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## PRADAN MANTRI JAN DHAN YOJANA—A WATER SHED MOVEMENT OF FINANCIAL INCLUSION

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### Abstract

*Pradhan Mantri Jan Dhan Yojana (PMJDY), the National Mission financial inclusion a game-changer, land mark initiative, serving as the foundation for several poverty alleviation initiatives, benefitting crores of people in the country. The biggest social welfare scheme, launched by our Hon. Prime Minister, Shri Narendra Modi on 28th August, 2014 under the National Mission for Financial Inclusion as a mission to ensure accessibility to financial services to vulnerable sections of Society. The motto is - 'sabka khata bhagya vidhata' The scheme entered in to Guinness Book of world records On 20th January, 2015. This research article is an attempt to find out current status and the achievement comes ahead of the sixth anniversary of PMJDY*

### INTRODUCTION

Financial inclusion refers to provisions of banking services at reasonable and affordable cost to marginalize and hitherto socio economically neglected classes who are excluded from formal banking channel. Financial inclusion is a national priority of the government as it is an enabler for sustainable growth. It is important as it connecting common people and their savings into proper monetary system, an avenue to pay money to their families in villages besides taking them out of the controls of the money lenders.

The main incremental measures to expand financial inclusion in India is the Pradhan Mantri Jan Dhan Yojana (PMJDY), which is one of the biggest financial inclusion initiatives in the world. PMJDY was declared by Prime Minister, Shri Narendra Modi in his Independence Day address on 15th August 2014 and launched this on 28th August 2014 under the National Mission for Financial Inclusion. The Prime Minister had pronounced the event as to have a good time the freedom of the poor from various manacles. It is countrywide mission for Financial Inclusion to ensure accessibility to financial services, namely Banking, Savings and deposit Accounts, Payment, Credit, Insurance, and unorganized sector Pension in a reasonable mode.

PMJDY has brought the unbanked into formal banking system, expanded the financial architecture of India and brought financial inclusion to over 40 crore account holders. Majority of the beneficiaries are women and most of the accounts are from rural India. In today's epidemic times, we have witnessed the remarkable quickness and seamlessness with which DBT have empowered and provided financial safety to the vulnerable sections of Society. A central facet is that DBTs via PMJDY accounts have guaranteed every rupee reaches its intended beneficiary and prevented systematic leakage, ensure access of financial products & services at an affordable cost use of technology to lesser cost & widen range. Opening of basic savings bank deposit (BSBD) account with slight paperwork, stress-free KYC, electronic-KYC, account opening in camp mode. No frills accounts envisaged banking the unbanked. Issuance of Original Debit cards for cash withdrawing & payments at business locations, with free accident insurance protection of Rs.2 lakhs, other monetary products like micro-insurance, overdraft facility micro-pension & micro-credit to ensure access of financial excluded people to inclusive growth.

The structure of PMJDY is based on the six pillars:

- i. Universal access to banking services – Branch and Business Correspondents
- ii. BSB with overdraft facility of Rs.10, 000/- to every households.
- iii. Financial Literacy Platform– Promoting savings, use of ATMs, getting ready for credit, availing insurance and pensions, using basic mobile phones for banking
- iv. Creation of Credit Guarantee Fund
- v. To offer banks some assurance against defaults Insurance – Accident insurance coverage up to Rs.1,00,000 and life insurance coverage of Rs.30,000 to account holders who opened PMJDY account between 15 Aug 2014 to 31 January 2015
- vi. Pension scheme for Unorganized sector

**PMJDY with prolonged features** – The Government modified the comprehensive PMJDY program with some extended features beyond 28.8.2018. The main focus extended from 'Every Household' to Every Unbanked Adult'.

**Accidental Insurance** – PMJDY accounts opened after 28.8.2018 availed free accidental insurance cover on RuPay Cards augmented from Rs.1 lakh to Rs.2 lakh

**Overdraft facilities** –Over draft limit doubled up from Rs5000/- to Rs10000/- and without any condition to facilitated overdraft up to Rs2000 to PMJDY holders. Raised age limit for OD from 18-60 years to 18-65years enriched PMJDY accounts. As on 28th August 2020 total number of PMJDY accounts is 40.35 crore; Rural PMJDY accounts: 63.6%, Women PMJDY accounts: 55.2%. In the first year of PMJDY programme launched 17.90 crore PMJDY accounts were opened. There is relentless growth in number of accounts under PMJDY.

**Active vs. inactive accounts**– As per RBI guidelines, if there are no customer lured businesses in the account for over a period of two years that account are treated as inactive PMJDY account .In August 2020, **86.3%**PMJDY accounts i.e.from 40.35 crore accounts 34.81 crore are operative .Continuous growth in percentages of operative accounts is assign that more and more of these accounts are being used by customers on a constant basis.

**Deposits**–Total amount of deposit under PMJDY Accounts stand at Rs.1.31 lakh crore. Deposits have increased about 5.7 times with increase in accounts 2.3 times (August2020/August 2015).Average Deposit per PMJDY account is Rs.3239.Averagedeposit per account has increased over 2.5 times over August2015.Growth in average deposit is another signal of increased usage of accounts and inculcation of saving habit among account holders.

**Jan dhan drshak App** - A portable mobile application, was launched to provide a citizen centric platform for tracing banking touch points such as bank branches, ATMs, Bank Mitras, Post Offices, etc. in India. Through GIS APP over 8 lakh banking touch points have been mapped. The amenities under Jan Dhan Darshak App could be availed as per the need, accessibility and convenience of account holders. This app is also being used for recognising villages which are not served by banking touch points within 5 km. These acknowledged villages are then allocated to various banks by concerned SLBCs for opening of banking outlets. This has resulted in significant decrease in number of unbanked villages.

**Pradhan Mantri Garib Kalyan Package (PMGKP)** Under PM Garib Kalyan Yojana, an amount of Rs.500/- per month for three months (April'2020 to June'2020), was credited to the accounts of women beneficiaries under PMJDY. A sum of Rs.30705 crore have been credited in accounts of women PMJDY account holders as a financial assistance to overcome pandemic Covid -19.

**Direct Benefit Transfer:** Eight crore PMJDY accountholders receive Direct Benefit Transfer (DBT) from the Government under various schemes such as gas subsidy, social welfare

activities. To ensure that the eligible recipients receive their DBT in time, the Department takes dynamic role in identification of preventable reasons for DBT failures in consultation with DBT Mission, NPCI, banks and various other Ministries. With strict monitoring with banks and NPCI, it has observed that significant decline in the number of DBT failure from 5.23 lakh (0.20%) in 2019 to 1.1 lakh (0.04%) in 2020

**Micro Insurance Schemes**-The road ahead effort to Insurance cover with free accident insurance protection of Rs.2 lakh of PMJDY account holders will be pursued to be covered under PMJJBY [Pradhan Mantri Jeevan Jyoti Bima Yojana] and PMSBY [Pradhan Mantri Suraksha Bima Yojana] Banks have already been connected about the same.

**RuPay Card** – Total RuPay cards issued to PMJDY account holders: 29.75 Crore. Number of RuPay cards & their usage has augmented over time. Promotion of digital payments including RuPay debit card usage amongst PMJDY account holders through construction of financial architecture across India. .

## CONCLUSION

PMJDY is the foundation stone for people-centric initiatives of government. It aims bringing under privileged fragment to the mainstream of development and would also provide the financial institutions a chance to be associates in inclusive growth and to be weapon to sustainable economic growth and development of the nation. To expand and make affordable access to financial services to the last man in the row which has nearly completed under PMJDY. Overall this scheme is playing a noteworthy role in generating a universal platform for financial services for every civilian of India. Although PMJDY scheme performed well in short span of time, sustaining this performance for longer period could be one of the major challenges.

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