

## **A COMPARATIVE STUDY ON PERFORMANCE OF PRADHAN MANTRI JAN – DHAN YOJANA (PMJDY) IN GANJAM AND NAYAGARH DISTRICTS OF ODISHA**

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***Abstract:** The present study is an attempt to understand the performance of PMJDY scheme of in selected districts of Odisha. For this purpose pilot study conducted before finalisation of the hypothesis. For collecting data 391 responses collected out of 1000 questionnaires. For avoiding biasness 50 number of questionnaires distributed in all the villages under study. It seems that Ganjam district is better positioned as compare to Nayagarh district.*

***Key words:** PMJDY, Banking, socio economic conditions*

### **AN OVERVIEW**

Indian banking sector has a rich history and heritage. Banking is a business in financial intermediation where one group of people deposits money with the bank and other group utilizes the same money by availing loan from the bank for income generating activities. The growth of an economy largely depends on the level of economic development. The performance of the financial sector adds value in terms of overall economic growth that a country aims at. Traditionally, the role of banking sector was restricted to provide finance to the needy sectors but lack of access to the finance sectors often created obstacles for the desired growth level. In most of the developing countries, access to finance is a problem. As is usually seen, bank lending is clearly biased to those borrowers who provide collaterals and therefore considered bankable. Due to scarcity of funds, credit starved people often borrow from unorganized players

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at usurious rates. With changing times, demand for certain other types of financial products have also emerged slowly. India is a developing economy where all the sectors have not yet been able to derive benefits of banking services which would have helped a rapid growth of the economy.

The banking system provides a cash management system to its customers in the form of various services. People have confidence in banks and therefore they deposit their hard earned money in banks. The banking system has a past history. It has undergone through a series of changes. But the core of banking remains the same. Although, the basic purpose of banks is to provide credit, today it is able to play a greater financial role where the banks have transformed themselves as financial supermarket. With changing demand of the customers, the product offerings of banks has also seen lots of changes. Thus, along with dispensation of credit and deposit taking services, the banks have also started providing other major financial products like insurance, mutual funds, shares etc. so as to increase their reach and meet the growing demand of customers. Technology also started playing an important role so as to provide better value added services to its customers.

The basic functions of a bank can be summarized as follows:

- To provide safety to the savings of customers
- To create credit and increase supply of money
- To encourage public confidence in the financial system
- To mobilize the savings of public
- To increase its network so as to reach every segment of the society
- To provide financial services to all customers irrespective of their level of income
- To bring in social equity by providing financial services to every stratum of the society

The concept of financial inclusion is quite old in India but it has changed its nature and dimensions at different phases in the past. The establishment of Regional Rural Banks, cooperative societies, primary agricultural societies and introduction of priority sector credit guidelines are some of the state led initiatives which predominantly played an important role to develop a sound financial infrastructure for the betterment of the poor and vulnerable sections of society associated with agricultural sector and other allied sectors. But over the years it has been suggested in various literatures that the core aim of this type of financial inclusion may not be able to uplift the livelihood of the poor to an appreciable extent. So, time has come to think about a new approach to implement the financial inclusion programmes. A paradigm shift can be expected as the very nature of the inclusion may change considerably over a period of time. Today, the inclusion is not restricted to any one sector; rather it targets human beings as a whole as part of the financial inclusion programmes. As most of the people are moving

away from traditional farming activities to other jobs both in organized as well unorganized sectors, time has come to examine critically the rationality of providing credit only to agricultural sector at a subsidized rate. Other emerging sectors can become part of that where prospects of income generating opportunities are more. More importantly people's demands for diverse nature of financial products have also raised the level of expectations from financial service providers. Increasing level of literacy may be one of the primary reasons for this kind of changes.

So financial inclusion can be re-defined as a method through which financial institutions are to provide different types of financial products including credit. Too much focus on credit will lead to inefficient distribution of resources and if the credit has not been utilized in income generating activities then surely rural people will not be able to come out from poverty traps. Thus, through financial inclusion a package of products can be developed which not only help to improve the livelihood of the poor people, it will also be able to help them to face any kind of contingencies.

Since independence, India has been witnessing introduction of lots of schemes for the benefits of poor or socially deprived groups. Policy makers also, gave too much emphasis on a particular group of people or sector. But the schemes failed to deliver as they were suffering from operational deficiencies starting from idea generation to implementation. As a result, the conditions of the beneficiaries did not improve significantly. The most crucial decision taken for the development of the backward classes was related to providing financial access to poorest of the poor. The plan of financial inclusion was conceived and commenced when the government first nationalized 14 big banks in 1969 so that they can be utilized as vehicle to provide credits to priority sectors, mainly agricultural and other neglected sectors. As Indian economy was heavily dependent on agricultural sector, the movement of subsidized credit to this sector was justified. But, the sector has received subsidized credit only. During these years, the sector failed to attract commercial farming using technology and other value added inputs. Traditional nature of the productive activities made the sector unprofitable.

But even after so many initiatives, the socio economic condition of both the rural and urban poor has still not improved. Rather it has deteriorated substantially in view of open market operations. The priority sector lending, cooperative banks, regional rural banks, NABARD and microfinance institutions (MFIs) have all failed to produce any kind of social or economic upliftment. As the data reveals, still 40% of the rural households are borrowing from local money lenders. This surely can't be claimed as a success story for financial inclusion.<sup>1</sup>

Given the massive drawbacks of the previous programmes, the Government of India has introduced a plan for financial inclusion and named it as "Pradhan Mantri Jan Dhan Yojana" (PMJDY). The programme was announced and inaugurated on 15<sup>th</sup> August, 2014 and has started the operation on 28<sup>th</sup> August, 2014. The initial target was to open bank accounts amounting to 7.5 crores by January, 2015 but most of the banks

have overachieved the target and have been able to open 13 crore bank accounts within the stipulated deadline.<sup>2</sup> PMJDY is a technology based financial inclusion programme implemented by the government. Unlike other financial inclusion programmes, the objective here is not to cover the rural population only. It covers both rural as well as urban population. The push based strategy helped to move the things ahead. The major challenges as faced by the previous programmes were to keep the accounts active. To deal with this issue the government has decided to link transfer of various direct benefit social welfare schemes with the accounts. As the target is not to cover any specific geographical area, the system is able to capture households who do not have bank accounts or access to any kind of financial services. The wide application of technology like RuPay debit card, mobile banking facilities, e – KYC also helped the process to go smoothly. As there were monitoring problems in the previous programmes, these facilities help to track the implementation properly.

The key benefits of PMJDY can be listed below:

- Direct Benefit Transfer
- Insurance Benefits
- Loan Benefits
- Mobile Banking Facility

### **Objectives of the Study**

- *To examine the various causes of financial exclusion in the study area*
- *To ascertain the perception about PMJDY in the study districts and*
- *To know the implementation of PMJDY*

### **RESEARCH METHODOLOGY**

Research process is an important element to determine the procedure to complete any kind of quantitative research. The main starting point of any kind of primary research is identification of research problem. Unless and until the research problem is clearly defined, the same can't be concluded neither will it provide any meaningful outcome. A scientifically designed research helps the researcher to develop a plan so that the research remains on path. Any deviation will lead to inconclusive outcome. So, to plan the research it is very much important to determine this flow. The research methodology is the process which becomes helpful to determine the various processes in research area.

### **Quantitative Research**

Every research has an objective which helps the researcher to identify the research problems as undertaken in the research. Depending on the type and dimension of the research the nature of the research may vary. Normally a research has two components,

viz. quantitative research and qualitative research. All the outcome of the research may be same under both the types of research but application and methodology differs. It entirely depends on the nature of the problem and relevance of specific type of research technique in the present field.

In the present study, the researcher has decided to go for quantitative research, as the research basically depends on primary study.

### **Sampling Framework**

Although, probability sampling technique is the best method to identify the sample respondents, but in this case it has been decided to go for snowball sampling technique due to non availability of sample frame. Due to this it is very much difficult to identify the target respondents by applying any kind of random sampling methods. On the other hand snowball sampling may help to identify the prospective respondents (both financially excluded as well as included) with the help of the references provided by the Bank Mitras.

### **Selection of Sample Size**

Appropriate selection of sample size is very much important as it represents the population for which the study is being conducted. Although there is no unique method to identify appropriate sample size, the rule of thumb says more is better. But due to limitations of time and cost, it is not possible to study a larger sample. In this study the required sample size has been calculated based on the formula given below:

- ❖ *Sample Size* =  $N / (1 + \sigma^2 N)$ ; where
- ❖  $N$  = Total population of the study area = 44,82,366
- ❖  $\sigma$  = Standard Deviation = 0.05
- ❖ Sample Size =  $44,82,366 / [1 + (0.05)^2 \times 44,82,366] = 400$

It is to be noted that rural population of Ganjam and Nayagarh were 35, 20, 151 and 9, 62, 215 respectively as per 2011 census.

The table shows that overall 1000 questionnaires are distributed in both the areas, i.e. financially included and financially excluded. In case of distribution of questionnaire an equal weightage has been given so as to get unbiased response. It can be seen from the table above, the village wise response rate. The overall response rate stands out to be 39% which is reasonable. In total 1000 questionnaires are distributed and out of these 391 questionnaires are received in correct form and the same has been included in the final study.

### **Reliability Study**

Reliability study is a method which judges the internal consistency of the questionnaire. There are various methods available, but the most widely used method to test the

reliability of a questionnaire is Cronbach's Alpha. The method says that if value of ' $\alpha$ ' is greater than 0.70, then we can conclude that the questionnaire is reliable. The study result for this research is shown below:

### Reliability Study Result

Reliability Statistics	
<i>Cronbach's Alpha</i>	.823
<i>N of Items</i>	30

As the value of ' $\alpha$ ' significantly higher than the threshold limit of 0.70, we can say that the questionnaire is reliable. To get a better result we can look at table 3.8 below as well.

### Validity Test

Validity is a technique which tries to test the strength of the questionnaire. There are different validity test mechanisms. But out of these, construct validity and content validity is most widely used. The wide application of construct validity is because of its statistical backing and easy understanding of factor analysis. Along with this, content validity can't be ignored as it involves expert's opinion. In a PhD research, the opinions of guide and RSC members regarding choice of variables have immense importance.

In this research, first content validity has been conducted and then construct validity applied because of the statistical backing. Construct validity has two parts, viz. convergent validity and divergent validity. Under convergent validity the extent to which the scale correlates positively with other measures of the same construct is measured, whereas under discriminant validity the extent to which a measure doesn't correlate with other constructs from which it is supposed to differ is measured.

### Principal Component Analysis (PCA)

PCA is a kind of factor analysis which helps to conduct validity test. Factor analysis is basically a data reduction technique, which helps to reduce the variables and keep only those variables which have relevance with the research. In this research PCA method is applied using 'varimax' principle and with the help of SPSS (Version 20). Now, to run the PCA, two conditions need to be fulfilled. These are:

- *Kaiser – Meyer – Olkin (KMO) > 0.70, and*
- *Bartlett Test of sphericity should be significant*

If these two conditions are satisfied then only PCA method can be applied. The analysis done in SPSS is shown in the table below:

**KMO & Bartlett's Test**

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.779
Bartlett's Test of Sphericity	Approx. Chi-Square	5799.923
	Df	435
	Sig.	.000

As both the conditions mentioned above are satisfied, we can go ahead with the PCA method. The result of PCA is shown in the subsequent tables below:

**List of Final Variables**

	<i>Variables</i>	<i>Factor I</i>	<i>Factor II</i>	<i>Factor III</i>	
Financial Capacity Enhancement	1. PMJDY helps to access formal banking system	.725			
	2. PMJDY helps to reduce the dependency on local money lenders	.644			
	3. PMJDY helps to access much needed capital so as to support the primary income generating activities	.607			
	4. PMJDY helps to access much needed capital to diversify the income generating activities	.598			
	5. PMJDY helps to create a savings habits to fund the future consumption	.797			
	6. PMJDY helps to reduce the inequality in distribution of family monthly income	.655			
	9. PMJDY helps to increase the self confidence to handle financial crises	.632			
	10. PMJDY helps to enhance capability to interact with official/members to resolve problems faced by self/group/ community members	.772			
	11. PMJDY helps to improve the confidence level to resolve the problems for self/group/ community members	.650			
	Social Upliftment	13. PMJDY helps to bring financial literacy among the needy segment of the society		.688	
		14. Access to PMJDY helps to improve the social recognition		.772	
15. PMJDY Significantly impacted social awareness on AIDS, govt. schemes & family planning			.639		
16. Access to PMJDY Helps to play positive role in case of social issues like alcoholism, family abuse, drugs & violence			.681		
17. PMJDY initiative helps to upgrade the skill level and capacity for pursuing preferred livelihood activities			.654		

	18. PMJDY helps to bring changes in hygiene & sanitation of the household	.706
	19. PMJDY helps to spend more money on children's education	.468
Improved Competency	24. PMJDY helps to give much needed market linkage with the help of capital received from financial institutions	.793
	25. PMJDY helps to provide information about various capacity building programmes	.773
	26. PMJDY helps to improve the bargaining power of the individuals	.528
	Total Variance Explained	49.19%

#### Comparative Analysis between two Study Districts

<i>Hypothesis</i>	<i>Ganjam District</i>	<i>Nayagarh District</i>
Hypothesis 1	Respondents are disagreeing with the statement even though the percentage of financial inclusion is more in Ganjam district	The respondents are agreeing with the statement. Since, percentage of financial inclusion is less the respondents are in dire need of the same
Hypothesis 2	The respondents have given a mixed response with respect to the hypothesis. This shows that the respondents are not too much sure about the reduced power of local money lenders after introduction of PMJDY scheme	The respondents of Nayagarh district are strongly disagreeing with the statement which shows that the reduced impact of money lenders are not visible
Hypothesis 3	The respondents are strongly agreeing with the statement which shows that the programme is able to provide capital for primary income generating activities	The respondents are disagreeing with the statement that the programme is failed to provide much needed capital for primary income generating activities
Hypothesis 4	The respondents are strongly agreeing with the statement which shows that the programme is able to provide capital for various income generating activities	The respondents are disagreeing with the statement that the programme is failed to provide much needed capital for alternative income generating activities
Hypothesis 5	Respondents are disagreeing with the statement that PMJDY scheme is able to improve the savings habit of them. Low income level and higher spending on various household consumption expenditures are the main reasons for the same	In case of Nayagarh district, the respondents are strongly disagreeing with the statement. The low income level is one the primary reasons for the same
Hypothesis 6	The respondents are disagreeing with the statement which shows that even after implementation of financial inclusion programme, the much needed income equality has not been achieved	The respondents are agreeing with the statement as they have a feeling that the PMJDY scheme may bring income equality. Though, the ground reality in other district is different



Hypothesis 7	Respondents are in favour of the statement which shows that the scheme may help to bring the self confidence	Respondents of the district do not have a clear idea about the statement as a result of which the response is mix
Hypothesis 8	The respondents are against the statement as the scheme failed to give much needed capacity to interact with the government officials	The respondents are in favour of the statement as they have a feeling that the programme may improve the ability to improve the interaction with the government officials
Hypothesis 9	The respondents are agreeing with the statement and they believe that this programme may help to improve the interaction with the group members	The respondents are agreeing with the statement and they believe that the programme has the ability to improve the communication between team members
Hypothesis 10	The respondents are in favour of the statement which indicates that the PMJDY scheme is able to improve the financial literacy among the people of the study village	The respondents are not in favour of the statement which indicates that they respondents are yet to get the true benefits of financial literacy programme
Hypothesis 11	The respondents did not give any specific response related to the statement. The concept of social recognition may not be well understood by the respondents	The respondents did not give any specific response related to the statement. The concept of social recognition may not be well understood by the respondents
Hypothesis 12	The respondents are in favour of the statement as they are strongly agreeing with the fact that it helps to improve the social awareness related to various issues	The respondents are in favour of the statement as they are strongly agreeing with the fact that it helps to improve the social awareness related to various issues
Hypothesis 13	The respondents are in favour of the statement. They acknowledge that the main cause of social abuse comes as a result of lack of income. So, if the scheme is able to improve the income of the respondents then it may reduce the impact of social abuse	The respondents are not in favour of the statement as they think that the cause of social abuse does not necessarily related to lack of income only
Hypothesis 14	The respondents are in favour of the statement as they believe that the scheme is able to improve the skills and employment opportunities of the people	The respondents are not in favour of the statement as they believe that the scheme is not able to improve the employment opportunities addressing the skill gaps of the workforce
Hypothesis 15	The respondents are in favour of the statement as they believe that the improved income through this scheme may help them to improve the sanitation and hygiene factors in the household	The respondents are against the statement as they believe that the scheme has no direct impact to improve the hygiene and sanitation facility of the household
Hypothesis 16	The respondents are not in favour of the statement that increased income from PMJDY may be sufficient for children's education	The respondents are in favour of the statement that the increased income from PMJDY may be sufficient to invest more on children's education

Hypothesis 17	The respondents are failed to provide any specific information about the statement	The respondents are not in favour of the statement that the PMJDY's increased income may help them to provide market linkage
Hypothesis 18	Respondents are not in favour of the statement	The respondents are not in favour of the statement
Hypothesis 19	Respondents are in favour of the statement that it helps to improve the bargaining power of the people	Respondents are in favour of the statement that it helps to improve the bargaining power of the people

## RECOMMENDATIONS

Based on the analysis and subsequent discussions, the following recommendations are suggested:

- Since PMJDY mostly focuses on technology enabled delivery mechanism for financial products, there is a need to employ a strong and dedicated team for addressing customer grievances in case of technology failure. Too much dependency on technology may create problems as it may adversely impact the trust of the prospective customers. Most of the time, banks take complaints from the customers as compliance but it is better to understand the root cause of these problems so that the small accounts also become profitable for the banks.
- Implementation of simplified KYC norms should be given high priority. Since ADHAR enrollment is an ongoing process, care should be taken to ensure that the consumers get the ADHAR cards at the earliest. This process surely helps to improve the Direct Benefit Transfer facility.
- Viability and sustainability of BMs is a critical area for implementation of PMJDY. Most of the time it is observed that BMs are not adequately trained to implement the scheme. They do not have adequate knowledge of envisaged benefits that the customers are to get. This often leads to miss-selling of the products.
- Capacity enhancement programme should be implemented in the study area. This training may improve the productivity of the customers. Better training infrastructure to provide training and skill development should be the primary concern of the policy makers. This expanded knowledge may help them to improve the income generating opportunities. This may help to reduce the problems of account dormancy.
- The education system needs a change. The general education which focuses on theoretical and non skill knowledge should be transformed into skill based vocational education system. The objective is not to give them the opportunity for higher education all the time; rather it should be based on skill enhancement. As dropout rate is high at the primary and secondary level, these students should have adequate technical knowledge before

leaving the formal school education. This may help them to be absorbed in formal sector where job conditions as well as wages are better.

- Training need to be provided to the bank employees as well. Because they are the main players for effective implementation of the scheme. If they are rigid and often treat the customers as non bankable in terms of availing credit, then surely this will hamper the true implementation of the scheme.
- SHGs should be formed and women members should be encouraged to participate in various income generating activities with the help of other group members. Instead of providing credit to individual members, it is better to provide credit to a group. It reduces the risk of creation of NPAs out of these loans.
- The bank agents should be from known-crowd of the villagers. The visibility of banking agents should be increased and for that a proper campaign should be launched.
- Adequate promotional activities should be implemented to increase the visibility of the scheme. If possible, the bank employees must visit respective villages under their coverage area so as to establish direct communication with the villagers. Participating in village fairs and rural hats may be an effective strategy to do the same where large gatherings may become helpful to communicate important benefits.
- The rural branches of banks as well as BMs units should have a dedicated financial literacy cell which from time to time may train the prospective customers on the merits and usefulness of the scheme. That will definitely help to remove the various negative notions about the banks and its services.
- Proper rules and regulations should be formed to reduce the influence of chit fund and rural money lenders. This requires direct intervention of the government and local level administration.
- A structured monitoring cell should be formed to review the progress of the scheme on a periodic basis. Much depends on the monitoring of the entire operations. If this is not done, then it will breakdown as no one will be there to guide the village people on benefits of organized financial services.
- Lack of understanding of the local market and consumer preferences may be an area which banks have failed to address. Most of the time the customers are daily wage earners, so chances are high that they may not be in a position to avail the banking services at the cost of a day's wage. The service providers must understand this predicament and introduce flexi branch timing for most of their rural branches. On the other hand, there is a need to create additional infrastructure to deliver the service through rural ATMs/ Mobile vans, acting like a mini-bank branch.

### **LIMITATIONS OF THE STUDY**

Every research study has its own limitations. In primary study precautions are taken to lower the chances of errors but that should not affect the study to a great extent. In the present study, following limitations are identified:

- The research is based on the research variables identified from various literatures and exploratory research methods. So the entire scope of the research has revolved around these research variables only. The impacts of other factors are not included to know the impact of them on PMJDY.
- The study is based on primary data only. Although, utmost care has been taken to include only relevant data, still some amount of sampling error may have crept in.
- The study has covered only two districts of Odisha. So the existing geographic and socio economic conditions may not match with other parts of the country. Therefore the conclusion drawn can't be generalized.

### **CONCLUSION**

The study of financial inclusion is not new. Since the inception of financial inclusion projects, it has seen lots of changes. The latest in this trend is PMJDY, which has been introduced on 28<sup>th</sup> August, 2014. The success or failure of the financial inclusion initiative on a massive scale is a debatable topic but surely the programme has been able to create a sensation in the market. But whether it has succeeded in converting 'Class Banking into Mass Banking' is the main topic of discussion.

The Indian banking system has seen lots of changes. Before independence, the sector was mostly in the hands of private players. As a result, class banking emerged. The banks were mainly concentrating on the rich people who had the ability to pay for any kind of services. Slowly but steadily the banking sector has undergone tremendous changes. As a result, the banking sector has become more efficient. But the government in the meantime realized that the flow of credit and other financial services were restricted to specific industry ignoring others. Agriculture, being the backbone of Indian economy, needs sufficient flow of credit. But due to lack of collateral or physical assets often make the people engaged in this sector ineligible for any kind of credit. Eventually the bank nationalization was undertaken during the year 1969. A second phase of nationalization took place during the year 1980. The nationalization helped to secure adequate flow of credit towards needy segment. Thus a revolution had been created. The next stage of changes that the banking industry witnessed was opening up of the sector for foreign and private players. Probably first time the consumers started getting value added services. But the benefits which we are talking about had been restricted to a specific segment of the society. The other segment, viz. people belonging to low income group, remained outside the purview of normal banking system. This is surely not fair. Unless and

until every segment of the society is able to participate in the growth process, real growth can't be achieved.

From the very beginning, all the banks started to treat these low income group people as economically not viable. As a result of the same, they remained financially excluded for a long period of time. Since they were ignored by the formal banking system, most of them started depending on local money lenders or various types of chit fund organizations. But in both the cases, chances of losing money are very high. The government and other implementing agency have decided to incorporate various mechanisms so that financially excluded people are able to get the facilities like others. The concept of financial inclusion was developed for this purpose only. Initially the microfinance programme has taken a leading role in this regard. The disbursement of credits to SHG members often proved to be a useful instrument. But access to SHG membership is not possible for every segment of the population. To provide a better option RBI introduced 'No Frills Account' model, which has been subsequently renamed as Basis Savings Bank Deposit (BSBD) account. The model initially worked for the benefit of the rural poor but slowly the main objective of financial inclusion was not achieved as it was not able to provide the desired result. Most of the accounts remained inoperative. These inoperative accounts often become a burden for the banks. Moreover, the programme was aimed at rural poor, which thus ignored the urban poor. The project was related to opening of savings accounts. But flow of money to these accounts was very minimal. As it targeted the rural poor, accessing these people was also a difficult task as banks did not have adequate infrastructure for the purpose.

The latest in these initiatives is implementation of PMJDY. The scheme is far better than any existing or prior financial inclusion programmes. The incorporation of technology enabled facility helped the scheme to achieve the desired success. The government has also introduced the Direct Benefit Transfer (DBT) scheme, which the poor people are entitled to get under various welfare schemes. This facility helped to maintain the much needed amount in the savings account. This also helped to maintain the account in active status. The introduction of RuPay debit card, providing banking services at the door step of the customers, insurance coverage are some of the key benefits of the programme. Within two years of its operation, it has been able to achieve great success in terms of number of accounts mobilised under the scheme.

But like many other schemes PMJDY is also not free from any kind criticism. The major problem that the scheme faces is too much dependence on technology. It is important to have the connectivity to internet and mobile phone accessibility. Without these two, the facility will be of no use. Introduction of insurance scheme is another good feature which may attract the targeted poor. But infrastructure support in terms of creating rural bank branch and rural ATMs are not available. The reach of bank branches has often raised the question about its effectiveness. So the scheme which may statistically be very effective, may actually fail to give the desired result. Some loopholes are surely there. Among these, lack of proper monitoring mechanism is the primary one. To maintain the account in operational mode which will enable the

customers to avail all the benefits of the scheme, it is necessary that these people have access to some other alternative avenues of income generation as well. But that is a difficult task as it needs manpower. Lack of skills and expertise may be problems for most of the financially excluded people.

Overall, the concept of financial inclusion in the PMJDY mode is surely an important move to bring the poor people under mainstream financial system. But all the schemes aim at huge number of accounts, as it may be a conclusive proof of financial inclusion. Although opening a savings bank account may be a symbol of financial inclusion, but the ground level reality is something different and this needs correction. The ideal ways to get the desired result is to first creating enabling infrastructure, and then go for the financial inclusion programme. Thus, the much needed financial inclusion goal may become a reality.

### **Notes**

1. <http://ficci.com/sector-periodicals.asp>
2. [http://pmjdy.gov.in/Pdf/PMJDY\\_BROCHURE\\_ENG.pdf](http://pmjdy.gov.in/Pdf/PMJDY_BROCHURE_ENG.pdf)

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