

## **PRADHAN MANTRI JAN-DHAN YOJANA (PMJDY): GROWTH AND PERFORMANCE**

---

Dr. Geetika T. Kapoor\*

### **ABSTRACT**

*On August 15, 2014, our independence day the Honorable PM, Shri Narendra Modi announced the launching of the "Pradhan Mantri Jan Dhan Yojana" (PMJDY) as a new scheme for financial inclusion. On August 28, 2014 this scheme was dedicated as a national programme aiming at the financial inclusion of all especially for the benefit of weaker sections of the society. In order to ensure financial literacy, freedom and stability this initiative provides for opening of banking, insurance and pension schemes for the not so privileged class with features that the lacunae of such earlier schemes are removed. Under PMJDY scheme on the very first day, 1.5 crores bank accounts were opened across the country, making a world record of any such exercise on a single day. PMJDY, a flagship scheme/ program of the Indian Government is a huge step towards financial inclusion, launched with the objective that each household should have a bank account. Besides zero balance accounts, it attracts people with many lucrative offers such as overdraft facility, life insurance cover, accidental insurance cover and Rupay debit card. For financial inclusion the Government has envisaged overcoming of the technological and infrastructural barriers such as connectivity for on line transactions. Further mobile transactions have also been planned through telecom operators and their established centers as cash out points. This paper reviews the performance under the Pradhan Mantri Jan Dhan Yojana as well as studies the recent measures undertaken by the Government in this regard.*

**KEYWORDS:** *Financial Inclusion, Weaker Sections, Financial Literacy, Zero Balance Accounts.*

### **Introduction**

On August 15, 2014, our independence day the Honorable PM, Shri Narendra Modi announced the launching of the "Pradhan Mantri Jan Dhan Yojana" (PMJDY) as a new scheme for financial inclusion. On August 28, 2014 it was dedicated as a national programme aiming at the financial inclusion of all especially for the benefit of weaker sections of the society. Its aim is to ensure financial inclusion for weaker sections of the society by providing saving & deposit accounts in banks, facility of credit, Insurance and Pension benefits. It tries to mitigate the ill effects of earlier schemes giving the poor sections of the society dignity, financial stability and financial freedom. Before the scheme was launched formally the PM wrote personal e-mails to the chief's of all banks to be in a state of preparedness for opening bank accounts of over 6 crore (75 million) households. He declared that the enrolling and opening of such accounts for each household should be considered as a "national priority". PMJDY is a national mission/ programme for financial inclusion of every individual who does not have a bank account. The objective of the scheme is to ensure access to financial services such as savings and deposit accounts, credit, insurance, remittance, pension etc. in an easy and affordable mode. PMJDY a flagship scheme/ program of Indian government and is a huge step towards financial inclusion. The objective behind its launch is to provide banking cover to all households. These are zero balance accounts with other benefits such as accidental insurance cover,

---

\* Assistant Professor, Department of Commerce, University of Lucknow, Lucknow.

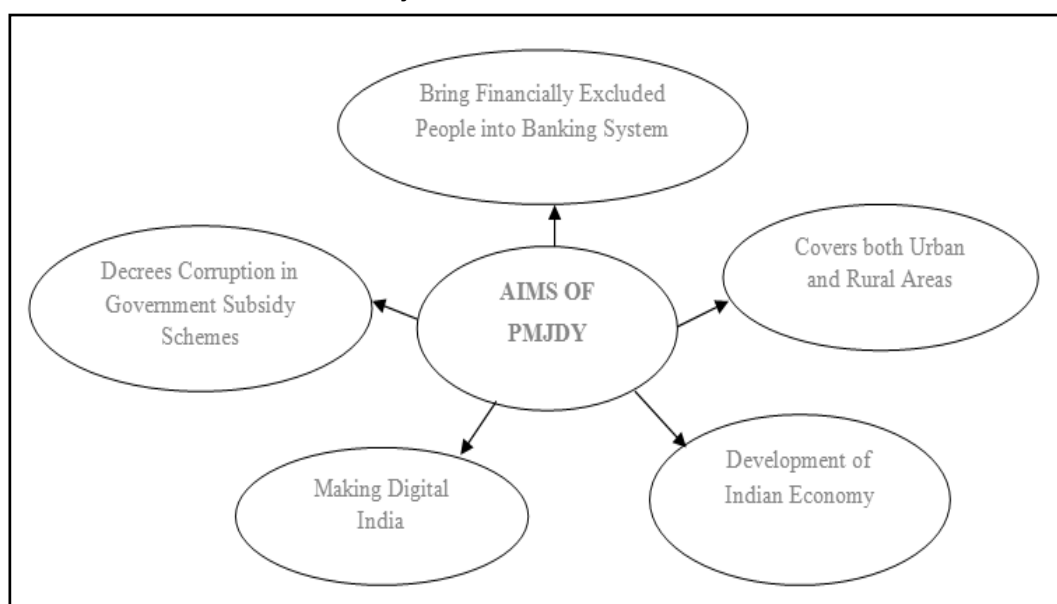
overdraft facility, life insurance, debit card etc. With this programme the Government aims to channel directly into the beneficiary a/c's the benefits under various other schemes. All impediments of poor connectivity, technological problems relating to on line transactions will be solved. For this purpose telecom operators and their centers will be used as cash out points. These measures taken by PM will help the poor to become financially strong and connecting themselves to the vehicle of the economy. This scheme is having a comprehensive coverage as it includes both rural as well as urban areas. As far as performance and working is concerned, it has been efficiently implemented and also promoting financial literacy. It is acting as a platform for creating habit of saving, providing subsidies to poor people and running welfare programmes for such low income groups.

#### Features of Pradhan Mantri Jan-Dhan Yojana

- All households will be given bank account with zero balance with RuPay debit card, also accidental insurance cover of Rs. 1 Lakh.
- Overdraft facility up to Rs. 5,000/ is available after six months of satisfactory operation of the new bank account. This would help the people to fund themselves instead of taking loan from pawnbrokers who charge an exorbitant rates of interest.
- Life Insurance Cover of Rs.30,000/ to those whose accounts are opened for the first time between 15.08.2014 to 31.01.2015.
- National Payments Corporation of India has introduced new technology so that person can transfer funds and check balance by an ordinary phone which was earlier done by smart phones only.
- National Unified USSD (NUUP) platform provides mobile banking for the poor with a tie up between banks and mobile companies.
- A cheque book, pass book and financial literacy material is also provided.
- To promote digital literacy a debit card to be given. This could be used for e-commerce purchases.
- Better interest rates for accounts and pension provision as notified by the Insurance Company.
- The account holders may be given another loan of Rs.15000/ if earlier loans are repaid on time.
- The yojana to be used as a platform for Direct Benefits Transfer (DBT) for subsidies provided by the Government under other schemes.

According to the Guinness Book of World Records "Most bank accounts opened in one week as part of the Financial Inclusion Campaign is 18,096,130 and was achieved by the Department of Financial Services, Government of India from 23<sup>rd</sup> to 29<sup>th</sup> August, 2014." The Finance Minister Shri Arun Jaitley also recognizing the achievement of PMJDY stated that the scheme is a game changer for the economy.

#### Aims of Pradhan Mantri Jan-Dhan Yojana



### Research Methodology

The study is descriptive in nature. Secondary sources of data have been used in the study. Data from Government publications and official website of PMJDY have been collected and stated. Other sources include Reports of Finance Ministry, journals, newspapers, magazines and relevant information websites.

### Objectives of the Study

- To enumerate the features of PMJDY.
- To analyse the performance of this scheme.
- To examine the impediments to the success of this programme.
- To make suggestions for effective implementation of the scheme.

### Review of Literature

- **Diveyesh Kumar (2014)** said that Pradhan Mantri Jan Dhan Yojana (PMJDY) in India is one very good step towards financial inclusion though best results can be achieved if there are regular reviews.
- **Harpreet Kaur and Kawal Nain Singh (2015)** suggested ways and means to strengthen the yojna's implementation so that more areas and more people who do not have access to banks can be covered.
- **Sonam Kumari Gupta (2015)** did an analysis of the trend pattern of the Pradhan Mantri Jan Dhan Yojana (PMJDY) and made a comparison of the accounts opened at public and private sector banks. She reported that 71% were zero balance accounts, and 64% for private banks.
- **Patnaik (2015)** In his empirical study he found out that most respondents in Bhubaneswar were not aware of this scheme. Also that only 13.8% of the respondents have access to bank accounts. The awareness level was so dismal that amongst males 78.9% and females about 95.08% had not heard about the Pradhan Mantri Jan Dhan Yojana (PMJDY). To bring out awareness the banks should resort to aggressive broadcasting of this scheme through various channels.
- **Keshavamurty (2014)** explains the constituents and thinking behind the Pradhan Mantri Jan Dhan Yojana (PMJDY). He elaborates that this national programme of financial inclusion envisages each household having a bank account and banking facility. Inclusive financing means the deliverance of financial services at affordable cost to sections of most disadvantaged and low-income of the society. The key difference in the approach to this scheme is that households are being used as a basis instead of villages.
- **Bhatt and Pawar (2015)** In their study the entire financial inclusion programme in India was studied including the Pradhan Mantri Jan Dhan Yojana. They observed that success of this scheme depends on the effective regulatory system and regular monitoring of the successful implementation of the programme.

### Impediments to Pradhan Mantri Jan-Dhan Yojana

The Banking institutions are bound to achieve targets, coverage of population under PMJDY as well as enhancing the number of branches and network, amount of credit limits and proximity of bank branches to people. But a number of impediments still need to be removed for effective implementation of the scheme:

- Government can easily encourage people to open new accounts but the biggest challenge is increasing the transactions in those accounts.
- The task of Credit Counseling and Financial Literacy did not go hand in hand as per the campaign.
- Financial Literacy is a prerequisite for uneducated farmers. The beneficiaries are to be educated first about this scheme. Unscrupulous people handling the scheme may otherwise not pass the benefits rather misuse the money.
- ATM Network in rural India is less hence the people are not aware of the use of ATMs.
- Multiplicity of accounts may result by those who already have an account, there is no mechanism to check new accounts holders.
- Debit card implementation has been slow on account of logistics issue and there is always a possibility of it being misused.

- The Government has not specified the agency for handling insurance premium and cost to keep the account running.
- Insurance cover should be given under the PMJDY scheme instead of accident cover in order to make the scheme more attractive for the unbanked population.
- No clarity if existing account holders would get the Rs.1 lakh accidental insurance coverage.
- The rules regarding non recovery of over draft and other costs are ambiguous.
- Existing saving accounts without RuPay card not to get other benefits is also a dampner.
- The financial standing of the banks may be in danger if budgetary provisions to give incentives are not made by the Government.
- A nominal premium may be charged by Insurance companies to cover the risk of the account holders otherwise these companies may suffer financial losses.
- For all schemes linked to this programme KYC norms should be insisted upon to avoid duplication.
- Hidden charges may be levied by Private Banks causing constraints to the beneficiary and hindering financial inclusion.
- Merely having the quantitative information on number of accounts does not mean of inclusion in the real sense. The welfare and upliftment of weaker sections for which qualitative information of ground reality is essential to gauge the performance under the scheme.

#### Review of Performance of Pradhan Mantri Jan-Dhan Yojana

A two phase implementation schedule has been charted out for Pradhan Mantri Jan DhanYojana (PMJDY):

- **First phase:** (from 15 August 2014 to 14 August 2015):

The first one includes opening of basic accounts with zero balance as well as debit card (RuPay) and accidental insurance cover of one lakh. Financial literacy programmes also to be run simultaneously.

- **Second phase:** (15 August 2015 to 14 August 2018):

In the second phase micro insurance overdraft facility would be provided along with pension schemes for unorganised sector like swavlamban and creation of a credit guarantee fund.

#### Targets

For Government the target was set for initial 5 months i.e. opening of 7.5 crores new accounts with insurance and pension facilities being the chief plank of PMJDY. For Banks the target was to employ 50,000 Business Correspondents (BCs) in addition to current staff, to open 7,000 more branches and to provide for 20,000 additional ATMs. In places where there are no branches of Banks Business Correspondents may be employed.

The inactive accounts which are estimated to be 5crore lying dormant would be activated by the Government and if found eligible, by makinga Direct Benefit Transfer (DBT) of subsidies and payments under National Rural Employment Guarantee Scheme directly into their accounts. The use of RuPaydebit cards will help initiate financial literacy and inclusion. The PMJDY scheme envisages elimination of corruption bytransferring of subsidies into the accounts of beneficiaries directly.

**Below are Tables 1 to 5 Depicting Progress under the Scheme:**

**Table 1: Pradhan Mantri Jan - DhanYojana (Accounts Opened as at 31.01.2015)**

(All Figures in Crores)

Bank Name	Rural	Urban	No. of Accounts	No. of Rupay Debit card	Balance in Account (in lakhs)	No of Accounts with zero balance
Public Sector Banks	53300249	45147276	98447525	91232024	817463.04	65541407
Regional Rural Bank	18489448	3297833	21787281	14967614	159948.08	15935405
Private Banks	3226397	2012086	5238483	4593161	72551.50	2996917
Grand Total	75016094	50457195	125473289	110792799	1049962.62	84473729

Source: Department of Financial Services, Ministry of Finance

**Table 2: Pradhan Mantri Jan- DhanYojana (Accounts Opened as at 27.04.2016)**

(All Figures in Crores)

Bank Name	Rural	Urban	No. of Accounts	No. of Rupay Debit card	Balance in Account (in lakhs)	No of Accounts with Zero balance
<b>Public Sector Banks</b>	95192409	75238730	170431139	144179464	2896498.58	45547966
<b>Regional Rural Bank</b>	32916141	5408110	38324251	27185660	644329.15	8617759
<b>Private Banks</b>	4924815	3072318	7997133	7530737	138727.68	3035039
<b>Grand Total</b>	<b>133033365</b>	<b>83719158</b>	<b>216752523</b>	<b>178895861</b>	<b>3679555.41</b>	<b>57200764</b>

Source: Progress Report, Department of Financial Services, Ministry of Finance

**Table 3: Pradhan Mantri Jan - Dhan Yojana (Accounts Opened as on 15.03.2017)**

(All Figures in Crores)

Bank Name	Rural	Urban	No. of Accounts	No. of Rupay Debit card	Aadhaar Seeded	Balance in Accounts	% of Zero Balance Accounts
<b>Public Sector Banks</b>	12.30	10.18	22.48	17.55	14.70	49,815.49	23.96%
<b>Regional Rural Bank</b>	3.97	0.66	4.63	3.51	2.69	11,840.69	20.72%
<b>Private Banks</b>	0.55	0.36	0.91	0.84	0.43	2,180.47	35.56%
<b>Grand Total</b>	<b>16.82</b>	<b>11.20</b>	<b>28.02</b>	<b>21.90</b>	<b>17.82</b>	Rs. 63,836.65 (US \$9.5 billion)	<b>23.80%</b>

Source: www.pmjdy.gov.in

Table-1, Table-2 and Table-3 clearly indicate the total number of A/Cs opened under PMJDY. Share of Public Sector Banks, Private Banks and Regional Rural Banks is also explained. The tables mention that under this scheme, Public Sector Banks are leading in account opening followed by Regional Rural Banks. Private Banks have opened least no. of accounts. This shows that people are still trusting public sector banks most.

**Table 4: Percentage change from Jan 2015 to April 2016 (under PMJDY)**

	Public Sector Bank Accounts	Private Sector Bank Accounts	Regional Rural Bank Accounts	Total No. of Accounts
<b>2015 (as on 31.01.2015)</b>	98447525	5238483	21787281	125473289
<b>2016 (as on 27.04.2016)</b>	170431139	7997133	38324251	216752523
<b>% change</b>	73.12	52.66	75.90	72.75

Source: www.pmjdy.gov.in

Table-4 indicates that from January, 2015 to April, 2016 total no. of accounts has increased by 72.75%. No. of accounts with Public Sector Banks has increased by 73.12%, Private Sector banks by 52.66% and with Regional Rural Banks by 75.90%. This national mission for financial inclusion was started with zero balance accounts but day by day this trend is changing. People who opened account with zero balance are improving their banking habits. They started saving leaving their unwanted spending habits.

**Table 5: Trend of Zero Balance Accounts under PMJDY**  
(All Figures in %)

30-September-2014	77
31-December-2014	74
31-March-2015	58
24-June-2015	52
30-September-2015	45
28-October-2015	38
25-November-2015	35
30-December-2015	32
27-January-2016	31
24-February-2016	29
30-March-2016	28
27-April-2016	27
29-June-2016	26
28-September-2016	25
28-December-2016	25

Source: www.pmjdy.gov.in

Table -5 is clearly showing that Government is successful in inculcating the habit of saving in low income group by connecting them to banking system. The trend of zero balance account has been declined from 77 % in September 2014 to 25 % in Dec 2016.

**Summing up of achievements under Prime Minister Jan Dhan Yojana until December, 2016**  
(Department of Financial Services, Ministry of Finance, 23/12/16)

- Total number of accounts opened: 26.03 crore, 15.86 crore and 10.17 crore in rural and urban sectors respectively.
- Total Deposits mobilized: Rs.71,557.90 crore.
- Number of RuPay Debit cards issued: 19.93 crore.
- Number of Aadhaar seeding in PMJDY accounts: 14.43 crore
- Percentage of Zero balance accounts: 23.86%
- Percentage of Households covered: 99.99% out of the 21.22 crore households surveyed.
- Bank Mitras deployed by banks in Sub Service Areas (SSAs): 1,26,985 (Requirement) 1,27,198
- Total amount of Overdraft availed: Rs.316.56 crore. (44.28 lakh accounts sanctioned for OD facility, 23.85 lakh account-holders have availed )
- Number of Insurance Claims settled: 1626 (1712 claims lodged under accidental insurance cover), 3421 (3936 claims lodged under Life Cover).

### Suggestions

However a lot still needs to be done as India is a populous country with many unbanked sections. Certain suggestions can help achieve the objectives of this Yojna in an effective manner:

- Provisions for poverty elimination should be made by the Indian Government in the budgets.
- Nationalized banks should be made responsible for direct transfer of benefits to the account holders so that in case of fugde up they are held accountable.
- The facility of ATM the form of Kiosks should be made extensive in order to cover more rural areas.
- KYC details of all should be filled and checked up so that there is no duplication of accounts.
- Financial literacy should be provided through a concerted effort of the Government and Banks.
- The RBI and Commercial banks can conduct a coordinated campaign in partnership with trainers to educate clients about the schemes of the Government.

### Conclusion

The Governments objective to include all sections of the society for inclusive growth of the country is very important in our Global World. The aim of removing financial untouchability is being realized through the Pradhan Mantri Jan -Dhan Yojana. There has been a phenomenal increase in the number of

accounts opened. The performance of banking sector towards realization of this goal can be seen in the figures of Table 4 above regarding public sector, private sector and regional rural banks.

The above study shows that the scheme launched by PM is really a milestone in the history of Financial Inclusion and will help in development of the country as well as inclusive growth of the nation. And Banks all over the country are making efforts to make this scheme successful. Despite this, because of rampant financial illiteracy among the people of the country with no access to banking services, problems are being faced in the implementation of the scheme. Thus the biggest challenge is that of increasing transactions in the newly opened accounts.

The Pradhan Mantri Jan Dhan Yojana is a historic attempt at improving financial inclusion in India. The need is to fill the gaps between realities of the scheme and myths adopted by the people.

### References

- ✧ Ahmed Hussain (2015) "Pradhan Mantri Jan Dhan Yojana: A SWOT Analysis", Vol.2, Issue. 2.2015, E-ISSN: 2394-837X.
- ✧ Ahmed Hussain (2015) "Pradhan Mantri Jan Dhan Yojana: The most intensive Financial Inclusion scheme in India", Volume 2, Issue 3, June 2015, ISSN: 2348 9510.
- ✧ Bijoyata Yonzon and Peerzadah Mohammad Oveis (2016) "The Game Changer Pradhan Mantri Jan Dhan Yojana (PMJDY) - Progress and Strategies to make it a Success", Vol. 5, No.1, Jan-Feb 2016, ISSN: 2319-2828.
- ✧ Dr. Shanti Rai (2015) "Pradhan Mantri Jan Dhan Yojna: An Ambitious Plan for Financial Inclusion", Volume 3, No. 2, Apr.-Jun., 2015, ISSN (Print) 2320-6446, (Online) 2320 - 8341, Impact Factor-1.115.
- ✧ Dr. T. Unnamalai (2016) "A Study on Awareness on Pradhan Mantri Jan Dhan Yojana Scheme (With Special Reference to Tiruchirapalli District)", IJEMR-February 2016, Vol 6 Issue 02 - Online - ISSN 2249-2585 Print - ISSN 2249-8672.
- ✧ Dr. Rajeshwari M. Shettar (2016) "Pradhan Mantri Jan Dhan Yojana: Issues and Challenges", Volume 18, Issue 2 .Ver. IV (Feb. 2016), e-ISSN: 2278-487X, p-ISSN: 2319-7668. PP 17-24.
- ✧ Dr. Vinit Kumar (2015) "Pradhan Mantri Jan Dhan Yojana (PMJDY): Financial Inclusion and Inclusive Growth in India", Vol (3), Issue-3, March-2015 ISSN : 2347-7660.
- ✧ Hemant Kumar Watts, (2015) "Implications of Pradhan Mantri Jan Dhan Yojna on Financial Inclusion and Inclusive Growth", Vol. II, Issue 12/march 2015, ISSN 2286-4822, Impact Factor: 3.1(UIF), DRJIV Value:5.9 (B+).
- ✧ Jaspreet Kaur and Nidhi Walia (2016) "A Review Study on Pradhan Mantri Jan Dhan Yojna:-A New Scheme to Wards Financial Inclusion", VOL : 18, June 2016, ISSN: 2394 - 6636.
- ✧ Manpreet Kaur (2016) "Pradhan Mantri Jan Dhan Yojana: A journey from phase 1 to phase 2", Volume 2; Issue 5; May 2016; Page No. 34-37, ISSN: 2455-2070; Impact Factor: RJIF 5.22.
- ✧ www.pmjdy.gov.in