



## Financial Freedom Through PMJDY – Success Story of Canara Bank by Innovative Implementation of Financial Literacy Plan: an Empirical Study

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### ABSTRACT

*Bringing every household within the grasp of the banking system there has been an ongoing process started a decade ago. However, the present Indian government has packaged it in a mission mode and made it an achievable target. In order to reduce the degree of “financial untouchability” the new government has come up with a big bang action plan which is popularly known as “Pradhan Mantri Jan-Dhan Yojana” (PMJDY). It is a mega financial inclusion plan with the objective of covering all households in the country with banking facilities along with inbuilt insurance coverage. The purpose is to accelerate growth, fight poverty effectively and to empower the last man in the last row in Indian economy. Amid this background, the present paper endeavours to study the recent trends in financial inclusions in India with special reference to PMJDY, analysis of its different key areas, the barriers in the process and suggests strategies to ensure maximum financial inclusion for the underprivileged and unbanked areas.*

**KEYWORDS : FINANCIAL INCLUSION, PRADHAN MANTRI JAN-DHAN YOJANA(PMJDY), FINANCIAL LITERACY PLAN (FIP), BUSINESS CORRESPONDENT (BANK MITRA), RUPAY CARD, MICRO INSURANCE, OVERDRAFT FACILITIES**

### INTRODUCTION

PMJDY is National Mission for Financial Inclusion to ensure access to financial services, namely Banking Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in an affordable manner. This financial inclusion campaign was launched by the Prime Minister of India Mr. Narendra Modi, on 28<sup>th</sup> August 2014. He had announced this scheme on his first Independence Day speech on 15<sup>th</sup> August 2014. Run by Department of Financial Services, Ministry of Finance, on the inauguration day, 1.5 Crore bank accounts were opened under this scheme.

### METHODOLOGY

This is an empirical study. Secondary data from Books, websites, print media, electronic media were utilised.

### PMJDY SCHEME

PMJDY is National Mission for Financial Inclusion to ensure access to financial services, namely, Banking/ Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in an affordable manner.

Account can be opened in any bank branch or Business Correspondent (Bank Mitra) outlet. PMJDY accounts are being opened with Zero balance. However, if the account-holder wishes to get cheque book, he/she will have to fulfil minimum balance criteria.

### DOCUMENTS REQUIRED FOR PMJDY

- Aadhaar Number or
- Voter ID Card, Driving License, PAN Card, Passport or NREGA Card.

If a person does not have any of the of ficially valid documents mentioned above, but it is categorized as low risk by the banks, then he/she can open a bank account by submitting any one of the following documents:

- Identity Card with applicant's photograph issued by Central/State Government Departments, Statutory/Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks and Public Financial Institutions;
- Letter issued by a gazette officer, with a duly attested photograph of the person.

### SPECIAL BENEFITS UNDER PMJDY SCHEME

- Interest on deposit.
- Accidental insurance cover of Rs.1.00 lakh
- No minimum balance required.
- Life insurance cover of Rs.30,000/-
- Easy Transfer of money across India
- Beneficiaries of Government Schemes will get Direct Benefit Transfer in these accounts.
- After satisfactory operation of the account for 6 months, an overdraft facility will be permitted
- Access to Pension, insurance products.
- Accidental Insurance Cover, RuPay Debit Card must be used at least once in 45 days.
- Overdraft facility upto Rs.5000/- is available in only one account per household, preferably lady of the household.

### WHAT IS BSBD ACCOUNT ?

Basic Savings Bank Deposit Account (BSBDA) has been defined by RBI vide its circular dated 10.08.2012. Its salient features are:

- There is no requirement of minimum balance.
- The services available include deposit and withdrawal of cash at bank branch as well as ATMs; receipt/credit of money through electronic payment channels or by means of collection/deposit of cheques.
- Maximum of 4 withdrawals a month including ATM withdrawal. No such limit for deposits.
- Facility of ATM card or ATM-cum-Debit card.
- These facilities are to be provided without any extra cost.

### GUINNESS WORLD RECORDS

Guinness World Records Recognises the Achievements made under PMJDY, Guinness World Records Certificate says “The most bank accounts opened in 1 week as a part of financial inclusion campaign is 18,096,130 and was achieved by Banks in India from 23<sup>rd</sup> to 29<sup>th</sup> August 2014”. By 2<sup>nd</sup> September 2015, 18.04 crore accounts were opened, with around Rs. 23255 crore were deposited under the scheme.

**TABLE-1. PMJDY ACCOUNTS OPENED AS ON 02.09.2015**

S.No		No Of Accounts			No Of RuPay Debit Cards	Balance In Accounts	% of Zero Balance Accounts
		Rural	Urban	Total			
1	Public Sector Banks	7.76	6.35	14.1	12.83	18207.10	43.55
2	Regional Rural Banks	2.76	0.47	3.23	2.37	3939.03	45.51
3	Private Banks	0.42	0.28	0.71	0.62	1108.88	43.66
	<b>Total</b>	<b>10.94</b>	<b>7.10</b>	<b>18.04</b>	<b>15.82</b>	<b>23255.00</b>	<b>43.96</b>

## TWO PHASES OF PMJDY

### PHASE-I: FROM 15<sup>TH</sup> AUGUST 2014:

- Universal access to banking facilities for all households across the country through a bank branch or a fixed point Business Correspondent (BC) called Bank Mitra within a reasonable distance except areas with infrastructure & connectivity constraints.
- To cover all households with atleast one Basic Banking Account with RuPay Debit card having inbuilt accident insurance cover of Rs.1 lakh. Further an overdraft facility upto Rs.5000 will also be permitted to Aadhaar enabled accounts after satisfactory operation in the account for 6 months.
- Financial literacy programme which aims to take financial literacy upto village level.
- The Mission also envisages expansion of Direct Benefit Transfer under various Government Schemes through bank accounts of the beneficiaries of.
- The issuance of Kisan Credit Card (KCC) as RuPay Kisan Card is also proposed to be covered under the plan.

### Phase-II: from 15<sup>th</sup> August 2015:

- Providing micro –insurance to the people.
- Unorganised sector Pension schemes like Swavalamban through the Business Correspondents.
- The Yojana is being monitored in a Mission Mode with the Finance Minister being the Head of the Mission.

### FEATURES OF PMJDY

1. Account holders will be provided zero-balance bank account with RuPay debit card, in addition to accidental insurance cover of Rs 1 lakh(to be given by 'HDFC Ergo').
2. Those who open accounts by January 26, 2015 over and above the 1 lakh Rs. accident, they will be given life insurance cover of Rs. 30,000(to be given by LIC).
3. After Six months of opening of the bank account, holders can avail 5,000 Rs. overdrafts from the bank.
4. 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.
5. Mobile banking for the poor would be available through National Unified USSD Platform (NUUP) for which all banks and mobile companies have come together

### MILESTONES ACHIEVED UNDER PMJDY WITHIN 1 YEAR

- Banks have opened 17.74 Crore accounts under PMJDY with deposit of more than 22000 crores.
- Aadhaar has been seeded in 41.82% of account opened under PMJDY.
- To ensure universal banking access more than 1.26 lakh Bank Mitras have been deployed with on-line devices capable of e-KYC based account opening and interoperable payment facility.
- 131012 Mega Financial Literacy camps were organized by banks under PMJDY 'in coordination with various agencies and 89876 Financial Literacy counters , to spread awareness on PMJDY, use of RuPay cards etc. 147418 students in 2567 schools/collage were imparted training on Financial literacy from September 2014 to April 2015
- More than 10 lakhs accounts have been found eligible for Overdraft facility. Out of these, overdraft facility has been availed by 164962 account holders.
- 847 Claims of Life cover of Rs.30000 and 389 Claims of accident insurance cover of Rs. 1 lakh have been successfully paid.
- As on 22nd August, 2015, 8.17 crore beneficiaries have been enrolled under the Pradhan Mantri Suraksha Bima Yojana and 2.76 crore have been enrolled under Pradhan Mantri Jeevan Jyoti Bima Yojana. 6.83 lakh account holders have been enrolled under Atal Pension Yojana.
- Zero balance accounts in PMJDY have declined from 76% to 45.74% from September 2014 to 19th August 2015

### SUCCESS STORY OF CANARA BANK

Canara Bank has been the leader in implementation of Financial Inclusion Plan (FIP). The Bank believes that the financial inclusion has thrown open opportunities to tap the hitherto untapped rural areas. The bank has a track record of achieving all the parameters under the FIP since the plan was rolled out.

To reach out to the rural area and to bring the unbanked households to our fold, the

Bank has opened 1797 rural branches till date and a whopping 45% of the rural branches are financial inclusion branches, tally of which stands at 803.

During the PMJDY campaign period, almost 12 crore accounts were opened by the banking industry. Of which, over 67% of such accounts opened continues to remain as zero balance. Against this, Canara Bank's share of zero balance accounts is only 38%, thanks to the effects of financial literacy initiatives of the Bank.

3962 SSAs and 3371 Wards (in total 7333) were allotted to Canara Bank under the Pradhan Mantri Jan Dhan Yojana. The Bank opened 60.38 Lakh accounts during the first phase and mobilize Rs.738 Crore CASA taking the average balance in the newly opened account to Rs.1222, by a bank with 5635 plus branches.

### MOBILISING PMJDY THROUGH FINANCIAL LITERACY PLAN

The rural people were educated in the financial literacy camps by lectures, distribution of the literacy materials. The financial literacy has changed the attitude of the rural people and directed them to open their accounts, most of them with some balance, with branches near to their residence or with our Bank Mitras. As a result, the newly opened accounts under the scheme have generated low cost deposit of Rs. 738 crores which was not in the banking system earlier.

The people were convinced about having a bank account and necessity to transact with the bank for safe keeping of their funds and reaping the benefits of the technology driven banking products and services through the financial literacy measures. The staff, Officers, Managers of the bank, Bank Mitras and counsellors of Financial Literacy Centres were deeply involved in popularizing the PMJDY scheme in various forums and through camps, publicity materials, meetings and monthly camps.

### INNOVATIVE STEPS OF CANARA BANK

- Formed 'Canara Financial Advisory Trust' to take care of the affairs of the Financial Literacy Centres (FLCs) of the Bank and Sponsored RRBs. Pan India, the Bank has 63 FLCs.
- Involved FLCs during the Pradhan Mantri Jan Dhan Yojana Saturday camps and Mega Camps for financial literacy.
- Financial Literacy Centres have educated 15.32 Lac persons and counselled 1.92 Lac persons till January 2015.
- Brought out a comics book on "Money and Savings" in 9 languages and distributed to 2 lakh people through the rural and semi urban branches.
- Organized 35 Financial Literacy programmes for 1057 leaders of NGO/SHG in Tamil Nadu, Karnataka Kerala.
- Financial literacy programmes on "Banking and Finance" in 60 rural schools in Agra and Aligarh districts, Uttar Pradesh by distributing the comics books. About 30,000 students benefitted.
- Financial Literacy programmes were also organized for 46 teachers in five rural schools in Chitradurga district, Karnataka who in turn will impart financial literacy to the students.
- Printed and distributed "Financial Diary" in Hindi brought out by RBI to rural and semi urban branches reaching 70000 people.
- 100 Street Plays of Financial Literacy were conducted in the states of Bihar, Orissa Uttar Pradesh and West Bengal.
- Financial literacy programme on banking and finance was conducted for the rural
- Govt Schools in Karnataka through the use of tablet PC. Organized in 26 schools and about 5000 students benefitted.
- Translated the CD on Financial Literacy brought out by College of Agriculture Banking (CAB), Pune in Tamil, Malayalam and Kannada and sent to the Staff Training Colleges, RUDSETIs, and RSETIs for training programmes.
- An interview based programme on Financial Literacy programme on DBTL and Aadhaar seeding was telecast thrice through DD, Trivandrum to educate the people.
- Financial Literacy programmes on banking and finance broadcast through Community Radio station (90.4FM) to cover 8 lakh population in remote rural areas in Karnataka state.

- Educated the people of West Bengal and Orissa on safe parking of their funds through the paper advertisements.
- Brought out 6 TVCs on Financial Literacy educating the public on micro insurance, safe investment, GCC, KCCS, BSDA and MSME and telecast during all the episodes of RBI quiz telecast through DD National and DD Sahyadri.
- Thirteen Financial Literacy Camps conducted in association with 3 voluntary agencies, 720 participants trained in January 2015.
- A Ratio talk and interaction programmed on FM radio 'Kali Purse, kaitumba Hana' giving all the benefits and details of PMJDY.
- Twenty Yakshagana plays were organized to spread financial literacy to the villagers of Shimoga and Uttara Kannada Districts. About 4500 villagers benefitted.
- Appointment of Facilitator exclusively for intensifying the Financial Literacy efforts.
- Engaging Financial Literacy Coordinators at different locations to monitor and motivate the Bank Mitras to involve in Financial Literacy in a big way in their SSAs.
- Trained Bank Mitras through Indian Institute of Banking & Finance & ILFS. They were provided with extensive training on Banking and Technology by the Bank and the Corporate BC.
- Personal visits of General Managers/Deputy General Managers from Head Office to all the controlling offices across the country to monitor the progress and conduct of financial literacy camps along with weekly/ monthly camps for account opening.
- Special training to Branch Managers for conducting financial literacy programmes at their branches/in their service area.

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