



Critical Study on Pradhan Mantri Jan-Dhan Yojana (PMJDY), Scheme of Phase 1, Phase 2 & Phase 3

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Critical Study On Pradhan Mantri Jan-Dhan Yojana (PMJDY), Scheme Of Phase 1, Phase 2 & Phase 3. Abstract:- Various types of schemes have been started in India, but one of them is the Pradhan Mantri Jan Dhan Yojana, which is a complete scheme for financial inclusion as well as financial literacy.

ABSTRACT

Various types of schemes have been started in India, and one of them is the Pradhan Mantri Jan Dhan Yojana, which is a complete scheme for financial inclusion as well as financial literacy. This scheme for poor people is a very commendable work by the Central Government. This scheme was launched by the Prime Minister of India, Shri Modi on 15 August 2014 but this scheme was implemented in all the states of India on 28 August 2014. They belonged to the low-income group and had to resort to moneylenders or informal lenders to take advances/loans to avoid exorbitant interest rates. This situation cannot uplift the poor people and makes them destitute in the long run. Financial inclusion or inclusive financing is the delivery of financial services at an affordable cost to the disadvantaged and low-income sections of society. The Government of India has started many public welfare schemes. This research paper aims to briefly address the state of financial inclusion in India through insurance and pension schemes (PMJDY, PMJJBY, PMSBY, and APY) since 2014. Financial literacy will be an integral part of the mission to make the best use of the beneficiaries. About the financial services being provided to them with the main motto of the financial inclusion program "Sabka Khata Bhagya- Vidhata"

KEYWORDS

Financial Inclusion, Social Policy,
(PMJDY, PMJJBY, PMSBY and APY).

INTRODUCTION

Financial Inclusion is being defined as the

process of ensuring access to financial services where people belonging to weaker sections and low-income groups have a key role to play in the scheme, such as vulnerable and underprivileged groups promptly at affordable cost and requires adequate credit. He is an Indian economist and former Member of Parliament and the 19th Governor of the Reserve Bank of India. He is the former Chairman of the Economic Advisory Council to the Prime Minister. The definition given by Dr. C. Raghu Ram Rangarajan.

The concept of Financial Inclusion in India was completely introduced in November 2005 by the Reserve Bank of India (RBI) to connect the excluded people with basic banking services, so that the families who are deprived of this scheme reach the dependents first. The main objective is to connect people with every domestic bank to open their bank account with zero balance or minimum balance. Pradhan Mantri Jan-Dhan Yojana (PMJDY) scheme has been announced by the Prime Minister of India on 15th August 2014 and has been fully implemented in all the states of India on 28th August 2014. A step towards holistic financial inclusion the mission has an ambitious objective of covering all households in the country with banking. Facilities and having a bank account for each household PMJDY works with the philosophy of “*Sab Ka Saath-Sab Ka Vikas*” with a comprehensive financial inclusion. PMJDY Scheme focuses on coverage of every household as compared to the previous scheme focused on the coverage of villages. It is a scheme focused on the coverage of rural and urban areas. In the earlier scheme only villages with population above 2000 were targeted whereas under PMJDY the entire country is to be covered by expanding banking facilities in each sub-service area having 3-4 village houses with 1000-1500 households so that the facility is available to all within a reasonable distance, approximately 5 km. To understand the concept better, let us know the origin and progress of financial inclusion in India. The scheme is being launched by the Modi Ji cabinet.

Financial Inclusion in India is being started with this journey which is as follows:

- 1969 Nationalization of 14 major commercial banks in India.
- 1970 Provision of Lead Bank Scheme in India.
- 1976 Regional Rural Banks establishment.
- 1978 Integrated Rural Development Program (IRDP).
- 1980 Nationalization of 6 more commercial banks.
- 1999 Swarnajayanti Gram Swarozgar Yojana (SGSY).
- 2004 No-frills SB account.
- 2005 First time the term “Financial Inclusion” was used by RBI.
- 2008 Dr. C Rangarajan Committee on submitted the final report FI.
- 2014 Launch of PMJDY scheme with financial inclusion in India.

Great people do not do different things but they do things differently. The proverb is rightly matching for the launching of the Pradhan Mantri Jan Dhan Yojana scheme which is a program that keeps in mind the flaws of the earlier program under financial inclusion with a remedy to induce an unbanked into basic banking stream with minimum service charges. It is a vital step for poverty alleviation with inclusive growth for the entire country with more focus on rural areas. It is the most ambitious scheme of the Central Government. Pradhan Mantri Jan Dhan Yojana (PMJDY) scheme is National Mission for Financial Inclusion to ensure access to financial services, namely, Deposit Accounts, Remittance, Credit, Insurance, and Pension at an affordable price. Basic Savings Bank Deposit Account can be opened with zero balance taking care of identity and residence proof. Bank has to provide facilities to issue a Passbook, checkbook, and many more to all accounts even if the balance is zero and also to issue personal RuPay debit cards to all customers. The mere opening of bank accounts

may not fulfill the aim of the scheme, but there should be the continuous operation of bank accounts to give the real success of the scheme. The paper reveals that the PMJDY scheme is fully helpful to rural and urban area people in getting directly the direct benefit transfer of government of India schemes.

There are three achievements of this scheme as under PMJDY:

1st Phase (15th August 2014 -14th August 2015):

1. The account holders will get on accidental insurance coverage.
2. No minimum balance for these types of accounts.
3. Money can be easily transferred across in-country.
4. Direct cash transfer and accept facility.
5. Overdraft facility after satisfactory operation of 6 months.
6. Overdraft facility up to Rs. 5000/- is available in only each account in every household.
7. Access to Pension, insurance products, and RuPay Debit card.
8. Overdraft facility without term & condition Rs 2000/-.

2nd Phase (15th August 2015-14th August 2018):

1. Creation of credit Guarantee Fund for coverage of default in overdraft A/cs
2. Micro-insurance facility.
3. Unorganized sector person schemes like SWAVALAMBAN

3rd Phase (15 August 2018 to date):

1. The flagship financial inclusion program will focus on opening accounts from “every house to every adult”.
2. Existing overdraft limit of Rs 5000/- to be raised to Rs 10000/-.
3. There will not be any condition attached for OD up to Rs 2000/-.
4. The age limit for availing OD facility is to be raised from 18-60 years to 18-65 years.

Under the expanded coverage from “every adult “ accidental insurance cover for new RuPay card holders to be raised from Rs 100000/- to Rs 200000/- to new PradhanMantri Jan Dhan Yojana accounts opened offer 28.08.2018.

(Source : of data Wikipedia.in)

Features of Pradhan Mantri Jan-Dhan Yojana:

1. This is the largest such exercise in the financial scheme services sector in India’s PM. One and a half crore bank accounts were opened via almost 80,000 camps in rural and urban areas, along with the same number of insurance policies, which PM claimed was a national record for the most number of accounts opened in a day.
2. At least 7.5 crore households will get basic bank accounts by January 25, 2015, a day before Republic Day. PM says Finance Ministry has promised this will be done.
3. In the first phase, each household gets a RuPay debit card for sales. Upon satisfactory operation of the account for six months, the account holder will get an Rs, 5000/- overdraft facility. PM says having a debit card will help counter the current economic apartheid in the country, this will also strengthen the savings habit in the country, he added.
4. In the second phase, all households that open such bank accounts under the Jan Dhan Yojana will get Rs 1 lakh accident insurance for 1.5 crore people. The poor face considerable out-of-

pocket expenses in medical emergencies; the lack of formal credit facility through banking channels, pushes them into debt traps.

5. All those who open accounts by January will get Rs 30,000/- life insurance over and above the Rs 1 lakh accident insurance. Again, this will ease financial pressure on lower-income sections, which are often left with no source of income when the primary earning member passes away.

Factors of Pradhan Mantri Jan Dhan Yojana (PMJDY) Scheme:

When PM launched this mission of PMJDY then he was looking to provide affordable services of banking services to all citizens within a reasonable distance. It comprises 6 pillars which are given as:

Accessible to banking facilities: With this, they are trying to map each district into the SSA which means Sub service areas under which at least one to two thousand households will be covered within a range of 5 km.

Basic banking facility: They aimed for at least one bank account in every unbanked household, so that it may increase the culture of banking habits in every household and convince them to save their hard-earned money in a bank account.

Financial literacy program: To educate them about financial literacy so that, they can operate the ATM card and get to know its benefits.

Micro-credit: Once you open the account and operate it satisfactorily for the next six months then you are eligible for the hassle-free credit facility of Rs 5000 and for that bank will not ask you for any kind of security, purpose, or use of credit.

Micro Insurance Facility: With this all the BSBD (basic saving bank deposit) account holders are eligible for micro-insurance and for that there are two insurance scheme

PM Jeevan Bima Yojana (PMJBMY): Under this beneficiary will get the life insurance cover of Rs 2 lakhs and for that, they had to pay only Rs 330/- per year

PM Suraksha Bima Yojana (PMSBY): This insurance scheme will give you the accidental cover of Rs 2 lakh and for that, you have to pay only Rs 12/- per year.

RuPay debit card: Once you open the account then you will get the RuPay Card (ATM card) which also covers the accidental insurance of Rs 2 lakh only

Objectives of the study

1. State Beneficiaries at rural/semi-urban center bank branches September 2021.
2. Number of Accounts Opened in PMJDY scheme and Beneficiaries as of September 2021.
3. Beneficiaries at rural/semi-urban metro center bank branches in Jharkhand state September 2021.

Review of literature

Kumar Phaljeet (2019) the author focuses on the importance of financial inclusion and financial literacy for the benefit of the lower segment of the people. The main objective of financial inclusion is to provide various types of financial products at affordable costs. But only the creation of financial products will not be sufficient until the beneficiaries realize their potential benefits. For this reason implementation of the financial literacy program is necessary.

Mayank Kumar (2019) the authors have studied the role of mobile banking to provide better banking services to the rural poor. It is easy to believe that rural people remained urban able for a long period. Even if they have the expertise, they are not in a position to capitalize the same as they do not

have financial resources. On the other hand, due to the absence of bank branches, they failed to deposit money for any kind of future consumption. The lack of penetration of banking business can be understood as it has huge infrastructure costs. As a result of the same banks are in the process to continuously develop alternative sources to distribute the financial products and services. The huge expansion of mobile and internet facilities in each segment of society has opened the flood gate for the banking sector. The only thing which is required now is the development of a proper understanding of banking products. If proper training or knowledge is imparted, it would do wonders.

Kavita Kumari (2020) the authors studied the PMJDY intending to see the implications of the program. The concept has been introduced for the benefit of the unbanked people who have remained excluded from banking services. The slow growth of various social benefit programs of the government was not able to help the poor. Only providing finance without any future objective may not be very useful. Considering these areas, the RBI had formed the Khan Committee in the year 2004 to bring in changes that would help to bring the people under the purview of financial inclusion. The report identified the gap areas and the same has been rectified to implement the financial inclusion scheme. The core objective of the scheme is to provide access to every person who is otherwise unbanked able. The program has got new momentum after the introduction of the PMJDY scheme.

Kumar Rishu (2020) Financial Inclusion is the requirement of the modern era, not only of developing but also of developed countries, as half of the adults around the world remain unbanked. Access to financial services at affordable costs helps to overcome poverty, reduces income disparities, and leads to economic growth. The study has special relevance for developing countries such as ours, where resources after meeting subsistence needs are meager. Pradhan Mantri Jan-Dhan Yojana, the biggest financial inclusion initiative in the world, was rolled out to end financial untouchability and bring India's poor into the financial mainstream and free them from the clutches of usurious moneylenders while giving them a modicum of insurance cover. The paper discusses the concept of financial inclusion. The paper also points out the benefits of Pradhan Mantri Jan-Dan Yojana, its implementation strategy, and the current performance of the program. The challenges ahead have been analyzed. The paper concludes that the success of the program cannot be achieved only by chasing target numbers but by the genuine commitment and rigorous monitoring

Shashi Kumar Sharma (2021) financial inclusion is very useful for below the poverty line it is a process by which financial services are made accessible to all sections of the population. It is a conscious attempt to bring the un-banked people into banking. The review of earlier studies is essential, for new areas so far un-explored may be identified and studied in depth.

Hypothesis

A hypothesis is the process of journalizing and assumptions in research. It is an idea for the proposed explanation of the research. A hypothesis, is an assumption, an idea that is proposed for the sake of argument so that it can be tested to see if it might be true. There is the following hypothesis taken by the researcher in this research.

- H0:** Increase in deposits with saving with commercial banks cannot lead to the growth of GDP in India as well as in the Jharkhand State.
- H1:** Increase in deposits with saving with commercial banks can lead to the growth of GDP in India as well as in the Jharkhand State.
- H0:** Financial inclusion does not a helpful method of interpretation in the Jharkhand State
- H1:** Helps in method interpretation in the Jharkhand State.

Methodology

This study aims to analyze the journey of Financial Inclusion through the Pradhan Mantri Jan-Dhan Yojana (PMJDY) scheme are three phases in India. Secondary data will be used from the sources like.

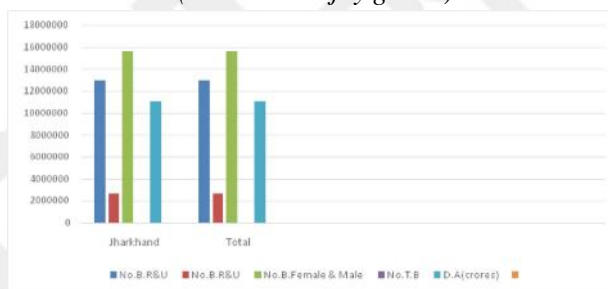
1. Financial Inclusion Reports published by Government of India's RBI Committees.
2. Scholarly research books, journals, articles, and Magazines.
3. Financial inclusion reports were developed for a sound theoretical foundation for this report. The analysis and review have provided the core valuable insights.
4. Financial inclusion with Banks Region-wise/ State-wise position in India of Jharkhand.
5. Financial inclusion support for unbanked below poverty line Region-wise.

Data interpretation

Table no. 01: Number of Accounts Opened Beneficiaries under PMJDY scheme as on September 2021

Bank Name / Type	Number of Beneficiaries at rural/semi-urban center 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	21.29	12.84	18.72	34.13	112487.02	26.85
Regional Rural Banks	6.86	0.97	4.54	7.83	28058.26	3.37
Private Sector Banks	0.69	0.57	0.69	1.27	4324.83	1.11
Grand Total	28.84	14.39	23.69	43.23	144870.11	31.33

(Source : Pmjdy.gov.in)



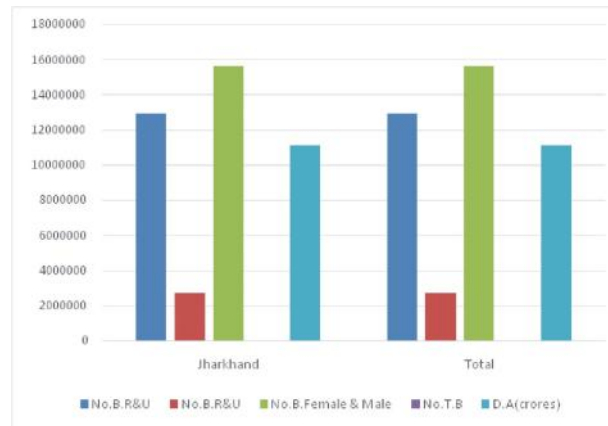
Number of Accounts Opened Beneficiaries under PMJDY scheme as on September 2021

Table no. 02: Beneficiaries at rural/semi-urban bank branches in Jharkhand September 2021

S.No	State Name	Beneficiaries at rural/semi-urban centre bank branches	Beneficiaries at urban/metro centre bank branches	Total Beneficiaries Female & Male	Balance in beneficiary accounts (in crore)	No. of RuPay cards issued to beneficiaries
01	Jharkhand	12942719	2701773	15644492	4988.97	11080705
02	Total	12942719	2701773	15644492	4988.97	11080705

(Source: Pmjdy.gov.in)

Beneficiaries at rural/semi-urban bank branches in Jharkhand September 2021



Data Analysis

Based on the table no 01 Number of Accounts Opened Beneficiaries under PMJDY scheme reportas on September 2021. it is evident that Beneficiaries at rural/semi-urban Public Sector Banks, 21.29. Beneficiaries at urban/metro centre bank branches are 12.84, No. of Rural-Urban Female Beneficiaries are 18.72. Number of total Beneficiaries are 34.13. Deposits in Accounts in crore are 112487.02. Numbers of RuPay Debit cards issued to Beneficiaries are 26.85. Regional Rural Banks, are 6.86. Beneficiaries at urban/metro centre bank branches are 0.97. No. of Rural-Urban Female Beneficiaries are 4.54. Number of total Beneficiaries are 7.83. Deposits in Accounts in crore are 28058.26. Numbers of RuPay Debit cards issued to Beneficiaries are 3.37, and Private Sectors Banks, are 0.69. Beneficiaries at urban/metro centre bank branches are 0.57. No. of Rural-Urban Female Beneficiaries are 0.69. Number of total Beneficiaries are 1.27. Deposits in Accounts in crore are 4324.83. Numbers of RuPay Debit cards issued to Beneficiaries are 1.11 respectively.

Based on the data shown in Table no.02, it is evident that Beneficiaries at rural/semi-urban centre bank branches are 12942719. Beneficiaries at urban/metro centre bank branches are 2701773. Total beneficiaries are 15644492, and balance in beneficiary's accounts in crore are 4,988.97, and No.of RuPay cards issued to beneficiaries 11080705 respectively.

CONCLUSION

From the above study it is concluded that, this scheme is very important for the poor people living in rural and urban areas. With the introduction of financial literacy in the country with financial inclusion in India, this scheme is becoming easier in the lives of every person. All the account holders of this scheme are being provided free of cost, bank overdraft, insurance, pension, self-help, and Kisan credit card, and other schemes to every poor woman family of the government so that the family can get the benefit of this scheme completely.

Suggestion

1. The government must take care of the rural people of the Jharkhand.
2. It is a very useful welfare scheme for people there for researchers suggested that the scheme should be continued.
3. It is suggested all the life accidental cases problem solve as soon as possible.
4. It is suggested the entire life accidental case increased amount Rs 200000/- to 500000/-.
5. It is suggested that the PMJDY scheme must be implemented all over rural areas of the Jharkhand.
6. It is suggested that all the life cover cases increased amount Rs 30000/- to 100000/-.

7. It is suggested that 6 months satisfied bank overdraft increased amount Rs 10000/- to 50000/-.
8. It is suggested that without terms and conditions Bank overdraft increased amount Rs 2000/- to 10000/-.

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