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Pradhan Mantri Jan Dhan Yojana: An Initiative under Financial Inclusion

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Abstract:

Indian Government consistently makes its efforts towards inclusion of vulnerable section in organized financial system. This system might not only provide huge amount of cash flow to boost Indian economy but it could also help the government to facilitate inclusive growth through offering different services scheme like MNAREGA payment, pension, various subsidies etc. For the inclusive growth of the Indian economy, the GOI started Pradhan Mantri Jan Dhan Yojanain 2014. Financial inclusion is an innovative idea in India, which empowers the alternative new techniques to encourage the banking traditions and acts for reducing the poverty. Household coverage of this scheme is better in the district wise account opening report of Uttarakhnad state. We can say that PMJDY is playing a significant role in creating a universal platform for inclusive growth in India.

Keywords: Financial Inclusion; Pradhan Mantri Jan Dhan Yojana (PMJDY); Inclusive Growth.

Introduction:

Financial Inclusion is delivery of banking services at an affordable cost to the vast sections of vulnerable groups in India. The aims of this scheme are to providing easy access to financial services to those sections. It will enable the Government to provide social development benefits and subsidies directly to the beneficiary bank accounts, so that drastically reducing leakages and pilferages in social welfare schemes. Thus, financial inclusion could be an instrument to provide monetary fuel for economic growth and is critical for achieving inclusive growth.

Pradhan Mantri Jan Dhan Yojana (PMJDY), one of the biggest financial inclusion initiatives in the world, was introduced by Prime Minister, Shri Narendra Modi on 15th August 2014, and a National Mission on Financial Inclusion which has an integrated approach to bring

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about comprehensive financial inclusion and provide banking services to all households in the country. The scheme ensures access to a range of financial services like availability of basic savings bank account, access to need based credit, remittances facility, insurance and pension.

Literature Review:

01- Kuldeep Singh and Anand Singh Kodenhad used the F.I. index and for analysis of the relationship between financial empowerment and development of the economy. In this study covered 15 states for analyzed thoroughly and identified that there is positive correlation of financial inclusion and socio-economic development.

02- Prabhu P. V. had explained in his paper about the progress of Financial Inclusion through Credit co-operatives. He concluded that financial inclusion can be achieved through the effective involvement of co-operative and banking sectors in the disbursement of the credit among the rural people.

03- Leeladhar V, studied about the banking and financial inclusion. He concluded that banks would have to involve specific strategies to expanding the outreach of their services in order to promote financial inclusion. One of the ways in which this can be achieved in a cost-effective manner is through forging linkages with micro financing. Banks should give wide publicity of no frills account, redesign strategies to promote financial inclusion of low income group treating it both a business opportunity as well as a corporate social responsibility.

Research Methodology and Objective for the Study:

RBI initiated financial inclusion in 2005 and Government of India has actively resumed it in August 2014. Our study is based on primary and secondary data. primary data is collected through a questionnaire to study the impact of this scheme in district Nainital and Udham Singh Nagar in Uttarakhand. To collect Primary data, 250 respondents each from district Nainital and Udham Singh Nagar were taken by using the stratified sampling. The sample consists of labourers, farmers, employed people, unemployed people, service people and students. Secondary data on financial inclusion specific to Pradhan Mantri Jan Dhan Yojna have been collected from various Government reports, RBI, Published articles and Research Papers. Collected Data has been analysed by using the Percentage method and Suitable Statistical diagrams. Following are objectives of the present study.

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1. To study the Pradhan Mantri Jan Dhan Yojna and its current status.
2. To study the awareness about financial inclusion schemes among rural customers.

The Features of this scheme:

a) The Recipient of this scheme will have a zero-balance account with a RuPay debit card holder. Furthermore, by default account holders will cover by an accidental insurance of Rs. 1 lakh.

b) Jan-Dhan account holder can get a life insurance cover of Rs 30,000.

c) Loan facility provided by the bank to customer in this scheme. Customer can get a loan of Rs 5,000 after six months of opening of the Jan-Dhan account.

Findings and Analysis:

Distribution of Bank Branches in Uttarakhand (Table-01)

Banks	Rural	Semi Urban	Urban	Share in Total Branches
Lead Bank	42.33	23.88	30.66	34.45
Total Public Sector Commercial Bank	61.55	69.10	75.06	66.50
Regional Rural Bank (RRB)	20.76	6.42	3.20	12.96
Cooperative Bank	13.72	10.30	9.61	11.87
Pvt. Commercial Bank	3.97	14.18	12.13	8.67

Source: Agenda Book of 59th SLBC Meeting

Table – 01 shows that in Uttarakhand total 41 banks, including 14 private and 24 public sector commercial banks are operating in the state. The lead banks are – a) State Bank of India, b) Punjab National Bank and, c) Bank of Baroda. These banks together have little more than one-third, i.e., 34.45 per cent of total branches in the state. Two-third of the branches in Uttarakhand is of the public sector commercial banks. Private Banks constitute only 8.67 per cent of total number of branches. And roughly one-fourth of the branches are that of RRBs and Cooperative Banks. The three lead banks and RRB have the dominant role in the rural banking. 42.33 per cent of rural branches are of the three lead banks and RRB contributes 20.76 per cent of the rural branches.

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Banking Outlets Branches (Table – 02)

S.No	Name of the District	Total No.of village having<2000 population	Villages Covered by Branches	Villages Covered by BCs
1	Dehradun	652	360	61
2	Uttarkashi	657	146	137
3	Haridwar	332	179	124
4	Tehri	1782	776	1062
5	Pauri	3122	1190	97
6	Chamoli	1152	132	50
7	Rudraprayag	655	145	151
8	Almora	2196	907	453
9	Bageshwar	856	408	446
10	Pithoraghar	1570	229	235
11	Champawat	650	38	612
12	Nanital	1075	46	522
13	U.S.Nagar	466	36	225
Total		**15165**	**4592**	**4175**

Source: IndiaStat.com

Details of Pradhan Mantri Jan Dhan Scheme: (Table -03)

State	No. of Accounts		Deposit (Rs. In Cr.)	Aadhar Seeded	Zero Balance Accounts	RuPay Card Issued
	Rural	Urban				
Uttarakhand	13,42,245	7,15,283	586.84	9,48,508	3,97,721	17,35,519
India	15,36,12,348	9,69,04,163	44,480.13	1,31,564,104	5,89,57,437	1,92,176,679

Source: IndiaStat.com

Table – 03 shows the status of PMJDY Accounts, deposits and RuPay Card Issued under Pradhan Mantri Jan Dhan Yojana (PMJDY) in Uttarakhand (As on 12.10.2016). Table-03 clearly shows that in Uttarakhand a total of 2057528 persons are holding account under PMJDY scheme out of which 1342245 in rural and 715283 are in urban area. 46.10% seeded their account with Aadhaar, 19.33% open their account with Zero Balance and 84.35% customer taken RuPay card for digital transaction.

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Banking system penetration in U.S.Nagar:

Figure 1: Banking system penetration in U.S.Nagar

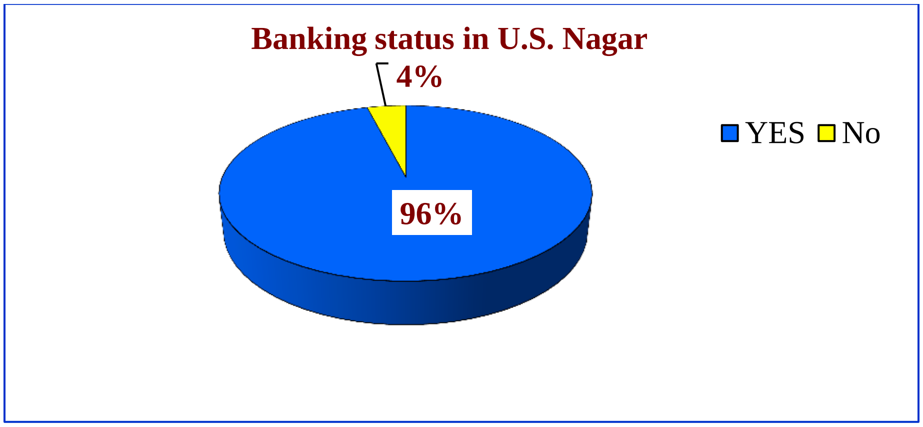

Table 4: Banking system penetration in Udham Singh Nagar

Banking Position	Number of Respondents	Answer in Percentage
Yes	240	96%
No	10	04%

In district Udham Singh Nagar, We collected data from 250 respondents (N=250) by questionnaire in Rudrapur, Khatima and Sitarganj development blocks. On the basis analysis of collected data, we find that 96% respondents agreed that their locality has branch penetration and 04% respondents said that they were still unbanked.(**Figure 1; Table 4**).

Account Penetration of PMJDY and PMSSS in U.S. Nagar:

To assess the penetration of these two schemes in Uttarakhand, data captured from Rudrapur, Khatima and Sitarganj development blocks of Udham Singh Nagar district. On the basis of data analysis, we found that out of 250 respondents, 57% opted Pradhan Mantri Jan Dhan Yojna Account and 43% have been holding Sukanya Samiridhi Yojna (**Figure 2; Table 5)**.

Figure 2: Account Penetration of PMJDY and PMSSS in U.S Nagar

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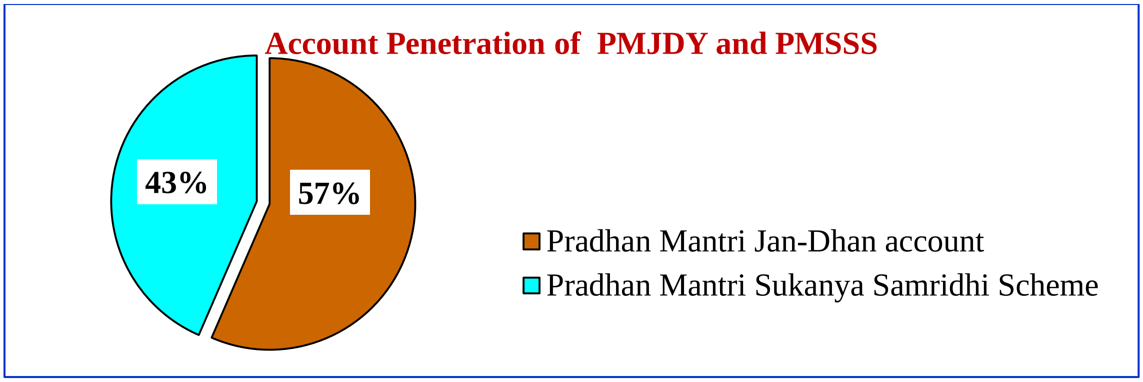

Table 5: Account Penetration of PMJDY and PMSSS in Nainital

Category	Observed	Result
Pradhan Mantri Jan-Dhan account	130	57%
Pradhan Mantri SukanyaSamridhi Scheme	100	43%

On the basis of analysis of data, we found that out of 250 respondents, 52% respondents opted Pradhan Mantri Jan Dhan Yojna accounts and 48% respondents had Sukanya Samridhi Yojna accounts. Mostly people are connected with these schemes in Nainital.(**Figure3; Table 6**).

Figure 3: Account Penetration for PMJDY and PMSSS in Nainital

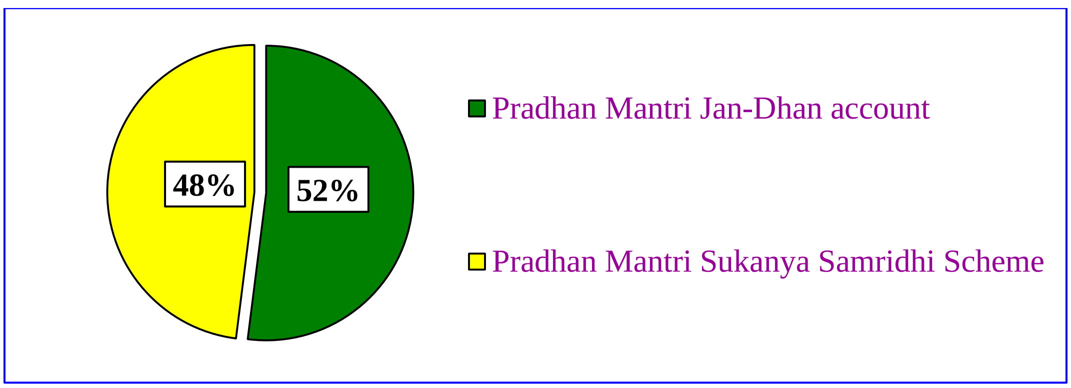

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Table 6: Account Penetration for PMJDY and PMSSS in Nainital

Category	Number of Respondent	Result
Pradhan Mantri Jan-Dhan account	130	52%
Pradhan Mantri Sukanya Samridhi Scheme	120	48%

4.1) Awareness of Financial services in Nainital:

Awareness amongst the customers about the services other than primary services has a greater impact on financial inclusion. We have collected primary data on other services provided by banks such as ATM, Cheque, Overdraft, loan and Kisan credit cards from Haldwani block of Nainital district. We found that on average 58.22% respondents were aware about the different services provided by banks. But on an average only 14.67% respondents availed the other services which is very low as compared to awareness quotient. **(**Table 7)

Awareness of Financial services in Nainital, (Table 7)

S.N.	Services	Aware (%)	Availed (%)	Use (%)
01	Deposit/Cash withdrawn	68	12	20
02	Scheme Payment	60	16	24
03	Mobile banking	68	8	24
04	ATM card	48	8	44
05	Cheque / DD /Overdraft	64	8	28
06	Online Banking	72	8	20
07	Loan	40	28	32
08	Kisan Credit Card Scheme	64	24	12
09	Any others	40	20	40
Average		**58.22**	**14.67**	**27.11**

Conclusion:

Pradhan Mantri Jan-Dhan Yojna is which started by our government in 2014 is a big initiative under Financial Inclusion scheme, will help the vulnerable section in bringing them to the mainstream of growth path. In this study we have found that the government is consistently working for the development of rural customers by taking initiative through this scheme in district Udham Singh Nagar and Nainital in Uttarakhand. Of course, financial inclusion is the essence of sustainable economic growth and inclusive growth in a nation like India. Inclusive growth inconceivable without financial inclusion. In essence, we can conclude that the Pradhan Mantri Jan-Dhan Yojna is an ambitious financial inclusion plan for inclusive growth.

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