



Pradhan Mantri Jan Dhan Yojana: An empirical study in rural area

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Abstract

Even after 69 years of independence, a large section of population in India is still facing several challenges regarding access to all financial facilities provided by the Government. Around 53.1% of adults in India have a bank account and nearly 33.1% use ATMs to withdraw cash from banks (Report of World Bank Group, 2015). The scenario in the rural area is very pathetic. The Central Government and the State government have implemented various schemes for the betterment of the Indian people from time to time. Initiatives have been taken for implementing various plans and programmes by forming several Commissions in the recent years. 73rd Constitutional Amendment was the very important for the Indian rural people, as major policies were taken for the development of the rural areas. The Pradhan Mantri Jan Dhan Yojana (PMJDY) has given the opportunity to the people to access the financial services in an affordable manner for the purpose of financial inclusion where every household having at least one basic banking account, can get universal access to formal credit, insurance cover and pension facilities. The main aim of the study is to identify whether the plans under PMJDY so implemented are effectively running or not particularly in the rural area. This study is developed based on both primary and secondary data. From the study it is revealed that a large section of the rural people is still not so much aware of this program.

Keywords: financial facilities, 73rd constitutional amendments, PMJDY, financial inclusion, plans and programmes

Introduction

Even after 69 years of independence, a large section of population in India is still facing several challenges regarding access to all financial facilities provided by the Government. Lack of awareness and financial literacy among the rural population of India is hindering the economic growth as majority of the population does not have access to formal credit. Financial inclusion mitigates this problem, thereby enhancing the economy. The availability of banking facilities and active branch network of banks play a significant role in developmental and expansionary activities. But there is lack of access of banking facilities in the rural areas of India, which highlights a very pathetic scenario for such areas.

For the socio-economic upliftment of the rural poor, various initiatives have been taken for implementing various plans and programmes by forming several Commissions in the recent years. 73rd Constitutional Amendment was the very important for the Indian rural people, as major policies were taken for the development of the rural areas. Besides this, the Central Government and the RBI have launched many schemes since a long time like Integrated Rural Development Programme (IRDP) in 1976, Food for Work Programme (FWP) in 1977, Training Rural Youths for Self-employment (TRYSEM) in 1979, National Rural Employment Programme (NREP) in 1980, Rural Landless Employment Guarantee Programme (RLEGP) for some states of Maharashtra and Gujarat, Jawahar Rozgar Yojana (JRY) in 1989, Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) in 2008 for all districts of India, Bharat Nirman Yojana (BNY) in 2005, Swavalamban scheme in 2010, Indira Awas Yojana,

Swabhimaan scheme in 2011, Direct Benefit Transfer for LPG (DBTL) in 2013, Microfinance, Pradhan Mantri Jan Dhan Yojana (PMJDY) in 2014, 25% rural branch rule, Bharatiya Mahila Bank, Pradhan Mantri Mudra Yojana (PMMY) in 2015, Pradhan Mantri Suraksha Bima Yojana (PMJJBY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMSBY) and the Atal Pension Yojana (APY) and so on [5].

Among all the most recent schemes, the Pradhan Mantri Jan Dhan Yojana (PMJDY) has proved a lot in accelerating financial inclusion move, where every household can get universal access to banking facilities, credit, insurance and pension facility, having at least one basic banking account [2].

Materials and Methods

Objectives of the study

It is a systematic and constructive study over the history of this short life span of Pradhan Mantri Jan Dhan Yojana in the rural area particularly in rural tribal populated area. However, the study is based on the following objectives:

- To give a brief idea about Pradhan Mantri Jan Dhan Yojana (PMJDY) and its implications in rural areas of India.
- To overview the challenges faced by PMJDY.
- To assess how far the programme is accepted by the rural people.
- To give suggestions on PMJDY programme.

Research Methodology

Both secondary and primary data have been used for the study. The secondary data has been collected mainly from the

internet using websites of PMJDY, Economics Times, several reputed journals, publications and press releases of RBI and Ministry of Finance, Government of India, etc. For primary data, the village named “Foskadanga” has been selected for the study.

Selection of sample

In the Alipurduar District there are 47 villages. Among them, Foskadanga village is the third largest Scheduled Tribes (ST)

populated village in Alipurduar-I CD Block. The interesting character of this village is, that the village comprises of major tribal communities namely, Orao, Munda, Santal, Rabha and Mech, that covers 75% of the total population of both Jalpaiguri District and Alipurduar District. 20% of the entire households of these districts have been selected as a sample and taken into consideration for the study which is shown in Table 1.

Table 1: Selection of sample

Community	Number of households	Sample (20% of the households)
Santal	30	0600606
ORAO	139	28
Munda	43	09
Rabha	179	35
Mech	08	02
Total	398	80

Literature Review

Pradhan Mantri Jan Dhan Yojana is very young in age. Any constructive and structured study on this particular area especially in the rural area was developed so far.

Kumar (2014) ^[4] stated the background of financial inclusion using the scheme of PMJDY in India. He concluded that PMJDY is the greatest step ever taken for poverty eradication. Kaur *et al.* (2015) ^[3] recognized the recent trends of financial inclusion in India with special reference to PMJDY, and suggested ways for maximum financial inclusion to the disadvantaged rural populace.

Gupta (2015) ^[1] mentioned that almost 71% accounts opened at public sector banks under the PMJDY are zero balance while it is 64% for private banks. But, as per data provided by the ministry, only 28% of such accounts are active with deposits amounting to around Rs. 9,000 crores.

Data findings and analysis

73rd constitutional amendment act, 1992 for rural development of India

Before Independence, the first attempt for the rural advancement of India was made by Rabindranath Tagore in 1921 through Sriniketan Institute of Rural Reconstruction under the stewardship of Elmhurst.

After independence, the Government, financial institutions and several voluntary organizations formulated a large number of rural development programmes. In 1950, the first Five year plan was introduced by the Planning Commission focusing on the development of the rural villages. Besides these, the 73rd Constitutional Amendment Act introduced in 1992 stated provisions regarding establishment of a three-tier structure (Village Panchayat, Panchayat Samiti or intermediate level Panchayat and Zilla Parishad or district level Panchayat) and also three-tier system of Panchayati Raj for all States having population of over 20 lakhs, establishment of Gram Sabhas at the village level, adequate proportionate seat reservation for Scheduled Castes and Scheduled Tribes and also reservation of not less than 33% seats for women.

The basic objective of the 73rd Constitutional Amendment Act, 1992 is to empower the Panchayati Raj Institutions for empowering rural development programmes. It also gave

authority and power to the Panchayati Raj Institutions to act as institutions of local self-government. So the main objective of the Panchayati Raj Institutions is to eradicate illiteracy, poverty and improving the standard of living of the rural poor through creation of awareness of sanitation, hygiene, etc.

Pradhan Mantri Jan Dhan Yojana (PMJDY): An overview

PMJDY is the flagship financial inclusion plan of the National Democratic Alliance Government, which was launched by our Honorable Prime Minister on 28th August 2014. Jan Dhan Yojana in English is nothing but “*People’s Wealth Scheme*”. The slogan for the Pradhan Mantri Jan Dhan Yojana is “*Mera Khata Bhagya Vidhaata*” It is “*My Bank Account -The creator of the Good Fortune*”.

After measuring low levels of bank penetration in Indian rural areas, the Ministry of Finance rolled out this scheme to enable each household in the country to have access to at least one basic banking account. PMJDY also came up with additional features compared to earlier financial inclusion schemes, like minors above 10 years can open the account, issue of RuPay debit cards for the account holder to withdraw cash, thereby liquidizing loan funds to encourage entrepreneurship. Even, after 6 month of satisfactory transaction of the account, any household can avail Rs. 5,000 overdraft facility and interest will be charged at base plus 2% or 12% whichever is lower, account can be transferred in case customer relocates. It also provides accidental insurance of Rs. 1,00,000 and life insurance of Rs. 30,000 without premium.

Challenges faced by PMJDY

- The government has not made any budgetary provisions regarding incentives that may ruin the financial status of several banks.
- Many banks fail to extend the overdraft facilities. Further, in some cases, same person opened multiple accounts in multiple banks like one account with Aadhar card, another with PAN card and another with voter card, in order to get large insurance or overdraft facility. Even the proposed Rs.5,000 overdraft facility can be seen as a “Loan Mela” that may result in lump sum of bad loan for such banks. Thus, any such further initiatives can deteriorate the financial situation of banks and proper

regulation of banking services is needed.

- There is lack of security measures in KYC norms that are followed for opening bank accounts under PMJDY. Here, only one document is taken by the banks for identity and address proof and an applicant is required to submit just one declaration for change in address proof, which may create security threats.
- Most private Banks impose hidden charges on the beneficiaries that may create lots of hindrance in the

financial inclusion move.

Present Status of PMJDY

PMJDY is a comprehensive financial inclusion programme, that targeted opening of 7.5 crores new bank accounts with insurance and pension facilities within five months. Business correspondents are employed in places where banks do not have branches. The over-all performance of PMJDY and its state-wise performance has been shown in Table 2 & 3.

Table 2: PMJDY Accounts opened as on 21.09.16 (Figures in Crores)

Bank group	Rural	Urban	Adhaar seeded	No. of Rupay cards	Balance in accounts	Zero balance accounts (%)
Public Sector Banks	10.97	8.59	10.58	15.50	34,412.25	24.23
Private banks	0.52	0.33	0.36	0.79	1,587.42	36.59
Regional Rural Banks	3.61	0.59	1.77	2.82	7,348.16	20.22
Total	15.10	9.51	12.71	19.11	43,347.83	23.98

Source: Over-all progress report of PMJDY, ended September 2016

From the given table, it can be stated that the number of accounts opened in the rural sector is higher than that of the urban areas. Further, it can be also said that the Public Sector Banks (PSBs) have opened the maximum number of accounts

as on 21.09.16 as against that of Private Banks and Regional Rural Banks. This shows that PSBs contribute the most in the PMJDY thereby helps in upliftment of rural sector.

Table 3: State-wise report on opening of accounts as on 21.09.16

State name	Rural accounts (No.)	Urban accounts (No.)	Deposit (Rs. In crore)	Aadhaar seeded (No.)	Zero balance accounts (No.)	Rupay cards issued (No.)
Andhra Pradesh	41,28,312	33,20,384	869.10	57,39,346	16,51,321	59,83,956
Assam	67,02,599	22,87,770	1,685.98	2,08,178	24,65,574	57,48,230
Bihar	1,62,25,929	80,36,914	3,350.06	91,89,355	54,87,457	1,71,74,850
Daman & Diu	16,023	15,074	6.29	14,488	4,874	23,856
Jharkhand	59,92,935	37,33,998	951.96	62,16,830	22,88,069	56,99,156
Lakshadweep	4,561	715	4.66	4,428	1,311	4,246
Rajasthan	1,21,75,530	64,94,983	3,480.20	1,18,40,737	38,50,406	1,55,95,018
Uttar Pradesh	2,21,61,566	1,43,63,810	6,997.12	1,49,08,906	86,73,099	3,07,31,771
West Bengal	1,63,66,573	70,53,886	5861.38	98,02,642	43,43,206	1,52,85,724

Source: State-wise performance report of PMJDY

From the given table, it can be stated that the number of opening of rural accounts is the highest as against that of urban accounts in all the states. Uttar Pradesh has the highest number in terms of all aspects of opening of accounts whereas Lakshadweep has the lowest in that respect. West Bengal has also positioned itself among the highest ranks in terms of opening of rural and urban accounts and all the other above

mentioned aspects. So, it can be concluded that all the states are moving hand in hand towards achieving greater financial inclusion.

Analysis from the primary data survey of Foskadanga village

Socio- Economic Status

Table 4: Level of education

No. of communities	No. of households	Illiterate	Primary	Class viii	Class- x	Graduation
Santal	06	02	03	01	00	00
ORAO	28	07	12	07	02	00
Munda	09	02	04	03	00	00
Rabha	35	04	10	09	09	03
Mech	02	00	00	01	01	00
Total	80	15	29	21	12	03

Source: Primary data survey

We have mentioned earlier that we have taken the sample of 6 Santal households, 28 Oraos, 9 Mundas, 35 Rabhas and 2 Mech households for our present study. From the given sample of these tribal communities, it is observed (from Table 4) that majority of the households

(29) are only primarily educated (including maximum number from the Oraos) and only 3 households are graduates. 15 households are illiterate which comprises also most from the Oraos. The Rabhas are mostly class eight and ten passed.

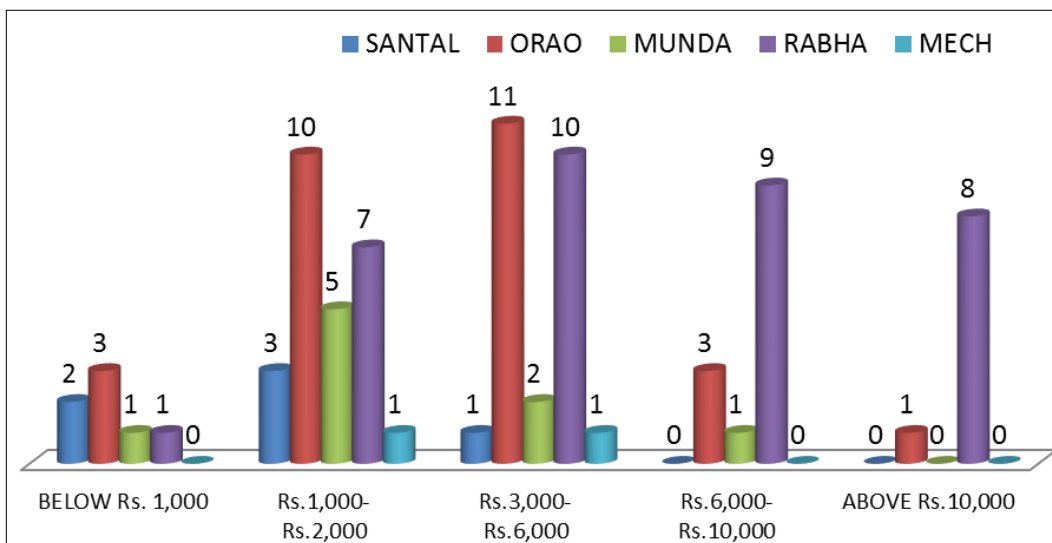
Table 5: Community-wise distribution of Working Population

Name of the communities	Agricultural Labours/Cultivators	Tea garden Labours	Casual Labours	Mgnreg Workers	Industrial Labours	Own Business	Government Business
Santal	02	00	04	00	00	00	00
ORAO	09	04	12	00	02	01	00
Munda	03	00	05	00	01	00	00
Rabha	15	00	06	00	07	03	04
Mech	00	00	01	00	01	00	00
Total	29	04	28	00	11	04	04

Source: Primary Data Survey

From Table 5, it can be stated that all the tribal communities are mostly agricultural labours and that comprises most of the Rabhas. Further, it can also be said that most of the Oraos are casual workers, but none among the tribal communities are

MGNREG workers. We know, most of the villagers of Jalpaiguri and Alipurduar district are tea garden workers but the villagers of Foskadanga village have agriculture as their prime of income.

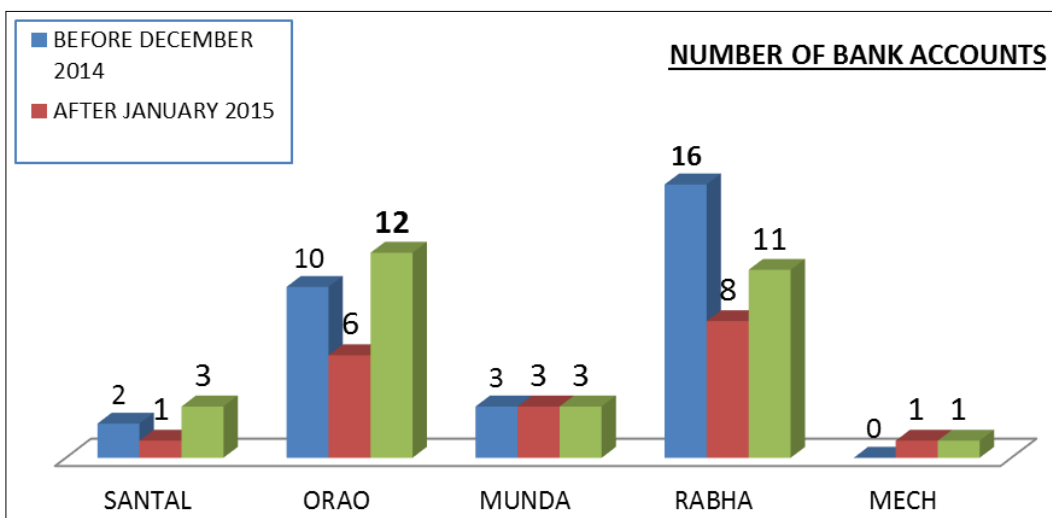


Source: Primary Data Survey

Fig 1: Income Range of the Surveyed Households

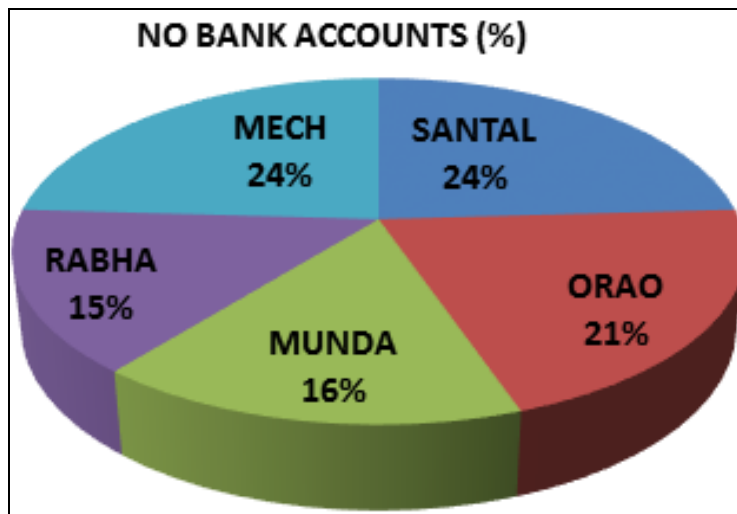
From the above table, it can be stated that all the tribal communities have monthly incomes ranging from Rs. 1,000-Rs.6,000 and most of the Oraos have monthly incomes

ranging between Rs. 3,000- Rs.6,000. Among all the Mech households, only 2 of them earn and that also ranging between Rs. 1,000 to Rs. 6,000.



Source: Primary Data Survey

Fig 2: Number of Tribals having Bank Accounts before December 2014, after January 2015 and no Bank Accounts



Source: Primary Data Survey

Fig 3: Percentage of Tribals having no Bank Accounts

From Figure 2, it has been shown that the most of the Oraos have no bank accounts (12). Most of the Rabhas opened bank

accounts (16) before December 2014. It has also been shown that 50% of the Mechs and Santals have no bank accounts.

Table 6: Causes of not opening bank accounts

Name of the communities	No savings	Insecure	Long banking procedure	Deposited in Unorganised sector	Loan payment to the mahajan	Others
SANTAL	03	00	00	00	00	00
ORAO	05	00	01	02	02	02
Munda	02	00	00	00	01	01
Rabha	01	02	02	03	02	01
Mech	01	00	00	00	00	00

Source: Primary Data Survey

Among all the tribal communities mentioned in Table 6, most of the Oraos and Santals do not access banking facilities as they do not have adequate savings. The Rabhas, mostly, feel insecure in opening bank accounts and also feel disheartened

of the long banking procedures and so they prefer to deposit in unorganized sector to avoid the rules and regulations of formal banking system.

Table 7: Purposes of Opening Accounts after January 2015

Name of the communities	For PMJDY	Income increased	For secured purpose	For savings	For subsidy	Others
Santal	00	00	01	00	00	00
ORAO	01	02	02	00	00	01
Munda	00	00	02	00	00	01
Rabha	02	04	00	01	01	00
Mech	00	00	01	00	00	00

Source: Primary Data Survey

From the above table, it can be highlighted that the Rabhas have opened bank accounts after January 2015 due to their increase in incomes. The Santals and Mechs have opened accounts in order to secure their earnings. So, from this table,

it can be stated the launch of the PMJDY has made no such change in the decisions of opening accounts among most of the tribes.

Table 8: Knowledge about PMJDY

Name of the communities	Have clear idea (%)	Little idea (%)	Heard but no idea (%)	No idea (%)
Santal	00	00	33.33	66.67
ORAO	10	14.29	25	50
Munda	11	11.11	22.22	55.56
Rabha	20	28.57	22.86	28.57
Mech	00	00	50	50

Source: Primary Data Survey

It can also be clearly stated from the above table that only the *Rabhass* have clear idea about the facilities of PMJDY to some extent (20%). Most of the households of all the five communities' donot have any knowledge about the benefits

and utilities of PMJDY. Again, the people of *Santal* and *Mech* communities' donot have little idea on PMJDY. Very poor percentages of Munda communities have little knowledge of PMJDY.

Table 9: Media for taking knowledge of PMJDY

Name of the communities	Radio	Television	Advertisement	Local representatives	Others
Santal	00	00	00	00	00
ORAO	00	01	01	00	01
Munda	00	00	00	00	01
Rabha	01	04	01	00	01
Mech	00	00	00	00	00
Total	01	05	02	00	03

Source: Primary Data Survey

Further, from Table 9, it can be acknowledged that television plays a major role as a source of media for communicating the benefits and uses of PMJDY, particularly to the *Rabhass*. But

the local representatives have not taken any initiatives to communicate the facilities of PMJDY. Advertisement plays a little bit role in enhancing the knowledge of the tribes.

Table 10: Opinions on PMJDY

Name of the communities	Very good scheme	Good scheme	Average scheme	Bad scheme	Very bad scheme
Santal	00	00	00	00	00
ORAO	05	01	01	00	00
Munda	01	01	00	00	00
Rabha	12	03	02	00	00
Mech	00	00	00	00	00
Total	18	05	03	00	00
Percentage (%)	68.23	19.23	11.53	00	00

Source: Primary Data Survey

Those who have some knowledge on PMJDY, they are considered for the study to know about the quality of the schemes. Most of the tribal communities who have knowledge about the utilities of PMJDY, have given most favorable opinions (68.23%) about this programme. But, there are also some of them who mentioned PMJDY as an average scheme (11.53%), as they are not aware about all the benefits of PMJDY.

Suggestions and Conclusion

The Pradhan Mantri Jan Dhan Yojana scheme (PMJDY) has shown substantial growth in the number of accounts opened. In this globalization era, it is important to financially include each and every sections of the society in this scheme to achieve the goal of inclusive growth of the nation. The PMJDY scheme is fully helpful to rural and urban area people in getting directly government financial services^[5]. But it has been seen that this programme still have not been able to reach all the tribal communities of the economy. So, there is a great need to create awareness among each and every community about all the benefits of PMJDY, so that all the households will mention PMJDY as the best programme for the economic development of rural India. Thus, it can be suggested that,

- Local awareness programmes on regular basis should be started.
- Local representatives may take initiatives to make the people aware of this programme.
- Advertisement on local basis through proper channels should be spread out over the local areas.
- Banking institutions may take initiatives through different

organizations for convincing the local people.

- Banks may start a fair taking the rural people regarding the awareness of the banking products.
- Investment awareness programmes should be started in rural areas, especially in the rural area like the Foskopadanga.
- More Rural bank branches should be opened within reachable distance of the rural people.

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