



PRADHAN MANTRI JAN DHAN YOJANA: A STUDY OF ISSUES AND CHALLENGES

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Abstract

Pradhan Mantri Jan Dhan Yojana, is an eager plan for extensive money related incorporation propelled by the Honorable Prime Minister of India, Shri Narendra Modi on 28th August, 2014. He had reported this plan on his first Independence Day discourse on fifteenth August, 2014. In a keep running up to the formal dispatch of this plan, the Prime Minister by and by sent to CEOs of all banks to prepare for the monstrous undertaking of enlisting more than 6 crore (75 Million) family units and to open their records. In this email he completely proclaimed that a ledger for every family was a "national need". The plan has been begun with an objective to give widespread access to managing an account offices beginning with fundamental saving money accounts with overdraft office of Rs. 5,000 following a half year and RuPay Debit Card with inbuilt mischance protection front of Rs. 1Lakh and RuPay Kisan card. An endeavor has been made in this paper to think about the advance made under Pradhan Mantri Jan Dhan Yojana plot. The examination depends on optional sources gathered from distributed articles, different diaries, daily papers, reports, books, and authority sites of PMJDY. The paper uncovers that PMJDY plot is completely useful to country and urban region individuals in getting straightforwardly the administration plans. The investigation reasons that, PMJDY conspire has made an amazing outcome in the keeping money area as to annihilation of monetary untouchability in the nation. Simple opening of ledgers may not satisfy the point of the plan, but rather there ought to be ceaseless task of financial balances to give the genuine accomplishment of the plan.

Key words: PMJDY, banking sector, financial services,

Introduction

Indeed, even following 60 long stretches of autonomy, an expansive area of Indian populace still remains unbanked. In the ongoing years the administration and Reserve Bank of India has been pushing the idea and thought of money related consideration. The monetary incorporation design goes for giving simple access to money related administrations to those areas of the general public who are denied of it so far at reasonable cost along these lines carrying them into the standard of budgetary part. Fair Prime Minister Narendra Modi declared Pradhan Mantri Jan Dhan Yojana conspire for extensive monetary consideration on his first Independence Day discourse on fifteenth August, 2014. The plan was formally propelled on 28th August, 2014 with an objective to give all inclusive access to saving money offices beginning with Basic managing an account accounts with overdraft office of

Rs. 5,000 following a half year and RuPay Debit Card with inbuilt mischance protection front of Rs. 1 Lakh and RuPay Kisan card.

Pradhan Mantri Jan Dhan Yojana, is an aggressive plan for far reaching monetary consideration propelled by the Prime Minister of India, Narendra Modi on 28th August, 2014. He had reported this plan on his first Independence Day discourse on fifteenth August, 2014. In a keep running up to the formal dispatch of this plan, the Prime Minister by and by sent to CEOs of all banks to prepare for the enormous undertaking of selecting more than 6 crore (75 Million) family units and to open their records. In this email he completely pronounced that a bank account for every family was a "national priority".

Objectives of the Study

1. To study the present scenario of PMDJY
2. To study the actual overall progress made under PMJDY
3. To study the Challenges of PMJDY
4. To make some suggestions for smooth functioning of the Scheme.

Highlights of the PMJDY Scheme

- Interest on deposit.
- In built accident insurance cover of Rs. 1 lakh with RuPay Debit Card given to the account holder.
- No minimum balance required.
- An additional Rs. 30,000 life insurance cover for the accounts opened up to January, 26, 2015.
- Easy transfer of money across India.
- Beneficiaries of government schemes will get direct benefit transfer in that account.
- After satisfactory operation of the account for 6 months an overdraft facility will be permitted.
- Access to pension, insurance product.
- Accidental insurance cover, RuPay Debit Card must be used at least once in 45 days.
- Availability of overdraft facility up to Rs. 5,000 but in only one account per household preferably lady of the household.
- The existing account holders can submit an application to the concerned branch to enable them to get a RuPay Debit Card in order to avail of the benefits of insurance under PMJDY. Micro card limit of Rs. 5,000 can also be extended in existing bank accounts on application depending on the satisfactory conduct of the account.

Action Plan for Implementing Pradhan Mantri Jan Dhan Yojana

Two phases of this scheme has been determined in which the objective of financial inclusion of weaker section of the society is supposed to be achieved. The PMJDY scheme is being implemented in two phases. The first phase was to be 15th August, 2014 to 14th August, 2015 and the second phase from 15th August, 2015 to 14th August, 2018.

1st Phase of PMJDY (15th August, 2014 To 14th August, 2015)

- Universal access to banking facilities for all households across the country through a bank branch or a fixed point BC within a reasonable distance except areas with infrastructure and connectivity constraints.
- Covering all households with at least one basic banking account with overdraft facility of up to Rs. 5,000 after satisfactory operation for 6 months.
- Expansion of direct benefit transfer facility under various government schemes will be provided through bank account of the beneficiaries.
- Issuing KCC as RuPay Kisan.
- Providing basic banking accounts and RuPay Debit card which has inbuilt accident insurance cover of Rs.1 lakh.
- Financial literacy programme under the scheme will be implemented up to village level.

2nd Phase of PMJDY (15th August, 2015 To 14th August, 2018)

- Covering 7.5 crore households with at least one PMJDY.
- Overdraft facility up to Rs. 5,000 after six months satisfactory operation / history.
- Creation of Credit Guarantee Fund for coverage of defaults in accounts with overdraft limit up to Rs. 5,000.
- Micro insurance will be provided to the people.
- Unorganized sector pension schemes like Swavalamban is to be proposed through the business correspondence.
- Coverage of households in hilly, tribal and difficult areas and coverage of remaining adults in the households and students.
- Reactivating a large number of dormant accounts.

Benefits of Pradhan Mantri Jan Dhan Yojana

- Account holders will be provided zero balance bank account with RuPay debit card, in addition to accidental insurance cover of Rs. 1 Lakh.
- Those who open accounts by January, 2015 over and above the 1 lakh accident, they be given life insurance cover of Rs. 30,000 to be give by Life Insurance Corporation.
- After six months of opening of the bank account, holders can avail 5,000 overdrafts from the bank. Overdraft facility is of great support to the people to come out of the clutches of pawnbrokers who change an exorbitant rate of interest.
- With the introduction of new technology introduced by National Payments Corporation of India (NPCI), a person can transfer funds, check balance through a normal phone which was earlier limited only to smart phones so far.
- Mobile banking for the poor would be available through National Unified USSD platform (NUUP) for which all banks and mobile companies have come together.
- Account holders receive cheque book, literature on financial literacy and pass book in a kit.
- Account holder will have debit card which can be used for E-Commerce transactions.

- Additional loan of Rs. 15,000 will be sanctioned to the account holder in case the repayment of each loan was made on time.
- Mobile banking facility would also be extended.
- Account holders would get attractive rate of interest on deposits besides availing of pension facility notified by the insurance company.

Progress of PMJDY

PMJDY 2014 is a comprehensive financial inclusion programme, targeting opening of 7.5 crore new accounts within five months with insurance and pension facilities. Business correspondence is employed in places where banks do not have branches. Following table shows the Progress of Pradhan Mantri Jan Dhan Yojana.

Table 1: Statistics as on 19th April 2017 (All Figures in Crore)

Sr.no	Bank Type	Number of Accounts			Number of RuPay Cards	Aadhaar Seeded	Balance in Accounts	% of Zero Balance Accounts
		Rural	Urban	Total				
1	Public Sector Banks	12.45	10.36	22.80	17.76	15.45	49,999.02	23.96%
2	Regional Rural Banks	3.97	0.69	4.65	3.53	2.89	11,853.55	20.72%
3	Private Banks	0.56	0.37	0.93	0.86	0.45	2,107.60	35.56%
	Total	16.97	11.41	28.38	22.15	18.79	63960.17	23.80%

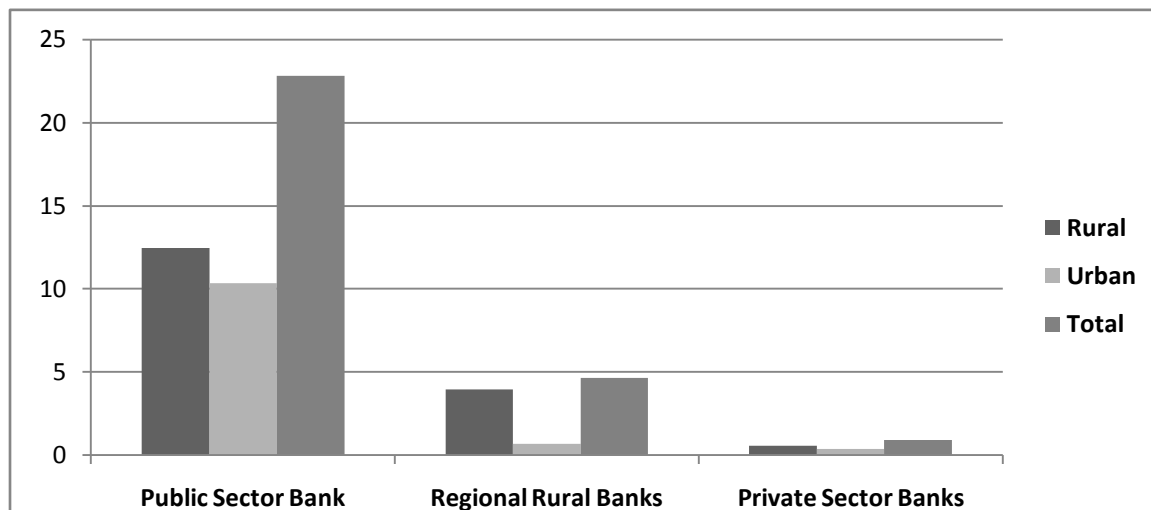


Figure 1: Number of Accounts in Banks

Performance:

- By September 2014, the number of accounts opened by the public sector banks were 3.02 crore. Among them, SBI had opened 30 lakh accounts, followed by Punjab National 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 accounts.
- The number of accounts opened under the scheme reached 12.39 Crore (including 8.3 Crore zero balance accounts) by January 2015.
- 24.25 lakh account holders have availed the overdraft facility totaling Rs.321 Crore by December 2016.
- Uttar Pradesh and West Bengal have got respectively 16.72% and 13% of the total deposits under the scheme, whereas Kerala and Goa became the first states in the country to provide one basic bank account to every household.
- The balance in Jan Dhan accounts increased by more than Rs.29000 Crore between 9 November 2016 and 23 November 2016 due to demonetization as people started using these accounts to exchange the old banknote.

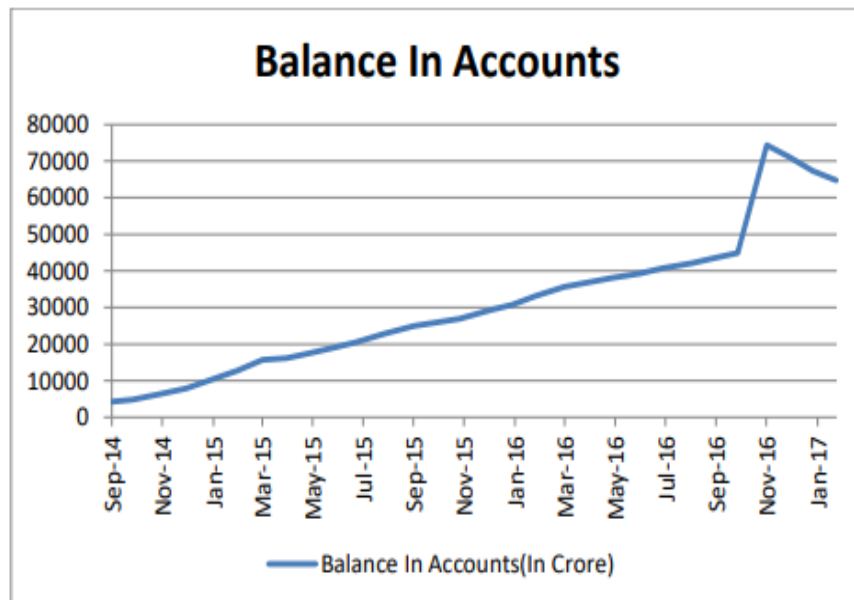


Figure 2: Balance in Accounts from Sep-14 to Jan-2017

Challenges of Pradhan Mantri Jan Dhan Yojana

- Many cases have been detected that, where an individual has opened more than one account in various banks.
- Budgetary provisions has not been made by the government to provide incentives, otherwise the financial status of the banks may be ruined.
- Insurance companies have to fix a nominal premium to cover the risk of the account holders in case it is not done the state owned LIC may batter with financial losses.
- Overdraft facility needs to be properly regulated, as the same is the discretionary of the concerned banks. Many banks may decline to extend the overdraft facility therefore defeating the purpose.
- Business correspondents if made to accomplish the objective may misuse the authority and thereby making the life of people under below poverty line miserable.
- KYC standards are not demanded under this program, in this way duplication is unavoidable.
- RBI needs to accord endorsement to banks in order to empower them to build up more branches keeping in see the quantity of towns and the populace.
- Bank correspondence i.e. bank mitra is the thought before the back service while making foundation mitra for business mitra, including PCs, small scale ATM biometric scanners, and web network might be a noteworthy concern.
- There is a dedication with respect to the legislature to give Rs. 50,000 towards gear, Rs. 25,000 towards working capital and Rs. 50,000 towards vehicle. These plans have been made without planning arrangements.
- Bank mitra to be delegated as far as lakhs. They ought to be appropriately prepared with exact information, expertise and demeanor and the result of the preparation will be obvious regarding achieving the objective.

- Making each town a Swavalamban town is thought to be preference however the absence of framework may turn into a noteworthy obstacle for the compelling execution.
- Reserve Bank of India needs to set in a guide for the monetary incorporation to be viably actualized by the Indian banking system.
- Private Banks collect concealed charges on the recipient which may turn into an obstacle for the monetary consideration.

Suggestions

- Budgetary arrangements might be made by the legislature for destitution destruction under which critical sum can be charged through nationalized banks for transmitting the advantages to the recipients.
- Duplication of records by single individual will be checked under KYC points of interest.
- Public division banks and India post can be squeezed without hesitation for the viable usage of Jan Dhan Yojana. Private Banks will be entirely cautioned not to exact concealed charges.
- More focuses of budgetary education might be built up to bring barred individuals under monetary incorporation.
- An unambiguous MOU might be marked by the back service by the portable specialist organizations with the goal that versatile keeping money can be viably used by the record holders under Jan Dhan Yojana.
- The ATM should be reinforced regarding more Kiosks in urban as well as in provincial regions of India.
- Swabhimani battle with business journalists should be developed in order to empower to have coming to the unreached family units.
- No lace record ought to be empowered by the banks in India generally the money related consideration particularly for the general population who are denied of keeping money administrations will have a secondary lounge.

Conclusion

The Pradhan Mantri Jan Dhan Yojana conspire has considerable development in number of records opened. In globalized situation, it is critical to monetarily incorporate all segments of the general public in this plan to accomplish the objective of comprehensive development of the country. PMJDY is a national mission on money related incorporation which is focused on singular family unit with an intend to give formal budgetary help through the sorted out monetary framework. Accomplishment of the PMJDY plot relies upon the viable administrative framework as in the partners need to manufacture a maintainable environment to keep the records dynamic and effective execution of the program. Comprehensive development "Sab Ka Sath Sub Ka Vikas" is key to our advancement reasoning. This mission would empower all family units, urban and rustic to increase simple and widespread access to money related administrations. Rejection from the managing an account framework

prohibits individuals from all advantages that originate from a cutting edge money related framework. The PMJDY conspire is completely useful to rustic and urban zone individuals in getting specifically government financial services. The PMJDY scheme has made an amazing outcome in the banking sector concerning destruction of budgetary untouchability in the nation. Negligible opening of financial balances may not satisfy the point of the plan, but rather there ought to be nonstop activity of bank accounts to give the genuine achievement of the plan.

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