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FINANCIAL INCLUSION FOR COMMON MAN A CONCEPTUAL STUDY WITH RESPECT TO PRADHAN MANTRI JAN-DHAN YOJANA PMJDY- INDIA

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ABSTRACT

The Financial differences at various levels of poor and rich people is going to create a great social injustice and social problem in future. The Financial equality at all levels of people will give the balance growth to the economy. The Authors have studied the above topic in detail for the benefit of the country as whole. The basic concepts related with the financial inclusion are explained briefly. The readers will be getting the awareness about the gap between rich and poor and possible solutions for the same can be implemented through above schemes and proper financial discipline can be maintained in the country.

Financial Inclusion is delivering of Financial Services at affordable costs to sections of disadvantaged & low income segments of society. Financial inclusion leads to huge economic growth through reducing poverty level in country. Pradhan Mantri Jan Dhana Yojana, The Mission for Financial Inclusion is an integrated approach for providing banking, insurance and pension funds etc. Financial Literacy Program:- Financial literacy would be an integral part of the Mission in order to let the beneficiaries make best use of the financial services being made available to them.

KEYWORDS: Financial Inclusion, Common Man, Jan Dhan, Banking, Money, Pension, Insurance, Financial Literacy Benefits.

INTRODUCTION:

Financial inclusion for poor people who are away from banking facility in the forms of lending and deposits is the issue facing the country in this age. The benefits of this are going to have positive impact on the financial position of the very large population in India. Since many people are below poverty line and are deprived of the baking facility from the year 1950, the above scheme will be opportunity to the banks to serve theses people and include them in banking sector in the form of account holders . The government is taking positive step in adding such customers to the banks and take advantage by serving them.

The Scheme should reach the last common man by implementing very well and very seriously by all the related parties of the banks and government authorities. The success will depend on the seriousness in making this best scheme available to the women and village population since they may be again kept behind by male population. Rural growth cannot be achieved without such financial inclusion. The authors have done decent contribution by highlighting on this important topic for the better of the common man and bridge the gap between rich and poor.

What is financial inclusion with respect to Common Man?

- Financial inclusion is delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income groups. Unrestrained access to public goods and services is the sine qua non of an open and efficient society. As banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of the public policy.

The scope of financial inclusion:

The scope of financial inclusion can be expanded in two ways.

a) Through state-driven intervention by way of statutory enactments (for instance the US example, the Community Reinvestment Act and making it a statutory right to have bank account in France).

b) Through voluntary effort by the banking community itself for evolving various strategies to bring within the ambit of the banking sector the large strata of society.

When bankers do not give the desired attention to certain areas, the regulators have to step in to remedy the situation. This is the reason why the Reserve Bank of India is placing a lot of emphasis on financial inclusion.

In India the focus of the financial inclusion at present is confined to ensuring a bare minimum access to a savings bank account without frills, to all. Internationally, the financial exclusion has been viewed in a much wider perspective. Having a current account / savings account on its own, is not regarded as an accurate indicator of financial inclusion.

Consequences of financial exclusion:

Consequences of financial exclusion will vary depending on the nature and extent of services denied. It may lead to increased travel requirements, higher incidence of crime, general decline in investment, difficulties in gaining access to credit or getting credit from informal sources at exorbitant rates, and increased unemployment, etc. The small business may suffer due to loss of access to middle class and higher-income consumers, higher cash handling costs, delays in remittances of money. According to certain researches, financial exclusion can lead to social exclusion.

Brief Introduction about Pradhan Mantri Jan- Dhan Yojana (PMJDY):

The Pradhan Mantri Jan-Dhan Yojana was launched on 28 August, 2014, across the nation simultaneously. It was launched formally in Delhi with parallel functions at the state level and also at district and sub-district levels. Camps were also to be organized at the branch level. This Pradhan Mantri Jan Dhan Yojana focuses on many things like, to provide Bank Account to every household in the country and make available the basic banking service facilities, to provide financial literacy. To provide these banking services banking outlets to be provided within 5 KM distance of every village.

Present plan:

Comprehensive Financial inclusion based on six pillars is proposed to be achieved as under:

Phase I (15th Aug, 2014 – 14th Aug, 2015)

- **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 say 5 km by 14th 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 (15th August, 2015 to 15th 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. Account holder would be provided a RuPay Debit Card. Facility of an overdraft to every basic banking account holder would be considered after satisfactory operation / credit history of six months.

- **Financial Literacy Program:** Financial literacy would be an integral part of the Mission in order to let the beneficiaries make best use of the financial services being made available to them.

Phase II (15th Aug, 2015 – 15th Aug, 2018)

- Creation of Credit Guarantee Fund for coverage of defaults in overdraft A/Cs:- 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 14th August, 2018, and then on an ongoing basis.

STRATEGIES FOR ACHIEVEMENT OF OBJECTIVES:

1. To Use the Existing Banking infrastructure as well as expand the same to cover all households. For this, to set up more than 7000 bank branches and more than 20,000 new ATMs in first phase.

2. To Set up an additional 50,000 Business correspondence (Bank Mitr) .The eligibility for Bank Mitr is retired officers, unemployed people, retired teachers, Gram Dak Sevaks etc. The Bank Mitr (Business Correspondent) outlets (in both rural and urban areas) would be fully equipped with the required infrastructure including the computers and other peripherals like Micro ATM, Bio-metric scanners, Printer, Web cam and internet connectivity. Bank Mitr (Business Correspondent) need to carry out online transactions for which internet connectivity is essential.

3. For this Telecom companies are asked to provide telecom connectivity in villages.

4. Phase wise and state wise targets for banks have been set up for first phase period.

5. Mapping Sub Service Area:- (SSA) 6 lakh villages across country are to be mapped according to the SSA to have at least one fixed point of Banking outlet catering to 1000-1500 households.

6. Web Portals have been created to monitor the progress of implementation of PMJDY and also Central level, state level and district level monitoring has been structured.

7. Mobile Banking: The Inter-Ministerial group on delivery of basic financial services through a comprehensive frame work envisaged the creation of "Mobile and Aadhaar linked Accounts" by Banks. The basic financial transactions on these accounts can be executed through a mobile based PIN system using "Mobile Banking PoS".

Status of Bank Branches and ATMS in India.
As per Sector Rural, Semi Urban, Urban and Metropolitan Cities of Scheduled Commercial Banks.

The following table shows the number of the commercial bank branches in India as of March 2016. (Table 1 and Table 2.)

No. of branches of Scheduled Commercial Banks as on 31st March, 2016

Bank Group	Rural	Semi-urban	Urban	Metropolitan	Total
Public Sector Banks	23786	19854	15649	14632	72421
Private Sector Banks	2037	6128	4722	4797	15584
Foreign Banks	11	12	75	349	431
Regional Rural Banks	13722	4228	991	466	18007
Total	39556	30222	21437	20244	106443

Source: Data Extracted from Annual Report RBI Publications -2016 (finiacialservices.gov.in)

As of March 2016, the number of ATMs in India is as follows:

Number of ATMs in India as of March 2016

Bank Group	Rural	Semi-Urban	Urban	Metropolitan	Total
Public Sector Banks	9552	16445	23518	22137	70652
Old Private Sector Banks	768	2760	2354	1684	8566
New Private Sector Banks	2214	6484	10995	15842	37535
Foreign Banks	80	81	444	1266	1761
Total	12614	25770	37311	40929	118514

Source: Data Extracted from Annual Report RBI Publications 2016 (finiacialservices.gov.in)

Interpretation and Analysis: From the above tables it can be seen that the number of branches in all the four sectors are increased. The data is extracted from the government publications for the present study. Though the ATM facilities are increased the requirement of the ATM is very huge and rural population does not get ATM facilities in their nearby places. The need of banking facility in India due to PMJDY is increased to large extent and government has to take proper action to set up banking branches and ATM for the account holders to save their time and efforts.

CHALLENGES IN IMPLEMENTATION:

1. Providing Telecom connectivity in Hilly & Tribal areas is a big challenge.

2. Keeping accounts Live i.e. frequently operated, many policies have been made but need to be implemented properly and modified time to time.

3. Branding and awareness on Bank Mitr is a challenge.

4. Commission to Banks on Direct Benefit Transfer (DBT).

CONCLUSION:

The Financial inclusion is required for the development of the country. The more gap between rich and poor will make the society uneven and create lot of social problems. The Authors have given brief about the PMJDY with reference to make the common man a financial aware and include him in banking facility. The results are going to studied in later part of the research study and the data analysis with respect to the study will be reported in next study. The main aim of the research study is create the financial awareness and make common man the part of bank for his financial requirements. It is becoming increasingly apparent that addressing financial exclusion will require a holistic approach on the part of the banks in creating awareness about financial products, education, and advice on money management, debt counseling, savings and affordable credit. The banks would have to evolve specific strategies to expand the outreach of their services in order to promote financial inclusion. One of the ways in which this can be achieved in a cost-effective manner is through forging linkages with banks.

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