

## The Current Scenario of Pradhan Mantri Jan-Dhan Yojana in India

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### Abstract:

*Pradhan Mantri Jan Dhan Yojana (PMJDY) is one of the Prime Minister's ambitious projects for the betterment of the poor. According to an estimate, only 58.7 per cent of the households in the country have access to banking services therefore, the Prime Minister declared that a bank account for each household was a national priority. In his speech, the Prime Minister also mentioned that the people of India have mobile phones but do not have bank accounts, and this scenario needs to be changed. Most of the scholars and economists have appreciated this step and think that it will prove a major milestone in combating poverty in India. Recently, NDA government has announced the policy of demonetisation and it is then that the importance of this scheme has been highlighted. It was through the series of schemes that the Prime Minister had planned demonetisation. However, lately misuse of*

*PMJDY scheme has been observed for lobbying black money.*

**Keywords:** PMJDY, Social Upliftment, Rural Banking, Poverty, Financial Inclusion, Demonetisation.

**Introduction:** Most of the scholars and economists assume the fact that PMJDY scheme will help to integrate the poorest of the poor with bank accounts through the PMJDY. Moreover, the prime objective of the scheme is to make banking facilities accessible to every household and that every household in the country must have a bank account. The scheme will face many challenges as; the people prefer to have cash directly with them instead of having to be deposited into their accounts. Moreover, this scheme is expected to boost insurance penetration in India. This scheme will also help in curbing corruption by converting India into a cashless and digital economy. The signs of which are already

visible as daily crores of black money is being seized post demonetisation in the raids of IT department.

The prime objective of PMJDY is to help the millions of poor people who reside in India. It will be done by slowly and gradually making them aware of their financial rights and freeing them from the never ending cycle of the greedy moneylenders at the same time giving them a modicum of insurance cover. Accounts are going to be active by adequate float funds in that – in the sense that the accounts are going to be having credits. Under the programme, people will be able to open zero-balance accounts with any bank, either public or private. No unnecessary documents are needed in order to have these accounts as an Aadhaar card is proof enough to open your Jan Dhan account on the spot. Also, government has decided to send the amount of benefits like pension directly to these accounts thereby, removing the role of middlemen who would illegally take away this amount to themselves. It has been estimated that by paying benefits directly into bank accounts, the scheme could cut waste and corruption that inflate India's \$43 billion subsidy bill, equivalent to more than 2 percent

of its GDP, for handouts of grain, fuel and fertiliser. On the inauguration day, 1.5 Crore (15 million) bank accounts were opened under this scheme. Gradually, India will become a cashless economy and corruption will face a serious blow as the government will provide benefits of micro insurance & pension etc directly to these accounts.

**Objectives of the Study:** The present research paper has the following objectives:

- To study present scenario of the PMJDY in India
- To highlight the problems and challenges in the implementation of PMJDY.
- To analyze the measures to be taken to tackle the hindrances in the implementation of PMJDY.
- To know the impact of demonetisation on PMJDY.

**Research Methodology:** The present research paper is based on the secondary sources of data collection. The secondary sources include various reference books, articles published in various reputed journals and newspapers. To pace the study, the

researcher has used some observational facts about the implementation of PMJDY.

**The Current Scenario of PMJDY:** The researcher has analysed the various research journals to find out some important aspects of PMJDY. Consequently, the researcher has pointed out some basic features of the scheme as under:

□ **Transparency Through Direct Benefit**

**Transfer:** It is an another valuable feature of PMJDY, under this scheme those bank accounts which are linked to Aadhar Ids can avail government subsidies by electronic transfer directly into their accounts. For e.g. Gas and Food subsidies. This will make the working of government more transparent and accountable at the same time minimising the scope of corruption as the amount is directly sent to accounts.

□ **Insurance Cover:** Under this scheme the bank accounts comes with Rupay debit card with accidental cover of Rs. 1 lakh as well as a life insurance cover of Rs. 30000 for all those whose subscribed to a bank account for the first time

during the period of 15<sup>th</sup> August 2014 to 26<sup>th</sup> January 2015. To get benefit of Accidental Insurance Cover, RuPay Debit Card must be used at least once in 45 days.

□ **Micro-Insurance for Small Traders and**

**Businessmen:** One of the major purpose of this scheme is to make the small traders self sufficient by giving them adequate micro finance. For this purpose, the Insurance Regulatory and Development Authority (IRDA) has announced a new category of finance specifically aimed at such small traders and business groups which will help them in being self sufficient. A micro-insurance policy can be a general or life insurance policy with a sum assured of ` 50,000 or less. A general micro-insurance product could be (i) Health insurance contract and (ii) Any contract covering belongings such as Hut, Livestock, Tools or instruments or any personal accident contract. These benefits are aimed at an individual or a group of individual who are traders and businessmen in small scale industries.

- **Cashless Banking Through Mobile:** PMJDY scheme provides mobile banking facility through which the account holders can avail the facility of checking and transferring the balances of their accounts through a normal cell phone which is more affordable to the target group and general economy.
- **Loan Benefits:** The account holder can take the benefit of loan of Rs. 5000. Provision of overdraft up to ` 5,000/- is projected to have a multi dimensional benefits like, this exigency fund shall be a great support for poor borrower in meeting out their basic needs like health, farming etc. This sum of Rs. 5,000/- as overdraft is provided after 6 months of satisfactory operation/ saving / credit history (it is a credit and not grant). However, this facility is only available at one household per group and women are more preferred for it.
- **Pension Scheme (Swavlamban) for the Workers of Unorganised Sector:** The scheme is open to any citizen of India in the unorganized sector, aged between 18 to 60 years. The criteria to specify that a person is working in

unorganized sector is that if he/she is not working in a regular employment of the central/state government or an autonomous body having employer assisted retirement scheme, or is not covered by any social security scheme. The Government of India contributes 1000 p.a for a stipulated period to all eligible NPS (New Pension Scheme) Swavlamban accounts where the subscriber deposits a minimum of ` 1000 to maximum of 12000 per annum. The benefit of the Government of India co-contribution is presently available up to 2016-17.

- **Bank Accounts with Zero Balance:** The accounts opened under PMJDY scheme are zero balance account that means initially an account holder does not need to maintain any bank balance. Under this scheme anyone who is a citizen of India above 10 years and does not have a bank account, can open the account with zero balance.

**Achievements of PMJDY:** This scheme has the following benefits:

- As mentioned in the beginning itself, this scheme is mainly focused towards providing facilities to rural population. As, often at such places banking services and other financial institutions are poorly or rarely available.
- Accounts can be opened with zero balance in any bank branch or through Business Correspondent (Bank Mitra) outlet, specially designed for the purpose of opening the accounts under this scheme.
- The Rupay debit cards which are invented, created and developed wholly and solely by Indian technology, is an indigenous domestic debit card introduced by National Payment Corporation of India (NPCI). It can be used by the account holder at all ATMs for cash withdrawal and at most of the retail outlets for making transactions of purchase.
- If a person has already a bank account and it is not attached to PMJDY scheme then there is no need to apply again,

the account holder just need to get a Rupay card and can get themselves enrolled into the system.

- The scheme covers a large section of society as people who do not have any official documents, can still obtain their personal bank accounts with his/her signature and photo. However, these accounts will be called as 'small accounts'. Although it is noteworthy that, there are some restrictions as imposed by the Reserve Bank of India. These restrictions include that such as accounts have a limitations when it comes to the aggregate credits (not more than Rupees one lac in a year), aggregate withdrawals (not more than Rupees ten thousand in a month) and balance in the accounts (not more than Rupees fifty thousand at any point of time). The validity of these accounts is for a year or 12 months.

**Demonetisation v/s PMJDY:** Post demonetisation, PMJDY accounts have seen a sudden surge in the amount of money deposited. Many bank officials are being caught these days in the raids conducted by

police and IT department on the charges of money lobbying. Jan Dhan accounts are being used to turn black money into white by a few culprits. Poor people are being used by rich to lobby their money and there have been instances when poor labourers and common people found crores of rupees added to their accounts overnight. According to an estimate, 47 lakh new accounts have been added post demonetisation and a sum of 74,000 crore were added to Jan Dhan account by the mid of December 2016. However, after strict and repeated warning by the government, this inflow of money to these accounts is slowly decreasing but there is still a need to keep a strict check on these accounts and those found guilty should be severely punished.

### **Suggestions for the Effective**

**Implementation of PMJDY:** The researcher has pointed out some suggestions for the effective implementation of PMJDY in the era of demonetisation:

- The whole scheme is generally financial literacy oriented therefore there should be a proper training camp sessions for the Bank Correspondents (Bank Mitra) as they are the

middlemen of the scheme as well as one of the crucial factors too. A financially illiterate person shall be in need of a guide whom with he can discuss and ask things related to the scheme. Great dedication and involvement of Bank Correspondents will definitely take the programme to some great heights.

- No doubt this is the most successful financial inclusion programme introduced by the government of India, Guinness Book of World Records has also recognised the Achievements made under PMJDY, but it is quite possible that multiple accounts would have been opened by single person in different banks either due to unawareness or by greed. Although the scheme is very clear in providing single benefit to one person only, irrelevant to the multiple bank accounts opened by him. Bank can also establish a single information sharing system to weed such multiple accounts.
- The key factor for successful implementation and outstanding performance of this scheme is in the

hands of banks therefore it's a great challenge for every nationalised bank as they will need more manpower, technology and better risk management techniques.

- The scheme gives a free accident insurance cover worth Rs. 1 lakh to the every single account holder, the holder must use the Rupay debit card at least once every 45 days which is quite difficult for remote tribal areas even after the presence of Bank Correspondents.

### Conclusion:

To conclude, it can be said that substantial part 35-40% of the rural populations does not have bank accounts so benefits and government schemes are not reaching them so opening bank account should be top priority. Effective implementation of the PMJDY will drastically reduce the poverty, solving most of the financial problems of people. Benefits of financial inclusion schemes should be properly communicated to all rural areas of the country. Government should first define the financial inclusion regulations/acts for the country. All the financial institutions

should make participate and include for effective implementation of financial inclusion. The government should ensure that no PMJDY account is used for black money lobbying and defaulters should be punished severely so as to set an example to the society. Together with the co-operation of common people and government, this scheme is bound to help the poor of country.

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