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# Review of Pradhan Mantri Jan Dhan Yojana: Sab Ka Sath Sab Ka Vikas

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## *Abstract*

*Most of the research on PMJDY either talks about benefits of the scheme or else they criticize the scheme but very few researchers' covers the benefits and the suggestions to overcome the limitations of the scheme. Through this paper, an attempt is made to understand the PMJDY, to evaluate the progress of PMJDY and to suggest the areas of improvement for PMJDY. The study is based on secondary data collected from the authentic sources. The methodology used is mainly the percentage analysis and graphical presentation.*

**Keywords:** *Financial Inclusion, PMJDY, Micro Finance, Micro Insurance, Micro Pension*

## **Introduction**

Pradhan Mantri Jan-Dhan Yojana (PMJDY) is the Mission of the Government of India for inclusive growth based on "Sab ka sath sab ka vikas". The objective of PMJDY is to ensure and enhance the access of financial services mainly through Accounts in Banks, Rupay Debit Cards, Credit, Insurance and Pension. The scheme was launched on 28 August 2014 by Shri Narendra Modi. Inclusion of the weaker section of the population in the fold of banking service is expected to create fair loan facilities to them and hence reduce poverty.

## **Action Plan of Pradhan Mantri Jan Dhan Yojana**

**This project** aims to create coverage of all households excluded earlier from the financial serves in the country in following two phases:

### **Phase I: August 15, 2014 to August 14, 2015**

1. Universal access to banking facilities
2. Providing Basic Banking Accounts with overdraft facility of up to Rs. 5000/-
3. RuPay Debit Card with inbuilt accident insurance cover of Rs. 1 lakh

4. Financial Literacy Program

### **Phase II: August 15, 2015 to August 14, 2018**

1. Creation of Credit Guarantee Fund for coverage of defaults in OD accounts
2. Micro Insurance
3. Pension schemes for unorganized sector
4. Coverage of households in hilly, tribal and difficult areas, and coverage of remaining adults in the households and students

**Problems & Objectives:** Most of the research on PMJDY either talks about the benefits about the scheme or else they criticize the scheme but none of the research done in past coverage and suggestions to overcome the limitations of the scheme. Hence, following are the main objectives of the Study:

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1. To understand the PMJDY
  2. To evaluate the progress of PMJDY
  3. To list out the areas of improvement for PMJDY

**Research Methodology:** The study is based on secondary data collected from the official website of PMJDY, RBI, Market Mix reports, NABARD, Ministry of Finance etc. The methodology used is mainly the percentage analysis and ratio analysis. Results are presented with the help of Graphs to have better understanding.

### **Research Analysis: Benefits of PMJDY**

#### **Scheme:**

On analyzing the PMJDY, the paper finds following benefits for small households:

- Interest on the deposited amount;
- Zero Balance facility;
- Transfer of money across India;
- 1 lac Accidental insurance cover;
- Life insurance cover of Rs.30,000/-;
- Overdraft Facility after satisfactory operation of the account for 6 months;
- Access to Pension;
- RuPay Debit Card;
- Overdraft facility upto Rs.5000/- is available to one account per household, preferably to lady of the household and many more.

### **Review of progress of PMJDY**

According to Dheeraj Tiwari, (2015) , The success of PMJDY could be gauged as 19.21 crore accounts

were opened with banks under this financial inclusion scheme, and total deposit of more than Rs 26,819 crore were created, Rupay cards of worth of to 16.51 crore were issues to customers. It could be noted that and two lakh accounts are opened every day. PMJDY which entails a life insurance cover of Rs 30,000 and an accidental insurance cover of Rs 1 lakh has also benefited the subscribers as 1,336 claims of life cover and 333 claims of accident insurance cover have been paid till November 2015. Beneficial effects of the project can also be assessed from the fact that Zero balance accounts in PMJDY have declined from 76 per cent in September 2014 to 33.21 per cent in December 2015. Till June 2015, more than Rs 4,273 crore have been routed through these accounts towards payment of wages under MNREGA and transfer of cooking gas subsidy amounting to Rs 17,446 crore has been done through Jan Dhan accounts till July 2015.

As per the RBI Report, 92.6 million beneficiaries have been enrolled under the Pradhan Mantri Suraksha Bima Yojana and 29.2 million have been enrolled under Pradhan Mantri Jeevan Jyoti Bima Yojana, while 1.3 million account holders have been enrolled under Atal Pension Yojana, as of December 16, 2015.

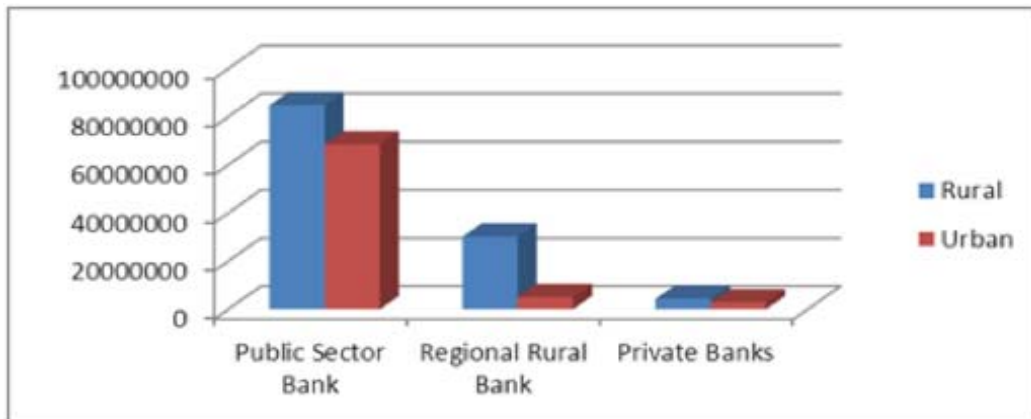
The report also said the number of debit cards is much higher than credit cards. While in 2012, there were 6.3 credit cards for every 100 debit cards, the number declined to 3.8 in 2015. Public sector banks, which command over 72.3% of market share in the debit cards, maintained a lead over private sector and foreign banks in issuing debit cards.

**Table 1: Percentage Analysis of No of Accounts opened under PMJDY as on 16.12.2015**

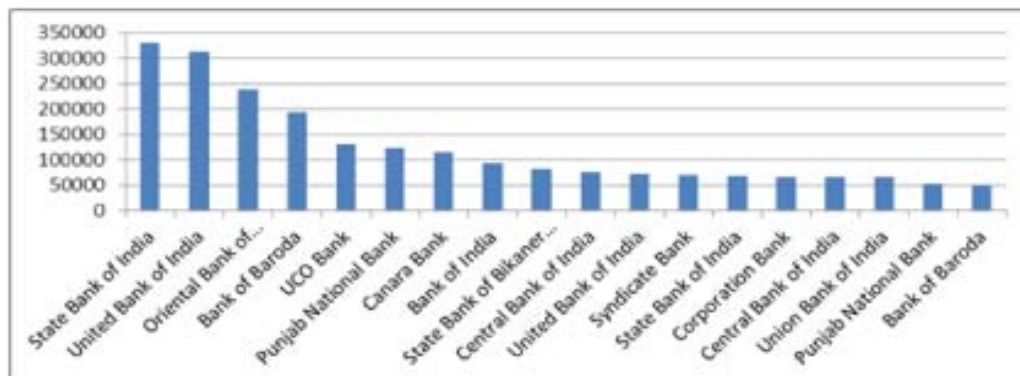
	Contrib ution in total rural account	Contrib ution in total Urban account	Rural Urban Account Ratio	Debit Card %	Account with Zero balance	% Aadhar Seeding
<b>Public Sector Bank</b>	71.01%	89.59%	1.236627508	88.22%	33.39%	46.27%
<b>Regional Rural Bank</b>	25.32%	6.57%	6.010169207	72.41%	30.83%	28.15%
<b>Private Banks</b>	3.67%	3.84%	1.491691122	88.05%	40.83%	31.22%
<b>Grand Total</b>	100.00%	100.00%	1.56011649	85.37%	33.21%	42.45%

As per Table 1, the contribution of Private Bank in the support of PMJDY is very less and there should be some initiative to motivate the private banks. The same can be analysed better with the help of following charts:

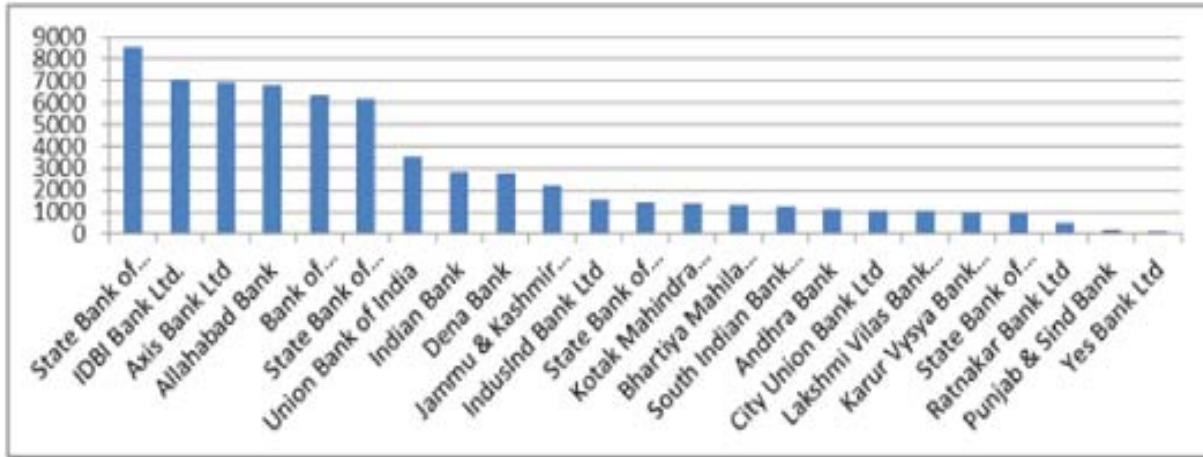
**Chart 1: Number of Rural and Urban Accounts opened under PMJDY as on 16/12/15**



**Chart 1a: Banks with more than 50000 lacs balance in Bank Accounts as on 16.12.2015**

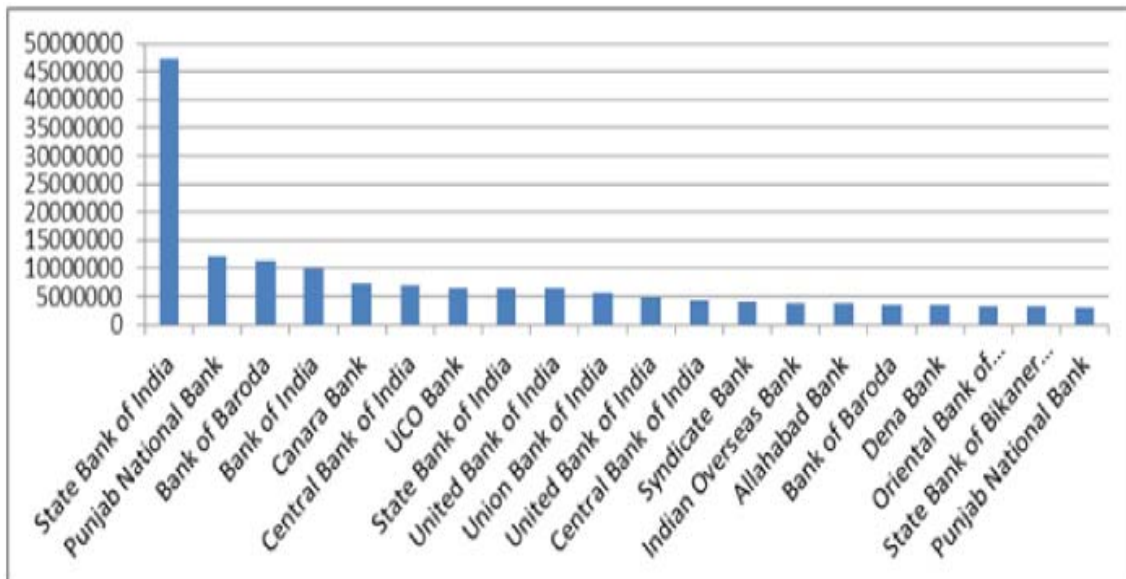


**Chart 1b: Banks with less than 10000 lacs balance in Bank Accounts as on 16.12.2015**

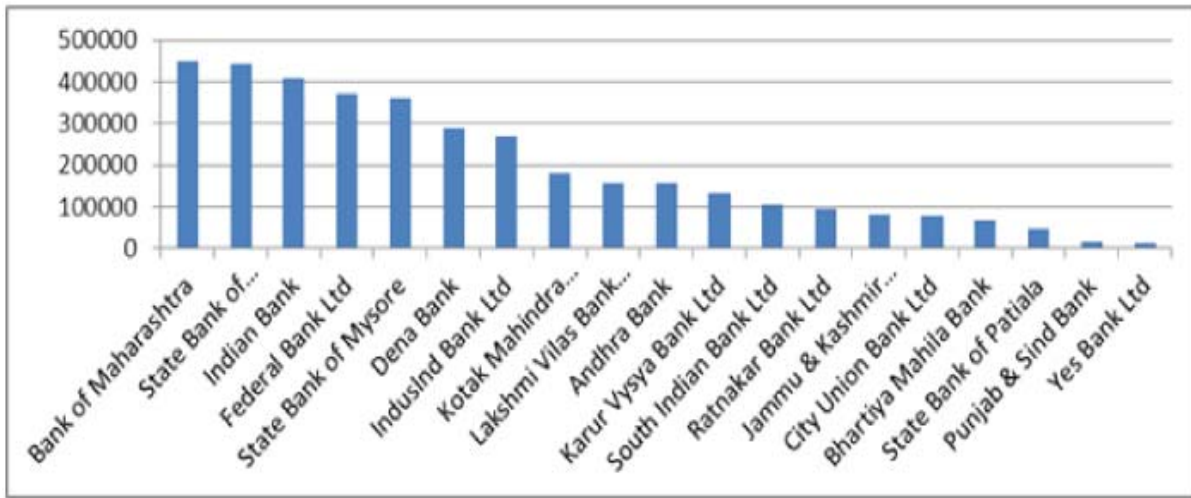


If we analyze Chart 1 a and 1 b, it can clearly be stated that there are some banks with very good balance but there are also banks with poor balance. An equal attention is needed to set the targets for banks like Yes Bank, Punjab and Sind Bank etc.

**Chart 1c: Banks with more than 30 lacs Bank Accounts as on 16.12.2015**

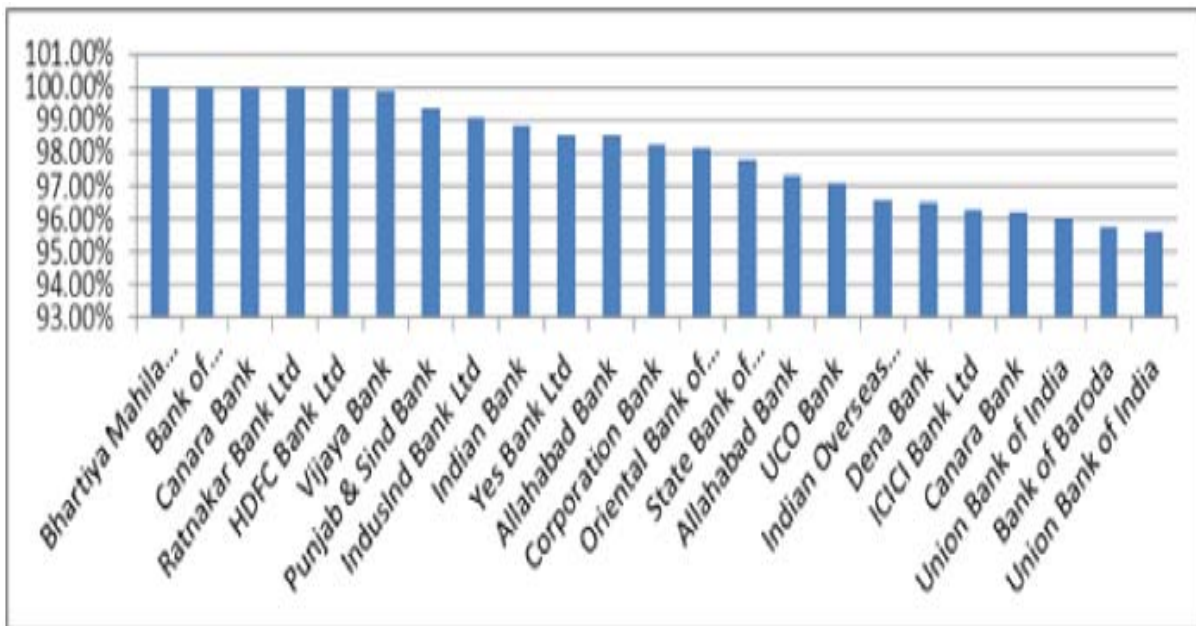


**Chart 1d: Banks with more than 5 lacs Bank Accounts as on 16.12.2015**

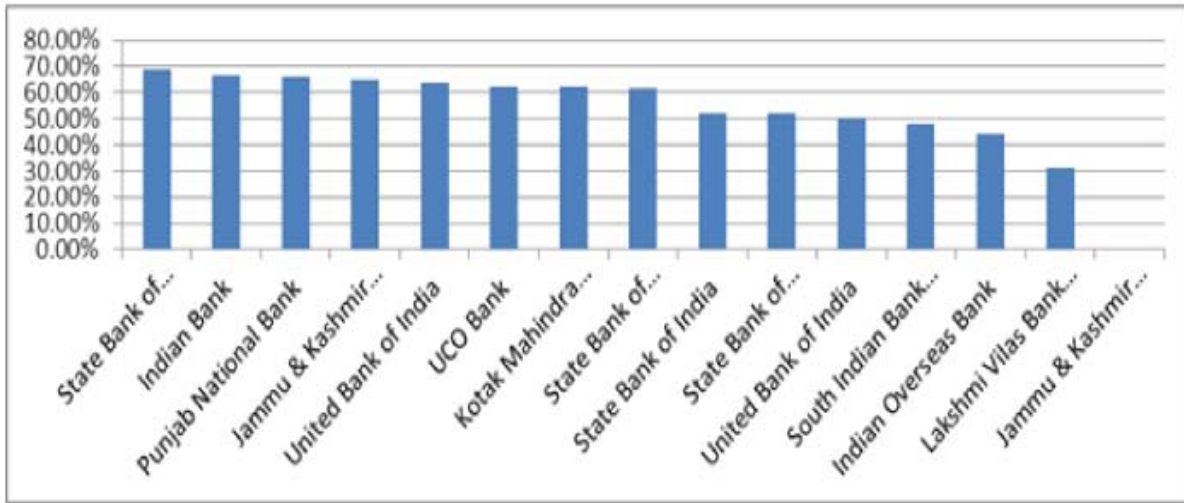


If we analyze Chart-1c and 1d, it can be stated that the poor balance is because of the less number of Accounts and hence if the target is to increase the balance then equal attention is needed to set the targets for increase in number of branches and accounts for banks like Yes Bank, Punjab and Sind Bank etc so that these banks can contribute more in PMJDY.

**Chart 2a: Banks with more than 95% Debit Cards under PMJDY as on 16.12.2015**

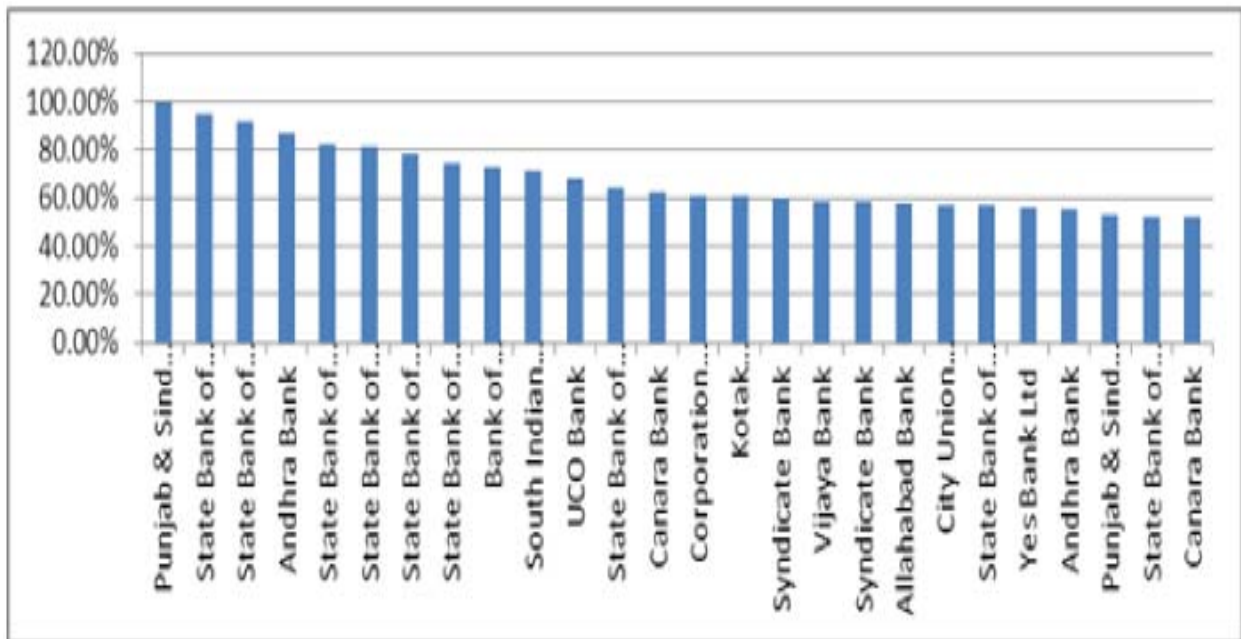


**Chart 2b: Banks with less than 70% Debit Cards under PMJDY as on 16.12.2015**

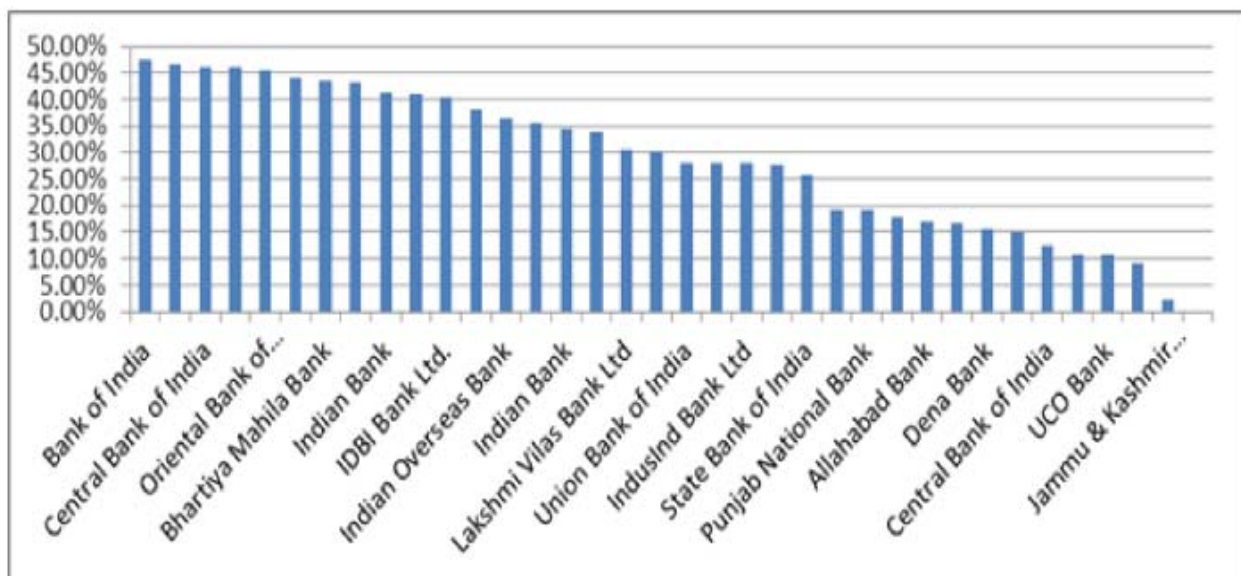


On analyzing Chart 2a and 2b, it is interpreted that there are some banks with 100 % Debit Cards so at the same time there are banks with zero% or less than 10% Accounts with Debit Cards and hence there is a need to set the targets for banks like Jammu & Kashmir, Laxmi Vilas bank etc.

**Chart 3 a: Banks with more than 50% Aadhar Seeding as on 16.12.2015**

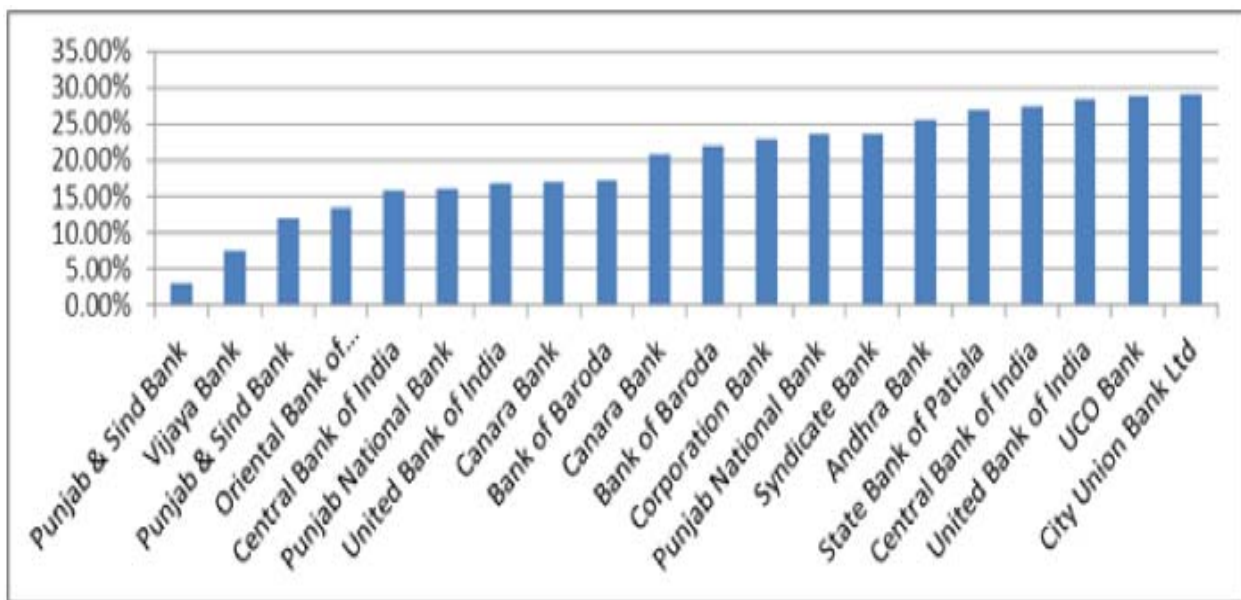


**Chart 3 b: Banks with less than 50% Aadhar Seeding as on 16.12.2015**

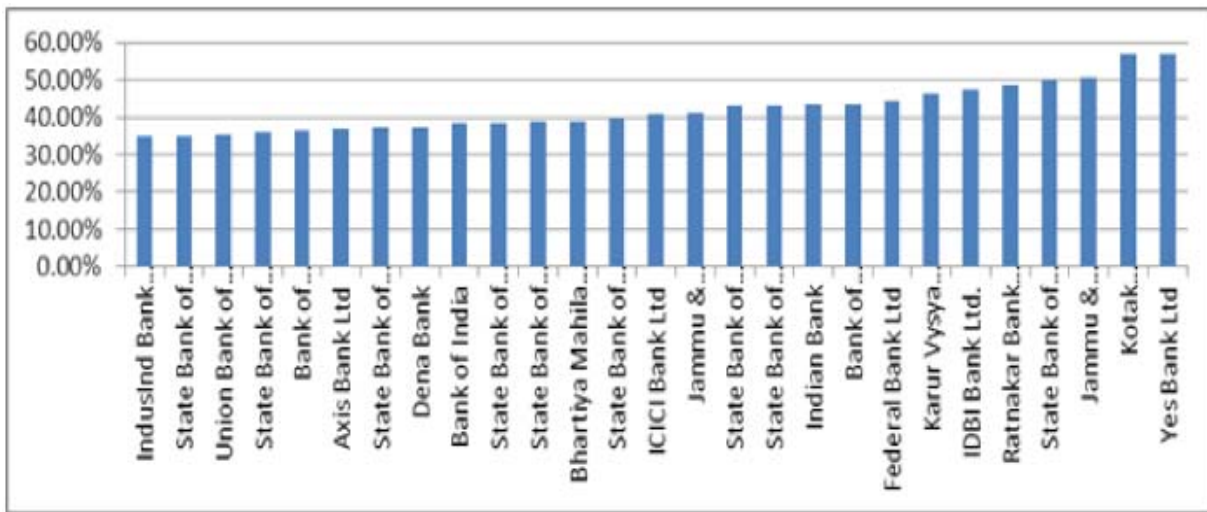


Looking at Chart 3 a and 3 b, it can be stated that there are some banks with more than 50% Aadhar Seeding but there are also banks with not even 20% Aadhar seeding. To ensure the proper implementation of PMJDY, it is essential to ensure the success of Aadhar seedings hence an equal attention is needed to set the targets for banks like Jammu & Kashmir, UCO Bank etc.

**Chart 4 a: Banks with less than 30% zero balance Account as on 16.12.2015**

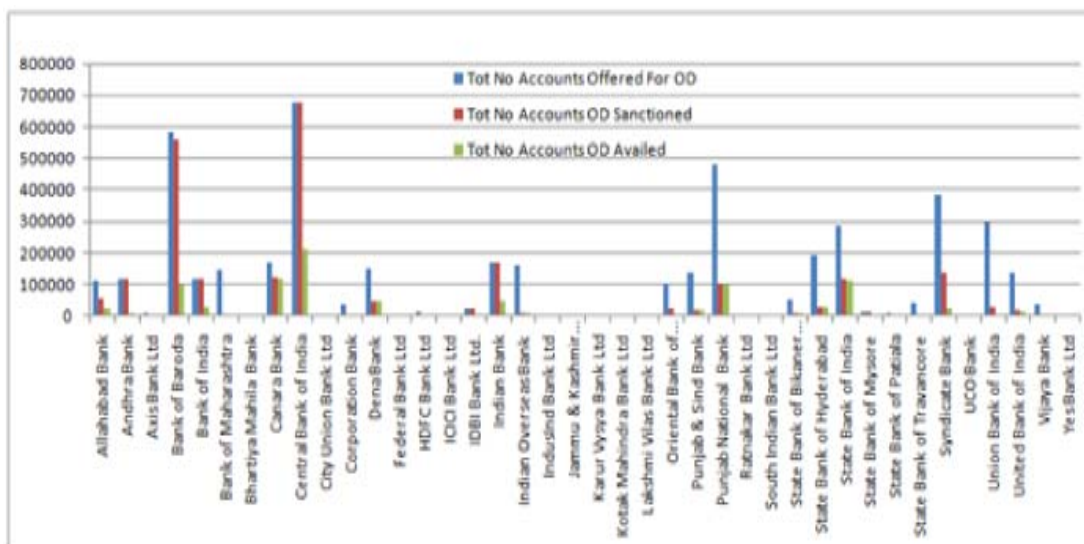


**Chart 4 b: Banks with more than 35% zero balance Account as on 16.12.2015**



If we look at Chart 4 a and 4 b, it can be stated that there are some banks with less than 30% Zero Balance Account but there are also banks with upto 60% zero balance accounts. To ensure the proper implementation of PMJDY, it is essential to ensure some balance in Account so that the motive for bank transaction remains and results into use of financial services hence an equal attention is needed to set the targets for banks like Yes Bank, Kotak Mahindra Bank etc.

**Chart 5: Banks status on OD offered, Sanctioned and availed as on 16.12.2015**





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Looking at Chart 5, it can be interpreted that there is a strong need for some initiative so as to increase OD offered, sanctioned and availed. In most of the banks, though the OD is offered but the percentage of OD availed and sanctioned is very less. It is strange to know the status of OD in banks like Axis Bank, HDFC Bank, ICICI Bank, IndusInd Bank etc.

## Conclusion

PMJDY should focus more on Aadhaar seeding to leverage on the existing reach. As observed in the literature and in the present paper, RBI needs to evolve mandatory policy for banks regarding overdraft offered to the customer. Also, RBI should draft policy so that transfer of subsidies to the poor are routed through these accounts so that these accounts continue to have deposits and can remain live. This can reduce the number of zero balance accounts. Moreover, to encourage regular transactions PMJDY should ensure opening of Accounts with mandatory RuPay debit card to the account holder so that the account is used for withdrawal of cash and payments. For this, regulators need to strengthen the regulatory framework for increased adaption of technology and ensure the easy and increased reach of ATMs.

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