

Pradhan Mantri Jan DhanYojna and Financial Inclusion in Uttarakhand

Abstract

With the objective of financial inclusion of a large segment of population of the country, especially in rural areas, Pradhan Mantri Jan DhanYojna was launched on August 28, 2014. The main purposes of this mission were to provide access to banking facilities with at least one basic banking account for every household and financial literacy, access to credit and insurance etc. According to the target, banks were given the responsibilities to cover every household and every corner of the country by SSAS. PradhanMantri Jan DhanYojna was launched throughout the nation and in Uttarakhand State too. Numerous efforts have been taken by banks and government to cover maximum household at village, block and district level. Districtwise progress shows 100 percent coverage of household under the scheme in Uttarakhand. More accounts have been opened in rural areas than urban area. For opening new accounts nationalized banks have performed better than the private banks in the State.

Keywords: Financial Inclusion, Financial Literacy, Mission, Household.

Introduction

Financial inclusion is the process of ensuring access to main streams financial services and timely adequate credit to all excluded people, vulnerable groups such as weaker sections and low income group at an affordable rate. PradhanMantri Jan DhanYojna (PMJDY) is one of the biggest schemes for financial inclusion initiative in the world. PMJDY was launched on August 28, 2014. The main purpose of this yojna is to provide access to banking facilities with at least one basic banking account for every household, financial literacy, access to credit and insurance etc.

Background of Financial Inclusion

A large proportion of households/ area do not have access to basic banking facilities, especially in rural and remote areas in the country. To fulfill this requirement much emphasis has been given by Reserve Bank of India and Government of India to provide financial services to the unbanked areas. The most important initiatives for financial inclusions are the SHG-BPL (Self Help Group Bank Linkage Programme) and MFIs (Microfinance Institutions). The SHG-BPL of NABARD started as a pilot project in 1992. This approach basically aimed at encouraging the poor to save. In the year 2011, the Government of India gave a serious push to the programme by undertaking the 'Swabhiman' campaign to cover over 74000 villages with population more than 2000 (as per 2001 census) with banking facilities.

In order to facilitate the smooth implementation of the Electronic Benefit Transfer (EBT) scheme for getting social benefits like MGNREGA wage, government proposed cash transfers with respect to subsidies on kerosene, LPG and fertilizers for which guidelines were issued on November 30, 2011 to all scheduled commercial banks to ensure opening Aadhar enabled bank schemes of all the beneficiaries residing in the villages provided the population of village is less than 2000 population. To achieve the objective of financial inclusion to the large segment of the population of the country, especially in rural area PMJDY was launched on August 28, 2014. The main features of this yojna are:-

1. Banking Facilities with at least one basic banking account for every household.
2. Account can be opened in any bank branch at zero balance.
3. Beneficiaries will get direct benefit transfer in these accounts.
4. A facility of call centre and toll free number are available nationwide.
5. Rs. 500/- over draft facility for Aadhar linked account and a Rupay card with Rs. One Lakh accident insurance cover.

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6. Life insurance cover of Rs. 30,000/- is available to the eligible beneficiaries for account opened between 15th August 2014 and 26 January 2015.
7. After remaining active for 6 months, the account holder will become eligible for an overdraft of up to Rs. 5000/-.
8. The Programme is monitored at state level by a State Implementation Committee and in the district by District Implementation Committee.
9. Easy transfer of money across India.
10. Facility of banking, saving and deposits accounts, remittance, credit, insurance, pension in an affordable manner etc.

For fulfillment of above objectives, the mission was implemented in two phases. The time frame of Phase I was from 15th August 2014 to 14th August 2015 and the Phase II was from 15th August 2015 to 14th August 2020. Bankers were given the responsibility to cover every area and corner of the country by SSA. SSA is a Sub Service Area under lead Bank Scheme. Service Area Approach under which village are identified and assigned to bank branches was based on their proximity and contiguity. SSA is a cluster of more than one village wherein about 1000 to 1500 households are brought under such cluster for providing banking services. The banks deput business correspondents to cover every household of the country for financial inclusion.

The vision behind this mission is that everybody should have "Dhan" or their economic condition should improve through this yojna. Also the unbalanced distribution of income and wealth will improve through this mission. Many times, the secret

money of housewives used to be stolen by their husbands and others for the purpose of wine, tobacco and other addictions. If everybody will have their own bank account, he or she can save by depositing their money in the account.

Objectives of the Study

The Objective of this paper is to study the role of PMJDY in financial inclusion of Uttarakhand.

Methodology

This study is based on secondary data. The data is collected from AarthikServekshan of Uttarakhand, research papers, newspapers, books, internet and other sources. For the analysis percentage, average and simple ratio methods have been used.

Result and Discussion

As Table-1 shows expansion of banks branches during the period 2014 to 2018 in Uttarakhand, This is the main phase of Jan DhanYojna. In 2014 total number of banks branches were 2113 in Uttarakhand which became 2351 in 2018. In the expansion of bank branches, private banks excelswith 106 branches. Following this nationalized banks are on second number with 96 branches. Although there is no increase in the number of branch of RRBs, co-operative bank shows growth of 36 branches during this period.

As far as account opening under Jan DhanYojna is concerned, nationalized banks have shown far better result than private banks. Till 2018, about 90 percent account holders were in nationalized bank under PMJDY. Only 2.1 Percent beneficiaries were in private banks.

Table: 1
Progress of Banking in Uttarakhand 2014 to 2018

S.No.	Name of the Bank	Till 2014 Number of Bank Branches	Total No. of Jan Dhan Account	Till 2018 Number of Bank Branches	Increase in number of Bank	% of account
1	Nationalized Bank	1417	2106177	1513	96	86.9
2	Regional Rural Bank	287	166199	287	0	6.9
3	Other Private Bank	157	48837	263	106	2.1
4	Co-operative Bank	252	99754	288	36	4.1
5	Total	2113	2420967	2351	238	100.0

Source: Uttarakhand at a Glance 2014-15, Department of Economics and Statistics, Department of Planning, Uttarakhand and AarthikSarvkshan 2018-19, Government of Uttarakhand.

Under PradhanMantri Jan DhanYojna, 1,331,578 number of new accounts were opened up to May 2017, in which 60.9 percent accounts were in rural areas in Uttarakhand against 58.8 percent at all India level. Among total number of new account, 59.9 percent were Aadhar linked and 81.5 percent beneficiaries were issued Rupay Card. This is also

more than all India average of 78.0 percent. In respect of population, Uttarakhand has performed well under PMJDY with 21.6 Percent of new accounts. Here all India percentage of account is slightly high 21.7 Percent in comparison to population of India. We can see this in the Table 2.

Table-2
Details of PMJDY Account in Uttarakhand and All India (2017)

State/Country	Rural Account	Urban Account	Total	Account Linked with Aadhar	Rupay Card Issued	PMJDY Account in Comparison to Population	No. of ATM
Uttarakhand	1331518	854172	2185690	1309121	1781652	10116752	2609
(In %)	60.9	39.1	100	59.9	81.5	21.6	-
All India	169686381	114136133	283822514	187904874	421459055	1305726925	219637
(In %)	58.8	40.2	100	66.1	78.0	21.7	-

Source: Calculated from data of PradhanMantri Jan DhanYojna (Technical Report May 2017)

<https://pmjdy.gov.in/statewise statistics>

<https://www.indiaonlinepages.com/population/Indiacurrent population.html2017>

Table 3 explains phase wise allotment of business correspondent for Uttarakhand and India in four phases. In Uttarakhand in the phase 1 upto 3 August 31, 2014, fifty correspondents each were deputed for both the phases, 65 correspondents for

third phase and rest SSAs were deputed in the fourth phase for any additional left over SSAs. These business correspondents each were given the responsibility to cover every household of the state.

Table-3
Phase Wise Target For Coverage of Business Correspondents

Sate /Country	Phase 1 upto 31.08.2014	Phase 2 15.08.2014 to 30.11.2014	Phase 3 01.12.2014 to 31.3.2015	Phase 4 01.04.2015 to 30.06.2015
Uttarakhand	50	50	65	Any additional left over SSAs
All India	10520	15290	14943	7430 and any additional left over SSAs

Source: Contribution of PradhanMantri Jan DhanYojna- aspirational District Fellowship

<https://www.Aspirationaldistrictin>>

The Table 4 reflects the district wise allotted wards in Uttarakhand. 12.4 percent was in Pithoragarh, 11.9 in Udham Singh Nagar, 11.7 percent in Garhwal, 8.4 percent in Almora, 9.4 percent in Nainital and 7.7 percent in Haridwar.

Minimum numbers of wards were allotted to Bageshwar and Champawat district, 4.3 percent each. All the allotment of wards and SSAs were for the purpose of covering each and every household of the State.

Table-4
District wise household report of Uttarakhand

District Name	Allotted Ward	%Wards allotted
Almora	233	8.4
Bageshwar	118	4.3
Chamoli	183	6.6
Champawat	118	4.3
Dehradun	161	5.8
Garhwal	324	11.7
Haridwar	213	7.7
Nainital	259	9.4
Pithoragarh	344	12.4
Rudraprayag	125	4.5
TehriGarhwal	229	8.3
Udham Singh Nagar	332	11.9
Uttarakashi	130	4.7
Total	2769	100

Source: Department of Financial Services Government of India

We can see the progress of Jan Dhan Account till 31 May 2017 and again 2017 to 29 January, 2020 in the Table-5. Till 31 May 2017 in Uttarakhand 64.3 percent beneficiaries were at rural and semi urban bank branches and 79.7 Percent had issued Rupay card. (Rupay Cards is an indigenous debit card introduced by National Payment Corporation of India (NPC). This card is accepted by

all ATMs for cash withdrawal in the country). On 15 January 2020, 61.3 percent beneficiaries were at rural/semi urban centered bank branches and 80.6 percent had issued Rupay Cards. Increase in balance of beneficiaries account during this period is 72.1 Percent. Progress of allotted wards by SSA's survey shows 100 percent coverage of household under the scheme.

Table-5
Progress under PMJDY in Uttarakhand

	Beneficiaries at rural/semi urban centre bank branches	Beneficiaries at urban/metro centre bank branches	Total Beneficiaries	Balance in beneficiaries account (in crore)	No. of Rupay Cards issued to beneficiaries	% of Beneficiaries issued Rupay Card
Total As on 31 May 2017	1338153	7413921	2079547	71435	1657608	79.7%
(in %)	64.3%	35.7%	100	-	79.7%	
Total As on 15 Jan 2020	1562018	985584	2547602	122925	2054857	80.6%
(in %)	61.3%	38.7%	100	-	80.6%	
	Allotted wards SSAs	Wards SSAs Survey done	Total Household	Covered household	Household coverage %	Wards SSAs Suuvey Pending
As on 31 May 2017	2769	2769	1136431	1136431	100%	0
As on 29 Jan 2020	2769	2769	1136431	1136431	100%	0

Source: Calculated on the basis of the data of Department of Financial Service, Govt. of India

Conclusion

The above discussion clearly shows that in Uttarakhand maximum efforts have been put by banks and Government under PradhanMantri Jan DhanYojna and covered 100 percent household under the scheme. Under coverage of Jan Dhan Account 60.92 percent bank accounts are in rural area. This is more than all India percentage of 59.8 percent. 81.5 percent account holders have been issued Rupay Cards. This is also more than all India percentage which is 78.0 percent. Percentage of Aadhar linked accounts are 59.89 percent. In comparison to population, PMJDY has performed well with 21.6 percent account in Uttarakhand which is almost equal to all India percentage. In account opening nationalized banks have given better results than private banks. 86.9 percents beneficiaries were in nationalized banks till 2018 under Jan DhanYojna.

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