

## **INCLUSIVE GROWTH AND PRADHAN MANTRI JAN DHAN YOJANA (PMJDY): A SPECIAL STUDY OF JHARKHAND**

**Nanaji Krishna Aher, Ph.D.**

*Associate Professor and Head, Dept of Commerce, KES Arts, Commerce and Science*

*College, Kalwan (Manur), Dist-Nasik, Savitribai Phule Pune University*

### **Abstract**

*The present research paper on 'Inclusive growth and Pradhan Mantri Jan Dhan Yojana (PMJDY): A special study of Jharkhand' tried to explore the Pradhan Mantri Jan Dhan Yojana (PMJDY) and inclusive growth in the backward state like Jharkhand. Indian banking sector has made efforts to increase the degree of financial inclusion in the system. Even the global trends have shown that in order to achieve inclusive development and growth, the expansion of financial services to all sections of society is of utmost importance. As a whole, financial inclusion in the rural as well as financially backward areas of cities is a win-win opportunity for everybody involved – the banks/NBFC's intermediaries, and the left-out urban population. In India Pradhan Mantri Jan Dhan Yojana (PMJDY) is one of the successful financial inclusion program by the Government of India which is providing social and financial security to the deprived section of the population. The paper focused to study the financial inclusion program in Jharkhand with special reference to Pradhan Mantri Jan Dhan Yojana (PMJDY) highlighting its key areas and strategies beneficial for sustainable growth of financial position of people in Jharkhand. The study reveals that the success of PMJDY scheme depends on the effective regulatory system and regular monitoring of the successful implementation of the program. The study also highlights that it can do more for the poor than formal financial inclusion programs did in the past. The paper is also classified in the various parts like introduction, review of literature, research methodology, suggestions and conclusion.*

**Keywords:** *Pradhan Mantri Jan Dhan Yojana (PMJDY), Financial inclusion, Sustainability, Govt. of India*



*Scholarly Research Journal's* is licensed Based on a work at [www.srjis.com](http://www.srjis.com)

### **1. INTRODUCTION:**

India has webs of banking and financial institutions which plays a very systematic role for the economic growth and development of the country. Strong financial institutions are the pillars of the economic growth and progress of a country. Lack of access and appropriate financial services is a global problem. The significance of an inclusive financial system has become a policy priority in many countries. Access to the financial services and products will boost the financial condition and improve the standard of living of the financially excluded citizens of the country. The concept of financial inclusion was

introduced by RBI in November 2005 to provide access to basic banking services to financially excluded people.

***The Financial inclusion is the provision of affordable, accessible and relevant financial products to individuals and businesses that had previously been not able to access these products.***

Under this progress the government and the Reserve Bank of India have taken many initiatives for financial inclusion such as establishing Regional Rural banks, Cooperative banks, appointing Banking Correspondence Agents (BCA), launching of Swabhiman and Swavlambhan Schemes, introducing micro finance, opening up of no-frills account and provision of keeping 25 percent of bank branches in rural areas, initiating the model of Bharatiya Mahila Bank, simplifying the KYC norms and so on. But the objective of financial inclusion has never been achieved entirely.

## **2. LITERATURE REVIEW:**

The review of literature on the study ‘Inclusive growth and Pradhan Mantri Jan Dhan Yojana (PMJDY): A special study of Jharkhand’ referred various books, journals, government reports and so on. Some of the selected review of literature is as follows:

- 1) **Dasgupta & Anklesaria, (2015), Studied that** the key challenges which could hinder the process of PMJDY which are infrastructural issues pertaining within India, ability to keep the accounts ‘live’, lack of financial and technological literacy amongst the masses, duplication of accounts, managing the ecosystem of business correspondents and the economic burden on stakeholders of keeping these accounts active. They have identified that with the development of PMJDY scheme stakeholders like RBI, central and state government, banks, local bodies, and other government agencies like <sup>1</sup> NABARD, NPCI etc. will have to build a sustainable ecosystem to keep these accounts active.
- 2) **Bhatia & Singh (2015),** have attempted to study the initiatives of central Government towards financial inclusion, steps taken by the bank with respect financial inclusion, strategies adopted by RBI and Government of India for strengthening financial inclusion and challenges faced to achieve financial inclusion as a part of sustainable growth. They concluded that India is at moderate level of financial inclusion and the need of efficient

---

<sup>1</sup> MABARD website

and effective implementation of policies to achieve the target of banking facilities being felt.

- 3) **Patnaik, Satpathy, & Supkar, (2015)** analysed that only 13.8% of the responded in Bhubaneswar have access to bank accounts and out of the total responded who do not have bank account due to various reason are alarmingly are not aware of PMJDY scheme. Amongst males 78.9% and in 95.08% were not aware of the scheme. The study concluded that the banks should make more effort in creating awareness on zero balance account and should aggressively campaign for such scheme.
- 4) **Bharati Pajari (2016)**, considered ‘Pradhan Mantri Jan Dhan Yojana (PMJDY) as a major step towards Financial Inclusion in India’. The author suggested that life insurance cover, accidental cover and credit facilities should be given to all account holders without any exclusion and to conduct more number of financial literacy centre.
- 5) **Paramasivan and Kamaraj (2015)**, in their article entitled ‘Commercial Bank’s performance on Pradhan Mantri Jan Dhan Yojana’ concluded that the PMJDY scheme has created impressive results in the banking sector with regard to eradication of financial untouchability in the country.

### 3. OBJECTIVES OF THE STUDY

- 1) To study the about the PMJDY scheme.
- 2) To examine the socio economic profile of PMJDY account holders.
- 3) To study the perceptions of the people about PMJDY scheme.
- 4) To study the impact of PMJDY on account holders.
- 5) To document the problems faced by beneficiaries of PMJDY and the banks.

### 4. RESEARCH METHODOLOGY:

The Research Methodology is the general research strategy that outlines the way in which research is to be undertaken. Following is the details of methodologies that have been adopted for this study:

**Research problem and scope:** The research problem was to know the Awareness and Benefits of Pradhan Mantri Jan Dhan Yojana in the Jharkhand state. The scope of the research is the state of Jharkhand is selected to know the impact of PMJDY in the lives of people.

**Data collection:** In this study, only secondary information that already existed was collected from the authorized website of PMJDY and other literatures available.

## **5. PRADHAN MANTRI JAN-DHAN YOJANA (PMJDY) AND ITS IMPORTANCE:**

In this move, Government of India launched Pradhan Mantri Jan Dhan Yojana<sup>2</sup>(PMJDY) on 28th August 2014 with the intension to reach weaker section and lower income groups, who have no access to financial services like savings, credits and insurance as well as to increase financial inflow to the bank. Pradhan Mantri Jan-Dhan Yojana (PMJDY) is India's National Mission for Financial Inclusion to ensure affordable access to financial services, namely, Savings and Deposit Accounts, Remittance, Credit, Insurance and Pension funds. This financial inclusion campaign was launched on 28 August 2014.

### **The PMJDY details include:**

- 1) It is steered by the Department of Financial Services, Ministry of Finance. On the inauguration day of the Yojana, 1.5 Crore bank accounts were opened.
- 2) Guinness Book of World Records acknowledges the achievements made under PMJDY. It writes "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".
- 3) As of 19<sup>th</sup> April 2017, over 28 crore bank accounts were opened and almost Rs. 63,960.17 crore was deposited under the scheme.

### **Facts which comes under the scheme:**

- 1) Interest on funds kept in the account.
- 2) No minimum balance required.
- 3) Rupay debit card is issued.
- 4) There is no limit on the number of deposits that can be made in a month.
- 5) A maximum of four withdrawals in a month, including ATM withdrawals are completely free.
- 6) Accidental insurance cover of Rs. one lakh, subject to fulfilment of the eligibility condition, i.e., the Rupay card holder has performed at least one successful financial or non-financial customer induced transaction within 90 days prior to date of accident including accident date (Rupay Insurance Program 2016-2017).

---

<sup>2</sup> *Government of India launched Pradhan Mantri Jan Dhan Yojana (PMJDY) on 28th August 2014*  
Copyright © 2017, Scholarly Research Journal for Interdisciplinary Studies

- 7) The scheme provides life cover of Rs. 30,000/- payable on death of the beneficiary, subject to fulfilment of the eligibility condition.
- 8) After satisfactory operation of the account for 6 months, an overdraft facility up to Rs. 5000/- is permitted per account per household.
- 9) Beneficiaries of Government Schemes will get Direct Benefit Transfer in these accounts.
- 10) Access to Pension, insurance products etc.

The research shows that Financial Inclusion plays a big role in eradicating the poverty in the country. The process for achieving sustainable development and inclusive growth is primarily known as financial inclusion. To provide financial literacy and financial inclusion, the financial stability and development council under the ministry of finance, Government of India is committed and all the financial institutes like RBI, scheduled commercial banks, financial sector regulators are directed to achieve this objective.

The countries where large portion of population is excluded from formal financial institutes have higher rate of poverty and income inequality. The banking sector plays a key role in achieving the inclusive growth and financial inclusion. Financial inclusion secures the family with insurance, providing credit and over draft to the needed. These measures will provide a path where there is an eradication of poverty.

The objective of Financial Inclusion is to extend financial services to unlock growth potential of economy. In addition, it strives towards a more inclusive growth by making financial availability to the poor and weaker sections of society. Financial Inclusion<sup>3</sup> and Financial Literacy both are twin pillars where Financial Inclusion acts on the supply side i.e. for creating access and financial literacy acts from the demand side i.e. creating a demand for the financial products and services. The following state and national level information emphasis the same.

**Table 1: Pradhan Mantri Jan-Dhan Yojana (PMJDY) account details and deposits in Jharkhand**

Rural A/c	Urban A/c	Total A/c	Urban %	Deposit in Cr Rupees
73,02,091	25,40,320	98,42,411	25.8%	1721.49
Source: <a href="http://www.pmjdy.gov.in">www.pmjdy.gov.in</a> . (Govt. of India, 2017-18)				

<sup>3</sup> Financial Inclusion data

**Explanation:**

It is clear from the above table that there were 73,02,091 rural accounts were opened and 25,40,320 Urban accounts were opened. The total deposited amount in the banks was 1721.49 Crores Rupees which was very high and signified properly.

**Table 2: Pradhan Mantri Jan-Dhan Yojana (PMJDY) in Jharkhand**

Aadhar seeded	Rupay card issued	Population (2017 estimated)	No of ATMs	% of PMJDY	% of Rupay card
84,94,699	73,39,659	329,66,238	3754	29.9 %	74.6%
Source: <a href="http://www.pmjdy.govt.in">www.pmjdy.govt</a> of India, 2017-18					

**Explanation:**

The research on ‘*Inclusive growth and Pradhan Mantri Jan Dhan Yojana (PMJDY): A special study of Jharkhand*’ has referred some data. It is clear from the above table that there were **Aadhar seeded 84,94,699, Rupay card issued 73,39,659, No of ATMs 3754, 29.9 % of PMJDY and 74.6% of Rupay card issued through this scheme.**

**6. FINDINGS AND SUGGESTIONS:**

- 1) PMJDY scheme is known to most of the people and is considerably associated with the age and qualification of the people in study area.
- 2) The study advocates there is significant impact on income and livelihood or economic status of beneficiaries of Pradhan Mantri Jan Dhan Yojana.
- 3) Based on the study the majority of the PMJDY accounts holders are in rural areas. So, the banks should attract more customers from sub-urban and urban areas also.
- 4) The private sector banks need to more actively participate in financial inclusion programme of the government.
- 5) People in the rural areas stated that they know about the PMJDY scheme but noticeably not aware of benefits available for PMJDY account. So the government of India and concerned authority need to properly advertise and explain the various benefits of having PMJDY scheme account.
- 6) The Government of India and RBI required to open more number of financial literacy centre and conduct more number of financial literacy camps for the purpose of achieving 100% financial inclusion.

- 7) The procedure to open accounts, operating the accounts, disbursement of loans needs to be simplified. This simplification will help to remove the fear of the people with the complex documents of the banking procedures.

**REFERENCES:**

- Bharati Pajari., (2016), "Pradhan Mantri Jan Dhan Yojana (PMJDY): A Major Step towards Financial Inclusion in India", International Journal of Management Research and Business strategy, Vol 5, No 2, April 2016.*
- Bhatia, S., & Singh, S. (2015). Financial Inclusion– A Path to Sustainable Growth. International Journal of Science Technology & Management, 388-397.*
- Dasgupta, A., & Anklesaria, E. (2015). Pradhan Mantri Jan Dhan Yojana. KPMG report.*
- Paramasivan. C and kamaraj, R. (2015), "Commercial Bank's Performance on Pradhan Mantri Jan Dhan Yojana", International Journal of Scientific Research And Education, Vol 3, Issue 6, June 2015, pp.3395-3603.*
- Patnaik, B., Satpathy, I., & Supkar, A. C. (2015). Pradhan Mantri Jan Dhan Yozana (PMJDY) – A New Direction for Mainstreaming the Financially Excluded. International Journal of Management (IJM), 31-42.*
- Somani. And Bhavana Nahar (2015), "Pradhan Mantri Jan Dhan Yojana: Financial Inclusion", Journal of Commerce & Trade, Vol 10, Issue 2, October 2015, pp.34-39.*