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## Pradhan Mantri Jan Dhan Yojana: An Overview

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### Abstract

Poverty is the drastic socio – economic problems in the country even in the country as a big human resource but sufficient financial mechanism is not prevailing to include all people in formal banking channels. In this way the extensive mission of PMJDY may addresses these issues properly in removal of poverty and educating unbanked people regarding options of income generation and financial security. Pradhan Mantri Jan Dhan Yojana is the greatest financial inclusion initiative of the global level. On August 15th 2014, PM of India Sri Narendra Damodar Das Modi announced PMJDY. Which has been launched by him on August 28th, 2014, across the country the prime objective of this scheme is to help citizens to receive banking support and services like credit, pension, and insurance at proper cost. This scheme works for connecting people from Indian financial services for removing poverty. The objective of Pradhan Mantri Jan Dhan Yojana (PMJDY), India's National Mission for Financial Inclusion, is to make financial services including banking, savings and deposit accounts, remittance, credit, insurance, and pensions easily accessible to the less powerful and lower-income sectors of society. The PMJDY is the cornerstone of the "Sab ka sath Sab ka Vikas" development idea. PMJDY's slogan is "Mera khatta Bhagya vidhata." Every household would have access to banking and credit options with a bank account. Against this background, the paper attempts to present an overview of Pradhan Mantri Jan Dhan Yojana (PMJDY).

**Key words:** Pradhan Mantri Jan Dhan Yojana.

### Introduction

Pradhan Mantri Jan Dhan Yojana brings for the objectives of financial inclusion for every one by providing basic banking accounts with an inbuilt debit card and accident insurance. The key features of PMJDY include Rs. 5,000 overdraft facility for Aadhaar-linked accounts and a Rupay debit card with inbuilt accident insurance cover of Rs. 1 lac. In India Pradhan Mantri Jan Dhan Yojana (PMJDY) is a scheme which was brought by Indian government with a positive intention to those people who had not and never go to a bank during their whole lifetime will have the access to the banks facilities. This scheme provides the facility of nil balance savings and also provides ATM debit card and insurance cover.

In true sense this is significant step towards financial inclusion because it promotes saving of money in banks. Since this Yojana is AADHAR card based and linked, the real beneficiary gets all the facilities of this scheme by avoiding intermediaries in between the two. In India the Pradhan Mantri Jan-Dhan Yojana is a National Mission for Financial inclusion which launched on 28th August 2014 and deemed to ensure access to financial services like Banking, savings and Deposits Accounts, Remittance, Credit, Insurance and Pension in affordable manner and way this financial inclusion initiative is announced by Hon'ble P.M Sri Narendra Damodar Das Modi from the Red fort.

Broadly speaking PMJDY (Pradhan Mantri Jan Dhan Yojana) is a monetary inclusion programme of the government of India on the market for Indian voters. This drive for monetary inclusion has been introduced on August 2014, by Indian Prime Minister Hon'ble Narendra Modi. These services include in PMJDY in 2022. Pradhan Mantri Jan Dhan Yojana aims to connect every household (all unbanked adult) of India with the banking. PMJDY is a National Mission of India of Financial Inclusion it is an integrated approach to provide financial inclusion and to give banking services to all households in India. This yojana ensures access to various financial services such as availability of savings bank account, access to need related credit, remittance facilities insurance and pension.

PMJDY is a greatest financial inclusion initiative at global level has been announced by Indian PM Hon'ble Narendra Modi on August 15th 2014 from the Red Fort. At the time of launching this programme on August 28th the PM has highlighted the occasion as a festival to celebrate the liberation of poor. Hon'ble PM has referred to the ancient sloka that is Sukhasya Moolam Dharma and Dharma and Dharmasya Moolam Artha and Arthasya Moolam Rajyam. Which provides onus the state to participate people in countries economic activity. "The Government has accepted this responsibility," the PM has said and the Government has also fulfilled this promise in given period Pradhan Mantri Jan Dhan Yojana brings the objectives of financial inclusion for all people by providing basic bank accounts and debit card with inbuilt accident-related insurance. The key features of PMJDY contains Rs. 5,000 overdraft facility for Aadhar attached account and a Rupay debit card with inbuilt Rs. 1 lakh accident insurance support a part from this the accounts opened in between August 15th 2014 to and January 26th 2015 Life Insurance coverage of Rupees 30,000 is provided to the eligible beneficiaries. One of the salient features of PMJDY is that after remaining active for six months, the account holders may become eligible for an overdraft up to Rs.5,000. PMJDY under this scheme, of financial literacy program aims to take financial literacy at the village level to provide better understanding of the mechanism. This Mission envisages extension of Direct Benefit Transfer under different government schemes through bank accounts of the holder. The KCC being linked with Rupay platform. Micro insurance to the people, and unorganized industry Pension schemes such as Swavalamban through the Business Correspondents have again been included for the II phase of this program.

## Objectives of Pradhan Mantri Jan Dhan Yojana

The objectives of Pradhan Mantri Jan Dhan Yojana are ensuring access to different financial services such as availability of basic savings bank account, access to need based credit, remittances facility, insurance and pension to the excluded sections for weaker sections and low-income groups of the society further. This penetration at affordable cost is possible with proper and effective use of technology. Pradhan Mantri Jan Dhan Yojana is a National Mission on Financial Inclusion encompassing an integrated approach for comprehensive financial inclusion to all the households in India. The plan envisages proper universal access to banking facilities with minimum one basic banking account for every household. The focus has been given on financial literacy, access to credit insurance and pension facility. A part from this the beneficiaries must get Rupay debit card having inbuilt accident insurance cover of D1 lac the plan also envisages channeling all Government benefits (central state, local) to the beneficiaries accounts and pushing the Direct Benefits Transfer scheme of the Central Government.

The scheme gives focus on technology for proper operation of the programme. The prime objective of the PMJDY is to ensure access of financial services like basic saving and deposits accounts, insurance, pension, credit and remittance to each and every households at proper cost. Basic bank account has been the focal point of the scheme and the scheme started off by requesting all people having no bank accounts to all public and private banking providers to support the scheme and help people to open accounts in any bank branch of the country. Further for creating a pull for opening bank accounts among the underserved population has been a challenge and to come out from this, the government gave focus on bottlenecks which restricts citizens from opening accounts. These bottlenecks may be related with various documents, bank criteria of minimum balance in accounts.

## Features of Pradhan Mantri Jan Dhan Yojana

Near about 48 crore accounts have been opened in India through PMJDY. The government provides 10 thousand to the beneficiaries of PMJDY. To get the benefits of PMJDY, the applicant is required to file an application at the notified branch under this Yojana. The holders of this scheme will additionally receive an insurance coverage up to 1 lac. Further account holders have not to worry regarding maintenance minimum balance in this account, and will be provided with a debit card to handle and operate the account.

The holders may also take an overdraft of Rs Ten thousand on this account. Under PMJDY, more than 47 crore bank accounts have been opened in eight years of time from 2014 to 2022 and Rs. 1.75 deposited so far in their accounts. Account under PMJDY can be opened in Public Sector Banks, Private Sector Bank and Post Office. Any citizen of 10 years or more can open his Jan Dhan account. On opening this account, holders also get an insurance of Rs 1.30 lakh. A general insurance of Rs. 30,000 is also included under this scheme. The holders get Rs. 30,000 in the case of an accident under general insurance scheme.

## The Key Features of PMJDY

- There is no any mandate to maintain any minimum balance in the accounts.
- Zero balance savings account can be opened with only few documents.
- These accounts are similar like regular saving accounts and also offer an interest on the deposit.
- Account holders are provided a Rupay debit card.
- An overdraft facility of up to Rs. 10,000 is provided to eligible account holders.
- Account holders may enroll in this regard for an accident insurance cover of Rs. 2 lac for accounts opened after 28.8.2018 and Rs. 1 lac for accounts opened before this date.
- The Yojana provides benefits of government schemes like Direct Benefit Transfer (DBT), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal Pension Yojana (APY) and the Micro Units Development and refinance agency Bank (MUDRA) scheme for the betterment of people.

## The Key Features of PMJDY

- Pradhan Mantri Jan Dhan Yojana has been launched on 28th August 2014 at Delhi.
- Truly Speaking this scheme acts on connecting people from various financial services of India.
- Further this scheme includes people of various age from 18 to 65 in the country.
- Again, Jan Dhan Yojana provided people to open his bank account with no balance.<sup>6</sup>
- Proper transaction through bank accounts has helped in reducing black money from the economy of the India.
- The Jan Dhan Yojana makes its name worthwhile by its facilities mainly for poor people.
- The Jan Dhan Yojana has launched by the Prime Minister of India. Sri Narendra Damodar Das Modi for providing.
- The features and objectives of the scheme and its benefits has been firstly announced by the Prime Minister Sri Narendra Modi on 15th August 2014 in India.
- This PMJDY has been a slogan as Mera Khata Bhagya Vidhata given by the PM Sri Narendra Modi.
- The scheme has set a record of improving the economic conditions of the country.
- The scheme has been successfully connected the poor population of India with proper banking services.<sup>7</sup>
- Again, the Debit Cards were also issued to the accounts opened by this scheme.
- That it has created a record by opening 1.5 crore bank account on the only first day of the scheme.
- Presently Jan Dhan Yojana provides the poor of the country to easily access all banking and financial facilities easily and fatly.

- The big portion of this scheme is that with more than 50% bank accounts is for the women, (women of India) with banking system.
- Truly speaking the Jan Dhan Yojana carried the facility of Debit and Insurance coverage by opening Bank account.
- This Jan Dhan Yojana proved to be a boon for the Indian economy and further for the people of the country

### **Need of PMJDY**

Financial inclusion has been instrumental in poverty reduction. Financial inclusion highlights that individuals and businesses which have access to easy and affordable financial products and services to meet their needs like transactions, payments, savings, credit and insurance delivered in proper and sustainable way in order to negate poverty from the nation. Financial inclusion is significant for poverty alleviation, this helps in transferring the benefits of economic growth and development to the poor income group of low strata of population. Poor access of financial services among people obstructs economic growth as it negates the latest initiatives and development.

Further these resulted in partial success of government plans in extending basic financial support to households and therefore the PMJDY has been launched with an objective to ensure proper coverage of banking services to the people throughout the country and demographics. Further the PMJDY facilitates financial inclusion for different demographics. When the program has made significant headway for genuine financial inclusion. Minimum 300 million new households have got Jan Dhan accounts in which near about Rs. 651 billion have been deposited, Prime Minister India Sri Narendra Modi said on August 28th 2017, on the evening the third anniversary of this yojana. Again, as on January 2021, a total number of 417.6 million accounts have been opened under the PMJDY, out of which 359.7 million accounts have been operative. PMJDY (Pradhan Mantri Jan Dhan Yojana) aims to connect every household of India with the bank connectivity system. The scheme main objective is to support and help citizen to receive banking services like credit pension and insurance at a reasonable and fair cost.

Further the scheme has aim to simplify the government and consumer fund transfer by stopping redundancies like multiple transaction requirements, and ID validation. The PMJDY acts as a platform to support and help government social program like Pradhan Mantri Mudra Yojana, Atal Pension Yojana, Pradhan Mantri Jeevan Jyoti Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana, and Pradhan Mantri Suraksha Bima Yojana. In the beginning the scheme was targeted for four years until 2018 which covering every households; but after analyzing the impact and effect and further prospect, the government has extended the Yojana to cover every adult of the country.

## Benefits of PMJDY

Pradhan Mantri Jan Dhan Yojna is a national mission on financial inclusion. there are various benefits of PMJDY like debit card facility, cheque book facility, personal accident and life insurance coverage, zero balance account, mobile banking facility, overdraft facility, and various others benefits for the households located at urban and rural aria.

The Prime benefits of PMJDY are stated below:

- ✓ Interest is given on the deposits that is made in the bank saving account opened under the scheme.
- ✓ Individuals need not to maintain a minimum balance under the scheme, they wish to avail cheque facilities minimum balance is maintained.
- ✓ In case individual operate the account in proper manner for 6 months an overdraft facility is provided by the bank.
- ✓ Individuals receive Accidental Insurance cover of Rs.1 lakh under the Rupay scheme of PMJDY. .
- ✓ In case the account has been opened between August 20th 2014 to January 31st 2015 life cover of Rs.30,000 is provided if beneficiary passes away.
- ✓ Under this scheme, insurance products and pension access are provided to the beneficiaries.
- ✓ In such case when individuals are beneficiaries of the government schemes, Direct Benefit Transfer option is provided to them.
- ✓ In this scheme as overdraft facility of Rs.5,000 is given to one account in the household. They facility is usually provided to the lady of the house.
- ✓ The accidental cover can be claimed after the Rupay Card holder has made a non-financial or financial transaction. Transactions made within 90 days from the accident are considered to be PMJDY transactions under the scheme. Account holders may check their balance by using the mobile banking system facilities key benefits to the scheme are as follows.
- ✓ Interest on deposit will be provided.
- ✓ Accidental insurance cover of Rs. One lac.
- ✓ No minimum balance needed. However, for withdrawal of money from any ATM with Rupay Card, some balance is required to maintain in the account.
- ✓ Life insurance cover will be Rs.30,000.
- ✓ Easy transfer of money though out the nation beneficiaries of Government Schemes will be given Direct Benefit Transfer in these accounts.14
- ✓ Under this scheme access to pension, insurance products for the people
- ✓ After proper operation of the account for six months, an overdraft facility will be provided by the bank under this scheme.
- ✓ Accidental insurance cover Rupay Debit card must be used at least one time forty-five days.

- ✓ Overdraft facility up to Rs.5,000/- is provided to one account per household preferably women of the household.

## Challenges of PMJDY

At the times of recession or financial crisis, the Indian government provides immediate assistance to the sector. These sector's two main pillars are (1.) Banking and (2.) Insurance, that provides loans, mortgages, and insurance policies to the beneficences. PMJDY is National Mission for Financial Inclusion to ensure access to financial services, such as Banking, Savings and Deposit Accounts, Remittance, Credit, Insurance and Pension in a proper Manner and mode. Presently in India PMJDY is encountering various challenges.

The one of the most instrumental scheme taken up by the central government of India in the year 2015 is the PMJDY (Jan Dhan Yojana). The project is aimed for opening bank accounts for all the inhabitants of India and also to negate the bank untouchability completely. This has been the big move towards the country's biggest financial achievement but further this has been reported that the PMJDY may cause different challenges for both the individuals and government in the future. A big volume of farmers, who are not educated, do not understand why the government is interested to bank accounts and how they are going to access the overdraft and many other facilities for removing poverty and leading good life.

## Summing-up

The objective of PMJDY, or the National Mission for monetary inclusion, is to provide reasonable access to monetary services like banking, savings, and deposit accounts, remittance, credit, insurance, and pension to the needy individual. The slogan of the scheme is "Mera Khata, Bhagya Vidhata" this scheme has been launched after the failure of earlier government schemes, like Swabhiman. In PMJDY accounts are being opened with no balance. Further, if the account holders wish to receive cheque book, they have to maintain minimum balance of Bank Branch. The prime objective of the PMJDY is to ensure access of financial services. Basic bank account acts have been the focal point of this scheme and the scheme started by requesting all Indians having no bank accounts to open accounts under the PMJDY. Indian government out to all public and private banking providers to support the Yojana and help people to open accounts in any Bank.

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