

Impact of Jan Dhan Yojna on Common People

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ABSTRACT

Pradhan Mantri Jan Dhan Yojana (PMJDY): Financial Inclusion and Inclusive Growth in India
It's an opportunity of all Indians who are belonging from rural area and they had no awareness about fund savings as Pradhan Mantri Jan Dhan Yojana (PMJDY)". It is a scheme for comprehensive financial inclusion launched by the Prime Minister of India, Mr. Narendra Modi on 28 August 2014. He had announced this scheme on his first Independence Day speech on 15 August 2014.

Reserve Bank of India (RBI), vide its Press Release dated 26.08.2014, has further clarified that those persons who do not have any of the 'officially valid documents' can open "Small Accounts" with banks. A "Small Account" can be opened on the basis of a self-attested photograph and putting his/her signatures or thumb print in the presence of officials of the bank. Such accounts have limitations regarding the aggregate credits (not more than Rupees one lakh in a year), aggregate withdrawals (nor more than Rupees ten thousand in a month) and balance in the accounts (not more than Rupees fifty thousand at any point of time). These accounts would be valid normally for a period of twelve months. Thereafter, such accounts would be allowed to continue for a further period of twelve more months, if the account-holder provides a document showing that he/she has applied for any of the Officially Valid Document, within 12 months of opening the small account.

Key Words: PMJDY, Banking system, Financial inclusion, Inclusive growth.

INTRODUCTION

Today Scenario has been change of country and maximum people are getting are facilities from banks but behind this our prime minister has shown interest to send all the benefits' from government to jan dhan yojna account.

Long back decade money lender tradition has been coming in our country and they are charging high rate of interest on principle amount which may be higher than bank rate of interests so our prime minister has lifted poor people from their own condition and capitalized.

Sugar cane industry are making payment to former in the Jan Dhan Yojna account directly and avoiding to involve middle person who could have done fraud with former.

Financial inclusion has been a buzzword for the policymakers and governments for a long time. Attempts have been made by the policymakers and financial institutions to bring large sections of the rural population within the banking system having realized that financial inclusion is the essence of sustainable economic growth and development in a country like India. Inclusive growth becomes impossible without financial inclusion. Financial inclusion is also must for the economic development of the country. Without Financial Inclusion we Can not think of economic development because a large chunk of total population remains outside the growth process. Though our country's economy is growing at a one digit, still the growth is not inclusive with the economic condition of the people in rural areas worsening further. One of the typical reasons for poverty is being financially excluded. Though there are few people who are enjoying all kinds of services from savings to net banking, but still in our country around 40% of people lack access to even basic financial services like savings, credit and insurance facilities. India is the second only to China in the number of people excluded from financial facilities. Even after 68 years of independence, around ten crore households are not connected with banking. SBI, India's largest bank had opened 11,300 camps for Jan Dhan Yojana and over 30 lakhs accounts are opened so far, which include 21.16 lakh accounts in rural areas and 8.8 lakh accounts in urban areas. Followed by Punjab Na-tional Bank with 20.24 lakh accounts, Canara Bank 16.21 lakh accounts, Central Bank of India 15.98 lakh accounts and Bank of Baroda with 14.22 lakh

SCHEME DETAILS

Pradhan Mantri Jan-Dhan Yojana (PMJDY) is National Mission for Financial Inclusion to ensure access to financial services, namely, Banking/ Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in an affordable manner.

Account can be opened in any bank branch or Business Correspondent (Bank Mitra) outlet. Accounts opened under PMJDY are being opened with Zero balance. However, if the account-holder wishes to get cheque book, he/she will have to fulfill minimum balance criteria.

Document required to open an account under Pradhan Mantri Jan-Dhan Yojana

An account can be opened by presenting an officially valid document.

- i. the passport,
- ii. the driving licence,
- iii. the Permanent Account Number (PAN) Card,
- iv. the Voter's Identity Card issued by Election Commission of India,
- v. job card issued by NREGA duly signed by an officer of the State Government,
- vi. the letter issued by the Unique Identification Authority of India containing details of name, address and Aadhaar number, or

- vii. any other document as notified by the Central Government in consultation with the Regulator:
Provided that where simplified measures are applied for verifying the identity of the clients the following documents shall be deemed to be officially valid documents:—
- a. identity card with applicant's Photograph issued by Central/State Government Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks, and Public Financial Institutions;
 - b. letter issued by a Gazetted officer, with a duly attested photograph of the person.

Major objective of Jan-Dhan Yojana

- Universal access to banking facilities for all households across the country through a bank branch or a fixed point Business Correspondent (BC) within a reasonable distance.
- To cover all households with atleast one Basic Bank Account with RuPay Debit card having inbuilt accident insurance cover of Rs.1 lakh.
- An overdraft facility upto Rs.5000/- after satisfactory operation in the account for 6 months.
- A Life Cover of Rs.30,000/- to those beneficiaries who open their accounts for the first time from 15.08.2014 to 31.01.2015.
- Financial literacy programme which aims to take financial literacy upto village level.
- The Mission also envisages expansion of Direct Benefit Transfer under various Government Schemes through bank accounts of the beneficiaries.
- Providing micro –insurance to the people.
- Un organised sector Pension schemes through the Business Correspondents.
- The Jan-Dhan Yojana is aimed to provide basic banking accounts with a debit card with inbuilt accident insurance. The Government plans to open at least one crore bank accounts on the first day itself.
- Other State Governments also flagged-off this scheme. Prime Minister also revealed a logo and a Mission Document on Financial Inclusion.
- He also dedicated the mobile banking facility on the basic mobile phone to the nation.
- Its main features include Rs 5,000 overdraft facility for Aadhar-linked accounts, RuPay Debit Card with inbuilt Rs 1 lakh accident insurance cover and minimum monthly remuneration of Rs 5,000 to business correspondents who will provide the last link between the account holders and the bank.
- The banking network is all set to open bank accounts of the uncovered households in both rural and urban areas.
- This effective scheme has a national mission on financial inclusion in order to cover all households in the country with banking facilities and having a bank account for each household.
- The scheme has an objective to provide two accounts to 7.5 crore identified households by August 2018. PMJDY works on the principles of Sab Ka Sath Sab Ka Vikas.

Main features of PMJDY

- The first phase of the mission, which started on 28 August 2014, would end in August next year. The second phase will began from 2015 till 2018 that will cover aspects such as micro insurance and pension schemes like 'Swavalamban'. Rs. 5,000 overdraft facility for Aadhar-linked accounts.
- The National Payments Corporation of India has tied up with HDFC Ergo to provide the 1 Lakh initial cover while the additional 1 Lakh cover would be provided by the four state owned general insurers New India Assurance, National Insurance, United India Insurance and Oriental Insurance Company.
- There is minimum monthly remuneration of Rs 5,000 to business correspondents who will provide the last link between the account holders and the bank.
- PMJDY is more effective schemes as compared to other schemes launched by earlier UPA Govt. Professionals stated that previous scheme did not focus on households and urban financial inclusion.
- They maintained that there was a cumbersome Know Your Customer (KYC) formality, restricting account opening. Jan-Dhan Yojana scheme will allow government to return people's money to them. The main purpose of the scheme is 'Mera Khata Bhagyavidhata', which means 'my account is divine'. Once you become an account holder, you will get Rs 1 lakh insurance immediately without filling any separate form.
- And if you run the account properly for six months by withdrawing and depositing money at regular intervals, then a loan of Rs 5,000 will be made available to you, said Swaraj.
- The scheme will be beneficial for the poor. Every family will have its own bank account. It will help in saving money and keeping it safe and secure.
- Various political leaders appreciated this scheme. Ravi Shankar Prasad said that the scheme will be followed by economic banking, literacy and education.
- There are many advantages of Jan Dhan Yojana. The account holders will be provided a zero-balance savings account with a RuPay debit card.
- Account holder will get a kit containing cheque book, financial literacy and pass book. However this would vary from bank to bank and account usage. Person will also get Aadhar number immediately.
- The account holder will also be provided life insurance cover of INR 30,000 (for accounts opened before January 26, 2015) and an accidental insurance cover of INR 1 lakh.
- By 2018, it is likely that all account holders under the PMJDY scheme will have access to an Aadhaar-linked bank account with overdraft facility up to INR 5,000. By allowing direct money transfer into bank accounts, the scheme is likely to cut down on corruption.
- The Prime Minister also said that by providing debit cards that can be swiped the scheme shall reduce the dependence on credit cards, thereby promoting savings.

IMPLICATIONS

Now Mr Arun Jaitley finance minister Cabinet doubles Jan Dhan accounts overdraft cap to Rs 10,000 from 5,000:

Commenting on government's financial inclusion scheme, Finance Minister, Arun Jaitley said in a significant move, the cabinet today approved doubling Jan Dhan accounts overdraft cap to Rs

10,000 from 5,000. The age for availing entitlements has also been relaxed from 60 to 65 years. Jaitley also stated that around 83 per cent of accounts opened in Jan Dhan are linked with Aadhar. His address comes after a crucial cabinet meeting which was held earlier today. A total of 32.41 lacks .. lakh crore Jan Dhan accounts opened under Jan Dhan so far, said Jaitley. He also said that Rs 81,200 crore has been deposited in Jan Dhan accounts until now. Accident insurance under Pradhan Mantri Suraksha Bima Yojana after 28 August will have a limit of Rs 2 lakh, said Jaitley. Commenting on the scheme, Arun Jaitley said around 53% account holders under Jan Dhan are women, out of which 59% accounts belong to rural and semi-urban areas. Virtually no domestic reasons account for rupee's poor run. Global factors are responsible for the decline of the rupee, stated Jaitley

The account holder can take loan benefit of up to Rs.5000 from the bank after six months from opening the account.

- Though the amount might seem insignificant for many but we have to realize the scheme is directed mostly towards people below the poverty line and who are struggling desperately to sustain their everyday living.
- The loan benefit can be a scintilla of hope for those people who could utilize the loan amount and invest it in a more profitable outcome, particularly in farming or other agricultural prospect.

MILESTONES ACHIEVED UNDER:- PMJDY

Current Status of Pradhan Mantri Jan - Dhan Yojana Beneficiaries as on 19/09/2018

(All figures in Crore)

Bank Name / Type	Number of Beneficiaries at rural/semiurban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	No Of Rural-Urban Female Beneficiaries	Number of Total Beneficiaries	Deposits in Accounts(In Crore)	Number of Rupay Debit Cards issued to beneficiaries
Public Sector Banks	14.23	12.18	14.03	26.41	65670.03	19.97
Regional Rural	4.50	0.83	2.93	5.33	17043.07	3.72

Banks						
Private Sector Banks	0.61	0.40	0.53	1.00	2195.11	0.
Grand Total	19.34	13.41	17.49	32.75	84908.21	24

Scope for improvement

- While the programme has performed admirably at removing barriers to financial access important gaps remain in ensuring active use.
- Account duplication and dormancy remain key stumbling blocks.
- Misunderstandings about the policy are widespread. A study noted that the government's push to route direct benefits transfers through these accounts was a possible driver for duplication, with several beneficiaries opening second accounts expressly to receive benefits.
- There is a higher account inactivity rate among women, rural residents, and below-poverty-line individuals overall, the same groups were more likely to report being unaware if their account was opened under the PMJDY.
- Regional variation is another arena with room for improvement. Large asymmetries exist in both account ownership and activity across Indian states.
- While business correspondents contributed significantly to realizing last-mile banking, they were relatively underutilized for regular financial services—a consequence of low and irregular commissions per transaction.

Conclusion

- There is much to learn from successes, as there is to learn from failures. The PMJDY is a success story. It is a rare case of a popular policy that delivers political and long-term economic benefits. Hence, the government applied itself to the task. It needs to repeat the formula for economically pragmatic, in contrast to popular, decisions.
- While the programme has made significant headway towards genuine financial inclusion, it is clear that improving policy communication, widening and deepening progress in low-income states, and ironing out the kinks in the bank-agent model will be crucial if these hard-fought gains are to prove sustainable.

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