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Financial inclusion – A study on Modi’s PMJJBY, PMSBY and APY

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Abstract

“A large proportion of India’s population was without insurance of any kind, health, accidental or life. Worryingly, as our young population ages, it is also going to be pension-less. Encouraged by the success of the Pradhan Mantri Jan Dhan Yojana (PMJDY), the Government of India proposed to work towards creating a universal social security system for all Indians that will ensure that no Indian citizen will have to worry about illness, accidents or penury in old age.” Government announced insurance schemes Pradhan Mantri Suraksha Bima Yojana (for Accidental Death and Disability), Pradhan Mantri Jeevan Jyoti Bima Yojana (for life insurance) and Atal Pension Yojna (for pension). These schemes were launched by Prime minister on 9 May 2015. The government plans to use technology to the extent possible to reach out to the beneficiaries, thereby plugging leakages in the system. This article gives the highlights of these schemes and also focuses on how best these schemes have reached to the Indians.

Keywords: Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, and Atal Pension Yojna, Government, Indians.

1. Introduction

Pradhan Mantri Jeevan Jyoti Bima Yojana and Pradhan Mantri Suraksha Bima Yojana are government-backed Life insurance schemes in India. It was originally mentioned in the 2015 Budget speech by Finance Minister Arun Jaitley in February 2015. It was formally launched by Prime Minister Narendra Modi on 9 May at Kolkata. As of May 2015, only 20% of India’s population has any kind of insurance, these schemes aims to increase the number.

Atal Pension Yojana is a government-backed pension scheme in India targeted at the unorganized sector. It was originally mentioned in the 2015 Budget speech by Finance Minister Arun Jaitley in February 2015. It was formally launched by Prime Minister Narendra Modi on 9 May in Kolkata. As of May 2015, only 11% of India’s population has any kind of pension scheme, this scheme aims to increase the number.

2. Objectives of the Study

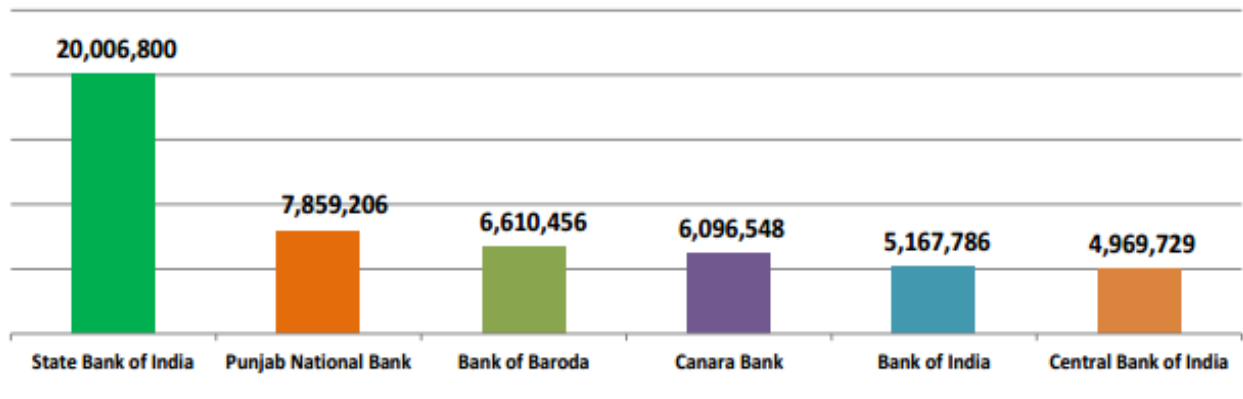
- To understand the benefits of three schemes.
- To study how best the banks and Government of India have succeeded in reaching these schemes to the whole Indian population
- To know how much expenditure the Government of India has to bear for uplifting these schemes.
- To understand which scheme is more obtained by the people.

3. Research Methodology

This research paper is based on descriptive study. Secondary data was used to collect the data’s. Secondary Data was collected from concern websites, magazines, newspapers, journals and past research papers.

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4. Analysis and Interpretations
People Enrollment Details



Summary of APY/PMJJBY/PMSBY as on 22.06.2015					
Scheme Name	Rural_Male	Rural_Female	Urban_Male	Urban_Female	Grand Total
APY	68,340	41,572	113,518	71,768	295,198
PMJJBY	8,661,286	4,879,799	7,979,647	4,578,238	26,098,970
PMSBY	24,453,356	13,836,461	25,152,856	13,785,704	77,228,377
Grand Total	33,182,982	18,757,832	33,246,021	18,435,710	103,622,545

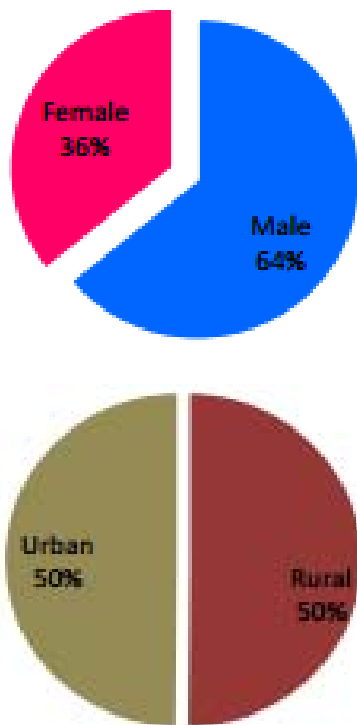


Chart 1: showing the total number of people enrolled for all the three schemes in top six banks upto 22.06.2015

Pradhan Mantri Suraksha Bima Yojana

PMSBY –Accidental insurance cover - This scheme will be a one year cover, renewable from year to year, Insurance Scheme offering life insurance cover for death due to any reason. The scheme would be offered / administered through LIC and other Life Insurance companies

- **Eligibility:** Available to people in age group 18 to 70 years with bank account.
- **Premium:** Rs 12 per annum.
- **Payment Mode:** The premium will be directly auto-debited by the bank from the subscribers account. This is the only mode available.
- **Risk Coverage:** For accidental death and full disability – Rs 2 Lakh and for partial disability – Rs 1 Lakh.
- **Eligibility:** Any person having a bank account and Aadhaar number linked to the bank account can give a simple form to the bank every year before 1st of June in order to join the scheme. Name of nominee to be given in the form.
- **Terms of Risk Coverage:** A person has to opt for the scheme every year. He can also prefer to give a long-term option of continuing in which case his account will be auto-debited every year by the bank.
- **Who will implement this Scheme?:** The scheme will be offered by all Public Sector General Insurance Companies and all other insurers who are willing to join the scheme and tie-up with banks for this purpose.
- **Tax benefit:** The premium paid will be tax-free under section 80C and also the proceeds amount will get tax-exemption u/s 10(10D). But if the proceeds from insurance policy exceed Rs.1 lakh, TDS at the rate of 2% from the total proceeds if no Form 15G or Form 15H is submitted to the insurer.

Pradhan Mantri Jeevan Jyoti Bima Yojana

PMJJBY- FOR LIFE INSURANCE COVER scheme will also be a one year cover, renewable from year to year, Insurance Scheme offering life insurance cover for death due to any reason. The scheme would be offered / administered through LIC and other Life Insurance companies and tie ups with Banks for this purpose.

- **Eligibility:** Available to people in the age group of 18 to 50 and having a bank account. People who join the scheme before completing 50 years can, however, continue to have the risk of life cover up to the age of 55 years subject to payment of premium.
- **Premium:** Rs 330 per annum. It will be auto-debited in one instalment.
- **Payment Mode:** The payment of premium will be directly auto-debited by the bank from the subscribers account.
- **Risk Coverage:** Rs. 2 Lakh in case of death for any reason.
- **Terms of Risk Coverage:** A person has to opt for the scheme every year. He can also prefer to give a long-term option of continuing, in which case his account will be auto-debited every year by the bank.
- **Who will implement this Scheme?:** The scheme will be offered by Life Insurance Corporation and all other life insurers who are willing to join the scheme and tie-up with banks for this purpose.

Comparison between Jeevan Jyoti Bima Yojana (PMJJBY) vs Suraksha Bima Yojana (PMSBY)

Features	Pradhan Mantri Suraksha Bima Yojana (PMSBY)	Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)
Eligibility	18-70 years	18-50 years
Number of Policy	One Policy Per Person	One Policy Per Person
When to Join the Scheme?	Any time	Any time
Sum Assured (Fixed)	Rs 2 lakhs	Rs 2 lakhs
Premium	Rs 12 per annum	Rs. 330 per annum
Cover stops at age	At the age of 70 years	At the age of 55 years
Maturity Benefit	Nil	Nil
Death Benefit (Natural Death)	Nil	Rs 2 lakhs
Death Benefit (Accidental Death)	Rs 2 lakhs	Rs 2 lakhs
Disability of both eyes, both hands, both legs or one eye and one limb	Rs 2 lakhs	Nil
Disability of one eye or one limb	Rs 1 lakh	Nil
Maximum Insurance cover	Rs 2 lakhs	Rs.2 lakhs
Risk Period	1st June to 31st May every year.	1st June to 31st May every year.
Mode of Payment	Premium will be auto debited from account in the month of May every year.	Premium will be auto debited from account in the month of May every

Atal Pension Yojna (APY)

The scheme will be launched on June 1 2015 and focus is on the unorganised sector. A pension provides people with a monthly income when they are no longer earning. A Subscriber receives pension based on accumulated contribution out of his current income. Under the Atal Pension Yojna Scheme (APY), the subscribers, under the age of 40, would receive the fixed monthly pension of Rs. 1000 to Rs 5000 at the age of 60 years, depending on their contributions.

To make the the pension scheme more attractive, government would co-contribute 50 per cent of a subscriber’s contribution or Rs 1,000 per annum, whichever is lower to each eligible subscriber account for a period of 5 years from 2015-16 to 2019-20. The benefit of government’s co-

contribution can be availed by those who subscribe to the scheme before December 31, 2015.

Eligibility for APY: Atal Pension Yojana (APY) is open to all bank account holders who are not members of any statutory social security scheme.

Age of joining and contribution period: The minimum age of joining APY is 18 years and maximum age is 40 years. One needs to contribute till one attains 60 years of age.

Below is a table for Atal Pension Yojana scheme showing the level of contribution the subscriber has to make to receive a specific guaranteed pension.

Indicative Monthly Contribution Chart

Age of Entry	Monthly pension Of Rs 1000	Monthly pension of Rs 2000	Monthly pension of Rs 3000	Monthly Pension of Rs 4000	Monthly pension of Rs 5000
18	42	84	126	168	210
20	50	100	150	198	248
25	76	151	226	301	376
30	116	231	347	462	577
35	181	362	543	722	904
40	291	581	873	1164	1454

As can be seen from the above table to earn a pension of Rs 5000 p.m. and you start at age 18 you will have to contribute Rs 210 p.m. while if you start at age 40 you will have to contribute Rs 1454 p.m. to receive the same pension amount. So early you avail less you contribute. Moreover 50% of this contribution will be paid by GOI if you are not covered from any other social security scheme and you are not a tax payer.

5. Government’s Expenditure

Government expenditure is expected to range between Rs. 2,520 crore and Rs. 10,000 crore on account of Government co-contribution to subscribers of the APY over a period of five years. Further, an expenditure of Rs. 2,000 crore for promotional and developmental activities for enrolment and contribution collection under APY and Rs. 250 crore for

publicity, awareness building for PMJJBY and PMSBY is envisaged by the Government, over a period of five years.

6. Findings

1. The schemes has more benefits for the people especially for poor people and youngsters.
2. The Government and banks have played a major role for the success of these schemes.
3. Both urban and rural people are equally obtaining these schemes.
4. Comparatively, than male female enrollment into these schemes are almost 50% less than males.
5. Government is spending approximately 12,520 crores for five years towards PMJJBY, PMSBY and APY.

7. Suggestions

1. The Government and banks has to take still more steps in reaching these schemes for all the women.
2. The Government and banks has to maintain still more transparency in informing how the money collected from these schemes will be utilized by the Government/ bank.
3. People from all the sectors has to come up voluntarily to uplift these schemes.

8. Conclusion

From the above study it can be said that the beginning to provide social security benefit to large number of unorganized people is really good. The subscribers for these schemes are at increasing pace, however if implemented still more properly and the benefit is passed on to the real subscriber it will go a long way in establishing a social security system to the large section of society which has remained uncovered.

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