



Role of Pradhan Mantri Jan Dhan Yojana (PMJDY) in India

KEYWORDS

financial inclusion, PMJDY, banking, services, financial literacy

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ABSTRACT

Financial inclusion means providing financial products and services to people at very low cost or providing financial services to that section of society, which do not have basic banking facilities, such as saving accounts or deposit and payment facility. For effective growth of economy, it is necessary to involve those people in banking sector who are not having access to banking sector, so that they can avail benefits of banking services and facilities, and develop habits of small savings. This paper describes that what is the status and progress report of Pradhan Mantri Jan Dhan Yojana and what are various challenges in the way of financial inclusion in India. This paper is descriptive in nature and simple trend analysis is used to describe progress of (PMJDY), paper also described various challenges faced by financial inclusion in India as well various steps taken by authorities to promote financial inclusion in India. Study suggest that private and public sector banks along with Government and RBI has to play much active role in creation of awareness among deprived section of society, and to design more innovative products for the poor section to promote financial inclusion in India.

Introduction

In his first Independence Day address as the Prime Minister of India, Narendra Modi announced that his government would ensure that all the citizens of India have access to bank accounts and debit cards. In keeping with this ambition, on August 28, 2014, Modi formally launched the **Pradhan Mantri Jan Dhan Yojana** the scheme that should end 'financial untouchability' of the poor masses in the country. The project has been modelled to fulfil his vision of financial inclusion by providing economic benefits for all sections of Indian society. The Pradhan Mantri Jan Dhan Yojana (PMJDY) is a scheme that aims to provide all the citizens of India especially the poor masses a bank account, credit facility, insurance cover and debit card. The aim of this scheme is highlighted by its slogan "Mera Khata - Bhagya Vidhaata". In the long run, the scheme will also allow the poorer sections to avail themselves of subsidies and overdraft facilities through their bank accounts, which are intended to eliminate money-lenders, commission agents and corruption.

Mark Taylor (2010). Identify the key determinants of Financial Literacy. Using panel data models, He fined the key determinants to financial literacy are age, health, household size and structure, housing tenure, and the employment status of the individual and other household members. Older men and women in full-time work with an employed spouse have the most financial capability although many of these characteristics have significant impacts on financial capability, but results suggest that age, and employment status has the largest impacts.

Tullio Jappelli (2009), has done a comprehensive assessment of literacy across the world based on a survey of executives in 55 countries, in 1995-2008. The survey respondents are a selected group of managers and country experts. Through descriptive analysis he shows that literacy varies quite substantially among countries, and the regression analysis shows that its level depends on educational achievement, social interactions (as proxies by the share of urban population), and mandated savings in the form of social security contributions. The contribution rate is used as an (inverse) proxy for financial market deepening to minimize the risk of reverse causation between financial literacy and financial development, financial knowledge depends on cognitive ability.

Puneet Bhushan & Yajulu Medury (2013). Suggest that overall financial literacy level of respondents is not very high. Financial literacy level gets affected by gender, education, income, nature of employment and place of work whereas it is found that the people who are government employee has less level in comparison to the private employee, geographical region do not affect the level of

financial literacy. The level of financial literacy among the working young in urban India is similar to the levels that prevail among comparable groups in other countries i.e. the influence of several socio-demographic variables like influence of family income and gender on various dimensions of financial literacy is similar as recorded in other studies in Indian context.

OBJECTIVES OF THE STUDY

1. To identify the determinants of financial literacy and education.
2. To study about Role of Pradhan Mantri Jan Dhan Yojana (PMJDY) in India

DETERMINANTS OF FINANCIAL LITERACY AND EDUCATION

Financial education is "the process by which financial consumers/investors improve their understanding of financial products and concepts and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being." The financial literacy level majorly depends upon the education and income of the individuals; the social factors such like family size, family background, age, regions nature of employment have a little impact on this.

(a) Gender: Financial literacy is affected by gender as women's literacy in India is matter of debate since past, hear as women's are saving rate among women's is high not in formal ways as there are several biasness only the matters of education among them .in the present periods India has improving status of women's in terms of educations as well as employment level.

(b) Age: Financial literacy follows an inverted-U shape with respect to the age. Financial literacy increases among the youths is high as soon as the age increases it decline this is may be due to time as soon as time varies a lot of changes took place in the financial market and youth is make effort to update and accept the changes.

(c) Education & Income: Financial literacy is associated with higher educational attainment and income. As soon as the education levels of individuals increases their understanding about the financial terms and clarity about their financial needs and goals in order to protect their finance they increases the effort toward the accessing the information ,which ultimately enhances their knowledge of present financial services and products.

(d) Geographical region & Employment Financial literacy is associated with more sophisticated investment. Financial literacy is

independent of geography and religions of the individuals. While it is dependent upon the nature of employment the private employees have better levels in comparison of government employees

The following tables will explain the financial literacy index of 16 countries .FLI have shows that total value, mean and standard deviation is exhibited table1

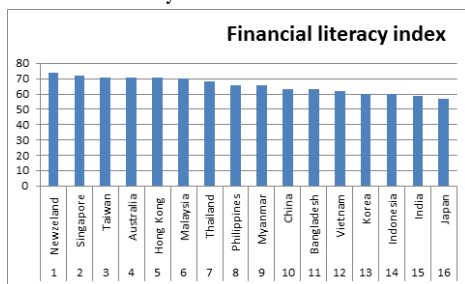
Table: 1 Financial literacy index

S.no	Country	FLI	Rank
1	Newzeland	74	1
2	Singapore	72	2
3	Taiwan	71	3
4	Australia	71	4
5	Hong Kong	71	5
6	Malaysia	70	6
7	Thailand	68	7
8	Philippines	66	8
9	Myanmar	66	9
10	China	63	10
11	Bangladesh	63	11
12	Vietnam	62	12
13	Korea	60	13
14	Indonesia	60	14
15	India	59	15
16	Japan	57	16
Total		1053	
Mean		123.8824	
S.D		5.356849	

Source: financial literacy index

Table 1 reveals that the financial literacy index in 16 countries. Out of 16 countries the highest rank in FLI Newzeland and the lowest financial literacy index in Japan countries .the mean value of FLI 123.8824. The standard deviation is 5.3568 of selected indicators of Financial Inclusion have shows No. of Bank Branches, No. of ATMs, Bank Credit and Bank Deposits in (Crores). The bank deposits are highest value in the country of korea in 80.82 crores in selected countries.

Chart-1 financial literacy index



Source: financial literacy index

Special Benefits under PMJDY Scheme

- Interest on deposit.
- Accidental insurance cover of Rs. 1 lakh
- No minimum balance required.
- Life insurance cover of rs.30,000
- Easy transfer of money across india
- Beneficiaries of government scheme 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 atleast once in 45 days.
- Overdraft facility upto Rs.5000/- is available in only one account

per household, preferably lady of the household.



Table-1 Pradhan Mantri Jan-Dhan Yojana statistics as on 1 February 2017 (All Figures in Crores)

S. No	Banks	No.Of Accounts			Number Of Rupay Cards	Aadhaar seeded	Balance In Accounts	% Of Zero Balance Accounts
		Rural	Urban	Total				
1	Public Sector Banks	12.08	9.81	21.89	17.24	13.33	51,802.19	24.83%
2	Regional Rural Banks	3.97	0.63	4.60	3.41	2.38	₹12,316.58	20.95%
3	Private Banks	0.54	0.36	0.90	0.84	0.40	₹2,372.87	35.19%
	Total	16.59	10.80	27.39	21.48	15.98	₹66,491.64 crore (US\$9.9 billion)	24.52%

Source:www.pmjdy.gov.in

The table 1 shows that, The total number of savings bank accounts opened in rural and urban areas under PMJDY scheme, Number of RuPay debit card issued, balance in accounts, Number of accounts opened with zero balance and Aadhaar seeding under PMJDY scheme in Public sector banks, Regional Rural banks & Private sector banks. It is found that, 27.39 crores accounts were opened under the scheme, amongst Public sector banks had opened 21.89 crores accounts, Regional Rural banks had opened 4.60 crores accounts & Private sector banks had opened 0.90 crores accounts as on 1st February 2017. Furthermore, it is found that, the total 16.59 crores accounts were opened under the scheme in rural areas, amongst Public sector banks had opened 12.08 crores accounts, Regional Rural banks had opened 3.97 crores accounts & Private sector banks had opened 0.54 crores accounts. Total 10.80 crores accounts were opened under the scheme in urban areas, amongst Public sector banks had opened 9.81crores accounts, Regional Rural banks had opened 0.63 crores accounts & Private sector banks had opened 0.36 crores accounts. It revealed that, total of 21.48 Crores RuPay debit card issued by banks under PMJDY as of 1st February, 2017. Out of 21.48 crores, 17.24 Crores RuPay debit card issued by Public Sector banks, 3.41Crores RuPay debit card issued by Regional Rural banks, & 0.84 Crores RuPay debit card issued by Private Sector banks. It is found that, total of 27.39 Crores bank accounts have been opened with deposits totalling 66,491.64 crores as of 1st February 2017. Out of which, Balance in Public sector banks 51802.19 crores, Balance in Private sector banks 12316.58 crores, & Balance in Regional Rural banks 2372.87 crores. It is found that, 24.52% accounts were opened with zero balance under the PMJDY scheme, amongst Public sector banks had opened 24.83% accounts with zero balance, Regional Rural banks had opened 20.95% accounts with zero balance & Private sector banks had opened 35.19% accounts with zero balance. It concludes that, 35 per cent zero balance accounts were opened under PMJDY scheme out of the total accounts opened under this

scheme.

Conclusion

We have concluded from study that due to PMJDY additional 17.57 crore account has opened in India, through various bank viz. Public Sector Bank, Private Bank and Regional Rural Bank. It signifies that due to launch of PMJDY financial inclusion has headed towards positive direction. As PMJDY is a National Mission on Financial Inclusion encompassing an integrated approach to bring about comprehensive financial inclusion of all the households in the country it has approached effectively by achieving massive number of account opened under scheme, not account opened electronic card (Rupay) also issued and availing Zero Balance Account, which make more effective to this scheme, around 45.56% of total account opened under this scheme are zero balance account.

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