

“Analytical Study on Contribution of Private Banks in the Success of Pradhan Mantri Jan Dhan Yojana”

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Abstract:-With a view to bring about a complete financial inclusion of all the households in the country, on 15 August, 2014 ‘Pradhan Mantri Jan-Dhan Yojana’ was announced by Honorable Prime Minister, ‘Mr. Narendra Damodar Modi’. This held to be a very serious National Mission on Financial Inclusion for bringing a paradigm shift to highest level of transparency together with Governance.

It was realized that financial inclusion is the essence of sustainable economic growth and development of a country. To strategize this vision it was felt that large sections of the rural population should come within the ambit of banking system. Attempts at every corner were made by the policymakers and financial institutions and no stone was left unturned.

Financial Inclusion is an unavoidable factor for the economic development of a country without which the progress shall remain a distant vision. The reason being that a lion's share of total population remains outside the growth process.

One of the peculiar reasons for poverty is high level of absenteeism from banking. No doubt that there are few lakh people who are enjoying all kinds of services from savings to net banking, but still by and large around 40% of people lack access to even basic financial services like savings, credit and insurance facilities even after 69 years of independence. In order to fulfill National Mission of PMJDY or Financial inclusion we cannot neglect the role of private banks in ensuring the access to financial services in an affordable manner. Thus the need arises to analyze their contributions through this paper.

Key Words: Financial, Inclusions, PMJDY, Banking

I. INTRODUCTION

It was the need of the hour that every Indian becomes an integral part in the National development of the country. With this vision a mission was set, in the form of **PRADHAN MANTRI JAN DHAN YOJANA**.

With a view to bring about a complete financial inclusion of all the households in the country, on 15 August, 2014 ‘Pradhan Mantri Jan-Dhan Yojana’ was announced by Honorable Prime Minister, ‘Mr. Narendra Damodar Modi’.

Pradhan Mantri Jan dhan yojana no doubt was a new concept of financial inclusion but much before that many other concepts had already paved their way into the Indian economy under different government and bureaucrats. Unfortunately over the years they all carried with them their unsuccessful and some untold stories.

Attempts at every corner were made jointly by the policymakers and financial institutions; no stone was left unturned in bringing the large sections of the rural population within the ambit of banking system. It was realized that financial Inclusion was an unavoidable factor for the economic development of a country without which the progress shall remain a distant vision. Private Banks in this context has given their full support in making the PMJDY a success. The present paper is an attempt in bringing the contributions of Private Banks into books.

II. OBJECTIVES OF THE STUDY

- ❖ To know the contribution of Private Banks in PMJDY
- ❖ To Rank the different Private Banks on the Parameters of Profitability and Liquidity.
- ❖ To Study Inclusive Growth of Account opening rate after the announcement of PMJDY.

III. LITERATURE REVIEW

- Research Paper on, “Overview of Financial Inclusion in India”, by C. Paramasivan and V.Ganeshkumar.
- Research Paper on, “An Analytical Study: Relevance of Financial Inclusion For Developing Nations” by Dr. Anupama Sharma and Ms. Sumita Kukreja.
- Research Paper on, “Financial Inclusion in Gujarat: A Study on Banker's Initiatives” by Mr Nanjibhai D. Ranparia .

IV. KEY FEATURES OF PMJDY ARE AS FOLLOWS

- Interest on deposit.
- Accidental insurance cover of Rs.1.00 lac
- No minimum balance required.
- Life insurance cover of Rs.30,000/-
- Easy Transfer of money across India
- Beneficiaries of Government Schemes will get Direct Benefit Transfer in these accounts.
- After satisfactory operation of the account for 6 months, an overdraft facility will be permitted
- Access to Pension, insurance products.
- Accidental Insurance Cover, RuPay Debit Card must be used at least once in 45 days.

- Overdraft facility upto Rs.5000/- is available in only one account per household, preferably lady of the household.

V. DATA

Study was confined to Secondary data available on <https://pmjdy.gov.in/trend-zero>. The study was undertaken with a view to find out the contributions of Private Bank in PMJDY.

1.	Comparison among private banks in terms of Number of Accounts opened.
2.	Comparison among private banks in terms of Balance.
3.	Comparison among private banks in terms of Minimum Balance.
4.	Comparison in terms of Cash Outflow.
5.	Comparison in terms of Average balance.

VI. ORGANISATION OF DATA

- Information pertaining to number of accounts opened was taken from <https://pmjdy.gov.in/trend-zero>. In this area Number of Accounts opened involves both Non Zero balance account and Zero balance account.
- Balance was converted into absolute figures by multiplying with One lac.
- Non Zero balance Account was obtained by the following process.
 - Subtracting Zero balance account from Total Account opened.
- Cash Outflow comes into the picture when it was understood that out of 1,00,000 Rs 70,000 shall be borne

by bank and rest Rs 30,000 by Insurance Company. Its figure was derived as under:

- Number of Non Zero Account as calculated above.
- Number of Death = Number of Account having minimum balance x 7.48/1000 (Here 7.48 has been taken in accordance with the Current Crude Death Rate)
- Cash Outflow = Number of Death x 70,000

5) Average balance maintained = Balance in Account (lacs)/ Number of Accounts having Minimum balance

VII. FINDINGS

- In-terms of contribution HDFC was the highest followed by Jammu & Kashmir bank. This was something which reveals that people of Jammu and Kashmir had put their faith on the bank bearing the name of the state. **(Chart- 2)**
- Average balance per account holder also remains the same. HDFC being Number 01, followed by Jammu & Kashmir. Yes Bank being the last. **(Chart- 1)**
- ICICI has the maximum cash outflow it is because of the fact that the number of minimum balance account is the highest but the quantum of balance maintained is less than HDFC and Jammu and Kashmir bank. **((Chart- 3 & Chart-4)**
- Federal Bank has come up with second rank in terms of maintaining Average Balance per account holder which has surpassed Jammu & Kashmir and ICICI. **(Chart- 5)**

Name of Bank	Average bal per a/c holder
HDFC Bank Ltd	7178.876195
Jammu & Kashmir Bank Ltd	6121.254523
ICICI Bank Ltd	1192.178961
Federal Bank Ltd	6284.786696
Axis Bank Ltd	4302.891839
South Indian Bank Ltd	2847.900565
IndusInd Bank Ltd	1021.016566
Kotak Mahindra Bank Ltd	2314.185624
Karur Vysya Bank Ltd	1947.906612
City Union Bank Ltd	2942.712721
Lakshmi Vilas Bank Ltd	1506.695965
Ratnakar Bank Ltd	475.4114268
Yes Bank Ltd	2899.123381

EXHIBIT: 1

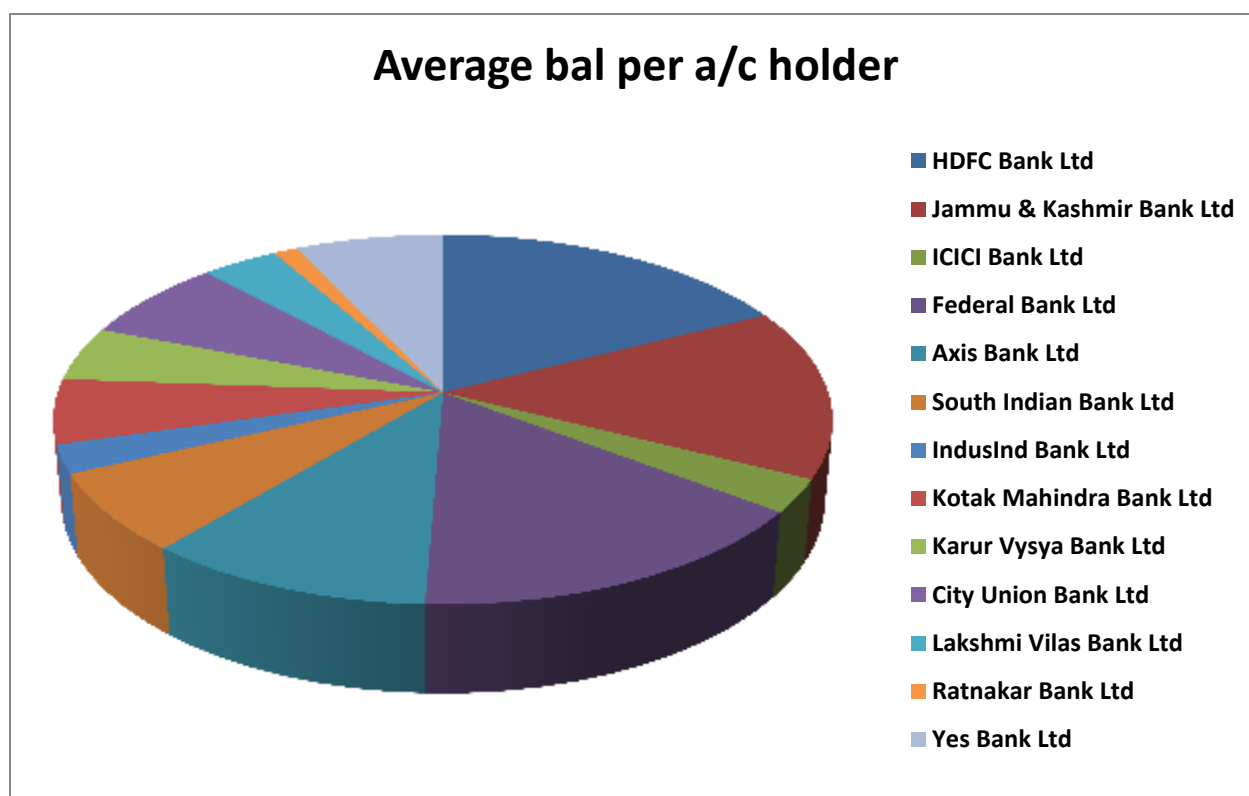


CHART: 1

Name of Bank	Balance In Accounts (In lac)
HDFC Bank Ltd	89695.32
Jammu & Kashmir Bank Ltd	54420.34
ICICI Bank Ltd	23921.81
Federal Bank Ltd	19319.56
Axis Bank Ltd	18786.77
South Indian Bank Ltd	4513.78
IndusInd Bank Ltd	3689.28
Kotak Mahindra Bank Ltd	2127.13
Karur Vysya Bank Ltd	2038.27
City Union Bank Ltd	1886.22
Lakshmi Vilas Bank Ltd	1885.63
Ratnakar Bank Ltd	244.97
Yes Bank Ltd	221.58

EXHIBIT: 2

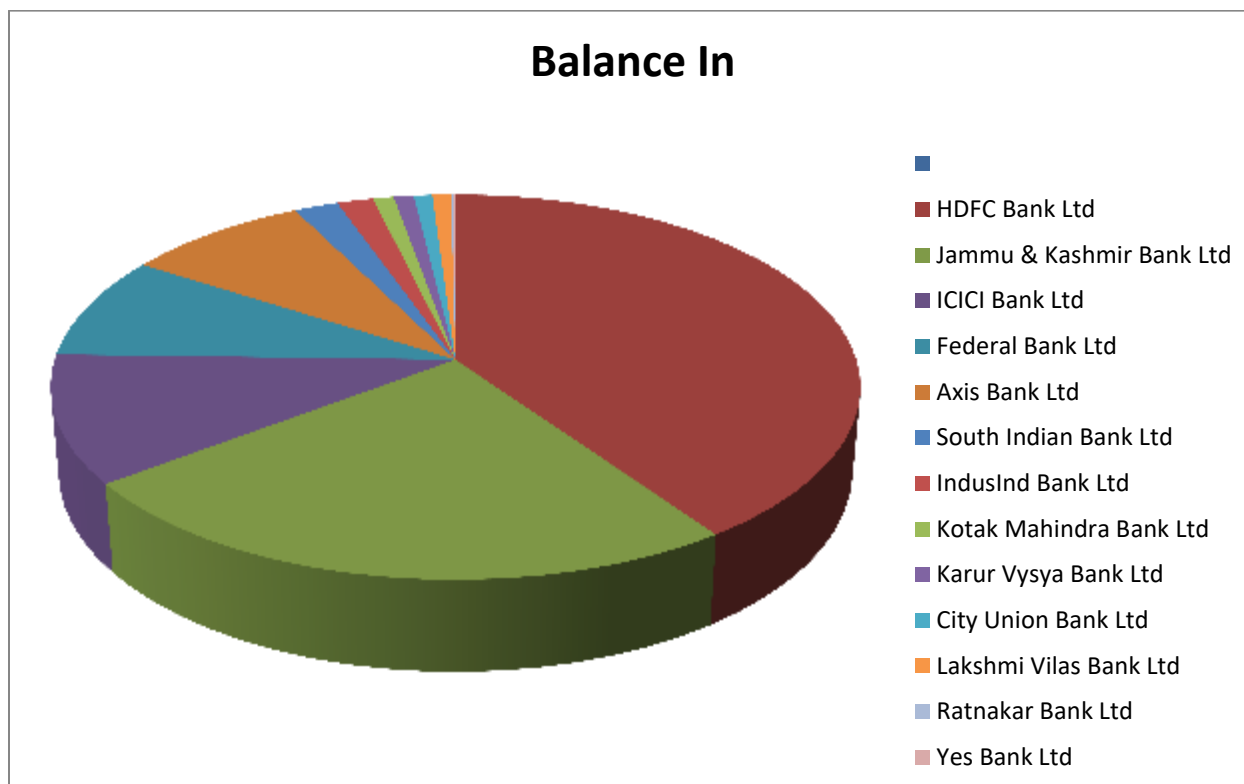


CHART: 2

Name of Bank	No: of A/c min bal
HDFC Bank Ltd	1249434
Jammu & Kashmir Bank Ltd	889039
ICICI Bank Ltd	2006562
Federal Bank Ltd	307402
Axis Bank Ltd	436608
South Indian Bank Ltd	158495
IndusInd Bank Ltd	361334
Kotak Mahindra Bank Ltd	91917
Karur Vysya Bank Ltd	104639
City Union Bank Ltd	64098
Lakshmi Vilas Bank Ltd	125150
Ratnakar Bank Ltd	51528
Yes Bank Ltd	7643

EXHIBIT: 3

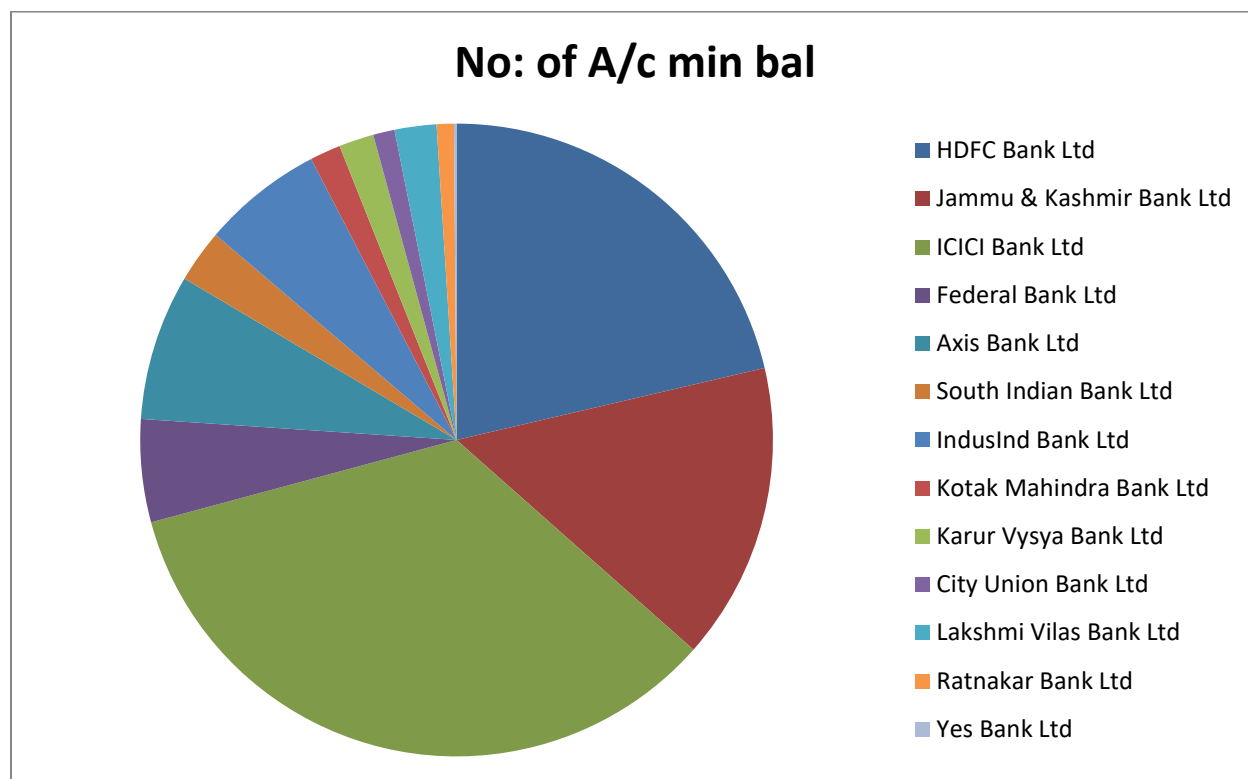


CHART: 3

Name of Bank	Cash outflow (insurance)
HDFC Bank Ltd	654203642.4
Jammu & Kashmir Bank Ltd	465500820.4
ICICI Bank Ltd	1050635863
Federal Bank Ltd	160955687.2
Axis Bank Ltd	228607948.8
South Indian Bank Ltd	82987982
IndusInd Bank Ltd	189194482.4
Kotak Mahindra Bank Ltd	48127741.2
Karur Vysya Bank Ltd	54788980.4
City Union Bank Ltd	33561712.8
Lakshmi Vilas Bank Ltd	65528540
Ratnakar Bank Ltd	26980060.8
Yes Bank Ltd	4001874.8

EXHIBIT: 4

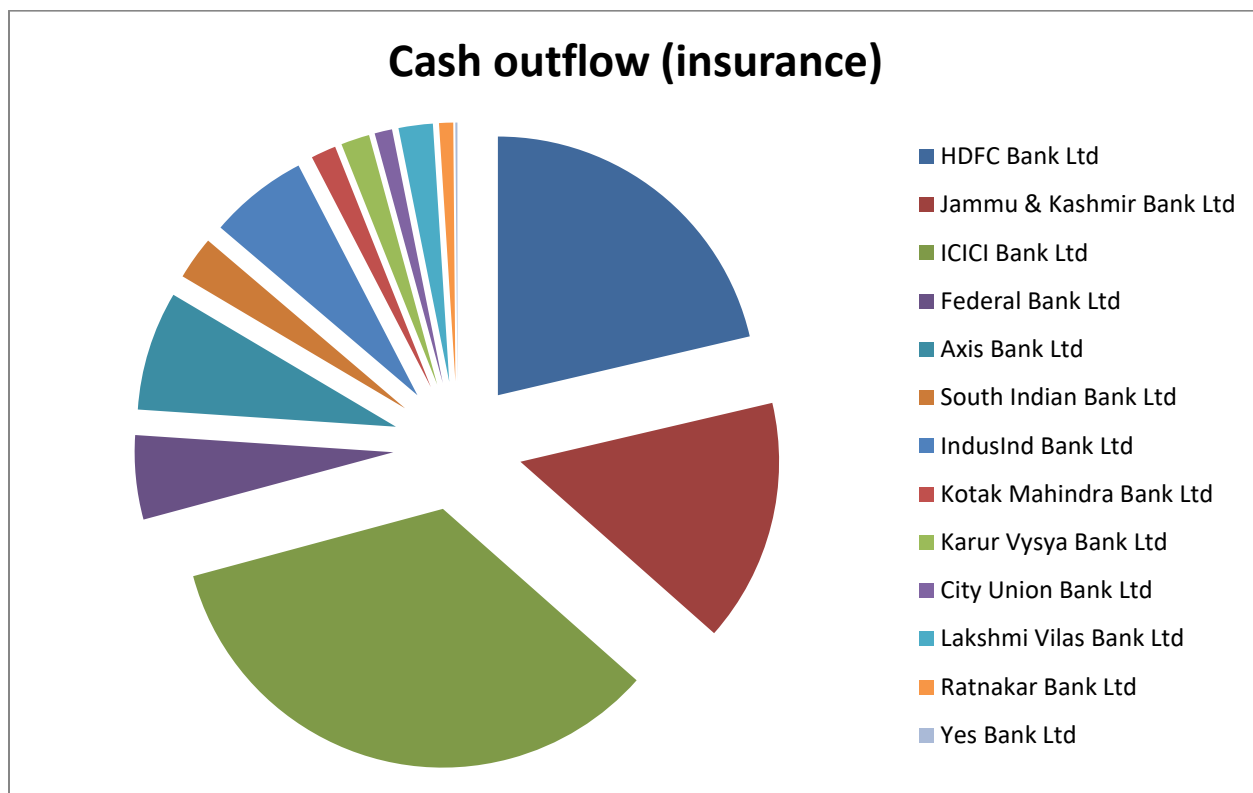


CHART: 4

Name of Bank	Average bal per a/c holder
HDFC Bank Ltd	7178.876195
Jammu & Kashmir Bank Ltd	6121.254523
ICICI Bank Ltd	1192.178961
Federal Bank Ltd	6284.786696
Axis Bank Ltd	4302.891839
South Indian Bank Ltd	2847.900565
IndusInd Bank Ltd	1021.016566
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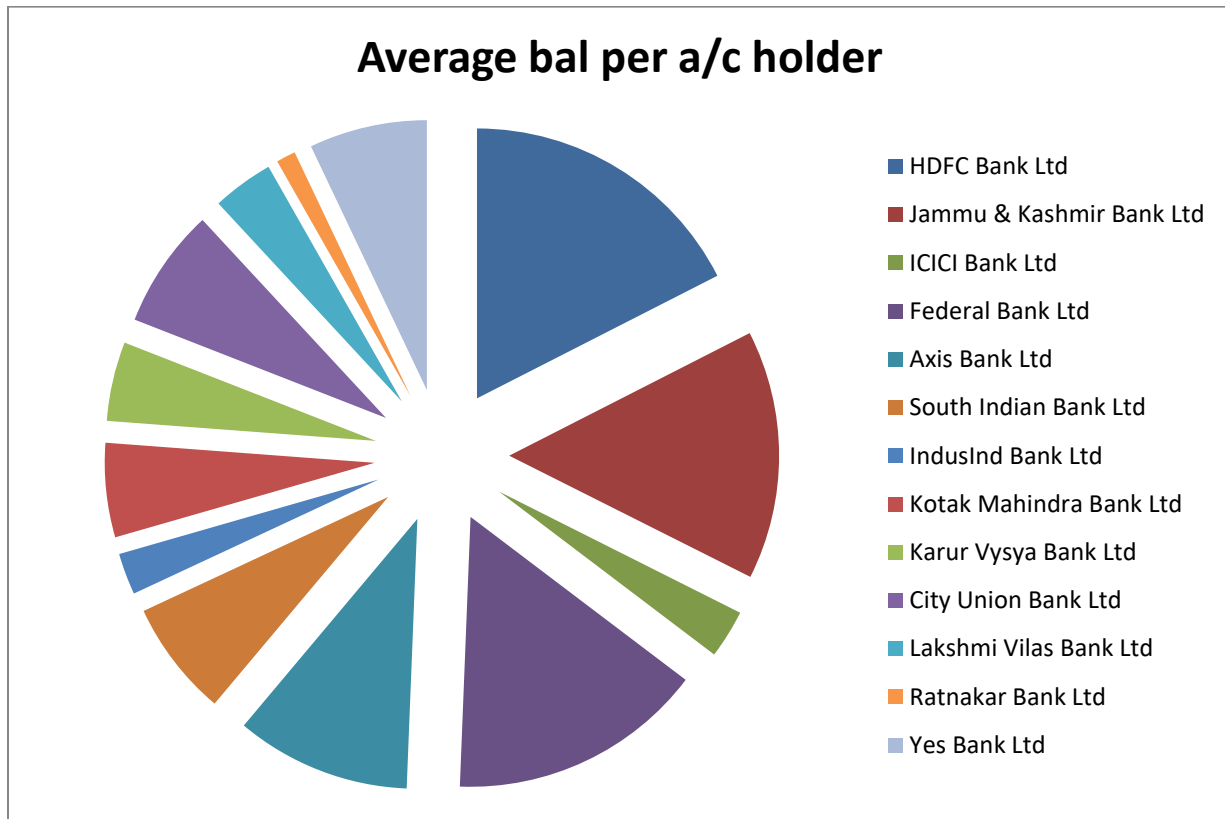


CHART: 5

VIII. CONCLUSION

Most of India should get an universal access to banking system with this aim one of the most ambitious project PMJDY has been announced by prime minister, which proved to be the biggest financial inclusion in the history of any economy. The success of PMJDY can be revealed from the fact that it has already registered itself in **GUINNESS BOOKS OF WORLD RECORD**. But it is quite early to declare the success of the program with the passage of time it has been observed that 31,46,668 accounts in total have no balance at all out of a total account of 90,00,517. Hence in private bank 34.9% of the account holders still maintain zero balance.

The study showcase that HDFC has not only been able to open maximum number of accounts but has also ensured that minimum balance should be maintained to the largest extent. Although the study has not thrown light on the aspects of rural and urban scenario. That study has kept open for future studies.

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