

FINANCIAL INCLUSION THROUGH JAN DHAN YOJANA

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Abstract

Financial Inclusion denotes delivery of financial services at an affordable cost to the vast sections of the disadvantaged and low-income groups. Earlier efforts by the Government of India include setting up a committee on financial inclusion under the chairmanship of Dr. C. Rangarajan. The committee finalized its report in early 2008. As it is evident from the preamble of the report, the committee interpreted financial inclusion as an instrumentality for social transformation. "Access to finance by the poor and vulnerable groups is a prerequisite for inclusive growth. In order to ensure financial inclusion various initiatives were taken up by RBI/GOI like Nationalization of Banks, Expansion of Banks branch network, Establishment & expansion of Cooperative and RRBs, Introduction of PS lending, Lead Bank Scheme, Formation of SHGs and State specific approach for Govt. sponsored schemes to be evolved by SLBC etc. RBI in the year 2006, with the objective of ensuring greater financial inclusion and increasing the outreach of the banking sector, decided in public interest to enable the banks to use the services of NGOs/SHGs, MFIs and other Civil Society Organizations as intermediaries in providing financial and banking services through use of "Business Facilitator and Business Correspondent Model". In fact, providing access to finance is a form of empowerment of the

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vulnerable groups. The various financial services included credit, savings, insurance and payments and remittance facilities. The objective of financial inclusion is to extend the scope of activities of the organized financial system to include within its ambit people with low incomes.

Through graduated credit, the attempt must be to lift the poor from one level to another so that they come out of poverty.

Keywords: *Financial Inclusion, Jan Dhan, Financial Services*

Such Mission would enable all households, urban and rural to gain easy and universal access to financial services. Ignorance and Exclusion from the banking system excludes people from all benefits that come from a modern financial system. It is a known fact that in India, while one segment of the population has access to assortment of banking services encompassing regular banking facilities & portfolio counselling, the other segment of underprivileged and lower income group is totally deprived of even basic financial services. Exclusion of large segments of the society from financial services affects the overall economic growth of a country.

A National Mission on Financial Inclusion recommended an integrated approach to bring about comprehensive financial inclusion of all the households in the country as is the need of the hour. On 15th August 2014, Our Hon'ble Prime Minister announced the launch of India's most intensive financial inclusion mission titled "Pradhanmantri Jan-Dhan Yojana". Our Hon'ble Prime Minister, Shri Narendra Modi said in his maiden Independence Day address to the nation, "We want to integrate the poorest of the poor with bank accounts with Pradhanmantri Jan Dhan Yojana. Today there are crores of families which have mobile phones but no bank accounts. We have to change this. The economic development must benefit poor and it should start from here". He launched 'Pradhanmantri Jan Dhan Yojana' to help the poor open bank accounts which will come with the facility of a debit card and an insurance cover of Rs 1 lakh. Jan Dhan Yojana roughly translates into English as "People's Wealth Scheme". Our Hon'ble Prime Minister Shri Narendra Modi announced the launch of this scheme at the historic Red Fort on the occasion of India's Independence Day.

Objective of "Pradhanmantri Jan-Dhan Yojana (PMJDY)"

Objective of this scheme 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.

10 Facts about Pradhanmantri Jan-Dhan Yojana

- The name “Jan Dhan” was chosen through an online competition on the MyGov Platform and received more than 6000 suggestion from Indian citizens. After evaluation the jury shortlisted “Jan Dhan” which was suggested by 7 individuals.
- The slogan for the **Pradhanmantri Jan Dhan** mission is expected to be “**Mera Khata – Bhagya Vidhaata**” which when translated into English means ” My Bank Account – The Creator of the Good Fortune”:
- The primary aim of the **Jan Dhan Yojana** is to bring poor financially excluded people into the banking system by providing them bank accounts and debit cards.
- The scheme will cover both urban and rural areas of India and all bank accounts opened will be linked to a debit card which would be issued under the Ru-Pay scheme. (Rupay is India’s own unique domestic card network owned by National Payments Corporation of India and has been created as an alternative to Visa and Mastercard.)
- Every individual who opens a bank account becomes eligible to receive an accident insurance cover of up-to Rs 1 Lakh for his entire family.
- The Pradhan Mantri Jan Dhan Yojana has set an ambitious target of bringing in more than 7.5 crore un-banked families into India’s banking system by opening more than 15 Crore bank accounts at the rate of two bank accounts per household.
- Once the bank account has been active for 6 months and has been linked to account holders Aadhar identity , they would become eligible for an overdraft of up to Rs 2,500 , which would further be enhanced by the bank to Rs 5000 over time.
- The Jan Dhan Yojana also seeks to provide incentives to business and banking correspondents who serve as link for the last mile between savings account holders and the bank by fixing a minimum monthly remuneration of Rs 5000.

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- The long term vision of the Jan Dhan Yojana is to lay the foundation of a cashless economy and is complementary to the Digital India Scheme.
- Only those who are above 18 and below 59 will be eligible for the life cover.
- Though the accounts are not mandatorily linked to the Aadhaar numbers, the life cover is strictly open for only those who have the Aadhaar numbers.

The Jan Dhan Yojana was finally launched on the 28th August 2014. In all, 600 programmes and 77852 camps were organised on the first day for the opening of bank accounts. Nearly three months after financial inclusion mission Pradhan Mantri Jan Dhan Yojana was launched by Prime Minister Narendra Modi on August 28, the target of opening 75.16 million bank accounts for the un-banked has been met. This is a notable achievement as it comes two months ahead of the target of January 26, 2015. However, as many as 75 per cent of the accounts thus opened, 56.64 million, do not have any cash balance. Also, only 58 per cent of the account holders, 43.3 million, have been provided with the RuPay debit card.

Pradhan Mantri Jan - Dhan Yojana (Accounts Opened As on 18.11.2014) details are:

(Data Source - Banks)

S.No		No Of Accounts (In Lacs)			No Of Rupay Debit Cards (In Lacs)	Balance In Accounts (In Lacs)	No Of Accounts With Zero Balance (In Lacs)
		Rural	Urban	Total			
1	<u>Public Sector Banks</u>	333.83	281.34	615.17	423.67	489923.15	460.2
2	<u>Regional Rural Banks</u>	109.42	19.37	128.79	17.89	74365.88	100.75
3	<u>Private Banks</u>	10.33	10.51	20.84	9.32	37296.39	14.04
	Total	453.58	311.22	764.80	450.88	601585.42	574.99

Major Private Banks

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Name of Bank	Rural	Urban	No Of Accounts	No Of Rupee Debit Card	Balance In Accounts(In Lacs)	No Of Accounts With Zero Balance
Volume 3, Issue 3						December 2014
Axis Bank	66461	126377	192838	68728	1197.67	129017
City Union Bank Ltd	7723	33989	41712	0	196.35	29652
Fedral Bank	105871	31872	137743	58927	9736.1	71505
HDFC Bank	118858	488658	607516	116247	21719.05	373292
ICICI	402130	99964	502094	462109	753.18	428980
Indusind Bank	9272	54534	63806	58358	106.71	56883
Jammu and Kashmir Bank	219736	51539	271275	0	3112.57	144155
Karur Vaisya Bank	4392	53282	57674	49525	100.21	47824
Kotak Mahindra Bank	22037	15962	37999	36941	76.74	34094
Lakshmi Vilas Bank	3492	16050	19542	0	37.19	12028
Ratnakar Bank	52538	25783	78321	28143	45.51	52107
South Indian Bank	8962	45239	54201	21519	269.23	0
Yes Bank	1723	976	2699	0	9.44	2368
(C) Major Private Banks	1023195	1044225	2067420	900497	37359.95	1381905
Grand Total	44917529	30854100	75771629	44416594	597600.193	57006609

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According to the latest data available with the finance ministry, State Bank of India tops the list with 13.4 million accounts opened across its branches till November 15 this year. Bank of Baroda, which opened 4.04 million accounts, came in second, closely followed by Canara Bank with 3.92 million bank accounts.

Among private lenders, HDFC Bank stood on top with 600,000 accounts followed by ICICI Bank that opened 490,000 accounts. Jammu & Kashmir Bank came next with 270,000 accounts and Axis Bank opened 190,000. Federal Bank opened 130,000 accounts as of November 15 this year.

According to experts, both the RuPay debit cards and the accident insurance will be rolled out to all 75 million account holders in the next few weeks. Although the initial targets have been met successfully, Jan Dhan Yojana will hold another mega account opening camp on November 29. In the earlier camp, which was held in August, about 18 million accounts were opened on a single day.

Conclusion

This 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 banking account for every household, apart from access to credit, insurance and pension facility.

Recommendations

Benefits of various welfare schemes would reach the targeted sections of people only when there was "awareness about the schemes among the people", Not many are aware what the Jan Dhan Yojana is. Hence inaugurating a three day 'Public Information Campaign' should be organised by the Press Information Bureau (PIB) in association with the Union Information and Broadcasting ministry and this must be done in every remote part. Thus, after doing that, many of the world's problems will be solved automatically, as poverty they say, is the root cause of many a troubles.

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But, motivating people to come forward and availing the facilities instead of traditional sources of finance is an important step. Various drives should be conducted in order that the knowledge about the subject increases.

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