
A PERSPECTIVE NOTE ON INNOVATIVE PRACTICES FOLLOWED IN THE FINANCIAL INCLUSION UNDER THE PMJDY SCHEME IN INDIA

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ABSTRACT

Nowadays the entire world is reeling under the grip of digitalization and usage of information technology in all the day to day activities. The banking sector is fled away with the usage of maintaining mega mega ledger notebooks and dusty paper for their prolonged transactions and also paves the way for virtual economy. The banking sector in India in recent times is forced to follow the latest and upto date technology in managing SB account through digital way and make it more convenient through the internet banking system. Most of the customers need not go over to the bank and waste our precious time to know about their balance in their accounts and all other statements pertaining to their transactions. Hence, money transfer can also be done through internet within a couple of second and banking officials have not taken very strong efforts in managing their accounts. This paper clearly reveals the way in which of usage of information technology in handling the beneficiaries of PMJDY account holders in the study area and also throw lights the necessitated conditions needed for the introduction of Hi-Fi banking transactions.

Key words: Financial Inclusion – Innovative Practices – Digital World – PMJDY Scheme – Latest Techniques – Banking transactions.

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1. INTRODUCTION

Pradhan Mantri Jan-Dhan Yojana (PMJDY) National Mission for Financial Inclusion is based on “Sab ka Sath, Sab ka Vikas” i.e. inclusive growth to ensure access to financial services, namely, banking/ savings and deposit accounts, remittance, credit, insurance, pension in an affordable manner, launched by Prime Minister Narendra Modi on 28th August, 2014. The launch of this scheme was announced at the historic Red Fort on the occasion of India’s Independence Day. Jan Dhan Yojana almost when translated into English as “People’s Wealth Scheme”. This scheme name “Jan Dhan” was chosen by conducting a competition through online on the My Govt. Platform and got more than 6000 ideas from peoples. The motto for the operation is “Mera Khata- Bhagya Vidhaata” when translated into English it means “My Bank Account the Creator of the Good Fortune”. Keeping in the views the above facts and importance of financial services for the country as a whole, the study was conducted to review the current status of the PMJDY and financial inclusion in India.

2. NEED FOR FINANCIAL INCLUSION FOR MARGINALIZED PEOPLE

Since 2005, many concerted measures are initiated by the Reserve Bank of India and Government of India in favour of financial inclusion, but the impact of these did not yield results (Singh et al. 2014). As financial inclusion initiative RBI introduced many schemes like the expansion of bank branches, post office saving bank (POSB’s), sector wise lending, establishment of Regional Rural Bank (RRB’s), Self-Help Groups (SHG’s) etc. These initiatives by RBI did not reached the expected level of inclusions. Thus, to ensure greater financial inclusion, it took support from different SHG’s and NGO’s and asked for them to act as mediators through use of “Business Facilitator and Business Correspondent Model”.

3. IMPORTANCE OF THE RESEARCH PROBLEM

The present research embodies the need for following latest innovative IT Technique and other wireless methods of transacting their banking activities on PMJDY account holders. A larger part of an attempt has been made by the researchers to show the way in which adopting WI-FI technique and internet facilities in the banking activities. Financial inclusion is relocating of banking services at a sensible cost to the huge sections of disadvantaged and low-earnings peoples. A few nations across the globe now look at financial inclusion as the methods for a more comprehensive growth, wherein, every resident of the nation can employ his/her earnings as a financial source that they can give somewhat to do to increase their future financial status and in parallel contribute to the nation’s development. The need for greater financial inclusion in India is well recognized. The Census taken in 2011 shows that, out of 24.67 crore in the nation, only 14.28 crore people (58.7%) had access to banking services. Similar data from the World Bank suggests that only 35% of people had an account in a formal institution; only 8% had borrowed from a formal financial institution in the last 12 months, only 12% saved at a financial institution in the past year and only 8% had a debit card or had used the account to receive wages.

4. NEED FOR THE STUDY

There is an urgent need for usage of the innovative techniques on the maintenance of the PMJDY account holders and how far it will ease their business activities instead of maintaining mega notebook ledgers with huge bound volumes of yesteryears. It also brings out the importance of the usage of IT Technique is an inevitable one and part and parcel of the banking developments in India. Financial Inclusion is the conveyance of banking administrations to the vast sections of under privileged individuals at a moderate cost. As Banking administrations

are covenant with as public utility services, it is necessary that ease of access of banking and payment services be made accessible to all natives of the country with no separation. Thorat, U. (2008), Deputy. Governor, Reserve Bank of India has stressed the requirement for Financial Inclusion as the key to sustainable growth amid her address on 'Vision-2020- Indian Financial Services Sector' facilitated by national television channel NDTV. She highlighted the rising difficulties in the coming days that require building synergy between Micro Finance Institutions and Self-Help Groups and Banks for implementing ICT based seamlessly also advocated that Financial Inclusion necessitates skilled manpower to handle IT platform successfully.

5. OPERATIONAL DEFINITION

Awasthi (2019) reported that financial inclusion is one of the most powerful ways to alleviate poverty as India is the home for about one-third of the poor people in the world, who don't have access to financial services in the lines of virtual and digital economy.

6. STATEMENT OF THE PROBLEM/ SCOPE OF THE STUDY

This research is a vast scope for dealing the banking activities under the stream of IT Technique and latest Wi-Fi techniques of money transfers in all over India to cover the account holders' activities of the PMJDY in recent times. Financial inclusion is an innovative thought which authorizes the elective procedures to encourage the banking habits and acts as an enabler in dropping the poverty. The launch of Pradhan Mantri JanDhan Yojana (PMJDY) by Government of India is to ward that path. The existing scheme is not just restricted to opening a bank account but in addition has different benefits with it viz. zero balance bank account with RuPay debit card, notwithstanding accidental insurance cover of `1 lakh, those who open accounts by January 26th, 2015 over and above the coverage, they will be given life insurance coverage of `30,000 also. According to Government of India, Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) payments are to be done directly into the accounts of the MGNREGA labourers in rural areas held either in Banks or Post Offices. The target of the PMJDY scheme is to guarantee that no household is left without a bank account. There are totally 9.98 Crore account holders of the MGNREGA labours in Bank/ Post Offices. There are also 3.66 Crore accounts in the Post Offices and 0.75 Crore in Co-operative banks. In this manner, all banks were coordinated to work toward this path for more inclusion. Hence, the present research deals on "A PERSPECTIVE NOTE ON INNOVATIVE PRACTICES FOLLOWED IN THE FINANCIAL INCLUSION UNDER THE PMJDY SCHEME IN INDIA".

7. OBJECTIVES

- To deal the matters pertaining to the knowledge and usage of innovative technique in the PMJDY accounts followed by banking sectors.
- To study the various issues and challenges encountered in this task.
- To give a clear cut picture of the present development of PMJDY account holders and their financial transactions.
- To enhance productive oriented future outlook of the improvement measures in the lines of digital and virtual media of their day to day banking activities.
- To summarise the major importance achievements and targets of financial inclusion done by PMJDY scheme in India in recent times.

8. IMPORTANT SPHERES OF PMJDY AND INNOVATIVE TECHNIQUES

PMJDY scheme has six significant objectives. Out of that first three was fulfilled in the first year of launching of this scheme. It includes the following six pillars:

- **Universal access to banking facilities:** To make sure in-depth expansion of banking facilities each district is divided into Sub Service Area (SSA) to validate access to banking facilities within 5km range by 14th August 2020. Some of the countries which have accessibility and connectivity problem will be covered in phase-II of the program.
- **Banking accounts with RuPay ATM card with the provision of overdraft facility:** The principal aim is to open a basic account of each home in the nation. A RuPay ATM card is also provided with every account. In future, there will be the provision of overdrafting up to ₹5000 after successful operating debit card for 6 months. There will be the nominal interest rate on overdraft funds and it will also act as micro finance scheme.
- **Financial literacy programme:** Majority of villagers are illiterate. Thus, there is a need to run financial literacy programme. The major aim of such program is to make people conscious and skilled of using financial services provided by the banks.
- **Creation of credit guarantee fund:** In future government has planned to create a credit guarantee fund that will be used to cover the defaults in overdrafts accounts.
- **Micro finance:** Government will make available micro finance to all enthusiastic and appropriate persons. This objective was fulfilled in 2nd phase of PMJDY.

9. ANALYSIS AND DISCUSSION

Table 1 below reports the status of accounts opened under PMJDY scheme. In rural regions 7,17,89,697 accounts opened by public sector banks, RRB's and private sector banks were 5,33,00,249, 1,84,89,448 and 32,26,397, respectively. On the other hand, in urban areas 4,84,45,109 accounts were opened by public sector banks, RRB's and private sector banks were 4,51,47,276, 32,97,833 and 20,12,086, respectively. Thus, the total accounts opened in the rural and urban area by public sector bank, RRB and private sector bank were 9,84,47,525, 2,17,87,281 and 52,38,483, respectively. The grand total of opened accounts was 12,02,34,806.

Table 1 Status of PMJDY Accounts Opened as on 31.01.2020

	Public Sector Banks	RRB	Private Sector Banks	Total
Rural	5,33,00,249	1,84,89,448	32,26,397	7,17,89,697
Urban	4,51,47,276	32,97,833	20,12,086	4,84,45,109
Total	9,84,47,525	2,17,87,281	52,38,483	12,02,34,806

Source: <http://pmjdy.gov.in/account>

10. CHALLENGES IN IMPLEMENTING PMJDY

The extraordinary theory of this PMJDY programme is a major move to convey the rejected helpless peoples to the overlay of the formal financial system, yet a portion of the difficulties may influence its viability if not observed and managed adequately as detailed below:

11. THE ISSUE OF MULTIPLE OF ACCOUNTS

The scheme is important for the unbanked, but it is not sufficiently clear the individuals who are poor and having a bank account are suitable to open an account and gain the benefits of the scheme. The commanding of a single identity proof to open an account supports any expectation

of higher insurance cover and overdraft in multiple accounts for which no robust mechanism has not been put in place.

11. INFRASTRUCTURAL ISSUES

The big volume of 22.81 crore Rupay debit cards to be issued under Jan Dhan Yojana and existing volume of 120 million Rupay Kisan Cards when combined are likely to pose a problem. The infrastructural bottlenecks like poor broad band connectivity and poor power supply to ATMs, downtime of ATMs and so on may also pose a big challenge. There is the likelihood of long queues at ATMs and a higher risk of misuse and cheats due to lack of knowledge about ATM use is a possibility.

12. FINANCIAL LITERACY

Awareness efforts are the main dishonor that prevents the optimum use of alternating channels and kindle demands for using financial services. Exclusive of financial literacy, the scheme would be half backed.

13. INACTIVE ACCOUNTS

The government is strong that all unbanked family has at least two bank accounts (including one for a female member of the family). To deal with amass of no adornment essential bank accounts both accessible and new the programme should promise that regular flow of funds all the way through Direct Benefits Transfer from the government to individual persons embraces the way to development.

14. IDLENESS OF OVERDRAFT

The absence of any firm scheme of utilization of the proposed overdraft of `5000 per house hold in 7.5 crore accounts may be prompted potential unpleasant responsibilities of the huge amount which is posing a potential threat upcoming. Many unbanked people don't have the knowledge whether the amount is to be refunded back to Bank or simply the same is a grant for which literacy initiative may help alleviate the fear.

15. CONFUSION REGARDING THE VALIDITY OF INSURANCE CLAIMS

The life insurance is an inherent aspect of the Rupay Debit Card, and the insurance claim is acceptable only if the Rupay Card is considered active when the card is swiped within the stipulated time limit of 45 days before making a claim for insurance. In this way, to keep the account and card active under PMJDY, it is essential that the status of the card should be maintained as active by utilizing it in once every month.

16. LESS AVAILABILITY OF ATMS IN RURAL AREAS

The huge number of debit cards proposed to be issued will be used to the benefit of excluded people if the requisite number of ATMs is available in rural areas.

17. CONCLUSION

From the above foregoing discussion on the innovative techniques of PMJDY in bringing marginalized people under the financial inclusion agenda there are many constraints and difficulties encountered in this task and also how to anomalies the existing defects and difficulties in removing to make their work in a quick and easiest manner. Financial Inclusion

will help the poor in carrying them to the mainstream of growth and would also endow with the financial institutions and opportunity to be partners in inclusive growth. Financial inclusion is the spirit of sustainable economic growth and development in a country like India. Inclusive growth winds up inconceivable without financial inclusion. Financial inclusion is similar for the economic development of the nation. Overall, the PMJDY scheme is a motivated financial inclusion preparation.

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