

CHAPTER 6

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

This chapter presents synoptic view of the present research work. It includes the summary, findings, suggestions and conclusion.

6.1 Summary of Findings

“Pradhan Mantri Jan Dhan Yojana” (PMJDY) was launched by The Government of India with the main objective of covering all household in the country with basic banking facilities especially to the unprivileged section of the society. Its main target is to provide ‘universal access to banking facilities starting with a basic Savings Bank Account with facilities like overdraft facility, giving RuPay Card, accidental insurance, direct benefit transfer from the government etc. In the third phase its mission has changed from every household to every adult.

One of the purposes of the study is to analysis the concept and features of Pradhan Mantri Jan Dhan Yojana and to find out its uniqueness with the earlier launched schemes and initiatives of financial inclusion by the RBI and governments by comparing them. The study shows that Pradhan Mantri Jan Dhan Yojana is quite different from the earlier schemes of Financial Inclusion. It is mainly for the unbanked household and poor people who don’t have proper documents for opening an account earlier or find it very difficult to do so. PMJDY makes it easier for them as no document is required for such people only just 2 copies of photo with some conditions. For the first time, each and every house has been visited by BCs, bankers for verifying uncovered households. In earlier initiatives like Swabhimaan, Government of India and RBI mainly concentrated on villages, rural and semi urban area only, whereas under PMJDY the focus is on covering each and every household in the country as a whole. This mainly helped the unbanked urban poor people of city and

metro areas. This scheme provides lots of different benefits to the account holders like direct benefit transfer by govt. which no other scheme has offered earlier.

This study also tried to find out the roles of three types of banks which are very essential for the success of the scheme. Public sector banks and Regional rural banks played a vital role in comparison to private sector banks. Public sector banks opened the most number of Jan Dhan accounts than other two types of banks. It also helped to find out the performance of individual banks and also the best performing banks in various categories.

Another objective of the study is to find out the performance of different states in implementing PMJDY. Some states performed very well while other lacked behind. Category wise also the performance is different among different states. States were also divided in two categories based on their performance of opening new accounts compared to total population. Average deposits per account showed that in the year of demonetisation its growth rate is higher than other years. It also showed that in PMJDY most accounts are opened by women.

6.1.1 Main Findings of the Study

The main findings of the study based on analysis and interpretation revealed that:

- From the study a major thing comes to light that there are many schemes introduced earlier by RBI and the Government of India for financial inclusion of the rural areas but PMJDY scheme is not only focused on rural area but also covers city and metro areas of the whole India.
- PMJDY for the first time a scheme of financial inclusion didn't focus on area but on each and every household of the country.
- In its latest phase it has changed its focus from every household to every adult of the country.

- One of the main benefits of PMJDY is that pension, welfare schemes money and subsidy related payments are being transferred directly in this Jan Dhan accounts.
- The study also shows that PMJDY has much greater effect on financial inclusion than earlier programmes.
- It shows that PMJDY is the only scheme that provides a lot of different kinds of benefits to the customer.
- PSBs played a huge role in opening new accounts and its contribution is almost 80% of total accounts opened.
- RRBs performance is just 13% of total accounts but MPSBs performance is very low, it's just at 4%.
- State Bank of India (SBI) is the top performer in respect of all the three criteria and no other bank is even close of it.
- It can be seen from the study that the Compound Annual Growth Rate (CAGR) for PSBs has increased equal i.e. 25% for beneficiaries in rural and urban areas from 2015 to 2019.
- The rate of growth of deposits in PSBs Jan Dhan accounts showed a phenomenal increase of 61% which may be an effect of demonetisation.
- CGAR of Rupay card issued in PSBs is less than that of total beneficiary that suggests all account holders didn't have Rupay cards.
- The rate of growth in number of beneficiaries in rural area is much greater than that of urban and metro areas under PSBs.
- RRBs performance is just 13% of total new Jan Dhan accounts opened.
- The study shows that SBI is the top performer in opening new accounts in RRBs but United Bank of India (UBI) issued maximum number of Rupay cards despite its opening of new accounts was much less than that of SBI.

- It revealed that the rate of growth of deposits in RRBs showed a phenomenal increase of 64% which is higher even from PSBs that is 61%.
- Rupay card issued showed a much slower pace of growth after 2017 in RRBs.
- The number total of beneficiaries in RRBs has witnessed a slow growth rate after 2016 but again got pace after 2018.
- Only 4% of the total Jan Dhan Accounts are opened in Major Private Sector Banks (MPSBs)
- It is found out from the study that among MPSBs ICICI Bank performed the best in all the categories followed by HDFC Bank, J&K Bank, IDBI and Axis bank respectively.
- One interesting fact in this study is that in MPSBs the number of Rupay Card issued is almost equal to the number of accounts opened which is a rare case in case of PSBs and RRBs.
- MPSBs helped to open Jan Dhan accounts mainly in urban areas than that of rural areas.
- It can be seen from the study that Chhattisgarh has the highest number of beneficiary as percentage of population, i.e. 50%.
- Goa is the worst performer in case of opening new accounts as percentage of population.
- Nine states had more percentage of population with Jan Dhan account than national average of 27% of total population.
- Below National Average States (<27%) are in majority as far as 20 states falls in this category e.g. Goa, Kerala, Nagaland etc.
- From the study it is found that Tripura has the highest number of money deposited in per account which is a quite strange fact.

- State which has the lowest average balance per account is Madhya Pradesh followed by Telangana, Tamil Nadu etc.
- Out of 100 people 87 get Rupay debit card in Arunachal Pradesh which is highest among Indian states.
- Mizoram has the lowest Rupay card issued as percentage of total beneficiary that is only to 28 per 100 people followed by Meghalaya and Karnataka.
- It is found that PMJDY accounts have shown a huge increase from 2015 to 2019 but the rate of growth is declining over the years.
- From 2015 to 2016 deposits in PMJDY accounts has more than doubled and registered a growth rate of more than 100%.
- The average balance per account has seen highest growth rate from 2016 to 2017 which may be an effect of demonetisation which happened in November, 2016
- A total of 27.19 crore RuPay debit cards have been issued till 30.03.2019 to PMJDY account-holders.
- Under PMJDY, women accounts constitute 53% of the total Jan Dhan accounts as on 30.3.2019.
- 84.5% operative accounts opened under PMJDY seeded with Aadhaar number on the approval of user.
- Aadhaar seeded accounts help the poor for direct benefit transfer from the Government like subsidy of LPG cylinders in their accounts directly.
- It can be said that due to PMJDY scheme common people are getting direct benefits of Government subsidies like subsidy of LPG cylinders directly in their Jan Dhan accounts.

6.2 SUGGESTIONS

For the improvement of PMJDY scheme and for its better implementation these following suggestions can be considered-

- Major Private Banks like Public Sector Banks should also be involved in opening of Jan Dhan Account whose performance is very low than PSBs and RRBs.
- Financial literacy, awareness should be created about use of RuPay card at least once in 60 days, to get benefits of accidental insurance cover.
- Benefits of the scheme should be clearly explained to each and every person in the country.
- Network speed is very slow in remote, rural and tribal hill areas; government should take immediate measures to solve connectivity problem or server problem through service provider in rural, remote and hilly regions.
- Millions of people in India still don't have any account they should be taken under banking network as soon as possible. So, govt. should try for 100% financial inclusion in India.
- To make banking habit popular rate of interest on deposit should be increased gradually and interest rates on loans should be decreased gradually for Jan Dhan accounts holders.
- Accidental insurance coverage of 1 lakh and life insurance coverage of Rs. 30000/- should be increased should be increased to 3 lakhs and 50,000/- respectively.
- There should be a proper mechanism for speedy settlement of claims and less condition at the time of claim settlement.
- Govt. should be aware of the fact that the additional pressure on banks regarding Zero balance accounts should not hamper banks performance.

- Over draft facility must be used cautiously as many banks are already over burdened with NPA.
- Govt. should focus on Aadhaar seeding of accounts as it help govt. subsidy to go the poor people's accounts directly without any wastage.
- Govt. service providers like BSNL should increase network strength in remote areas where it is very low and non profitable for private providers.
- Rupay card should be given mandatorily to every Jan Dhan account holders. It is not distributed properly mainly in rural areas.
- BCs should be given more compensation for their work and those who are working in rural and in remote areas should be given more salary so they can properly involve in work.
- Various states should try to compete with each other in the fields of opening new accounts and issuing Rupay cards.
- Govt. should make sure that the accounts open doesn't remain dormant over time. Then it will lose its real purpose.
- Govt. should give incentives to Rupay card owners by various means.

6.3 CONCLUSION

Financial inclusion increases the resource base of the financial system of the country by developing a habit of savings and investment among large segment of rural population and mainly among unprivileged section of the society. It plays a vital role in the process of economic development by its own way. Bringing low income groups within the range of formal banking sector helps to protect account holders financial wealth and other resources in difficult situations. Financial inclusion helps the poor people to come out of the clutches of money lenders by facilitating easy access to formal credit. To solve these problems, the

Pradhan Mantri Jan Dhan Yojana lies at the core of Govt. of India's development philosophy of "Sab Ka Saath, Sab Ka Vikas". PMJDY mainly focuses on the people who are excluded from basic banking and financial systems, even in this era of modern science and technology with mobile and internet banking. It is true that PMJDY scheme will uplift the condition of poor people and will provide social security to each and households of the country. People will now able to get subsidies easily from the government in their bank accounts which are meant for them. This schemes success requires political will, bureaucratic support and monitoring and supervision by RBI. PMJDY expected to release the hugely untapped potential of the lower level of the pyramid section of Indian economy.

Financial inclusion in real terms can be achieved only when the rural poor are empowered with access to institutional credit. Just having a bank account can't be termed as financial inclusion in true sense of terms. It goes much beyond than just having a bank account and not using it properly. Financial exclusion in India can be reduced only through a two way process. This process will be completed by the institutional financial service provider by extending banking services in unbanked remote areas and by the financially excluded group through developing the capacity and will to receive formal banking services on their own. For this a robust awareness programme is necessary to understand people about its need. It may be difficult for a poor farmer to know why the government wants to open bank accounts for them who are not very educated and feared to go to a bank. Another important challenge that comes across is to keeping the accounts alive and resolving all the issues face during overdraft mechanism. The government should also check the corruption involved in the schemes, as these schemes can have the power to improve the economic condition of the poor people and the country as a whole. The formal banking institutions must extend their support and assistance to financially excluded rural population. These institutions

should view financial inclusion both as a business opportunity as well as their social responsibility for the development of our nation and its people.

The success of PMJDY will enable the bank managers to utilize the opportunity provided by Financial Inclusion of masses to their advantage. This will be done by participating in Governments poverty alleviation programmes, broadening their customer base, raising their deposit base through direct fund transfer scheme of the Government etc. PMJDY scheme will also prove that when coordination, dedication, trust, commitment, dependence, will power, and cooperation is provided by all the constituents and stakeholders anything can be achieved and PMJDY will remain a big example of this. Thus it can be said that whenever the term financial inclusion will be discussed in India the term Pradhan Mantri Jan Dhan Yojana (PMJDY) will surely have to come because of the impact it has on financial inclusion of all the households of India.