Financial Inclusion or Financial Security - Evaluating the Implementation of Pradhan Manthri Jan Dhan Yojana

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Abstract -- This paper examines the challenges of financial inclusion in India and focuses on Jandhan Yojana which was launched by the Government of India in 2014. This scheme was launched by the Prime Minister Narendra Modi aims to provide all the citizens of India a bank account credit facility and insurance cover and debit card. The aim of the scheme is slogan Mera Khata - Bhagya Vidhaata. This scheme was launched to include poor sections and marginalized sections of the society who do not have any financial support. All the poorer sections of the society were to avail this opportunity which was considered as a big leap in making financial inclusion to millions of people across India. This scheme was launched to free the poor people from the clutches of money lenders, commission agents and local sahukars. This scheme was aimed at eliminating corruption and bribery from the bureaucracy and aimed to make people free from official delay and setbacks. Grave criticisms against this scheme heard included the huge amount of black money was converted into white, Indian economy witnessing huge financial transactions, fake accounts de-linking to Aadhar etc. There was evaluating agencies to look into the impact of this scheme. Bit challenges helped the scheme to focus on the demerits and move on.

Indexed Terms: Inclusive banking, Jandhan Yojana, new policies, emerging challenges, focus areas

I. INTRODUCTION

India has a population of out of which 42% of the population lack access to financial institutions means they have no access to inclusive banking. The very lack of access to inclusive banking has been crucial factors in making the poorer sections of people increasingly rely on local money lenders and brokers. The increasing cases of suicides and social unrest is noted as a direct consequence of increasing hands of local money lenders in the lives of the poor and marginalized sections of the society.

This scheme was considered as one of the important intermediate between financial exclusion and financial insecurity.

<table>
<thead>
<tr>
<th>Details</th>
<th>Urban</th>
<th>Rural</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households with bank account</td>
<td>98%</td>
<td>99%</td>
<td>99</td>
</tr>
<tr>
<td>Households with account linked to Aadhar card</td>
<td>91%</td>
<td>78%</td>
<td>83</td>
</tr>
</tbody>
</table>

Source: Report of the Banking sector 2018

The following is the list of top listed banks with Jan dhan yojana scheme bank accounts

<table>
<thead>
<tr>
<th>Sl. no</th>
<th>Bank</th>
<th>Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bank of Baroda</td>
<td>1.40 Crore</td>
</tr>
<tr>
<td>2</td>
<td>Bank of India</td>
<td>1.35 Crore</td>
</tr>
<tr>
<td>3</td>
<td>Canara Bank</td>
<td>76.76 lakh</td>
</tr>
<tr>
<td>4</td>
<td>Punjab National bank</td>
<td>1.36 Crore</td>
</tr>
<tr>
<td>5</td>
<td>UCO bank</td>
<td>78.40 lakh</td>
</tr>
</tbody>
</table>

Source: Report of the Banking sector 2018

Public sector banks share the majority of accounts of the Jan dhan Yojana. As the following table shows

| 1. Public sector banks – 90% |
| 2. Private banks -2 % |
| 3. RRBs -8% |

Source: Report of the Banking sector 2018

II. FINANCIAL INCLUSION THROUGH PRADHAN MANHTHI JAN DHAN YOJANA

Development - Pradhan Manthri Jan Dhan Yojana-
Centre for Rural Credit & Developmental Banking
Hyderabad 2018 reported about the scheme. On the
inauguration day itself the scheme of PMJDY,
witnessed 1.5 crore accounts were opened which
itself was accorded as a Guinness record. The
scheme of Pradhan Manthri Jan Dhan Yojana
provided several benefits such as
1. Banking
2. Savings
3. Deposit
4. Remittance,
5. Credit
6. Insurance
7. Pension

III. BENEFITS

Each family would have bank account irrespective of
balance amount. They will be provided with ru-pay
debit card for further transactions. There are other
benefits also which include.
1. Zero-balance accounts
2. Relaxation about address proof
3. Use of technology
4. Direct benefits transfer
5. Insurance coverage

1. Zero-balance accounts: This scheme support
financial inclusion of majority of the people
across India’s account holders are not required to
keep minimum balance in their accounts.
2. Relaxation about address proof: A person
without any valid address proof can also open
accounts.

3. Use of technology: It has a biometric type of
account opening. Hence utilization of technology
is manifested.
4. Direct benefits transfer scheme: Government
subsidies are directly transferred to the
beneficiary hence the beneficiary will access to
his benefits directly.
5. Insurance coverage: the scheme is so helpful that
on the occasion of the death of the beneficiary Rs
2 lakh life cover is provided.

IV. CHALLENGES

There were several challenges
1. Increase in the work burden for public sector
banks
2. The critics also claimed that the poor people in
India do not need bank account and financial
inclusion but they need food.
3. There was also the treat of duplication as
benefits such as zero balance; no Aadhar linkage
and address proof would help cheaters to
duplicate accounts.
4. Very few people are covered by the insurance
coverage as the time cover was just five years.
5. Even though the scheme envisaged financial
inclusion for millions of poor, The reserve bank
of India contained people from withdrawing their
cash in their accounts. The banks charged people
for extra transaction through their debit cards
above the minimum number.
6. Another criticism against this scheme was the
huge amount of black money was converted into
white through these accounts. Indian economy
witnessed huge financial transactions after the
launch of this scheme. Several black money
holders converted their bank accounted black
money into legalize money through fake
accounts as the account holders were not linked
to Aadhar or any other address proof.
7. Very less impact on private lending and local
commission agents as they continue to work in
rural and urban centres as earlier.
V. IMPACT

1. There was a marked increase in the number of people having bank accounts.
2. There was a positive impact on economic support system’s million of people started using their rupay debit card. This brought them under the sphere of technology utilization.
3. The need for address proof even through was not mandatory people across India linked themselves with bank account and Aadhar card
4. The financial security provided to millions of helpless and marginal people through the scheme of PMJDY, both in rural and urban areas was a remarkable step forward in economic progression of the country.

VI. CONCLUSION

The scheme of PMJDY is being evaluated by different sectors. The impact on financial inclusion and provision of financial security are being discussed at length. But setting aside the demerits of the scheme it has to be understood in the light of financial inclusion. Millions of Indian who were factually considered as financial untouchables are now a part of the financial institutional working and are secured under the umbrella of financial security. Millions of people who were crunched to death and suicide through the venomous circles of local landlords and local sahukars are now relieved of private loans and commission agents. Even though the impact on economy and individual living is yet to be assessed, the scheme has been helpful to millions of people.

REFERENCES


