

PRADHAN MANTRI JAN-DHAN YOJANA SCHEME- AN OVERVIEW

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Abstract

Reserve Bank of India (RBI) statistics as on March 2012 shows that, India had over 900 million deposit accounts. Of these, over 770 million were in the names of individuals. However, the census data for 2011 show that only 144 million households, which means about 300 million individuals, have access to banking services, indicating that many have multiple accounts. Prosperous States, including Tamil Nadu and Gujarat, reported fewer households accessing banking services than the national average, while Kerala, Delhi, Uttarkhand and Himachal Pradesh were the better performing States. To solve the above problem Pradhan Mantri Jan-Dhan Yojana scheme is introduced in our country. Now PMJDY Scheme has been proved successful and it should be implemented properly. If such consistency can be sustained for a certain period of time this scheme can prove very fruitful to the population residing in the rural areas as well as people in urban areas. This scheme can also be a stepping stone towards development of the nation as easy access to banking facilities can speed up the process of cash flow in the country as well as help the rural population to get loans and other facilities from the banks. In this paper an attempt is made to present an overview about PMJDY Scheme.

Keywords: PMJDY, Pradhan Mantri Jan-Dhan Yojana, households, banking.

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Introduction

Reserve Bank of India (RBI) statistics as on March 2012 shows that, India had over 900 million deposit accounts. Of these, over 770 million were in the names of individuals. However, the census data for 2011 show that only 144 million households, which means about 300 million individuals, have access to banking services, indicating that many have multiple accounts. Prosperous States, including Tamil Nadu and Gujarat, reported fewer households accessing banking services than the national average, while Kerala, Delhi, Uttarkhand and Himachal Pradesh were the better performing States. There is also a significant gender gap in banking; by 2012, for every 1,000 deposit accounts opened in the name of men, just 394 were opened in the name of women. Chhattisgarh, West Bengal, Madhya Pradesh, Maharashtra and Gujarat were even worse than the national banking sex ratio, while Delhi and the four southern States were better. To solve the above problem Pradhan Mantri Jan-Dhan Yojana scheme is introduced in our country.

India makes financial world record as millions open new banks accounts. Guinness Book of World Records recognizes the achievements made under Pradhan Mantri Jan-Dhan Yojana (PMJDY) campaign. A total of 18,096,130 confirmed new bank accounts were opened across the country from 23rd to 29th, August 2014 through the Pradhan Mantri Jan-Dhan Yojana campaign.

The financial inclusion scheme was first announced by Indian Prime Minister Narendra Modi in his Independence Day speech last year, with the aim of enabling universal access to banking facilities throughout the nation.

Objective of PMJDY Scheme

Objective of "Pradhan Mantri Jan-Dhan Yojana (PMJDY)" is ensuring access to various financial services like availability of basic savings bank account, access to need based credit, remittances facility, insurance and pension to the excluded sections that is weaker sections and low income groups. This deep penetration at affordable cost is possible only with effective use of technology. Government of India would use these bank accounts to pass on benefits to individuals under its various social security schemes. The following are the objectives of PMJDY scheme:

- ❖ Ensuring access to financial services
- ❖ Providing need based credit

- ❖ Promotion of financial inclusion for weaker sections and low income groups
- ❖ Use of technology for providing financial penetration
- ❖ Providing low cost banking services solutions
- ❖ Universal access to banking services
- ❖ At least one basic banking account for every household
- ❖ Provision of financial literacy
- ❖ Access to credit, insurance and pension facilities
- ❖ Channelizing government benefits to accounts of beneficiaries
- ❖ Promotion of DBT (Direct Benefits Transfer) Scheme
- ❖ Addressing low connectivity and lack of financial inclusion

Rupay Card'

These accounts are known as small accounts and transactions including large sum of money are forbidden using this accounts. The account holders are issued a debit card known as 'Rupay Card'. Unless this card is held by an individual the account will be rendered inactive.

Purpose and features of PMJDY

The Prime Minister declared that a bank account for each household was a "national priority". The scheme has been started with a target to provide 'universal access to banking facilities' starting with "Basic Banking Accounts" with overdraft facility of Rs.5000 after six months and RuPay Debit card with inbuilt accident insurance cover of Rs. 1 lakh and RuPay Kisan Card. In next phase, micro insurance & pension etc. will also be added. Under the scheme:

- ❖ Account holders will be provided zero-balance bank account with RuPay debit card, in addition to accidental insurance cover of Rs 1 lakh.
- ❖ Those who open accounts by January 20, 2015 over and above the 1 lakh accident, they will be given life insurance cover of Rs 30,000.
- ❖ After Six months of opening of the bank account, holders can avail Rs.5,000 as loan from the bank.
- ❖ With the introduction of new technology introduced by National Payments Corporation of India (NPCI), a person can transfer funds, check balance through a normal phone which was earlier limited only to smart phones so far.

- ❖ Mobile banking for the poor would be available through National Unified USSD Platform (NUUP) for which all banks and mobile companies have come together

Pradhan Mantri Jan Dhan Yojna has given many people the chance to get access to banking services who were initially denied by the banks. Now with Narendra Modi directly asking all the PSU's to open said accounts under the Jan Dhan Yojna almost every citizen will have chance to have a bank account who have been deprived of it earlier.

Phases of PMJDY Scheme:

The PMJDY Scheme has Six Pillars in two phases

Phase – I From 2014 to 2015 (15th August)

1. Bank service in 5 kms
2. Account for every family
3. Financial literacy

Phase – II From 2015 to 2018 (15th August)

4. Micro insurance
5. Credit Guarantee Fund
6. Pension Transfer

Accounts Opened under PMJDY Scheme

Accounts Opened under PMJDY Scheme as on 17th June, 2015
(All figures in Crores)

S.No	Type of Banks	No. of Banks			Balance in Accounts
		Rural	Urban	Total	
1.	Public Sector Banks	6.93	5.77	12.70	14357.46
2.	Private Sector Banks	2.47	0.43	2.90	3258.48
3.	Regional Rural Banks	0.40	0.28	0.68	1068.61
Total		9.80	6.48	16.28	18684.55

Disclaimer: Information is based upon the data as submitted by different banks/SLBCs
Source: <http://pmjdy.gov.in/account-statistics-country.aspx>

The above table clearly shows that the accounts opened under PMJDY scheme as on 17th June, 2015. From the above table it is clear that totally 16.28 crore accounts were opened under PMJDY scheme in India. Out of the total accounts opened 9.80 crore accounts and 6.48 crore accounts were opened in Rural and Urban areas respectively in India. Most of the peoples were opened their accounts with Public Sector Banks. Out of the total 78% of the accounts were

opened in PSBs and the remaining accounts were opened in both PrSBs and RRBs in India. The banks have a sum of Rs.18, 684.55 crore as balance in the accounts opened under this scheme.

Conclusion

If PMJDY scheme is implemented properly it will provide benefits to poor persons and also it will become a game changer for the economy of a country. Issuance of Rupay Card through PMJDY scheme will encourage cashless transactions and prevent black money in the country. This scheme has a lot of potential if well implemented and monitored to address the challenges presently arising in the financial market. Hence it is concluded that PMJDY scheme has the scope to be a “win-win” situation for bankers and customers. This scheme can also be a stepping stone towards development of the nation as easy access to banking facilities can speed up the process of cash flow in the country as well as help the rural population to get loans and other facilities from the banks.

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