

# Pre- And Post-Implementation Pradhan Mantri Jan Dhan Yojana India Comparative Impact Study

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## ARTICLE INFO

## ABSTRACT

PM PMJDY was launched on August 28, 2014. In his 2014 first independent day speech, Prime Minister Narendra Damodar Das Modi introduced the plan as a tool of the National Mission on Financial Inclusion to include the unbanked in development. Social and economic inclusion of all citizens is crucial for national prosperity. Financial success makes people more active and energetic in society. According to the World Bank's Findex database, just 54% of residents (15+) used financial services before August 15, 2014. Saving at the bottom is crucial to economic progress. Considering unbanked people, PMJDY was launched. UPI transactions and banking services for economically untouched populations are the main focus. This study focuses on new accounts created, deposits received, and Rupay debit cards issued to unbanked Indians under PMJDY schemes. The present study uses secondary data to review PMJDY's impact in Uttar Pradesh State after implementation. The Scheme finished 10 years and successfully promoted national progress this year. PMJDY accelerates DBT and poverty reduction in rural India.

## INTRODUCTION

A nation's financial system is a broad indicator of its economic progress. The foundation of both industrial and economic progress is the channelization of savings and the availability of financing. Getting the poor and small savers to use the banking system was a huge issue for our country. Even while the RBI has taken a number of steps to involve these unbanked people, it mostly falls short. Pradhan Mantri Jan Dhan Yojana was implemented in order to reduce the disparity between small farmers and the less fortunate segments of society.

A comprehensive strategy to include those who were not previously part of the financial system is the Pradhan Mantri Jan Dhan Yojana. The honorable prime minister of India launched the PMJDY program, which will cover the unbanked, as part of the national mission for financial inclusion during his speech on Independence Day in 2014. The beneficiary of this initiative receives a Rupee Debit card with an accidental benefit of Rs. 1 lakh and creates a bank account with a minimum KYC. Launched on August 28, 2024, the scheme's tagline is Mera Khata Mera Bhagya Bidhata. The wider impoverished population in society benefited from the nation's wealth creation as a result of PMJDY. They also gain from their investment, which is used for industrial development. On the first day of the program, banks were able to open 1.5 crore accounts. The Reserve Bank of India is implementing a number of programs to help the Grameen people financially. The establishment of regional rural banks, commercialization of banks, and cooperative banking structures are the best examples of how Indian banks are meeting the needs of farmers and the impoverished. Banks offer a variety of loan products and services to the general public in order to fund and lend to them.

## Mantri Pradhan Jan Dhan Yojana

The scheme's main goal is to provide basic banking services to the lowest of the poor. The scheme's silent characteristics are

- This plan will cover households in both urban and rural areas.

- There will be no balance when the bank account opens.
- Customers in the 18–65 age range will have access to the OD facility.
- After six months of operation, all accounts will receive a Rs. 10,000 overdraft (OD) allowance.

Customers might unintentionally profit from a Rupay debit card worth one lakh rupees. The PMJDY account is used to receive the benefits of direct benefit transfer (DBT). Those who are employed by PSUs, State Governments, or the Central Government, as well as former military personnel, are eligible for PMJDY accounts. This benefit is not intended for individual assesseees who are taxable under the income tax statute.

### Implementation Phases of PMJDY:

Phase I (15th Aug 2014- 14th Aug 2015)	Phase II (15th Aug 2015- 14th Aug 2018)	Phase III (15th Aug 2018- Till date)
<ul style="list-style-type: none"> <li>• Universal access of Banking Facility with Exceptions.</li> <li>• Exceptions places are J&amp;K, Uttarakhand, Himanchal Pradesh, N-E States, 82 Left wing extremism districts</li> <li>• Rupay Debit Card with Rs. 1 Lakhs Accidental benefits</li> </ul>	<ul style="list-style-type: none"> <li>• OD in all accounts of Rs. 5000/- after completing 6 months</li> <li>• For OD 18-60 age group are eligible</li> <li>• Micro Insurance Schemes</li> </ul>	<ul style="list-style-type: none"> <li>• OD in all accounts upto Rs.10,000/</li> <li>• For OD 18-65 age group are eligible</li> <li>• Rupay Debit Card with Rs. 2 Lakhs Accidental benefits</li> <li>• More Financial Inclusion</li> </ul>

### Economic Impact of PMJDY

For rural and Gramin people who were previously unable to open bank accounts or obtain any financial services, PMJDY is essential to their economic empowerment. It facilitates bank account opening with the least amount of supporting documentation. A bank account is necessary for digital transactions, and in a country like India, opening one was extremely challenging for rural farmers, laborers, and street vendors. The dream of a digital India started with PMJDY. However, this program has some advantages and makes the work quite simple.

- All government schemes offer direct benefit transfers; digital transactions are simpler.
- Capital formation
- Restrictions on the Leakage of Government Schemes
- Channelization of Poor People's Savings to the Economy
- Increased Bank Customer Base
- Banking to All Households
- Innovative and Improved Financial Services
- Advantages from Other Schemes, such as MUDRA, PMJJBY, APY, etc.

### Objectives of the Study

- The PMJDY Scheme is to be investigated.
- To have an understanding of the development of the PMJDY Scheme
- To investigate the development of the PMJDY Scheme during the past ten years

### LITERATURE REVIEW

**Kale C., Narayanan H., Mir S. (2024)** stated that PMJDY empowers the women SHG members through financial literacy. This scheme notable enhances the incomes of the members through saving syndication and

distribution of DBT. This scheme streamlines the insured maker and use of Debit card properly.

**Shah N. (2023)** stated that PMJDY provides credit accessibility to individual under poverty lines in India. This program achieves significant milestone in inclusion of rural people. It is a program for transformative initiative, fostering financial inclusion, economic empowerment and gender equality in India.

**Lenka P. C., Das A. B. (2023)** stated that PMJDY significantly restricts the drainage of funds from the Government projects and schemes through DBT. Due to this scheme the ultimate beneficiary will utilise the scheme fund for the stated purpose which declines the level of poverty in the nation.

**Gupta K. (2023)** explained that the success of PMJDY lies with the demand for involvement of public in this scheme. Larger the participation of public will minimise the unbanked population in India. This scheme plays a vital role in poverty elevation and catering the needs of fund transfer and DBT transfer.

**Shivrajakumar K., Panduranga R. (2023)** stated that PMJDY is lunched to eradicate the financial excluded. Private banks and more RRB will come forward to cater these services to the ground level of the society. As more people will involve in this scheme, so poverty elevation and BDT transfer will rich the real end beneficiaries.

**Birla A. (2021)** explained PMJDY is a non-discriminatory comprehensive financial program that includes effectively massive numbers of house hold to the economy. It is a path for unbanked, deprived and vulnerable groups to join in the financial system. Involvement of house hold bring development in economy.

**Modi S., Baral S. K. (2021)** stated that PMJDY enhances the delivery of different Government schemes to the grass root level beneficiary directly. This scheme helps the poor and villages to transfer their money to their nearer and saves small taken amount in their basket. Due to PMJDY a large section of the people included in Banking segment.

## RESEARCH METHODOLOGY

The study is based on Secondary sources of data which is collected through News Papers, Research Journal, Magazines, Research articles, RBI Publications and factsheets published by World Bank, Ministry of Finance, Government of India etc.

## ANALYSIS OF DATA

The analysis of date is focusing on the decade progress of Pradhan Mantri Jana Dhan Yojana in national as well as state level regarding the factors of opening of bank account, deposits in banks, debit card issued and opening of bank accounts for house holds of Uttar Pradesh.

### 1. Distribution of Beneficiary with different banks (Account Opening)

Types of Banks	Number of Beneficiary (in Cr.)	In percentage
Public Sector Bank	41.47	77.951
Private Sector Bank	1.64	0.030
Regional Rural Bank	9.90	18.609
Cooperative Banks	0.19	0.003
Grand Total	53.20	

**Source:** PMJDY report as on Aug 2024

#### Interpretation:

From the above table it is explained that public sector banks are more focused and customer centric having 77.95% of PMJDY accounts opened here where as rural cooperatives in the least of the table taking .003% to its account.

### 2. Distribution of Deposits with different Banks

Types of Banks	Amount Deposited (in Cr.)
Public Sector Bank	178293.83
Private Sector Bank	6766.85
Regional Rural Bank	44928.14
Cooperative Banks	0.01
Grand Total	229988.84

**Source:** PMJDY report as on Aug 2024

#### Interpretation:

In case of deposit receive in PMJDY, Public sector bank receives 77% whereas only 0.003% deposits received

by the rural cooperatives in India.

### 3. Bank wise Distribution of Rupay Debit Card

Types of Banks	Number of cards Issued (in Cr.)
Public Sector Bank	31.36
Private Sector Bank	1.35
Regional Rural Bank	3.50
Cooperative Banks	00.00
Grand Total	36.21

**Source:** PMJDY report as on Aug 2024

**Interpretation:** It is clearly understood from the above table that only Public Sector banks are giving more focus on financial inclusion and PMJDY in issue of Rupay debit cards. 86% of the total card distributed by public sector banks where as in the bottom of the table rural cooperatives.

### 4. Progress of Pradhan Mantri Jana Dhan Yojana in UP.

Name of the State	Number of Beneficiary	Amount Deposited (Rs. In Cr.)	Rupay Card Issued	House Hold Coverage
Uttar Pradesh	21,954,863	9653.07	15,515,507	99.85%

**Sources:** PMJDY report as on august 2024 **Interpretation:**

From the above table it is clear that Uttar Pradesh is shining in term of house hold coverages, though it is not achieving 100% target but achieved a lot from this scheme. Around 10,000 crore unspent amount came to the basket of capital formation in the state of Uttar Pradesh in terms of deposit receipt from PMJDY accounts. More than 50% of its population were included in the banking facility. Meanwhile they will also participate in the DBT which will help the economic development of the country.

### Findings

- Banking services that are available to each and every household across the country. With the help of this program, 11.59 lakh job opportunities were made available to Bank Mitras.
  - After 2014, the PMJDY was expanded to include thirty crores of women as beneficiaries.
  - It is intrinsic to cooperative banks that they do not place any emphasis on the PMJDY Scheme.
  - The number of Rupay Debit cards issued by Public Sector banks and Regional Rural banks is significantly higher when compared to the number issued by other different banks.
- Despite the fact that the account is open with no balance, more than 2.3 lakh crore has been channelled to the economy over the course of ten years.
- 53.20 crores of beneficiaries have been accounted for with PMJDY since the inception of the Scheme.
  - Public sector banks are giving greater focus in opening bank accounts in comparison to other banks.

### Conclusion

Including those who are financially excluded in the Banking folder is the primary objective of the PMJDY program. With a decade of service, this program unquestionably achieves its goals of providing universal banking facilities to each and every household in the nation. Based on the findings of the study, it can be stated that the Pradhan Mantri Jan Dhan Yojana is an extremely enlightening program for all of the people who are eligible to receive it. This includes women, rural households, farmers, laborers, street vendors, and many more. During the pandemic caused by the COVID-19 virus, this facility assists and protects the lives of a large number of participants. PMJDY is the ideal instrument for controlling the leakage that occurs in public schemes, as it allows for direct benefit transfer. Given that all of the country's commercial transactions will be recorded in banks, this plan has the potential to play a significant part in the country's taxation system in the future. When it comes to the growth of the economy and the accumulation of capital in the country, PMJDY will be an important participant in the not too distant future. The three-tire cooperative moment has reached the end of its trip, which has lasted for one hundred years, but it did not take advantage of the potential to resurrect through PMJDY in India. In spite of the fact that there are a lot of technological obstacles, geographical restrictions, and societal restraints, the PMJDY has been enhanced as a tool for incorporating those who are financially excluded in India over the past decade.

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