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PRADHAN MANTRI JAN DHAN YOJANA – A REVIEW OF REVOLUTIONARY FINANCIAL INCLUSION PROGRAM IN RAJASTHAN

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ABSTRACT

The Pradhan Mantri Jan Dhan Yojana (PMJDY) was launched as a national mission in August 2014 with the aims to connect every household of the country with the banking system. It was observed that after more than 67 years of independence, a large section of unprivileged and marginalised sections of society in India was not connected to formal banking. These households have no bank account in any of the bank. Therefore, the Government of India initiated this scheme to bring those households in the orbit of PMJDY who were out of purview of banking system. The main objective of PMJDY is to help citizens to receive banking services such as deposits and savings, credit, pension and insurance, ATMs services at a reasonable cost in their respective area. It was also aimed to make these sections economically empowered through banking system by opening new bank account for financial inclusion.

This study examines the progress and impact in Rajasthan along with main provisions and benefit of PMJDY. Banking literacy, financial inclusion and economic empowerment have been key indicators for impact assessment of the beneficiaries from PMJDY have also been evaluated in the study.

KEYWORDS: Banking Literacy, Reasonable Cost, Banking System, Economic Empowerment, Credit.

INTRODUCTION

Banking system plays a very important role in the economic development of a nation. Sound banking system helps in mobilization of financial resources to channelise in productive purposes for economic development. In developing countries, lack of access to financial resources for small, marginal and land less farmers including weaker sections of the society have been recognized as a serious threat to economic growth. Moreover, persistent deprivation of banking services to a large segment of the population leads to a decline in participation in production activities that causes social exclusion of these sections. Without equal participation of all sections, no country would have balanced growth of the country. Therefore, the Government of India launched such an ambitious programme like PMJDY on August 28, 2014 to bring those excluded sections in the mainstream of economic development. This scheme was aimed to ensure access of those households of the country who have no bank account in any bank, however, later this scheme was extended to every unbanked adult in the country. This scheme envisages universal access to banking facilities to all unbanked households. It was most unfortunate that after more than 67 years of independence in 2014, a large section of households in India was not having bank account in any public or private bank anywhere in the country.

Indeed, the Pradhan Mantri Jan Dhan Yojana provided an opportunity to open bank account to all the unbanked adults in the country. Initially, it was compulsory for every household to open at least one saving bank account in any bank branch to avail access to bank credit, transactions, financial literacy, pension, insurance, remittance etc. in an affordable cost. Under this scheme, the beneficiaries would get RuPay Debit card having inbuilt accident insurance cover of Rs. 1 lakh. It also facilitates all bank account holders to get the benefit under the Direct Benefits Transfer (DBT) schemes from the centre and state governments. Initially, the scheme was targeted for four years until 2018, covering every household; however, after understanding the impact and prospect, the government has extended the scheme to cover every adult of the country who have no bank account.

Financial Inclusion Campaign: Background

Financial inclusion is an integral part of economic development of any country these days. It has been a subject of serious concern to economic growth and development. However, banking sector is growing rapidly but there is a large section of population remains unbanked and excluded from financial system of the economy. Though the Government of India and the Reserve Bank of India have been trying to include unbanked, deprived and vulnerable section of society in the financial system to achieve the objective of inclusive growth. To alleviate this issue of financial exclusion, the National Mission on Financial Inclusion (NMFI) for unbanked and vulnerable groups was started. Therefore, PMJDY was launched with a slogan of "MeraKhata – Bhagya Vidhata". This scheme set an example that on the opening day of Pradhan Mantri Jan Dhan Yogna, Banks managed to open a record 1.5 crore new accounts.

Financial Inclusion defines the delivery of financial services at an affordable cost to the vast sections of the disadvantaged and low-income groups, providing them with timely and adequate access to financial products and services. It envisages offering of all banking facilities to all citizens of the country without any discrimination of caste, creed, or race. The success of PMJDY lies in the comprehensive nature of the scheme with an attempt to connect the last mile with the formal banking system through technology, collaboration, and innovation. This scheme of government will indeed go a long way in promoting inclusive economic growth and reducing poverty.

Why This Study For?

The present study aims to review the features of PMJDY and its implications on the beneficiaries with special reference to Rajasthan. Review of past literature finds that some dimensions are required to cover in this paper which were not studied so far. The paper consists of 3 sections. Introduction and provisions of the scheme have been discussed in the section-I. Section-II consists of provisions, implementation, progress of PMJDY in Rajasthan have been discussed. Findings and suggestions have been analysed in the section-III of the paper.

OBJECTIVES

The main objective of this study is to assess the contribution of PMJDY in promotion of financial literacy and financial inclusion in Rajasthan. Followings are the objectives:

(I) To examine the status of financial inclusion and economic empowerment before and after launching of PMJDY in Rajasthan.

(II) To analyse the level of financial literacy among the beneficiaries after launching of PMJDY.

(III) To assess the growth and performance of the PMJDY Scheme since 2014.

(IV) To study the impact of PMJDY on the living conditions of the beneficiaries in Rajasthan.

REVIEW OF LITERATURE

Singh and Sarkar (2020) followed Sarma (2008) methodology to construct an IFI for Jharkhand state using three banking sector indicators: penetration, availability, and usage. The study's significant finding is that Ranchi and Purbi Singhbhum district fall under the high financial inclusion category. Garhwa district recorded the lowest IFI value (0.055).

Crisil (2018), using four penetration indicators, namely, branch, credit, deposit, and insurance, constructed a district-wise FII of India. The study's significant finding is that North-Eastern states fall under the low financial inclusion category. Southern states are performing better than other states, with Kerala scoring the top position.

Kaur and Abrol (2018) followed Sarma (2008) methodology to construct an IFI for the Indian state of Jammu & Kashmir using three banking sector indicators: penetration, availability, and usage. The study's significant finding is that Jammu district recorded the highest rank, followed by the Srinagar district, while Kishtwar recorded the last rank in terms of IFI value.

Shafi (2016) reviewed the status of financial inclusion of banks through PMJDY and compared the financial performances of Banks with respect to pre and post periods of PMJDY. The paper stated that the ultimate aim of PMJDY is to reach out economic activity around poor to bring them into formal banking channel. In this paper quantitative analysis has been done by using Paired Sample t-test with the help of SPSS. They concluded that the overall study on PMJDY program explicates gradual penetration of bank branches, opening bank accounts and incrimination of business correspondents.

Sakshi Sachdeva (2015) explained the role of public sector banks in financial inclusion. In this report she discussed about the "Pradhan Mantri Jan Dhan Yojna" which aims to provide financial services to each and every part of country. She talked about the various initiatives taken by R.B.I and various banks for encouraging financial inclusion services to achieve rural and growth. Moreover, she argued that financial inclusion is possible only through proper mechanism and governance of banking sector.
Divyesh Kumar (2014) discussed about the concept of financial inclusion and Pradhan Mantri Jan Dhan Yojna.In this paper he explored the concept of financial inclusion tried to list out the negative implications of PMJDY. He talked about the Six Key elements, implementation and probable threat of PMJDY. [3]
Chakravarty and Pal (2013), utilizing Sarma's (2008) methodology developed an IFI for 21 countries, including India using eight banking sector indicators. The study's significant finding is that India ranked 13th among the 21 nations with equal contribution attributed by each indicator in achieving higher inclusion.
Dr. Anupama Sharma (2013) explored the need and significance of financial inclusion for economic and social development of society. The researcher analysed the current status of financial inclusion in Indian economy. The paper attempted to study the access of rural people to bank branches and the number of ATM opened in those areas an d studied the progress of State Cooperative Banks in financial inclusion plan. She explained the Forthcoming Plan of Banks for Financial Inclusion in her paper. [6]
Following the literature review, there are lacunae for implications of PMJDY in Rajasthan. Likewise, there is a dearth of a far-reaching study investigating government plans' viability, especially the PMJDY, in financial inclusion throughout its inception in Rajasthan. The current research fills the void by creating study of impact and status progress report including suggestions for effective implementation in Rajasthan.

RESEARCH METHODOLOGY

The proposed research work based on descriptive research and analytical research. The research is based on Secondary data which will be collected through Newspapers, Research Articles, Research Journals, E-Journals, RBI Publication, World bank publication and Government of India, Ministry of Statistics and Programme and Publications of Ministry of Finance etc.

Main Provisions of Pradhan Mantri Jan Dhan Yojana

The Pradhan Mantri Jan Dhan Yojana received overwhelming response from those adults and households who have been benefitted during the last 9 years. The features which made this scheme very popular are mentioned below:

- The scheme covers both the urban as well as rural areas and provides an indigenous Debit Card (RuPay card) to each of its account holders.

- Account may be opened with Zero balance savings account with minimum documents.
- No minimum balance is required in these accounts.
- These accounts are like regular saving accounts and offer an interest on the deposit.
- Accountholders can enrol for an accident insurance cover of Rs. 2 lakhs (for accounts opened after 28.8.2018 and Rs. 1 lakh for accounts opened before this date).
- Rs. 5,000 overdraft facility for Aadhar-linked accounts as well as a RuPay debit card with inbuilt Rs. 1 lakh accident insurance cover is one of the main features provided by this scheme.
- An overdraft facility of up to Rs. 10,000 is available for only account holders.
- It ensures to provide on Core Banking System (CBS) along with mobile banking using USSD facilities. A facility of call center and a toll-free number is available nationwide.
- Receive benefits of govt. schemes such as Direct Benefit Transfer (DBT), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal Pension Yojana (APY) and the Micro Units Development & Refinance Agency Bank (MUDRA) scheme

Phases of Implementation

PMJDY scheme was implemented in three phases:

Phase I: 15 August 2014 – 14 August 2015--During this one-year period of time, PMJDY scheme was launched and implemented with an aim to provide universal access to banking facilities for all the household families across the country with at least one basic banking account in any bank. RuPay Debit Cards were also issued with an inbuilt accident insurance cover of Rs 1 lakh. Government also proposed issuing of the Kisan Credit Card during phase-I.

Phase II – 15 August 2015 – 14 August 2018--Microinsurance and pension schemes like Swavalamban were started under PMJDY scheme during this phase for the households of the unorganized sector. Business Correspondents were appointed for systematic implementation of the scheme.

Phase III – after 14 August 2018—In the last phase, PMJDY focused on opening accounts for every adults facilitating with an existing Overdraft (OD) limit from Rs 5,000 to Rs 10,000. However, there was no condition for Overdraft up to Rs 2,000. It was also decided to revise age limit from 18-60 years to 18-65 years for Overdraft facility.

Though, PMJDY was aimed initially to open bank accounts for around 7.5 crore uncovered households in India by January 26, 2015. This scheme received overwhelming response and overwhelming success. As the result, more than 12.54 crore accounts were opened by January 31, 2015, with deposits exceeding Rs. 10,000 crores. It was regarded as historic success in a very small

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span of period therefore, the Guinness World Records certified it for its achievements. This agency underlines that most bank accounts were opened in one week as a part of the Financial Inclusion Campaign. PMJDY scheme has been successful in changing the financial landscape of the country and has brought near saturation in bank accounts for adults as shown in following table 1.1 and fig.1.

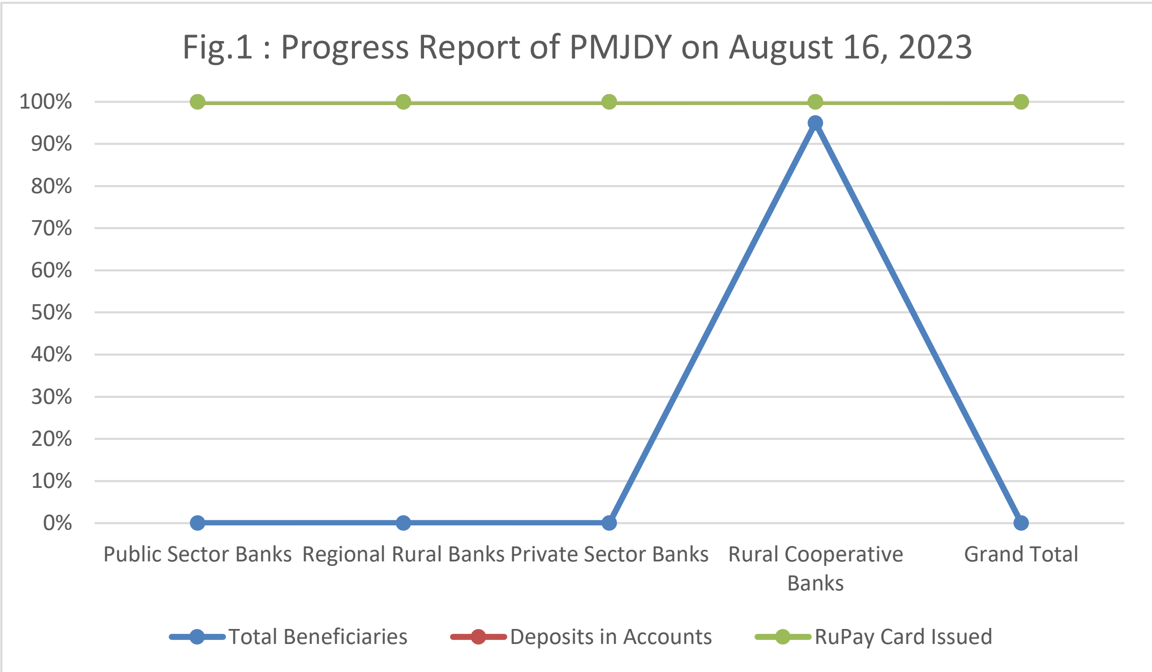
Table 1.1: Progress Report of Pradhan Mantri Jan - Dhan Yojana

(All figures in crore) **(**As on 16/08/2023)

Bank Name/ Type	Number of Beneficiaries at rural/ semiurban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	No Of Rural Urban Female Beneficiaries	Number of Total Beneficiaries	Deposits in Accounts (In Crore)	Number of Rupay Debit Cards issued to beneficiaries
Public Sector Banks	24.52	14.59	21.55	39.10	158574.07	29.35
Regional Rural Banks	7.98	1.32	5.37	9.30	39523.72	3.45
Private Sector Banks	0.71	0.71	0.76	1.42	5755.46	1.15
Rural Cooperative Banks	0.19	0.00	0.10	0.19	0.01	0.00
Grand Total	33.40	16.61	27.78	50.01	203505.39	33.98

Source: Department of Financial Services, Ministry of Finance, Government of India.

Table 1.1 and fig.1 states that as of now, the latest reports submitted by banks the total number of Jan Dhan accounts have crossed 50 crores as on August 16, 2023. Out of these accounts 56% accounts belong to women and 67% accounts have been opened in Rural / Semi-urban areas. The deposits in these accounts are above Rs. 2.03 lakh crore and about 34 crore RuPay cards have been issued in these accounts free of cost. The average balance in PMJDY accounts is Rs. 4,076 and more than 5.5 crore PMJDY accounts are receiving DBT benefits. PMJDY scheme has been successful in changing the financial landscape of the country and has brought near saturation in bank accounts for adults.



It was found from the latest available data that the average balance amount is Rs. 4,076 in account of every account holder. While on the other, more than Rs. 5.5 crore account holders are getting DBT benefits from the government. To provide citizen-centric platform Jan Dhan Darshak App was also launched with information such as bank branches, ATMs, Post Offices, Bank Mitras etc. All measures taken under PMJDY facilitate the household financial empowerment for their wellbeing across the country.

Pradhan Mantri Jan Dhan Yojana in Rajasthan

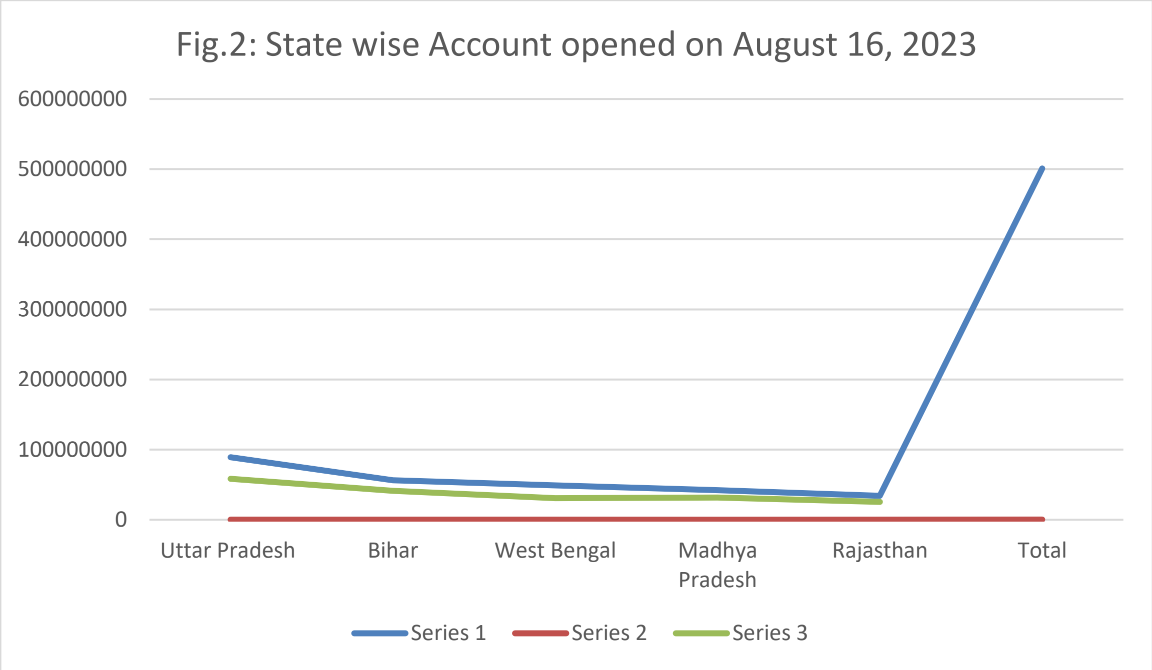
Rajasthan is one of state in India where a number of rural, unbanked and deprived households exists. Low level of literacy, lack of awareness, lack of banking habits, and poor living standard are the reasons of financial exclusion. Like other schemes, the Pradhan Mantri Jan Dhan Yojana opened new doors of financial inclusion and economic empowerment for deprived and unbanked households to get involved in the banking system.

Table 1.2 explains state-wise report concerned to total number of beneficiaries (urban and rural), deposited amount in the account holders and issued total RuPay cards to beneficiaries under PMJDY till August 16, 2023. In Rajasthan, more than 3.40 crores beneficiaries have deposited Rs.16,263 crores in their bank account till the last report came in on August 16, 2023. Under this scheme, 2.21 crore beneficiaries were from rural/semi-urban areas of Rajasthan while remaining 1.18 crore were from urban/metro areas. More than 2.54 crore RuPay cards were issued which is 74.52 per cent of the total beneficiaries. Rajasthan was also among the top five states with 3.40 crore beneficiaries in the country. On the other, Uttar Pradesh

Table 1.2: State wise account opening Report as on 16/08/2023

S. No.	State Name	Beneficiaries at rural/semi-urban centre bank branches	Beneficiaries at urban/metro centre bank branches	Total Beneficiaries	Balance in beneficiary accounts (in crore)	No. of RuPay cards issued to beneficiaries
1.	Rajasthan	22,192,000	11,893,786	34,085,786	16,263.47	25,400,728
2.	Uttar Pradesh	64,099,178	24,881,573	88,980,751	41,832.92	58,314,257
3.	West Bengal	36,245,363	12,534,554	48,779,917	20,097.44	30,534,019
4.	Madhya Pradesh	25,588,216	16,524,738	42,112,954	11,725.12	31,633,782
5.	Bihar	40,093,522	16,106,096	56,199,618	20,358.93	41,116,110
6.	Total	334,458,066	166,456,894	500,914,960	203,505.39	339,804,554

Source: Department of Financial Services, Ministry of Finance, Government of India.



reported highest number of beneficiaries from PMJDY in the country followed by Bihar, West Bengal, Madhya Pradesh, and Rajasthan. The overall deposits in these accounts are above Rs. 2.03 lakh crore. All this analysis shows that PMJDY has impacted the banking system to a large extent and those new account holders in the country as well.

Table 1.3 presents district-wise household report on allotted wards and survey in all 33 districts in Rajasthan. All the districts achieved cent percent target which were set for

Table 1.3: District Wise Household Report as on 16/08/2023.

DISTRICT NAME	ALLOTED WARDs-SSAs	WARDs-SSAs SURVEY_DONE
Ajmer	488	488
Alwar	645	645
Banswara	350	350
Baran	352	352
Barmer	446	446
Bharatpur	601	601
Bhilwara	538	538
Bikaner	365	365

Bundi	312	312
Chittaurgarh	425	425
Churu	545	545
Dausa	303	303
Dhaulpur	245	245
Dungarpur	293	293
Ganganagar	494	494
Hanumanagarh	427	427
Jaipur	786	786
Jaisalmer	272	272
Jalore	347	347
Jhalawar	374	374
Jhunjhunu	532	532
Jodhpur	469	469
Karauli	329	329
Kota	312	312
Nagaur	763	763
Pali	504	504
Pratapgarh	210	210
Rajsamand	289	289
Sawai Madhopur	282	282
Sikar	646	646
Sirohi	267	267
Tonk	367	367
Udaipur	591	591
Rajasthan	14169	14169

Source: Department of Financial Services, Ministry of Finance, Government of India.

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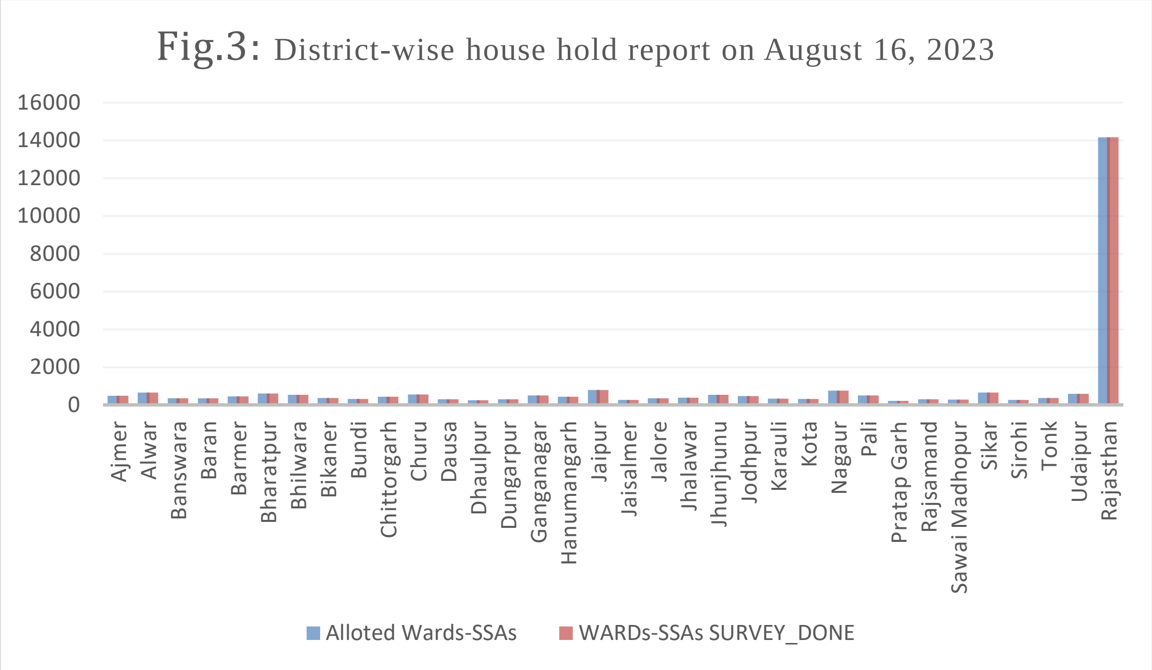

effective implementation of PMJDY. This analysis explains that the banks have played a very constructive role in achieving targets and goals set for economic empowerment and financial inclusion in rural and semi-urban areas of Rajasthan. Rajasthan is one among the 11 states in the country where more than 55 per cent of the Pradhan Mantri Jan Dhan Yojana (PMJDY) account holders are women. Among the 29 states, Andhra Pradesh (AP) recorded the highest percentage of women beneficiaries at 88.32 per cent. Meghalaya took the second position with more than 67 per cent PMJDY account holders being women, followed by Kerala at third position with more than 60 per cent PMJDY account holders being women in August 2023.

Earlier, it was reported that Jaipur was in the fifth position among all districts in the country in terms of the number of women beneficiaries who received an ex gratia amount of Rs 1500 in three instalments under the Pradhan Mantri Garib Kalyan Yojana (PMGKY). In all, 11.97 lakh beneficiaries in Jaipur had received the amount in their accounts. Data also revealed that while all districts in Rajasthan were covered in the ministry of rural development's list, 1.98 lakh beneficiaries belonged to the "unspecified" district category, which means the 'the districts of residence' of the women beneficiaries was not available. Rajasthan was also among the top five states with 3.40 crore beneficiaries in the country.

Impact of PMJDY in Rajasthan

The PM Jan Dhan Yojana has had a profound impact on the financial landscape of India as well as of Rajasthan. Since its launch, PMJDY has brought about a wave of transformation, reaching millions of unbanked individuals across the country. Following are the impacts of PMJDY:

Access to Credit Facilities: Under this PMJDY scheme, it was made easier for account holder individuals to access credit facilities by banks. Now they can invest or start entrepreneurial activities for their socio-economic betterment.

Transparent Financial Transactions: Further, this yojana has brought transparency in financial transactions in day-to-day work by encouraging individuals to utilise formal banking system. Nowadays people are doing transaction through e-payment in place of cash payments.

Women Empowerment: A significant percentage of these Jan Dhan accounts belong to women, empowering them and promoting gender equality in the financial sector.

Direct Benefit Transfers: This is one of the major advantages of PMJDY that has facilitated the direct transfer of government subsidies and welfare benefits to the bank account holders in the country. Agriculture subsidy or food subsidy or any other form of social welfare scheme is benefitting PMJDY account holders directly.

Rural Financial Inclusion: The availability of banking services in remote areas has improved financial access for rural populations, allowing them to participate in the formal economy and manage their finances effectively.

Increased Financial Inclusion: PMJDY has successfully brought millions of unbanked households and adults into the formal banking system. This ambitious plan promoted financial inclusion and reduced reliance on informal financial institutions or financial companies.

Financial Literacy: PMJDY's focus on financial literacy and awareness has enhanced individuals' understanding of financial products and encouraged them to save, invest and make informed financial decisions.

Poverty Alleviation: The ultimate aim of this PMJDY scheme was to bring more and more poor people out of poverty line in the country. Therefore, this scheme has played a significant role in reducing poverty and improving the economic well-being of individuals and their families. Now they are investing through their small savings and generating employment opportunities.

Acceleration of Economic Growth: Economic growth could be accelerated by using financial resources mobilised through PMJDY account holders in the formal banking system. These funds were utilised for productive purposes for economic growth of the country.

Insurance Coverage: The scheme provides access to insurance coverage, offering individuals and their families a safety net in times of unforeseen events.

Encouraging Savings: PMJDY has encouraged individuals to open Jan Dhan accounts and save their money in a secure and regulated environment, promoting a culture of savings and financial stability.

The impact of PMJDY can be seen in the numbers and stories of transformation, as it has brought financial inclusion to millions of individuals and their families, empowering them and improving their financial well-being. This ambitious scheme ensures a new era of financial inclusion and empowerment of these unbaked people.

FINDINGS AND CONCLUSION

The Pradhan Mantri Jan Dhan Yojana has revolutionised the landscape of financial inclusion in India as well as in Rajasthan. By providing access to banking services, insurance coverage and credit facilities, PMJDY has brought millions of unbanked individuals into the formal banking system, empowering them, and contributing to the overall development of the nation. Millions of unbanked individuals were brought under one roof of financial inclusion across India. Therefore, these unbanked people enabled themselves to save more and invest more in entrepreneurial activities. This scheme proved to be milestone in the economic history of India. It has laid the foundation for inclusive and sustainable economic growth by reducing poverty and employment, promoting savings, and fostering entrepreneurship. By embracing financial inclusion, we can build a stronger, more resilient and inclusive economy for all.

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