

## PMJDY AN INITIATIVE TO SOCIAL INCLUSION AND EMPOWERMENT: A PERSPECTIVE FROM FIELD

**Bibeknada Nayak,**

(Assistant Professor),

Center for the study of Social Exclusion and  
Inclusive Policy, Babasaheb Bhimrao Ambedkar  
University, Lucknow.

**Doleswar Bhoi,**

(Research Associate)

Center for the study of Social Exclusion and  
Inclusive Policy, Babasaheb Bhimrao Ambedkar  
University, Lucknow

### ABSTRACT

One of the major initiatives by the NDA government launch its first social welfare Scheme i.e. “Pradhan Mantri Jan Dhan Yojana (PMJDY)”. This scheme means for comprehensive financial inclusion for the down trodden or economically weaker section of the society. It has launched by the Prime Minister of India on 28 August 2014. It had announced this scheme on his first Independence Day speech on 15 August 2014. This scheme is based on “Sab ka sath sab ka vikas” i.e. inclusive growth for all. The main objective of this scheme is to ensure universal access to banking facilities with at least one basic bank account for every household. It will help for promoting economic empowerment and social support. This will promote participation, accountability from below to top level of governance. It may check the corruption due to direct transfer to concerned person. The present study includes the awareness of rural people irrespective of castes, creeds, religion on PMJDY. In addition to this it is extract the threats which may be suggest to make successful this scheme.

This scheme is highly beneficial to the rural, economically weaker section of people. It helps the saving money. This scheme may have required more banks and technology have to strengthen. More staff has recruited in the banks. Government should give an alternative opportunity to open such type of scheme in other institutions so that easily accessible such as post office. There should be an open complain system so that people can get their grievances. The non-government organization can launch awareness programme of the scheme. This scheme will promote nation building.

**Keywords:** PMJDY( Pradhan Mantri Jan Dhan Yojana), Social Inclusion, Empowerment , Nation Building, Economically Weaker Section

### INTRODUCTION

Since Independence, Government have launched many initiatives for financial inclusion- Bank

Nationalization, Regional Rural banks, Cooperative Banks, Banking Correspondence Agents (BCAs), Swabhiman, Swavlamban, Microfinance, No-frills account, 25% rural branch rule, Bharatiya Mahila

Bank and so on. But the objective of financial inclusion has never been achieved in entirety.<sup>1</sup> The Pradhan Mantri Jan-Dhan Yojana, a major socio-economic initiative of the National Democratic Alliance government, was announced by the Prime Minister in his Independence Day speech. Jan Dhan Yojana roughly translates into English as “People’s Wealth Scheme”. India’s Prime Minister Narendra Modi announced the launch of this scheme at the historic Red Fort on the occasion of India’s Independence Day. He has termed the scheme as national mission for financial inclusion, which carries at the core of development philosophy of “*Sab ka Sath Sab Ka Vikash*”. Objective of the scheme is inclusion of all households in formal financial system by opening at least one account to every household in bank, preferably to women member of household at zero balance.<sup>2</sup> This is a National Mission on Financial Inclusion includes integrated approach to bring about complete financial inclusion of all the households in the country. This scheme is launched on 28th august 2014. The logo of this scheme is designed by Priya Sharma. The name Jan Dhan was chosen through an online competition on the My Gov Platform. Slogan of this scheme is “Mera Khata – Bhagya Vidhata.”<sup>3</sup> The prime objective of this scheme was 60,000 camps were conducted and about 1 crore bank accounts were targeted to be opened in one day. More than targeted objective is attained in a day. On the inauguration day, 1.5 Crore (15 million) bank accounts were opened under this scheme across the country.<sup>4</sup> The scheme has an option for opening new bank account with zero balance and in addition it gives facility of accidental insurance of Rs. 1.00 lakh and also regular life insurance of Rs. 30,000/ The additional benefit that Govt. has announced is overdrawn facility of Rs. 5000/ applicable after 6 months of successful operating of the account.

## BRIEF HISTORY OF FINANCIAL INCLUSION

In India, financial inclusion first featured in 2005, when it was introduced by K C Chakraborty, the

chairman of Indian Bank. Mangalam Village became the first village in India where all households were provided banking facilities. KYC Norms were relaxed for people intending to open accounts with annual deposits of less than Rs. 50,000. In order to ensure financial inclusion various initiatives were taken up by RBI like Nationalization of Banks, Expansion of Banks branch network, Establishment & expansion of Cooperative and RRBs, Introduction of PS lending, Lead Bank Scheme, Formation of SHGs and State specific approach for Govt. sponsored schemes to be evolved by SLBC (State Level Bankers Committee) etc.

RBI in the year January 2006, with the objective of ensuring greater financial inclusion and increasing the outreach of the banking sector, decided in public interest to enable the banks to use the services of NGOs/SHGs, MFIs and other Civil Society Organizations as intermediaries in providing financial and banking services. Census 2011 estimated that out of 24.67 crore households in the country, 14.48 crore (58.7%) households had access to banking services. Of the 16.78 crore rural households, 9.14 crore (54.46%) were availing banking services. Of the 7.89 crore urban households, 5.34 crore (67.68%) households were availing banking services. In the year 2011, Banks covered 74,351 villages, with population more than 2,000 (as per 2001 census) with banking facilities under the “Swabhimaan” campaign with Business Correspondents. However the program had a very limited reach and impact. Public Sector Banks (PSBs) including RRBs have estimated that by 31.05.2014, out of the 13.14 crore rural households which were allocated to them for coverage, about 7.22 crore households have been covered (5.94 crore uncovered). It is estimated that 6 Crore households in rural and 1.5 Crore in urban area needs to be covered.<sup>5</sup> Prime Minister Narendra Modi has introduced to Pradhan Mantri Jandhan Yojana to fill up the gaps.

## IMPLEMENTATION OF SCHEME

Under the scheme, account holders will be provided zero balance bank account with RuPay debit card and in addition an accidental insurance cover of Rs 1 lakh. Those who open accounts by January 26, 2015 over and above the Rs1 lakh accident, they will be given life insurance cover of Rs 30,000. Six months of opening of the bank account, holders can avail Rs 5,000 overdraft facility. With the introduction of new technology introduced by National Payments Corporation of India (NPCI), a person can transfer funds, check balance through a normal phone which was earlier limited only to smart phones. Mobile banking for the poor would be available through National Unified USSD Platform (NUUP) for which all banks and mobile companies have come together. The PMJDY can be executed by mission mode, envisage affordable financial services to all citizens. It comprises six pillars:

1. *Universal access to banking facility:* First aim of remove untouchability in financial sector. District will be divided into sub service area catering to 1000 to 1500 household for access to basic banking facility by 14 august 2015.
2. *Providing Basic Banking Accounts with overdraft facility and RuPay Debit card to all households:* The effort would be to first cover all uncovered households with banking facilities by August, 2015, by opening basic bank accounts. Account holder would be provided a RuPay Debit Card. Facility of an overdraft to every basic banking account holder would be considered after satisfactory operation / credit history of six months.
3. *Financial Literacy Program:* Financial literacy would be an integral part of the Mission in order to let the beneficiaries make best use of the financial services being made available to them.
4. *Creation of Credit Guarantee Fund:* Creation of a Credit Guarantee Fund would be to cover the defaults in overdraft accounts.
5. *Micro Insurance:* To provide micro-insurance to all willing and eligible persons by 14 August, 2018, and then on an ongoing basis.
6. *Unorganized sector Pension schemes like Swavalamban:* By 14 August, 2018 and then on an ongoing basis.

## STATEMENT OF THE PROBLEMS

Recently, on the occasion of 67<sup>th</sup> Independence Day of our Country, Prime Minister Narendra Modi has announced ambitious scheme of his Government in from of Pradhan Mantri Jan Dhan Yojana (PMJDY). He has termed the scheme as national mission for financial inclusion, which carries at the core of development philosophy of **“Sab ka Sath Sab Ka Vikash”**. Objective of the scheme is inclusion of all households in formal financial system by opening at least one account to every household in bank, preferably to women member of household at zero balance. For achieving the target it has been announced to open 7.5 Crore accounts under the scheme. With a bank account every household, particularly the excluded section, could gain the benefits of various financial services including credit, saving, insurance and payment and remittance facilities. This will enable them to come out of the grip of moneylenders, manage to keep away from financial crisis caused by emergent needs. PMJDY accounts are inbuilt with several other benefits. Firstly, every account holders gets a Ru-Pay debit card with a Rs. 1, 00,000/- accident cover and Rs. 30,000/- life cover. Further, after six months of opening the account, account holders can take the overdraft of Rs. 5000. By linking these accounts with AADHAR Numbers, Government is also planning to transfer all the benefits of Government schemes directly to account of targeted beneficiaries under direct benefit transfer (DBT) plan. Financial inclusion is also very important for ensuring inclusive growth in economy. Report of committee set up on financial

inclusion under the chairmanship of Dr. C. Rangarajan considers access to finance by the poor and vulnerable groups are a prerequisite for inclusive growth. In fact, providing access to finance is a form of empowerment of the vulnerable groups and instrumental for social transformation. PMJDY scheme may have huge positive impact on national saving (like bank nationalization policy of Indira Gandhi Government) and through that to investment and other macro economic variables. According to media reports, banks have mobilized around Rs. 600 Crore saving in very short of first two month after initiation, under this scheme.

Keeping above issue in mind, researcher is trying to find out the awareness among rural people on PMJDY and implementation of the PMJDY in that area. In addition to this researcher will find out the threats, which may be suggest to make success this scheme.

## RESEARCH METHODOLOGY

Prime Minister Narendra Modi promised to end "financial untouchability" with a scheme to ensure the majority of households in his country of nearly 1.3 billion people have a bank account within months. To fulfill this aim he introduces new Scheme Pradhan Mantri Jan Dhan Yojana in the month of August 2014. The present study has been conduct in Muding Gram Panchayat of M.Rampur block of Kalahandi District, Odisha using stratified sampling methods. The data has been collected from both Primary and secondary. Here primary data was collected from 200 household and secondary sources of data have been collected from different paper, magazine and articles.

## OBJECTIVES OF THE STUDY

- To explore implications of Pradhan Mantri Jan Dhan Yojana among rural people.
- To analyze Threats for success of Pradhan Mantri Jan Dhan Yojana.

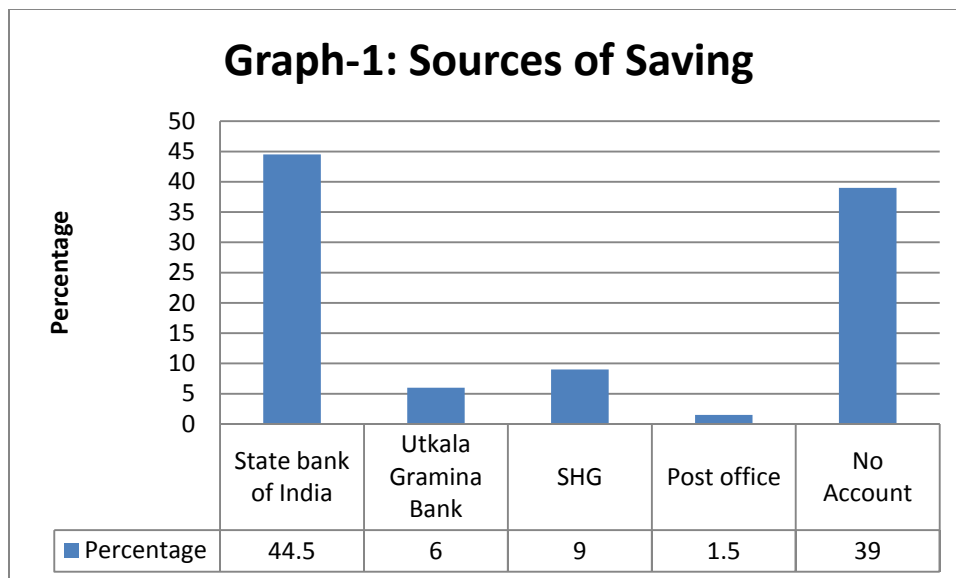
## AREA OF STUDY

Odisha, the 10th largest state of India in terms of area, is situated on the east caste of India. According to the census of 2011, the total population of Odisha is 41,947,358 persons (3.47 percent of the country population), comprising of 21,201,678 males and 20,745,680 females. Odisha consists of 30 districts, with a sex ratio of 978. The population density of the state is 269 persons per sq km. about 83.32 percent of the total population in rural. The literacy rate of Odisha as per the provisional population totals of 2011 census is 73.45 percent. In rural areas, the literacy rate is 70.78% whereas in urban areas it is 86.45 per cent (Census Report, 2011).

The present study has been conducted in Muding Grampanchayat of M.Rampur block of Odisha. Muding Grampanchayat is consisting 6 villages. Out of these 6 villages, researcher has selected two villages viz., Dangapata and Karlabahali. These two villages are big in terms of size as well as population. These two villages constitute all section of caste. The dominant castes in these villages are *Kandh* (coming under STs) and *Teli* (coming under OBCs) respectively.

## IMPLICATIONS OF PRADHAN MANTRI JAN DHAN YOJANA

Pradhan Mantri Jan Dhan Yojana is a scheme for comprehensive financial inclusion launched by the Prime Minister of India, Narendra Modi on 28 August 2014.<sup>6</sup> He had announced this scheme on his first Independence Day speech on 15<sup>th</sup> August 2014. On the day of inauguration, 1.5 Crore (15million) bank account were opened under this scheme.<sup>7</sup> But whenever we are taking about economical backward communities and rural India, it is better to know how many have account, how many people aware on PMJDY, whether bank is accessible to the people.



Sources: collection from field

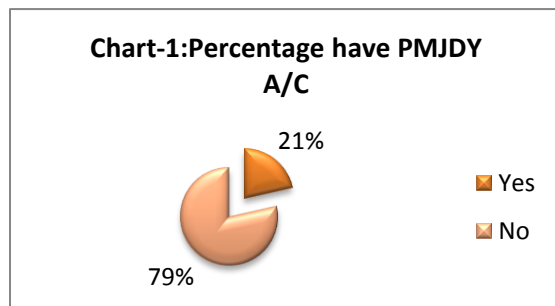
The above graph reveals on sources of saving. It shows that still 39 per cent of people has not saving or any account and 61 per cent has saving. Out of 69 percent, 45.5 per cent have saving account in State Bank of India, 6 percent in Utkal Gramin Bank, 9 percent in SHG and 1.5 per cent in post office. It means that in the area large number has saving account in State Bank of India. Here we know that people are accessing banking facility but it is very important to know whether it is accessible. We know

that large number of bank is situated in semi town. Like this, in this area, there are two State Bank of India, one Utkal Gramin Bank and in grampanchayat one post office. The State Bank of India has situated in M.Rampur and Rupra Road. M.Rampur is far 15 KM from the Muding Panchayat and there is no proper communication. So, when one is going for banking purpose, he/she has spent whole day, which is very difficult for a daily labour/worker.

Table-1: Awareness on PMJDY		Yes	No
Do you know recently PM has declared a Yojana named PMJDY?		30%	70 %
If yes, which source?			
1-Friends/Relative		1.50 %	
2-TV		21.00%	
3-Newspaper		2.50%	
4- Radio/Mobile radio		1.00%	
5-Bank		4.00%	

Sources: Collection from Field

Table-1 has show on Awareness on Pradhan Mantri Jan Dhan Yojana. It shows that only 30 per cent of people have known on PMJDY and rest 70 percent of people are unknown. Out of 30 percent 1.50 percent has known from friends/Relative, 21.00 per cent from TV, 2.50 per cent from Newspaper, 1.00 per cent from Radio/Mobile Radio and 4.00 percent from Bank.



The Chart-1 has reveals information on percentage of people has saving account of PMJDY. It shows that 21 per cent have new PMJDY account and 79 per cent has not said account. It means large no of people has to make new account.

## THREATS FOR SUCCESS OF PRADHAN MANTRI JAN DHAN YOJANA

- ✚ There is big possibility of opening account under JDY from those who have account already. There is no check on the new account holder.
- ✚ Regarding debit card implementation there may be slow roll out, logistics issue and possibility of misuse.
- ✚ In rural area network of ATM is less so people are not well verged with use of ATM.
- ✚ No clarity if existing account holders would get 1 lakh accidental insurance coverage.
- ✚ It is also not cleared who is going to bear bill of insurance premium and cost to keep account running.

- ✚ Even the cost of overdraft facility, and thereafter non recovery, no clarity that is bearing loss.
- ✚ Creating new account is not a challenge but increasing transaction per account is a challenge.
- ✚ Existing saving accounts without RuPay card not to get other benefits.

## ALTERNATIVE SUGGESTION

- ✚ There should be an alternative option to open this scheme in govt. institution such as post office , Gram Panchayat office etc. so that it can easily accessible
- ✚ The advertisement should be painted in village wall painting
- ✚ There should be more street play in order to make public awareness about the scheme.

## CONCLUSION

Every new thing to implement in large scale requires determination and attitude towards success path. Very well said, root cause is 'financial untouchability' to eradicate poverty. Managing a bank account and insurance coverage does not demand the person should be educated, it only required the basic knowledge which could be explained by anybody else.. Financial Inclusion requires sustained efforts over many years and emphasis on quality rather than quantity should be the priority. Government should review the speed at which it is currently targeting to achieve the goal of covering the whole India with bank accounts. Certainly with a firm intent and infrastructural network of institutions the dream of financial services for all can be realized in the near future. A bold step in indeed required to withstand the heat of economic down surge and fight poverty, and the Jan Dhan Yojana is definitely a good fighting mechanism to check the poverty.

## REFERENCES

- ❖ C.paramasivan and V.Ganeshkumar (2013) "Overview of Financial Inclusion in India Overview of Financial Inclusion in India", International Journals of Management and Development Studies.
- ❖ Dr. Anupam Sharma and Ms.Sushmita Kukereja (2013) "An Analytical study: Relevance of Financial Inclusion for Developing nations", International Journal of Engineering And Science, PP15-20.
- ❖ Pradhan Mantri Jan Dhan Yojana: 5 things you want to know Zee Biz, Sunday, August 31, 2014, 12:39 retrieved from <http://zeenews.india.com/>
- ❖ Pradhan Mantri Jan-Dhan Yojana, Department of Finance services, Ministry of Finance
- ❖ "SBI takes lead in opening bank accounts under Jan Dhan Yojana". The Economic Times. 11 Sep 2014. Retrieved 2014-09-30
- ❖ "Jan Dhan Yojana: Concern over scope for misuse, slow roll-out of debit cards." Indian Express. 10 Sep 2014.
- ❖ Is the PMs Jan Dhan Yojana a fight against poverty? Retrieved from <http://careerride.com/view.aspx?id=16307>
- ❖ <http://www.gr8ambitionz.com/2014/08/Pradhanmantri-Jan-Dhan-Yojana-highlights-wikipedia.org/wiki/>
- ❖ Pradhan\_Mantri\_Jan\_Dhan\_Yojana | • <http://trak.in/tags/business/2014/11/06/pm-jan-dhan-yojana-success/>

<sup>1</sup> Mohan Brij, (2014), "Pradhan Mantri Jan Dhan Yojana (PMJDY): Features, Needs and Challenges" , International Journal of Marketing, Financial Services and Management Research, Vol.3 (12), pp.111-117

<sup>2</sup> Shastry Varun (August, 2014), "Pradhanmantri Jan-Dhan Yojana-10facts", <http://indiamicrofinance.com/author/varun>

<sup>3</sup> Barhate, G.H and Jagtap, V.R, (2014), "Pradhan Mantri Jan Dhan Yojana: National Mission on Financial Inclusion", Indian Journal of Applied Research, Vol. 4, Issue 12, pp.340-342

<sup>4</sup> Ibd., pp.340

<sup>5</sup> Ibd., pp. 341

<sup>6</sup> Prime Minister to Launch Pradhan Mantri Jan Dhan Yojana Tomorrow, Press Information Bureau, Govt. of India. 27 August 2014.

<sup>7</sup> ET Bureau (28 August 2014), "PM Jan Dhan" Yojana launched; aim to open 1.5 Crore bank account on first day", The Economic Times, Retrieved 28 August 2014