



## PRADHAN MANTRI JAN DHAN YOJANA

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### **Abstract**

*Pradhan Mantri Jan-Dhan Yojana (PMJDY) or else known as Prime Minister's People Money Scheme is a National Mission for Financial Inclusion to guarantee access to financial services, namely, Banking/ Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in an affordable manner. It was launched by our Prime Minister Narendra modi on 28 August 2014. Account can be opened in any bank branch or Business Correspondent (Bank Mitra) outlet. PMJDY accounts are being opened with Zero balance. However, if the account-holder wishes to get cheque book, he/she will have to fulfill minimum balance criteria.*

### **INTRODUCTION**

Pradhan Mantri Jan-Dhan Yojana (PMJDY) otherwise known as Prime Minister's People Money Scheme is a National Mission for Financial Inclusion to ensure access to financial services, namely, Banking/ Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in an affordable manner. It was launched by our Prime Minister Narendra modi on 28 August 2014.

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### **OBJECTIVE**

- To make a detailed explanation regarding Pradhan Mantri Jan Dhan Yojana
- To identify the merits and demerits of the scheme.

### **METHODOLOGY**

The study is based on only secondary data; the data were collected from various published reports, journals, books and internet.

### **ANALYSIS**

In a run up to the formal launch of this scheme, the Prime Minister personally mailed to Chairmen of all PSU banks to gear up for the gigantic task of enrolling over 7.5 crore (75 million) households and to open their accounts. In this email he categorically declared that a bank account for each household was a "national priority".

The scheme has been started with a target to provide 'universal access to banking facilities' starting with "Basic Banking Accounts" with overdraft facility of Rs.5000 after six months and Ru Pay Debit card with inbuilt accident insurance cover of Rs. 1 lakh and RuPay Kisan Card. In next phase, micro insurance & pension etc. will also be added.

### **UNDER THE SCHEME**

1. Account holders will be provided zero-balance bank account with RuPay debit card, in addition to accidental insurance cover of Rs 1 lakh (to be given by 'HDFC Ergo').
2. Those who open accounts by January 26, 2015 over and above the 1 lakh accident, they will be given life insurance cover of 30,000(to be given by LIC).
3. After Six months of opening of the bank account, holders can avail 5,000 overdrafts from the bank.
4. With the introduction of new technology introduced by National Payments Corporation of India (NPCI), a person can transfer funds, check balance through a normal phone which was earlier limited only to smart phones so far.
5. Mobile banking for the poor would be available through National Unified USSD Platform (NUUP) for which all banks and mobile companies have come together.

### **SCHEME DETAILS**

#### **Documents required opening an account under Pradhan Mantri Jan-Dhan Yojana**

1. If Aadhaar Card/Aadhaar Number is available then no other documents is required. If address has changed, then a self-certification of current address is sufficient.

2. If Aadhaar Card is not available, then any one of the following Officially Valid Documents (OVD) is required: Voter ID Card, Driving License, PAN Card, and Passport & NREGA Card. If these documents also contain your address, it can serve both as "Proof of Identity and Address".
3. If a person does not have any of the "officially valid documents" mentioned above, but it is categorized as low risk by the banks, then he/she can open a bank account by submitting any one of the following documents:
  - a. Identity Card with applicant's photograph issued by Central/State Government Departments, Statutory /Regulatory Authorities, Public Sector Undertakings, Scheduled Commercial Banks and Public Financial Institutions;
  - b. Letter issued by a gazette officer, with a duly attested photograph of the person.

#### **SPECIAL BENEFITS UNDER PMJDY SCHEME**

- a. Accidental insurance cover of Rs.1.00 lakh
- b. No minimum balance required.
- c. Life insurance cover of Rs.30,000/-
- d. Easy Transfer of money across India
- e. Beneficiaries of Government Schemes will get Direct Benefit Transfer in these accounts.
- f. After satisfactory operation of the account for 6 months, an overdraft facility will be permitted
- g. Access to Pension, insurance products.
- h. Accidental Insurance Cover, RuPay Debit Card must be used at least once in 45 days.
- i. Overdraft facility up to Rs.5000/- is available in only one account per household, preferably lady of the household.
- j. Interest on deposit

#### **PERFORMANCE**

Due to the preparations done in the run-up, as mentioned above, on the inauguration day, 1.5 Crore (15 million) bank accounts were opened. The Prime Minister said on this occasion- "Let us celebrate today as the day of financial freedom." By September 2014, 3.02 crore accounts were opened under the scheme, amongst Public sector banks, SBI had opened 30 lakh (3 million) accounts, followed by Punjab National Bank with 20.24 lakh (2 million) accounts, Canara Bank 16.21 lakh (1.62 million) accounts, Central Bank of India 15.98 lakh (1.59 million) accounts and Bank of Baroda with 14.22 lakh (1.42 million) accounts. It was reported that total of 7 Crore (70 million) bank accounts have been opened with deposits totaling more than 5000 crore Rupees (approx 1 billion USD) as of November 6, 2014. As the government met the target, Union Finance Minister Arun Jaitley has revised the target for opening of bank accounts under the Pradhan Mantri Jan Dhan Yojana (PMJDY), the ambitious financial inclusion scheme launched by the government, from 7.5 crore to 10 crore by January 26, 2015. On 20th January 2015, the scheme entered into Guinness book of world records setting new record for 'The most bank accounts opened in one week'.

#### **CRITICISM**

The scheme has been criticized by many experts from the banking sector as an effort to please voters that has created unnecessary work-burden on the public-sector banks. The opposition party congress alleged that Mr. Modi was trying to take credit of the financial inclusion scheme started by UPA government and the new Yojana had got nothing new. According to the experts, temptations presented by the Prime Minister like zero balance, free insurance and overdraft facility would result in duplication. Many individuals who already have bank accounts may have had accounts created for themselves, lured by the insurance covers and overdraft facilities. As per the scheme, a very few people are eligible to get the life insurance worth 30,000 with a validity of just five years. However, these 'secret' conditions were not shown in the TV advertisements of the scheme. The claimed overdraft facility has been completely left upon the banks. As per the government notice, only those people would get the overdraft facility whose transaction record is satisfactory as per the banks. It is quite unlikely that many people would get this facility as the banks would avoid potential NPAs the claimed accidental insurance has also proved to be a non-existing scheme as the Rupay card holders have got no legal paper for any such accidental insurance.

#### **REFERENCE**

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