

Role of Pradhan Mantri Jan Dhan Yojana in Enhancing the Paradigm of Financial Inclusion in Rural India

Dr. Pankaj Gupta¹ and Vaibhav Shrivastava²

¹Associate Professor, Department of Commerce, J.V. Jain College, Saharanpur (U. P.), INDIA.

²Ph.D., Research Scholar, Department of Commerce, Ch. Charan Singh University, Meerut (U. P.), INDIA.

²Corresponding Author: vaibhavsri26193@gmail.com



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ABSTRACT

This article examines the role of the Prime Minister Jan Dhan Yojana (PM JDY) in boosting public wealth. Millions of households around the country benefit from financial inclusion and banking access, as well as insurance coverage and a sense of security, thanks to this programme. As a result of integrating this scheme with many other government initiatives, money will be immediately credited into the accounts of the recipients, eliminating intermediaries and reducing leakages. This strategy enables access to micro-credit in the later stages of the programme. Many of the accounts created under this plan, however, were idle, a problem that will be addressed once the government links it to other government-run programmes like NAREGA Job Yojna and other direct cash benefit transfer programmes. Overall, this plan has the potential to be a game changer and alter the country's landscape. It might be able to help plug leaks and boost the efficiency of specific public distribution networks. A systematic questionnaire was used to collect primary data, while secondary data was gathered from a variety of sources including books, papers, and published materials. Finally, it makes an effort to propose relevant recommendations to improve PM JDY's standing in terms of increasing public wealth.

Keywords- Bank Account, Financial Inclusion, Financial Service, Prime Minister Jan Dhan Yojana, PM JDY, Rural India.

I. INTRODUCTION

A bank is an organisation that makes banking and other financial services to its customers. It safeguards money and valuable items while also providing loans, credit, and payment services such as bank accounts, money orders, and cashier's cheques. Investment and insurance services are also provided by the bank. The mass of people in the country have faith in banks because of the services and security they provide, and they want to create a relationship with them by depositing money and taking advantage of the many bank schemes.

Banks have abandoned traditional functions in order to suit the requirements of their customers, and have instead adopted more innovative concepts and new types of services. India's banking industry has been more effective because to the combined efforts of cooperative banks, specialized banks, and other development

financial institutions. Banking transactions have become considerably more easy as a result of the expansion of computerised banking systems, and as a result, people are seeking to stay up with these update in the banking sector. The Apex bank and the Government's most important national goal is financial inclusion.

Financial inclusion is defined by the Committee on Financial Inclusion, chaired by Dr. C Rangarajan, as the process of guaranteeing vulnerable groups, such as weaker parts and low-income groups, access to financial services and timely and sufficient credit where needed at a reasonable cost. The RBI and the Central Government are attempting to provide official financial services to the most vulnerable members of society. In India, a number of programmes and policies have been implemented to enhance financial inclusion.

To increase financial inclusion, frill accounts, Basic Savings Bank Deposit Account (BSBDA), simplified KYC norms, adoption of BCs, financial

literacy programmes, Kissan Credit Cards, Aadhaar enabled payment system, Direct Benefit Transfer, electronic benefit transfer, PMJDY, Swabhiman scheme, and other initiatives are being implemented. All of these tactics aid in the development of a savings habit, the acquisition of credit through official channels, the receipt of direct benefits, and participation in other social programmes. As a result, India's problem of financial exclusion will be alleviated, while GDP and economic growth will be enhanced.

The PMJDY is an endeavour by the Indian government to broaden financial inclusion. On August 15, 2014, Prime Minister Shri Narendra Modi announced it, and on August 28, 2014, it was launched across India. The PMJDY is a programme that aims to provide fundamental financial services to vulnerable groups, such as banking and savings, deposit remittance, and credit. A Jan Dhan account allows the account holder to maintain a zero balance, draw a Rs.5000 overdraft after six months, and receive a Rupay card with accident insurance coverage. This strategy helps to eliminate corruption because subsidies and other benefits are paid straight to the beneficiary's account. The PMJDY plan is essential for achieving the country's financial inclusion target.

For the Indian government and financial sector regulators, banking inclusion is a national goal. The (PM Jan Dhan Scheme) is possibly the largest financial inclusion programme in the world. As of February 28, 2015, 136.8 million accounts had been opened in the first six months of the scheme's implementation.

With the option of having a nil balance account, many bpl income groups, such as those living in village areas, can establish a relationship with a bank. As a result of the adoption of this programme, financially excluded people will be able to get financial support as well as other services to meet their needs. As a result, it is apparent that public are efficiently employing the Jan Dhan programme to become financially included.

II. LITERATURE REVIEW

Manuela Günther (2017), Progress in Financial Inclusion in India: Insights from Multiple Waves of Survey Data Investigated How to Bring People Without Bank Accounts into the Although there is a formal financial system, there are also issues of political and academic interest. India provides fascinating case studies. He examines changes in India's financial inclusion from 2013 to 2015 using data from India's low-income countries. The time period covered by the sampling frame is when India implemented the PMJDY system. There have been over 260 million bank accounts opened. He identifies certain cross-cutting distinctions that reflect the variety of financial inclusion's evolution. Wealthy, well-educated, aged, and employed people, for example, are more likely to hold a savings account.

The JAN DHAN programme, on the other hand, has considerably increased the possibility of having an account among the most disadvantaged people, such as women and those living in rural areas. Finally, we'll look at the influence of other government initiatives, such as the creation of unique identities, financial agencies, and government payment digitization. The government looks into its consistent commitment to helping local customers through a number of initiatives. programme. From time to time, the Indian government makes persistent efforts to include rural customers (investors) in the financial system's organisation.

Messy, F., and Atkinson, A. (2013), Through implementation, defined financial inclusion supports cheap, timely, and appropriate access to a broad variety of regulated financial products and services, as well as their use by people from all walks of life. Refers to the process of expanding existing, coordinated, and new measures to promote financial well-being and economic and social inclusion, including financial awareness and education.

Mrunal Chetan Bhai Joshi and Vikram P. Raj Purohit (2016), stated that a lack of knowledge of the critical function of banking services in financial progress was the key cause for low awareness of financial inclusion programmes. To ensure the success of financial inclusion goals, the government must work to educate rural clients about the importance of various banking services in improving their financial health.

According to *Reetika Bhatt (2017)*, several unbanked villages were discovered and covered by opening banking outlets in the first phase of the project, and a large increase in the number of bank accounts was noted in the second phase. A district-by-district analysis reveals that the initiative is making good progress. In rural areas, the programme is more successful. This mechanism is used to open the majority of accounts, and the majority of the accounts are zero balance accounts.

Sandhra Ashok, Swathy S. Nair, and Krishna M.B. (2019), proposed that the government and RBI make the necessary measures to allow account holders to keep a cash balance in their accounts rather than using the provision to keep their accounts at zero balance. These are some of the improvements that can be made to the scheme's performance.

III. STATEMENT OF THE PROBLEM

The Jan Dhan Yojana was created with the goal of encouraging people to save more. Perhaps the plans generated a record in the form of a bank account opening at the start. Due to a variety of factors, the scheme's strength was later reduced. The current paper aids in understanding the current state of the Jan Dhan Yojana and the extent to which it is beneficial to the general populace.

IV. OBJECTIVES OF THE STUDY

- i- To investigate the grounds behind India's introduction of the Jan Dhan Yojana.
- ii- To highlight the benefits of the Jan Dhan Yojana and to assess its current position in terms of increasing financial inclusion.
- iii- To determine how well the Jan-Dhan Yojana is at increasing public wealth.
- iv- To investigate the issues surrounding the Jan-Dhan Yojana.

V. SCOPE OF THE STUDY

The purpose of this article is to determine the effectiveness of the Jan Dhan Yojana in increasing public wealth.

VI. RESEARCH METHODOLOGY

Information gathered from reputable journals, magazines, books, and internet sources as a secondary source.

VII. REASONS FOR PRESENTING JAN DHAN YOJANA

- i. The primary goal of the Pradhan Mantri Jan-Dhan Yojana is to bring millions of Indians into the mainstream of the financial system through financial inclusion.
- ii. Unrestricted access to banking services
- iii. Providing all households with basic banking accounts with overdraft facilities and a RuPay Debit card.
- iv. Financial literacy would be a key component of the Mission, allowing beneficiaries to make the most of the financial services available to them.
- v. The establishment of a Credit Guarantee Fund would cover overdraft account defaults.
- vi. Provide microinsurance to all willing and eligible people by August 14, 2018, and on a continuous basis after that.

VIII. CURRENT STATUS OF PM JAN DHAN YOJNA

Table 1: Statewise account opening Report dated 13/03/2022

S. N.	State	Beneficiaries at rural urban banks	Beneficiaries at urban banks	Total	Deposite in beneficiary accounts (in crore)	RuPay cards issued
1	Uttar Pradesh	5,74,33,928	2,21,56,985	7,95,90,913	34,278.58	5,36,54,261
2	Total	5,74,33,928	2,21,56,985	7,95,90,913	34,278.58	5,36,54,261

Table 2: Bank Category wise Report 06/03/2022

Bank	Account in rural urban banks	Account in urban metro centre bank branches	Total Account	Deposits (in lac)	Rupay Debit Cards issued
Public Sector Banks	222203613	133258216	355461829	12946337.52	271362346
Regional Rural Banks	71645757	10995994	82641751	3353373.73	34015769
Private Sector Banks	7026566	5985403	13011969	481560.15	11020033
Grand Total	300875936	150239613	451115549	16781271.40	316398148

Table 3: (A) Public Sector Banks

Bank	Account in rural urban banks	Account in urban metro centre bank branches	Total Account	Deposits(in lac)	Rupay Debit Cards issued
Bank of Baroda	39623290	15826237	55449527	2242723.21	48800617
Bank of India	21782788	5082918	26865706	1109370.79	22243243
Bank of Maharashtra	5328468	1836113	7164581	257739.47	3359668
Canara Bank	10637218	4394204	15031422	709989.63	7469711
Central Bank of India	12699809	1943103	14642912	480294.12	7781810
Indian Bank	14916877	3602129	18519006	775147.94	10979530

Indian Overseas Bank	1202098	4113492	5315590	193222.80	4944373
Punjab & Sind Bank	920818	550788	1471606	39666.52	1175629
Punjab National Bank	34805526	7063281	41868807	1636888.89	24740769
State Bank of India	55176874	78068004	133244878	4286431.40	123698939
UCO Bank	6448351	4921127	11369478	430694.90	4319014
Union Bank of India	18661496	5856820	24518316	784167.85	11849043
Public Sector Banks Sub Total	222203613	133258216	355461829	12946337.52	271362346

Table 4: (B) Regional Rural Bank

Bank	Account in rural urban banks	Account in urban metro centre bank branches	Total Account	Deposits (in lac)	Rupay Debit Cards issued
Bank of Baroda	13725544	3625494	17351038	719619.52	9195029
Bank of India	9051139	488078	9539217	262639.64	5521449
Bank of Maharashtra	2486775	89558	2576333	127038.18	1188205
Canara Bank	5323300	1330893	6654193	336494.48	2967597
Central Bank of India	3233384	469894	3703278	126031.69	2891234
Indian Bank	740573	264539	1005112	19212.86	607163
Indian Overseas Bank	1386535	115794	1502329	71939.65	617467
Jammu & Kashmir Bank Ltd	219414	40303	259717	13083.48	146991
Punjab National Bank	18653580	1837269	20490849	943940.49	5191853
State Bank of India	15493260	2541285	18034545	689950.98	5524301
UCO Bank	1133699	168498	1302197	37236.85	54751
Union Bank of India	198554	24389	222943	6185.91	109729
Regional Rural Banks Sub Total	71645757	10995994	82641751	3353373.73	34015769

Table 5: (C) Major Private Banks

Bank	Account in rural urban banks	Account in urban metro centre bank branches	Total Account	Deposits (in lac)	Rupay Debit Cards issued
Axis Bank Ltd	208923	1067708	1276631	49530.90	686229
City Union Bank Ltd	9620	75843	85463	1747.22	65743
Federal Bank Ltd	520640	112595	633235	34165.94	364100
HDFC Bank Ltd	422014	2179993	2602007	162007.13	2601343
ICICI Bank Ltd	3552101	902757	4454858	50967.86	4454858
IDBI Bank Ltd.	199570	654564	854134	34884.77	662552
IndusInd Bank Ltd	31273	383403	414676	6645.91	177096

Jammu & Kashmir Bank Ltd	1626220	223078	1849298	124325.12	1431036
Karur Vysya Bank	115473	69316	184789	2753.45	183069
Kotak Mahindra Bank Ltd	105203	52521	157724	3085.28	14655
Lakshmi Vilas Bank Ltd	135438	38058	173496	2633.69	145087
RBL Bank Ltd	65110	39671	104781	1343.61	104781
South Indian Bank Ltd	28383	180699	209082	7243.91	118058
Yes Bank Ltd	6598	5197	11795	225.36	11426
Major Private Banks Sub Total	7026566	5985403	13011969	481560.15	11020033

IX. FINDINGS

The programme was included in the This is Word Record on January 20, 2015, setting a new record for "most bank accounts opened in a week." Between November 9, 2016 and November 23, 2016, Jan Dhan's account balance climbed by more than 270 billion dollars (\$ 3.5 billion). As of May 2016, 1.9 million households have overdraft facilities totaling 2.56 billion (US \$ 34 million). Uttar Pradesh and West Bengal account for 29% of total deposits, and Kerala and Goa are the first states in the country to have at least one basic bank account in every household.

It was a state of affairs. There were 294.8 million account holders in total, with 176.1 million of those for rural and quasi-urban sectors. The National Payments Corporation of India has issued a total of 227 million RuPay cards as of August 2017. (NPCI). By August 2017, deposits had risen to \$656.97 billion (\$ 8.6 billion). By utilising financial services, PMJDY has also fostered financial inclusion for a diverse group of people. While this initiative has achieved significant progress toward full financial inclusion, improved policy communication, and expanded and deepened progress in low-income countries, there are still certain issues to be addressed. To demonstrate that these hard-earned gains are sustainable, a tweak in the banking agent model is required.

According to critics, offers such as Zero Balance, free insurance, and overdraft facilities will lead to duplication of work. Many people who already have a bank account may have opened an account in their own name, tempted by insurance coverage and overdrafts. According to the program, very few people have \$ 30,000 (\$ 390) life insurance that is only valid for five years. He claimed that the overdraft facility was completely entrusted to the bank.

Overdraft capabilities will only be granted to people whose transaction records reflect satisfactory functioning in their account for a length of time, according to a government resolution. The Indian

government announced in March 2018 that roughly 20% of Jan Dhan accounts have been suspended. Customers who make more than a particular number of ATM transactions per month will be charged by the Reserve Bank of India, despite the fact that the Indian government is supposedly actively encouraging financial inclusion through this scheme. That's OK. People were unable to access their money and use official banking channels as a result of this.

X. SUGGESTIONS

- i. Assign a large level of credit assistance to the Jan Dhan Yojana in order to ensure that the maximum number of benefits are provided to the required public.
- ii. Develop techniques that focus on growing the amount of money deposited per account rather than the number of accounts.
- iii. Open at least one unique cell in each district for ensuring and directing the most up-to-date information about the Jan Dhan Yojana in order to assure its popularity and improved use.
- iv. To gain the most clarity in the programmes, create a link between your Aadhar card and the Jan Dhan Yojana.

XI. CONCLUSION

Financial inclusion through PMJDY is one of the most significant initiatives ever done to eradicate poverty. Constant review and regular checks are critical for the success of any strategy. If implemented successfully, not only will it end poverty, but it will also put an end to corruption. The administration took a brave first step in bringing many individuals into the mainstream and reducing financial instability. PMJDY marks a turning point in the government's efforts to increase financial inclusion, particularly in economically disadvantaged areas and rural areas. PSBs are at the forefront of opening PMJDY accounts and issuing RuPay cards, according to the data. In terms of the

disparity in the issuing of RuPay cards, however, private sector banks fared better. RRBs have been the worst performers in this regard. The PSBs and RRBs have fallen short of expectations, despite the government's commitment to expanding financial inclusion.

In terms of RuPay card shortages, private sector banks outperform public sector banks, but their reach in rural areas is limited. In general, access and reach are limited. Financial literacy must be promoted by policymakers, and bankers must be encouraged to play a positive role in boosting financial inclusion in underserved communities.

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