



# IMPLEMENTATION OF PRIME MINISTER JANA DHAN YOJANA IN NORTH EAST REGION OF INDIA: AN ANALYTICAL STUDY

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## Abstract

*The paper aims at analysing the performances of the implementation of Prime Minister Jan Dhan Yojana (PMJDY), a nation based revolutionary financial inclusion Programme, in the North East Region (NER) of India in general and Tripura in particular. Prime Minister Jan Dhan Yojana (PMJDY) programme was launched on 28<sup>th</sup> August 2014, with a view to provide wide range of financial services at a reasonable cost to the minimum one adult member of the households across the country. The main objective of this Scheme is to bring households of unbanked areas into the umbrella of banking facilities for accelerating the country's inclusive growth. It is a world's biggest financial inclusion programme for promoting sustainable development. The latest data reveals 39.29 crore number of total beneficiaries under PMJDY and the total deposit in beneficiaries accounts stands to Rs 134733.20 crore as on 17<sup>th</sup> June 2019 in India. The contribution of NER in the number of total beneficiaries under PMJDY is 200, 69,822, (5.1% of the country's total) and the total deposit in beneficiaries accounts of NER stands to Rs 6300 crore (4.67% of the country's total). In the light of the above, the present study, based on secondary data, is an effort to focus upon the present status in implementation of the PMJDY in the states of NER and role of banking sector of Tripura in regard to implement the PMJDY in this state in the direction of improving inclusive development, Appropriate statistical tools are to be used for analysis the data. The paper is to be divided into three sections. Section- I is introductory in nature, highlighting methodology, objectives of the study and review of literature, Section – II deals with discussion and analysis, Section – III remains for conclusion and suggestions.*

**Key words: PMJDY, NER, inclusive growth, sustainable development**

## SECTION: I

### 1.1: Introduction:

North Eastern Region of India consists of eight states Viz. Assam, Arunachal Pradesh, Nagaland, Mizoram, Manipur, Meghalaya, Tripura and Sikkim comprising 262230 square kilometres, about country's 7.98% of total geographical area. 70% of its total geographical area is covered with forest. The total population of Northeast India is 4,54,86,784 as per census 2011 with 68 percent of that living in Assam alone. People living below the poverty line are found to be high as per Planning Commission's statistics. In order to promote livelihood and bring people out of poverty, the key stimulus is availability of financial institutions and accessibility. NER has been lagging behind to keep pace with the national level in regard to avail formal financial benefits through the nationalised bank branches. The number of branches of Scheduled Commercial Banks (including RRBs) in NER increased from 1952 in March 2005 to 2752 in March 2013. The regional average of NER in number of bank branches (SCBs) per one lakh adult was 10.21 lower than the national average of 14.25. The population (adult) per branch for NER stood at 9795 against the national average 7016 as on March 2013. Credit disbursement in rural areas of NER was found to be lower than the urban and semi-urban areas. The average of rural credit in total credit of NER stood at 24.5% as against 42.8% and 32.7% for urban and semi-urban areas during the period between March 2005 and March 2013. Proper financial inclusion mechanism is necessary for accelerating growth of NER. The Deputy Governor, Reserve Bank of India U. Thorat, in the year 2008 addressing on 'Vision-2020 has stressed the requirement for Financial Inclusion as the key to sustainable growth. But the little impact was observed of the efforts to include all the financially excluded segments of the society in India under the umbrella of banking arena. As per Census 2011, only 58.7% of 24.67 crore households in the country, had access to banking services. The Pradhan Mantri Jan-Dhan Yojana (PMJDY) is a key instrument for providing banking facilities to unbanked people of the states of NER as well as people across the country.

### 1.2: Objectives of the study:

The study is mainly focused upon the status of north eastern states of India in implementation of PMJDY Scheme. In this context, the study is composed with two objectives. One of the objectives is to highlight the performances of NER in implementation of PMJDY Scheme; another is to focus upon the status of Tripura in implementation of PMJDY Scheme in this state for promoting inclusive growth.

### 1.3. Methodology:

The present study is an analytical one, based on secondary data. As PMJDY was launched in the year 2014 in India, so study period of 5 years starting from 2014-15 to 2018-19 has been taken in the present study. In the present study, secondary data was collected from the published document, Proceedings of SLBC, Tripura and website of PMJDY. The statistical tools like line charts, bar charts and table are used to justify the study.

### 1.4: Literature Review:

Vijay Bhaskar P. (2014) in his speech at CII Banking Collegium in Kolkata highlighted the insufficient scheduled commercial Banks branches in North Eastern Region of India which in turn negatively impact on its economy. Low credit disbursement in rural areas was also highlighted.

Gupta Sonam Kumari (2015), in her paper pointed the decreasing trend of zero balance account opened under PMJDY within a year. Zero balance account opened under PMJDY in the initial year September, 2014 was 76.81 which decreased to 46.93 in the July 2015. which indicates a positive sign in the direction of financial inclusion.

Singh and Pande, 2014 and Rai, 2015 observed that large section of Indian population remained financially exclude even after 68 years of independence.

Nimbrayan Parveen Kumar , Tanwar Nitin , and Tripathi Ramesh Kumar (2018) found that 100% Household coverage was made in this state of Haryana and North Zone of India also. Financial inclusion is the essence of sustainable economic growth and development in a nation like India as per their research study.

Singh Charan and Naik Gopal (2018) in their working paper highlighted that PMJDY programme as a financial inclusion strategy emerge as a broadly successful programme which bring rural women in the arena of banking facilities.

## SECTION II

### Discussion and Analysis:

The world biggest financial inclusion Programme Pradhan Mantri Jan-Dhan Yojana (PMJDY) was announced on 15th August 2014 by the Hon'ble Prime minister of India as a National Mission for Financial Inclusion. It is a revolutionary project to reduce poverty at a faster rate. According to our Hon'ble Prime minister it is necessary to get rid of financial un-touchability for eradicating poverty. "Sab ka Sath, Sab ka Vikas" is the motto of this scheme. The essence of the scheme is to provide core-banking services, so that each household must have at least one banking account. The Slogan of the Scheme is "Mera Khatha, Bhagya Vidhatha" which means that a person's destiny would be linked to his / her account. PMJDY is a comprehensive Financial Inclusion approach which envisages universal access to banking facilities with at least one basic banking account for every household, access to credit, insurance and pension facility. Besides opening of a bank account for every household it also promotes other benefits with it viz. zero balance bank account with RuPay debit card, in addition to accidental insurance cover of Rs 1 lakh, those who open accounts by January 26, 2015 over and above the Rs 1 lakh accident, they will be given life insurance cover of Rs 30,000, etc. As per information received from the website <https://pmjdy.gov.in/scheme> the following special benefits attached to the scheme:

- Interest on deposit
- Accidental insurance coverage up to Rs.2.00 lac
- No minimum balance required. However, for withdrawal of money from any ATM with Rupay Card, some balance is advised to be kept in account.
- Life insurance covers of Rs.30, 000/- subject to fulfilment of the eligibility condition.
- Easy Transfer of money across India
- Beneficiaries of Government Schemes will get Direct Benefit Transfer in these accounts.
- After satisfactory operation of the account for 6 months, an overdraft facility will be permitted
- Access to Pension, insurance products
- Accidental Insurance Cover, RuPay Debit Card must be used at least once in 45 days.
- Overdraft facility up to Rs. 10,000/- is available in only one account per household, preferably lady of the household.

The target of opening one account per household was achieved by 26th January 2015. The success of the Parham Mantri Jan Dhan Yojana had shown the potential of the enormous role that the financial inclusion program can play in the rise of the economy.

Table -1  
Performance of PMJDY in India at a glance

Item	2014-15	2015-16	2016-17	2017-18	2018-19	June 2020
No. of PMJDY accounts (in Crore)	14.72	21.43	28.17	31.44	35.27	39.39
Deposit in PMJDY accounts (in Rs. Crore)	15,670	35,672	62,972	78,494	96,107	134733.20
Average Deposit per PMJDY account (in Rs.)	1,065	1,665	2235	2497	2725	3429
Number of RuPay debit cards issued to PMJDY account-holders (in Crore)	13.14	17.75	21.99	23.65	27.91	29.29

Source: <https://pmjdy.gov.in/account>.

The account opened under PMJDY recorded 14.72 crore in the year 2014-15 since its inception on 15<sup>th</sup> August, 2014 which is increased to 39.39 crore in June 2020. The account opening growth is observed 167.6% during the period of six years. The deposit per account is recorded in the year 2014-15 Rs 1065 which is increased to Rs 3429 in the year 2020. The average deposit per account is increased to 222%. The number of RuPay debit cards issued to PMJDY account-holders stands to 29.29 crore in June 2020 from Rs 13.14 crore in the year 2014-15. The growth of number of RuPay debit cards issued to PMJDY account-holders increased to 122% during the period of six years. So it may be said that PMJDY is the game changer for the development of Indian rural economy

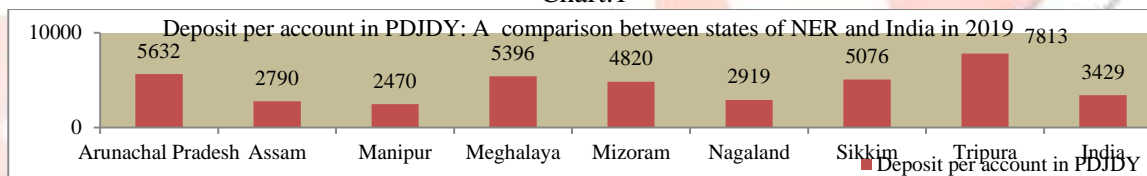
Table - 2  
Status of NER in implementation of PMJDY as on 17-06 2019

State	Rural accounts	% of total accounts	Urban accounts	Total accounts	Total Deposit (Rs in crore)
Arunachal Pradesh	207,034	61.6	129,036	336,070	189.21
Assam	12,836,608	77	3,813,787	16,650,395	4,644.95
Manipur	435,954	44.5	535,149	971,103	239.94
Meghalaya	474,279	87	67,164	541,443	292.17
Mizoram	165,479	53.7	142,589	308,068	148.50
Nagaland	130,547	42	179,993	310,540	90.67
Sikkim	60,763	68.5	27,817	88,580	44.97
Tripura	623272	71.4	249467	872739	681.93
Total in NER	14933936	74	5145002	20078938	6332.34
India	25.03	64	14.35	39.39	134733.20
				5%	4.7

Source: <https://pmjdy.gov.in/account>

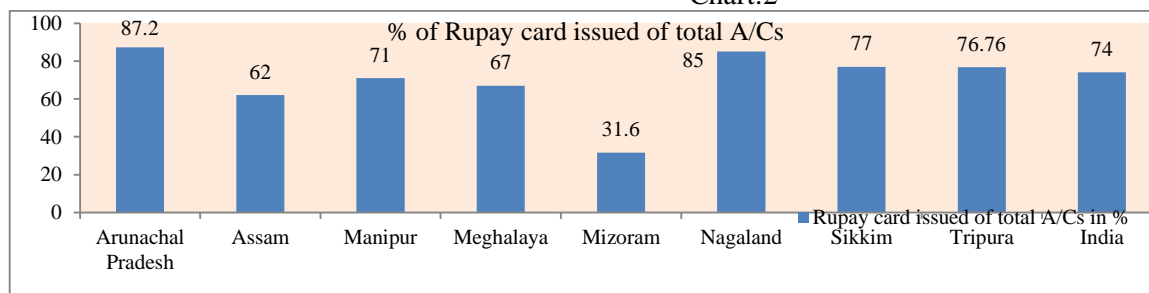
The main objectives of PMJDY Scheme was to provide banking facilities to the unbanked rural and under privileged people across the country. Opening of rural account is one of the parameter of evaluating the performances of this scheme. The table -2 highlights the performances of Meghalaya with 87% rural accounts, among the eight states of NER in terms of opening of rural accounts under PMJDY Scheme is in highest position followed by Assam, Tripura, Sikkim, Arunachal Pradesh and with 44.5% of such accounts Manipur is in lowest position. The average of the NER states is observed 74% as against the national average of 64% in terms of opening of rural accounts under PMJDY Scheme. Beneficiaries opened account and amount deposited under this scheme in NER is observed 5% and 4.7% respectively of country's total deposit in such account. NER is in better position in implementation of PMJDY Scheme than national level in opening of rural account under this scheme.

Chart:1



The chart-1 highlights the per account deposit of PMJDY account in the states of NER. The average deposit per account in NER is observed Rs 4624 as against the national average of deposit per account of Rs 3429 in the year 2019. Out of the eight states of NER, the banking sector of Tripura with Rs 7813 has achieved highest position in respect of per account deposit in PMJDY accounts and Manipur with Rs 2470 deposit per account is observed in lowest position. The deposit per account is also a parameter for evolution of performances. This chart focuses the performances of NER an economically backward region of India, in regard to implementation of PMJDY Scheme is more positive than the national level.

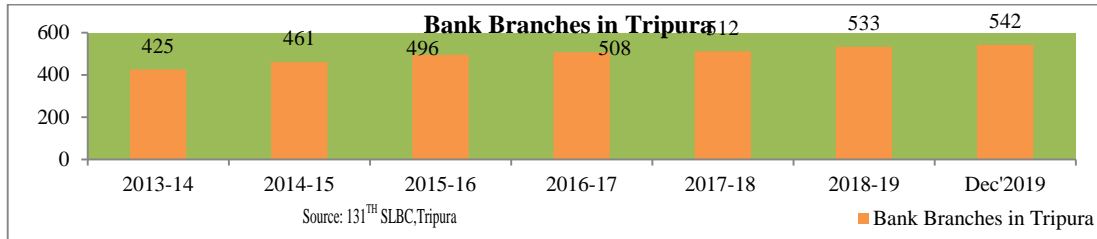
Chart:2



The issue of Rupay card is also a parameter for evolution of performances of PMJDY Scheme. Beneficiaries may not be able to access the benefit of accidental insurance cover which is raised to Rs 2 lakh to new PMJDY accounts opened after 28.8.18. Arunachal Pradesh issuing 87.2% Rupay card, among the eight states of NER in issuance of Repay card to total account holders, under PMJDY Scheme is in highest position followed by

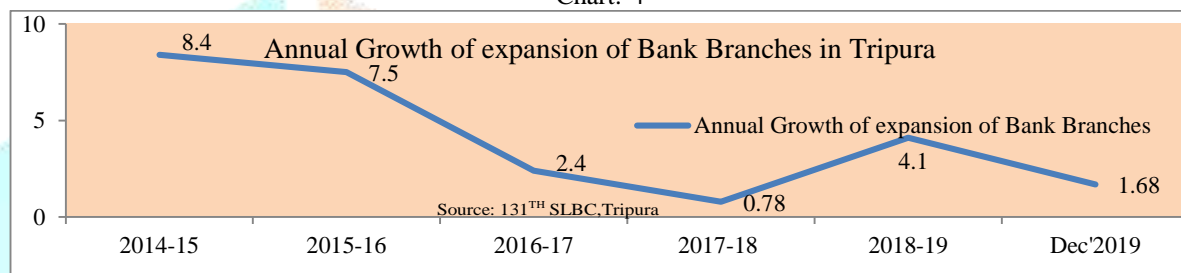
Nagaland, Sikkim, Tripura, Meghalaya, Assam and Mizoram with 31.6% is in lowest position. The average of the states of NER is observed 69.7% in terms of issuance of Rupay card as against the national average of 74%.

Chart:-3



The chart shows the expansion of bank branches after implementation of PDJDY Scheme with a view to bring unbanked area of the state under the umbrella of formal financial institution. Expansion of bank branches was going on in a consistent manner in this state. In the year 2013-14 the number of total bank branches in Tripura was 425 which were increased by 36 in the year 2014-15, the launching year of PDJDY Scheme. Only four new branches opened in the year 2017-18. But in the December, 2019 number of total bank branches increased to 542. The expansion of bank branches implies the positive performances of the banking sector for implementing the scheme of PMJDY in this state.

Chart:-4



The chart shows the annual growth rate in expansion of bank branches in Tripura. The highest growth, 8.4% is observed in the inception year of PMJDY Scheme in the year 2014-15. The decreasing trend in annual growth rate in regard to expansion of bank branches is observed in the following years. The lowest growth, 0.78% is occurred in the year 2017-18. But the encouraging fact is the Compounding Annual Growth Rate (CAGR) in expansion of bank branches in Tripura which is recorded 25.4% since the implementation of PMJDY in the state of Tripura as per this chart. It implies the positive performances of the banking sector for implementing the scheme of PMJDY in this state.

Table - 3  
Performance of PMJDY Scheme in the State of Tripura

year	Rural Accounts opened	% total Accounts	Urban Accounts opened	% total Accounts	Total Accounts opened	AGR of Accounts opened (in %)
2014-15	406,523	70.33	171,438	29.7	577,961	
2015-16	502983	71.18	203604	28.82	706587	27.44
2016-17	574598	71.87	224937	28.13	799535	13.13
2017-18	615437	72.10	238115	27.90	853552	6.75
2018-19	623272	71.41	249467	28.58	872739	2.24
Dec'2019	626491	70.85	257767		884258	1.31
<b>CAGR</b>						<b>50.87</b>

Source: SLBC, Tripura

The table depicts that most of the accounts opened under PMJDY Scheme is rural account. Rural account stands to 70.85% of total accounts in the middle of the year 2019-20 against the national average of 64% in terms of opening of rural accounts under PMJDY Scheme. In the launching year of the scheme it was 70.33%. The highest rate in-terms of rural account opened under this scheme is observed in the year 2016-17. The annual growth rate of total account opened is recorded 27.44 % in the year 2015-16 and afterwards the decreasing trend is observed. But the CAGR during this period of six years is observed 50.87. It implies that Tripura is stressing upon to bring rural people under the umbrella of formal financial institution for removing poverty among rural people through this scheme.

Chart:-5

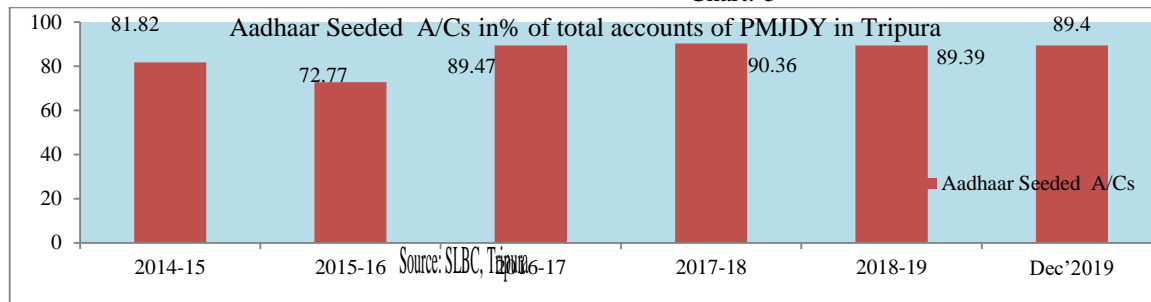
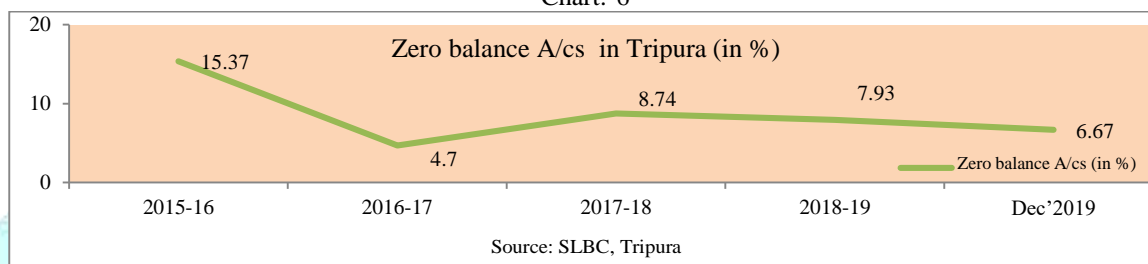


Chart -5 highlights the performances of Tripura in regard to Aadhaar Seeded accounts. More than 89% operative Jan Dhan Yojana accounts are Aadhaar seeded in Tripura. The Aadhaar Seeded accounts are increased to 89.4% in the year 2019-20 from 81.82% in the year 2014-15. Aadhaar Seeded accounts holders are eligible for getting the inbuilt accidental benefit of Rs 1, 00,000 by using Rupay card. It implies that performances of Tripura in implementation of this scheme are satisfactory.

Chart:-6



The chart-6 shows that Number of Zero balance accounts reached to 6.67% of total PMJDY accounts opened in the State of Tripura. Number of Zero balance accounts was 15.37% in the year 2014-15, the launching year of the Scheme afterwards the trend is observed decreasing. It implies that beneficiaries are now familiar to formal banking activities which in turn allow them to get the direct benefit transfer and avail the other benefit of social security Schemes, like, PMJJBY, PMSBY, and APY. Reducing trend of zero balance account is an implication of proper implementation of the Scheme PDJDY in this state.

### SECTION III:

#### Conclusion:

The scheme PMJDY acts as a game changer in improving the national economy in general and rural economy in particular. The positive performances of the states of NER in opening of rural account after implementation of PMJDY will boost up the economic growth of this region. The average of the NER states in opening of rural account is observed 74% as against the national average of 64% under PMJDY Scheme. In the state of Tripura, positive performances of the banking sector in expansion of bank branches since the implementation of PMJDY also is a positive move towards the direction of financial inclusion and better performances in the direction of implementation of PMJDY Scheme. The study finds that NER is in better position in terms of Deposit per account of PMJDY than the national average which implies that most of such accounts are active and financial literacy among the beneficiaries are better than the national average. Out of the eight states of NER, Tripura with Rs 7813 Deposit per account occupied the highest position. Though the average performances of NER in issuance of Rupay card are lower than the national level but four states including Tripura are in better position than the national average. Performances of Tripura in Aadhaar seeded accounts and Zero balance accounts are also better than the national average. It may be said that implementation of PMJDY scheme in Tripura has not only been going on in the line of the nation but more than the national level which is a roper direction towards achieving the inclusive growth. The initiative for enhancing Credit-Deposit ratio by the Scheduled Commercial Banks and Regional Rural Banks for promoting sustainable development of the NER in general and Tripura in particular is the need of the hour.

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