



STRATEGY, STATUS, SUCCESS AND SCOPE OF PRADHAN MANTRI JAN DHAN YOJANA

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Abstract

Pradhan Mantri Jan Dhan Yojana envisions providing a host of banking facilities to all the citizens by providing financial literacy and changing “Pillar Banking” to “Participating Banking”. The present is an attempt to highlight strategy or reason behind introduction of Pradhan Mantri Jan Dhan Yojana and its status and success on selected parameters such as number of accounts opened, issue of RuPay cards, balance of amount with accounts under Pradhan Mantri Jan Dhan Yojana, zero balance accounts under Pradhan Mantri Jan Dhan Yojana. It also provides scope for further development of Pradhan Mantri Jan Dhan Yojana through recommendations. It is found that number of accounts in rural area was quite more than number of accounts opened in urban area under Pradhan Mantri Jan Dhan Yojana. It is also found that public sector banks occupied the first position in terms of number of accounts opened under Pradhan Mantri Jan Dhan Yojana during the study period, followed by regional rural banks and private sector banks. It is also suggested to deploy cost-effective technology to transform the financial ecosystem in India for the success of Pradhan Mantri Jan Dhan Yojana. It is also suggested to add certain benefits such as loan, mobile banking and overdraft in future keeping in account financial viability of the Pradhan Mantri Jan Dhan Yojana.

Key words: financial inclusion, pradhanmantrijandhan yojana

INTRODUCTION

As sustainable development depends on widespread access financial services and products, the Reserve Bank of India and the Government of India focused on financial inclusion for all the citizens of India. Hence Pradhan Mantri Jan Dhan Yojana was introduced by the Prime Minister Narendra Modi on 15th August, 2014 to ensure access to various financial services to the excluded sections namely weaker sections and low income groups because economic resources of the country should be utilized for the well-being of the poor.

With this motive, Pradhan Mantri Jan Dhan Yojana envisions to provide a host of banking facilities to all the citizens by providing financial literacy, changing “Pillar Banking” to “Participating Banking” and also providing initiatives such as RuPay debit card, insurance benefits which may be extended to pension plans, loan benefits, mobile banking facilities and micro-finance.

The present is an attempt to highlight strategy or reason behind introduction of Pradhan Mantri Jan Dhan Yojana and its status and success on selected parameters such as number of accounts opened, issue of RuPay cards, balance of amount with accounts under Pradhan Mantri Jan Dhan Yojana, zero balance accounts under Pradhan Mantri Jan Dhan Yojana. It also provides scope for further development of Pradhan Mantri Jan Dhan Yojana through recommendations.

The second part of the research paper gives an idea about available literature review, followed by research design, result and analysis and findings, suggestions and conclusion.

LITERATURE REVIEW

Branch density has significant impact on financial inclusion. It is not possible to achieve financial inclusion only by creating investment awareness, without significantly improving the investment opportunities in India (Paramasivan & Ganeshkumar, 2013).

Every new thing requires determination and attitude towards success path. Besides that to withstand the heat of economic down surge and fight poverty, the Jan Dhan Yojana is good mechanism (Barhate & Jagtap, 2014).

In every household within the grasp of the banking system, there has been an ongoing process started a decade ago. 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”. It’s a mega financial inclusion plan with the objective of covering all households in the country with banking facilities along with inbuilt insurance coverage (Khuntia, 2014).

“Pradhan Mantri Jan Dhan Yojana” is not a new programme but there were various programmes initiated by RBI and Ministry of Finance, but due to lack of co-ordination among people, government and RBI, the objectives of all those programme have not been achieved till now. Formulation of programme is not sufficient for conversion of dreams into reality, but this requires effective and transparent implementation of that programme at the ground level with the coordination of government, bank and the general public (Shetty & Deokar, 2014).

Financial inclusion is very vital towards economic development and well structured financial system for the country. PMJDY is an ambitious financial scheme which will provide a host of benefits including a bank account, insurance and a debit card to non-bank account holders in India. PMJDY’s target is to open 7.5 crore bank accounts by January, 2015 (Jena, 2015).



There were many schemes made by RBI for banking sector but the PMJDY scheme has created an impressive result in the banking sector with regard to eradication of financial untouchability in the country. Mere opening of accounts may not fulfill the aim of the scheme, but there should be continuous operation of bank accounts to give the real success of the scheme (Paramasivan & Kamaraj, 2015).

From the above review of empirical works, it is clear that different authors have approached study of Pradhan Mantri Jan Dhan Yojana in different ways in varying levels of analysis. These different approaches helped in the emergence of more and more literature on the subject over time. It gives an idea on extensive and diverse works on Pradhan Mantri Jan Dhan Yojana. It has been noticed that the studies on Pradhan Mantri Jan Dhan Yojana provide divergent results relating to the study period overlap or coincide. All the studies aimed to focus on status of Pradhan Mantri Jan Dhan Yojana. The survey of the existing literature reveals that no specific work has been carried out to determine Strategy, Success, Status and Scope of Pradhan Mantri Jan Dhan Yojana. The present study is an attempt in this direction and therefore, aims to enrich the literature on Pradhan Mantri Jan Dhan Yojana.

OBJECTIVE

The present study aims to examine Strategy, Success, Status and Scope of Pradhan Mantri Jan Dhan Yojana.

RESEARCH DESIGN

Sample, Sampling Techniques and Geographical Coverage

Keeping in view the limitation of time, efforts and cost; all the public, private and rural sector banks have been selected for the purpose of the study using convenient sampling method. The study has been limited to the Indian banking sector only.

Period of the Study

The study has been undertaken for the period of fifteen months (September, 2014 to November, 2015).

Source of Data

The study would be mainly based on secondary data. Secondary data would be collected from the website of Pradhan Mantri Jan Dhan Yojana.

Methodology

To examine Strategy, Success, Status and Scope of Pradhan Mantri Jan Dhan Yojana, data pertaining to number of accounts opened in urban and rural areas, number of accounts opened in private, public and rural banks, issue of RuPay debit card, amount of balance in accounts opened and number of account holders with zero balance amount have been collected for the period of the study.

Hypotheses

Following hypotheses have been framed and tested with the help of Anova: Two-Factor without replication with a view to examine Strategy, Success, Status and Scope of Pradhan Mantri Jan Dhan Yojana:

H_0 : there is no significant difference between urban and rural areas during the period of the study.

H_1 : there is significant difference between urban and rural areas during the period of the study.

H_0 : there is no significant difference among number of accounts opened in private, public and rural banks during the period of the study.

H_1 : there is significant difference among number of accounts opened in private, public and rural banks during the period of the study.

H_0 : there is no significant difference among issue of RuPay debit card by private, public and rural banks during the period of the study.

H_1 : there is significant difference among issue of RuPay debit card by private, public and rural banks during the period of the study.

H_0 : there is no significant difference among amount of balance in accounts opened by private, public and rural banks during the period of the study.

H_1 : there is significant difference among amount of balance in accounts opened by private, public and rural banks during the period of the study.

H_0 : there is no significant difference among number of account holders with zero balance amount in private, public and rural banks during the period of the study.



H₁ : there is significant difference among number of account holders with zero balance amount in private, public and rural banks during the period of the study.

RESULT AND ANALYSIS

Table 1
Anova: Two-Factor Without Replication of
Number of Accounts opened in Rural and Urban Areas

Source of Variation	SS	df	MS	F	P-value	F crit
Within the Groups	1.40598E+16	14	1.00427E+15	18.68876	1.13961E-06	2.483726
Between the Groups	6.16023E+15	1	6.16023E+15	114.6377	3.98295E-08	4.60011
Error	7.52312E+14	14	5.37366E+13			
Total	2.09723E+16	29				

Table 1 reveals result of ANOVA of number of accounts opened in rural and urban areas under Pradhan Mantri Jan Dhan Yojana during September, 2014 to November, 2015. It is seen that “F” Ratio of 18.68876 reflected variation of number of accounts opened during the period of the study i.e. September, 2014 to November, 2015 in both the areas, while critical value thereof was 2.483727. Hence, higher “F” ratio as compared to “F critical” showed significant variation in number of accounts opened during the study period in both the areas. Similarly, “F” ratio of 114.6377 showed variation of number of accounts between rural and urban areas, while “F critical” was 4.60011. Hence, higher “F” ratio as compared to “F critical” showed significant variation between number of accounts opened in rural and urban areas. It can be said that there is significant difference between number of accounts opened during the study period as well as number of accounts opened between rural and urban areas. Hence, null hypothesis is rejected and alternate hypothesis is accepted.

Table 2 Anova: Two-Factor Without Replication of
Number of Accounts opened by Banks in Private, Public and Rural Sectors

Source of Variation	SS	Df	MS	F	P-value	F crit
Within the Groups	9.22E+15	14	6.58E+14	2.265465	0.031837	2.063541
Between the Groups	9.33E+16	2	4.67E+16	160.6425	4.53E-16	3.340386
Error	8.14E+15	28	2.91E+14			
Total	1.11E+17	44				

Table 2 reveals result of ANOVA of number of accounts opened banks in private, public and rural under Pradhan Mantri Jan Dhan Yojana during September, 2014 to November, 2015. It is seen that “F” Ratio of 2.265465 reflected variation of number of accounts opened during the period of the study i.e. September, 2014 to November, 2015 in all the three types of the banks, while critical value thereof was 2.063541. Hence, higher “F” ratio as compared to “F critical” showed significant variation in number of accounts opened during the study period in all the three types of the banks. Similarly, “F” ratio of 160.6425 showed variation of number of accounts among private, public and rural banks, while “F critical” was 3.340386. Hence, higher “F” ratio as compared to “F critical” showed significant variation among number of accounts opened in private, public and rural banks. It can be said that there is significant difference between number of accounts opened during the study period as well as number of accounts opened in private, public and rural banks. Hence, null hypothesis is rejected and alternate hypothesis is accepted.

Table 3 Anova: Two-Factor Without Replication of
Issue of RuPay Card by Banks in Private, Public and Rural Sectors

Source of Variation	SS	df	MS	F	P-value	F crit
Within the Groups	1.09859E+16	14	7.84709E+14	2.2255925	0.034795	2.0635
Between the Groups	7.76491E+16	2	3.88245E+16	110.11419	5.39874E	3.34038
Error	9.87236E+15	28	3.52584E+14			
Total	9.85074E+16	44				



Table 3 reveals result of ANOVA of RuPay card issued by private, public and rural under Pradhan Mantri Jan Dhan Yojana during September, 2014 to November, 2015. It is seen that “F” Ratio of 2.2255925 reflected variation in RuPay card issued during the period of the study i.e. September, 2014 to November, 2015 in all the three types of the banks, while “F critical” was 2.063541. Hence, higher “F” ratio as compared to “F critical” showed significant variation in RuPay card issued during the study period in all the three types of the banks. Similarly, “F” ratio of 110.11419 showed variation in RuPay card issued among private, public and rural banks, while “F critical” was 3.340386. Hence, higher “F” ratio as compared to “F critical” showed significant variation in RuPay card issued among private, public and rural banks. It can be said that there is significant difference between number of in RuPay card issued study period as well as in RuPay card issued among private, public and rural banks. Hence, null hypothesis is rejected and alternate hypothesis is accepted.

Table 4 Anova: Two-Factor Without Replication of Balance of Amount in Accounts opened by Banks in Private, Public and Rural Sectors

Source of Variation	SS	df	MS	F	P-value	F crit
Within the Groups	2.72346E+12	14	1.94533E+11	2.206761	0.036289143	2.063541
Between the Groups	1.15746E+13	2	5.7873E+12	65.65063	2.68623E-11	3.340386
Error	2.46828E+12	28	88152948106			
Total	1.67663E+13	44				

Table 4 reveals result of ANOVA of balance of amount in accounts by private, public and rural under Pradhan Mantri Jan Dhan Yojana during September, 2014 to November, 2015. It is seen that “F” Ratio of 2.206761 reflected variation in balance of amount in accounts under Pradhan Mantri Jan Dhan Yojana during the period of the study i.e. September, 2014 to November, 2015 in all the three types of the banks, while “F critical” was 2.063541. Hence, higher “F” ratio as compared to “F critical” showed significant variation in balance of amount in accounts under Pradhan Mantri Jan Dhan Yojana during the period of the study in all the three types of the banks. Similarly, “F” ratio of 65.65063 showed variation in balance of amount in accounts under Pradhan Mantri Jan Dhan Yojana among private, public and rural banks, while “F critical” was 3.340386. Hence, higher “F” ratio as compared to “F critical” showed significant variation in balance of amount in accounts under Pradhan Mantri Jan Dhan Yojana among private, public and rural banks. It can be said that there is significant difference between balance of amount in accounts under Pradhan Mantri Jan Dhan Yojana study period as well as in balance of amount in accounts under Pradhan Mantri Jan Dhan Yojana among private, public and rural banks. Hence, null hypothesis is rejected and alternate hypothesis is accepted.

Table 5 Anova: Two-Factor Without Replication of Account holders with Zero Balance with Banks in Private, Public and Rural Sectors

Source of Variation	SS	Df	MS	F	P-value	F crit
Within the Groups	1.39149E+15	14	9.93923E+13	2.449389	0.021182341	2.063541
Between the Groups	2.51347E+16	2	1.25674E+16	309.7057	8.01103E-20	3.340386
Error	1.1362E+15	28	4.05784E+13			
Total	2.76624E+16	44				

Table 5 reveals result of ANOVA of account holders with zero balance with banks in private, public and rural under Pradhan Mantri Jan Dhan Yojana during September, 2014 to November, 2015. It is seen that “F” Ratio of 2.449389 reflected variation in account holders with zero balance under Pradhan Mantri Jan Dhan Yojana during the period of the study i.e. September, 2014 to November, 2015 in all the three types of the banks, while “F critical” was 2.063541. Higher “F” ratio as compared to “F critical” showed significant variation in account holders with zero balance under Pradhan Mantri Jan Dhan Yojana during the period of the study in all the three types of the banks. Similarly, “F” ratio of 309.7057 showed variation in account holders with zero balance among banks in private, public and rural under Pradhan Mantri Jan Dhan Yojana, while “F critical” was 3.340386. Higher “F” ratio as compared to “F critical” showed significant variation in account holders with zero balance among banks in private, public and rural under Pradhan Mantri Jan Dhan Yojana. It can be said that there is significant difference in account holders with zero balance under Pradhan Mantri Jan Dhan Yojana study period as well as in account holders with zero balance under Pradhan Mantri Jan Dhan Yojana among private, public and rural banks. Hence, null hypothesis is rejected and alternate hypothesis is accepted.

Findings, Suggestions and Conclusion

It is found that number of accounts in rural area was quite more than number of accounts opened in urban area under Pradhan Mantri Jan Dhan Yojana. It is also found that public sector banks occupied the first position in terms of number of accounts opened under Pradhan Mantri Jan Dhan Yojana during the study period, followed by regional rural banks and private sector banks. As a result, it was found that amount of balance in account opened under Pradhan Mantri Jan Dhan Yojana was also quite higher than with public sector banks as compared to regional rural banks and private sector banks. As far as banking facilities of issue of RuPay card and account holders with zero balance are concerned t, it was found that public sector banks were on the top position in making these services available to the account holders followed by regional rural banks and private sector banks.



It is suggested that regional and private sector banks are required to increase their outreach in rural areas to attract more and more account holders from the region. It is also suggested that public sector banks should provide global level banking facilities along with keeping in mind the need of the Indian rural areas so as to achieve the true spirit of the Pradhan Mantri Jan Dhan Yojana. It is also suggested to take help of instruments of advertisement popular in rural areas so as to increase awareness as well as financial literacy among the people and thereby to increase the outreach of the Pradhan Mantri Jan Dhan Yojana. It is also suggested to deal with infrastructural issues in certain states of the subcontinent for the wider financial inclusion. It is also suggested to make nation-wide implementation of Aadhar card as identification document with a view to eliminate duplication of accounts. It is also recommended to develop the regulatory framework with a view to increase evolution and adoption of technology and coordination among regulatory bodies. It is also suggested to deploy cost-effective technology to transform the financial ecosystem in India for the success of Pradhan Mantri Jan Dhan Yojana. It is also suggested to add certain benefits such as loan, mobile banking and overdraft in future keeping in account financial viability of the Pradhan Mantri Jan Dhan Yojana.

As number of accounts opened under Pradhan Mantri Jan Dhan Yojana in rural area is more than that of in urban area and it is also confirmed by greater variation in number of accounts opened with public sector banks and regional rural banks as compared to private sector banks; it can be concluded that the purpose of extending banking and financial services to the rural area has been achieved to a great extent. It can also be said that on one hand, the public sector banks are the first choice of the account holders to bank with; while on the other hand public sector banks have responsibility to maintain the trust of the account holders and they are shouldering it well by providing global level banking services to the people of the rural region which is now becoming target market for the banks in private sector too.

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