

“PERFORMANCE ANALYSIS OF PRADHAN MANTRI JAN DHAN YOJANA IN PROMOTING FINANCIAL INCLUSION”

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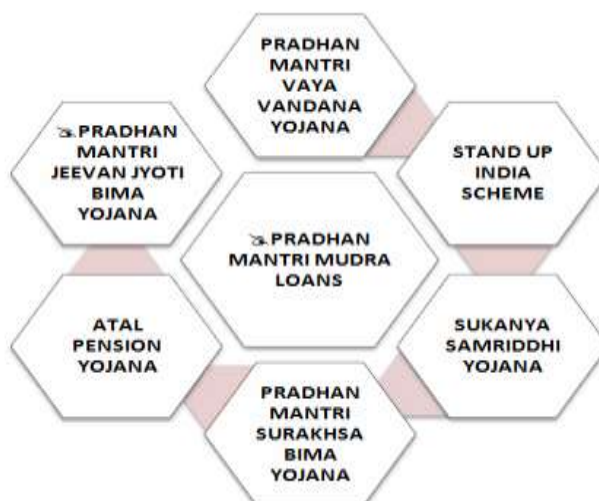
Abstract - Many people were not connected with the banks and were unaware of the financial facilities i.e. financial products and services offered to them. And hence became financially excluded so, there was a need to bank the unbanked. For this our Prime Minister Sri Narendra Modi has launched Pradhan Mantri Jan Dhan Yojana to include the financially excluded people i.e., Bank the unbanked. This paper discusses the mission & key features of the scheme, how this revolutionary national mission has changed the scenario of financial inclusion & also the financial contribution of government during pandemic. The impact can be evidently seen in the banking sector and in the lives of people, who were financially excluded and discuss the current scenario of India under PMJDY.

Keywords: Financial Products, Financial Services, PMJDY, Unbanked, Financially Excluded, Pandemic.

1 FINANCIAL INCLUSION

Financial inclusion is the availability of financial services and product at a cost affordable to all the needy whether they include rural people, urban people, low income group people, weaker section or the women for their empowerment. Financial inclusion may be defined as 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. **(The committee on financial inclusions, chairman: Dr. C. Rangarajan, 2008).** There was a huge category of people like rural people, women, senior citizen, migrated people and socially excluded who were not included financially and there were two main reason for the exclusion, the first one was the lack of awareness of the financial products and services offered to them by the government amongst excluded people and the second one was that there was less number of banking outlets available to them and they used to be so far from their villages that their access was not easy and the inability of people to access the necessary financial services in an affordable, convenient and hassle free manner is called financial exclusion. There was need of initiatives or campaigns like Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Mudra Yojana, Atal Pension Yojana, Varishtha Pension Bima Yojana and Start up India to boost the financial condition of our nation by promoting the financial inclusion.

2 SCHEME FOR THE PROMOTION OF FINANCIAL INCLUSION BY THE GOVERNMENT OF INDIA



3 JAN DHAN YOJANA (MERA KHATA BHAGYA VIDHATA)

The Pradhan Mantri Jan Dhan Yojana is an initiative taken by our Hon'ble Prime minister, Sh. Narendra Modi on 15th august 2014 and launched on 28 august 2014 as a national mission towards financial inclusion. The earlier measures of financial inclusion could not achieve the success that our nation needed. This jandhan yojana is launched with the clear objective of covering all the households in the country with banking facilities&having a bank account for each household with the core of development philosophy of “**sab ka sath sab ka vikas**”. In India, the banking industry has done a great performance in urban areas but the reach to rural areas and access of banking facilities to the villages could not be achieved. Even after the nationalization of banks and several offers of financial product and services a majority population was out of the reach of banks which is now covering quickly year by year by this initiative. The Jan Dhan Yojana consists of 6 pillars as the mission mode. The first one is the access of banking facilities universally i.e. not only to villages but to each and every households. The second pillar is to provide basic banking facilities to each and every household including the facility of RuPay debit card and overdraft facility after the successful operation till 6 months. The third pillar isto provide the financial literacy programme to everyone because one of the major cause is the lack of financial literacy. The rural people or the socially excluded people have no knowledge of financial product and services which the government has launched for them and they also have poor skills to manage money. The fourth pillar is the creation of credit guarantee fund which covers the default of overdraft accounts. The fifth pillar is providing micro insurance and the sixth pillar is pension schemes to the old and poor people of unorganized sector like swavalamban. The role of business correspondents can be evidently seen in the data provided further. They played an important role to reach each and every corner of India and provide them the basic knowledge and the facility of banking and documentation at their door steps. After its implementation on 28 august 2014, the scenario of banking industry and the financial status of our country has evidently changed with the mission of bank the unbanked.

4 SALIENT FEATURES OF PMJDY

| | | |
|-----------------------------------------------|-------------------------|--------------------------------|
| 1. BSBDA (BASIC SAVINGS BANK DEPOSIT ACCOUNT) | 1. OVERDRAFT FACILITY | 1. ACCIDENTAL & LIFE INSURANCE |
| 1. COVERAGE | 1. ZERO BALANCE ACCOUNT | 1. FINANCIAL LITERACY PROGRAMS |

4.1 Objective

The main objective of this paper is to analyze the performance of Pradhan Mantri Jan Dhan Yojana in promoting the financial inclusion in India. For the attainment of this objective researcher has compiled the data since 2014 just after its implementation till now. So that reality can be exposed.

4.2 Research Methodology

This study is descriptive in nature; the secondary data have been used to conduct the study. The sources of the secondary data are official website of Pmjdy i.e. www.pmjdy.gov.in, the official website of RBI and annual reports of reserve bank of India, and articles from various papers like times of India, Economic Times. These data are well analyzed using various descriptive statistics such as average, percentage, etc.

5 RESULT & DISCUSSION

The information regarding the growth in banking outreach and the statistical journey of PMJDY is shown in table 1. The table shows the number of accounts opened from the 1st month of the implementation of PMJDY i.e., September 2014 till June 2022. This table showed that the accounts created within a month of the system's introduction were a fantastic start, and that growth year after year led to significant coverage of previously unreachable rural areas.

1. On September 22, 2014, a total of 33494368 accounts were formed under the plan, with 46% of those accounts located in urban regions and 95912.50 lacs in deposits. Of these accounts, 54% belonged to rural and semi-urban areas with the goal of serving every household. Additionally, public sector banks opened 96 percent of all new accounts, which was a larger percentage than regional rural banks and private sector banks.
2. On the very next year i.e. 24/06/2015 the number of accounts opened increased by approximately 20% more than the previous year. This year also public sector banks performed relatively higher than the others. Out of total bank account opened during 14-15 which is 164278216, 78% accounts were opened by public sector banks.
3. On the 2nd year, 2015-16, there were 289897880 accounts opened and amount deposited under this account were 222882387 and the public sector covered 79.5% bank accounts. During the year 2016-17, 289897880 accounts were opened and the public sector contributed highly by opening 81% of total bank accounts during this year.
4. In the year 2017-18, 81% accounts were opened by the public sector banks out of total 318883579 accounts. And the amount contributed also increased year by year.
5. During 2018-19, the total number of accounts opened was 359945653 and 59% accounts opened under rural areas and 41% were of urban people.
6. In the year 2019-20, till 17th June, the number of accounts opened was 393865239 and 64% of the total accounts belonged to rural & semi urban area and this year also the public sector banks has shown the largest number of bank accounts opened in comparison of regional rural banks and private sector bank.
7. During 20-201, this year also records an increase in the number of accounts opened. There is 8% increment in number of accounts opened as compared to previous year. Due to pandemic there is not significant increase. Public sector sector banks has again showed largest contribution in bank outreach.
8. During the last year which is June 2021-june 2022, the country was still facing covid situation. There is only 7% increment in the number of banks accounts as compared to previous year which is not significant.

It is clear from the performance of public sector banks over the past eight years that they have been significantly successful, and this program has targeted more rural areas than urban ones.

Table 1 Distribution of accounts opened under PMJDY scheme in India from 1 month after its implementation till now i.e., 24-09-2014 to 15-06-2022

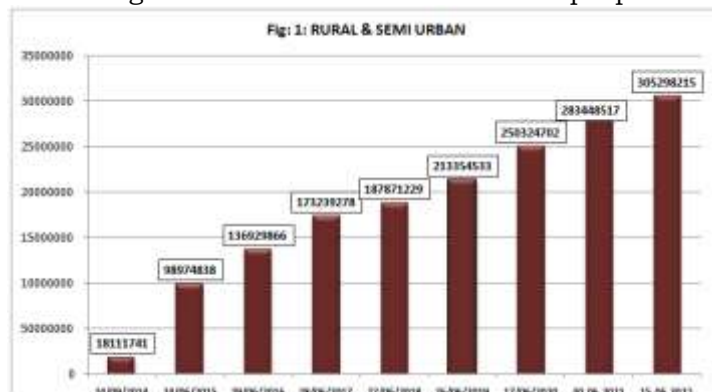
| YEAR | BANK NAME/TYPE | RURAL & SEMI URBAN | URBAN | RURAL + URBAN | DEPOSITS (IN LACS) |
|------------|----------------------|--------------------|-----------|---------------|--------------------|
| 24/09/2014 | Public Sector Banks | 17394862 | 14845177 | 32240039 | 95912.55 |
| | Regional Rural Banks | 357621 | 66286 | 423907 | |
| | Private Sector Banks | 359258 | 471164 | 830422 | |
| | Total | 18111741 | 15382627 | 33494368 | |
| 24/06/2015 | Public Sector Banks | 70021698 | 58180231 | 128201929 | 1901542.41 |
| | Regional Rural Banks | 24960715 | 4341725 | 29302440 | |
| | Private Sector Banks | 3992425 | 2781422 | 6773847 | |
| | Total | 98974838 | 65303378 | 164278216 | |
| 29/06/2016 | Public Sector Banks | 97824301 | 77151055 | 174975356 | 3925157.26 |
| | Regional Rural Banks | 34001778 | 5592707 | 39594485 | |
| | Private Sector Banks | 5103787 | 3208759 | 8312546 | |
| | Total | 136929866 | 85952521 | 222882387 | |
| 28/06/2017 | Public Sector Banks | 127516750 | 105886598 | 233403348 | 6413466.44 |
| | Regional Rural Banks | 40078004 | 7077783 | 47155787 | |
| | Private Sector Banks | 5644524 | 3694221 | 9338745 | |
| | Total | 173239278 | 116658602 | 289897880 | |
| 27/06/2018 | Public Sector Banks | 138588637 | 119063877 | 257652514 | 7929485.38 |

| | | | | | |
|-------------------|-----------------------------|------------------|------------------|------------------|-------------|
| | Regional Rural Banks | 43296570 | 7985224 | 51281794 | |
| | Private Sector Banks | 5986022 | 3963249 | 9949271 | |
| | Total | 187871229 | 131012350 | 318883579 | |
| 26/06/2019 | Public Sector Banks | 154824735 | 131120152 | 285944887 | 9964984.07 |
| | Regional Rural Banks | 51617982 | 9916939 | 61534921 | |
| | Private Sector Banks | 6911816 | 5554029 | 12465845 | |
| | Total | 213354533 | 146591120 | 359945653 | |
| 17/06/2020 | Public Sector Banks | 183254723 | 129176956 | 312431679 | 13473320.05 |
| | Regional Rural Banks | 59961617 | 8926199 | 68887816 | |
| | Private Sector Banks | 7108362 | 5437382 | 12545744 | |
| | Total | 250324702 | 143540537 | 393865239 | |
| 30/06/2021 | Public Sector Banks | 209546711 | 127166989 | 336713700 | 14415646.33 |
| | Regional Rural Banks | 66977124 | 9604114 | 76581238 | |
| | Private Sector Banks | 6924682 | 5656774 | 12581456 | |
| | Total | 283448517 | 142427877 | 425876394 | |
| 15/06/2022 | Public Sector Banks | 225593506 | 134631146 | 360224652 | 16982581.35 |
| | Regional Rural Banks | 72678328 | 11278555 | 83956883 | |
| | Private Sector Banks | 7026381 | 6009868 | 13036249 | |
| | Total | 305298215 | 151919569 | 457217784 | |

Source: www.pmjdy.gov.in

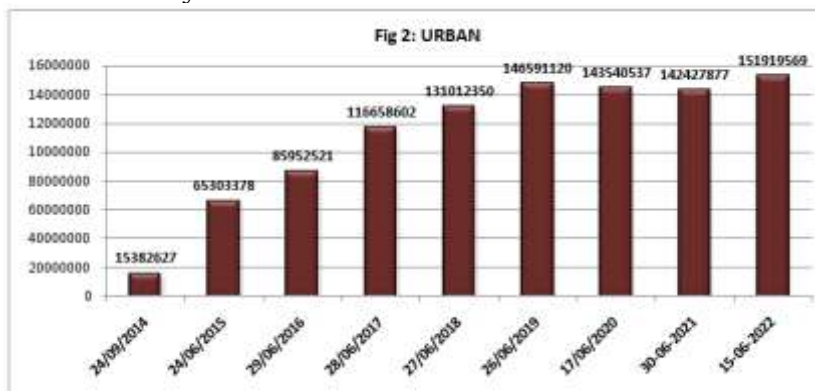
A. Rural And Semi Urban Area Under PMJDY

Fig 1 is the graphical presentation of number of accounts opened under rural and semi urban areas from the beginning of the campaign till now. Within a month of implementation, 18111741 accounts were opened. The rapid increase of 447% as on 24/06/2015 took place. And after that the graph is showing only the upward growth in the number of accounts covering 305298215 rural & semi urban people as on 17th June 2022.



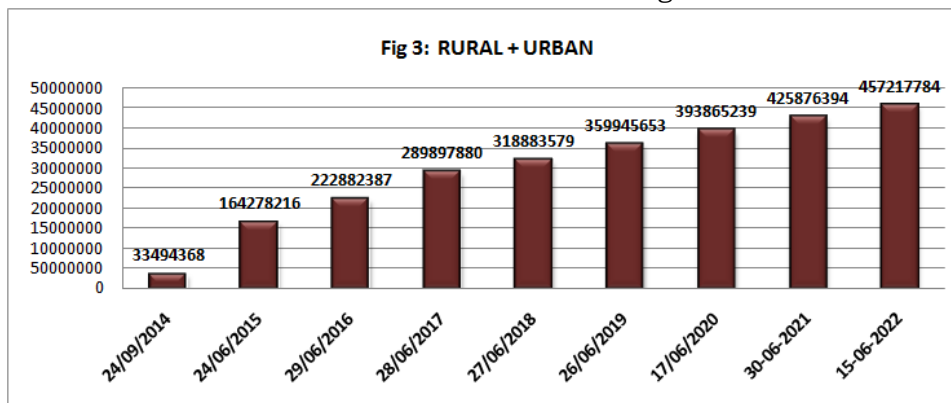
B. Urban Areas Under PMJDY

Fig. 2 shows the growth in number of accounts opened in urban metro areas. But this growth is relatively less than the growth of the rural areas. In urban areas, the highest 325% increase in the accounts opened also took place in the 2014-15. The data shows increase in the number of accounts every year but there can be seen a slight decrease in year 2020 and 2021 due to pandemic prevailing the country. But as on June 2022, the graph shows an increase in year 2022.



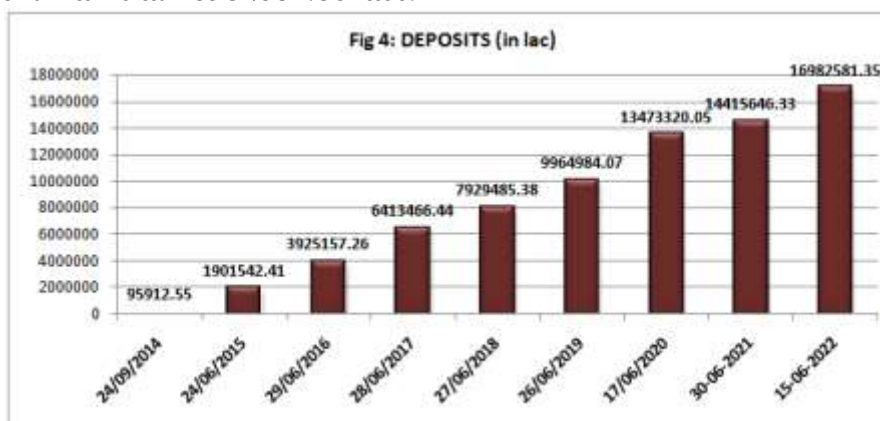
C. Combining Rural & Urban Under PMJDY

The combination of both the data i.e. rural and urban can be seen in fig 3. If we see the journey of Pradhan Mantra Jandhan Yojana altogether in both the urban and rural areas, there were a total of 33494368 accounts were opened on 24/09/2014 and there is a sudden increase in the account opening data as on 24/06/2015 by 390% and after that this figure is increasing year by year making the PMJDY successful. As on 17/06/2020, the figure marked at 393865239 accounts and is still increasing.



D. Total Deposit in the Bank Accounts Under PMJDY

There were fewer amounts of deposits made at the starting of PMJDY by availing the facility of zero balance. As on 24/09/2014 there were a total of 95912.55 lacs and as we see the recent figure it marks at 16982581.35 lacs.



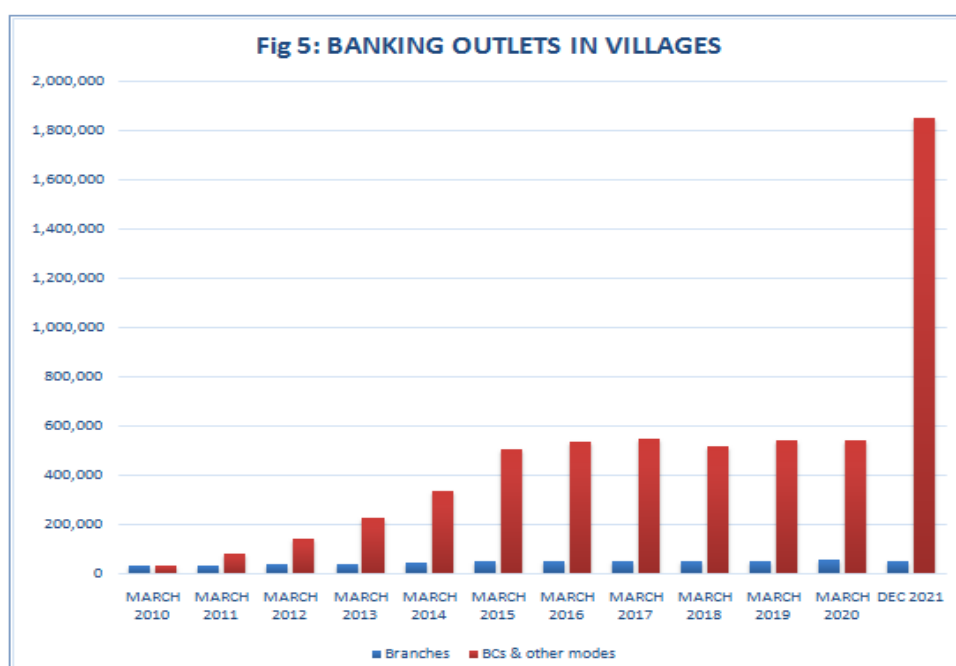
The RBI has defined banking outlet as “afixed pointservice delivery unit that is manned either by bank’s staff or a business correspondents”. There was less number of outlets because of which rural people didn’t want to go to branches for availing the facility of bank. To fill this gap the government opened outlets within a radius of 5km from a village. Table shows the number of banking outlets before PMJDY i.e. year 2010, 2011, 2012, 2013 having 67, 694, 1, 16, 208, 1, 81, 753 & 2, 68,454 outlets were there which needed to be increased. In Dec 2021, there are a total of 18, 44, 732 outlets are there through branches, business correspondents and other modes.

| Particulars | Banking Outlets in Villages Through Branches | Banking Outlets In Villages- Branchless (Business Correspondents & Other Modes) | Total Banking Outlets In Villages |
|-----------------------|----------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------|
| Year Ended March 2010 | 33,378 | 34,316 | 67,694 |
| Year Ended March 2011 | 34,811 | 81,397 | 1,16,208 |
| Year Ended March 2012 | 37,471 | 1,44,282 | 1,81,753 |
| Year Ended March 2013 | 40,837 | 227,617 | 2,68,454 |
| Year Ended March 2014 | 46,126 | 3,37,678 | 3,83,804 |

| | | | |
|-----------------------|--------|-----------|-----------|
| Year Ended March 2015 | 49,571 | 504,142 | 5,53,713 |
| Year Ended March 2016 | 51,830 | 534,477 | 5,86,307 |
| Year Ended March 2017 | 50,860 | 547,233 | 5,98,093 |
| Year Ended March 2018 | 50,805 | 518,742 | 5,69,547 |
| Year Ended March 2019 | 52,489 | 544,666 | 5,97,155 |
| Year Ended March 2020 | 54,561 | 544,656 | 5,99,217 |
| Year Ended Dec 2021 | 53,249 | 18,47,274 | 18,44,732 |

Source: m.rbi.org.in

Table 3: Distribution of banking outlets in villages through various modes from 2010 to 2021



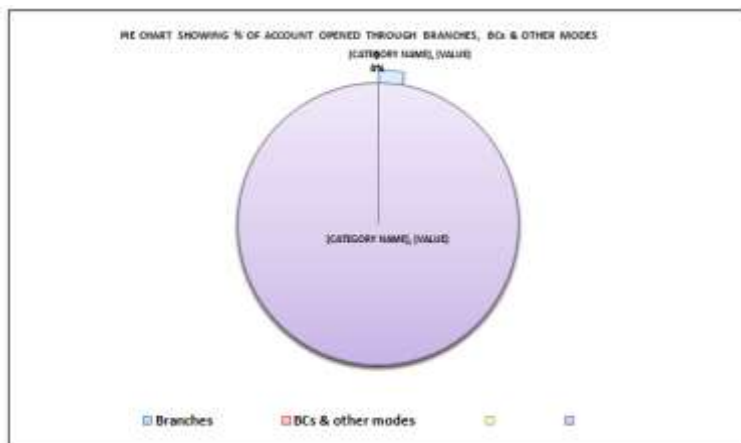
Source: m.rbi.org.in

Table 4: Distribution of number of banking outlets through branches, BCs & other modes

| Banking Outlets In Villages Through These Modes During March 2010 To December 2021 | |
|------------------------------------------------------------------------------------|-------------------|
| Branches | BCs & other modes |
| 53,429 | 1,847,274 |

Source: m.rbi.org.in

The information presented in table 4, reveals the number of outlets through branches are way lesser than the number of outlets through business correspondents & other modes. We can see the fig 6 that represents 89% banking outlets are opened through BCs & other modes & only 11% outlets are through branches are there. Hence, the role played by business correspondents in promoting financial inclusion is very evident.



6 CONCLUSION& RECOMMENDATION

The Pradhan Mantri Jan Dhan Yojana was introduced as a national initiative to bank the unbanked, i.e., to make banking services available to every home, village, and corner. With this mission the government has opened bank account for approx 381.2 million financially excluded people who were unbanked. Out of this 40.4 million are woman. Major success were achieved in rural & semi urban areas as 60.5% accounts were opened in this area & 39.5% belongs to urban area. For the success of PMJDY the public sector banks has played major role by opening accounts of 80% people under Jandhan Yojana where regional rural bank have occupied 17% of total bank account. The state of Uttar Pradesh has the most new accounts opened. To make it successful, the business correspondent has put in effort. The RBI has set new objectives for the coming year. The focus has now shifted from every household to every adult. The world is going digital, so it's important to educate every woman about money and technology as well as adults and men. As the Queen Rania of Jordan said "if you educate a woman, you educate a family, if you educate a girl, you educate the future."

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