



A STUDY ON FINANCIAL INCLUSION THROUGH “PRADHAN MANTRI JAN DHAN YOJANA” IN INDIA

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ABSTRACT

DOI No: 10.36713/epra11752

Article DOI: [Article DOI: https://doi.org/10.36713/epra11752](https://doi.org/10.36713/epra11752)

This paper aims to study the necessity of financial inclusion in India with reference to Pradhan Mantri Jan Dhan Yojana. The sustainable growth of a developing country like India is only possible through the financial inclusion as providing financial services to all the people. Pradhan Mantri Jan Dhan Yojana is an ambitious scheme for the biggest financial inclusion in the world. This scheme was announced by the Hon'ble Prime Minister Narendra Modi on 15th August 2014 and it was launched on 28th August 2014. On the inaugural day, 1.5 crore new accounts were opened. This effort will lead a sustainable economic growth and also help in eradicate poverty. Financial inclusion is a creative idea which encourages the banking tradition and plays an important role to reduce poverty. PMJDY is based on the principle of “Sab Ka Sath, Sab Ka Vikas” ie provide financial services to those people who excluded from financial access. This initiative provides services like banking facility, credit, remittances, affordable of this scheme is to provide zero balance account to the people ie there is no prerequisite to maintain any minimum balance in PMJDY accounts.

KEYWORDS: Financial inclusion, Sustainable growth, Developing countries, Pradhan Mantri Jan Dhan Yojana, Financial access.

INTRODUCTION

Even after 70 years of independence, a large amount of India population remain unbanked and a huge sector of Indian people are out of formal banking system. In the recent years, the government of India gives emphasis on financial inclusion. Financial inclusion provide affordable services to all the deprived people in the society.

Through this initiative, people can access appropriate and cost effective financial services. These include banking services, insurance, equity, loan etc. The target of financial inclusion is to provide products and services to the unbanked and underbanked people. Due to lack of financial institutions, poor people and women in rural areas face discrimination and they are belong to marginalized groups of population.

PMJDY, a national financial inclusion scheme is introduced in order to provide universal access to bank facilities with basic bank account and

with Rs. 10,000 as overdraft facility to every eligible adult. PMJDY is a great initiative by Indian govt to expand financial inclusion. This scheme has also an advantage as it provides subsidies and other benefits to the beneficiary's account directly. In this way PMJDY is able to eliminate corruption and provides fundamental financial facility to vulnerable people. As this scheme provides zero balance account facility so many people living below poverty line can create a relationship with financial institution and able to gain financial support from banks.

REVIEW OF LITERATURE

Harpreet Kaur and Kawal Nain Singh (2015) highlighted the concept of financial inclusion in India with reference to PMJDY and studied about how to achieve max financial inclusion for vulnerable people.

Dr. Vinit Kumar (2014) in his research paper discussed about the role and important of financial

inclusion .It highlighted the position of India in case of financial inclusion in related to other countries. Dr.Pankaj Gupta and Vaibhav Shrivastava (2022) examined the role of PMJDY in enhancing public wealth .Banks provide affordable financial services to the beneficiaries at low cost under this scheme .And also defined Financial inclusion by the committee on Financial Inclusion on the action of avails facilities to the marginalized people of the country.

OBJECTIVES

- To study the overall progress under Pradhan Mantri Jan Dhan Yojana.
- To highlight the benefits of PMJDY.
- To analysis the current status of PMJDY.
- To study the issues and challenges of PMJDY.

METHODOLOGY

The data presented on this paper are collected from reputable journals ,books ,magazines and research papers etc The study is descriptive in nature and it is based on secondary sources.

An Overview On Financial Inclusion In India :

For a long time, India has recognized the economic essentiality for inclusive growth and has created a huge addition towards economic development by empowering the poor people .Reserve Bank of India has adopted various measures to the improvement of disadvantaged segments through services like priority sector lending ,micro credit and establishment of regional rural banks .In 2005, RBI has made its strategies towards financial inclusion in India .RBI permitted commercial banks as the intermediaries for assisting support to the people under financial inclusion .The committee related financial inclusion chaired by Dr. C Rangarajan provides guaranteeing to the vulnerable groups and low income people .In order to enhance financial inclusion,simplified KYC norms and making frill accounts, various initiatives were adopted such as aadhar enabled payment system ,financial literacy programmes ,Direct Benefits Transfer Swabhiman scheme etc.

In this regards , Pradhan Mantri Jan Dhan Yojana is a road map to financial inclusion in India.The slogan of the PMJDY is “ Mera Khata-Bhagya Vidhaata”.This scheme is the biggest

initiative in the world for financial inclusion .The objective is to cover all households with the banking facilities in the country .It also provides inbuilt insurance coverage and financial literacy programme .PMJDY includes three phases in India

First phase starts from 15th Aug 2014 to 14th Aug 2015 :

Here the main aim is to provide universal banking facilities to all areas except the poor infrastructure prevailing areas .Another objective is opening of Basic Savings Bank Accounts and providing inbuilt insurance of Rs 1 lakh through Rupay debit card.

Second phase starts from 15th Aug 2015 to 14th Aug 2018 :

Under this provision try to link between bank account and Aadhar card and subsidies are provided directly to the beneficiary .Here provides overdraft of Rs 5000 to the account holders and also implemented the “Swavalamban” for unorganized sector .In order to achieve inclusion ,NABARD established the Financial Inclusion Technology Fund and Financial Inclusion Fund.

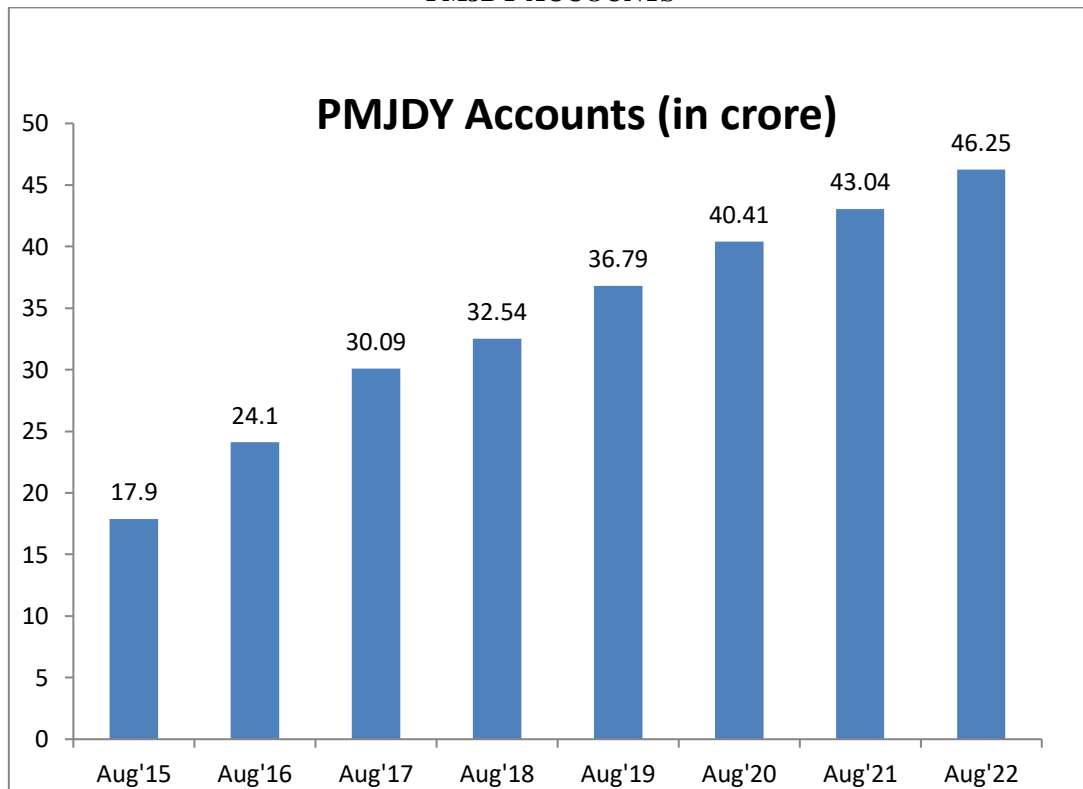
Third phase starts after 14th Aug 2018 :

Under the phase, the overdraft limit extended to Rs 10,000 from Rs 5000.The age limit for beneficiaries of overdraft facility extended from 18-60 years to 18-65 years and the another important provision about accidental insurance cover is revised from Rs 1 lakh to Rs 2 lakh for those accounts which were opened after 28.08.2018.

Pradhan MantriJanDhanYojana has complete eight years of victorious achievements from 2014 to 2022

Under this scheme, more than 46.25 crore people achieving the banking facility .Finance Minister Nirmala Sitharaman says that “Financial Inclusion is a major step towards inclusive growth which ensures overall economic development of marginalized sections of society”. PMJDY is triumphant policy for people centred economic incentives .Most important point is that this schemes provides 67% Jan Dhan accounts in rural areas and 56% Jan Dhan accounts for women .The Direct Benefit Transfer was received by 5.4 crore PMJDY account beneficiaries.

Achievements under PMJDY- Dated on 10th August 2022
PMJDY ACCOUNTS

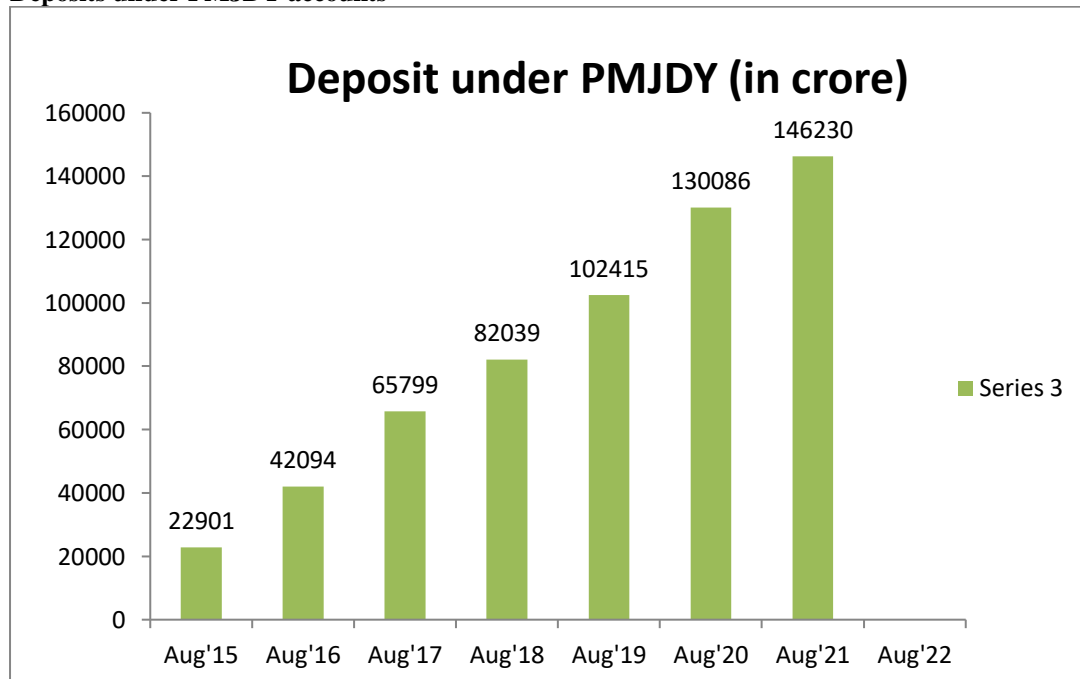


The number of PMJDY accounts are 46.25 crore on 10th August 2022.

The number of accounts are continuously increasing under this scheme .In 2015,the accounts counted as

17.9 crore but in 2022, it increased more than two times .The increased accounts implies that people can gain various advantages from this scheme therefore they wanted to open accounts under PMJDY.

Deposits under PMJDY accounts



Under PMJDY, total deposits are increased and on August 2022 it deposits balances are Rs 1,73,954 cr

Benefits of PMJDY :

- The most important benefits is opened one basic savings bank account for unbanked person.
- People can earn interest on the deposit in PMJDY accounts.
- This scheme provides Debit card (Rupay Card) to all account holders in urban and rural areas.
- There is no requirement of minimum balance for opening an account ie zero balance account.
- Accidental insurance covers Rs 1 lakh and enhanced to Rs 2 lakh to those accounts which are opened after 28.08.2018.
- Rs 10,000 available are also useful for Direct Benefit Transfer (DBT), Atal Pension Yojana (APY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY).

Financial Inclusion and Economic Growth :

Financial inclusion is an essential part of economic growth .It provides financial services at a reasonable

cost and also improves the standard of living of the people .Financial inclusion has become a prime concern for banking system to provide and ensure sustainable economic growth .The financial institutions such as Banks can help to channelize the funds from savers to borrower and provide facilities for sound financial system .A developed financial structure broadens access to funds and affords various benefits to the customers and regulators .Without inclusive growth ,the sustainable economic growth is impossible.

Government of India has approved various policies and initiatives such as Bharat Nirman Programme, Rural Employment Guarantee Scheme etc .Pradhan Mantri Jan Dhan Yojana is a national financial inclusion program by the Government of india ,provides Universal banking facilities .The core of this scheme are Banking the unbanked ,Funding the Unfunded and securing the unsecured .It expands banking facilities to those who were earlier deprived of banking services and also provided interest rates on bank deposits, micro credit facilities etc.

PROGRESS REPORT

Pradhan Mantri Jan Dhan Yojana (All figures in crore)

Beneficiaries as on 02/11/2022						
Bank Name/ type	Number of beneficiaries at rural / semiurban 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 bank	23.36	13.95	20.54	37.31	136663.5	27.78
Regional rural bank	7.52	1.19	5.02	8.72	34773.01	3.41
Private sector banks	0.70	0.61	0.72	1.31	5178.34	1.11
Grand total	31.58	15.75	26.28	47.33	176614.8	32.30

Challenges in implementing PMJDY :

Although PMJDY has various beneficial impacts on the economy but a set of difficulties may influence the feasibility and potentiality of this scheme.

- **The matter of multiple accounts**

This scheme is necessary for the unbanked people but it is not clearly identify who are poor .Since ,there is needed only a single identity proof for opening an account so it is also easier for people to open multiple accounts in the expectation of higher overdraft facility and insurance covering.

- **The connectivity issue**

In India, it is seen that around 68% of people live in rural areas .But in these areas, lack of digital

connectivity prevails and it becomes a major challenging topic for rural people in India.

- **Infrastructure of banks in rural areas**

The connections related to banking system in rural areas are not sound as there is lack of internet facility. Internet link with lower bandwidth

Frequently suffers from slow browsing, slow upload and video delays.

The infrastructural barriers like weak broadband hindrance for the rural people.

FINDINGS

By analyzing the various perspective of financial inclusion ,PMJDY is a national mission to ensure financial services to the unbanked people in the

country .Various services are provided by PMJDY such as opening of no-frills accounts, relaxation on KYC norms and opening branches to the unbanked people .Account holders will able to gain zero balance account with the help of this scheme and accidental insurance is upto Rs 2 lakh .Accounts holders will get debit card which can be used for E-commerce transactions .The current beneficiaries for this scheme is 47.33 crore and Rs 176614.85 crore balance in their accounts, 6.55 lakh bank mitras provided banking services in the country .Financial inclusion is necessary for the economic growth of the country .Govt of India and Reserve Bank of India work for the purpose of financial inclusion by providing financial facilities to the poor section of the society .Financial inclusion in the rural areas is a win-win opportunities for the people who involved in the banking system.

CONCLUSION

Financial inclusion through Pradhan Mantri Jan Dhan Joyana is the most remarkable initiative in order to eradicate poverty .If it is implemented properly, then not only reduce poverty but also it will end to corruption .There are six pillars of PMJDY providing bank accounts ,credit guarantee fund ,bank accounts with overdraft facility ,insurance and accidental coverage to poor ,pension for unorganized sector and financial literacy .The aim of PMJDY is to deliver financial services to the poorest of the poor person of the society .The eligibility criteria for Jan Dhan Yojana account holders are people must have Indian nationality for this purpose .Applicants must be at least 10 years of age .An individual who has a savings account can link its account to PMJDY accounts.

Financial inclusion alleviates the exploitation of disadvantaged section by the exorbitant many lenders by making easy access to credit .The success of the PMJDY depends on the constructive regulators system and the active role of the stakeholders .Raising awareness and transmitting financial literacy also essential step towards healthy financial system.

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