

INVESTIGATING THE OUTCOME OF PRADHAN MANTRI JAN DHANYOJANA (PMJDY) ON ECONOMIC WELL BEINGS OF THE PEOPLE WITH SPECIAL REFERENCE TO MADHYA PRADESH

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ABSTRACT

Pradhanmantri Jan DhanYojna (PMJDY) is a national wide scheme launched by Indian Government in August 28, 2014. The main aim of this scheme is 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 “MeraKhata – BhagyaVidhaata”. 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 (Jan DhanYojana - An Era of Financial Inclusion Begins. (2015, May 09)). This research paper focus on the objectives of to check awareness about the scheme, also to verify the facts with ground reality of this scheme. This research is descriptive in nature therefore a close ended questionnaire has been framed to check the accomplishment of the objectives. A sample of 25 households will be selected random however the actual sample size would be 100 individuals residence of Madhya Pradesh belongs to the rural or semi urban area. The source of the data is primary but the secondary data is also used in this research to get insight about PradhanMantri Jan DhanYojana (PMJDY). The survey will be done in June 2016, just about 22 months after the launch of PMJDY in August 2014. The data will be analyzed with the help of MS excel, SPSS. The findings of the study reflect that majority of respondents aware about the scheme only few of them not aware and friends and relatives was the primary source of information. The study also proves that the scheme will help them to come out from poverty however they are not getting enough support from the banks

INTRODUCTION

According to SreelathaGuntupalli (2016) PMJDY or PradhanMantri Jan DhanYojana is a nationwide scheme launched by Indian government in August 2014 and its core lies at the development philosophy of *Sab KaSath Sab KaVikas*. The basic objective of "PradhanMantriJan-DhanYojana (PMJDY)" is ensuring access to various financial services like availability of basic savings bank account, access to need based credit, remittances facility, insurance and pension to the excluded sections i.e. weaker sections & low income groups. This deep penetration at affordable cost is possible only with effective use of technology. Under the scheme, all 6, 00,000 villages will be mapped to the service area of each bank and at least one fixed point banking outlet will cater to every 1000 to 1500 households, known as “sub service area” or SSA. The

SSA's are then serviced through a combination of bank branches and fixed point business correspondents or bank mitrs. In order to reduce the degree of "financial untouchability", and achieve the mega financial inclusion plan with the objective of covering all households in the country with banking facilities along with inbuilt insurance coverage, the "PradhanMantri Jan-DhanYojana" has been flagged off by the Government which, if effectively implemented, shall accelerate growth, fight poverty effectively and financially empower each individual of Indian economy. 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. The plan envisages universal access to banking facilities with at least one basic bank account for every household, a strong financial literacy drive, access to credit, insurance and pension facility. In addition, the beneficiaries would get RuPay Debit card having inbuilt accident insurance cover of Rs.100000/-. The plan also envisages channeling all Government benefits (from Centre / State / Local Body) to the bank accounts of the beneficiaries and pushing the Direct Benefits Transfer (DBT) scheme of the Union Government. According to the data submitted by banks total 27.77 cr accounts have been opened out of which 16.72 cr account opened in rural areas and total 21.59 cr rrupay cards have been issued and total balance in accounts 64720.94 cr however 24.86% accounts reported zero balance (Table 1) Table 1 Pradhan Mantri Jan-Dhan Yojana

(Account opened as on 22.02.2017)
(All figures in Crores)

Bank Name	Rural	Urban	Total	No of Rupay cards	Aadhar seeded	Balance in account	% of zero balance account
Public Sector Bank	12.18	10.04	22.22	17.32	13.99	51003.87	25.32
Regional Rural Bank	4.00	0.65	4.65	3.44	2.50	11462.12	20.81
Private Banks	0.54	0.36	0.90	0.83	0.40	2254.95	34.60
Total	16.72	11.05	27.77	21.59	16.89	64720.94	24.86

Account opening status before PMJDY scheme launched

Table 2 Bank Account before PMJDY

Alliance	Term	Average Number of new Deposit Accounts added per year (in thousands)	Average Number of new Credit Accounts added per year (in thousands)
NDA- 1	1998-2004	9521	2134
UPA- 1 & UPA- 2	2004-2013	58795	6190

(Kaloji, S. (2016, April 30). Bank Accounts opened in India: Comparing UPA vs NDA-1. Retrieved March 21, 2017, from <https://factly.in/bank-accounts-opened-comparision-upa-vs-nda-1/>)

It states from the table 2 that before launching PMJDY schemes, For all scheduled commercial banks, an average of 95 lakh new deposit accounts were added per year during the NDA-1 regime while an average of 5.87 crore new deposit accounts were added per year during the UPA regime. In other words, the average number of new deposit accounts added

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per year during the UPA regime is 6 times the average number of new deposit accounts added per year during the NDA-1. Similar trend is seen in new credit accounts as well. For all scheduled commercial banks, an average of 21 lakh new credit accounts were added per year during the NDA-1 regime while an average of 61 lakh new credit accounts were added per year during the UPA regime. In other words, the average number of new credit accounts

added per year during the UPA regime is 3 times more than the average number of new credit accounts added per year during the NDA-1 (Kaloji, S. (2016, April 30). So we can say that the bank account opening status was very poor in country before launching PMJDY hence only 76640 thousand (7.67 crore) people was having bank account during (1998-2013).

Pradhan Mantri Jan Dhan Yojna (PMJDY) in Madhya Pradesh

Table 3 PMJDY Bank account status in Madhya Pradesh

State Name	Rural Accounts	Urban Accounts	Total Accounts	Deposit (in Crore)	Aadhaar seeded	Zero Balance Accounts	Rupay Card Issued
MADHYA PRADESH	11971682	12738071	24709753	3039.14	16079806	7519886	17787180

From the table 3 we can say that in Madhya Pradesh alone total account opened was 2.47 crore (Approx) and total rupay card issue was 1.77 crore (Approx) which is less than the account opened. Out of 2.47 crore account opened under this scheme 75 lacs (Approx) have zero balance which accounts almost 31% which is more than the total account having zero balance and this is a matter of concern for the government.

LITERATURE REVIEW

According to Arundati Bhattacharya, Chairman SBI, choosing a cost effective model for financial inclusion will require banks to significantly free up human resources, apart from using a banking correspondent model. With increase in financial inclusion and digitalization of banking, requirement of cash in the economy will reduce thereby helping in controlling unaccounted money in the economy.

According to Sinha (2013) urban co-operative banks have the potential to complete the objectives of financial inclusion. His study thrusts to make financial inclusion a successful business model, banks have to focus on lowering the cost of transactions by leveraging technology and offering more products of credit to the already included population.

United Nations (2006), in its blue book titled “Building Inclusive Financial Sectors for Development”, defines financial inclusion as the “access to the range of financial services at a reasonable cost for the bankable people and farms”. Basic financial services include savings, short and long-term credit, leasing and factoring, mortgages, insurance, pensions, payments, local money transfers and international remittances.

The first basic pillar of the PMJDY is to provide access to banking facilities and services to ensure financial inclusion of hitherto neglected segment of the society. All the more than 6 lakh villages in the country are to be organized into Sub Service Areas and allocate to banks.

Banks are required to provide one fixed point banking outlet as either a branch or Business Correspondent (known as 'Bank Mitra') to cater services to 1000 to 1500 households. Besides, Mobile Telephone services would be effectively utilized to deepen financial inclusion.

Total households in India are 24.67 crore out of which 14.48 crore households have access to banking services. About 13.14 crore rural households are allotted to PSBs and RRBs out of which 7.22 crore households have been provided banking services till March 2014. These banks have to achieve the target of opening of 7.5 crore new bank accounts, comprising 6 crore rural and 1.5 crore urban uncovered households, by March 2015. The target may not be achieved in difficult areas where connectivity constraints exist. To achieve this target, camp approach, modern technology, e-KYC, Aadhar numbers and call centres, etc., will be efficiently used. Accounts of SHGs and Joint Liability Groups will also be opened. The National Payments Corporation of India recently launched an indigenous debit card called the RuPay Debit Card which is India's own card system. Further, the Kisan Credit Card is also to be provided with the RuPay Card. This card covers an accidental insurance benefit of Rs. 1 lakh and life insurance of Rs. 30,000.

OBJECTIVES OF THE RESEARCH

- To check awareness about PMJDY, its benefits and also terms and conditions under the scheme
- To assess the progress made under the PMJDY.
- To study the implications of the scheme
- To explore the PMJDY implementation in rural areas, w.r.t. Madhya Pradesh

RESEARCH METHODOLOGY TO BE USED

For the purpose of this study, 6 villages (Badagaon, Sirol, Duhiya, Mohanpur, Bilara, and Ekhara) under Morar region, district Gwalior, will be selected. Amongst the six villages 25 households will be selected randomly. The actual sample size would be 100 individuals. The source of the data is primary and the tool used is a questionnaire. The secondary data used in this research is to get insight about Pradhan Mantri Jan Dhan Yojana (PMJDY). Primary data will be collected through a close-ended questionnaire. The survey will be done in June 2016, just about 22 months after the launch of PMJDY in August 2014. The main purpose of the survey was to identify the awareness of the PMJDY scheme amongst the people of Morar Tehsil, District Gwalior. Results will be analyzed and interpreted through charts, graphs and tables.

DATA ANALYSIS

Q1. Are you aware about Pradhan Mantri Jan Dhan Yojana (PMJDY)?

Yes	No
85	15

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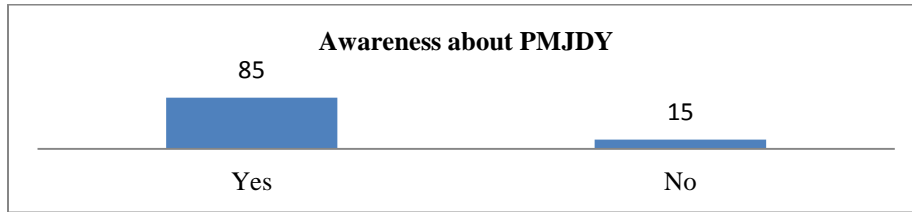


Figure 1 Awareness about PMJDY

It is observed from the figure 1 that out of 100 respondents 85 people were aware about this scheme only 15 people not aware about the scheme (PMJDY) so we can say that the majority of respondents were aware about this scheme. Since 85 respondents were aware about this scheme so further responses only from 85 respondents.

Q2. How did you come to know about Pradhan Mantri Jan DhanYojna (PMJDY)?

A) Friends and relatives	55
B) Media advertisement	10
C) Bank/Financial Institution	10
D) Any other (Please Specify).....	0

The second question asked to respondents about the medium by which respondents were aware, around 75% (Figure 2) people said that they communicated through their friends and relatives about this scheme. Only 12% communicated through media advertising and banks and financial Institutional.

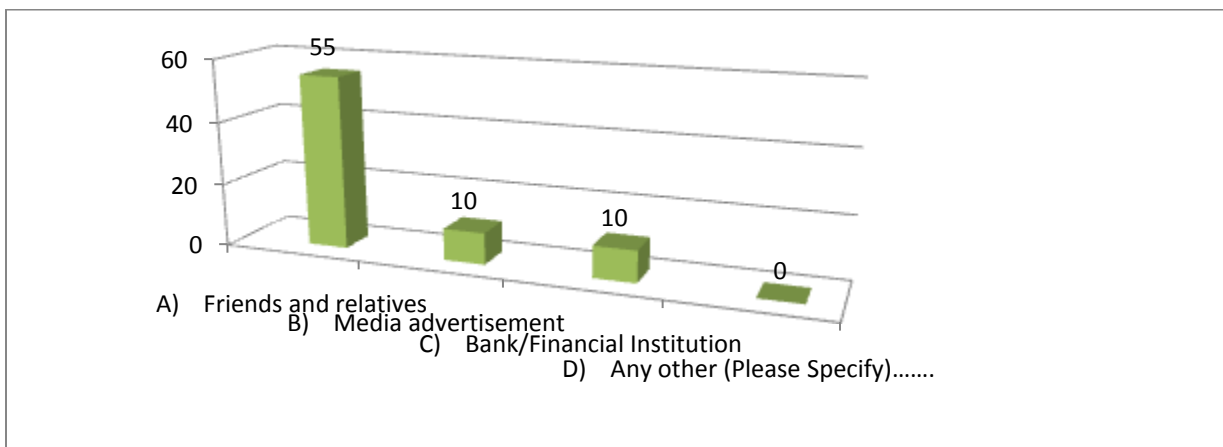


Figure 3 Communication medium for PMJDY

Q3. Have you opened bank account under the scheme of Pradhan Mantri Jan DhanYojna PMJDY?

A) Yes	75
B) No	10

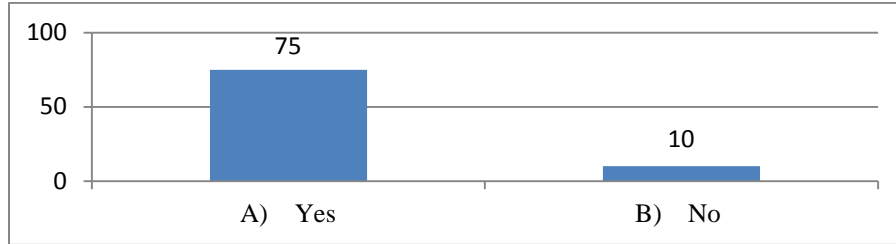


Figure 4 Bank account opened under PMJDY?

So those aware about this scheme 88% (Figure 5) people have opened the account under this scheme which is very good only 12% people not opened the account under this scheme.

Q4. Were all the benefit adequately and timely provided to you?

A) Yes	36
B) No	49

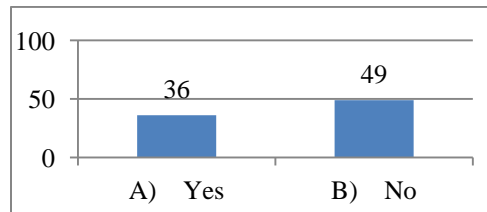


Figure 4 Timely Benefits from PMJDY?

it is observed from the figure 4 that only 36 out of 85 respondents timely getting all the benefits which is been mentioned in this scheme that comprises around 42%, still 58% respondents said that they are not getting regular benefits of this scheme.

Q5. Which, according to you the benefits of greatest utility to the customer opening an account under this scheme?

A) Saving facility	12
B) Overdraft facility	12
C) Life Insurance facility	5
D) Accidental insurance facility	24
E) Credit facility	32
F) Any other	

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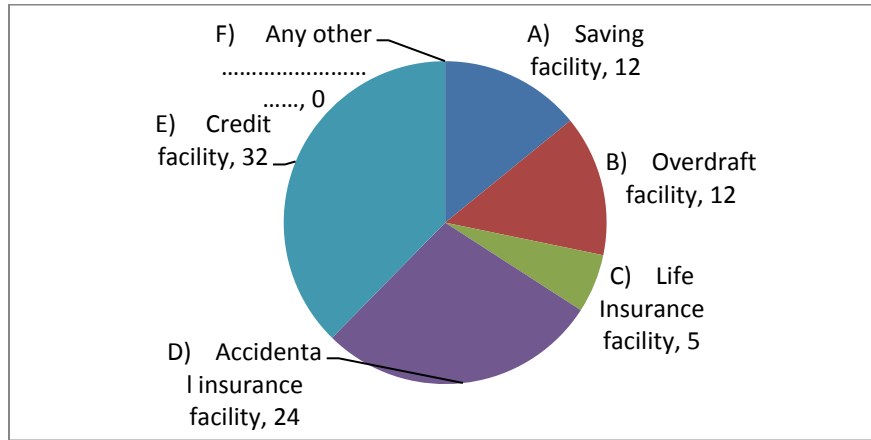


Figure 5 Benefits of greatest utility

From the figure 5 it is observed that majority of respondents 32 out of 85 (38%) like the credit benefits given in this scheme, 24 out of 85 (28%) like the accidental insurance facility and 14% each like saving facility and overdraft facility respectively. So we can say that majority of respondents appreciate this scheme due to credit facility available under this scheme and accidental insurance benefits under this scheme.

A relationship between Perceived benefits of PMJDY and its role in improving the standard of living of Poor people

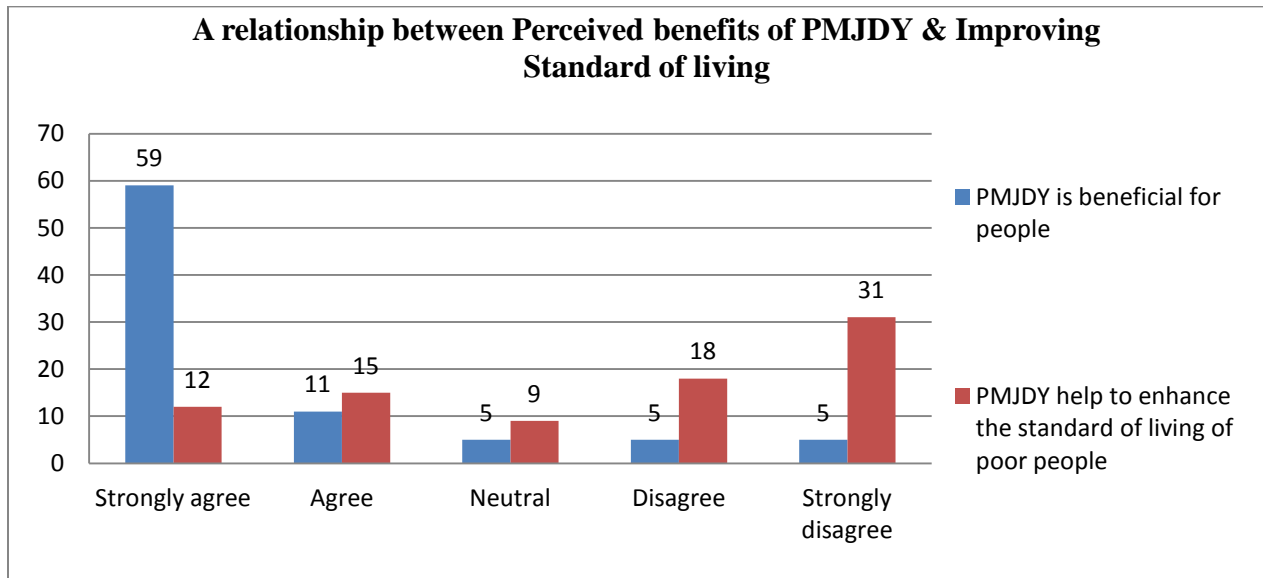


Figure 6 A relationships between Perceived benefits of PMJDY and its role in improving the standard of living of Poor people

PMJDY is beneficial for poor people majority of respondents are strongly agree (As shown in figure 6) but they are not agree with that this scheme will help to improve the standard of

living of people. 70 out of 85 respondents agree that this scheme is beneficial for the poor people but same is not agree with the point that it help to improve standard of living of people (only 20 out of 85 is agree and 49 out of 85 is disagree)

Relationship between Banking staff assistance, Non discretionary approach and Improving Financial literacy

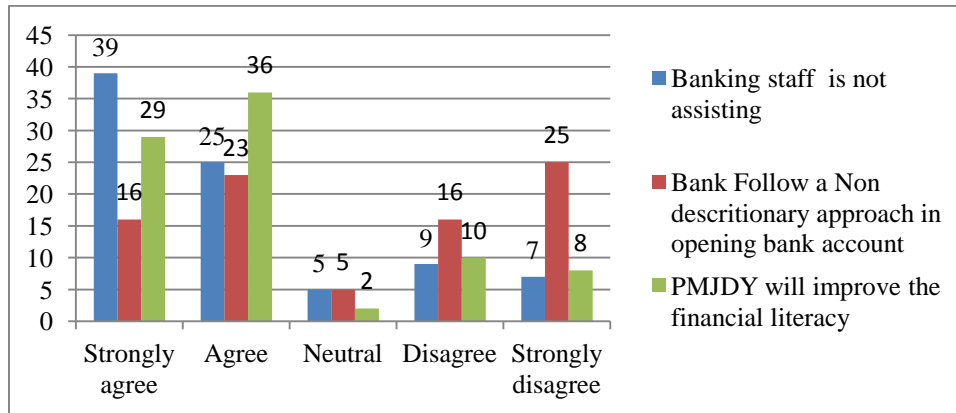


Figure 7 A relationships between Banking staff assistance, Non discretionary approach and Improving Financial literacy

From the figure 7 it is observed that majority of respondents said that the banking staff is not assisting them properly about this scheme (64 out of 85 agree with this point), 39 out of 85 (46%) said that banks follow non discretionary approach to open new bank account under this scheme and 59 out of 85 (70%) said that this scheme will improve financial literacy among the poor section of the society.

Relationships among Solving Financial need, Solve the problem of financial inclusion, Important for human welfare and important for country’s social development

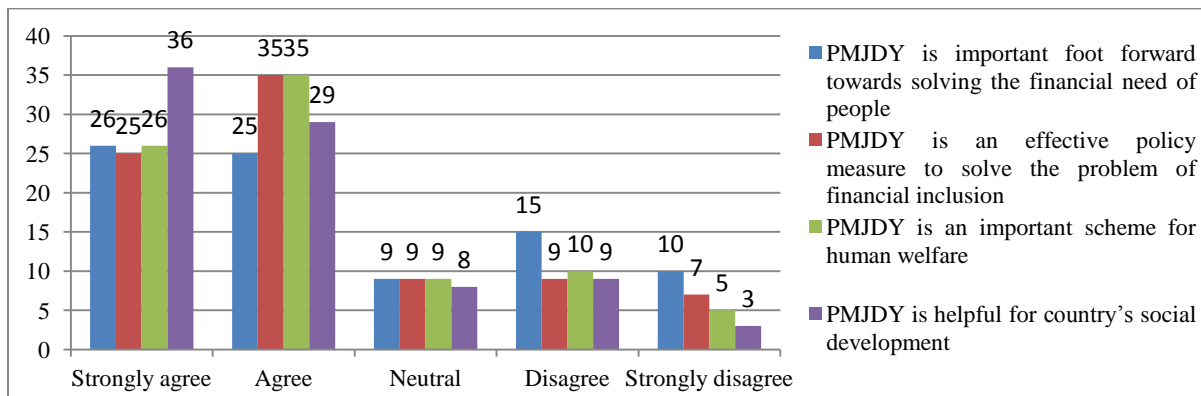


Figure 8 A relationships among Solving Financial need, Solve the problem of financial inclusion, Important for human welfare and important for country’s social development

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PMJDY is one of the important schemes which solve the financial need of the poor people of the country (Figure 8) as out of 85 respondents 51 said that the scheme is important foot forward towards solving the financial need of poor section of the society. This scheme is also helpful to achieve the objective of financial inclusion; the data is favoring this argument because out of 85 respondents 61 respondents agreed on this point. This scheme is also beneficial for human welfare point of view as most of the respondents are agreeing with this argument (61 out of 85). Respondents also said that this scheme will helps country in social development since 65 out of 85 respondents are agreeing on this point.

SUGGESTIONS & RECOMMENDATIONS

On the basis of data analyses following points are suggested & recommended:

1. Since this scheme is very popular among the poor people still 15% respondents are unaware so there is a need to create more awareness about this scheme also the banks should be instructed to create awareness in their clusters through continuous education programs on this schemes as well as other financial literacy issues
2. Still many people have not opened the bank account under this scheme so government should plan some incentives to those who have not opened their account under this scheme. So that everyone specially those resides in micro village areas have their account in bank under this scheme
3. Although respondents have very positive outlook towards this scheme but the bank employees cooperation will be required to attain the objective of financial inclusion. Employees should understand their role and educate people about this schemes and benefits under this scheme. The benefits associated with this scheme should also transfer in these accounts timely.
4. 30% people still think that this scheme would not enough towards solving financial problems of poor people as their day to day needs are not fulfilled by this scheme so they should motivate towards other schemes as well from where their benefits directly transferred in the account.

CONCLUSION

The main purpose of this study is to get insight about what people think about Pradhan Mantri Jan DhanYojna (PMJDY)? Whether this scheme helps them to eradicate poverty or to make them financial literate or to improve their standard of living? The study was conducted n a very small part of Madhya Pradesh; Gwalior where maximum population staying in villages and they have strong need of that type of scheme. Six villages chosen to collect data through close ended questionnaire which was in Hindi so that people easily understand it. The result of this study reflects that the majority of rural population is aware about that scheme and the awareness through peer communication. People have perceived this scheme is very good which help people to improve their life style as well as making them more financial literate. The study also explains that bank employees are not cooperative and not telling about the benefits associated with this scheme. There is need to focus on banking practices in regards to that type of schemes so that a poor man gets all the benefits from these scheme.

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