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Progress made under Pradhan Mantri Jan Dhan Yojana (PMJDY) in India

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Abstract

Pradhan Mantri Jan Dhan Yojana scheme is a totally contributory scheme and very closely people are travelling to banking sector day by day. In the last few years RBI launched many more schemes for banking sectors. Besides financial inclusion is one of the core activities of banking performance and directly people are getting government financial services in their living place. In 2005 RBI launched No Frills Accounts scheme for all the income level and financially poor people should use banking sectors, but this scheme did not cover all the people. Only 2000 people opened bank account in each village. That is why Indian Prime Minister Mr. Narendra Modi announced on August 15, 2014 and simultaneously this PMJDY scheme was launched on 28 August, 2014. The present study presents the progress made under the scheme at national level as on April 2019.

Keywords: Pradhan Mantri Jan Dhan Yojana, contributory scheme

Introduction

The Government of India and the State governments launch a number of schemes, which are aimed at the general upliftment of all income groups. Under these schemes, benefits in the form of cash or subsidies are provided to households belonging to the economically weaker sections. However, these schemes are often plagued by inefficiency in the form of corruption or leakages, as highlighted by various committees and reports. Corruption occurs in the form of unintended income groups/people availing the benefits or third party intermediaries siphoning the benefits from the supply chain. For example, 97 percent of the LPG is consumed by 30 percent of the richest households in the country². As a result, the subsidy for LPG is not benefitting the intended beneficiary, who belongs to the lowest income levels. Another example of leakage is the malfunctioning of the Public Distribution System (PDS), where the leakages in the system vary from 40-50 percent and even go up to 60-70 percent in some states³. In order to plug these leakages, the Jan Dhan, Aadhar Number, Mobile (JAM) trinity is envisaged, which would aid the GoI to identify and provide the benefits and subsidies to targeted income groups. With the JAM model, the government can identify the beneficiaries through their Aadhar card number. The benefits can be directly transferred to the beneficiary through the individual bank account of the person. The spread of bank accounts has got a massive push, as evidenced by the efforts under Jan Dhan. The last stage, wherein the beneficiary is actually obtaining the subsidy or cash from the bank, is possible by taking advantage of the high mobile penetration within the country. A majority of states enjoy mobile penetration of over 75 percent. The high mobile penetration could be utilized to ensure that the beneficiaries obtain their benefits/subsidies from their accounts. The JAM model has been used in the disbursement of LPG subsidy through the PAHAL scheme. Under this scheme, the subsidy was directly transferred to the account of the beneficiary, while people bought the LPG cylinder at full market price. This way, the subsidy did not have to travel through the multiple layers from the Centre to the beneficiary, which would include the state, district, block and GP. The whole process was simplified to a one level transaction. According to the Economic Survey 2015-16, the PAHAL scheme had the potential to add Rs. 127004 crores as fiscal savings to the account of the Government of India. This implies that the Direct Benefit Transfer (DBT), which is practiced under the PAHAL scheme, has huge potential to tighten the subsidy disbursement mechanism under different government schemes.

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Pradhan Mantri Jan Dhan Yojana is a National Mission on Financial Inclusion encompassing an integrated approach to bring about comprehensive financial inclusion of all the households in the country. The plan envisages universal access to banking facilities with at least one basic banking account for every household, financial literacy, access to credit, insurance and pension facility. In addition, the beneficiaries would get RuPay Debit card having inbuilt accident insurance cover of Rs. 1 lakh. The plan also envisages channeling all Government benefits (from Centre / State / Local Body) to the beneficiaries accounts and pushing the Direct Benefits Transfer (DBT) scheme of the Union Government. The technological issues like poor connectivity, on-line transactions will be addressed. Mobile transactions through telecom operators and their established centres as Cash Out Points are also planned to be used for Financial Inclusion under the Scheme. Also an effort is being made to reach out to the youth of this country to participate in this Mission Mode Programme.

Special Benefits under PMJDY Scheme

1. Interest on deposit.
2. Accidental insurance cover of Rs. 1.00 lac
3. No minimum balance required.
4. The scheme provides life cover of Rs. 30,000/- payable on death of the beneficiary, subject to fulfillment of the eligibility condition.
5. Easy Transfer of money across India
6. Beneficiaries of Government Schemes will get Direct Benefit Transfer in these accounts.
7. After satisfactory operation of the account for 6 months, an overdraft facility will be permitted
8. Access to Pension, insurance products.
9. The Claim under Personal Accidental Insurance under PMJDY shall be payable if the Rupay Card holder have performed minimum one successful financial or non-financial customer induced transaction at any Bank Branch, Bank Mitra, ATM, POS, E-COM etc. Channel both Intra and Inter-bank i.e. on-us (Bank Customer/rupay card holder transacting at same Bank channels) and off-us (Bank Customer/Rupay card holder transacting at other Bank Channels) within 90 days prior to date of accident including accident date will be included as eligible transactions under the Rupay Insurance Program 2016-2017.
10. Overdraft facility upto Rs.5000/- is available in only one account per household, preferably lady of the household.

Review of Literature

Shetty and Deokar (2014) ^[10] in their study declared that “Pradhan Mantri Jan Dhan Yojana” is not a new programme. There were various such programmes in the past but due to lack of co-ordination among people, government and RBI, the objectives of all those programme have not been achieved till now. The authors felt that the 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.

Artta Bandhu Jena (2015) ^[11] in his study focused on financial inclusion is very vital towards economic development and well-structured financial system of a

country. PMJDY is an ambitious financial scheme which will provide a host of benefits including a bank account, insurance and a debit card to non-bank account holders in India. PMJDYs target is to open 7.5 crore bank accounts by January, 2015.

Jitender Goel and Rashmi Goel (2015) ^[7] in their study found that more than 8.32 crores bank accounts were opened out of which 74.27 per cent accounts were zero balance. The performance of Public Sector Banks (PSBs) is at the top with more than 80 per cent contribution in PMJDY followed by Regional Rural Banks (RRBs) and Private Banks (PBs) with 17 per cent and per cent respectively. In order to ensure successful and effective implementation of the scheme, it is suggested that the government should give due focus on motivation and counselling to PBs and RRBs, establishment of adequate number of Financial Literacy Centres (FLC), measures to control the duplication of accounts, and improving connectivity and infrastructure. It is also suggested that life insurance cover, accidental cover and credit facilities should be given to all account holders without any exclusion.

Surbhi Srivastava (2016) ^[12] in his paper discussed the features, performance, growth, advantage, difficulties and achievements of the scheme. The author analyzes two phases of PMJDY scheme in which the objective of financial inclusion of the poor People are to be achieved. According to author PMJDY is a far sighted and long term scheme which still needs great management in terms of banking services as Banks are the backbone of every economy, any mismanaged government plan will make them suffer. Growth of this scheme will help the other developmental schemes of the government of India, for instance digital India, skill India and the union budget of 2016- 17 itself which focuses mainly on agriculture and infrastructure. The author concludes that the scheme is definitely a great help for those weaker sections of society, who have an ability to save.

Sreelatha Guntupalli (2016) ^[11] in her study found that 72% of the sample households are not aware of the scheme. Out of 100 households only 38 are having a bank account. 31 % of the households do not have savings in spite of earning. There is 100% usage of mobile in the area for all purposes of communication. But the residents are not availing it for mobile banking concept because of lack of awareness. The study shows, that 72% of them do not know about the government schemes, whether it is PMJDY or any other. According to the study 54% of the respondents felt that having a bank account is important and 17% felt bank account is not important because there are parallel modes to keep cash and remit cash. Out of the 100 respondents 29% marked bank account as very important for savings and remittances. 62% of respondents mentioned loan from bank as unimportant because there are money lenders and friends who can help them and who are easy to approach without any formal documentation. But 26% felt that loan from banks is easier because there is documentation which is a proof of loan.

Rifaya Meera M., *et al.* (2017) ^[9] in their paper studied the need of financial inclusion in India, pillars of the PMJDY and current status and progress of this scheme. The study 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.

Progress under PMJDY

Pradhan Mantri Jan Dhan Yojana (PMJDY), one of the

biggest financial inclusion initiatives in the world, was announced by Prime Minister, Shri Narendra Modi on 15th August 2014 from the ramparts of the Red Fort. While launching the programme on 28th August, the Prime Minister had described the occasion as a festival to celebrate the liberation of the poor from a vicious cycle. The progress made under Pradhan Mantri Jan - Dhan Bhima Yojana at all India level is presented in table 1 and 2.

Table 1: Bank Type Wise Pradhan Mantri Jan - Dhan Bhima Yojana Beneficiaries as on 17/04/2019 (All figures in Crore)

Bank Name/Type	Number of Beneficiaries at rural/semi urban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	No of Rural-Urban Female Beneficiaries	Number of Total Beneficiaries	Deposits in Accounts (In Crore)	Number of Rupay Debit Cards issued to beneficiaries
Public Sector Banks	15.27	12.91	14.83	28.18	79177.4	22.64
Regional Rural Banks	5.11	0.96	3.38	6.07	17648.1	3.86
Private Sector Banks	0.68	0.56	0.66	1.24	2926.35	1.16
Grand Total	21.07	14.43	18.88	35.5	99751.9	27.65

Source: www.pmjdy.gov.in/account.

As per table 1 lion-share of bank branches under which PMJDY accounts were opened in public sector banks it is followed by Regional Rural Banks. But with regard to

deposit amounts in PMJDY accounts the Private sector banks were ahead than the Regional Rural Banks.

Table 2: State Wise account opening Report as on 17/04/2019

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	Andaman & Nicobar islands	35,271	15,106	50,377	24.23	38,788
2	Andhra Pradesh	4,881,726	4,882,415	9,764,141	2,124.01	7,765,136
3	Arunachal Pradesh	173,919	111,462	285,381	121	233,534
4	Assam	11,434,635	3,549,251	14,983,886	3,571.66	11,396,797
5	Bihar	25,408,367	14,603,713	40,012,080	9,907.08	32,292,972
6	Chandigarh	42,179	202,988	245,167	104.51	190,780
7	Chhattisgarh	9,088,019	4,996,324	14,084,343	3,127.70	9,842,923
8	Dadra & Nagar Haveli	93,691	21,113	114,804	49.64	76,496
9	Daman & Diu	23,785	27,476	51,261	20.5	38,729
10	Delhi	523,365	3,838,691	4,362,056	1,713.53	3,651,297
11	Goa	116,795	42,253	159,048	92.92	122,256
12	Gujarat	7,283,857	6,537,993	13,821,850	4,257.73	11,259,892
13	Haryana	3,562,062	3,540,801	7,102,863	3,087.61	6,001,969
14	Himachal Pradesh	1,042,922	138,856	1,181,778	575.57	953,151
15	Jammu & Kashmir	1,748,954	352,499	2,101,453	912.25	1,631,854
16	Jharkhand	9,050,985	3,365,759	12,416,744	3,153.74	10,264,323
17	Karnataka	8,110,682	6,314,814	14,425,496	3,705.89	9,810,537
18	Kerala	1,861,289	1,999,254	3,860,543	1,362.56	2,741,191
19	Lakshadweep	4,448	835	5,283	8.24	5,116
20	Madhya Pradesh	14,839,833	15,874,075	30,713,908	5,134.33	23,892,690
21	Maharashtra	12,219,143	12,658,831	24,877,974	5,848.76	17,470,801
22	Manipur	390,069	511,525	901,594	194.38	684,235
23	Meghalaya	406,579	69,001	475,580	254.4	296,623
24	Mizoram	114,565	185,252	299,817	104.37	43,067
25	Nagaland	113,484	151,485	264,969	53.37	208,361
26	Odisha	10,359,781	3,816,390	14,176,171	4,460.37	11,162,812
27	Puducherry	66,961	82,740	149,701	40.3	122,728
28	Punjab	3,878,773	2,817,199	6,695,972	2,444.41	5,499,900
29	Rajasthan	14,967,396	10,094,802	25,062,198	7,436.98	19,346,743
30	Sikkim	69,131	23,650	92,781	36.96	73,823
31	Tamil Nadu	4,707,297	5,353,540	10,060,837	1,920.22	8,218,096
32	Telangana	4,888,817	4,671,035	9,559,852	1,591.03	7,503,656
33	Tripura	623,744	250,065	873,809	677.32	662,334
34	Uttar Pradesh	33,505,204	21,659,106	55,164,310	17,907.63	43,836,924
35	Uttarakhand	1,515,790	926,922	2,442,712	1,079.23	1,897,360
36	West Bengal	23,503,028	10,619,481	34,122,509	12,647.44	27,271,099
37	Total	210,656,546	144,306,702	354,963,248	99,751.87	276,508,993

Source: www.pmjdy.gov.in/account

It is evident from table 2 that the beneficiaries at rural/semi-urban centre bank branches the 7 states namely Uttar

Pradesh, Bihar, West Bengal, Madhya Pradesh, Rajasthan, Maharashtra and Assam together have a more than two-

thirds (64.50 per cent) share at all India level. Among them Uttar Pradesh is ahead with 15.91 per cent share. In this regard it is followed by Bihar (12.06 per cent) and West Bengal (11.16 per cent) in second and third places respectively. The share of five South Indian States together in the beneficiaries at rural/semi-urban centre bank branches is limited to 11.64 per cent. The progress in North-Eastern states is also limited to only 6.33 per cent of total beneficiaries at rural/semi-urban centre bank branches. Among these seven states 5.43 per cent of beneficiary bank branches were from Assam only. The share of 2 Telugu speaking states is 4.64 per cent, which is equally divisible to 2 states. More or less same trends are noticeable with regard to total number of beneficiaries, balance in beneficiary accounts and issue of Rupay cards.

Conclusion

The Pradhan Mantri Jan Dhan Yojana (PMJDY) was designed to provide access to financially excluded community access to formal financial institutions. According to the terms of the PMJDY, the account holders will be provided a zero-balance savings account with a RuPay debit card. By allowing direct money transfer into bank accounts, the scheme is likely to cut down on corruption. But the all these benefits will be accrued by the account holders only when the scheme is implemented by letter and spirit.

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