

PERFORMANCE OF PRADHAN MANTRI JAN DHAN YOJANA IN INDIA

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Abstract: The National Mission for Financial Inclusion Pradhan Mantri Jan Dhan Yojana was started by Department of Financial Services, Ministry of Finance, Government of India, with a wide vision to provide access to banking facilities to those people who are not having any bank accounts or still unbanked from formal banking sector. By opening saving bank accounts the unbanked peoples can also be involved in banking sector which is necessary for economic development and for the welfare of poor people. Under this scheme people will get basic bank accounts with insurance facility and an additional facility of overdraft. With the help of Pradhan Mantri Jan Dhan Yojana account the account holder will be able to develop small savings habits and it will enhance capital formation, which will in result increase economic development of country. In present paper the researcher has tried to explain the concept of financial inclusion and nature of Pradhan Mantri Jan Dhan Yojana. The performance of Pradhan Mantri Jan Dhan Yojana assessed from inception of the scheme. The challenges in implementation of Pradhan Mantri Jan Dhan Yojana and measures for smoothly implementation are explained in present paper.

Key Words: Pradhan Mantri Jan Dhan Yojana; Financial Inclusion; Financial Literacy;

Saving Bank Account;

Introduction: The Pradhan Mantri Jan Dhan Yojana is a major socio - economic initiative of the National Democratic Alliance government. It was announced by the Prime Minister Narendra Modi in his first Independence Day speech on 15 Aug.2014 at Red Fort, New Delhi. Jan Dhan Yojana in English it is nothing but “People’s Wealth Scheme”. The slogan for the Pradhan Mantri Jan Dhan Yojana is “**Mera Khata Bhagya Vidhaata**” it is nothing but “My Bank Account -The creator of the Good Fortune”. Now, the Government of India and Reserve Bank of India (RBI) working for to bring larger section of Indian population within the banking system.

Khan commission (2004)¹ recommended that, financial inclusion is needed for providing financial service to the economically poor section of Indian population at affordable cost and to create a platform to inculcate the habit of saving money and to provide formal footpaths for credit. In this regard government of India launched Pradhan Mantri Jan Dhan Yojana (PMJDY) on 28th August, 2014 with the intension of providing basic financial services to weaker section and lower income group peoples.

Objectives of the Study:

- 1 To study the concept of Financial Inclusion.
2. To study the nature of Pradhan Mantri Jan Dhan Yojana.
3. To analyse the performance of Pradhan Mantri Jan Dhan Yojana.
4. To find out the challenges in implementation of Pradhan Mantri Jan Dhan Yojana.
5. To suggest suggestions for smoothly implementation of Pradhan Mantri Jan Dhan Yojana.

Methodology of the Study: The present study is descriptive in nature. The present paper is primarily based on secondary sources of data. The data for the study has been collected from government publications, published articles, journals, newspapers, Reserve Bank of India reports, books, and official websites of Pradhan Mantri Jan Dhan Yojana.

Concept of Financial Inclusion: Financial inclusion is the delivery of financial services at reasonable costs to disadvantaged and low income group in society. The use of financial services saving, loan, insurance, pension and investment are includes in process of Financial Inclusion. The following definitions are explains the concept of financial inclusion.

V. Leeladhar (2006)² “Financial inclusion as delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income groups”.

M. Sarma (2008)³ “Financial Inclusion is the process that ensures the ease of access, availability, and usage of formal financial system for all members of an economy”.

Rangarajan Committee (2008)⁴ “Financial Inclusion is the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost”.

Objective of Pradhan Mantri Jan-Dhan Yojana (Pmjdjy) :The Government of India started the Pradhan Mantri Jan Dhan Yojana for fulfilling the following objectives

- 1 .To includes the financially excluded peoples in formal banking system.
2. To cover both urban and rural areas in financial inclusion program me.
3. To decreases corruption in Government subsidy scheme.
4. To making digital India.
5. To accelerate the growth rate of Indian Economy.

Basic Pillars of Pradhan Mantri Jan Dhan Yojana

The PMJDY is based on following Six Pillars.

1. **Universal access to banking facility:** The First aim is to reduce and remove the financial exclusion of the households and thereafter adults.
2. **Basic Bank Account with overdraft facility and Rupay Debit Card to all households:** The target of PMJDY is to provide basic saving bank account to every household with Rupay Debit Card and after the successful transaction on saving account by account holder the overdraft facility will be provided to account holder.
3. **Financial Literacy Program:** Financial Literacy is an important part in process of financial inclusion. It works from demand side in process of Financial Inclusion. To increase the financial literacy among the users of financial services is an integral part of financial inclusion.
4. **Creation of Credit Guarantee Fund:** For providing the overdraft facility on this account the Credit Guarantee Fund is generated.
5. **Micro Insurance:** Under this scheme the micro insurance facility will be provides to account holders.
6. **Pension Products:** For providing self sufficiency in old age and to get guaranteed returns the saving account holders will use the pension products.

Benefits Under Pradhan Mantri Jan Dhan Yojana (Pmjdjy): The bank account holders under PMJDY will get following benefits.

- a. The unbanked household will be eligible for opening the one basic savings bank account.
- b. There is no need to maintain any minimum balance in PMJDY accounts.
- c. The Interest will be given on the deposit amount in PMJDY accounts.
- d. The Rupay Debit card facility will be provided to PMJDY account holder.

- e. Accident Insurance Cover of Rs.1 lakh (enhanced to Rs. 2 lakh to new PMJDY accounts opened after 28.8.2018) is available with RuPay card issued to the PMJDY account holders.
- f. An overdraft (OD) facility up to Rs. 10,000 to eligible account holders is available.
- g. PMJDY accounts are eligible for Direct Benefit Transfer (DBT), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal Pension Yojana (APY), Micro Units Development & Refinance Agency Bank (MUDRA) scheme.

Changes in Benefits under PMJDY: The Government of India extended the benefits under PMJDY from Aug.2018.

- I. Focused on opening accounts from “every household” to “every adult”.
- II. Existing over Draft (OD) limit of Rs. 5,000 revised to Rs. 10,000.
- III. No conditions attached for active PMJDY accounts availing OD up to Rs. 2,000.
- IV. Age limit for availing OD facility revised from 18-60 years to 18-65 years.
- V. The accidental insurance cover for new RuPay card holders rose from existing Rs.1 lakh to Rs. 2 lakh to new PMJDY accounts opened after 28.8.2018.

Bank Wise Performance of Pradhan Mantri Jan Dhan Yojana : The Government of India and Reserve Bank of India has given the targets to all the commercial banks for opening saving bank accounts of unbanked households in there branch network area and thereafter to open the every adult persons saving bank account. The table no.1 indicates the bank type wise performance of Pradhan Mantri Jan Dhan Yojana.

Table No. 1

Bank wise Performance of Pradhan Mantri Jan - Dhan Yojana (All figures in Crore) Beneficiaries (as on Jan 2021)

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	20.26	12.80	18.13	33.05	106812.80	26.16
Regional Rural	6.52	0.92	4.31	7.45	26790.64	3.40

Banks						
Private Sector Banks	0.69	0.56	0.69	1.25	4151.64	1.13
Grand Total	27.47	14.28	23.12	41.75	137755.08	30.69

Source: www.pmjdy.gov.in

The above table no.1 indicates the status of Pradhan Mantri Jan Dhan Yojana Accounts. It founds that the public sector commercial bank branches played important role in implementation of Pradhan Mantri Jan Dhan Yojana. There is huge bank branch network of public sector commercial bank branches in India so that they have achieved the large share in implementation of the scheme. From starting to Jan.2021 total 41.75 Crore bank accounts were opened under present scheme. Out of 41.75 total bank account holders 23.12 Crore bank account holders are females. It will be useful for women empowerment in future. The greater share of women account holders also indicates that prior to implementation of the present scheme majority females were outside from banking network.

The above table no.1 also highlights that out of total 41.75 Crore bank account holders 27.47 Crore bank accounts (66 Percent) were opened in rural and semi urban area bank branches and 14.28 Crore (33 percent) bank accounts were opened in urban area bank branches. Due to majority peoples in India lives in rural area the percentage share of bank accounts in rural area is larger than urban area. It also indicates that prior to implementation of this scheme majority peoples of rural area were outside from banking network.

According to action plan of the present scheme the Government of India targeted that every account holder under present scheme will get RuPay Debit Card but out of total 41.75 Crore bank account holders 30.69 Crore (75 Percent) account holders received RuPay card debit card. In case of providing credit card to the every bank account holders the Government of India failed to achieve his target.

Under the present scheme eligible person will open the bank account in Zero balance. But it founds that there are Rs.137755.08 Crore balanced on the accounts opened under the present scheme. It is indicates that the objective of Government of India to inculcate saving habits

among the peoples is full filled and the money which remains idle in form of cash in home is included in economic flow of economy.

Statewise Performance of Pradhan Mantri Jan Dhan Yojana:

The Government of India was started the present scheme in year 2014 for providing financial services to every unbanked household and after the achieving the target of providing financial services to every household the present scheme targeted to providing financial service to every adult person in India. The state wise performance of Pradhan Mantri Jan Dhan Yojana is presented in Table no.2.

Table No.2

State wise account opening Under Pradhan Mantri Jan Dhan Yojana (as on Jan.2021)

Sr. 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.	Uttar Pradesh	50,583,107	20,090,224	70,673,331[16.33]	26,085.45	51,476,001
2.	Bihar	33,749,325	14,234,521	47,983,846[11.69]	13,914.82	37,761,254
3.	West Bengal	28,321,803	11,614,506	39,936,309[9.57]	13,244.41	25,052,197
4.	Madhya Pradesh	20,783,798	14,300,706	35,084,504[8.40]	7,361.23	28,876,668
5.	Maharashtra	16,608,948	13,064,883	29,673,831[7.11]	9,515.89	20,674,571
6.	Rajasthan	19,119,730	9,898,239	29,017,969[6.95]	10,974.37	22,944,032
7.	Assam	13,976,414	4,331,928	18,308,342[4.39]	4,116.63	10,997,829
8.	Odessa	13,387,834	3,723,212	17,111,046 [4.10]	6,060.00	13,461,728
9.	Gujarat	9,925,408	5,973,709	15,899,117[3.81]	6,199.58	12,160,205
10.	Jharkhand	12,608,354	2,705,068	15,313,422 [3.67]	4,628.54	10,879,891
11.	Chhattisgarh	10,520,875	4,732,565	15,253,440[3.65]	4,235.64	10,325,952
12.	Karnataka	8,816,899	6,280,974	15,097,873[3.62]	4,951.67	9,813,904
13.	Andhra Pradesh	6,039,278	5,212,075	11,251,353[2.69]	3,496.23	8,807,413
14.	Tamil Nadu	5,617,937	5,422,990	11,040,927 [2.64]	2,823.02	8,993,928
15.	Telangana	5,507,706	4,598,751	10,106,457[2.42]	2,939.12	8,238,572
16.	Haryana	4,053,897	3,792,050	7,845,947 [1.88]	4,299.00	5,924,838

17.	Punjab	4,300,077	2,994,333	7,294,410[1.75]	3,178.42	5,772,530
18.	Delhi	296,469	4,498,091	4,794,560[1.15]	2,156.82	3,912,189
19.	Kerala	2,511,149	2,192,130	4,703,279[1.13]	1,885.03	2,902,792
20.	Uttarakhand	1,821,810	890,972	2,712,782[0.65]	1,461.49	2,113,428
21.	Jammu & Kashmir	2,060,228	371,062	2,431,290[0.58]	1,377.57	1,789,954
22.	Himachal Pradesh	1,363,735	123,443	1,487,178 [0.36]	931.88	1,150,928
23.	Manipur	468,986	551,800	1,020,786 [0.24]	206.77	702,917
24.	Tripura	648,885	255,745	904,630[0.22]	535.69	383,455
25.	Meghalaya	516,266	69,850	586,116 [0.14]	286.72	390,069
26.	Arunachal Pradesh	222,446	131,011	353,457 [0.08]	175.40	304,629
27.	Nagaland	145,195	180,957	326,152 [0.08]	86.82	274,785
28.	Mizoram	176,781	142,993	319,774 [0.08]	99.98	108,893
29.	Chandigarh	44,649	222,960	267,609[0.06]	135.13	184,981
30.	Goa	139,138	29,614	168,752 [0.04]	112.12	118,355
31.	Pondicherry	80,427	82,912	163,339[0.04]	60.09	120,398
32.	Dadra & Nagar Haveli	131,452	13,799	145,251 [0.03]	80.65	90,275
33.	Sikkim	61,659	25,376	87,035[0.02]	45.21	65,444
34.	Daman & Diu	45,341	14,250	59,591[0.01]	28.20	44,476
35.	Andaman & Nicobar Islands	31,813	15,949	47,762 [0.01]	32.10	39,372
36.	Ladakh	17,076	3,762	20,838[0.01]	22.17	18,632
37.	Lakshadweep	4,671	1,300	5,971[0.01]	11.23	4,803
38	Total	274,709,566	142,788,710	417,498,276 [100]	137,755.08	306,882,288

Source: www.pmjdy.gov.in **Note-** Figures in Parenthesis indicates the percentage to total

The above table no.2 shows the state and union territory wise performance of Pradhan Mantri Jan Dhan Yojana. It founds that the large populated and backward states are on top position in opening the bank account under this scheme. The state Uttar Pradesh on top position (16.33 percent), Bihar on second number (11.69 Percent) and west Bengal on third number (9.57 percent) in number of accounts opened under present scheme. In union territories very less

accounts are opened under this scheme. The percentage share of southern state is comparatively lower than other state in number of opened bank account under the Pradhan Mantri Jan Dhan Yojana. The performance of Pradhan Mantri Jan Dhan Yojana shows that this scheme was more benefited to BIMARU states (Bihar, Madhya Pradesh, Rajasthan & Uttar Pradesh). These BIMRU states hold aggregate 43 percent share in opening account under Pradhan Mantri Jan Dhan Yojana.

Challenges in the Implementation of the Pradhan Mantri Jan Dhan Yojana: The government of India started PMJDY for increasing the level of financial inclusion in country and thereafter to achieve the target of sustainable and inclusive growth. There are some challenges in implementation of present scheme.

1. **Less use of Bank accounts:** Only opening of saving bank account is not sign of financial inclusion of household. The use of those bank account is also important part. On 31 March 4, 2019 average amount balance on these accounts was only Rs.2725/.
2. **Less Response of Southern States:** In southern state the access of banking services was already greater than other states so that the number of account holders is comparatively lower than other states.
3. **Lack of Co – Operation from Private Sector Commercial Banks:** By observing table no.1it was founds that out of total 41.75 Crore PMJDY accounts only 1.25 Crore (3 percent) accounts opened in private sector commercial banks.
4. **Duplication of Bank Accounts:** For opening the bank account under the present scheme the relaxations are given in Know Your Customer norms. So that there is possibility of opening multiple bank accounts by same person for getting the benefits under the present scheme.
5. **Less availability of Rupay Debit Card Facility:** The Government of India was decided to providing Rupay Debit card facility to every saving account holder who opened bank account under present scheme. But by observing above table no.1 it was founds that out of 41.75 crore saving account holders under the present scheme only 30.69 Crore (73.50 percent) account holders have availed the Rupay debit card facility.

Suggestions for Efficient Implementation of the Pradhan Mantri Jan Dhan Yojana: For expansion and efficient implementation of the present scheme there is a need to implement following measures.

1. **Compulsion of KYC:** For avoiding Duplication of accounts by single person there is need to compulsory checking of KYC of account holder.
2. **To increases the transaction on these accounts:** For increasing the transactions on these bank account there is need to increase in income level of these account holders by providing them good employment and business opportunities.
3. **Organization of Financial Literacy Programmes:** To increasing the use of various financial services by households there is need to organize the Financial Literacy programmes at grass root level by banks in concerned area.
4. **To increase the use of other Financial Services:** Government of India started the PMJDY for providing the social security to financially excluded peoples. The objective of PMJDY is to provide Jan Dhan to Jan Suraksha. There is need to increase in use of Pension and insurance products among these account holders.
5. **To encourage the private sector banks for implementation of PMJDY:** For increasing the participation of private sector commercial banks in implementation of this scheme there is need to providing incentives by RBI.

Conclusion: Pradhan Mantri Jan Dhan Yojana is one of the revolutionary financial inclusion programme started by Prime Minister Narendra Modi. The PMJDY is first step in process of financial inclusion. The deepening and widening of financial services will start from existence of saving accounts. But only opening of saving account is not the indicator of financial inclusion the use of the saving account is more important. The uses of other financial services will increases accordance with the use of bank account. The PMJDY has made the Guinness book world record of opening maximum bank accounts in very short period. The scheme will defiantly useful for increasing the financial inclusion of lower income households and for increasing the financial literacy.

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