Role of Pradhan Mantri Jan Dhan Yojana (PMJDY) in Promoting Financial Inclusion in India: An Assessment

Satish Modi*, Sukanta Kumar Baral
Department of Commerce, Indira Gandhi National Tribal University, Amarkantak, M. P.

**Corresponding Author*
E-Mail: smodiy2k@yahoo.com

Abstract: A sizable portion of our population is still excluded from access to banking and financial services even after more than 70 years of independence and financial and economic reforms. As a result, the poor have no access to opportunities to save savings, make investments, or obtain credit. To cover the financially excluded segments of society under financial inclusion; the Government of India and the Reserve Bank of India have made several attempts. Our government is also making an effort in this area with a new scheme called PRADHAN MANTRI JAN-DHAN YOJANA (PMJDY). PMJDY is India's national financial inclusion campaign. PMJDY ensures that banking and financial services are available to the weaker and poorer sections of society at a reasonable cost. PMJDY launched by Government of India on 28^{th} August, 2014. It has been more than Six years since this scheme started. There is a need to evaluate PMJDY. Thus, in this research paper an effort has been made to analyse the status of financial inclusion before and after launching of PMJDY in India and contribution of PMJDY in increasing financial inclusion. It also covers the implication, and effectiveness of PMJDY.

Keywords: *Financial Inclusion, PMJDY, Economic Growth*

Introduction:

"My dream is to build such a digital India in which Financial Inclusion shall be ensured through Mobile and E Banking." - Shri Narendra Modi, Hon'ble Prime Minister of India

Finance is very essential for every economic activity. Finance is also required for all classes of the society. From the beginning only the high class and middle-class members of society's financial needs have been taken care off. It is highly challenging for the poor and vulnerable people in society to obtain financing. Whereas the accessibility of financing for these groups is a crucial requirement for employment, the eradication of poverty and social and economic empowerment. Thus, there is an urgent need to link the poor and backward classes of the society with financial inclusion. The goal of financial inclusion, sometimes referred to as inclusive finance, is to make financial services accessible to those in society who are underprivileged and have low incomes. It is a concerted attempt to attract unbanked individuals into the financial system. "Financial inclusion empowers disadvantaged groups while also fostering equality among the population." Financial inclusion gives the opportunity for poor to accumulate savings, make investments, and access loans. The poor who have access to financial services are also better able to protect themselves against unexpected income drops and prepare for situations like illness, death of a family member, and job loss. Additionally, Financial inclusion enables the government to deposit payments into beneficiaries' bank accounts, such as social security transfers, subsidies, and MNREGA (Mahatma Gandhi National Rural Employment Guarantee Program) wages. Considering the importance of financial inclusion special emphasis given by the Government of India on inclusive growth in all welfare schemes and 12th Plan (2012-17) was focused mainly to achieve sustainable inclusive growth.

In India, there have long been efforts made to include those who are financially excluded in society. In 2004, the Government started taking action for financial inclusion by establishing a commission with Shri H.R. Khan as its chairman. Following the 2008 release of the Rangarajan Committee Report, significant measures were planned. The main initiatives taken by the Government of India and RBI were Nationalization of banks, the Lead Bank Scheme, branch licensing regulations with a focus on rural and semi-urban branches, No-frills Accounts, relaxation of KYC norms, the Business Correspondents and Facilitators Model, SHG bank linkage programme, introduction of general credit cards, kisan credit cards, direct benefit transfer, consolidation of regional rural banks, performance appraisal of bank staff, Roadmap for banking services in unbanked villages. 2011 saw the launch of the "Swabhimaan" campaign by the Indian government. The target of this campaign was to provide banking services to over 74,000 villages with a population of at least 2000. Despite these efforts, the nation continues to see significant regional differences across urban and rural areas as well as across the nation. Only 58.7% of Indian families overall and 54.4% of rural households had access to formal banking services, according to the Census of 2011. In addition, the data showed that just 24.4 million farmer households, or 27.3% of the total 89.3 million households, had access to institutional credit while 73% of farm households do not have formal credit facility. It is important to ensure that, as the Indian economy expands rapidly, all facets of society participate in this progress, preventing regional inequalities from stymieing this expansion. Therefore, there is a great need to offer financial services to all households that are not covered under formal financial services. To fulfill this need, on August 28, 2014, the Indian Government introduced a new scheme called PRADHAN MANTRI JAN-DHAN YOJANA (PMJDY) to give financial services to the excluded rural and marginalized population. It has been more than 6 years since this scheme was launched. Thus, there is a need to evaluate PMJDY scheme.

Review of Literature:

There are several research papers on financial inclusion. These comprised both international and Indian studies. There is scanty research available on the "PRADHAN MANTRI JAN-DHAN YOJANA (PMJDY)" national mission of financial inclusion. A short recap of various research that are currently available on the PMJDY Scheme is given below.

Dutta Tulika and Ashish Das (2017) have analysed the data of PMJDY. In this report it has been attempted to summarize and interpret the PMJDY data that the Government of India disseminates. This study's primary goals were to determine the strategies used by various banks and learn what the public thought of those strategies as part of a financial inclusion initiative. The survey revealed that even while banks are adhering to RBI guidelines, there is still more work to be done to advance financial inclusion. According to the report, three parties—the RBI, all banks, and the general public—must exert effort for financial inclusion to progress.

Chaudhary Alka (2017) has examined the role and implications of PMJDY in financial inclusion and growth of India. The study came to the conclusion that the PMJDY plan has attracted a significant portion of India's population by offering banking services and financial products at competitive prices.

Sharma Neha and Goyal Ruchi (2017) had conducted conceptual research on PMJDY and sought to determine the success rate of the inclusion process in rural areas of Jaipur district. The study came to the conclusion that factors influencing inclusion include income, access to financial information through a variety of outlets, and knowledge of PMJDY. According to research, the possibility of inclusion is increased by proximity to banks.

Deb Rajat and Das Prasenjit (2016) assessed the bank account customers' opinions of PMJDY. South Tripura's Baikhora area is where this study was conducted. In the study, it was found that men and women had quite different opinions on opening bank accounts under PMJDY. The study also revealed a positive relationship between monthly income and the outcome, i.e., a higher monthly income is associated with greater motivation to open a bank account, while a negative relationship was found between respondents' age and educational attainment, i.e., a lower level of education is associated with greater motivation to open a bank account. The study came to the conclusion that the respondents preferred public sector banks over private sector banks and that a number of factors pushed them to create bank accounts via PMJDY.

Suryavanshi Pushpa and Babita Yadav (2016) have done studies on PMJDY: A National scheme for financial inclusion in India. In this study an attempt has been made to give an insight of PMJDY scheme and to analyse the issues and challenges involved in implementation of PMJDY. The study concluded that there are many issues and challenges involved in effective implementation of schemes like limited life insurance cover, poor telecom connectivity, duplication and dormant accounts, poor performance and less involvement of private banks, increased operational costs associated with the scheme and giving credit facility without the assessment of credit value. The study recommended implementing a number of initiatives for financial inclusion, including the use of cutting-edge technologies, putting up bank branches in remote regions, providing credit to everyone, entire life insurance coverage, etc.

Verma Yogesh and Garg Priyanka (2016) analysed the effectiveness of PMJDY on workers at Central University of Rajasthan and residents of Bandrasindri hamlet in Rajasthan's Ajmer district. The majority of respondents, according to the survey, have a basic understanding of PMJDY, and the primary causes of financial exclusion are a lack of resources and a lack of financial literacy. According to a study, the government must make sure that financial literacy programmes are properly delivered in rural parts of the nation so that the rural people can be use banking services in true sense.

Sadhik Mahammad & Others (2015) has done a secondary data-based study on financial inclusion with special reference to PMJDY scheme. In order to boost the Indian economy, this research focuses on the role of financial inclusion. It also discusses the PMJDY scheme's effectiveness, advantages, challenges, and possibilities for the future. The analysis comes to the conclusion that the PMJDY scheme lessens the risk of money lenders taking advantage of disadvantaged groups. According to the study, awareness must be created among the people about the usage and benefits of PMJDY scheme and disadvantaged individuals should be encouraged to open bank accounts under this scheme.

The overview of the literature brings out the fact that few studies had done on PMJDY Scheme. These studies centred on the issues and challenges involved in implementation of PMJDY, benefits, difficulties and future prospects of PMJDY scheme. Thus, an overview of the literature shows that role of PMJDY Scheme in promotion of financial inclusion in the country has not extensively been covered by the literature. Therefore, this research paper is an attempt to fill up research gap taken above.

Objectives:

The primary goal of this study is to assess the contribution of PMJDY in promotion of Financial Inclusion in India. Apart from this, the study has the following objectives.

(I) To analyze the status of financial inclusion before and after launching of PMJDY in India.

(II) To analyze the financial growth and performance of the PMJDY Scheme.

Research Methodology:

This study is based on certain facts and secondary data. Data required for study are mainly collected through various Government web sources, Govt. publications and annual report of RBI, different books, Journals, Newspapers and relevant websites.

PMJDY Scheme:

The objective of 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. On August 28, 2014, the Indian government unveiled the PMJDY scheme. For creating the most bank accounts in the shortestamount of time, the PMJDY initiative broke the Guinness World Record on June 20, 2015. Up till the end of March 2020, more than 38 crore accounts had been opened nationwide through PMJDY. This scheme was officially introduced in August, 2014 for the four-year period that concluded on August 14, 2018. In September 2018, the government re-launched PMJDY as an open-ended scheme and introduced extra advantages to entice individuals to register bank accounts, buoyed by the scheme's success. The government wants to expand access to formal banking from "every family to every adult" by increasing insurance coverage and double the overdraft (OD) limit under the new PMJDY.

Special Benefits under PMJDY Scheme:

1. Interest on the deposited amount.
2. 2 lakhs of accidental insurance coverage
3. No minimal balance is necessary.
4. The policy offers a Rs. 30,000/- life insurance pay-out upon the beneficiary's demise, provided that the eligibility requirements are met.
5. Simple Money Transfers Across India
6. Direct Benefit Transfer will be made by the government to recipients of government schemes in PMJDY accounts.
7. An overdraft facility will be allowed once the account has been operating satisfactorily for six months.
8. Availability of insurance and pension products.
9. Any successful financial or non-financial customer-induced transaction at any bank branch, Bank Mitra, ATM, POS, or other channel, both intra-bank and inter-bank, that occurs within 90 days of the accident date, including the accident date, will be considered eligible under the PMJDY Scheme for the benefit of Personal Accidental Insurance claims. Only one account per home, preferably the lady of the house, is eligible for an overdraft of up to Rs. 10,000.

Progress of PMJDY:

Table-1 :No. of Accounts opened (In Crore) under PMJDY as on 31/01/2015

Bank	Rural (In Crore)	Urban (In Crore)	No. of Accounts (In Crore)	Deposits in Accounts (In Crore)	No. of Rupay Debit Card issued (In Crore)
Public Sector Banks	5.3300249	4.5147276	9.8447525	8174.6304	9.1232024
Rural Regional Banks	1.8489448	0.3297833	2.1787281	1599.4808	1.4967614
Private Banks	0.3226397	0.2012086	0.5238483	0725.5150	0.4593161
Grand Total	**7.5016094**	**5.0457195**	**12.5473289**	**10,499.6262**	**11.0792799**

Source: Website of PMJDY: www.pmjdy.g

Table-1 shows that within six months of the launch of PMZDY i.e., from 28/08/2014 to 31/01/2015 more than 12.5 crore accounts were open with deposit balance of Rs.10,499.62 crore under the scheme. Out of this more than 7.5 crore (59.78%) accounts were open under rural areas whereas more than 5 crore (40.21%) accounts were under urban areas. Table also shows that more than 9.8 crore (78%) accounts were opened by Public Sector banks while more than 2.17 crore (17%) accounts were opened by Rural Regional Banks (RRB's) whereas only 4% accounts were opened by Private banks. **This number is more than 32% of the total accounts opened (38 Crore) till March 2020.**

Table-2 shows that as on 01/04/2020 the total number of PMJDY accounts were 38.07 crore with deposit balance of Rs.1,19,680 crore. Out of this more than 22.51 crore (59.12%) accounts were open at rural /semiurban bank branches whereas more than 15.55 crore (40.84%) accounts were open at urban metro bank branches. Table also shows that more than 30.31 crore (79.6%) accounts were opened by Public Sector banks while more than 6.49 crore (17%) accounts were opened by Rural Regional Banks (RRB's) whereas only 3.3% accounts were opened by Private banks. More than 29 crore Rupay debit card issued to the beneficiaries.

Table-2: No. of Accounts opened under PMJDY as on 01/04/2020

Type of Bank	No. of Accounts at rural/semiurban centre bank branches (In Crore)	No. of Accounts at urban metro centre bank branches (In Crore)	Number of Total Accounts (In Crore)	Deposits in Accounts (In Crore)	No. of Rupay Debit Cards issued (In Crore)
Public Sector Banks	16.3312327	13.9863953	30.3176280	94,838.7088	24.4217755
Regional Rural Banks	5.4884993	1.0101469	6.4986462	21,554.1442	3.4452025
Private Sector Banks	0.6990936	0.5590417	1.2581353	03,288.0082	1.1527643
Grand Total	**22.5188256**	**15.5555839**	**38.0744095**	**1,19,680.8612**	**29.0197423**

Source: Website of PMJDY: www.pmjdy.gov.in

Table-2-A: Public Sector Banks Report as on 01/04/2020 (Figures in Crore)

Bank Name	No. of Beneficiaries at rural/semiurban centre bank branches (In Crore)	No. of Beneficiaries at urban metro centre bank branches (In Crore)	Number of Total Beneficiaries (In Crore)	Deposits in Accounts (In Crore)	No. of Rupay Debit Cards issued to beneficiaries (In Crore)
Bank of Baroda	1.7425944	2.3620377	4.1046321	13,856.1325	3.5964689
Bank of India	1.1364698	1.19,58824	2.3323522	7,606.9958	1.9970159
Bank of Maharashtra	0.4746743	0.1427496	0.6174239	2,057.3721	0.1917399
Canara Bank	0.8991537	0.3873745	1.2865282	5,170.4613	0.6861695
Central Bank of India	1.0471748	0.1802032	1.2273780	3,398.4917	0.7343036
Indian Bank	1.3204759	0.3152023	1.6356782	5,458.8209	0.9901080
Indian Overseas Bank	0.1143521	0.3938354	0.5081875	1,388.4843	0.4683748
Punjab & Sind Bank	0.0882931	0.0436055	0.1318986	0639.1469	0.1186882
Punjab National Bank	2.7911851	1.0380718	3.8292569	17,803.1549	2.7690321
State Bank of India	4.9872744	7.0598221	12.0470965	29,603.6089	11.2756531
UCO Bank	0.4838968	0.3736928	0.8575896	2,833.9819	0.4160225
Union Bank of India	1.2456883	0.4939180	1.7396063	5,022.0577	1.1781990
Public Sector Banks Sub Total	**16.3312327**	**13.9863953**	**30.3176280**	**94,838.7088**	**24.4217755**

Source: Website of PMJDY: www.pmjdy.gov.in

Table -2-A shows the report of Public Sector Banks on PMJDY. Table shows that total number of accounts in Public Sector Banks as on 01/04/2020 was 30.31 crore with deposit of Rs. 94,838 crores. Out of the total accounts opened under PMJDY by Public Sector Banks highest number of account 12.04 crore (39.72%) were opened by State Bank of India with deposit of Rs.29,603 crore. Whereas 4.10 crore (13.52%) with deposit of Rs. 13,856 crore and 3.82 crore (12.60%) with deposit of Rs. 17,803 crores were opened by Bank of Baroda and Punjab National Bank respectively. In terms of average deposits in accounts opened Punjab National Bank ranks first with average deposit of Rs. 4660 whereas Bank of Borada and State Bank of India ranks second and third respectively with average deposit of Rs. 3375 and Rs. 2458. Table -2-B shows the report of Regional Rural Banks (RRB's) on PMJDY. Table shows that total number of accounts in RRB's as on 01/04/2020 was 6.49 crore with deposit of Rs. 21,554 crores. Out of the total accounts opened under PMJDY by RRB's highest number of account 1.6989 crore (26.14%) were opened by Punjab National Bank with deposit of Rs.6420.24 crore. Whereas 1.3999 crore (21.53%) with deposit of Rs. 3755.65 crore and 1.2065 crore (18.56%) with deposit of Rs. 4443.2 crores were opened by State Bank of India and Bank of Baroda respectively.

Table-2-B: Regional Rural Banks Report as on 01/04/2020 (Figures in Crore)

Bank Name	No. of Beneficiaries (In Crore) at rural/semiurban centre bank branches	No. of Beneficiaries (In Crore) at urban metro centre bank branches	No. of Total Beneficiaries (In Crore)	Deposits in Accounts (In Crore))	No. of Rupay Debit Cards issued (in Crore)
Bank of Baroda	0.9510647	0.2555051	1.2065698	4443.2084	0.8044959
Bank of India	0.5216539	0.1916356	0.7132895	1836.4760	0.4932514
Bank of Maharashtra	0.1742979	0.0145307	0.1888286	653.8335	0.0935504
Canara Bank	0.4926750	0.1048077	0.5974827	2361.9911	0.2810845
Central Bank of India	0.3226050	0.0460763	0.3686813	1103.1399	0.3000323
Indian Bank	0.0662577	0.0201160	0.0863737	125.8692	0.0596732
Indian Overseas Bank	0.1130746	0.0090065	0.1220811	499.4420	0.0593901
Jammu & Kashmir Bank Ltd	0.0130306	0.0021464	0.0151770	81.9952	0.0040464
Punjab National Bank	1.5900074	0.1089374	1.6989448	6420.2414	0.7543228
State Bank of India	1.1551716	0.2439911	1.3991627	3755.6595	0.5653929

UCO Bank	0.0719190	0.0116502	0.0835692	227.1444	0.0197281
Union Bank of India	0.0167419	0.0017439	0.0184858	45.1436	0.0102345
Regional Rural Bank Sub-Total	**5.4884993**	**1.0101469**	**6.4986462**	**21,554.1442**	**3.4452025**

Source: Website of PMJDY: www.pmjdy.gov.in

In terms of average deposits in accounts opened Punjab National Bank ranks first with average deposit of Rs. 3779 whereas Bank of Baroda and State Bank of India ranks second and third respectively with average deposit of Rs. 3682 and Rs. 2682.

Table-2-C : Major Private Banks Report as on 01/04/2020 (Figures in Crore)

Bank Name	No. of Beneficiaries (In Crore) at rural/semiurban centre bank branches	No. of Beneficiaries (In Crore) at urban metro centre bank branches	No. of Total Beneficiaries (In Crore)	Deposits in Accounts (In Crore)	No. of Rupay Debit Cards issued (In Crore)
Axis Bank Ltd	0.0147274	0.0748540	0.0895814	251.5270	0.0763070
City Union Bank Ltd	0.0009731	0.0075991	0.0085722	14.6767	0.0084543
Federal Bank Ltd	0.0462448	0.0106607	0.0569055	252.0281	0.0321895
HDFC Bank Ltd	0.0397078	0.2090793	0.2487871	1167.6102	0.2487193
ICICI Bank Ltd	0.3697815	0.1041211	0.4739026	304.7994	0.4739026
IDBI Bank Ltd.	0.0474829	0.0368021	0.0842850	282.0774	0.0707170
IndusInd Bank Ltd	0.0034960	0.0396315	0.0431275	31.9352	0.0398970
Jammu & Kashmir Bank Ltd	0.1466400	0.0190593	0.1656993	860.3421	0.1438439
Karur Vysya Bank	0.0028656	0.0177945	0.0206601	18.7280	0.0203119
Kotak Mahindra Bank Ltd	0.0124860	0.0042052	0.0166912	22.2621	0.0015789

Lakshmi Vilas Bank Ltd	0.0048041	0.0132372	0.0180413	20.9237	0.0150718
RBL Bank Ltd	0.0064758	0.0043206	0.0107964	3.2022	0.0105140
South Indian Bank Ltd	0.0027614	0.0171379	0.0198993	56.1780	0.0101048
Yes Bank Ltd	0.0006472	0.0005392	0.0011864	1.7180	0.0011523
Major Private Banks: Total	**0.6990936**	**0.5590417**	**1.2581353**	**3288.0082**	**1.1527643**

Source: Website of PMJDY: www.pmjdy.gov.in

Table -2-C shows the report of Major Private Banks on PMJDY. Table shows that total number of accounts under PMJDY in Private banks as on 01/04/2020 was 1.2581 crore with deposit of Rs. 3288 crores. Out of the total accounts opened under PMJDY by Private banks highest number of accounts 47,39,026 (37.66%) were opened by ICICI Bank Ltd with deposit of Rs.304.799 crore. Whereas 24,87,871 (19.77%) with deposit of Rs.1167.61 crore and 16,56,993 (13.17%) with deposit of Rs. 860.34 crores were opened by HDFC Bank Ltd and Jammu & Kashmir Bank Ltd respectively. In terms of average deposits in accounts opened Jammu & Kashmir Bank Ltd ranks first with average deposit of Rs. 5192 whereas HDFC Bank Ltd and ICICI Bank Ltd ranks second and third respectively with average deposit of Rs. 4694 and Rs.643. Table-3 shows that during the six years (2011-2016) maximum number of bank branches 11686 were opened in the year 2014 and the least branches 4382 were opened in the year 2016. With the widespread use of mobile devices comes a rise in branchless banking, which is leading to a modest expansion of bank branches.

Table-3 :Details of New Bank Branches and Accounts Opened

Year	**No. of Bank Branches Opened**	**No. of New Deposit Accounts (in crore)**	**No. of New Credit Accounts (in crore)**	**No. of New MFI Loan Accounts (in crore)**
2011	5158	7.5	-	-
2012	8688	9.3	1.22	-
2013	8473	13.9	-	-

2014	11686	18.5	1.00	0.37
2015	9517	21.4	-	0.17
2016	4382	20.6	2.12	0.88

Source: Compile from CRISIL Inclusix 2018 Vol. 04 Page (23-25)

Table-3 also shows that deposit accounts have grown steadily over all the years except slight decrease in the year 2016. 60.50 crore new deposit accounts were opened during the fiscal 2013 and fiscal 2016, which is double the 30.7 crore accounts opened during fiscal 2010 and fiscal 2013. The main reason for the significant expansion in deposit accounts was PMJDY. Between fiscal 2015 and 2016, 42 crore new deposit accounts were opened, and half of those fell under PMJDY. Table shows that credit accounts also experienced a significant growth over the two years ended fiscal 2016. The table also shows that between fiscal 2013 and fiscal 2016, there was a substantial increase in the number of microfinance credit accounts. Due to their extensive presence in underbanked and unbanked areas, particularly in semi-urban and rural India, MFIs play a critical role in promoting financial inclusion.

Status of Financial Inclusion in India before and after PMJDY:

Before launch of PMJDY there were many challenges related to Financial Inclusion (FI) in India. Lack of coordination among stakeholders, Lack of proper planning, operational issues such as few Business Correspondent (BC) outlets for providing financial services are the main challenges.

To overcome these challenges PMJDY scheme was launched on 28th August, 2014. PMJDY scheme is based on six pillars. These includes providing bank accounts, credit, insurance, pension, financial literacy, and increasing the number of Business Correspondents (BC). The CRISIL has released CRISIL Inclusix index to know the quantum of FI in India. CRISIL has so far released four volumes. The first volume was released in June 2013 and second, third and fourth volume were released in January 2014, June 2015 and February 2018 respectively. Researcher has used CRISIL Inclusix index to track the progress of financial inclusion in India before PMJDY and after PMJDY. For easy understanding to readers CRISIL Inclusix Scores (CIS) has been divided in the following four categories. These categories indicate different levels of FI.

Table-4: CIS Classification on the basis of Financial Inclusion

CIS	Level of FI
> 55	High

40.1 to 55.00	Above Average
25 to 40.00	Below
< 25	Low

Source: CRISIL report (I) June, 2013

In CIS quantum of financial inclusion has been measured based on the following three tangible and critical dimension as: Branch Penetration (BP), Credit Penetration (CP), and Deposit Penetration (DP).

Table-5: Dimension wise CIS for India

Year	BP	CP	DP	All India Average Score
2010	38.9	34.8	43.4	-
2011	41.0	36.80	48.30	40.10
2012	42.7	38.70	53.20	42.80
2013	52.4	45.70	60.30	50.10
2014	53.5	49.9	62.1	-
2015	55.4	50.4	70.5	-
2016	57.2	56.00	78.30	58.00

Source: Compile from CRISIL report (I) June 2013 to report (IV), February 2018

Note:

In 2013 Index CRISIL included the contribution of Microfinance Institutions (MFIs) first time for index computation. Therefore, index values for the fiscal year 2013 are not directly comparable for BP and CP scores with those of previous years but DP scores are directly comparable because regulations restrict MFIs from collecting deposits.

Table-5 shows the dimension wise CIS for India. As per Table in 2013; before launch of PMJDY all India score of Financial Inclusion was 50.10 while in 2016; after launch of PMJDY this score increased to 58.0. The Financial Inclusion score has grown at a rate of 16%. Branch Penetration (BP) score was 52.4 in the year 2013 which increased at the rate of 9.16% to 57.2 in the year 2016. In the year 2013 Credit Penetration (CP) score was 45.70 it increased to 56.0 in the year 2016. CP score has grown at a rate of 22,53%. The Deposit Penetration (DP) score was 60.30 in the year 2013 which increased by 29.85% to 78.30 in the year 2016. There has been a rapid growth in Deposit Penetration due to the large number of accounts opened under PMJDY. Table-6 shows Financial Inclusion score of India with different regions. According to the Table, Financial Inclusion index of Southern Region is the highest in all the years and it is also higher than the average index of India. For the year 2011 and 2012, CIS of

Southern Region is more than twice as compare to CIS of Eastern Region and North East Region. This difference of Financial Inclusion index clearly shows that there is a huge difference in financial inclusion in different regions of the country. Table also shows that till 2013; before launch of PMJDY except Southern Region, the Financial Inclusion index of all regions of the country were less than the average index of the country. Table shows that after launch of PMJDY in August 2014 Financial Inclusion Index of Western Region for the year 2016 is 62.8 which is higher than the India's average index 58. The CIS for other regions of the country i.e., Northern, Eastern and North East region is also increase in the year 2016 as compared to pre PMJDY period. However, the index of these regions is still lower than the average index 58 of the country.

Table-6: Financial Inclusion at Regional Level

Region	**CIS 2011**	**CIS 2012**	**CIS 2013**	**CIS 2016**
India	40.1	42.8	50.1	58
Southern Region	62.3	66.1	76.0	79.8
Western Region	38.2	40.9	48.2	62.8
Northern Region	37.1	39.5	44.0	51.7
Eastern Region	28.6	30.8	40.2	48.2
North East Region	28.5	30.9	39.7	46.5

Source: Compile from CRISIL report (I) June 2013 to report (IV), February 2018

Table-7: Distribution of States and Union Territories based on CIS

Level of FI	**CIS**	**No. of States / UT 2011**	**No. of States / UT 2012**	**No. of States / UT 2013**	**No. of States / UT 2016**
High	> 55	11	11	14	21
Above Avg.	40.1 to 55.00	04	10	11	10
Below	25 to 40.00	17	13	09	05
Low	< 25	03	01	01	-
Total		**35**	**35**	**35**	**36***

Source: Compile from CRISIL report (I) June 2013 to report (IV), February 2018
*** Telangana state formed after 2013**

Table-7 shows the number of States and Union Territories (UT) of India based on the level of financial inclusion. Table shows that till 2013; before launch of

PMJDY out of the total 35 states and UT of India 11 were in the category of high financial inclusion score above 55 for the year 2011 and 2012 and in the year 2013 this number increased to 14. In the year 2011 three States and UT were in the category of low financial inclusion and in the year 2012 & 2013 this number was reduced to one. Table also shows that after launch of PMJDY in August 2014 out of 36 districts and UT, 21 were in the category of High financial inclusion, 05 were in the category of below financial inclusion and there was no State /UT in the low category in the year 2016. It is clear from the table that after the launch of PMJDY, the number of States/ UT in the category of high financial inclusion score above 55 increased from 14 to 21 with a 50% increase. The level of financial inclusion has improved due to the large number of accounts opened under PMJDY.

Financial Inclusion (FI) Index of Reserve Bank of India (RBI):

The Reserve Bank of India constructed the Financial Inclusion Index (FI-Index) in 2021 after consulting with the relevant parties, including the Government, to measure the amount of financial inclusion throughout the nation. The FI index was designed as a thorough index that included information on the banking, investments, insurance, postal, and pension sectors. The FI-Index is made up of three main factors: access, which is weighted at 35%; usage, which is weighted at 45%; and quality, which is weighted at 20%. Each of these parameters is made up of different dimensions, which are calculated using a variety of indicators. The quality criterion takes into account things like consumer protection, financial literacy, and service inequalities and flaws. The index was created without using a base year and represents all stakeholders' cumulative efforts over time to promote financial inclusion. For the FY that ended in March 2021, the FI index was first published in August 2021. For the fiscal year 2020–2021, the FI Index number was 53.9. While the FI Index number for March 2022 is 56.4, increase was seen across all of the sub-indices (Access, Usage and Equality).

Major Findings of the Research:

The Pradhan Mantri Jan-Dhan Yojana (PMJDY) of the National Mission for Financial Inclusion was initially introduced on August 28th, 2014, for a period of four years (in two parts). It asks for universal use of banking services with every family having at least one basic banking account, as well as financial literacy, access to credit, insurance, and pensions. For creating the most bank accounts in the shortest amount of time, the PMJDY initiative broke the Guinness World Record on June 20, 2015. In September 2018, the government re-launched PMJDY as an open-ended scheme and introduced extra advantages to entice individuals to register bank accounts, buoyed by the scheme’s success. The government wants to expand access to the official banking system from "every household to every adult" by increasing insurance coverage and providing double the overdraft (OD) limit under the new PMJDY. The following are the study's main findings:

- Within six months of the launch of PMZDY i.e., from 28/08/2014 to 31/01/2015 more than 12.5 crore accounts were open with deposit balance of Rs.10,499.62 crore under the scheme. Out of this more than 7.5 crore (59.78%) accounts were open under rural areas whereas more than 5 crore

(40.21%) accounts were under urban areas. More than 9.8 crore (78%) accounts were opened by Public Sector banks while more than 2.17 crore (17%) accounts were opened by Rural Regional Banks (RRB's) whereas only 4% accounts were opened by Private banks. This number (12.5 Crore) is more than 32% of the total accounts opened (38 Crore) till March 2020. **(Table-1)**

- As on 01/04/2020 the total number of PMJDY accounts were 38.07 crore with deposit balance of Rs.1,19,680 crore. More than half the account holders are women. Out of total accounts more than 22.51 crore (59.12%) accounts were open at rural /semiurban bank branches whereas more than 15.55 crore (40.84%) accounts were open at urban metro bank branches. More than 30.31 crore (79.6%) accounts were opened by Public Sector banks while more than 6.49 crore (17%) accounts were opened by Rural Regional Banks (RRB's) whereas only 3.3% accounts were opened by Private banks. **(Table-2)**
- Analyzing of performance of Public Sector Banks on PMJDY shows that total number of accounts in Public Sector Banks as on 01/04/2020 was 30.31 crore with deposit of Rs. 94,838 crores. Out of all the accounts opened by the Public Sector Banks under PMJDY; highest number of account 12.04 crore (39.72%) were opened by State Bank of India with deposit of Rs.29,603 crore. Whereas 4.10 crore (13.52%) with deposit of Rs. 13,856 crore and 3.82 crore (12.60%) with deposit of Rs. 17,803 crores were opened by Bank of Baroda and Punjab National Bank respectively. In terms of average deposits in accounts opened Punjab National Bank ranks first with average deposit of Rs. 4660 whereas Bank of Borada and State Bank of India ranks second and third respectively with average deposit of Rs. 3375 and Rs. 2458. **(Table-2-A)**
- Analyzing of performance of Regional Rural Banks (RRB's) on PMJDY shows that total number of accounts in RRB's as on 01/04/2020 was 6.49 crore with deposit of Rs. 21,554 crores. Out of the total accounts opened under PMJDY by RRB's highest number of account 1.6989 crore (26.14%) were opened by Punjab National Bank with deposit of Rs.6420.24 crore. Whereas 1.3999 crore (21.53%) with deposit of Rs. 3755.65 crore and 1.2065 crore (18.56%) with deposit of Rs. 4443.2 crores were opened by State Bank of India and Bank of Baroda respectively. In terms of average deposits in accounts opened Punjab National Bank ranks first with average deposit of Rs. 3779 whereas Bank of Baroda and State Bank of India ranks second and third respectively with average deposit of Rs. 3682 and Rs. 2682. **(Table-2-B)**
- Analyzing of performance of Major Private Banks on PMJDY shows that total number of accounts under PMJDY in Private banks as on 01/04/2020 was 1.2581 crore with deposit of Rs. 3288 crores. Out of the total accounts opened under PMJDY by Private banks highest

number of accounts 47,39,026 (37.66%) were opened by ICICI Bank Ltd with deposit of Rs.304.799 crore. Whereas 24,87,871 (19.77%) with deposit of Rs.1167.61 crore and 16,56,993 (13.17%) with deposit of Rs. 860.34 crores were opened by HDFC Bank Ltd and Jammu & Kashmir Bank Ltd respectively. In terms of average deposits in accounts opened Jammu & Kashmir Bank Ltd ranks first with average deposit of Rs. 5192 whereas HDFC Bank Ltd and ICICI Bank Ltd ranks second and third respectively with average deposit of Rs. 4694 and Rs.643. **(Table-2-C)**

- During the fiscal 2013 and fiscal 2016 60.50 crore new deposit accounts were opened, which is double the 30.7 crore accounts opened during fiscal 2010 and fiscal 2013. The main reason for the significant expansion in deposit accounts was PMJDY. Between fiscal 2015 and 2016, 42 crore new deposit accounts were opened, and half of those fell under PMJDY. credit accounts also experienced a significant growth Over the two years ended fiscal 2016, credit accounts also grew significantly. Between fiscal years 2013 and 2016, there was a significant rise in the number of microfinance credit accounts. **(Table-3)**
- To track the progress of financial inclusion in India before PMJDY and after PMJDY CRISIL Inclusix index / score (CIS) has been used in this study. In CIS quantum of financial inclusion has been measured based on the following three tangible and critical dimension as: Branch Penetration (BP), Credit Penetration (CP), and Deposit Penetration (DP). By analysing the CIS for India, it is known that before launch of PMJDY all India score of Financial Inclusion was 50.10 while in 2016; after launch of PMJDY this score increased to 58.0. The Financial Inclusion score has grown at a rate of 16%. Branch Penetration (BP) score was 52.4 in the year 2013 which increased at the rate of 9.16% to 57.2 in the year 2016. In the year 2013 Credit Penetration (CP) score was 45.70 it increased to 56.0 in the year 2016. CP score has grown at a rate of 22,53%. The Deposit Penetration (DP) score was 60.30 in the year 2013 which increased by 29.85% to 78.30 in the year 2016. There has been a rapid growth in Deposit Penetration due to the large number of accounts opened under PMJDY. **(Table-5)**
- To measure the amount of financial inclusion throughout the nation the Reserve Bank of India constructed the Financial Inclusion Index (FI-Index) first time in 2021. The FI-Index is made up of three main factors: access, which is weighted at 35%; usage, which is weighted at 45%; and quality, which is weighted at 20%. For the fiscal year 2020–2021, the FI Index number was 53.9 whereas, the FI Index number for March 2022 is 56.4, increase was seen across all of the sub-indices (Access, Usage and Equality).
- By comparing Financial Inclusion score of India with different regions, it clearly shows that there

are significant regional variations in financial inclusion. Financial Inclusion index of Southern Region is the highest in all the years and it is also higher than the average index of India. For the year 2011 and 2012 CIS of Southern Region was 62.3 & 66.1 which is more than twice as compare to CIS of Eastern Region (28.6 & 30.8) and North East Region (28.5 & 30.9). Till 2013; before launch of PMJDY except Southern Region, the Financial Inclusion index of all regions of the country were less than the average index of the country. Whereas, after launch of PMJDY in August 2014 Financial Inclusion Index of Western Region for the year 2016 is 62.8 which is higher than the India's average index 58. The CIS for other regions of the country i.e., Northern, Eastern and North East region is also increase in the year 2016 as compared to pre PMJDY period. However, the index of these regions is still lower than the average index 58 of the country. **(Table-6)**

- By analyzing the level of financial inclusion in States and Union Territories (UT) of India this is known that that till 2013; before launch of PMJDY out of the total 35 states and UT of India 11 were in the category of high financial inclusion score above 55 for the year 2011 and 2012 and in the year 2013 this number increased to 14. In the year 2011 three States and UT were in the category of low financial inclusion (less than 25) and in the year 2012 & 2013 this number was reduced to one. This was also revealed on analysis of data that after launch of PMJDY in August 2014 out of 36 districts and UT, 21 were in the category of High financial inclusion (Above 55), 05 were in the category of below financial inclusion (25 to 40) and there was no State /UT in the low category in the year 2016. It is clear from the analysis that after the launch of PMJDY, the number of States/ UT in the category of high financial inclusion score above 55 increased from 14 to 21 with a 50% increase. The level of financial inclusion has improved due to the large number of accounts opened under PMJDY. (**(Table-7)**

Conclusion:

The six-year path of interventions guided by PMJDY has, in fact, resulted in transformative and directional change, allowing the burgeoning Financial Inclusion ecosystem to provide banking and financial services to the very lowest of the poor. People-centred economic projects have their roots in PMJDY. It was essential to open their bank account, which has practically been accomplished under the PMJDY scheme, in order to extend the benefits of the government's numerous public welfare schemes to the very last member of the community. Currently, over 38 crore PMJDY account holders are receiving financial aid through a number of government schemes, including COVID-19 financial aid, direct benefit payments, PM-KISAN, increased wages under MGNREGA, and life and health insurance coverage that is directly deposited into their bank accounts. Every second new account opened between March 2014 and March 2016 was a PMJDY account. Within 10 days after the lockdown in the year 2020 during Covid-19, ex-gratia payments were made to more than 20 crore women's PMJDY accounts. The Jan Dhan account frees the poor from the control of predatory money lenders in addition to providing a mechanism for them to transfer money to their family in the villages and enter their savings into the formal financial system. Thanks to PMJDY, which has also enhanced India's financial infrastructure, the majority of adults in that country now have access to financial services. Direct Benefit Transfers (DBTs) have helped the most vulnerable sections of society during the Covid epidemic by empowering them and providing them with financial security. One important element is that DBTs through PM Jan Dhan accounts have halted systematic leakage and ensured that every rupee reaches its assigned beneficiary. Rajiv Gandhi, a former prime minister, famously observed, “A rupee provided by the centre is only worth 15 paisa by the time it reaches the beneficiary.” As opposed to this, it has now assured that recipients are receiving 100% of government aid through direct benefit transfers into the 37 crore accounts opened under PMJDY. The PMJDY's slogan, "Mera Khata Bhagya Vidhata," is therefore considered to be fully accomplished.

Acknowledgements:
In this study authors have used CRISIL Inclusix index to track the progress of financial inclusion in India prior PMJDY and post PMJDY. Authors express gratitude to the CRISIL.

References:

Chaudhary, Alka (2017), ‘PMJDY-A Study of its role in Financial Inclusion and Inclusive Growth in India’ International Journal for Research in Management and Pharmacy, Vol.6, Issue 5, May 2017, p-14-17

Cnaan, R.A., Moodithaya, M.S. & Handy, F (2012), ‘Financial Inclusion: Lessons from Rural South India’ Journal of Social Policy, 41 (1), 183-205, Cambridge University Press

Crisil Inclusix, an index to measure India’s progress on financial inclusion (2013), Vol 1, available at https://www.crisil.com/en/home/our-analysis/publications/crisil-inclusix.html

Deb, Rajat and Das, Prasenjit (2016), ‘Perceptions of Bank Account Holders about PMJDY- A Study on Baikhora Region of South Tripura’, Amity Journal of Finance, Amity University, 1(1), p- 67-91

Dutta, Tulika and Das Ashish (2017), ‘Analyzing Data of PMJDY’ Technical Report, IIT, Bombay, Mumbai Available at www.math.iitb.ac.in>PMJDY_2017

https://indianexpress.com/article/business/economy/financial-inclusion-index-inches-up-all-sub-indices-rise-rbi-8067235/

https://pmjdy.gov.in/

https://rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=20502

https://timesofindia.indiatimes.com/business/india-business/women-hold-56-of-over-46-crore-jan-dhan-accounts/articleshow/93841793.cms

https://www.business-standard.com/article/finance/rbi-s-march-financial-inclusion-index-shows-growth-in-all-segments-122080201803_1.html https://www.thehindubusinessline.com/economy/direct-benefit-transfer-seen-reducing-zerobalance-accounts-in-pm-scheme/article8573077.ece

Ibid. Vol 2, January 2014

Ibid. Vol 3, June 2015

Ibid. Vol 4, February 2018

Ramya, Krishnan M (2012), ‘A study on Financial Inclusion and Financial Literacy among the tribal people in Wayanad district in Kerala’, Minor Project Report submitted to the U.G.C.

Sadhik, Mahammad, Safeena, Avvamath and Jameela (2015) ‘ A Study on Financial Inclusion with reference to Pradhan Mantri Jan Dhan Yojana (PMJDY)’, Presented in International Conference on Technologies for Sustainability – Engineering, Information Technology- Management and the Environment (SUSTECH-15) Organized by DAV Institute of Management, Faridabad, 28th November, 2015, Available at www.conferenceworld.in, p-488-493

Salathia, Preeti (2014), ‘Impact of Financial Inclusion on Economic Development’, unpublished Ph.D Thesis submitted to the University of Jammu, (J&K)

Shah, Mita Ashish (2016), ‘Financial Inclusion Reaching the Unreached’, SSDN Publishers & Distributors, New Delhi

Sharma, Neha and Goyal, Ruchi (2017), ‘Pradhan Mantri Jan Dhan Yojana (PMJDY) – A Conceptual Study’, International Journal of Research Granthaalayah, Vol.5, Issue 4, p-143-152

Shastri, Aditya (2014), ‘Financial Inclusion in Madhya Pradesh, A study with reference to rural population’, Journal of Business Management and Social Science Research, Volume 3, No. 12, December, 2014; p – 9-13

Shetty, V.P. (2006), Challenges of Inclusive Banking, speech at IDBRT, Hyderabad, September 2 Available at www.idbrt.ac.in/speeches_archives.html

Suryavanshi, Pushpa and Yadav, Babita (2016), ‘PMJDY: A National Scheme for Financial Inclusion in India’, in (ed.) Shah, Mita Ashish (2016), ‘Financial Inclusion Reaching the Unreached’, SSDN Publishers & Distributors, New Delhi, p-208-212

Tejani, Rachana (2011), ‘Financial Inclusion and Performance of Regional Co-operative Banks in Gujarat’, Research Journal of Finance and Accounting, Vol.2, No.6, p-40-50

Verma, Yogesh and Garg, Priyanka (2016), ‘Pradhan Mantri Jan Dhan Yojana (PMJDY): A Step towards Eradicating Financial Untouchability’, Indian Journal of Finance, p-1-15

World Bank (2008), Finance for all? Policies and Pitfalls in expanding Access, World Bank Policy Research Paper, p-1121-1126, World Bank, Washington D.C. available at the site sources.worldbank.org.