

1. Introduction

According to World Bank's revised calculations, proposed in May 2014, the world had 872.3 million people below the new poverty line, of which 176.6 million people lived in India, and had 20.6 % share of world's poorest population.

This shows that crucial steps should be taken to reduce poverty of our country. In India, less than 2/3 of households have access to banking facilities even after 67 years of independence. Hence promoting financial inclusion is very important step that could reduce the poverty level and could promote economic development of our country.

1.1 Financial Inclusion:-

Financial Inclusion is delivering of Financial Services at affordable costs to sections of disadvantaged & low income segments of society.

Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections & low income groups at an affordable costs (The committee on Financial Inclusion , Chairman Dr. C. Rangarajan)

Financial inclusion leads to huge economic growth through reducing poverty level in country. Government of India have been taking efforts to promote financial inclusion from many decades, steps taken for this in last five decades include nationalization of banks, expanding the network of branch, introducing the mandated priority sector lending targets, lead banks schemes like zero balance accounts, providing financial services to door steps of villages etc.

Pradhan Mantri Jan dhan Yojana is a significant step taken by government for financial inclusion. It is The Mission for Financial Inclusion is an integrated approach for providing banking , insurance and pension funds etc.

1.2 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.

1.3 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.

- **Unorganized sector Pension schemes like Swavalamban:-**

By 14th August, 2018 and then on an ongoing basis.

1.4 Reasons for Failure of Earlier Campaign:-

The earlier conducted campaign was limited in its approach in terms of reach and coverage. Convergence of various aspects of comprehensive Financial Inclusion like opening of bank accounts, access to digital money, availing of micro credit, insurance and pension was lacking. The campaign focused only on the supply side by providing banking facility in villages of population greater than 2000 but the entire geography was not targeted. There was no focus on the households.

1.5 Strategies for achievement of objectives of PMJDY:-

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 Mitra) :-

The eligibility for Bank Mitra is retired officers, unemployed people, retired teachers, Gram Dak Sevaks etc. The Bank Mitra (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 Mitra (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".

8. To keep the accounts frequently operated, all government benefits has been channeled to beneficiaries to such accounts and pushing the direct benefit transfer (DBT) in LPG scheme.

9. Convergence with the National Rural Livelihood Mission (NRLM) in rural areas and National Urban Livelihood Mission (NULM) in urban areas for covering each household with bank accounts.
10. Media and Publicity of this scheme through prints, electronics, radios, posters, banners, brochures , wall painting, Hoardings etc.
11. Financial Literacy Programs:- One of the major mode for disseminating financial literacy is the establishment of Financial Literacy Centers (FLCCs) which provides free financial literacy/education and credit counseling.

1.6 Challenges in Implementation of PMJDY:-

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 Mitra is a challenge.
4. Commission to Banks on Direct Benefit Transfer (DBT).