

Pradhan Mantri Jan Dhan Yojana: A mission towards Financial Inclusion

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Abstract: This paper is about Pradhan Mantri Jan Dhan Yojana which was launched with problem of socially backward classes in mind. The problem was that of financial untouchability. To help them out, the research paper tells about the scheme and the process of opening account under the scheme. The paper also specifies the benefits of the scheme and how much successful the scheme has been over the time.

Keywords: Financial inclusion, Bank Mitra, Zero Balance Account.

1. INTRODUCTION:

Pradhan Mantri Jan Dhan Yojana is a scheme launched by Prime Minister Narendra Modi on 28th August 2014. The scheme was launched to make sure that everyone has reach to various financial services i.e. Savings Bank Account, Recurring Deposits, Loans, Life and Personal Accidental Insurance, Overdraft facility, Investments and other such services conveniently and appropriately.¹ The scheme was launched in order to provide financial services at affordable cost to sections of disadvantaged and low income segments of society.

2. RESEARCH METHODOLOGY:

Data has been collected from various websites related to the topic, previous research, newspaper and news channels. The data is secondary.

3. OBJECTIVE OF RESEARCH:

Objective of this research is to understand what is the scheme of Pradhan Mantri Jan Dhan Yojana is and why it was launched. The study tells us about the process of opening bank account under PMJDY and what are the various documents required for the purpose. The study has been conducted to know benefits of the scheme as well as to know how much successful the scheme has been.

4. IDEA BEHIND PRADHAN MANTRI JAN DHAN YOJANA:

Under this yojana, one can open an account with zero balance in nay bank or with correspondent bank. Moreover, the holder of the account will have to maintain the minimum balance as stipulated if he desires to avail the facility of the cheque book.

In a Financial Inclusion Committee as chaired by C.Rangarajan, it was claimed that about 51.4% of farmer households were not accessing credit from institutional or non institutional sources. Only 27% of farmer households are accessing the credit through formal sources even whit availability of bank branches near their vicinity. This percentage is as high as 95.91%, 81.26% and 77.59% in North Eastern, Eastern and Central regions.² This shows that problem was also there on demand side along with that on supply side. To correct this, the committee recommended formulation of a National Mission on Financial Inclusion. The committee also recommended simplifying procedures and even extending business development services to provide support to farmers and non farmers on their way of becoming self employed.

5. PROCESS OF OPENING ACCOUNT UNDER PRADHAN MANTRI JAN DHAN YOJANA

To open account under Jan Dhan Yojana you need to follow following steps:-

1. Visit the bank or financial institution approved by government for this purpose.
2. There you will have to find desk with Jan Dhan Yojana details and officials are normally called Bank Mitra.
3. Bank Mitra will provide you opening form which you will have to fill and submit along with self attested copy of required documents.

Following proofs are acceptable as KYC to open an account:-

1. Aadhar Card
2. Any one of the following can be submitted in case of non-availability of Aadhar card:-
 - i) Voter ID card
 - ii) Driving license
 - iii) PAN card
 - iv) Passport
 - v) NREGA

6. BENEFITS OF JAN DHAN YOJANA ARE AS FOLLOWS:

- **Interest on savings:** Interest rate applicable for saving Bank Accounts shall be admissible to accounts opened under PMJDY Scheme. However interest will be charged by bank on overdraft facility in PMJDY @ Base Rate+ 2% or 12%, whichever is lower.
- **Accidental Insurance Cover:** Free accidental Insurance cover of Rs 1 Lakh is provided under PMJDY
- **Minimum Balance:** No minimum balance is required to open account under PMJDY and such accounts can be opened with zero balance.
- **Life cover:** The life cover of Rs 30,000 under the scheme will be initially for a period of 5 years, i.e. till the close of financial year 2019-2020. Thereafter, the scheme will be reviewed and other terms and conditions of its continuation would be suitably revised. The claim under Personal Accidental Insurance under scheme shall be payable if the Rupay card holder has performed minimum one successful financial or non-financial customer induced transaction at any Bank Branch, Bank Mitra, ATM, POS, E-COM etc. Channels both intra and Inter-bank i.e. on-us and off-us within 90 days prior to date of accident including accident date will be included as eligible transactions under the Rupay Insurance Program 2016-17.
- **Overdraft facility:** Overdraft facility upto Rs 5000 is available in only one account per household, preferably lady of the household. After satisfactory operation of the account for 6 months, overdraft facility shall be allowed.
- **Transfer of subsidies and other benefits:** People who receive benefits under government schemes like LPG subsidy and others can now receive such benefits directly into their PMJDY accounts.
- **Transfer of Money:** PMJDY has made transfer of money easy for poorer class of society.
- **Access to other financial products:** Holders would also get access to pension and other insurance products.

Number of accounts opened under PMJDY till 12th April, 2017 shows how effectively the scheme has worked to achieve the aim of financial inclusion.

Pradhan Mantri Jan - Dhan Yojana

(Accounts Opened as on 12.04.2017)

(All Figures in Crores)

Bank Name	RURAL		URBAN		TOTAL		NO OF RUPAY CARDS		BALANCE IN ACCOUNTS	
	12.4.17	31.1.15	12.4.17	31.1.15	12.4.17	31.1.15	12.4.17	31.1.15	12.4.17	31.1.15
Public Sector Bank	12.39	5.33	10.33	4.51	22.73	9.84	17.62	9.12	49602.86	8174.63
Regional Rural Bank	3.96	1.85	0.69	0.33	4.65	2.18	3.53	1.50	11836.28	1599.48
Private Banks	0.54	0.32	0.38	0.20	0.92	0.52	0.85	0.46	2108.48	725.52
Total	16.89	7.50	11.40	5.05	28.30	12.55	22.01	11.08	63547.62	10499.63

Source: Department of Financial Services, Ministry of Finance, Government of India⁵

From the table above it is clear that number of accounts in rural areas under Jan Dhan Yojana in Public sector bank has gone up by 132.4%, in Regional Rural Bank by 114% and in private banks by 68.75%. In urban areas the figures are 129%, 109% and 90% respectively. These figures are evidence of remarkable success of Pradhan Mantri Jan Dhan Yojana.

7. CONCLUSION:

The scheme of Pradhan Mantri Jan Dhan Yojana is a remarkable step towards eradication of financial untouchability. It has increased awareness amongst people who were unaware of the benefits they can draw from banks and other

financial institutions. Success of the scheme is evident from increasing figure of number of accounts opened under this scheme.

Such steps are very necessary of social upliftment of backward classes and equality of opportunity and more such steps should be taken.

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