all three years.

TABLE 3 NO OF RUPAY CARD ISSUED BY IN PUBLIC SECTOR BANKS, REGIONAL RURAL BANKS AND PRIVATE SECTOR BANKS UNDER PMJDY SCHEME

As On	Public Sector Banks	% in Total	Regional Rural Banks	% in total	Private Sector Banks	% in Total	Total
31.12.2014	73130361	86.41	9304777	10.99	2195593	2.60	84630731
30.12.2015	136144105	80.82	25740040	15.28	6567229	3.90	168451374
28.12.2016	165829240	80.11	32955450	15.92	8204533	3.96	206989223

Source : www.pmjdy.gov.in

From the above table clearly exhibit that in the year 2014, 84630731 rupay card was issued out of which 86.41 percent card issued by public sector banks, 10.99 rupay card issued by RRB and remaining 2.60 percent card issued by private sector banks. In the year 2015, 168451374 rupay card was issued out of which 80.82 percent card issued by public

sector banks, 15.28 rupay card issued by RRB and remaining 3.90 percent card issued by private sector banks. And during 2016, 206989223 rupay card was issued out of which 80.11 percent card issued by public sector banks, 15.92 rupay card issued by RRB and remaining 3.96 percent card issued by private sector banks.

TABLE 4 BALANCE IN PUBLIC SECTOR, REGIONAL RUAL AND PRIVATE SECTOR BANKS UNDER PMJDY SCHEME

As On	Public Sector Banks	% in Total	Regional Rural Banks	% in total	Private Sector Banks	% in Total	Total
31.12.2014	657866.33	78.75	127568.22	15.27	49903.84	5.98	835338.39
30.12.2015	2303485.89	78.82	502566.10	17.20	116504.26	3.98	2922556.24
28.12.2016	5524652.27	77.77	1316826.60	18.54	262180.04	3.69	7103658.91

Source : www.pmjdy.gov.in

Table 4 clearly explain in all three year the highest amount of PMJDY bank account balance kept in Public sector banks, followed by RRB and private sector banks.

TABLE 5 NO OF ACCOUNTS OPENED WITH ZERO BALANCE IN PUBLIC SECTOR, REGIONAL RURAL BANKS AND PRIVATE BANKS UNDER PMJDY SCHEME

As On	Public Sector Banks	% in Total	Regional Rural Banks	% in total	Private Sector Banks	% in Total	Total
31.12.2014	60404902	78.91	14124374	18.45	2021674	2.64	76550950
30.12.2015	49553071	78.51	10577715	16.76	2984261	4.73	63115047
28.12.2016	51119409	80.86	9109787	14.41	2987364	4.73	63216560

Source : www.pmjdy.gov.in

The main pillar of the scheme is the account holder can opened an account with zero balance. With the help of the above table, it is observed that 76550950 number of account holders opened account with zero balance. Out of which 78.91 percent of them having account with public sector banks, 18.45 percent of them having account with regional rural banks and remaining 2.64 percent of them with private sector banks during the year of 2014. In the year 2015, 63115047 number of account holders opened account with

zero balance. Out of which 78.51 percent of them having account with public sector banks, 16.76 percent of them having account with regional rural banks and remaining 4.73 percent of them with private sector banks. And during the year 2016, 63216560 number of account holders opened account with zero balance. Out of which 80.86 percent of them having account with public sector banks, 14.41 percent of them having account with regional rural banks and remaining 4.73 percent of them with private sector banks.

TABLE 6 ANNUAL GROWTH RATE

As On	No of Rupay card issued	Annual Growth Rate	Balance in accounts (in lakhs)	Annual Growth Rate	No of zero balance account	Annual Growth Rate
31.12.2014	84630731	-	835338.39	-	76550950	-
30.12.2015	168451374	99.04	2922556.24	249.86	63115047	-17.55
28.12.2016	206989223	22.88	7103658.91	143.06	63216560	0.16

Source : www.pmjdy.gov.in

With the help of the above table it is noted that the annual growth rate of No of Rupay card issued is increasing trend. Comes to the category of balance in accounts it is also in increasing trend during the study period. And the annual growth rate of no of zero balance account is decreased during the 2015. But next i.e., 2016 the growth was increased.

VIII. FINDINGS OF THE STUDY

1. Majority of the PMJDY accounts were opened in rural areas.
2. During the study period, majority of the PMJDY account holders were open their bank account with public sector banks followed by RRB and private sector banks.
3. During the study period majority of the Rupay card issued by public sector banks followed by RRB and private sector banks.
4. During the study period highest amount of PMJDY account balance maintained with Public sector followed by Regional Rural Banks and Private sector Banks.
5. During the study period the huge number of Rupay debit card issued by public sector banks followed by Regional Rural Banks and private sector banks.
6. Annual growth rate of No of Rupay debit card issued by banks and amount of PMJDY account balance maintained by banks is increased trend. But the No of zero balance account opened is decreased during the year 2015, but it is increased during the year 2016.

IX. SUGGESTIONS

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 actively participate in PMJDY scheme.
3. Most of the people is 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.

X. CONCLUSION

The main motive of PMJDY scheme is for enhancing financial inclusion. PMJDY scheme has been started with an objective to provide access to banking facilities for all household through a bank branch. The present study tried to investigate the current status of the PMJDY in India. The results revealed that the performance of the public sector

banks are good as compare to the regional rural banks and private sector banks to carry on the PMJDY scheme. Mere opening of bank accounts not fulfill the aim of the scheme, but there should be a continuous operation of bank accounts to give the real success of the scheme. There is no doubt the progress of the scheme will attract remaining population those who are not having bank account in our country, defiantly PMJDY scheme may become a corner stone of our economic growth, development and progress of our economy.

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