

**Pradhan Mantri Jan Dhan Yojana**  
**A Popular Scheme with Potentiality for Bringing Financial Inclusion on in Emerging India**

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**Abstract**

*On 15th August 2014, a new scheme called Pradhan Mantri Jan Dhan Yojna alias Prime Minister's People Funding Scheme was announced. This scheme was officially launched on 28th August 2014. The prime purpose of this scheme is that every citizen of India should have easy access to open a saving bank account, thereby providing India financial freedom. The benefits of this scheme such as zero balance account, RuPay debit card, RuPay credit card, easy loan option is outlined keeping the financially backward classes of India in mind. This scheme gives them hope for a better tomorrow. In a run up to the formal launch of this scheme, the Prime Minister personally mailed to CEOs of all banks to gear up for the gigantic task of enrolling over 6.0 crore (75 million) households and to open their accounts. In this email, he categorically declared that a bank account for each household was a "national priority". Universal access to banking facilities with at least one bank account for every household is the main objective of this scheme. Pradhan Mantri Jan Dhan Yojana is a popular scheme with potentiality for bringing financial inclusion in emerging India.*

**Keywords:** *Accident Insurance Coverage, Direct Benefit Transfer, Financial Inclusion, JAM Trinity, Pradhan Mantri Jan Dhan Yojana.*

**Introduction**

In earlier decades of independence in India, various schemes were started by the Central and state Governments to deal with the problem of poverty and unemployment, and banks and financial institutions played an important role in all these schemes. But, all these efforts can be considered successful when they can reach to the needy families. The banking industry in India grew rapidly in a few decades. The branches of banks increased as well as there were many reforms in the banking system. Despite of all these, a sizable portion of our population was financially excluded.

Financial inclusion refers to the needy distribution of all financial services, including banking services and credit, at affordable costs to large sections of the disadvantaged and low income groups. The concept of financial inclusion is not new in India. This belief is prevalent in India for the last 6 decades. The Government is continuously taking steps in this direction, under

which, with the nationalization of commercial banks in 1969 and 1980, Regional Rural Banks were established in 1975 and after 1991, and steps were taken to reform the banking sector. As a result of these three major policy changes, the number of branches of commercial banks was 8826 in December 1969, which has increased to 153102 by 2020.

Financial inclusion is not limited to only bank account instead it extends to other financial services like pension, insurance and loan. In other words, financial inclusion means ensuring convenient and easy access to people who were not aware about financial services and products.

Financial inclusion means and includes delivery of financial services at an affordable cost to the vast sections of the disadvantaged and low income groups in a given society. Access to finance by the poor and vulnerable groups is a prerequisite for achieving inclusive growth in any given economic system.

We can't deny that there is an urgent need to link the poor and backward classes of the society with financial inclusion. The goal of financial inclusion, sometimes referred to as inclusive finance, is to make financial services accessible to those in society who are underprivileged and have low incomes. It is a concerted attempt to attract unbanked individuals into the financial system. Financial inclusion empowers disadvantaged groups while also fostering equality among the population. Financial inclusion gives the opportunity for poor to accumulate savings, make investments, and access loans. The poor who have access to financial services are also better able to protect themselves against unexpected income drops and prepare for situations like illness, death of a family member, and job loss. Additionally, financial inclusion enables the government to deposit payments into beneficiaries' bank accounts, such as social security transfers, subsidies, and MNREGA (Mahatma Gandhi National Rural Employment Guarantee Program) wages. Considering the importance of financial inclusion special emphasis given by the Government of India on inclusive growth in all welfare schemes and 12th Plan (2012-17) was focused mainly to achieve sustainable inclusive growth.

In India, there have long been efforts made to include those who are financially excluded in society. In 2004, the Government started taking action for financial inclusion by establishing a commission with Shri H.R. Khan as its chairman. Following the 2008 release of the Rangarajan Committee Report, significant measures were planned. The main initiatives taken by the Government of India and RBI were Nationalization of banks, the Lead Bank Scheme, branch licensing regulations with a focus on rural and semi-urban branches, No-frills Accounts, relaxation of KYC norms, the Business Correspondents and Facilitators Model, SHG bank linkage programme, introduction of general credit cards, kisan credit cards, direct benefit transfer, consolidation of regional rural banks, performance appraisal of bank staff, Roadmap for banking services in unbanked villages.

The year 2011 saw the launch of the "Swabhimaan" campaign by the Indian government.

The target of this campaign was to provide banking services to over 74,000 villages with a

population of at least 2000. Despite these efforts, the nation continues to see significant regional differences across urban and rural areas as well as across the nation. Only 58.7% of Indian families overall and 54.4% of rural households had access to formal banking services, according to the Census of 2011. In addition, the data showed that just 24.4 million farmer households, or 27.3% of the total 89.3 million households, had access to institutional credit while 73% of farm households do not have formal credit facility. It is important to ensure that, as the Indian economy expands rapidly, all facets of society participate in this progress, preventing regional inequalities from stymieing this expansion. Therefore, there is a great need to offer financial services to all households that are not covered under formal financial services.

### **PMJDY: A New Initiative**

On 15th August 2014, PM Narendra Modi announced Pradhan Mantri Jan Dhan Yojana which was considered as a way to financial inclusion. On 28th August 2014, this scheme was initiated. This programme is known as JAM Trinity. JAM Trinity means “Jan Dhan Yojana, Aadhar Number and Mobile Banking”.

The main motive of this programme, every citizen of India had to open an account in the bank. Which is going to open with zero balance. About 60,000 camps were organized simultaneously by all the banks across India on the day of the inauguration of the scheme on 28 august 2014. As a result 1.5 crore bank accounts were opened on the very first day of the scheme.

Until October 2, 2014, 5.29 crore accounts were opened under PMJDY scheme, including 3.12 crore in rural areas and 2.17 crore in urban areas, Rupay card issued in 1.78 crore accounts. With the provision of banking facilities in the union territories of Puducherry, Chandigarh , Mahsana and Porbandar districts of Gujarat, all the families have been included in the Pradhan Mantri Jan Dhan Yojana.

### **Objectives of PMJDY**

The objective of "**Pradhan Mantri Jan-Dhan Yojana (PMJDY)**" is ensuring access to various financial services like availability of basic savings bank account, access to need based credit, remittances facility, insurance and pension to the excluded sections i.e. weaker sections & low income groups. This deep penetration at affordable cost is possible only with effective use of technology. A few notable features of PMJDY are given hereunder:

- The first feature of the scheme states that recipient of the Jan Dhan Yojana will have a zero-balance account along with a RuPay debit card. Furthermore, account holders will get an accidental insurance cover of Rs. 1 lakh.
- Another feature of the Jan Dhan Yojana scheme states that by opening accounts on or before January 26, 2015 the account holder can receive a life insurance cover of Rs 30,000.

- The third feature of the Jan Dhan Yojana Scheme allows the account holder to avail loan facility from the bank. The account holder can get a loan of Rs 5,000. However, he/she can avail this facility only after six months of opening of the account.
- The National Payments Corporation of India (NPCI) has further introduced a new technology, whereby account holders can transfer funds as well as track balance even with the help of a normal phone. Earlier this facility was available only with smart phones.
- Last but not the least, for smooth mobile banking facility for the poor all banks and mobile companies have joined hands. Now mobile banking will be made easy through National Unified USSD Platform (NUUP).
- Overall, the Jan Dhan Yojana Scheme aims to eradicate the “Financial Untouchability” from the system. Although it is a daunting task, this is expected to be a stepping stone towards the better economy of the country.

PMJDY is a National Mission on Financial Inclusion encompassing an integrated approach to bring about comprehensive financial inclusion of all the households in the country. The plan envisages universal access to banking facilities with at least one basic banking account for every household, financial literacy, access to credit, insurance and pension facility. In addition, the beneficiaries would get RuPay Debit card having inbuilt accident insurance covers of Rs. 1 lakh. The plan also envisages channelling all Government benefits (from Centre / State / Local Body) to the beneficiary’s accounts and pushing the Direct Benefits Transfer (DBT) scheme of the Union Government. The technological issues like poor connectivity, on-line transactions will be addressed. Mobile transactions through telecom operators and their established centres as Cash Out Points are also planned to be used for Financial Inclusion under the Scheme. Also, an effort is being made to reach out to the youth of this country to participate in this Mission Mode Programme.

#### **Benefits of PMJDY**

One basic savings bank accounts is opened for unbanked person. Under the PMJDY scheme, any person can sign up for a bank account with the most minimum number of documents. Special provisions are also put in place for people of rural areas who are unable to produce valid documents.

There is no requirement to maintain any minimum balance in PMJDY accounts. However, depending on the bank, a minimum balance may be required if the customer wishes to have additional facilities like cheque book, etc.

Interest is earned on the deposit in PMJDY accounts. All Accounts holders entitled to receive interest at the same rate of interest paid to savings account holders in banks.

Rupay Debit card is provided to PMJDY account holder that can be used to withdraw money across all ATMs in India. 33 crore Rupay Debit card has been issued to the individual till April 2023.

Accident insurance cover of Rs.1 lakh (enhanced to Rs.2 lakh to new PMJDY accounts opened after 28.8.2018) is available with RuPay card issued to the PMJDY account holders.

All members of the PMJDY scheme will be eligible for a life insurance cover of Rs 30,000/provided that they comply with certain requirements like opening the bank account before 26th January 2015.

After 6 months of opening the account under the Pradhan Mantri Jan Dhan scheme, the account holder can avail overdraft facility of up to Rs 10000. This limit was earlier Rs. 5000. Overdraft facility or instrument that enables an account holders withdraw money from his/her bank account (savings or current), even if they do not have any account balance.

PMJDY accounts are eligible for Direct Benefit Transfer (DBT). With DBT program, GoI aims to make payments directly into the Aadhaar linked bank accounts of the end beneficiaries, removing any malpractices from the existing system such as diversions and duplicate payments. The primary aim of this Direct Benefit Transfer program is to bring transparency and terminate pilferage from distribution of funds sponsored by Central Government of India. In DBT, benefit or subsidy will be directly transferred to the citizens living below poverty line.

PMJDY Account holders can also avail the benefit of Pradhan Mantri Jeevan Jyoti Beema Yojana (PMJJBY). PMJJBY is available to people in the age group of 18 to 50 years having a bank account who give their consent to join / enable auto-debit. The Beneficiary will get life cover of RS. 2 lakh for the period of one year. The premium of Rs. 436 per annum will be autodebited in one instalment from the subscriber's bank account.

Pradhan Mantra Suraksha Beema Yojana (PMSBY) is an accidental insurance scheme that provides one year of accidental death and disability coverage with an annual renewal. With the minimum premium rate of Rs. 20/- per annum, this policy is most beneficial to the poor and low-income section of the society. The Scheme is available to people in the age group 18 to 70 years with a bank account. The risk coverage under the scheme is Rs.2 lakh for accidental death and full disability or Rs. 1 lakh for partial disability.

“Atal Pension Yojana (APY) is universal social security system for all Indians, especially the poor, the under-privileged and the workers in the unorganised sector. APY is administered by Pension Fund Regulatory and Development Authority (PFRDA). Beneficiary would receive the guaranteed minimum monthly pension of Rs. 1000 or Rs. 2000 or Rs. 3000 or Rs. 4000 or Rs. 5000

at the age of 60 years. Beneficiary can make contributions to APY on monthly/ quarterly / half-yearly basis”.

**Progress of PMJDY**

PMJDY is a very beneficial scheme for poor people. The main objective of this scheme is ensuring access to various financial services like availability of basic savings bank account, access to need based credit, remittances facility, insurance and pension to the excluded sections, weaker sections and low income group.

In the below mentioned table the beneficiaries of Pradhan Mantri Jan – Dhan Yojana (PMJDY) has been listed. It is clear that Public Sector Banks have implemented this scheme far better compared to Private Banks.

**Table 1. Pradhan Mantri Jan - Dhan Yojana (All figures in Crore) Beneficiaries as on 19/04/2023**

Bank Name / Type	Number of Beneficiaries at rural/semi urban 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	24.06	14.28	21.17	38.35	154946.03	28.48
Regional Rural Banks	7.81	1.27	5.24	9.08	38743.60	3.44
Private Sector Banks	0.70	0.69	0.74	1.39	5651.77	1.14
Grand Total	32.57	16.25	27.15	48.82	199341.41	33.06

Source: [www.pib.gov.in](http://www.pib.gov.in)

As on 23<sup>rd</sup> February, 2023 total amount deposited in PMJDY was 199341.41 crore. Out of that deposit, 154946.03 crore was deposited in Public Sector Banks only. 33.06 Crore RuPay card were issued out of total 48.82 crore beneficiaries till 19<sup>th</sup> April, 2023. 28.48 Crore RuPay card were issued by Public Sector Banks only.

**Table 2. State wise Account opening Report as on 19/04/2023**

S. No.	State Name	Beneficiaries at rural/semi-urban centre bank	Beneficiaries at urban/metro centre bank	Total Beneficiaries	Balance in beneficiary accounts (in	No. of RuPay cards issued to beneficiaries
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		branches	branches		crore)	
1	Andaman & Nicobar Islands	31,140	17,349	48,489	33.69	37,020
2	Andhra Pradesh	6,842,919	6,268,463	13,111,382	4,067.22	8,749,784
3	Arunachal Pradesh	272,159	137,308	409,467	237.51	312,562
4	Assam	17,451,059	4,760,649	22,211,708	6,116.44	11,939,918
5	Bihar	39,169,003	15,781,801	54,950,804	20,476.11	40,141,669
6	Chandigarh	41,796	264,618	306,414	162.00	196,396
7	Chhattisgarh	11,688,025	5,044,694	16,732,719	5,828.78	10,540,767
8	Dadra & Nagar Haveli	147,848	10,459	158,307	96.25	100,483
9	Daman & Diu	50,161	14,602	64,763	34.14	48,155
10	Delhi	529,553	5,292,424	5,821,977	2,639.65	4,281,359
11	Goa	166,424	25,827	192,251	165.52	121,666
12	Gujarat	10,821,248	6,883,965	17,705,213	8,626.68	13,200,416
13	Haryana	4,721,871	4,427,328	9,149,199	5,386.36	6,163,029
14	Himachal Pradesh	1,592,847	139,423	1,732,270	1,279.46	1,207,353
15	Jammu & Kashmir	2,212,706	428,831	2,641,537	1,716.82	1,917,061
16	Jharkhand	14,453,575	3,003,130	17,456,705	7,569.66	11,684,015
17	Karnataka	10,686,660	7,103,666	17,790,326	7,563.56	10,268,775
18	Kerala	3,168,125	2,395,442	5,563,567	2,583.37	3,072,448
19	Ladakh	16,833	4,598	21,431	27.91	18,684
20	Lakshadweep	8,416	1,733	10,149	17.19	5,739
21	Madhya Pradesh	24,675,886	16,112,896	40,788,782	11,118.01	30,454,168
22	Maharashtra	18,012,793	14,442,805	32,455,598	12,307.67	22,227,450
23	Manipur	659,902	403,164	1,063,066	265.16	674,732
24	Meghalaya	599,764	72,893	672,657	410.47	448,736
25	Mizoram	193,742	136,438	330,180	160.49	133,131
26	Nagaland	163,146	204,394	367,540	121.39	297,441
27	Odisha	15,734,909	4,341,185	20,076,094	8,849.31	14,465,873
28	Puducherry	93,006	96,625	189,631	94.09	128,720
29	Punjab	4,898,908	3,563,678	8,462,586	3,916.46	5,941,407
30	Rajasthan	21,815,567	11,563,241	33,378,808	15,643.96	24,831,278
31	Sikkim	58,894	28,832	87,726	48.98	63,255
32	Tamil Nadu	7,277,577	6,541,412	13,818,989	4,800.85	9,758,034
33	Telangana	6,133,495	4,988,966	11,122,461	3,278.17	8,398,924
34	Tripura	759,467	198,730	958,197	469.73	351,906
35	Uttar Pradesh	62,702,613	24,273,838	86,976,451	42,197.89	56,446,232
36	Uttarakhand	2,159,643	1,098,753	3,258,396	2,014.19	2,204,685
37	West Bengal	35,704,900	12,381,485	48,086,385	19,016.25	29,752,751
38	<b>Total</b>	<b>325,716,580</b>	<b>162,455,645</b>	<b>488,172,225</b>	<b>199,341.41</b>	<b>330,586,022</b>

Source: www.pib.gov.in

In Table 2, state wise Listing of PMJDY beneficiaries has been presented. In this table, the opened account under PMJDY in rural and urban areas branches as well as total number of beneficiaries has been mentioned which is around 44 crore. Also the number of issued Rupay card has been mentioned which is approximately 31 crore. Maximum number of beneficiaries were from Uttar Pradesh which is approximately 7 crore. The second most numbers of beneficiaries are from Bihar which is approximately 5 crore.

### **Conclusion**

The nine-year path of interventions guided by PMJDY has, in fact, resulted in transformative and directional change, allowing the burgeoning Financial Inclusion ecosystem to provide banking and financial services to the very lowest of the poor. People-centred economic projects have their roots in PMJDY. It was essential to open their bank account, which has practically been accomplished under the PMJDY scheme, in order to extend the benefits of the government's numerous public welfare schemes to the very last member of the community. Currently, over 38 crore PMJDY account holders are receiving financial aid through a number of government schemes, including COVID-19 financial aid, direct benefit payments, PMKISAN, increased wages under MGNREGA, and life and health insurance coverage that is directly deposited into their bank accounts. Every second new account opened between March 2014 and March 2016 was a PMJDY account. It is notable that after the launch of PMJDY, the number of States/ UT in the category of high financial inclusion score above 55 increased from 14 to 21 with a 50% increase. The level of financial inclusion has improved due to the large number of accounts opened under PMJDY. Above all, we can claim that the scheme has ably changed the financial inclusion scenario in India.



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