

# Pradhan Mantri Jan Dhan Yojana: A Step Towards Financial Inclusion

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## Abstract

The present study seeks to investigate the current status of the PMJDY in India. The results showed that the contribution of rural sector in terms of accounts opened under PMJDY was relatively higher than the urban sector in all the banking sectors namely, public sector banks, regional rural banks and private banks. The results further revealed that 60 percent (1106.52 lakh) accounts were opened in PMJDY, mobilized the deposit of Rs. 24939.22 crores and rest 40 percent (747.71 lakh) accounts under PMJDY were opened with zero balance as on September 30, 2015. From the public sector banks and RRBs, the State Bank of India played an important and leading role in the opening accounts under PMJDY. The state-wise scenario of PMJDY showed that the highest number of accounts were opened in Uttar Pradesh both in rural and urban sectors due to its highest population rate.

**Keywords:** Financial inclusion, PMJDY, RRBs, Public and private sector banks.

**JEL Classification:** G21, O16, R51

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## Introduction

Financial inclusion refers to the delivery and having access to range of financial services in a convenient manner and at an affordable cost to vast section of disadvantaged and low income group population. Rangarajan Committee, Government of India (2008) defines financial inclusion as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost. In India, financial inclusion was first featured in 2005, when it was introduced by K C Chakraborty, the chairman of Indian Bank. Mangalam village became the first village in India where all households were provided banking facilities. KYC Norms were relaxed for people intending to open account with annual deposits of less than Rs 50,000 (Barhate and Jagtap, 2014).

Since independence, the government and the Reserve Bank of India have taken many initiatives for financial inclusion such as nationalization of banks, establishing Regional Rural banks, Cooperative banks, appointing Banking Correspondence Agents (BCA), launching of Swabhiman and Swavlambhan Schemes, introducing micro finance, opening up of no-frills account and provision of keeping 25 percent of bank branches in rural areas, initiating the model of Bharatiya Mahila Bank, simplifying the KYC norms and

so on. But the objective of financial inclusion has never been achieved in entirety. Recently, the government has come up with an innovative idea of connecting people especially from rural and remote areas with banking industry by launching Pradhan Mantri Jan Dhan Yojana (PMJDY) with the vision of economic liberalization and development and growth of all. The PMJDY, roughly translated as 'People's Wealth Scheme' was announced by the Prime Minister in his Independence Day speech with the slogan '*Mera Khata – Bhagya Vidhata*' which means 'My Bank Account – The Creator of the Good Fortune' (Mohan, 2014).

PMJDY is a comprehensive financial inclusion programme, targeting opening up of 7.5 crore new accounts within five months with insurance and pension facilities. Under the provisions of the scheme, the account holder is entitled to get accidental insurance worth Rs 1 lakh, overdraft of up to Rs 5,000 and life insurance of Rs 30,000. On the accident insurance cover of Rs 1 lakh being offered to new account holders, it comes with the condition that before making the claim, the holder should have used his/her account during the 45 days prior to the claim date. The Rupay debit card being given to the beneficiaries will have an inbuilt accident insurance cover Rs 1 lakh and an over draft facility upto Rs 5000. The use of debit cards will allow the unbanked to start a building a transaction history, which can be a decisive step in initiating the account holder towards financial inclusion.

The PMJDY also aims at eliminating corruption as it would facilitate routing of subsidies directly into the accounts of intended beneficiaries (Chowan and Pande, 2014).

The crux of the plan is to link every household with the bank. The Prime Minister through his mails to CEOs of all PSU Banks made it clear that a bank account for every household was a national priority. It envisages that anyone who was not having bank account in any bank may open a account, just by presenting the identity card either by Aadhaar card, MGNREGA card or Voter card, Ration card, Driving License, PAN Card, copy of passport etc. A number of subsidies being provided by government such as scholarships and pensions under various schemes do not reach to the beneficiaries in the total. A number of times, it had been debated that about 40 percent of such relief reaches to the real beneficiaries. The proposals to deposit the amount of subsidy directly into the account of the person was having big obstacle of the bank accounts with majority of the citizens in the country. It was felt that once every household is connected with bank, there would be no chance of such malpractice of retaining 60 percent of the sanctioned relief by the corrupt officials or person occupying responsible posts for serving the purpose. The money would then reach directly to the beneficiaries at the specific point for which it was meant. Thus, it would help in controlling and eroding and eradicating corruption to a large extent. This scheme of financial inclusive would be a revolutionary step in this regard, as the lady of the households has been given priority in opening a bank account and the women get an opportunity to fulfill their needs through the micro finances facility also, being offered under this scheme. The scheme has been envisioned with gender equality and women empowerment. The bank account opening drive has to be followed up with a more sustained financial literacy drive and consumer protection initiatives. PMJDY would touch the lives of everyone in a positive and constructive way. Financial literacy enables them to be more informed about their financial decisions (Singh and Shahid, 2015).

Subramanya and Alfia (2015) carried out analysis on the awareness of Pradhan Mantri Jan Dhan Yojana with special

reference to Hassan district of Karnataka state. In order to conduct this study 50 respondents were considered. The study revealed that PMJDY was almost successful as 76 percent of people were aware about the scheme and still 24 percent of people were not aware of the scheme in in the area under study. Anonymous (2015) revealed that about 12.65 crore bank accounts were opened under PMJDY in the country. But an astounding 8.5 crore of such accounts were found dormant.

### Objectives

- i. To study the current status and recent progress of Pradhan Mantri Jan Dhan Yojana in India.

### Methodology

As the study is descriptive in nature, secondary data have been employed to accomplish the objectives of present study. The secondary data have been collected from [www.pmjdy.gov.in](http://www.pmjdy.gov.in). The secondary data pertaining to number of accounts opened by public sector banks, RRBs, private banks, amount deposited in the accounts, accounts with zero balance, etc. have been collected and compiled from the official website of PMJDY ([www.pmjdy.gov.in](http://www.pmjdy.gov.in)). The data were further analyzed using various descriptive statistics such as average, percentage, etc.

### Result and Discussion

The information regarding the details of accounts opened in Pradhan Mantri Jan Dhan Yojana (PMJDY) has been presented in Table 1. The results revealed that the contribution of rural sector in terms of accounts opened under PMJDY was relatively higher than the urban sector in all the banking sectors namely, public sector banks, regional rural banks and private banks. In rural sector, total accounts opened under PMJDY public sector banks, regional rural banks and private banks were 70.95, 25.24 and 3.81 percent respectively. Whereas, in urban sector, 89.45 percent, 6.62 percent and 3.93 percent accounts were opened in public sector banks, regional rural banks and private banks respectively.

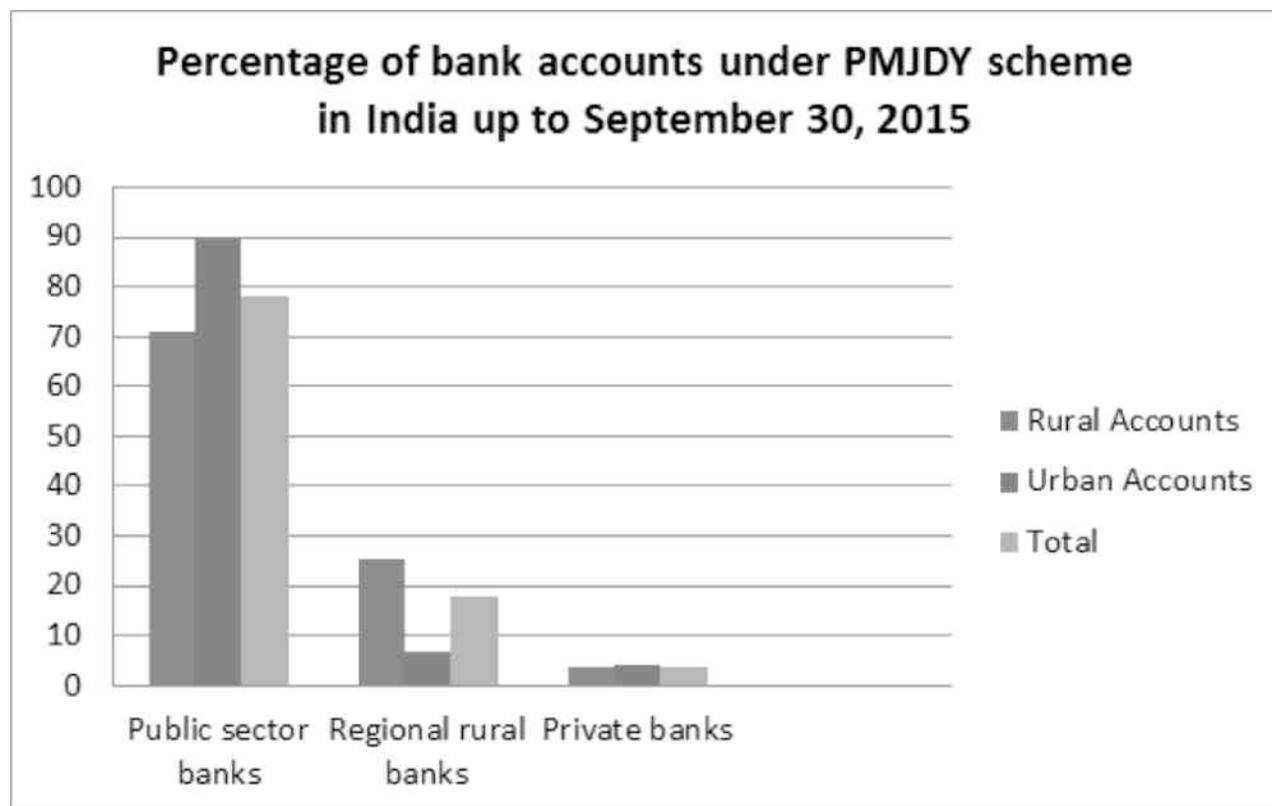
**Table 1: Distribution of accounts opened in Pradhan Mantri Jan Dhan Yojana in India up to September 30, 2015.**  
(Lakhs)

Particulars	Accounts			Balance in accounts (Rs. Crore)	Accounts with zero balance
	Rural	Urban	Total		
Public Sector Banks	798.83 (70.95)	651.54 (89.45)	1450.37 (78.21)	19562.95	580.75
Regional Rural Banks	284.22 (25.24)	48.22 (6.62)	332.44 (17.93)	4268.75	136.90
Private Banks	42.81 (3.81)	28.61 (3.93)	71.42 (3.85)	1107.52	30.06
<b>Total</b>	<b>1125.86 (100.00)</b>	<b>728.37 (100.00)</b>	<b>1854.23 (100.00)</b>	<b>24939.22</b>	<b>747.71</b>

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

On the overall level, 78.21 percent of the total accounts were opened in public sector banks, 17.93 percent were opened in regional rural banks and only 3.85 percent accounts were opened in private banks. The results further revealed that 60

percent accounts were opened in PMJDY, mobilized the deposit of Rs. 24939.22 crores and rest 40 percent accounts were opened with zero balance under the scheme as on September 30, 2015.



### Public Sector Banks

The information pertaining to the contribution of public sector banks in the opening of account under PMJDY has been presented in Table 2. The results revealed that State Bank of India played an important and lead role in PMJDY

with the opening of 444.65 lakh accounts. Out of 444.65 lakh accounts, 188.97 lakh accounts were opened in rural sector and 255.68 lakh accounts were opened in urban sector. Though 236.52 lakh accounts opened with zero balance, the deposit comprised Rs. 2931.97 crores in State Bank of India.

**Table 2: Distribution of accounts opened in Public Sector Banks under PMJDY scheme in India up to September 30, 2015**

Name of Bank	Accounts			Balance in accounts(Rs. Crore)	Accounts with zero balance
	Rural	Urban	Total		
State Bank of India	188.97	255.68	444.65	2931.97	236.52
Punjab National Bank	97.48	19.48	116.96	1060.88	43.25
Bank of Baroda	45.96	59.75	105.71	1804.03	29.64
Bank of India	40.42	51.85	92.27	808.27	42.59
Central Bank of India	52.83	14.34	67.17	566.96	18.10

Canara Bank	41.74	19.83	61.57	921.48	17.67
UCO Bank	29.76	30.92	60.68	1139.59	19.32
United Bank of India	34.42	23.26	57.68	2644.77	10.88
Union Bank of India	43.07	12.10	55.17	583.52	26.17
Syndicate Bank	26.62	12.57	39.19	677.14	13.73
Punjab and Sind Bank	8.46	4.25	12.71	407.35	1.83
State Bank of Patiala	4.25	7.81	12.06	229.02	4.57
<b>Total</b>	<b>613.98</b>	<b>511.84</b>	<b>1125.82</b>	<b>13774.98</b>	<b>464.27</b>

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

The other public sector banks those performed well in the opening of accounts under PMJDY were Punjab National Bank (116.96 lakh), Bank of Baroda (105.71 lakh), Bank of India (92.28 lakh), Central Bank of India (67.17 lakh), Canara Bank (61.57 lakh), UCO Bank (60.68 lakh), United Bank of India (57.68 lakh) and Union Bank of India (55.17 lakh). In terms of balance, State Bank of India had mobilised

the highest deposits of Rs. 2931.97 crore followed by United Bank of India, Bank of Baroda, UCO Bank, Punjab National Bank, Canara Bank, Bank of India and Syndicate Bank with the deposits of Rs. 2644.77 crore, Rs. 1804.03 crore, Rs. 1139.59 crore, Rs. 1060.88 crore, Rs. 921.48 crore, Rs. 808.27 crore and Rs. 677.14 crore respectively.

#### Regional Rural Banks

**Table 3: Distribution of accounts opened in Regional Rural Banks under PMJDY scheme in India up to September 30, 2015** (Lakhs)

Name of Bank	Accounts			Balance in accounts(Rs. Crore)	Accounts with zero balance
	Rural	Urban	Total		
State Bank of India	51.60	8.89	60.49	582.21	27.36
United Bank of India	40.86	0.70	41.56	568.56	18.65
Central Bank of India	34.83	6.47	41.3	713.09	14.16
Bank of Baroda	26.40	7.50	33.90	438.70	15.12
Punjab National Bank	26.01	3.53	29.54	484.94	12.57
Bank of India	20.33	6.70	27.03	98.52	11.17
Syndicate Bank	15.55	3.98	19.53	345.20	8.07
State Bank of Bikaner and Jaipur	14.26	0.33	14.59	167.12	5.93
Canara Bank	5.11	3.54	8.65	211.80	2.01
Allahabad Bank	6.04	1.42	7.46	64.50	2.73
Union Bank of India	5.25	1.31	6.56	34.96	2.37
Punjab and Sind Bank	0.14	0.02	0.16	1.87	0.02
<b>Total</b>	<b>246.38</b>	<b>44.39</b>	<b>290.77</b>	<b>3711.47</b>	<b>120.16</b>

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

The performance of regional rural banks in the opening of account under PMJDY as on September 30, 2015 has been presented in Table 3.

Similar observations were found in case of regional rural banks as the State Bank of India contributed highest in terms of accounts opened under PMJDY with the opening of 60.49 lakh accounts. The contribution of rural sector was found to be higher as compared to urban sector which implied the large branch network of RRBs in the rural area. The other major banks in terms of accounts opened in PMJDY were United Bank of India, Central Bank of India, Bank of Baroda, Punjab National Bank, Bank of India, Syndicate Bank, State Bank of Bikaner and Jaipur with 41.56, 41.3, 33.90, 29.54, 27.03, 19.53, 14.59 lakh accounts opened under the scheme respectively. Among the RRBs, the highest deposits were accounted by Central Bank of India (Rs. 713.09 crore) followed by State Bank of India (Rs. 582.21 crore), United Bank of India (Rs. 568.56 crore) and Punjab National Bank (484.94) as on September 30, 2015.

### Private Banks

The contribution of Private Banks in the opening of account under PMJDY as by the end of September, 2015 has been presented in Table 4. The results revealed that ICICI bank showed dominance with 25.27 lakh accounts opened under PMJDY over the other banks in private banking sector of India. Out of 25.27 lakh bank accounts opened in ICICI Bank, 22 lakh bank accounts were in rural sector while 3.27 lakh accounts were in urban sector opened under PMJDY.

HDFC Bank ranked 2<sup>nd</sup> among private sector banks with opening up of 15.22 lakh accounts under PMJDY. The other private banks those played a key role in PMJDY were Jammu and Kashmir Bank, Axis Bank, Federal Bank, IndusInd Bank, Kotak Mahindra bank with 12.34, 5.35, 3.44, 2.36, 1.78 lakh accounts respectively. In terms of balance, HDFC Bank had the highest deposits of 49766.78 lakhs followed by Jammu and Kashmir Bank, ICICI Bank, Federal Bank, Axis Bank, IndusInd Bank, Kotak Mahindra Bank with the deposit of 21263.14, 16442.89, 11335.31, 5281.41, 1060.40, 1145.14 lakhs respectively.

**Table 4: Distribution of accounts opened in Private Banks under PMJDY scheme in India up to September 30, 2015**

Name of Bank	Accounts			Balance in accounts (Rs. Lacs)	Accounts with zero balance
	Rural	Urban	Total		
ICICI Bank	22.00	3.27	25.27	16442.89	10.16
HDFC Bank	2.90	12.32	15.22	49766.78	5.61
Jammu and Kashmir Bank Ltd	11.15	1.19	12.34	21263.13	6.56
Axis Bank Ltd	1.17	4.18	5.35	5281.41	2.03
Federal Bank Ltd	2.79	0.65	3.44	11335.31	1.50
IndusInd Bank Ltd	0.22	2.14	2.36	1060.40	0.90
Kotak Mahindra Bank Ltd	0.88	0.90	1.78	1145.14	1.07
Lakshmi Vilas Bank Ltd	0.53	0.91	1.44	991.03	0.48
Karur Vysya Bank Ltd	0.16	1.1	1.27	857.44	0.60
South Indian Bank Ltd	0.17	0.87	1.04	1118.74	0.35
Ratnakar Bank Ltd	0.60	0.35	0.95	440.85	0.46
City Union Bank Ltd	0.14	0.63	0.77	914.09	0.25
<b>Total</b>	<b>42.71</b>	<b>28.51</b>	<b>71.22</b>	<b>110617.21</b>	<b>29.97</b>

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

**State-wise scenario of PMJDY**

The state-wise scenario of PMJDY depicting the status of

different states and Union Territories of India regarding the accounts opened under PMJDY was presented in Table 5.

**Table 5: State-wise scenario of PMJDY in India up to September 30, 2015****(Thousands)**

<b>State and UT</b>	<b>Rural</b>	<b>Urban</b>	<b>Total</b>	<b>% total</b>
Andaman and Nicobar Islands	36.65	14.90	51.55	0.03
Andhra Pradesh	3965.15	2910.09	6875.24	3.71
Arunachal Pradesh	83.28	28.30	111.58	0.06
Assam	4262.75	1486.26	5749.01	3.1
Bihar	10094.35	4043.48	14137.83	7.62
Chandigarh	41.79	162.97	204.76	0.11
Chattisgarh	5669.14	2782.99	8452.13	4.57
Dadra and Nagar Haveli	42.48	8.32	50.80	0.03
Goa	89.36	30.87	120.23	0.06
Gujrat	3795.57	3312.35	7107.92	3.83
Haryana	2813.99	2062.73	4876.72	2.63
Himachal Pradesh	707.42	98.30	805.72	0.43
Jammu and Kashmir	1386.67	246.22	1632.89	0.88
Jharkand	3364.16	1417.79	4781.95	2.58
Karnatka	5220.84	3318.61	8539.45	4.60
Kerala	1215.50	1057.10	2272.6	1.22
Lakshadweep	4.52	0.45	4.97	0.02
Madhya Pradesh	7951.18	7968.27	15919.45	8.59
Maharashtra	5640.61	6292.40	11933.01	6.44
Manipur	242.28	289.53	531.81	0.29
Meghalaya	163.51	53.89	217.40	0.12
Mizoram	53.02	67.57	120.59	0.06
Nagaland	85.34	65.70	151.04	0.08
NCT of Delhi	339.62	2501.01	2840.63	1.53
Orissa	5253.37	1786.40	7039.77	3.80
Pondicherry	52.40	53.75	106.15	0.06
Punjab	2688.81	1805.08	4493.89	2.42
Rajasthan	9171.96	5163.15	14335.11	7.73
Sikkam	59.37	10.70	70.07	0.04
Tamil Nadhu	3992.24	3336.95	7329.19	3.95
Telangana	4400.89	3072.95	7473.84	4.03
Tripura	425.49	178.98	604.47	0.33
Uttar Pradesh	17400.35	11541.11	28941.46	15.61
Uttarakand	1139.40	521.80	1661.20	0.90
West Bengal	10718.12	5138.16	15856.98	8.55
<b>Total</b>	<b>112571.58</b>	<b>72829.83</b>	<b>185401.41</b>	<b>100.00</b>

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

The results showed that the highest number of accounts (15.61 percent) were opened in state of Uttar Pradesh including both rural and urban sectors due to its highest population rate. The other states having large number of accounts opened under the scheme were Madhya Pradesh (8.59 percent), West Bengal (8.56 percent), Rajasthan (7.73 percent), Bihar (7.62 percent), Maharashtra (6.44 percent) and Karnatka (4.60 percent).

### Access to the banking facility in Punjab

To check the efficacy of the PMJDY scheme, the Government of India conducts various surveys in different states of India. The information pertaining to the district-wise survey on the access to the banking facility in Punjab has been presented in Table 6.

**Table 6: Access to banking facility in Punjab: the district-wise survey**

(thousand)

District name	Household surveyed	Household having A/Cs	District level Coverage (%)
Amritsar	232.64	181.73	78.12
Barnala	105.09	96.03	91.38
Bathinda	223.58	214.50	95.94
Faridkot	106.39	95.09	89.38
Fatehgarh Sahib	92.29	88.64	96.04
Fazilka	123.76	103.37	83.52
Firozpur	92.91	74.79	80.50
Gurdaspur	234.66	211.86	90.28
Hoshiarpur	265.48	141.48	53.29
Jalandhar	429.18	411.61	95.91
Kapurthala	57.50	53.37	92.81
Ludhiana	351.30	307.27	87.46
Mansa	116.92	112.25	96.01
Moga	161.66	144.55	89.42
Muktsar	154.84	132.42	85.52
Pathankot	59.27	54.04	91.18
Patiala	301.09	288.58	95.85
Rupnagar	246.95	244.69	99.08
Sahibzada Ajit Singh Nagar	158.91	149.91	94.34
Sangrur	284.30	271.16	95.38
Shahid Bhagat Singh Nagar	112.85	108.76	96.37
Tarn Taran	146.87	128.22	87.30

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

The results revealed that all the districts of Punjab were having more than 80 percent of households having access to banking facility except Amritsar (78.12 percent) and Hoshiarpur (53.29 percent). The highest percentage of households having access to banking facility was reported in Rupnagar district (99.08 percent) followed by SBS Nagar (96.04 percent), Fatehgarh Sahib (96.04 percent), Mansa (96.01 percent), and Bathinda (95.94 percent).

### Conclusion

PMJDY scheme has been started with an objective to provide universal access to banking facilities for all household through a bank branch or fixed point i.e business correspondent. The crux of scheme is to link every

household with the bank. The present study tried to investigate the current status of the PMJDY in India. The results revealed that the contribution of rural sector in terms of accounts opened under PMJDY was relatively higher than the urban sector in all the banking sectors namely public sector banks, regional rural banks and private banks. In rural sector, total accounts opened under PMJDY public sector banks, regional rural banks and private banks were 70.95, 25.24 and 3.80 percent respectively. Whereas, in urban sector, 89.45 percent, 6.62 percent and 3.93 percent accounts were opened in public sector banks, regional rural banks and private banks respectively. The results further revealed that 60 percent accounts were opened in PMJDY, mobilized the deposit of Rs. 24939.22 crores and rest 40

percent accounts opened under PMJDY were opened with zero balance as on September 30, 2015 in India. Among the public sector banks and RRBs, the State Bank of India plays an important and leading role in the opening of the accounts under PMJDY. The state-wise scenario of PMJDY showed that the highest number of accounts were opened in Uttar Pradesh including both rural and urban sectors due to its high population rate.

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