

Pradhan Mantri Jan Dhan Yojana: A Step towards Financial Inclusion

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Abstract: *The present study seeks to investigate the current status of the Pradhan Mantri Jan Dhan Yojana in India. The results showed that the contribution of rural sector in terms of accounts opened under Pradhan Mantri Jan Dhan Yojana was relatively higher than the urban sector in all the banking sectors namely, public sector banks, regional rural banks and private banks. The results further revealed that 44.12 lakh accounts were opened in Pradhan Mantri Jan Dhan Yojana, mobilized the deposit of Rs. 149161.44 crores and 31.20 lakh accounts under Pradhan Mantri Jan Dhan Yojana were Number of Rupay Debit Cards issued to beneficiaries as on Dec.15, 2021. From the public sector banks and RRBs, the State Bank of India played an important and leading role in the opening accounts under Pradhan Mantri Jan Dhan Yojana. The state-wise scenario of Pradhan Mantri Jan Dhan Yojana showed that the highest numbers of accounts were opened in Bihar and Uttar Pradesh both in rural and urban sectors due to its highest population rate.*

Keywords: Financial inclusion, Pradhan Mantri Jan Dhan Yojana(PMJDY), RRBs, Public and private sector banks

1. Introduction

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, and 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.

2. Review of Literature

Financial inclusion refers to the delivery and having access to range of financial services in a convenient manner and at an affordable cost to vast section of disadvantaged and low income group population. Rangarajan Committee, Government of India (2008) defines financial inclusion as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost. In India, financial inclusion was first featured in 2005, when it was introduced by K C

Chakraborty, the chairman of Indian Bank. Mangalam village became the first village in India where all households were provided banking facilities. KYC Norms were relaxed for people intending to open account with annual deposits of less than Rs 50, 000 (Barhate and Jagtap, 2014).

Chowan and Pande (2014) Pradhan Mantri Jan Dhan Yojana 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 card being given to the beneficiaries will have an inbuilt accident insurance cover Rs 1 lakh and an overdraft 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.

Subramanya and Alfia (2015) carried out analysis on the awareness of Pradhan Mantri Jan Dhan Yojana with special reference to Hassan district of Karnataka state. In order to conduct this study 50 respondents were considered. The study revealed that Pradhan Mantri Jan Dhan Yojana was almost successful as 76percent of people were aware about the scheme and still 24percent of people were not aware of the scheme in the area under study. Anonymous (2015) revealed that about 12.65crore bank accounts were opened under Pradhan Mantri Jan Dhan Yojana in the country. But an astounding 8.5 crore of such accounts were found dormant.

Bhasin (2015) the author discussed the effectiveness of PMJDY as a tool to deal with the problems of financial exclusions that is being faced by most of the economically backward people. Even after so many years of independence, the problem still exists and hurts the growth of the country to a great extent. The present government has incorporated as part of its mission to deal with these problems and introduced the PMJDY so that the target set by the government is achieved. The sustainability of the programme entirely depends on how effectively it can bring justice to poor people by eradicating poverty, creating employment opportunities and by accessing skill development training. So, the programme may become fruitful for the poor people if its stakeholders work in unison.

Dr. C. Paramasivan (2015) this paper focuses on public sector banks' performance and contribution towards Pradhan Mantri Jan Dhan Yojana in India. Indian government and RBI are trying for so many years to bring all the people in the ambit of banking. To achieve this objective, Prime Minister Narendra Modi announced "Pradhan Mantri Jan Dhan Yojana" on the eve of 68th Independence Day to reduce financial untouchability by including millions of people in the financial mainstream and targeted to open 7.5 crore bank accounts till 26th January 2015. By joining hands with the people at the 'bottom of the pyramid', this programme will give a new height to our economy. In the due course of time the plan is to also cover these account holders with insurance and pension products. About 60% of the population in India does not have access to a bank account. The urban population of financially excluded category mainly comprises low income groups like urban laborers slum dwellers of the cities and socially excluded communities.

Dr Mini Goyal and Ms. Maninder Khera (2016) the author discussed the present study seeks to investigate the current status of the PMJDY in India. The results showed that the contribution of rural sector in terms of accounts opened under PMJDY was relatively higher than Pujari (2016) studied the aim of the paper, to find out the current challenges of financial inclusion with special reference to PMJDY. The objective of financial inclusion is quite clear in PMJDY, i.e. providing finance and insurance benefits to the needy segment so as to bring socio-economic equity. This also helps to improve the bargaining power. Until this equity is achieved, the programme cannot be said to have been a success.

Singh (2016) the author mentioned that the success of PMJDY and other social sector development schemes basically depends on the amount of savings that the banks mobilize. The mobilization of savings leads to build up of fund which the banks can use for various productive purposes. So the objective is not to open an account only, mobilization of resources is equally important.

Guntupalli (2016) the author made a comparison between "Swabhiman" and "PMJDY" so as to assess the true value of PMJDY. The benefits seem to be more in case of PMJDY. While "Swabhiman" targeted rural regions only, PMJDY targets both rural as well as urban regions. The effectiveness

of PMJDY seems to be better, although its resounding success, as claimed by the Government appears to be exaggerated. The number of accounts opened under this programme is yet to be certified by the ministry of finance. Still the programme seems to provide benefits to those who are in a position to understand the underlying benefits.

The urban sector in all the banking sectors namely, public sector banks, regional rural banks and private banks. The results further revealed that 60 percent (1106.52 lakh) accounts were opened in PMJDY, mobilized the deposit of Rs. 24939.22 crores and rest 40 percent (747.71 lakh) accounts under PMJDY were opened with zero balance as on September 30, 2015. From the public sector banks and RRBs, the State Bank of India played an important and leading role in the opening accounts under PMJDY. The state-wise scenario of PMJDY showed that the highest numbers of accounts were opened in Uttar Pradesh both in rural and urban sectors due to its highest population rate.

3. Profile of Pradhan Mantri Jan Dhan Yojana (PMJDY)

PMJDY was launched by Prime Minister of India on 28 August, 2014. Under this scheme, people will be able to open zero-balance accounts with any bank. The scheme offers a couple of benefits to the account holders.

- Accident insurance of up to 1 lakh comes free with each account.
- Those who opened these accounts on or before January 26, 2015 got life cover of Rs 30, 000.
- Once operative for at least six months, holders may also be offered an overdraft facility, first for Rs. 2, 500 and then for Rs. 5, 000.
- Each account holder will bag a Rupay debit card and will be able to access a basic form of mobile banking.

4. Research Methodology

4.1 Objectives of the study

To study the current status and recent progress of Pradhan Mantri Jan Dhan Yojana in India.

4.2 Period of the study

This study covers the period Aug, 28 2014 to Dec, 15 2021.

4.3 Area of the study

This study covers all the states of India.

4.4 Sources of data

The secondary data have been collected from www.pmjdy.gov.in. The secondary data pertaining to number of accounts opened by public sector banks, RRBs, private banks, amount deposited in the accounts, Number of Rupay Debit Cards issued to beneficiaries etc. have been collected and compiled from the official website of Pradhan Mantri Jan Dhan Yojana (www.pmjdy.gov.in). The data

were further analyzed using various descriptive statistics such as average, percentage, etc.

4.5 Nature of data

As the study is descriptive in nature, secondary data have been employed to accomplish the objectives of present study.

4.6 Limitations of the study

There are different Central Government schemes, but the present study restricted itself to Pradhan Mantri Jan Dhan Yojana.

4.7 Scope of the study

The study is basically concentrated on the Pradhan Mantri Jan Dhan Yojana Schemes. The study will have undertaken in all state in India. The scope of the study is to provide an insight view of the Pradhan Mantri Jan Dhan Yojana product to the common people and help them to make realize the

benefits and importance of Pradhan Mantri Jan Dhan Yojana in their lives. The similar study will be conducted on the basis of different village of the different state of India.

5. Result and Discussion

The information regarding the details of accounts opened in Pradhan Mantri Jan Dhan Yojana (PMJDY) has been presented in Table 1. The results revealed that the contribution of rural sector in terms of accounts opened under Pradhan Mantri Jan Dhan Yojana was relatively higher than the urban sector in all the banking sectors namely, public sector banks, regional rural banks and private banks. In rural sector, total accounts opened under Pradhan Mantri Jan Dhan Yojana public sector banks, regional rural banks and private banks were 73.79, 23.83 and 2.38 percent respectively. Whereas, in urban sector, 89.15 percent, 6.89percent and 3.96 percent accounts were opened in public sector banks, regional rural banks and private banks respectively.

Table 1: Distribution of accounts opened in PMJDY in India up to December 15, 2021.(Lakhs)

Particulars	Accounts			No. of Rural – Urban Female Beneficiaries	Number of Rupay Debit Cards issued to beneficiaries	Balance in Accounts (Rs. Lakhs)
	Rural	Urban	Total			
Public Sector Banks	21.74	13.07	34.81	19.20	26.67	116336.97
Regional Rural Banks	7.02	1.01	8.03	4.64	3.42	28301.59
Private Banks	0.70	0.58	1.28	0.70	1.11	4522.88
Grand Total	29.46	14.66	44.12	24.54	31.20	149161.44

Source: www.pmjdy.gov.in

On the overall level, 78.90 percent of the total accounts were opened in public sector banks, 18.20 percent were opened in regional rural banks and only 2.90 percent accounts were opened in private banks. The results further revealed that 44.12 accounts were opened in PMJDY, mobilized the deposit of Rs. 149161.44 crores and 31.20 lakh accounts

under Pradhan Mantri Jan Dhan Yojana were Number of Rupay Debit Cards issued to beneficiaries the scheme as on Dec.15, 2021.

Public Sector Banks

Table 2: Distribution of accounts opened in PSB PMJDY in India up to Dec.15, 2021 (Lakhs)

Particulars	Accounts			Number of Rupay Debit Cards issued to beneficiaries	Balance in Accounts (Rs. Lakhs)
	Rural	Urban	Total		
Bank of Baroda	384.44	150.04	534.48	474.78	1991240.79
Bank of India	213.80	49.92	263.72	220.71	1010358.41
Bank of Maharashtra	52.82	17.32	70.14	31.27	242491.49
Canara Bank	98.43	40.62	139.05	74.65	621037.17
Central Bank of India	126.61	19.33	145.94	81.17	428725.74
Indian Bank	148.11	35.14	183.25	109.16	6980570.48
Indian Overseas Bank	12.04	41.11	53.15	49.36	177316.56
Punjab & Sind Bank	8.77	5.24	14.01	11.68	42642.96
Punjab National Bank	339.96	69.60	409.56	227.30	1499153.48
State bank of India	546.59	773.71	1320.30	1226.17	3842002.69
UCO Bank	62.89	48.01	110.90	43.59	385702.58
Union Bank of India	179.50	56.91	236.41	117.35	694967.55
Total	2173.96	1306.95	348091	2667.25	11633696.89

Source: www.pmjdy.gov.in

The information pertaining to the contribution of public sector banks in the opening of account under Pradhan Mantri Jan Dhan Yojana has been presented in Table 2. The results revealed that State Bank of India played an important and lead role in Pradhan Mantri Jan Dhan Yojana with the opening of 1320.30 lakh accounts. Out of 1320.30lakh

accounts, 546.59 lakh accounts were opened in rural sector and 773.71 lakh accounts were opened in urban sector. Though 1226.17 lakh accounts number of Rupay Debit Cards issued to beneficiaries, the deposit comprised Rs. 3842002.69crores in State Bank of India.

The other public sector banks those performed well in the opening of accounts under Pradhan Mantri Jan Dhan Yojana were Punjab National Bank (227.30 lakh), Bank of Baroda (474.78 lakh), Bank of India (220.71 lakh), Central Bank of India (81.17 lakh), Canara Bank (74.65 lakh), UCO Bank (43.59 lakh), and Union Bank of India (117.35 lakh). In terms of balance, State Bank of India had mobilized the highest deposits of Rs. 3842002.69 crore followed by Bank

of Baroda, UCO Bank, Punjab National Bank, Canara Bank, Bank of India and Indian Overseas Bank with the deposits of Rs.1991240.79 crore, Rs.385702.58 crore, Rs.1499153.48 crore, Rs.621037.17 crore, Rs.1010358.41 crore and Rs. 177316.56 crore respectively.

Regional Rural Banks

Table 3: Distribution of accounts opened in RRBs PMJDY in India up to Dec.15, 2021 (Lakhs)

Particulars	Accounts			Number of Rupay Debit Cards issued to beneficiaries	Balance in Accounts (Rs. Lakhs)
	Rural	Urban	Total		
Bank of Baroda	129.69	32.97	162.66	901.14	609632.54
Bank of India	87.38	4.68	92.06	553.89	233207.93
Bank of Maharashtra	24.10	8.67	24.97	116.50	106259.99
Canara Bank	54.92	11.56	66.48	29.62	291479.92
Central Bank of India	32.32	4.69	37.01	29.00	119362.26
Indian Bank	7.38	2.61	9.99	6.06	19330.89
Indian Overseas Bank	13.61	1.12	14.73	6.16	66717.37
J &K Bank of India	2.12	3.90	2.52	1.25	11687.23
Punjab National Bank	183.69	16.62	200.31	51.03	727464.71
State bank of India	153.81	23.21	177.02	60.06	605641.27
UCO Bank	10.98	1.63	12.61	4.69	33582.22
Union Bank of India	1.94	2.3	2.17	10.8	5792.54
Total	701.96	100.58	802.54	341.91	2830158.88

Source: www.pmjdy.gov.in

The performance of regional rural banks in the opening of account under Pradhan Mantri Jan Dhan Yojana as on Dec 15, 2021 has been presented in Table 3. Similar observations were found in case of regional rural banks as the Punjab National Bank contributed highest in terms of accounts opened under Pradhan Mantri Jan Dhan Yojana with the opening of 200.31 lakh accounts. The contribution of rural sector was found to be higher as compared to urban sector which implied the large branch network of RRBs in the rural area. The other major banks in terms of accounts opened in Pradhan Mantri Jan Dhan Yojana were Central Bank of India, Bank of Baroda, Punjab National Bank, Bank of India, State Bank of India with 37.01, 162.66, 200.31, 92.06, 177.02 lakh accounts opened under the scheme respectively. Among the RRBs, the highest deposits were accounted by Punjab National Bank (Rs. 727.46 crore) followed by State Bank of India (Rs.605.64 crore), Bank of Baroda (Rs. 609.63 crore) and Central Bank of India (Rs. 727.46 crore) as on Dec 15, 2021.

Private Banks

The contribution of Private Banks in the opening of account under Pradhan Mantri Jan Dhan Yojana as by the end of Dec.15, 2021 has been presented in Table 4. The results revealed that ICICI bank showed dominance with 44.54 lakh accounts opened under Pradhan Mantri Jan Dhan Yojana over the other banks in private banking sector of India. Out of 44.54 lakh bank accounts opened in ICICI Bank, 35.52 lakh bank accounts were in rural sector while 9.02 lakh accounts were in urban sector opened under Pradhan Mantri Jan Dhan Yojana. HDFC Bank ranked 2nd among private sector banks with opening up of 25.77 lakh accounts under PMJDY. The other private banks those played a key role in Pradhan Mantri Jan Dhan Yojana were Jammu and Kashmir Bank, Axis Bank, Federal Bank, IndusInd Bank, Kotak Mahindra bank with 18.29, 11.11, 6.33, 4.12, 1.58 lakh accounts respectively. In terms of balance, HDFC Bank had the highest deposits of 154635.71 lakhs followed by Jammu and Kashmir Bank, ICICI Bank, Federal Bank, Axis Bank, IndusInd Bank, Kotak Mahindra Bank with the deposit of 116304.22, 50896.58, 32070.26, 41313.48, 6156.30, 2908.74 lakhs respectively.

Table 4: Distribution of accounts opened in Private Banks PMJDY in India up to Dec. 15, 2021. (Lakhs)

Particulars	Accounts			Number of Rupay Debit Cards issued to beneficiaries	Balance in Accounts (Rs. Lakhs)
	Rural	Urban	Total		
Axis Bank Ltd	1.85	9.26	11.11	69.0	41313.48
City Union Bank Ltd	0.9	7.6	8.5	6.5	1700.81
Federal Bank Ltd	5.21	1.12	6.33	37.2	32070.26
HDFC Bank Ltd	4.21	21.56	25.77	25.76	154635.71
ICICI Bank Ltd	35.52	9.02	44.54	44.54	50896.58
IDBI Bank Ltd	1.99	6.54	8.53	6.64	32602.96
IndusInd Bank Ltd	3.1	3.81	4.12	2.81	6156.30
J & K Bank Ltd	16.10	2.19	18.29	14.31	116304.22
Karur Vysya Bank Ltd	1.15	0.69	1.84	1.83	2678.18
Kotak Mahindra Bank Ltd	1.06	0.52	1.58	1.4	2908.74

Lakshmi Vilas Bank Ltd	1.41	0.43	1.84	15.1	2725.65
RBL Bank Ltd	0.65	0.39	1.04	10.4	1324.94
South Indian Bank Ltd	0.29	1.81	2.10	11.7	6750.96
Yes Bank Ltd	0.6	0.5	1.1	1.1	219.24
Total	69.92	58.19	128.12	111.19	452288.01

Source: www.pmjdy.gov.in

6. Conclusion and Suggestions

Pradhan Mantri Jan Dhan Yojana scheme has been started with an objective to provide universal access to banking facilities for all household through a bank branch or fixed point business correspondent. The crux of scheme is to link every household with the bank. The present study tried to investigate the current status of the Pradhan Mantri Jan Dhan Yojana in India. The results revealed that the contribution of rural sector in terms of accounts opened under Pradhan Mantri Jan Dhan Yojana was relatively higher than the urban sector in all the banking sectors namely public sector banks, regional rural banks and private banks. In rural sector, total accounts opened under Pradhan Mantri Jan Dhan Yojana public sector banks, regional rural banks and private banks were 73.79, 23.83 and 2.38 percent respectively. Whereas, in urban sector, 89.15 percent, 6.89 percent and 3.96 percent accounts were opened in public sector banks, regional rural banks and private banks respectively. The results further revealed that 44.12 lakh accounts were opened in Pradhan Mantri Jan Dhan Yojana, mobilized the deposit of Rs. 149161.44 crores and 31.20 lakh accounts under Pradhan Mantri Jan Dhan Yojana were Number of Rupay Debit Cards issued to beneficiaries as on Dec. 15, 2021. in India. Among the public sector banks and RRBs, the State Bank of India plays an important and leading role in the opening of the accounts under Pradhan Mantri Jan Dhan Yojana. The state-wise scenario of Pradhan Mantri Jan Dhan Yojana showed that the highest numbers of accounts were opened in Bihar and Uttar Pradesh including both rural and urban sectors due to its high population rate.

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