



PRADHAN MANTRI JAN-DHAN YOJANA

प्रधान मंत्री जन धन योजना  
मेरा खाता भाग्य विधाता

# PRADHAN MANTRI JAN DHAN YOJANA

{MG405}

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# 1.0 Introduction

Pradhan Mantri Jan Dhan Yojana (PMJDY), is financial inclusion program of Government of India which is applicable to 20 to 65 years age group, that aims to expand and make affordable access to financial services such as bank accounts, remittances, credit, insurance, and pensions. This financial inclusion campaign was launched by the Prime Minister of India Narendra Modi on 15 August 2014. He had announced this scheme on his first Independence Day speech on 15 August 2014.


Run by Department of Financial Services, Ministry of Finance, under this scheme 15 million bank accounts were opened on inauguration day. The Guinness Book of World Records recognized this achievement, stating: "The most bank accounts opened in one week as a part of the financial inclusion campaign is 18,096,130 and was achieved by the Government of India from August 23 to 29, 2014". By 27 June 2018, over 318 million bank accounts were opened and over ₹792 billion (US\$12 billion) were deposited under the scheme.

## 2.0 Project Scope


Time to time the Indian Government consistently make its efforts towards the inclusion of rural customer (investors) in the organized financial system. This might not only provide a handsome amount of cash flow to boost the Indian economy but it could also help the government to facilitate rural development by offering various services like gas subsidies etc. Thus, the nomenclature of financial inclusion varies due to different ruling party, but the primary objective remains the same i.e. to flourish the bottom of the pyramid of the financial market. The current states elucidate that present government to some extent turn out to be successful by opening around 12.54 crore new bank account (up to January 2015) and deposits of more than Rs. 5000 crore (up to November 2014) through new form financial inclusion Pradhan Mantri Jan Dhan Yojana (PMJDY). But it has been observed that still the largest part of the rural market is untouched and not explored fully. Hence, this paper is an attempt to study the awareness of PMJDY among its potential investor i.e. rural customer in Surat city.

## Aim of PMJDY

- ❑ To bring poor financially excluded people into banking system.
- ❑ It covers both urban & rural areas.
- ❑ Raise of Indian Economy.
- ❑ To decrease corruption in Govt subsidy schemes.
- ❑ Digital India.



The Rise of Indian Economy



**PMJDY**

## 2.1 Project Objectives

- Banking facilities access to all
- Zero balance accounts with Rupay Debit cards
- Improve/ Provide financial literacy
- Opening of the credit guarantee fund to cover potential defaults in overdrafts
- Micro-insurance
- Pension payments under the Swavalamban Yojna for workers in the unorganized sector
- Accidental insurance cover of Rs. 1 lakh
- Life insurance covers of Rs. 30,000 for first-time accounts
- Mobile banking
- Branchless banking through Bank Mitra

## 2.2 Critical success factors

The project success factors are listed below :

- ❖ Number of accounts opened ---The projects the main target was poor category people both of urban as well as a rural area in which they aimed to open a bank account of their for better financial transaction and reduce corruption involved in the subsidy scheme

- ❖ Analysis of Money added --- as through the scheme Amount of money added in the treasury of the bank can be used in two ways
  - Direct -- direct treasury is the money which the account owners will be debited in their account and that amount will be used by the banks for lending money which increases value to the economy
  - Indirect -- The poor whose account is opened are only getting to get affected by their money indirectly as well, as the money which they will be debited in their account bank will lend that money to the need full to increase business of lower class and intern affect the inflation rate which will not allow prices to increase much and they would get to save more as prices would not increase at that extinct.
- ❖ Affect on corruption -- as by shifting to digital mode of transaction for will help them get the full benefit of the scheme that meant for them by the government but due to an inflow of cash some official make wrong use of power and take benefits of these as due of cash. Due to banking system subsidy which are for poor people, they will get its full benefit and due to less cash inflow chances of corruption will be reduced.
- ❖ Liquidity Coverage Ratio of banks: there would be an increase in the liquid money that a bank owns at a certain point of time as the number bank account increase would imply an increase in transaction and deposition of money by people which intern increase liquidity of a bank and bank will able to make more profit and will be able to lend more to individuals

### Benefits of opening bank a/c under PMJDY



- ▢ Account can opened with zero balance.
- ▢ Not required to maintain any minimum balance.
- ▢ ATM card can be issued.
- ▢ Accident insurance up to 100,000.
- ▢ Medical insurance cover of 30,000.
- ▢ 5000 of overdraft available only after 6 months if your account is found.

## 3.0 Project Plan & Estimation

### 3.1 Estimation

## A.WORK BREAKDOWN STRUCTURE

PMJDY to be executed in the Mission Mode envisages provision of affordable financial services to all citizens within a reasonable distance. It comprises of the following six pillars:-

### **Universal access to banking facilities**

Mapping of each district into **Sub Service Area (SSA)** catering to **1000-1500** households in a manner that every habitation has access to banking services within a reasonable distance says 5 km by 14 August 2015. Coverage of parts of J&K, Himachal Pradesh, Uttarakhand, North East and the Left-Wing Extremism affected districts which have telecom connectivity and infrastructure constraints would spill over to the Phase II of the program (15 August 2015 to 15 August 2018)

### **Providing Basic Banking Accounts with overdraft facility and RuPay Debit card to all households**

The effort would be to first cover all uncovered households with banking facilities by August 2015, by opening basic bank accounts. The account holder would be provided a RuPay Debit Card.

The facility of an overdraft to every basic banking account holder would be considered after satisfactory operation/credit history of six months.

### **Financial Literacy Programme**

Financial literacy would be an integral part of the Mission in order to let the beneficiaries make

the best use of the financial services being made available to them.

**Creation of Credit Guarantee Fund**

Creation of a Credit Guarantee Fund would be to cover the defaults in overdraft accounts.

**Micro - Insurance**

To provide micro-insurance to all willing and eligible persons by 14 August 2018, and then on an ongoing basis.

**Unorganized sector Pension schemes like Swavalamban**

By 14 August 2018 and then on an ongoing basis

**MAPPING OF DISTRICTS AND VILLAGES  
INTO SUB SERVICE AREA**



**OPENING OF BASIC BANK ACCOUNTS AND PROVIDING OF RUPAY  
DEBIT CARD AND KISAN CARD**



**PROVIDING OVERDRAFT FACILITY OF 5000 AFTER SUCCESSFUL OPERATION OF ACCOUNT FOR 6 MONTHS**



**LAUNCHING OF FINANCIAL LITERACY PROGRAMME TO TEACH MOBILE BANKING FACILITY TO ALL BANK ACCOUNT USERS**



**CONNECTING ALL THE GOVERNMENT SCHEMES TO PMJDY ACCOUNT TO AVOID LEAKAGE**

### **3.2 Project Plan**

Comprehensive Financial Inclusion of the excluded sections is proposed to be achieved by 14 August 2018 in two phases as under:

#### **Phase I (15 Aug, 2014 - 2 Oct, 2015)**

- Universal access to banking facilities in all areas except areas with infrastructure and connectivity constraints like parts of North East, Himachal Pradesh, Uttarakhand, J&K and 82 Left Wing Extremism (LWE) districts. (15/8/14 to 25/8/15)



- Providing Basic Banking Accounts and RuPay Debit card which has inbuilt accident insurance cover of ` 1 lakh. Aadhaar number will be needed to make account ready for DBT payment. (6/9/14 to 18/8/15)
- Financial Literacy Programme (25/8/14 to 2/10/15)

### **Phase II (17 Aug, 2015 - 14 Aug, 2018)**

- Overdraft facility up to ` 5000/- after six months of satisfactory operation/history (21/8/15 to 14/8/18)
- Creation of Credit Guarantee Fund for coverage of defaults in A/Cs with overdraft limit up to ` 5,000/-. (6/5/15 to 11/6/18)
- Micro Insurance (16/1/16 to 19/8/18)
- Unorganized sector Pension schemes like Swavalamban (14/5/16 to 16/5/18)

### **Pradhan Mantri Jan - Dhan Yojana (Accounts Opened As on 05.08.2015)**

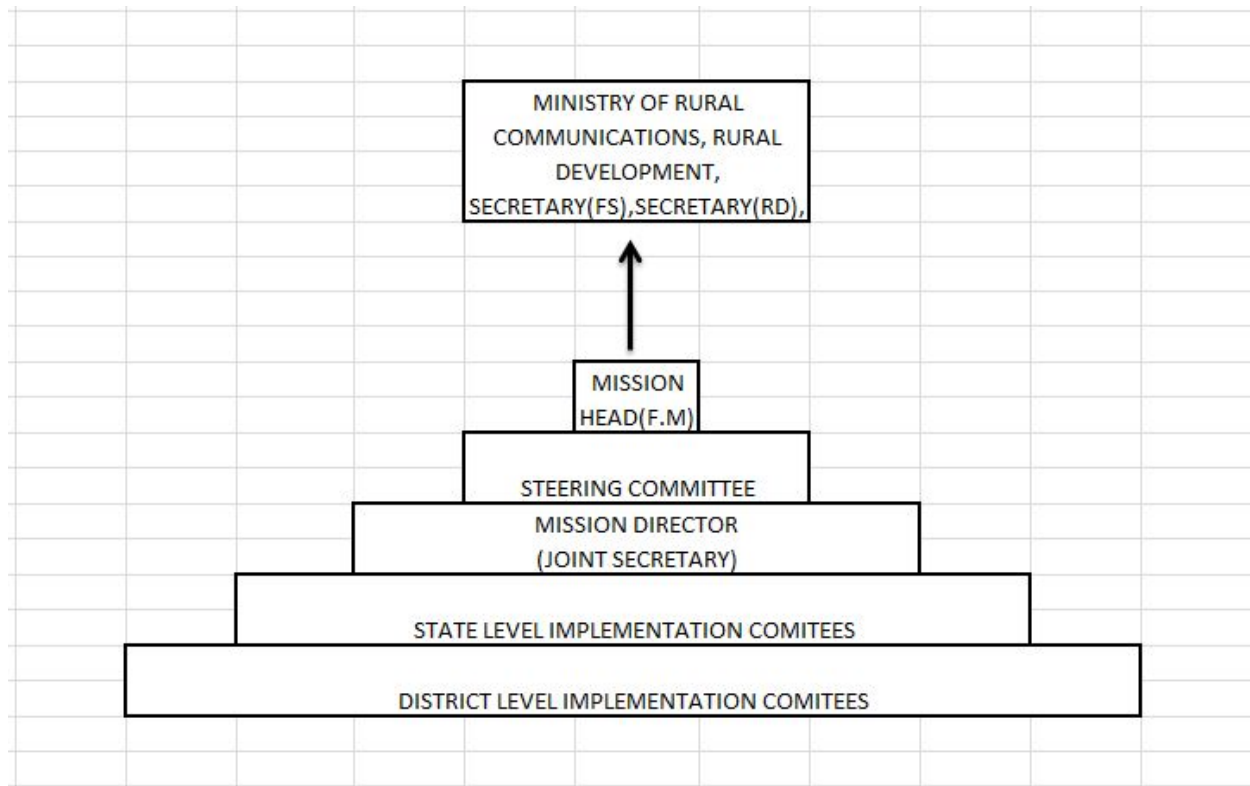
(All Figures in Crores)

S.No		No Of Accounts			No Of Rupay Debit Cards	Balance In Accounts	% of Zero Balance Accounts
		Rural	Urban	Total			
1	Public Sector Bank	7.48	6.16	13.64	12.54	17273.12	45.75
2	Rural Regional Bank	2.65	0.46	3.11	2.27	3684.56	48.55
3	Private Banks	0.41	0.28	0.7	0.62	1075.01	45.71
	Total	10.55	6.9	17.45	15.43	22032.68	46.25

Disclaimer: Information is based upon the data as submitted by different banks/SLBCs

## **4.0 Project Organization**

### **4.1 Team Structure**

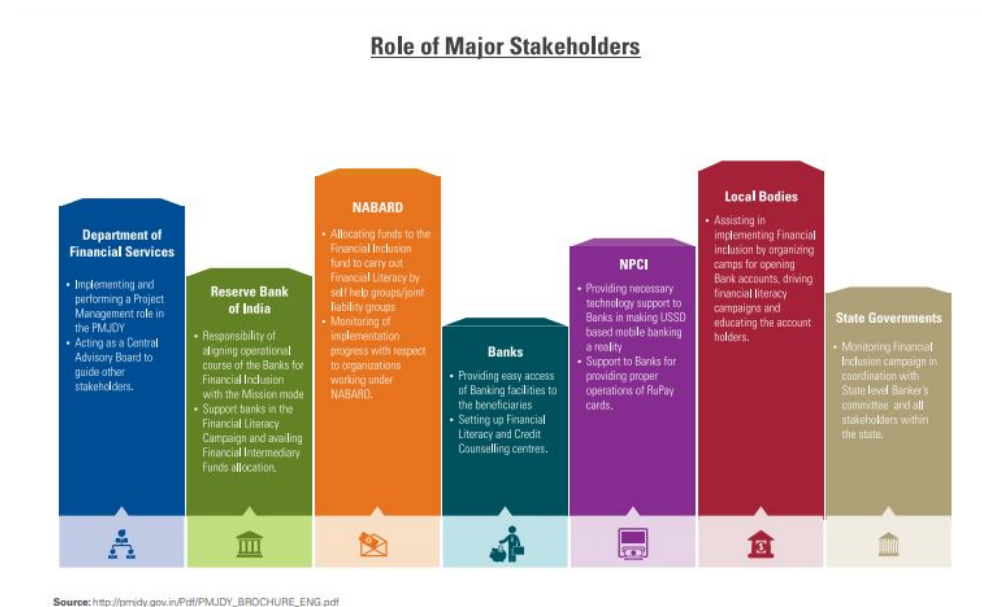


## 4.2 Communication Plan

- ❖ Secretary --- The top stakeholder of the plan involves the head or secretary of Ministry of Rural Development India which will be head of the project, who will look at all the legal and policy creation issues which come in the path of passing the project or scheme through governmental bodies and he will be responsible for appointing Mission Head (Project manager) and taking timely updates from him about the project.
- ❖ Mission Head --- When appointed by secretary, he will serve as the new head of the project whose duty is the overall implementation of the project and he will be responsible for making of the further team and submitting the final report of project to the secretary and responsible as well as answerable to the people for whom scheme is launched by the ministry.
- ❖ Steering Committee -- it is the next level of stakeholders who looks in the division of work in a different department and manages the efficient working of all the small subdivision
- ❖ Mission Director -- The work profile of this stakeholder is manager individual department which will be involved in the scheme overall. Their responsibility would be their own department working and managing in on state and district level
- ❖ State level Implementation Committees -- these committees are appointed for looking the overall implementation of the scheme in the state and managing district level committees which are last implementing body

- ❖ District-level implementation committees -- these committees are appointed by state-level managing committees to finally implementing the scheme to the common people and look that it is forward to the people of the district which are end stakeholder
- ❖ People -- these are the last stakeholder in the full scheme and the end user of the scheme who should be benefited by the scheme.

### 4.3 Stakeholders Responsibility



# 5.0 Monitoring and Controlling Mechanisms

## 5.1 Initialising the monitoring system-

The monitoring system has to be initialised taking care of all the aspects of the project like the progress report, the scope of the project and the budget and time overruns faced so far.

The next step is to accommodate all data in a reporting system that gets all the data to the concerned people in a way that they can understand. The following are some of the things that are initially included in the collection of data to put it into the reporting system further.

In the PMJDY, the raw numbers include the number of accounts opened so far under the scheme and the number of people yet covered under the yojana, the bifurcation of this number further into rural/semi urban areas is another aspect to be considered here. Then there are

## 5.2 Status Reporting

The PMJDY scheme has been effective in passing on benefits to poor persons if implemented properly and concerns addressed.

PMJDY has been recognized by the Guinness Book of World Records for maximum accounts (18.096,130) from August 23rd to 29th 2014. Presently, there are over 300 million accounts that have been opened under PMJDY

The numbers and statistics are encouraging :

- Of the accounts opened, 60% are in rural areas
- Share of Female Account Holders is a tremendous 51%
- RuPay facility has been issued to more than 10 crore people

Digital Inclusion is another added benefit to customers :

- Use of connectivity to boost people's access to banking services
- Accessing account with any type of mobile handset
- Smartphones are not needed
- Balance inquiry and money transfer facilitated with normal handset too
- Banking now possible with common mobile phones

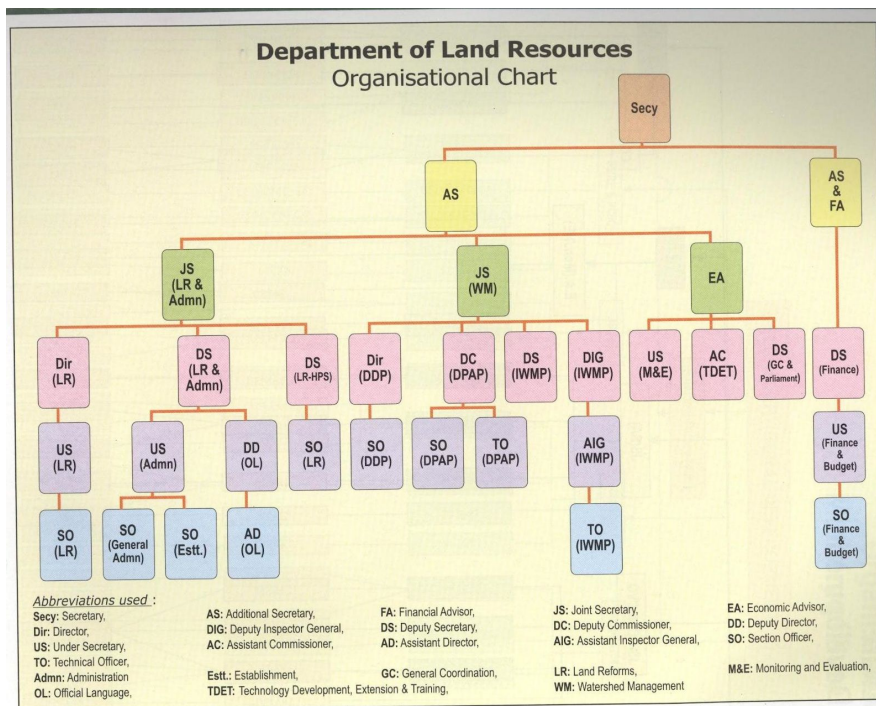
Pecuniary gains of PMJDY are :

- Interest on deposit will be received by account holders
- No need for minimum balance; a large portion of bank accounts in PMJDY are zero balance accounts
- Easy money transfer via digital facilities such as RuPay
- Government scheme beneficiaries get DBT (Direct Benefit Transfer) in accounts
- Access to Pension, Insurance Products

**Monitoring Mechanism** - A large and ambitious program like the PMJDY requires high level of monitoring and data management. A robust data analytics engine is required to measure the progress by providing meaningful dashboards from a combination of datasets from various banks and departments. Dashboards can enable a real-time bird's eye view of the performance of banks and the scheme, implementation status and depth of financial inclusion. These can provide quick and concise information and insights on the program, to enable flagging of gaps and quick intervention. The dashboards can provide information around the enrolment status, saturation levels, RuPay usage and acceptance, availability of financial access and services, usage of the bank accounts, etc., insights around financial literacy, account usage, penetration and saturation, access, etc. Continuous monitoring can ensure stakeholder participation and budgetary control.

**Ensure account holder protection** - Security of customer data and protection of account holder money is critical for ongoing adoption and use of banking accounts and financial products. Financial illiteracy, lack of experience and mistrust of technology exposes the weaker section to fraudsters. In addition, a lack of understanding can result in over indebtedness due to overdraft facilities. There is a need to provide a secure foundation to the customers by all stakeholders. Banks have a core financial responsibility to proactively run smart campaigns for increasing financial literacy, to create a mechanism to allow account holders to raise their voices and to create a feedback mechanism to address any customer queries and issues. Banks need to work with their service providers to provide knowledge and comfort to the account holders with regards their data and money

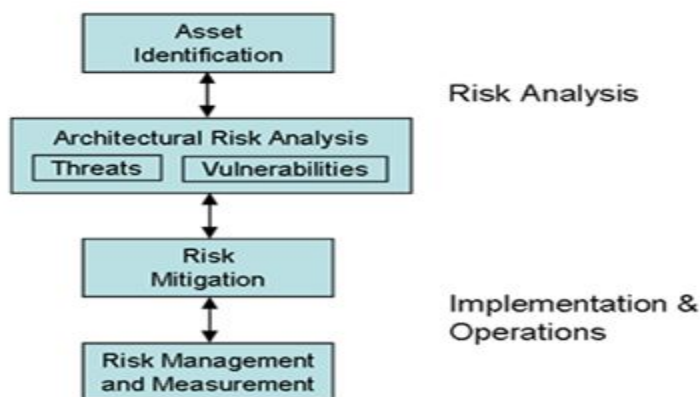
## **6.0 Requirements Change Management**



For creating, implementing, maintaining and keeping a project plan updated, data needs to be gathered at appropriate levels and with the required details. This data can be collected either by the central body directly from the bodies functioning at the ground level or as a bottom-up approach through the various parties implementing the plan. The central body relies on banks/regulators/parties to collect the data, organise and analyse the data and provide it in a comprehensible form. This helps the

central body to monitor the implementation work and progress towards financial inclusion goals. The contributing parties provide monthly data updates which the central body collates and analyses on a quarterly basis. Cooperation and co-ordination are two important aspects towards creating a streamlined environment and the accountability is to be clearly defined.

## 7.0 Risks Management Plan



# 8.0 Assumptions, External & Internal Dependencies, Constraints

## 8.1 Assumptions

- Account holder protection
- In future more people will use internet
- People want to save more

## 8.2 External Dependencies

- Online database failure
- Failure of advertisement propaganda
- Embracement of Aadhar

## 8.3 Internal Dependencies

- No coordination between major stakeholders
- Assessment previous failed program
- Reaching the poorest

## 8.4 Constraints

- Lack of physical and digital connectivity
- Keeping the account live
- Duplication of account
- Financial and Technology illiteracy
- Economic Burden

## Synopsis:

PMJDY has largely been successful due to the careful and meticulous planning by the Government to ensure that execution of all steps is done efficiently. PMJDY offers a large number of benefits to users that are described above and the scheme has marked a milestone in the Financial Sector of our nation. PMJDY was implemented primarily to provide a common platform for India's entire populace to be involved in Finance and Banking related operations,

and to eliminate financial untouchability that existed in the country predominantly in rural areas where people lacked basic financial acumen.

PMJDY is a revolutionary step ahead in India's Finance sector in the sense that it is step to reduce cashless transactions and employ modern technology to more efficiently use financial services. With the opening of bank accounts, one thing is certain - Your cash transactions per day are going to decrease. Every year from now, you would see that you will need less cash to transact. Be it your local kirana guys, or buying anything from houses to land to gold, everything will start moving to white money transactions sooner than you believe. Days of cash-transaction are limited now.

More white money transactions indicate that there will be lesser evasion of tax, and another big problem faced by our country will be tackled .

### ***Individual work done according to table content -***

Soumya Birla : 5.0, 3.1

Prateek Yadav : 2.0, 3.1, 4.1, 5.0, 6.0, 7.0

Shivam Jaiswal : 1.0, 3.2, 4.2, 4.3, 8.0

Vikram : 3.2, 1.0