



Pradhan Mantri Jan-Dhan Yojana: A Biggest Scheme of Financial Inclusion

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Abstract

The promotion of Financial Inclusion is a national strategy of Government of India. Pradhan Mantri Jan-Dhan Yojana being PMJDY is a national program for enhancing financial inclusion which facilitates access to financial service including banking, saving, credit, insurance and pension at minimum cost. At the end of 31st December 2020, about 41.58 crore people has been enrolled in the scheme across the country with total deposit of 1.35 lac crore, out of which about 1.53 crore accounts are in Jharkhand with total deposit of 5.11 thousand crore. This paper attempts to study about the scheme, its present position and its growth across India as well as Jharkhand.

Keywords: PMJDY, Financial Inclusion

1. Introduction

The concept of Financial inclusion was brought in India by Y. Venugopal Reddy, Former Governor, Reserve Bank of India in April 2005 while presenting RBI's 'Annual Policy Statement' for the financial year 2005-06. This policy was initiated by K.C. Chakraborty, chairman, Indian Bank in 2005. On recommendation of Rangarajan Committee in January 2008, Financial Inclusion came into real picture. **C. Rangarajan**, chairman, *Committee on Financial Inclusion (2008)* said that "Financial Inclusion is the process of ensuring access to financial service and timely and adequate credit where needed by vulnerable groups such as lower income groups and weaker sections at affordable cost". In this definition, the financial services involve saving credit, insurance, payment and remittance facilities.

According to world bank report, only 53 percent of adult Indian citizens have bank accounts (Global Findex Data Base, World Bank Report 2014). In order to bring unbanked citizens into mainstream banking system and decrease corruption in government subsidy scheme, on 15th August 2014, India's Prime Minister Narendra Modi announced a comprehensive financial inclusion initiative titled Pradhan Mantri Jan-Dhan Yojana (PMJDY) at the time of addressing his first Independence Day speech at Red fort. On 28th August 2014, the scheme was originally launched by Government of India under the ministry of finance. The scheme is useful for those individuals who do not have a bank account. The scheme invites financially excluded citizen easy access to deposit, access to credit, insurance and pension facility and awareness about other financial products by means of financial literacy programmes.

What is Jan-Dhan Yojana:

PMJDY is a National Mission for Financial Inclusion which facilitates access to saving bank account, remittance, credit, insurance, pension at affordable cost to lower income group and weaker section of the society. Under this scheme, one can opened a basic saving bank deposit account (BSBDA) with zero/minimum balance in any bank branch or Consumer Service Point and enjoy following benefits:

- Facilitating overdraft facility up to 10,000 after six months only for earning member of family
- Ru-pay Card in form of debit card will be provided
- Accidental insurance up to Rs 2 lakhs and Medical insurance up to Rs 30,000 payable on death of accountholder.
- Direct Benefit Transfer of money across India
- Financial Literacy program
- Access to Social Security Scheme and Mudra Scheme

1. Review of Literature

Rahman (2018) studied about Government policy through Jan Dhan Yojana driven financial inclusion in India. He reported that most of excluded groups are finally got bank account, gender and income gaps are minimizing, but use of these accounts are low in India that reflects a big issue.

Kumar and Sharma (2020) tried to study about Jan Dhan Yojana and other financial inclusion programme in Jharkhand. They reported that the benefits of PMJDY schemes are not fully adopted. It was observed that respondents had full access to their bank account but have incomplete knowledge about the scheme benefit.

2. Objective of the Study

1. To study the present position of Jan-Dhan Yojana in India and Jharkhand
2. To compare the mean score of growth of Jan-Dhan accounts in India and Jharkhand
3. To compare the mean score of growth of Ru-Pay cards in India and Jharkhand

4. Hypothesis of the Study

To study the above objective, the following null and alternative hypothesis are developed:

For objective-2:

H₀: There is no significant difference between the mean score of growth rate of Jan-Dhan accounts in India and Jharkhand.

H₁: There is significant difference between the mean score of growth rate of Jan-Dhan accounts in India and Jharkhand.

For objective-3:

H₀: There is no significant difference between the mean score of growth rate of Ru-pay cards in India and Jharkhand.

H₁: There is significant difference between the mean score of growth rate of Ru-pay cards in India and Jharkhand.

5. Research Methodology

The study is based on completely secondary data which will be collected from RBI publication, Jan-Dhan website and State Level Banker Committee report, reputed journals, research papers and concerned websites.

6. Data Analysis and Interpretation

Objective-1: To study the present position of Jan-Dhan Yojana in India and Jharkhand: The first objective is to know about the present position of PMJDY in India especially in Jharkhand. The data will be described with the help of table no. 6.1 and 6.2.

Table-6.1: Statement Showing Present Status of Jan-Dhan Accounts and Rupay Cards in India

Bank Category	No. of Jan-Dhan Accounts in Crore			%	No. of Rupay Cards in crore	%
	Rural	Urban	Total			
Public Sector Bank	20.16	12.75	32.91	79.15	26.1	85.24
Private Sector Bank	0.70	0.92	1.27	3.05	1.15	3.76
Regional Rural Bank	6.49	0.57	7.40	17.80	3.37	11.01
Total	27.35	14.24	41.58	100	30.62	100

Source: JDY Progress Report

Figure-6.1: Category-wise Share of Jan-Dhan Accounts in India

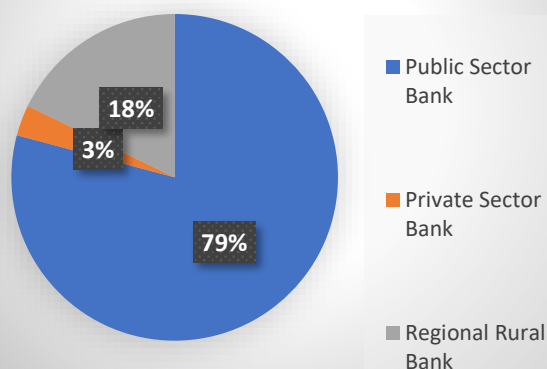


Figure-6.2: Category-wise Share of Ru-Pay Cards in India

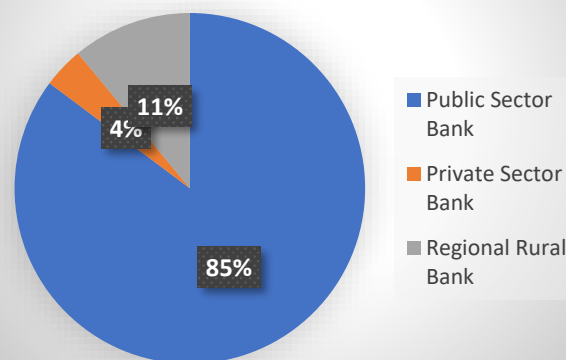


Table- 6.1 highlighted that as on 31st December 2020, total number of accounts under Jan-Dhan Yojana are 41.58 crore, out of which 65.78 percent accounts opened in rural area against 34.22 % in urban area. A total of 30.62 crore Rupay Cards (73.64 % of total accounts) issued against these Jan-Dhan accounts. Figure-6.1 and 6.2 indicated that contribution of public sector bank in number wise Jan Dhan accounts and Rupay Cards are about 79 % and 85 % respectively. However, Regional Rural Bank has low performance with about 18 % and 11 % whereas Private Sector Bank has little presence with only 3 % and 4 % respectively.

Table-6.2: Statement Showing Present Status of Jan-Dhan Accounts and Rupay Cards in Jharkhand

Bank Category	No. of Jan-Dhan Accounts in Lac			%	No. of Rupay Cards in Lac	%
	Rural	Urban	Total			
Public Sector Bank	99.89	26.15	126.04	82.27	103.43	95.25
Private Sector Bank	0.69	0.6	1.29	0.84	1.25	1.15
Regional Rural Bank	24.46	0.32	24.78	16.17	3.88	3.57
Co-operative Bank	0.52	0.58	1.1	0.72	0.03	0.03
Total	125.56	27.65	153.21	100	108.59	100

Source: Compiled from 74th SLBC Report

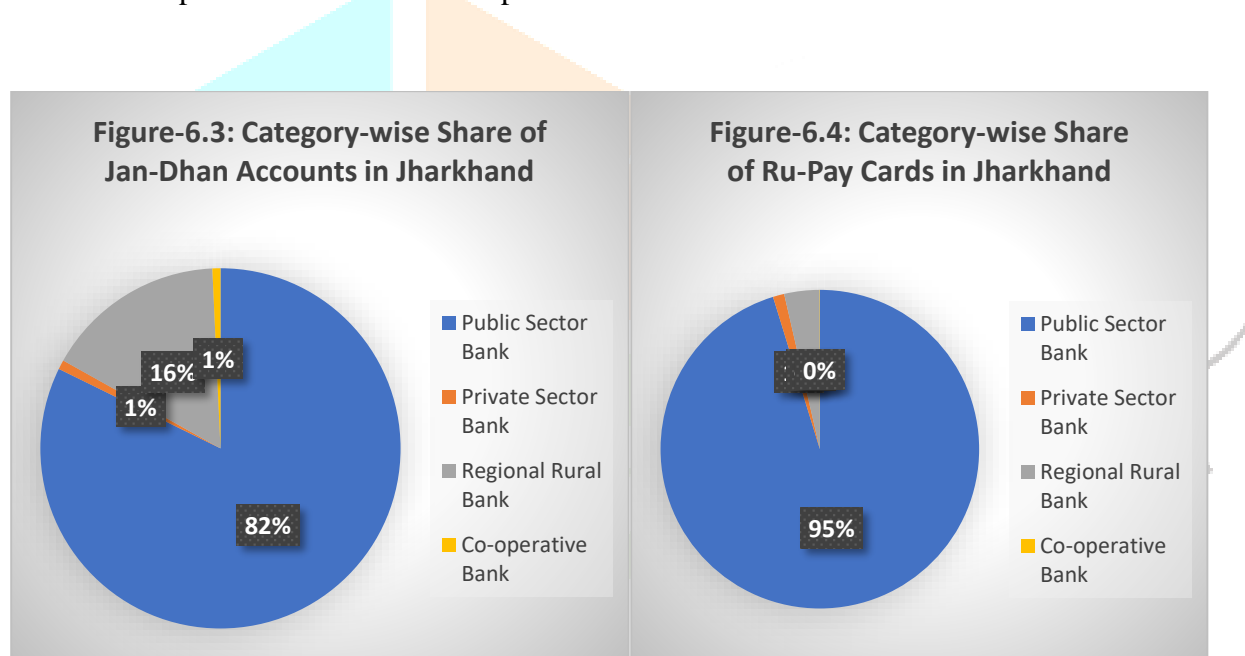


Table-6.2 indicated that as on 31st December 2020, total number of bank accounts under Jan Dhan Yojana is about 153.21 Lacs in Jharkhand, out of which 81.95 % opened in rural area against 18.05 % in urban area. A total of 108.59 Lacs (70.88 % of total accounts) Rupay Cards issued against these accounts. Figure-6.3 and 6.4 signified that public sector bank plays significant role in opening Jan Dhan accounts as well as issuing Rupay Cards with nearly 82 % and 95 % respectively. However, Regional Rural Bank has low performance with 16 % and 4 % respectively but, Private Sector Bank and Co-operative Bank has little presence in this regard. The main reason behind this, majority of Jan Dhan accounts are opened in rural and tribal area through Consumer Service Point (CSPs) and public sector bank has large networks (more than 15000) of CSPs especially in rural and tribal area of Jharkhand.

Objective-2: To compare the mean score of growth of Jan-Dhan accounts in India and Jharkhand: The 2nd objective is to compare the progress of Jan-dhan accounts in India and Jharkhand. The comparative study is given in table no.6.4

Table-6.3: Comparative statement Showing Year-Wise Progress of Jan-Dhan Accounts in Jharkhand and India

Year	Jharkhand		India	
	No. of Jan-Dhan Accounts in Lacs	Growth in %	No. of Jan-Dhan Accounts in crore	Growth in %
31-03-2015	37.79		14.54	
31-03-2016	60.96	61.33%	21.43	47.39%
31-03-2017	97.62	60.13%	28.16	31.40%
31-03-2018	112.02	14.75%	31.44	11.65%
31-03-2019	123.51	10.26%	35.27	12.18%
31-03-2020	136.86	10.81%	38.08	7.97%
	CAGR= 29.35 %		CAGR=21.23 %	

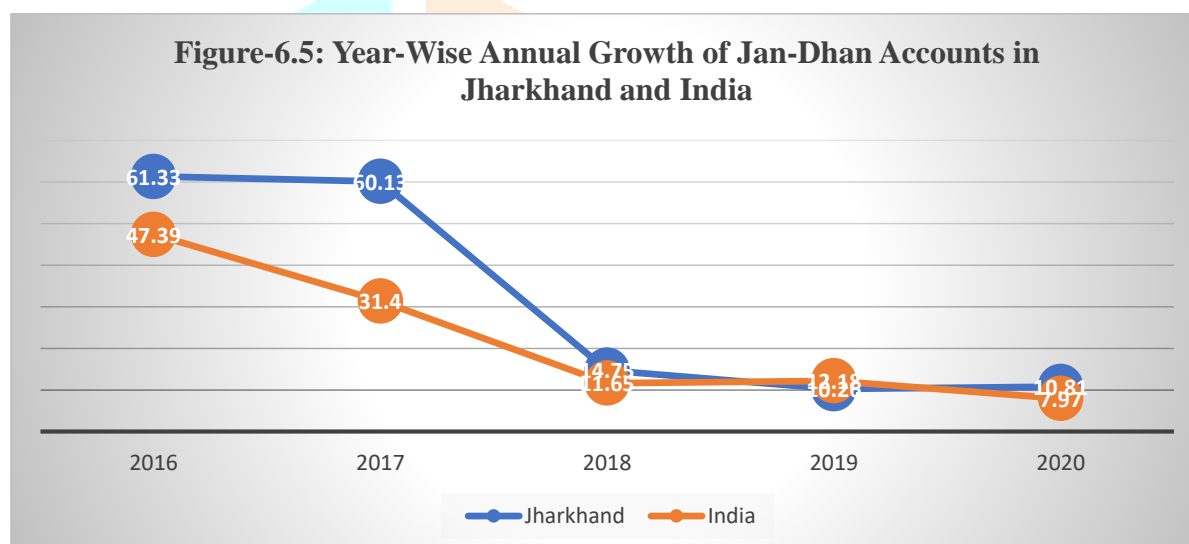


Table-6.3 shows that total number of beneficiaries under JDY in Jharkhand and India increased to 13.68 Lacs and 38.08 crore respectively at the end of 2020 from 37.78 Lacs and 14.54 crore at the end of 2015. Figure-6.5 highlighted that annual growth of Jan Dhan accounts has fluctuated year on year and reflected its highest level in the year 2016 and 2017 with annual growth of 61.33 percent and 60.13 percent in Jharkhand and 47.39 percent and 31.4 percent in India respectively.

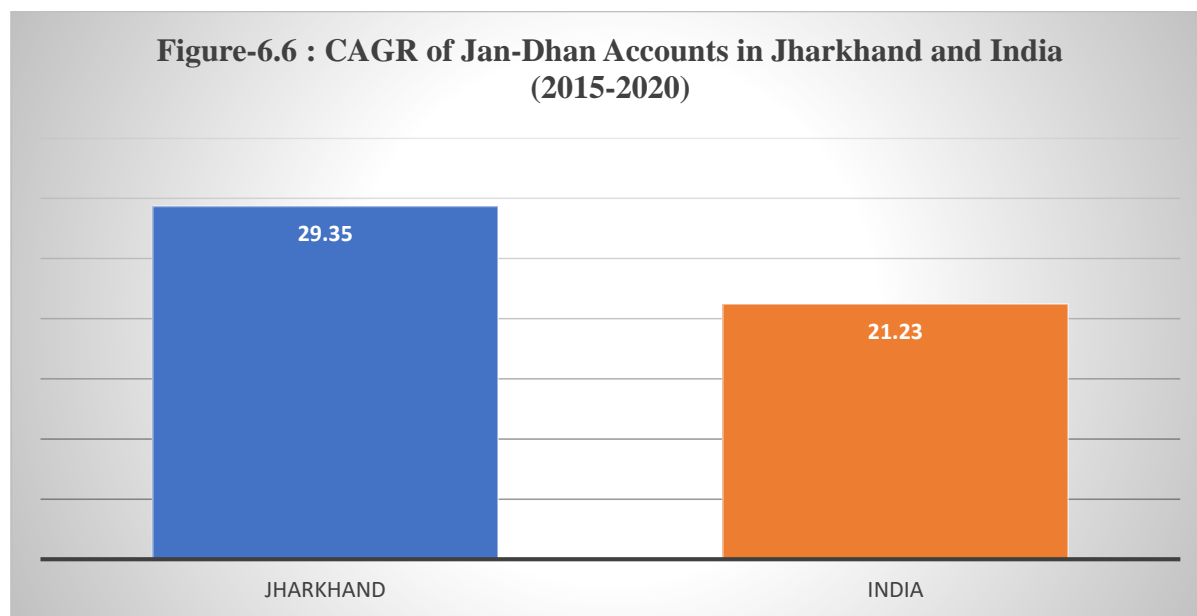


Figure-6.6 reflected that the composite annual growth rate (CAGR) of Jan-Dhan accounts of India and Jharkhand from 2015 to 2020 constitutes 21.23 percent and 29.35 percent. This proved that Jan Dhan Yojana is a prime driver for high growth in Basic Saving Bank Deposit Account (BSBDA) in Jharkhand as compared to India.

Result and Interpretation for Comparison of mean score of growth rate of Jan-Dhan Accounts in Jharkhand and India: This objective is to compare the mean score of growth rate of Jharkhand and India. The data has been analyzed with the help of Independent Sample t-test. The results are given in table no.6.6

Table-6.4: Summary of Mean, Standard Deviation, t-value of Growth Rate in Jharkhand and India

	No. of Years	Mean	Standard Deviation	t-value	p-value	Remark
Jharkhand	5	31.46	26.78	0.66	0.53	$p > 0.05$
India	5	22.12	16.83			

Source: SPSS

From the table-6.4, it is evident that there was not a significant difference in the growth of Jan-Dhan accounts for Jharkhand (Mean= 31.46, Standard Deviation = 26.78) and India (Mean= 22.12, Standard Deviation = 16.83); t-value is 0.66, with df equal to 6.733 and p-value= 0.53. It reflects that mean score of growth rate of Jan-Dhan accounts in Jharkhand and India did not differ significantly. In this context the null hypothesis "There is no significant difference between the mean score of growth rate of Jan-Dhan accounts in India and Jharkhand" is not rejected.

Objective-3: To compare the mean score of growth of Ru-pay cards in India and Jharkhand: The 3rd objective is to compare the progress of Ru-pay cards against Jan-Dhan accounts in India and Jharkhand. The comparative study is given in table no.6.7

Table-6.5: Comparative statement Showing Year-Wise Progress of Ru-Pay Cards in Jharkhand and India

Year	Jharkhand		India	
	No. of Ru-Pay Cards in Lacs	Growth in %	No. of Ru-Pay Cards in crore	Growth in %
31-03-2015	27.17		12.99	
31-03-2016	50.8	86.96%	17.75	36.64%
31-03-2017	70.9	39.57%	21.99	23.89%
31-03-2018	81.46	14.88%	23.65	7.55%
31-03-2019	103.17	26.66%	27.91	18.01%
31-03-2020	102.35	-0.79%	29.02	3.98%
	CAGR= 30.38 %		CAGR=17.44 %	

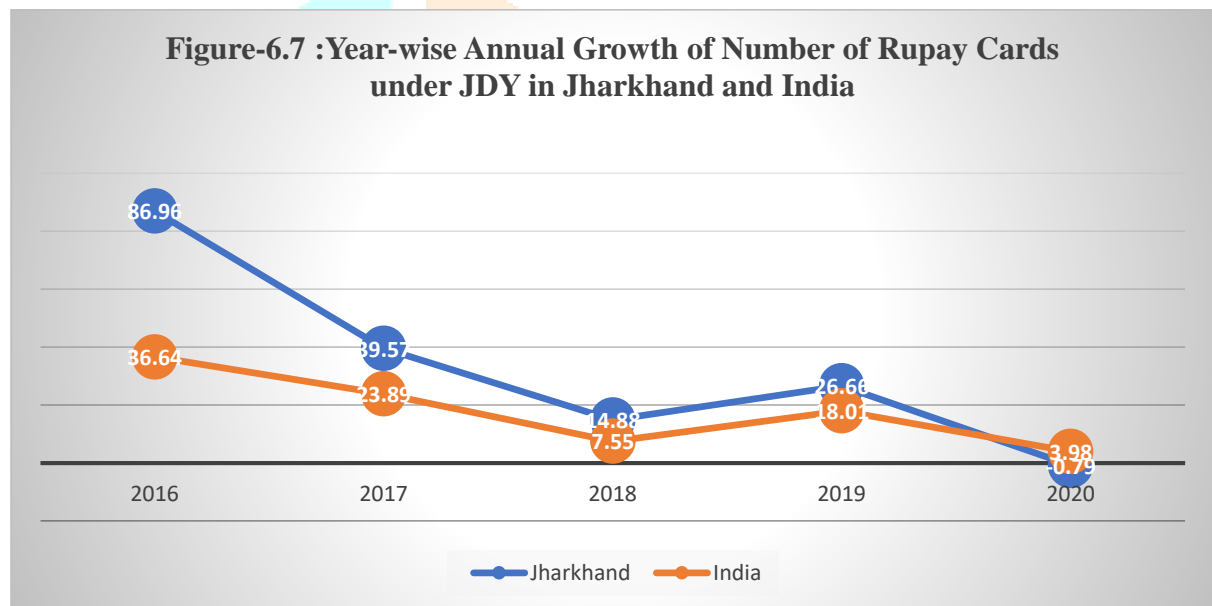


Table-6.7 indicated that total number of Rupay Card issued under JDY in Jharkhand and India increased to 102.35 Lacs and 29.02 crore at the end of 31st March 2020 from 27.17 lacs and 12.99 crore respectively at the end of 31 March 2015. Figure-6.7 shows that annual growth of number wise Rupay Cards in Jharkhand has fluctuated year on year and reached its highest level at 2016 with 86.96 % whereas there has been slightly downfall by 0.79 % in 2020 in Jharkhand.

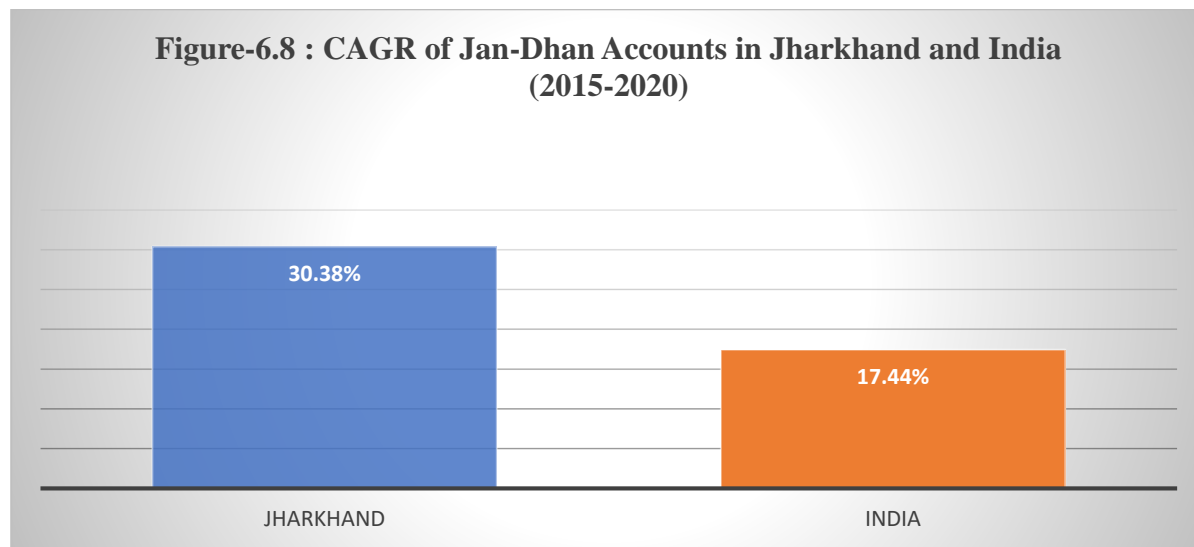


Figure-6.8 reflected that the composite annual growth rate (CAGR) of number wise Ru-pay Cards under PMJDY of India and Jharkhand from 2015 to 2020 constitutes 17.44 percent and 30.38 percent which signified that there has been significant progress in number of Ru-pay Cards issued in Jharkhand as compared to India.

Result and Interpretation: for comparison of mean score of growth rate of number-wise Ru-pay cards in Jharkhand and India: The third objective is to compare the mean score of growth rate of Ru-pay cards issued in Jharkhand and India. The data has been analyzed with the help of Independent Sample t-test. The results are given in table no.

Table-6.6: Summary of Mean, Standard Deviation, t-value of Growth Rate in Jharkhand and India

	No. of Years	Mean	Standard Deviation	t-value	p-value	Remark
Jharkhand	5	33.46	33.41	0.962	0.364	$p > 0.05$
India	5	18.01	13.11			

Source: SPSS

From the table-6.6, it is evident that there was not a significant difference in the growth of number-wise Ru-Pay cards for Jharkhand (Mean= 33.46, Standard Deviation = 33.41) and India (Mean= 18.01, Standard Deviation = 113.11); t-value is 0.962, with df equal to 8 and p-value= 0.364. It reflects that mean score of growth rate of number-wise Ru-pay cards in Jharkhand and India did not differ significantly. In this context the null hypothesis "There is no significant difference between the mean score of growth rate of number of Ru-pay cards in India and Jharkhand" is not rejected.

7. Conclusion

PMJDY is a mission mode project of Government of India which is helpful in achieving complete outreach of banking service at micro level to lower income group and poor section of the society at lowest cost. After data analysis and interpretation, we observed following findings of proposed study:

- PMJDY, being a prime driven for high jump in bank account, covering nearly 98 percent of households in India and 100 % of households in Jharkhand.
- Public sector bank performs a significant role in opening Jan-Dhan accounts and issuing Ru-pay cards in India as well as Jharkhand by means of its large networks of BCs and CSPs.
- On the basis of Compounded annual growth rate, there has been high growth in number of Jan-Dhan accounts and Ru-pay cards in Jharkhand in comparison to India
- After hypothesis testing, it is registered that mean score of growth rate of Jan-Dhan accounts and Ru-pay cards in Jharkhand and India did not differ significantly.

8. Suggestion and Recommendation

PMJDY is one of the biggest social welfare schemes for inclusive financial growth that provides a smooth platform to ensure universal access to banking facility, however some barriers are involved in this connection which are suggested as follows:

- The scheme is covered with only adult population not to all. Therefore, Government and RBI should spread over minor population and school going children so as to bring them into formal banking system.
- About 16 percent accounts are inactive and not in operation. So, the FLCs should facilitate financial literacy programs to existing account holders at village level and bring awareness towards continuous use of Jan-Dhan account.
- The Government and RBI should maximize the withdrawal limit to Rs. 20,000 from Rs.10,000 per month.
- It is necessary to all account holders under PMJDY to avail cheque facilities for making a deferred payment.
- Jharkhand Rajya Gramin Bank retains about 25 percent share in opening Jan-Dhan accounts but its share in issuing Ru-cards is only 3.5 percent. So, it should take initiative in this regard.

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