ABSTRACT

It is a known fact that in India, while one segment of the population has access to a variety of banking services encompassing regular banking facilities & portfolio counseling, the other segment of underprivileged and lower income group is totally deprived of even basic financial services. Exclusion of large segments of the society from financial services affects the overall economic growth of a country. It is for this reason that Financial Inclusion is a global concern. Financial Inclusion is a national need of the Government as it is an enabler for inclusive growth. The prior battle however was restricted in its methodology as far as compass and scope. The campaign focused only on the supply side by providing banking facility in villages of population greater than 2000 but the entire geography was not targeted. There was no focus on the households. The desired benefits could not be achieved and a large number of bank accounts remained inactive. A comprehensive plan is necessary to keep the accounts active and use them as an instrument of some economic activity leading to livelihoods. In order to provide the much needed thrust a flagship programme called the ‘Pradhan Mantri Jan-Dhan Yojana’ was announced by Hon’ble Prime Minister in his Independence Day address on 15 August, 2014. This is a National Mission on Financial Inclusion. This paper focuses on the importance of financial inclusion and the impact of Pradhan Mantri Jan Dhan will guide to all stakeholder in the country.

Keywords: Banking Facilities; Financial Inclusion; Financial Services; Pradhan Mantri Jan Dhan

INTRODUCTION

Even after decades of bank nationalization, whose rationale was to shift the focus from class banking to mass banking, we still find usurious money lenders in rural areas and urban slums continuing to exploit the poor. Financial Inclusion of the poor will help in bringing them to the mainstream of growth and would also provide the financial Institutions an opportunity to be partners in inclusive growth. In India, enabling an inclusive competitive landscape should be a top priority. India has several strategic assets providing favorable initial conditions for transformational change towards digital financial inclusion:

- A strong banking network (1,15,000 branches) linked to eKuber (RBI's Core Banking Solution), now spreading into unbanked rural areas.
- A significant outreach of India Post (1,55,000 outlets), PoS and ATM terminals which can facilitate a vibrant cash-in/cash-out network across the country.
- A nation-wide telecom network with 886 million mobile connections and 72% mobile penetration.
- Strong network computer based service providers in the form of Common Service Centres (CSC) promoted by Deptt of IT.
A strong national payments infrastructure that includes an Inter-Mobile Payments Service / Immediate Payment System (IMPS) to transfer funds over mobile phones.

A world class national ID system covering the largest (650M) headcount and expanding by 30M citizens per month.

The efforts to include the financially excluded segments of the society into formal financial system in India are not new. The concept was first mooted by the Reserve Bank of India in 2005 and Branchless Banking through Banking Agents called Bank Mitra (Business Correspondent) was started in the year 2006. In the year 2011, the Government of India gave a genuine push to the programme by undertaking the "Swabhimaan" campaign to cover more than 74,000 villages, with population more than 2,000 (as per 2001 census), with banking facilities.

OBJECTIVES

1. To study need of financial inclusion in India.
2. To discuss the salient features of Pradhan Mantri Jan Dhan.
3. To assess the progress made under PMJDY.

RESEARCH METHODOLOGY

The study mainly includes secondary data. The secondary data sources include government publications, and other relative publications like research articles available on internet sites.

Pradhan Mantri Jan-Dhan Yojana

The PMJDY has been imagined as a National mission on financial inclusion with the target of covering all households in the country with banking facilities and having a bank account for each household.

PMJDY to be executed in the Mission Mode envisages provision of affordable financial services to all citizens within a reasonable distance. Salient features and basic pillars of PMJDY are explained as under.

- The first pillar of the scheme is to provide access to banking facilities and services to ensure financial inclusion of neglected segment of the society.
- The effort would be to first cover all uncovered households with banking facilities by August, 2015, by opening basic bank accounts. Account holder would be provided a RuPay Debit Card. Facility of an overdraft to every basic banking account holder would be considered after satisfactory operation / credit history of six months.
- Financial literacy would be an indispensable part of the Mission in order to let the beneficiaries make best use of the financial services being made available to them.
- It is proposed to create Credit Guarantee Fund under this plan.
- Micro life and general insurance policy is given under this scheme to provide insurance coverage to the poor and economically weak section of the society.
- The Government has launched a co-contributory pension scheme in 2010 known as ‘Swavlamban Pension Scheme’ to encourage workers in the unorganized sector to save income on thrown for their old age.
Strategy for Achievement of Objectives

- Universal access to banking facilities in all areas except areas with infrastructure and connectivity constrains like parts of North East, Himachal Pradesh, Uttarakhand, J&K and 82 Left Wing Extremism (LWE) districts.
- Providing Basic Banking Accounts and RuPay Debit card which has inbuilt accident insurance cover of 1 lakh. Aadhaar number will be seeded to make account ready for DBT payment.
- Financial Literacy Programme.

Phase II (15 Aug, 2015 - 14 Aug, 2018)
- Overdraft facility up to 5000/- after six months of satisfactory operation / history
- Creation of Credit Guarantee Fund for coverage of defaults in A/Cs with overdraft limit up to 5,000/-.  
- Micro Insurance
- Unorganized Sector Pension Schemes Like Swavalamban

Table 1. PradhanMantri Jan Dhan Yojana (Accounts Opened as on 16.03.2016)  
(All Figures in Crores)

<table>
<thead>
<tr>
<th></th>
<th>Rural</th>
<th>Urban</th>
<th>Total</th>
<th>No Of RuPay Cards</th>
<th>Aadhaar Seeded</th>
<th>Balance In Accounts</th>
<th>% Of Zero-Balance-Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Sector Bank</td>
<td>9.37</td>
<td>7.4</td>
<td>16.77</td>
<td>14.23</td>
<td>7.97</td>
<td>27521.53</td>
<td>28.2</td>
</tr>
<tr>
<td>Regional Rural Bank</td>
<td>3.24</td>
<td>0.53</td>
<td>3.77</td>
<td>2.67</td>
<td>1.14</td>
<td>6036.83</td>
<td>23.68</td>
</tr>
<tr>
<td>Private Banks</td>
<td>0.47</td>
<td>0.3</td>
<td>0.77</td>
<td>0.72</td>
<td>0.27</td>
<td>1283.29</td>
<td>39.12</td>
</tr>
<tr>
<td>Total</td>
<td>13.08</td>
<td>8.24</td>
<td>21.31</td>
<td>17.63</td>
<td>9.39</td>
<td>34841.65</td>
<td>27.8</td>
</tr>
</tbody>
</table>

Source: Official website of PMJDY

Disclaimer: Information is based upon the data as submitted by different banks/SLBCs

Interpretation
Table 1 shows that, the total number of saving bank account opened in rural and urban areas under PMJDY scheme. Number of RuPay debit card issued, balance in accounts. Number of accounts opened with zero balance and Aadhaar seeding under PMJDY scheme in Public sector banks, Regional rural banks and private sector banks. It is found that, 21.31 crores accounts were opened under scheme, amongst public sector banks had opened 16.77 accounts, Regional rural banks had opened 3.77 crores accounts and private sector banks had opened 0.77 crores accounts as on 16-03-2016. It is also revealed that total 17.63 crores RuPay debit card issued by banks under PMJDY as on 16-03-2016. Out of 17.63 crores, 14.23 crores RuPay debit card issued by Public sector banks, 2.67 crores RuPay debit card issued by Regional rural banks and 0.72 crores RuPay debit card issued by private sector banks.
Table 2. Report on overdraft (Sanctioned/Disbursed) under PMJDY as on 11.03.2016

<p>| | |</p>
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Total No Accounts Offered For Overdraft</td>
<td>5915247</td>
</tr>
<tr>
<td>Total No Accounts Overdraft Sanctioned</td>
<td>3332297</td>
</tr>
<tr>
<td>Total No Accounts Overdraft Availed</td>
<td>1728256</td>
</tr>
<tr>
<td>Amount Total OD Availed (In Lacs)</td>
<td>23613.22</td>
</tr>
</tbody>
</table>

Source: Official website of PMJDY

Interpretation

Table 2 shows that, overdraft sanctioned/disbursed under PMJDY scheme. It is found that, 5915247 accounts offered for overdraft, 3332297 accounts overdraft sanctioned, 1728256 accounts availed under PMJDY scheme.

CONCLUSION

The Pradhan Mantri Jan Dhan Yojana gives a stage for changing the economic condition of people. We need to redouble efforts on financial literacy. Aadhaar seeding needs to improve further. I believe that most development activities were hindered by the single disability of not having bank accounts. We have now overcome this disability. Benefits have already started flowing to people through some of the Direct Benefit Transfer schemes. This not only ensures that benefits reach people directly, but also utilizes your accounts well.

REFERENCES

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