

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

PADMAVATHI P. R.<sup>1</sup>

<sup>1</sup> Dept. of Economics, Government Arts, Commerce & Post Graduate College (Autonomous), Hassan, Karnataka

**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 h 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 sahuikars. 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 delinking 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 moveon.

**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.

Details	Urban	Rural	Total
Households with bank account	98%	99%	99
Households with account linked to Aadhar card	91%	78%	83

Source: Report of the Banking sector 2018

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

Sl no	Bank	Accounts
1	Bank of Baroda	1.40 Crore
2	Bank of India	1.35 Crore
3	Canara Bank	76.76 lakh
4	Punjab National bank	1.36 Crore
5	UCO bank	78.40 lakh

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 MANTHRI JAN DHAN YOJANA

A Research Study Report on the Evaluating the Implementation of National Institute of Rural

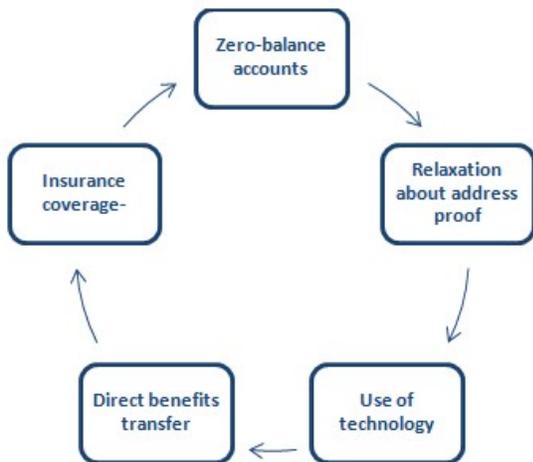
Development - Pradhan Manthri Jan Dhan Yojana-Centre for Rural Credit & Developmental Banking Hyderabad 2018 reported about the scheme. On the inauguration day itself the scheme of PMJDY, witnessed 1.5 crore accounts were opened which itself was accorded as a Guinness record. The scheme of Pradhan Manthri 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 systems million of people started using their rupay debit a 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 sahuikars 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

- [1] A Research Study Report on the Evaluating the Implementation of National Institute of Rural Development - Pradhan Manthri Jan Dhan Yojana- Centre for Rural Credit & Developmental Banking Hyderabad 2018.
- [2] Bagli S & Dutta P (2012) A study if financial inclusion in iNdia Radix international journal of economics and Business management, 1(8).
- [3] Barhate G H Jagtap V R (2014) Pradhan Manthri Jan Dhan Yojana Natioanl Mission for Fiancnail inclusion Indian journal of applied Research, 4 (12).
- [4] Katia viaks –Financial inclusion for direct benefit transfer growth and hurdles International Journal of economic commerce and research 3 (5).
- [5] Keshavamurthy (2014), Inclusion Growth & Governance Issues &Way Forward RBI Monthly Bulletin.
- [6] Kumar M D and Venkatesha H R (2014) financial inclusion using Pradhan Manthri Jan Dhan Yojana -PRJDY a conceptual study Asia Pacific journal of Research 1 (20).
- [7] Gandhi M M (2013) Financial Inclusion in India – Inter-national Multi disciplinary journal of applied research. 1(3).