



Special Issue

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Role of Pradhan Mantri Jan Dhan Yojna in emerging Indian economic power

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Abstract

Even after 76 years of independence, a sizable portion of the Indian population is still unbanked, which is a cause for grave concern given the explosive growth of the banking industry in India, both horizontally and vertically. The notion of financial inclusion has been promoted by the Indian government and the Reserve Bank of India in recent years, however the suffering of these financially vulnerable individuals has not shown any discernible impact. In August 2014, Prime Minister Narendra Modi announced a new initiative for lower-income and weaker-section people in his Independence Day speech. This initiative, known as the National Mission on Financial Inclusion (NMFI), aims to alleviate the long-standing financial suffering. The Prime Minister praised the Banks in particular for managing to open a record 1.5 crore new accounts on the first day of the Pradhan Mantri Jan Dhan Yojana on August 28, 2014. This endeavour will undoubtedly significantly contribute to poverty reduction and economic growth, as well as to the mitigation of systemic risk and preservation of financial stability. This essay centres on the significance of financial inclusion and the changes that the Pradhan Mantri Jan Dhan Yojana (PMJDY) would bring about for all parties involved in our nation.

Keywords: financial inclusion, weaker section, banking habits, financial services

Introduction

Money is a basis of our all-financial activities. If we understand the need of money then we must also aware about the need of financial inclusion. Kirkpatrick (2000) says that financial inclusion is an important factor in human development. He further stressed that financial development is considered to be an important factor in the economic growth of the country.

Financial Inclusion, is the way of delivery of economic offerings together and credit with banking offerings and credit he scores at low-cost fee to the huge section of agencies deprived and less-profit agencies, who have a tendency to be excluding. Financial Inclusion takes into consideration the participation of inclined organisations, including weaker sections of the society and low earnings, based on totally on the extent of their attainability.

History of financial inclusion in India

The concept of financial inclusion introduced by Mr KC Chakraborty, chairman of Indian Bank in 2005. All the households in Mangalam village were provided with banking

facilities for the first time. Relaxation of KYC norms encouraged many Households to get access to banking services. As financial inclusion initiative RBI introduced many schemes like expansion of bank branches, POSBs, sector wise lending, establishment of RRB's, SHG's etc.

Despite of these initiatives, RBI did not reach the expected level of inclusion. Thus, to ensure the greater financial Inclusion it took support from various SHG's and NGO's and requested them to act as intermediaries through use of “Business Facilitator and Business Correspondent Model”.

Pradhan Mantri Jan Dhan Yojna

Hon'ble, Prime Minister Shri Narendra Modi in his Independence Day Programme speech on 15th August 2014 announced a comprehensive program of Financial Inclusion. Out of which a large number of people were targeted who are currently deprived of primary financial services. Pradhan Mantri Jan Dhan Yojna (PMJDY) is a national mission for financial inclusion to make sure get reach to financial services, namely Banking saving and deposit account. Remittance

Credit, Insurance, Pension in a feasible manner.

This financial inclusion programme run by Department of Financial Services, Ministry of Finance. On the inauguration day 1.5 crore bank accounts were opened under this campaign. The achievements made under PMJDY recognized by the Guinness World Records. Guinness World Records Certificate says "The maximum financial institution accounts opened in 1 week as part of financial inclusion marketing campaign is 18,0996,130 and was achieved by Banks in India from 23 to 29 August 2014."

However as earlier there was also a financial inclusive programme named Swabhiman Yojna which main focal point is laid solely a village however in PMJDY focus on each an rural as well as on urban. However, Swabhiman Scheme's rate of success is very low in comparison to the PMJDY because of less interest of government and lot of formalities to open a bank account which is very easy under PMJDY. Undoubtedly Financial Inclusion plays a vital role in an economy and PMJDY is another tool in this link.

Review of literature

1. Parth Sarthi Senapati (2018) in their Research Paper: An investigation on budgetary incorporation through PMJDY in Guntur District, he discovered about the current status and the understanding of the people about PMJDY plans and the factors influencing access to money related items. By giving attention to people via money related advise helps him evacuating the trouble seemed in getting too formal budgetary sources.
2. Charan Singh and Gopal Naik (2018), concentrated on the importance of financial consideration after PMJDY by investing Financial Inclusion after PMJDY. A Gubbi Taluk Case Study, Tumkur PMJDY made extraordinary breakthroughs towards almost a 100% households inclusion. The inquiry is trying to seem to be into PMJDYs fulfillment in 6 Gubbi Gram Panchayat. The investigation finds that women, small and peripheral ranchers and rustic folks no usual instruction have opened new records. Rising service centres have adequately run a significant want to promote economic administration of the provincial population.
3. Ranade (2017), tried to point to fintech's capacity and its effect on monetary services. He addressed the position of facts control and its destiny use in conjunction with the infrastructure of Jan-Dhan-Aadhar, Mobile Phones (JAM), that can give a large boost to financial inclusion. The researcher additionally recommended warning approximately the privacy and records possession could be created at some state in the process.
4. Meera *et al* (2017), even as reading monetary include through PMJDY studied that a big quantity of bills has been opened below this scheme. They additionally studied that the high goal of this scheme is to enhance financial inclusion and there may be no confusion that the development of the scheme will have interact to the resting people who don't have bank account.
5. Pillai (2016), considered that PMJDY is an important

pillar in financial inclusion for the Indian economic development. He further said that PMJDY giving its 100% for the abolition of poverty in form of easy monetary services. They also studies that there is more need of exploring its characteristic is particular communities yet.

An overview of financial inclusion in public sector banks

The policy maker in India have been focusing on financial inclusion of rural and semi-rural areas primarily for three most processing needs.

- **Creating a platform for banking habit:** The lower income category which is also known as weaker section has been constant shadow of financial duress mainly because of the absence of savings. Presence of banking services and products al'm at providing a critical tool to inculcate the habit to save capital formation in the country is also expected to be boosted once financial inclusion measure materialise, as people move away from traditional modes of parking their savings in land, buildings etc.
- **Establishing official credit channels:** So far, the unbanked population of the country are interdependent on informal channels credit like family, friends and moneylender. Availability of adequate and transparent credit from formal banking channels shall allow the entrepreneurial spirit of the masses to increase the output and prosperity.
- **Plug Gaps and leaks in government grants and welfare program:** Even a sizeable amount of money intended for the lowest of the poor does not really get to them. Much of this money is thought to leak and not reach the intended parties as it makes its way through the complex web of government bureaucracy. Government therefore, is pushing for direct cash transfers to beneficiaries through their bank accounts rather than subsidizing products and making cash payments. This laudable effort is expected to reduce government's subsidy bill and provide relief only to the real beneficiaries.

However, illiteracy and the low-income savings and lack of bank branches in rural areas continue to be a roadblocks to financial inclusion in many states and there is inadequate legal and financial structure.

Conclusion

Financial inclusion through PMJDY is one of the best initiatives ever attempted to end poverty. Any scheme must undergo frequent checks and ongoing reviews in order to succeed. Achieving successful implementation would curb corruption in addition to decreasing poverty. In fact, the NDA government's audacious initial move assisted many in entering the mainstream economy and lessened financial untouchability.

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