

A Road Map from Financial Exclusion to Financial Inclusion through Pmjdya with Special Reference to Bengaluru North

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ABSTRACT

For centuries financial exclusion has kept poor masses away from development process. Prof. Ramakrishna (2010) had aptly explained that financial inclusion ensures every citizen to avail financial services to meet his/her needs. The Prime Minister launched the National Mission on financial inclusion known as Pradhan Mantri Jan Dhan Yojana on August 28, 2014. The prime objective of the PMJDY is to ensure financial inclusion of the poor and rural population giving them dignity, financial freedom and financial stability. This scheme is a national mission on financial inclusion with the motto of “Sabka saath Sabka vikas” Access to financial services to all citizens, particularly to low income and poor people is a key to promote inclusive growth. On the inauguration day itself 1.5 crore accounts were opened and the world record of Guinness certify that the most bank accounts opened in 1 week as a part of financial inclusion campaign is 18,096,130 and was achieved by Banks in India from 23 to 29 August 2014. With this background data have been collected from female beneficiaries engaged in unorganized sector in Bengaluru north and also analyzed how the banks enrolled them in to this scheme. This paper also highlights the main features and pillars of the PMJDY and performance of this scheme since its inception.

Keywords: *Financial inclusion, PMJDY; Financial literacy, Zero Balance account*

Introduction:

The term ‘financial inclusion’ has been coined differently by different sources. According to Rangarajan Committee Report (2008) and Chakrabarty (2011) as uniform access to different financial services by the underprivileged groups of the society at an affordable cost; equitably as well as transparently (Sarma, 2008; Solo, 2008); a desire to develop alternative, reliable and affordable access to finance (Fuller & Mellor, 2008) and as a tool to alleviate poverty (Alpana, 2007). The main objective of financial inclusion in India is to promote sustainable development, generate employment and alleviate poverty in rural

areas by supplying various financial services to the poor people. Indian financial system comprises of financial market, money market, capital market and debt market to cater the financial needs of the people. In India well-structured banking system has been functioning in a successful manner to cater to the financial needs of individuals and households and contribute towards the progress and advancement of our nation. Researches has validated that the reasons for exclusion in India are many fold e.g. implementation issues (Ramasubbian & Duraiswamy, 2012); inter-state variations (Kuri & Laha, 2011); low-level of education (Devlin, 2009), want of access by certain groups of the society (Mohan, 2006) and

skeptical performance of self-help groups (SHGs) in delivering micro credit (Meyer, 2003). An International Centre for Research on Women publication made the case that 'economically empowering women is essential both to realise women's rights and to achieve broader development goals such as economic growth, poverty reduction, health, education and welfare'. According to its authors, 'a woman is economically empowered when she has both the ability to succeed and advance economically and the power to make and act on economic decisions' (Golla et al., 2011)

OBJECTIVES OF THE STUDY

1. To know the progress of the PMJDY Scheme from Phase-I till April 2017
2. To examine the level of financial access to banking services of the urban unorganized workforce and the reasons for not accessing banking services.
3. To examine the awareness on the "Pradhan Mantri Jan Dhan Yojna" Scheme and the satisfaction level with regards to the most attractive feature of the scheme.
4. To analyse empowerment of women after opening account under PMJDY scheme.

SCOPE OF THE STUDY

- ✓ The study is limited to geographical area of capital of Karnataka, India.
- ✓ The scope includes household servants, domestic helps, migrant & local construction laborers and other contractual low income staff at different private institutions.

METHODOLOGY OF THE STUDY

Research Design

REVIEW OF LITERATURE

The present study has used cross sectional (survey) research design and the study was carried out at a particular point of time (during November 2016 -April 2017). The survey approach was used to fulfill the objectives of the study. Data have been collected personally by for the study. Secondary data have been collected from the journals and websites.

Sampling Design & Sample Size

Firstly, the present study assumed all the bank account holders under PMJDY in Bengaluru are the study population of which 100 such account holders were selected in different steps. To collect the data, the enumerator has approached various Public Sector Banks to provide the list of bank account holders under PMJDY. The bank officials contacted have provided a list of 150 account holders' name and address. Secondly, on the basis of the list, the enumerator has contacted with all the account holders, explained them her motive and requested them to volunteer in the study. During the weekly Sangha meet the enumerator has collected the data along with their interviews and only 100 agreed to respond. Finally, in course of interview with the respondents, the enumerator has gathered personal, socio- economic and other required details of respondents.

LIMITATIONS OF THE STUDY

- i. Data have been collected only from 100 female beneficiaries who have opened account under Phase I of PMJDY Scheme.
- ii. These respondents were selected from Bengaluru only.
- iii. Beneficiaries were employed in unorganized sector.

S. No	Author and Year	Research objective	Research Methodology	Result of the Study
1.	Jaspreet Kaur Dr. Nidhi Walia (2016)	A review study on Pradhan Mantri Jan Dhan Yojana- A new scheme toward financial inclusion is being undertaken	Descriptive	Studies showed that UP was the only state where people were more aware about the Jan Dhan Yojana and satisfied with this scheme. The study further suggested that RBI and commercial bank should organize proper training for clients and plan a coordinated campaign in partnership with trainers to educate customers about the various schemes of financial inclusion.
2.	Dr. C. Paramasivan R. Kamaraj (2015)	To study the commercial bank's performance on Pradhan Mantri Jan Dhan Yojana scheme.	Descriptive	PMJDY scheme totally contribute to all the income level people willingly and to make them continuously travel to banking sector. It is fully helpful to rural and urban area people in getting directly government financial services. It is concluded that, the PMJDY scheme has created an impressive result in the banking sector with regard to eradication of financial untouchability in the country. Mere opening of accounts may not fulfill the aim of the scheme, but there should be continuous operation of bank accounts to give the real success of the scheme.
3.	Dr. Ashish Pathak; Dr. Amrita Soni; Dr. B.P. Aggrawal (2015)	i.Study of how many number of accounts will be open by prime minister Jan-Dhan Yojna. ii.To study that how the weaker section will be benefited from this scheme. iii.To study that how people make the saving.	Emperical	This project "Pradhan Mantri Jan – Dhan Yojana" is going a step forward to ensure the po a safe and secured life. The drawing board is well thought out and laid out. It now depends on the implementing agencies to implement the same in the field. For this, banks including Reserve Bank of India, NABARD, etc. Insurance Companies need to be involved with a passion for the Mission. orest citizens and their families. A kind word & assistance will help to bridge the economic gap and ensure the poorest citizens of our nation and his family a new lease of life. Make this scheme a great success.
4.	Dr.Hiren.R.Raval (2015)	i. To understand the tool of Financial Inclusion ii. To study financial inclusion in India. iii. To access PMJDY with reference to objectives, achievements and prospects	Descriptive	Support of elite class or corporate of the country is required for the economic development of the country. Even People of low income or deprived class should be the beneficiary in the process of financial inclusion. PMJDY is such an initiative by

				the government of India. Research paper with given certain facts concludes that an initiative to cover “excluded segment” can be successful if government is backed with efforts of private sectors and involvement of people beyond just policy formation of government
5.	Prof. Sreelatha Guntupalli (2015)	i. To understand the role of government and banks in PMJDY scheme. ii. To study the implications of the scheme. iii. To explore the PMJDY implementation in urban areas, w.r.t. Dharavi, Mumbai.	Descriptive	The PMJDY scheme of the government, with support from all banks and participation of many supporting agencies, is trying hard to bring in the under privileged into the financial inclusion circuit. The major barriers to financial inclusion, as identified in the survey of Dharavi, are lack of financial understanding or information, poor people’s low income and erratic cash flow, lack of suitable products and processes from formal financial service providers that cater to the needs of poor people. All the benefits such as financial inclusion, financial stability and financial freedom are expected to get through the PMJDY, to the poor and the underprivileged people in rural, semi-urban and urban areas.
6.	Subramanya P R Alfia Taj H N(2015)	To study the awareness level of people towards Pradhan Mantri Jan Dhan Yojana in Hassan	Empirical	The PMJDY is most effective scheme and beneficial scheme with ambition of giving the financial facility directly from government. It is making benchmarking achievement and creating the awareness to people.
7.	Mariam Sohail (2014)	To know whether women empowerment leads to the development of economy.	Descriptive	Empowering women has dual benefits, first to the women and second to the society. When we empower a woman, actually we are empowering family. In empowering women education plays an important role. For women empowerment first thing to do is to change the thinking of the people. Women must have access to all resources and credits.
8.	Sri Lakshmi & D.Mamatha Dr.Ponniah V M (2014)	An overview of Financial Inclusion. Bank of Baroda’s performance with reference to Financial Inclusion. Latest trends being implemented for Financial Inclusion by PMJDY.	Descriptive	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
9.	T. Dheepa G. Barani (2009)	To reveal whether the empowerment process has really helped the women community to develop them on political,	Descriptive	A vision to rise the womanhood in true sense is the rise of the essence of womanhood in the physical, mental,

		economical & social basis.		intellectual & spiritual planes. It calls for the beginning of a campaign for the true risk of women in all spheres of life for the restoration of balance in nature. The effectiveness of program depends on the social awareness and the acceptance of such effort. A small step today lead to a giant help tomorrow.
10	Radhika Dixit & Munmun Ghosh (2003)	<ul style="list-style-type: none"> i.To study & understand the meaning & need for financial inclusion in inclusive growth. ii.To study the role of financial inclusion in inclusive growth. iii.To know the extent of financial Inclusion/ exclusion in India. iv. To understand the extent of diversity in Indian states with regards to financial inclusion. 	Hierarchical clustering method	Inclusive growth attainment depends a great deal on equitable distribution of growth opportunities & benefits. Financial inclusion is one of the most crucial opportunities which needs to be equitable distributed in the country so that comprehensive growth can be attained.

FEATURES OF PMJDY

The Pradhan Mantri Jan-Dhan Yojana (hereafter PMJDY) has been launched by the Prime Minister of India on 15th August, 2014, as a step towards the holistic financial inclusion. The name and the logo of PMJDY have chosen through an online competition on the My Gov Platform with the slogan- ‘Mera Khata – Bhagya Vidhata’ (my account, my fortune). The unique features of the scheme include:

- The account holders will get interest on their outstanding credit balances;

- Account holders will get an accidental insurance coverage of INR .10 million along with life insurance coverage of INR .03 million;
- No minimum (floor) balance is required and money can easily be transferred across the country;
- Direct cash transfer and accessibility of overdraft facility after satisfactory operation of 6 months; and
- Access to pension, insurance products and Rupay Debit Cards.

ANALYSIS OF PROGRESS OF JAN DHAN YOJNA ACCOUNT

Table 1: Number of accounts opened under PMJDY during Phase I (31.01.2015)

	Rural	Urban	No Of Accounts	No Of Rupay Debit Card	Balance In Accounts(In Lakhs)
Public Sector Bank	53300249	45147276	98447525	91232024	817463.04
Rural Regional Bank	18489448	3297833	21787281	14967614	159948.08
Private Banks	3226397	2012086	5238483	4593161	72551.5

Total	75016094	50457195	125473289	125473289	1049962.62
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Source:

<https://www.pmjdy.gov.in/files/progress/phase1.pdf>

Table 2:

Number of accounts opened under PMJDY during Phase II (30.04.2017)

	Rural	Urban	No Of Accounts	No Of Rupay Debit Card	Balance In Accounts(In Lakhs)
Public Sector Bank	124820497	103707203	228527700	177573638	5058700.81
Rural Regional Bank	39741901	6871965	46613866	35355260	1189794.3
Private Banks	5551857	3716078	9267935	8573336	208214.75
Total	170114255	114295246	284409501	221502234	6456709.86

Source: <https://www.pmjdy.gov.in/ArchiveFile/2017/4/26.04.2017.pdf>

i. With the help of the above tables, it is observed that the total number of accounts opened under PMJDY by Commercial Banks, Private Sector banks and Regional Rural Banks in Rural area has increased by 9,50,98,161 i.e a hike of 126% from Phase I till April 2017.

ii. With the help of the above tables, it is observed that the total number of accounts opened under PMJDY by Commercial Banks, Private Sector banks and Regional

Rural Banks in Urban area has increased by 3,89,61,949. i.e a hike of 77% from Phase I till April 2017.

FINDINGS OF THE SURVEY:

This section discusses the profile of respondents by various socio-economic characteristics. The profile of respondents by age is presented in Table 3.

Table 3: Distribution of Respondents by Age:

Age	Frequency	Percentage
18-30	26	26
31-50	50	50
51-70	20	20
Above 70	4	4
	100	100

Source: Authors' Calculation

From the above Table (3) we get the indication that Majority of respondents (50 per cent) belonged to middle age group in

the range 31-50 years followed by Young age group (26 per cent) in the range 18 to 30 years. Very few respondents belong to age group above 50 Years.

Table 4: Distribution of Respondents by Marital Status

Marital status	Frequency	Percentage
Single	8	8
Married	88	88
Separated	0	0
Widow	4	4
	100	100

Source: Authors' Calculation

From the above Table (4) we can observe that Majority of respondents (88 per cent) are married and very few respondents were Single or widow.

Table 5: Distribution of Respondents by their Educational Qualification

Literacy level	Frequency	Percentage
Illiterate	20	20
Primary	26	26
Middle School	12	12
High School	24	24
Higher Secondary	18	18
	100	100

Source: Authors' Calculation

From the above Table (5) we can find out that 26 percent of respondents have completed their primary level education where as 24 percent have completed their high school. Middle school level education has been completed by 12 percent of the respondents where as 18 percent respondents have completed their higher secondary. Only 20 percent respondents were illiterate.

Table 6: Distribution of Households by the Type of Family

Type of Family	Frequency	Percentage
Nuclear	64	64

Joint	36	36
	100	100

Source: Authors' Calculation

As expected majority (64 percent) respondents belong to nuclear family.

Trends in Financial Inclusion

One of the objectives of Study was to identify the most attracting feature of PMJDY which persuade customer to open account under this scheme and to support

the same a study was also conducted to know the reason for their financial exclusion till launch of PMJDY scheme. One of the requirements for opening bank accounts and availing government subsidy through bank accounts is the possession of a proper identity. RBI has been pursuing the goal of financial inclusion from a long time.

Table 7: Table showing Respondents reason for not availing Banking services

Reason for financial exclusion	Frequency	Percentage
No Knowledge to open Bank account	26	26
No Requirement	50	50
No Savings	12	12
Others (not specified)	12	12
	100	100

Source: Authors' Calculation

From the above table it can be observed that majority of respondents (50 percent) have not availed for banking services as they

never felt the requirement for it where as almost one fourth of the respondents agree for having no knowledge of opening bank account. No saving and other reasons constitute 12 percent of respondents.

Table 8: Table showing Source of awareness about PMJDY

Source of awareness	Frequency	Percentage
TV	26	26
Word of Mouth	50	50
Gram dak sevak	12	12
Radio	12	12
	100	100

From the above table it can be observed that majority of respondents (50 percent) got to know about this scheme through word of mouth. The major barriers to financial

inclusion, as identified are lack of financial understanding or information, There has been lot of initiative taken for financial inclusion for poor people by various

governments in the past which had proved fatal. PMJDY was launched with full support from various banks, and the scheme

was also announce in Independence day speech by Prime minister himself which created a lot of awareness amongst people.

Table 9A: Table showing Respondents major reason for availing banking services under PMJDY scheme

Reason for opening PMJDY Account	Frequency	Percentage
Zero Balance	74	74
Rupay Debit Card	12	12
Accident Insurance	14	14
Pension Scheme	0	0
	100	100

Source: Authors' Calculation

Table 9B: Table showing difficulty faced by Respondents while opening bank account under PMJDY scheme

Difficulty faced while opening PMJDY Account	Frequency	Percentage
Yes	0	0
No	100	100
	100	100

Source: Authors' Calculation

Table 9C: Table showing time taken by beneficiaries to open bank account under PMJDY scheme

Time taken to open Account	Frequency	Percentage
Few Hours	60	60
One Day	32	32
One week	8	8
More than a week	0	0
	100	100

Source: Authors' Calculation

From the above tables (9A; 9B & 9C) it can be concluded that majority of the beneficiaries have opened their first bank account under PMJDY scheme as it was a zero balance or no floor balance account and

moreover they did not faced any difficulty while opening Jan-Dhan account. Majority of respondents (60 percent) were able to open their bank account in few hours only. Since respondents are engaged in

unorganized sector, Source of Income is not fixed and hence they have very minimal or no savings and maintaining balancer in bank account becomes difficult. Other major reason stated by respondents (14 percent) was Accident Insurance coverage which provides them life security and minimize their risks. Rupay debit card also has been a

reason for respondents (12 percent) for availing this service as majority of respondents are young and literate, so they will be able to do transactions on their own. None of them had any idea about the pension scheme as an additional benefit attached to such accounts.

Table 10: Table showing Savings made by beneficiaries in their Jan Dhan Account

Savings in Jan Dhan Account (Rs.)	Frequency	Percentage
Less Than 1,000	22	22
1,000-5,000	48	48
5,001-10,000	28	28
Above 10,000	2	2
	100	100

Source: Authors' Calculation

With the motto of Sabka Saath Sabka Vikas financial inclusion through PMJDY scheme has broaden the resource base of the financial system. It has also developed a culture of savings among large segment of financially excluded population and plays its own role in the process of economic development. Further, by bringing low income groups within the perimeter of formal banking sector; financial inclusion protects their financial wealth and other resources in exigent circumstances. From the above data it can be computed that almost half of the respondents were able to save up to Rs. 5,000 after availing banking service under this scheme. All the respondents were able to save money which was not possible earlier.

CONCLUSION:

PMJDY is a major catalyst in achieving the goal of inclusive growth as the initial figures are encouraging and as more and more people get in the ambit of formal institutions they will be in a

position to contribute more positively in the economic development of the country. When people save money ultimately they make for themselves the availability of surplus which can be utilized by the banks to channelize it to the needy sectors. Also by opening a bank account people can earn risk free returns and can also enjoy the benefits of other linked financial services which they were not able to access. The PMJDY is most effective scheme and beneficial scheme with ambition of giving the financial facility directly from government. It is making benchmarking achievement and creating the awareness to people.

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