



# A BERIEF STUDY OF PRADHAN MANTRI JAN-DHAN YOJNA DURING THE PERIOD 2015-20 & ITS IMPACT IN PURNEA DISTRICT, BIHAR

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## Abstract

The present research work is intended to explore the benefits and drawbacks of the Pradhan Mantri Jan-Dhan Yojna for the population during the span of the years 2015-20, specially in Purnea District of Bihar State. This topic is essential for the research work, it tries to focus on the core area of financial inclusion for the underprivileged and weaker sections of the nation. This research project data will be collected through various sources in the form of primary and secondary data. Various reports, interview, observation, surveys will be taken into consideration to find out the conclusion of the facts during this project.

**Key words:** Rural Employment , PMJDY Scheme, Institutional Sources and Non-institutional Sources, Impact.

## Introduction

India is a second largest populated nation in the world, next to China. For its growing population, it's very difficult to provide a better living conditions for all the citizens. The lack of employment opportunities in the rural areas and better prospects in the urban areas lure people to migrate. But after migration they face a major drawback, as they are lacking necessary documents to avail the financial benefits from the banking sector, and ultimately, they are deprived of the various benefits of the governments schemes run for their upliftment.

The main problem of rural areas is unemployment, under-employment and inequality, but the solution for these problems particularly of the weaker sections of the rural population consisting of small and marginal farmers, landless agricultural labourers, and rural artisans, economically weak Schedule Castes and Schedule Tribes. The problem is not merely of the development of the rural areas, but of the development of the rural communities, of which our nation intends to dispel ignorance and poverty and assist the process of creating self-reliant and self-sustained healthy modern life communities. Rural development and national development are inter-related driving force for the entire development process and lies at the heart of national development, and associated with improving the living standards of subsistence level population, ensuring mass participation and making the development process self-sustaining.

One of the major maladies afflicting the rural labour population in India is indebtedness, which stems from unemployment/underemployment, low earnings, high expenditure (consumption/ceremonial), illiteracy and innumeracy, pervasive ignorance and backwardness. Indebtedness may be defined as the amount of loan/debt/advance (principal as well as interest) outstanding against an individual who has incurred that loan/debt/advance for a specific purpose for a specified period.

Both rural and agricultural labour households incur loan to bridge the gap between income and expenditure, and to meet a variety of needs. According to the survey, the variety of purposes for which loan/debt is taken is – for household consumption, marriages and other ceremonial expenses, purchase of homestead and agricultural land, construction of building, purchase of productive assets, purchase of seeds, fertilisers, pesticides etc.

According to the survey report, there are two major sources of debt:

1. **The Institutional Sources:** Banking institutions and the government agencies (which advance loans under various anti-poverty, rural development programs).
2. **The Non-institutional Sources:** professional money-lenders, shopkeepers, employers, friends and relatives.

Most of the rural households prefer to raise loans from non-institutional sources, which met as much as 64 percent of the total credit requirement of these households. The institutional sources could meet only 36 percent of the total credit requirement of these households.

The banks are the single source of credit meeting about 17 percent of the total debt requirements of the households; the cooperative societies meet 13 percent of the requirements. Non-institutional sources met 76 percent credit requirements of the SC rural households, out of which money-lenders accounted for 40 percent of the total debt requirements. They exerted a vice-like grip on the SC rural households in Andhra Pradesh (51.7 percent), Bihar (44 percent), Gujarat (28.3 percent), Haryana (73.5 percent), Karnataka (32.3 percent), Madhya Pradesh (46.5 percent), Orissa (52.4 percent), Punjab (36.2 percent), Rajasthan (29.6 percent), Tamil Nadu (56 percent), Sikkim (40.5), and Pondicherry (47.4 percent). Despite emergence of cooperatives since the 20<sup>th</sup> century, as an alternative source of credit, nationalization of banks in 1969, emergence of a network of commercial banks and regional rural banks as providers of credit, despite the linkage of the scheme to eradication of rural poverty, the money-lenders continue to hold sway over the lives and economic destiny of rural poor.

For the landless and marginal farmers, who are in constant debt, migration is the only choice for livelihood. The push arising out of lack of livelihood and crop less leads to the pull factors such as the attraction of livelihood in the lean agricultural seasons.

## Prospective and perspective of the study

In India, the segment of underprivileged and lower income group is completely deprived of basic financial services, which affects the overall economic growth of the nation. The banking sector has grown vertically and horizontally but the branch penetration in the rural areas are not providing enough financial services to these major segment of the weaker section of the population. Keeping these financial difficulties among the mass, “Pradhan Mantri Jan-Dhan Yojna (PMJDY)”, a National Mission for Financial Inclusion was launched on 15<sup>th</sup> August, 2014. This mission was launched with an ambitious objective of covering all households in the country with banking facilities and having a bank account for each household.

This research work is intended to explore the benefits and drawbacks of the Pradhan Mantri Jan-Dhan Yojna for the population during the span of the years 2015-20, specially in Purnea District of Bihar state.

Choosing this topic is essential for the research work, as it tries to focus on the core area of financial inclusion for the underprivileged and weaker sections of the nation.

In the pursuance of this research project data will be collected through various sources in the form of primary and secondary data. Various reports, interview, observation, surveys will be taken into consideration to find out the conclusion of the facts during this project.

## Purpose and need of the Study

The research scholar is intended to explore, how Pradhan Mantri Jan-Dhan Yojna has helped in the financial inclusion of the underprivileged and weaker section of the population of India, with special emphasis on the Purnea District of Bihar state.

The purpose and need for the research work can be explained as follows:

1. To study the awareness about the Pradhan Mantri Jan-Dhan Yojna Scheme.
2. To study various other schemes of financial inclusion for the people.
3. To analyse and evaluate important point emerging during the research.
4. To study people opinion towards PMJDY Scheme.
5. To evaluate the level of satisfaction of the people associated with PMJDY scheme.
6. To study the advantages and disadvantages of PMJDY scheme.

## Hypothesis

This research work is intended to evaluate the effectiveness of Pradhan Mantri Jan-Dhan Yojna scheme launched by Indian Government and its impact on the underprivileged and weaker sections of people of Purnia District of Bihar. For this research work, some hypothesis will be tested, for getting the true facts and to reach to a concrete conclusion.

1. The PMJDY scheme has paved the way for the financial inclusion of underprivileged persons of the society.
2. The financial inclusion schemes has empowered the people to develop them.
3. There is a positive correlation between financial inclusion and rural development.
4. Financial inclusion stops the migration of people.
5. PMJDY is successful in its objectives

Keeping this hypothesis as base, the research aspirant has chosen this topic. After completion of the research work, it will be concluded that, whether or not the hypothesis is true.

## Methodology Method

Purnea district is primarily an agricultural district of Bihar, having an area of 3202.31 sq. km., and population of 25,25,231. It borders Araria district in North, Katihar and Bhagalpur in South, West Dinajpur of West Bengal and Kishanganj district in East and Madhepura and Saharsa district in the West.

It is situated between 25 degree 13 minutes 80 seconds and 27 degree 7 minutes 59 seconds North Latitude and between 86 degree 59 minutes 6 seconds and 87 degree 52 minutes 35 seconds East Longitude. It has 4 subdivisions, compsed of 14 blocks.

This research work is intended to evaluate the effectiveness of Pradhan Mantri Jand-Dhan Yojna scheme. For this purpose, the research will be mainly based on field experimentation and survey. For the research purpose, various data will be collected, using sampling, structured questionnaire, personal interview and group interviews. The primary data will be collected from various persons involved in banking and financial sector, organizations, NGOs e.t.c.

## Impact of PMJDY

The Pradhan Mantri Jan Dhan Yojana is a National Mission for Financial Inclusion to ensure access to financial services, including Banking/savings and deposit accounts, remittance, credit, insurance, pension, and financial literacy in a cost-effective manner. The PMJDY rests on five elements, that are – universal access to banking facilities, banking accounts with RuPay debit card with provision of overdraft facility, financial literacy programme, creation of credit guarantee fund, and micro finance. Financial inclusion is an initiative to making financial services and products accessible to the most economically and socially disadvantaged communities of the country, who do not have or very little access to the country's monetary system.

In a fastest developing nation Bharat, more than 10 crore families did not have a bank account. In the rural areas of Bharat, the percentage of households without a bank account was higher (44 percent), comparing to the urban areas with (33 percent). For their financial needs these people were relying on the mercy of private money-lenders.

## Operative PMJDY Accounts

The PMJDY was launched in two phases. The first phase concluded in the August month of 2017, and the second continued throughout the year 2018. In the year 2018, around 7.5 billion households had the 15 billion bank accounts in Bharat.

In August, 2017 there were 23.15 crore PMJDY account opened; in August, 2018 it was 26.34 crore accounts. 30.16 crore PMJDY accounts were opened in August, 2019; while 34.90 crore accounts were operative in August, 2020.

According to the PMJDY initiative, 9,980,000,000 MGNREGA workers have access to the financial institutions and postal services. Postal services accounts for 3.66 billion accounts; while cooperatives hold a total of 0.75 billion accounts. The various financial institutions worked together to increase diversity and accessibility.

Area	PMJDY accounts in banks			Total
	Public Sector	Pvt. Sector	RRB	
Urban	4,51,47,276	20,12,086	32,97,833	4,84,45,109
Rural	5,33,00,249	1,84,89,448	32,26,397	7,17,89,697
Total	9,84,47,525	52,38,483	2,17,87,281	12,02,34,806

**Table no.: 5.1 – PMJDY accounts opened as on 31 January, 2015.**

The table no. 5.1 shows the accounts opened under PMJDY till the month of January 31<sup>st</sup>, 2015. In the urban areas of Bharat, there were 4,51,47,276 accounts opened in Public sector banks, 20,12,086 PMJDY accounts opened in Private sector banks, and 32,97,833 accounts were opened in RRB. A total of 4,84,45,109 accounts under PMJDY were opened in the urban areas of Bharat till 31<sup>st</sup> January, 2015.

PMJDY is an initiative towards promotion of savings and benefiting the poor and marginalized people through a bank account in their name. financial exclusion is a situation caused by lack of financial knowledge and awareness and rampant corruption by the government officials. This is an initiative by the government to exclude all those who were not in the purview of financial services.

If we see the responses of people who have opened Jan-Dhan account, it shows that people have taken it seriously and eagerly joining themselves in the financial arena. In the initial stage of the launch of the scheme, there was a much rush to open account in the rural as well as urban areas, by mass of the population, who do not had account earlier in any banks or post offices in the country.

Types of Banks	Account Balance (in crore)
Pvt. Sector Banks	2192.93
PSU	59719.59
RRB	12622.27
Total	74534.79

**Table no.: 5.2 – Account balance status of PMJDY till Feb, 2018.**

Still the faith of people of Bharat is with the government sector banks in comparison of private sector banks. As it can be seen in the table number 5.2 above, the accounts opened under PMJDY, the maximum number of deposits is in the government owned banks. The Jan Dhan account holders have deposited around 59719.59 crore Rupees in Public Sector banks, followed by RRBs, in which people have deposited Rs. 12622.27 crores. After these two, people have deposited Rs. 2189.3 crore in Private sector banks.

RRBs	2015	2016	2017	2018-19
<b>BKGB</b>	1.15	14.40	15.82	17.91
<b>MBGB</b>	17.09	6.31	51.09	41.74
<b>SKGB</b>	3.28	6.74	4.77	5.70
<b>UBGB</b>	3.21	93.63	130.48	125.59
<b>Eastern Region</b>	28.73	181.96	245.03	313.72
<b>All India</b>	786.13	1335.94	1785.80	1870.18

**Table no. 5.3: Progress of Financial Inclusion: Banks and RRBs.**

Table number 5.3 shows the progress of financial inclusion. It shows the number of village bank branches, new basic savings bank deposit accounts opened through these branches, and overdrafts drawn from these new basic saving bank accounts from the year 2015 to 2019.

Year	No. of accounts (in crore)	%age
2017	23.15	76
2018	26.34	80.9
2019	30.16	82.0
2020	34.90	86.3

**Table no. 5.4: Total number of accounts opened under PMJDY (2017-2020).**

The above table 5.4 shows the total number of Jan – Dhan accounts opened under the PMJDY from the year 2017 – 2020. In 2017, 23.15 crore (76 %) Jan-Dhan accounts were opened the scheme, which increased to 26.34 crore (80.9 %) Jan-Dhan accounts in the year 2018. In the year 2019, there were 30.16 crore (82.0 %) accounts opened under the PMJDY. The year 2020 witnessed a sharp rise in the account opening under this scheme. In the year 2020, 34.90 crore (86.3 %) Jan-Dhan accounts were opened under this scheme.

Access to financial services for the poor and disadvantage sections of the society is the top priority of the Modi's government. The Finance Minister of India in the budget presentation of the financial year 2014-15, detailed specific initiatives towards the objective of providing every household of the nation with its own bank account by August of the same year, which established the aspirational objective of achieving the desired success by a specific date.

### **Jan- Dhan Accounts Opened in Rural And Urban**

The PMJDY shows the immense power of collective savings and the potentiality of economically deprived areas of the nation. Till August 2020, the bank accounts opened under PMJDY received a total of Rs. 66466.12 crores.

### **Socio-Economic Impact of PMJDY**

The primary data collected through a detailed questionnaire provides the true picture of the impact of PMJDY on the poor and underprivileged people of rural Purnea district of Bihar. Majority of the respondents are agreed that, each household got access to one basic account, that suggests the success of the PMJDY in providing each household a basic bank account.



## Drawbacks of PMJDY

Although successful, the PMJDY has some drawbacks as well, according to the respondent's views. The major issue is the concern of overdraft facility of PMJDY. The respondents felt that, there is no proper mechanism set for the regulation of this facility. The overdraft facilities under this scheme needs to be properly regulated, so that people do not feel hurdles in availing this facility. It is totally left to the discretion of the managements of the concerned banks, so they use it as they wish.

## Conclusion

India is a fastest growing nation in the world. The developmental pace has increased recently due to various social and welfare measures undertaken by the Central Government to improve the living standard of rural poor people. The developmental scenario is seen very bright in the urban sectors, but when we move towards the semi-urban and rural areas, the picture seems different. In the rural areas of India, the situation is very alarming, due to uneven development, inequality, backwardness, rampant migration, unemployment and various other maladies. The rural people are still divided into caste, class and culture due to their prejudices. There is no employment opportunities and due to this the trend of migration towards cities and other states is very alarming.

A strong and sturdy financial system is a pillar necessary for economic growth, development and progress of an economy. All the citizens of the country now have access to financial services, due to initialization of PMJDY. The beneficiaries have benefited from having access to a full range of financial services, like a bank account, with deposit and withdrawal facilities, insurance, overdraft, and pension plans.

PMJDY raised the number of depositors in the banks by over 10 percent, setting a new Guinness World Record for financial inclusion. More financial infrastructure of financial institutions are needed for uses of people. The goal of universal access to financial services is within reach, if the government invests in essential robust network of institutions.

In Purnea district, the required field level functionaries have not put in place. The minimal awareness efforts by the state government about PMJDY have resulted in very little awareness at the field level. The government efforts have been limited to wall writing at inconspicuous places along roads about schemes related to financial inclusion. The state government has failed to develop a proper policy in place to increase the awareness about PMJDY.

In almost all the fourteen blocks of Purnea district, corruption level is quite alarming on the ground. Irregularities in fund transferring and operation of bank had contributed a lot to defeat the very purpose of PMJDY. Late fund transfers, payments delay, asking cut-money, unnecessary paper work etc. are discouraging people to participate in the scheme. It is very tedious work for people to collect the various funds transferred in their account by Central Government as financial assistance.

In all the fourteen blocks, it was found that, while going for account opening people are asked to pay for it, and are asked recommendation from those who have an account in the bank. It is clearly direct contravention of the due procedures of the scheme, as it is clearly mentioned that, only Aadhaar Number is enough to open Jan Dhan account, with zero balance. But, most of the people are forced to maintain minimum of Rs 500/- in their Jan Dhan Khata. People are forced to run pillar to post to open their account in the private as well as government banks.

## Suggestions

Some important suggestions:

1. Banks and other financial institutions should provide other financial services with minimum charges to the account holders of PMJDY.
2. There should be a toll-free number of this scheme to inquire promptly in various Indian languages.
3. Building enough infrastructure to develop digital economy in the rural and far away regions of India.
4. There should be more ATMs in the faraway rural areas, to let people access their money, when needed
5. The credit facilities offered with the PMJDY account should be made easy, to let people access it without hassle.
6. People should be encouraged to use their bank accounts for credit facilities to escape from the clutches of moneylenders.
7. The banks are needed to be more people friendly, to provide financial access to the rural disadvantaged people.

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