A RESEARCH STUDY REPORT
ON

EVALUATING IMPLEMENTATION OF JAN DHAN YOJANA

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Preface and Acknowledgement

As inclusive growth is the panacea for sustainable development, then it is quite clear that financial inclusion over other strategies must take precedence. In reality, the picture was far from encouraging. Not only the percentage of the population without access to formal banking channels was unreasonably high before September 2014, but also the actual figure through any assessment is much higher than anybody's guess. In this context, before implementation of Jan Dhan Yojana, the Reserve Bank of India mandated the banks to open "no-frills" account by the rural branches. Despite reluctance, some banks had carried out their pursuits to rope-in the masses that some section still remained in this sphere.

Many experts point out that the strength of the Jan Dhan model is a highly positive factor. Globally, models for financial inclusion are either driven by credit or savings. The PMJDY began as a savings-led model, even though some argue that it is actually a hybrid model in view of the overdraft service, which is a credit facility. However, the predominance of savings element qualifies the scheme to be labelled as a savings-driven.

As per RBI statement, when credit leads the process of financial inclusion, we risk lending to people who have little ability to manage money and overburdening them. By drawing them into the formal system through savings and payments first, then insurance, we get them accustomed to managing money before tempting them with credit.

PMJDY created accounts for much of the excluded population, and went a step ahead by attaching a variety of financial services such as accident and life insurance to these accounts, and sending direct benefits such as scholarships, pensions, and subsidies to these account holders.

The present study is an attempt to measure the depth of financial inclusion in the backward districts of Koraput and Malkangiri in Odisha and Raipur and Dhamtari in Chhattisgarh, as well as in the progressive districts of Srikakulum and Vijayanagaram in Andhra Pradesh and Karnal and Yamuna Nagar in Haryana, which have nearly claimed as districts with complete 100% financial inclusion.

To carry out this study, we are highly indebted and sincerely grateful to some people who have helped us in some way or the other.

First of all, we profusely thank the esteemed members of the Research Advisory Committee for selecting such an important research area to carry out the study and repose the trust on me to carry out same.

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Chapter I

Introduction

1.1. Introduction:

Jan Dhan Yojana is a new scheme implemented by the Government of India under which every Indian family is expected to be enrolled in a bank for opening a **zero balance account**. This scheme not only provides the families to have bank accounts but it also offers different benefits to the poor families those who open an account. This new scheme has been regarded as the first revolutionary step to mitigate financial exclusion through rapid financial inclusion in the country.

In the current state of financial untouchability, the scheme is an oasis on providing economic benefits as well as providing solace to poverty stricken people spread throughout the country. As each family of the country trigger the economic cycle of the country, they should have the privilege to have a bank account and get connected to the vehicle of the economy. Indeed, when everyone will be connected to the economic cycle of the economy, it will not only move rapidly but usher an era of growth and prosperity. It is a matter of proud record that as on date more than more than 24 crores Jan Dhan accounts have been opened by the commercial banks in India.

Benefits under the Scheme:

The five important benefits for the account holders are enumerated as follows:

i) With a new bank account each family will be getting a ***Ru Pay debit card*** that they can use to withdraw money from the account;

ii) The newly opened account will be a zero balance account and thus the account holder will not be required to maintain any ***minimum balance*** in the account;

iii) Each account holder who enrolled under this scheme by opening an account will be getting a ***life cover*** of Rupees 30,000/-;

iv) Along with the life cover, the account holder will get an insurance policy wherein he/she will get an ***accidental cover*** of rupees one lakh;

v) If an account holder maintain the bank account and transact actively, then the account holder will be given an ***overdraft limit*** of rupees five thousand only.

Special benefits under PMJDY Scheme:

a. Interest will be provided on the deposits
b. Easy Transfer of money across the country
c. Beneficiaries of government schemes through Direct Benefit Transfer
d. Access to various pension and insurance products.

The differences between the earlier programme and PMJDY are as under:

- The earlier programme focused on providing banking services in 'villages' with population of 2,000 or more, whereas PMJDY wants to cover 'individual households' with bank accounts.
- Apart from the mega account opening camps held on the day of the PMJDY launch, banks to hold 'special campaign' from 8 am to 8 pm on every Saturday at each rural and semi-urban branch in a district in coordination with the District Authorities for opening of accounts.
- PMJDY focuses 'equally' on rural and urban areas as against very limited focus on rural areas in the earlier programmes.
- PMJDY pursues 'digital' financial inclusion with special emphasis on 'monitoring' by a mission headed by the Finance Minister.
- A platform has been built by the National Payment Corporation of India that connects all the banks and all telephone network operators in the country.
- PMJDY accords top priority to Financial Literacy campaign.

1.2. Objectives of the Study:

The scheme was launched in 28th August 2014 and already completed more than two years of implementation. We have taken a simplistic view of the Jan Dhan Yojana and decided to evaluate only the five benefits enumerated above and study whether these basic benefits are already extended to the account holders or they are still deprived by the bankers who are known to be reluctant to some customers as well as to pass on some benefits to the disadvantaged sections of the society.

1.3. Hypotheses of the research study:

i) Consequent upon opening a new bank account under Prime Minister Jan Dhan Yojana each family will be getting a ***RuPay debit card*** that they can use to withdraw money from the account;

ii) The scheme envisages that newly opened account will be a zero balance account and thus the account holder will not be required to maintain any ***minimum balance*** in the account;

iii) It is complimentary to each account holder that those who are enrolled under this scheme by opening an account will be getting a ***life cover*** of Rupees 30,000/-;

iv) Similarly, the scheme supplements that along with the life cover, the account holder will get an insurance policy wherein he will get an ***accidental cover*** of Rs. one lakh;

v) The bankers are supposed to oblige if an account holder maintains the bank account and transact actively, then the account holder will be given an ***overdraft limit*** of rupees five thousand only.

1.4. Study Area and Sample size:

We felt it is appropriate to study the implementation process in the two backward states of **Chhattisgarh and Odisha** and two progressive states of **Andhra Pradesh and Haryana**. Two backward districts from each state are selected and thereafter 10 villages are randomly chosen from each district. The account holder numbers are restricted to 10 persons from each village. In short, there are 100 samples from each district and 200 sample account holders from each state with a total sample size of **800** for the research study as a whole.

Two suitable questionnaires have been devised (appears in appendix) and pilot test were carried out in nearby villages of NIRD & PR at Ranga Reddy district of Telangana before implementing them in the field.

1.5. Time Limit of the Study:

An approximate period of six months was stipulated for this research study involving four states with 800 sample size of account holders. Similarly, 5 bank branches from each district were selected to solicit information from branch officials, thus consisting 40 branches in total for this research study. It was proposed to start the study from 1st May 2016 and completed the research report by 31st October 2016 thereby taking a total period of six months including submission of the research study.

In the present day context, Financial Inclusion through Jan Dhan Yojana means provision of banking services at an affordable cost to the vast sections of disadvantaged and low-income groups. These include access to savings, credit, insurance, payments and remittance facilities by the formal financial system to those who tend to be excluded. As banking services are viewed as services in public good, the term financial inclusion means availability of banking services to the entire population without discrimination. In short, financial inclusion means to provide access to financial services to all the people in a fair, transparent and equitable manner at an affordable cost.

In general, the concept of "Inclusion" is itself very broad and complex. Similarly, to understand financial inclusion, which is an important element of total inclusion, it is necessary to understand the various aspects of exclusion in the financial sector.

i) ***Exclusion through access***: In terms of geographical space, many areas in our country are not served by any kind of financial institutions. This exclusion of access is twisted when the financial service provider, though physically present, but declines access to services to some sections of people based on a process of risk perception and assessment made by its internal process;

ii) ***Exclusion through conditions:*** Use of financial products and services are subject to certain terms and conditions. These terms and conditions are stipulated in such a manner that they are difficult to be adhered by common people;

iii) ***Exclusion through price:*** The products and services provided are priced so high that those are not affordable by the poor and needy people otherwise could have been benefited immensely by those products and services;

iv) ***Exclusion through marketing:*** In this case, some people and some groups are effectively excluded by developing strategies that target only certain sectors and deliberately exclude certain segments:

v) ***Exclusion through mistrust***: People in lower strata of society may decide not to avail any formal financial services because they have inherent mistrust and feel that in any case their request will not be entertained. The social distance between the banker and rural customer is too large to be bridged and it leads to self-exclusion by the customer.

Based on the above factors of exclusion, financial inclusion can be defined as the ability to access necessary financial services in an appropriate form by a section of the population.

No doubt, the banking sector in the country is playing its role in reducing the disparities and is geared up to meet the challenges faced from financial exclusion. But in future, the bankers need to shoulder more responsibility because of the challenge to bring all the disadvantaged section of people to the mainstream of development. The bankers have to pool all available resources including technology and expertise to take banking to the bottom of the pyramid, as there are big opportunities to be exploited. In this background, the present study is an attempt towards evaluating the outreach of bankers and their level of involvement in promoting financial inclusion through Jan Dhan Yojana in the States of Andhra Pradesh, Chhattisgarh, Haryana and Odisha.

1.6. Issues and Challenges of Implementation:

Banks have been advised to devise financial inclusion plans congruent with their business strategies and to make financial inclusion plans an integral part of their corporate plans. Banks have also been advised to include the criteria on financial inclusion as a parameter in the performance evaluation of their staff. The implementation of these plans is closely monitored by the Reserve Bank of India on a monthly basis through a quantitative reporting format. Besides, there is also the monitoring of the qualitative aspects of financial inclusion plans through a qualitative report submitted by banks every quarter. Moreover, to continue the process of ensuring access to banking services to the excluded, banks have been advised to draw up an effective financial inclusion plan to cover the entire eligible person by March 2018. The issue arises that how the challenges of mega implementation would be tackled? Therefore, banks have now been advised that their financial inclusion plans should be disaggregated to the branch level. The disaggregation of the plans is being done to ensure the involvement of all stake holders in the achievement of financial inclusion efforts. With a view to involving grass-root level institutions in the consultative process, the Government has involved the Lead Bank Scheme and its armoury of state-level and district-level coordination committees such as SLBCs and DCC as well as the officials engaged for annual credit plans both at the state and district levels.

1.6.1. Why JDY considered as the larger quest for financial inclusion.

The PMJDY project's ambition and implementation are perhaps unprecedented. While the history of financial inclusion dates back to 1969, when the nationalisation of banks took place, the JDY has on paper carried out the most exhaustive financial inclusion process to date. As it appears, the initial goal of opening one bank account per Indian household has been achieved in January, 2016.

The idea of pushing people to sign up for zero-balance accounts, however, isn't new. In 2005, the Reserve Bank of India and the UPA government, with financial inclusion in mind, came up with the idea of a "no-frills" account that didn't require its user to maintain any particular amount of money in it. These types of accounts were later renamed as "Basic Savings Bank Deposit Account" and the process of signing up people for these accounts slowly started taking place. In between 2005 to 2013, the UPA governments succeeded in opening up a little over 6 crore basic accounts, a good chunk of which had zero balance and very little in the way of transaction activities.

In contrast, the present government has managed to open large number of accounts, more than 24 crore in two years. There are a number of accounts that indicate the JDY push has sharper focus and better concentration and has managed to nudge public sector banks towards serious financial inclusion. The type of impetus that JDY has given to the system is unparalleled. During the initial phases, the bank managers were forced to leave their offices, go to far-flung areas and display a form of customer service that was usually never seen before.

1.6.2. Have issues arisen because of the JDY's rapid push?

There isn't a lot of quantitative or qualitative research into the effectiveness of the JDY beyond the number of accounts have been opened, though much of the mainstream media reporting around the issue comes from the numbers put out by the government itself, which by itself appears to be some extent flattering.

The majority of empirical analysis into the financial inclusion project comes from a number of think-tanks such as MicroSave, Centre for Micro Finance (CMF) and Skoch Foundation. Many independent researchers have also conducted research into the Jan Dhan scheme in some states. The twin issues that come up repeatedly are those of account duplication and account dormancy.

1.6.3. Whether account duplication and dormancy affecting the JDY's mission?

According to a research study, customer account duplication under the JDY stands at 33%. This essentially means that of the 24 crore accounts opened under JDY in a span of two years only, the customers of a little over 8 crore of those accounts already hold another account in addition to the JDY account. The problem with this is that if the people who sign up for a bank account under JDY already hold another bank account, the purposes of financial inclusion are being defeated.

According to first hand-accounts from qualitative research, this duplication can be attributed to the target-based account open approach taken by banks. What compounded this problem was that the bank correspondents or bank mitras received incentives for the opening of an account irrespective of whether the customers already had an account. Initial advertising focusing JDY may have also misled potential customers, some of whom thought that only the JDY account could be used to receive subsidies and benefit. Another common example that pops up is that customers mistook the overdraft of Rs. 5,000 as a free facility that would be given on signing up.

The issue of dormancy is the one evolved by the government's numbers: around 33% or one-third of accounts is 'dormant', which, practically speaking that they are zero-balance accounts with minimal or no transactional activities. The government states that 70% of JDY accounts are operational but even here there is some apprehension about these numbers as to a certain extent, some of these people are those who have multiple accounts and didn't need another bank account.

Dormancy is an issue because zero-balance accounts still cost the bank in terms of maintenance; various estimates put maintaining a zero-balance account at anywhere around 100 rupees per year. With nearly 8 crore JDY bank accounts being dormant, this costs the banks that signed them up anywhere around Rs. 800 crore per year. Also, as with account duplication, if the incidence of account dormancy is high, it undermines the mission behind JDY, which is suppose to bring banking services to the unbanked only.

1.6.4. Could there be possibility that duplication and dormancy are linked?

A number of commentators believe so and to a certain extent, it's backed up by numbers. The theory behind this is that the incidence of duplication, roughly 30% and dormancy also around 33% are one and the same because the people who hold accounts apart from their JDY account are unlikely to use their JDY account.

Some concerned authorities believes that we shouldn't have to worry too much about dormant accounts because as the Aadhaar-linked bank account subsidy transfer process rolls out, people will start using their JDY accounts. However, if the majority of people who hold a JDY bank account and another bank account which is also Aadhaar-seeded, this may not be true at the ground level.

1.6.5. Any other issues with the way account enrolment has been carried out?

As with any major government scheme, the research carried out by some agencies show that the JDY process isn't completely above the board. There are reports of customers being charged for withdrawals, charged for setting up their accounts, and so on. According to some research studies, a few business correspondents stated that many customers are charged for withdrawal as well as depositing cash in their JDY accounts. Similarly, some customers have complained that 16 rupees was deducted from their accounts every month under some vague mobile alert charge. Evidences are there, as corroborated to the field survey assistants that some respondents were asked to pay some money to open their Jan Dhan account. According to a public sector bank executive in charge of overseeing the bank's JDY push, these issues are unfortunate incidents when there is a push for results and very little monitoring done with some oversight on how the targets are to be achieved.

1.6.6. How effective is Bank Mitra Model been reaching out to the unbanked?

The financial inclusion initiative reaches out to the unbanked through two methods: traditional bank branches and business correspondents, called bank mitras in JDY parlance, who are appointed as bank representatives and trained to enrol people and handle transactions. Study reports highlights that most people signed up through the reach of traditional bank branches.

However, when one considers low-income category people in remote, rural areas that bank branches and ATM networks cannot penetrate, the effectiveness of the bank mitra model appears to be certain. Some research study lists a number of issues with the financial sustainability of bank mitras as the JDY project moves from simply opening accounts to engaging with their customers and conducting transactions.

A little over 10% of business correspondents are currently dormant; the rate of dormancy has inched up over the last 24 months. According to the survey, detailed analysis revealed that aspects such as inadequate commission, poor support from banks and the lack of business potential are major contributors to Bank Mitra dormancy. Most bank mitras are not trained and they make around Rs. 4,000 per month, which is less than their expectations. Further, the Bank Mitra model does not authorise them to handle more complex transactions, which anyway they cannot do because of lack of training.

However, Bank Mitras like their job as it brings them respect but money involved is very less. It is a typical situation, as we need more Bank Mitras in every village in order to be successful but unless they make reasonable money nobody will sign up. Banks currently do not reimburse operational costs such as the travel that Bank Mitras have to undertake to link branches, collect stationery, pay rent and spend on connectivity. A number of bank executives said that the capital subsidy for point of sale machines that was supposed to be distributed still has not made its way to many places.

While Bank Mitras initially received incentives for signing up people for accounts, as saturation sets in they have to make money off transactions. This money is not rolling in yet; things may change when Aadhaar-based subsidy transfers start rolling out.

Consequently, Bank Mitras are troubled by non-transparency and irregularity of commission payments, and it remains to be seen how long they continue to engage in a business with questionable returns.

1.6.7. Has JDY laid the ground-work for JAM policy?

The JAM policy is simple and is effectively an ecosystem that builds on itself. First the JDY initiative opens up bank accounts for the unbanked. These accounts are then seeded with Aadhaar numbers which paves the way for subsidy transfers. With mobile phones, transfers and transactions become much easier, thus resulting in a cashless society.

In this connection, MicroSave's research points out two issues. First, while 90% of the bank correspondents have devices that enable biometric authentication, not all of these are Aadhaar-based authentication. Around 70% of Bank Mitras currently have Aadhaar-enabled devices. While this is a big improvement, but the findings from the numbers of studies those carried out in the first few months after JDY was started revealed that the lack of Aadhaar-specific devices will negatively impact the roll-out of Direct Benefit Transfer (DBT) through JDY accounts in the future.

Aadhaar-enabled devices are only half of the process in the right direction. In order for subsidy transfers to be deposited in JDY bank accounts, they needed to be seeded with Aadhaar numbers. According to one research study, the Aadhaar seeding rate is 60% and while positive, it is extremely slow. Often inadequate Aadhaar seeding deprives customers to hatch on to Aadhaar-enabled payment system. The second phase of JDY needs to desperately focus on this has set 2017 as a target for the full rollout of Aaadhar-based subsidy transfers.

1.6.8. Has JDY succeeded in bringing unbanked customers into the financial fold?

The ultimate goal of JDY is to bring about total financial inclusion. While the very first step of this involves opening up a bank account, the ultimate goal is to bring the unbanked into the financial system. That is why the JDY account is bundled with insurance and pension products, need-based credit facilities and overdraft as well as remittance facilities.

To the credit of JDY scheme, the first-time account holders who did sign up for opening of JDY accounts, initially the low-cost insurance and pension schemes have been relatively popular. Research study numbers assess that nearly 60% of JDY customers have signed up for an insurance or pension scheme primarily due to its excellent value proposition and low cost. There are a number of anecdotal stories of the JDY insurance plan helping out to the needy people when it is needed most.

However, when it comes to other aspects of financial inclusion, it is clear that the JDY has a long way to go. For instance, each JDY account comes bundled with a Rupay debit card. Not only is the Rupay card distribution rate low at 50%, but the people who have been assigned cards face issues of non-delivery and non-issuance of PINs, according to a research study. Last-mile connectivity issues are a huge problem that is flagged by almost every study on JDY's progress.

There are a number of first-hand accounts in the research that point out many customers see no use in a Rupay card while others worry that family members may misuse the card if it is given to them. When it comes to other financial products such as the overdraft (OD) facility, qualitative analysis revealed banks are disinterested in extending OD facility to JDY customers, given banks' unwillingness to take up credit risk for customers with lack of credit and transaction history. According to the study, only 5% customers per Bank Mitra have received OD till date.

Therefore, while JDY scheme is laudable, it is certainly not a runaway success. It appears that JDY may not be commercially viable for the next five years. The prescription for its success is simpler: rather than try to push urban-centric financial products on the poorer sections of society, it makes more sense to popularize and spread specific financial instruments aimed at that section of the large population residing in rural areas. One example of this could be a recurring deposit scheme, or a financial plan that centers on harvest season

1.7. Review of Literatures:

1.7.1. In his article**,** 'Financial Inclusion and PMJDY: A Macro Analysis", Mr. M. R. Das has clearly summarized that **t**he Financial Inclusion Programme, until PMJDY was launched, basically lacked mutual understanding and coordination among various players which weakened the desired propulsion. Banks treated it as yet another poverty alleviation programme, whereas the focus of financial inclusion was different. The Banking Correspondent (BC) system was also not properly organized. Though, financial inclusion was a bank-led model; another crucial wing like insurance was missing. Viability was not ensured and most importantly, due care was not taken to see that people who opened accounts did regular transactions in their accounts or not. Mr. Das also stated that developing a habit to transact through banking channels, howsoever minimal the transaction may be, is the basic aim of financial inclusion programme. But, technological back-up was not adequate for which the plan to link accounts with biometrically authenticated proofs was not crystallized. As a result, out of 5,92,000 villages, only 74,000, or one out of eight could be covered.

Moreover, PMJDY has put the financial inclusion efforts on the mission mode. It is a comprehensive programme aiming at ensuring that the financially excluded people can access financial services, such as, Banking Accounts, Remittance, Credit, Insurance and Pension in an affordable manner. It can be observed that for the first time under JDY, there is sync with the desired components of financial inclusion objectives.

1.7.2. According to Mr**.** V. Leeladhar, the former Deputy Governor of Reserve Bank of India, in the commemorative lecture at the Fedbank Hormis Memorial Foundation, there could be multiples level of financial inclusion and exclusion. At one extreme, there are 'super-included', customers who are actively and persistently courted by the financial services industry and who have wide range of financial services and products at their disposal. At the other extreme, there are people who are denied access even to the most basic of banking services, and are satisfied only with limited banking services such as keeping deposits and withdrawing money from savings account.

He also highlighted the consequences of financial exclusion, which vary depending on the nature and extent of services denied. It may lead to increased travel requirement, higher incidence of crime, general decline in investment, difficulties in gaining access to credit from informal sources at exorbitant rates, increased unemployment, etc. The small business also suffer due to loss of access to middle class and higher income consumers, higher cash handling costs, delay in remittances of money. In turn, financial exclusion leads finally to social exclusion.

1.7.3. According to Dr. K. C. Chakrabarthy, the ex - Chairman & Managing Director of Indian Bank and Punjab National Bank as well as former Deputy Governor of Reserve Bank of India, in his paper "Indian Bank: A Case Study on Financial Inclusion", the problem of financial exclusion is a matter of global concern. The current challenge is to provide financial inclusion package to those financially excluded who outnumber the financially included. This needs to be done in quickest possible time with maximum outreach in a cost effective manner through appropriate technological and business delivery interventions as well as by providing adequate linkages and infrastructure with effective participation by all the stakeholders. This alone will increase income, build financial assets and empower and enrich the lives of millions of households currently excluded from economic opportunity.

1.7.4. Mr. K. C. Behera in his article "Pradhan Mantri Jan Dhan Yojana: Vision of Economic Power through Financial Inclusion', clearly stated that the new initiative of the Government's mission of financial inclusion was different in the sense that PMJDY was based on incentives, aggressive campaign to cover both rural and urban population instead of confining to rural only, and each household in all villages approach instead of village based approach where population is more than 2000. The major advantages of accounts under JDY scheme are supplemented with accident insurance coverage of INR 1 lakh, providing Ru-Pay debit card and further life insurance coverage of INR 30,000 if account is opened before a stipulate date, overdraft facility in case of satisfactory operation, monitoring mechanism at centre, state and district level instead of monitoring by bank only, focus on financial literacy, convergence with other subsidy and micro insurance / pension scheme instead of focusing on the basis of bank deposit account. Indeed, the major shift in the PMJDY scheme of the Government is that households are being targeted instead of villages as targeted earlier.

1.7.5. Mr. T. K. Parida in his article "Pradhan Mantri Jan Dhan Yojana: A Big Push to Insurance Inclusion", highlighted that under PMJDY, the new initiative of thrust on households are being focused as compared to targeting of villages as a whole. Moreover, both rural and urban areas are being covered under this scheme, as against only rural areas targeted earlier and it is also planned to pursue digital financial inclusion in the country by issuing debit cards and mobile banking to the customers. However, comparing with the RBI's 'No Frills' accounts and 'Basic Savings Bank' account, this scheme is not new but added some top-ups like life insurance coverage, pension etc. Now, the Government proposes to channel all the benefits of the beneficiaries to such accounts and push the Director Benefits Transfer (DBT) scheme of the Central Government including DBT under LPG scheme. Even payments under MGNREGS sponsored by Ministry of Rural Development are also directed to be included in DBT scheme.

Mr. Parida also stated that PMJDY is intended to achieve two objectives, such as better transmission of social welfare benefits and also faster financial inclusion. It is true that the modality of implementation of the PMJDY is a challenge, but if it is implemented the way it is planned and talked about, then it will be a serious game changer in the country. However, as true financial inclusion will require more than opening bank accounts, there is an immediate need for allowing and encouraging entrepreneurial innovation to cater to the varying needs of consumers of financial services.

1.7.6. Ms. Usha Thorat, former Deputy Governor of Reserve Bank of India, in her speech during a joint programme on "Financial Inclusion and Millenium Development Goals" highlighted that the formal financial system has to recognize the huge business potential coming from the unmet demand for financial service as from those who normally tend to be excluded. The focus on financial inclusion comes from the recognition that financial inclusion comes from the recognition that financial inclusion has several externalities which can be exploited to the mutual advantage of those excluded, the banking system and society at large. Banks need to understand the market and develop products suited to the clientele. They need to develop data sets to evolve risk assessment models for proper rating and pricing. Financial inclusion has to be viewed as a business strategy for growth and banks need to position themselves accordingly. Further improvements in rural connectivity through roads, power and telecom can ensure greater penetration by the financial system into remote areas and provide safe and efficient financial services to large segments of the financially excluded.

1.7.7. Ms Hema Mehta, Faculty of a College of Commerce, asserted that access to finance by the poor and vulnerable groups is a prerequisite for inclusive growth. In order to ensure financial inclusion various initiatives in the past were taken up by the Reserve

Bank of India and Government of India like Nationalization of Banks, expansion of banks branch network, establishment and expansion of cooperatives and RRBs, introduction of Priority Sector lending, Lead Bank Scheme, formation of SHGs and State specific approach for Government sponsored schemes with involvement by SLBC etc. Even RBI in the year 2006, with the objective of ensuring greater financial inclusion and increasing the outreach of the banking sector, decided in public interest to enable the banks to use the services of Non-Governmental Organizations (NGOs), Self Help Groups (SHGs), Micro Finance Institutions (MFIs) and other Civil Society Organizations as intermediaries in providing financial and banking services through use of Business Facilitator and Business Correspondent Model. In fact, the prime aim is to provide access to finance and empowerment of the vulnerable groups. The various financial services included credit, savings, insurance and payments and remittance facilities. However, the main objective of financial inclusion through JDY is to extend the scope of activities of the organized financial system to include within its ambit people with very low incomes. Simultaneously, through graduated credit, the attempt has been to lift the poor from one level to another so that they come out of poverty.

1.7.8. Mr. S. L. Shetty in his article in the Economic and Political Weekly stated that when it comes to implementing the universal financial inclusion plan, there arise myriad institutional, infrastructural and behavioral bottlenecks which can be resolved only with great perseverance and coordination amongst multiple agencies involved in the development process. In the first place, banks have to set up a huge number of branches in and around unbanked villages and they have to recruit large numbers of rural cadre to serve those branches. The next institutional link is the BCs and the requirements are a mindboggling number, an additional coverage of about 2 lakh villages, almost doubling the existing coverage of 2.21 lakh villages through BCs. Both bank branches and BC outlets should have an integrated link. Mr. Shetty quoted the RBI Annual Report and stated that for financial inclusion to succeed, it is important that quality services are provided through the new ICT based BC outlets. Therefore, an intermediary low-cost brick-and-mortar structure is required between the base branches and BC locations. This will provide timely support to BC outlets, ensure close supervision of BC operations and give them credibility and increase people’s confidence in BC services. Hence, banks have been advised to plan for an increase in the proportion of branches that cover unbanked villages.

1.7.9. Mr. T. T. Rammohan in his article in Economic & Political Weekly took a very ideological position and opined that the poor and vulnerable sections have to be pushed to the marketplace with marketable instruments and products, though it is not recognized that it is because the market is oppressive that the poor require the crutches of directed credit arrangements. The absence of retail lending by banks has very often created social revision and hence no ruling party in India, whatever be its ideological persuasion, can embrace such openly market-based suggestions when it comes to addressing the problems of the poor.

Further, he explained that the Mor Committee recommendations were not unanimous and two committee members make a valid observation that ubiquitous access to payment services by January 2016 would require a very large number of access points which are evenly spread out across the country and every single resident would be within a 15-minute walk of such a point from the location of his residence. Looking at the enormity of the task, particularly in low density in rural areas, and the need of supporting physical as well as virtual infrastructure vis-à-vis their present situation, the timeline did look onerous. Given the magnitude, he felt that while January 2016 can be an aspirational goal, given the scale of the task, a target date of January 2018 may be more realistic and implementable.

1.7.10. Mr. Pradeep Mehta, Secretary General of CUTS International, conveyed his views that some critics fear that the overdraft facility could end up swelling bad loans for banks as the scheme does not spell out how the banks can collect the debts. With so many grandiose debt waivers in the past, people may end up treating the loans as freebies. Overburdening as well as lack of incentivisation of bank officials resulting in hampering of normal operations, customer harassment etc. also needs to be looked into. Most of the schemes that aim to cover the entire population have had their share of errors in on-boarding citizen information. Bankers say that Aadhaar is crucial for the success of the Jan Dhan Yojana. However, Aadhaar scheme is a long way from achieving universal coverage. Since Aadhaar is backed by biometric readings, it eliminates the risk of duplication. But while banks have been given targets with specific deadlines under the

Jan Dhan Yojana, they do not have control over Aadhaar implementation, which is going to take more time to cover the entire county including far-flung rural areas.

Additionally, the department of post, if given full banking licence, can play a key role in the Jan Dhan Yojana in view of their unparalleled reach. Further, branchless-banking, banking on wheels and micro-bank branches have to be brought in. Use of technology, such as mobile phones, can make the scheme more feasible. The Jan Dhan Yojana should be looked as just one of the multiple approaches to achieve financial inclusion. Only a holistic framework inclusive of the Jan Dhan Yojana, financial education, specialised products, and improved infrastructure can result in effective financial inclusion. But that requires political will, bureaucratic support and persistent persuasion by the regulator.

1.7.11. Mr. Swaminathan Ankaleswar Aiyer, the famous economist, boldly stated in one of his articles published in Times of India that as happened in the IRDP, politicians will advise the poor not to repay their overdrafts. Banks will do their best to sabotage the overdraft scheme, with the poorest and weakest losing out. Ironically, this may in some ways be better than loans for all, which will mean Rs 75,000 crore for 150 million accounts. If these overdrafts are not repaid, the banks will lose Rs 75,000 crore at a time while the P. J. Nayak Committee stated they need to raise an additional Rs 5.8 lakh crore just to meet the new Basel norms for capital adequacy.

If villagers don’t repay loans, there is no system that banks will deduct this from their savings and future cash transfers. Neither they can levy hefty penal charges or close defaulting accounts. In the end, he lamented and questioned on the type of financial inclusion we will bring for the disadvantaged section of people in the society.

Moreover, high speed should be abandoned on attaining the targets. Serious financial inclusion requires sustained efforts for several years, with an emphasis on quality rather than speed or target practice. Cell phone banking is the ideal technology for financial inclusion, and so, broadband extension to every village is required. The Aadhaar exercise needs to be completed quickly. Moreover, the government needs to shift from subsidies of individual items to cash transfers directly to the new accounts, ending the sorry spectacle of massive dormant accounts. As financial inclusion is desirable, all this will take time. The new scheme's design needs a big rethink and by focusing on speed, we should not encourage more loan melas rather encourage true inclusion.

1.7.12**.** Present RBI Deputy Governor Mr. S. S. Mundra had warned that Jan Dhan accounts are "very vulnerable" to frauds and asked banks to be on guard against them being misused. He stated that banks should have a proper mechanism to monitor transactions in these accounts as the newly opened accounts under the Pradhan Mantri Jan Dhan Yojana could be very vulnerable to fraud practices. Banks need to clearly guard against misuse of these accounts from money muling. He also stated that third parties can be used to launder the proceeds through fraud schemes such as phishing and identity theft by criminals who gain illegal access to deposit accounts by recruiting them as 'money mules'.

The Deputy Governor highlighted a recent case where an idle account was used for receiving and transferring large funds without the knowledge of the accounts holder. It was an account of a daily labourer in Punjab and the account was opened as a basic one where there is limitation on number of transactions. This amount of transaction was of Rs. 1 crore, and the case came to light when the income tax authority served the notice to the account holder. This episode highlights the failure of the banks system and processes for monitoring of newly opened accounts.

According to him, what we are observing of late is that while the standard and the vigour of Know Your Customer (KYC) norms have become quite effective at the time of opening of the account, but the same is not observed in the continuous surveillance or continuous watch over the transactions in these accounts. At present though the banks have some alerts and exception transaction mechanism, it is mostly primitive and generally ineffective. Banks should have robust system to monitor such accounts and the transactions being made therein for taking proactive actions which entails a better customer protection. He also warned that if banks fail to take proactive measures to stop such transactions, it could face some action from enforcement agencies. Failure to guard against misuse of customer accounts might result in banks incurring supervisory sanctions and enforcement actions from the Reserve Bank of India. It can have the money laundering angles and there could be invite actions from the various enforcement agencies as well.

1.7.13. Dr. Alok Pande, Director, Financial Inclusion and Additional Mission Director, PMJDY said that one of the basic things against financial inclusion is that when the poor open bank accounts, the large majority of these accounts are actually zero-balance accounts and there are no transactions. In a camp mode when depositors were being signed up, banks had tables, a few people, chairs and forms and there was no arrangement for collection of cash, depositing of cash and taking care of cash. So, basically and purposely accounts were opened in zero-balance mode to reach the quantitative target within the stipulated date.

Dr Pande also said that people were proud to have an identity. As banks are persuaded to issue passbooks, the impact was dramatic; from about 79% zero-balance accounts in November 2014, zero-balance accounts dropped to 45% in August, 2015. One of the major things that created the push was that people love to see their own photograph, name and address in a passbook.

Direct benefit transfers from the government are coming through these Jan Dhan accounts and zero-balance accounts are coming down automatically as money is put in these accounts. The average balance in non-zero-balance accounts has come down as people withdraw money from it and are still not used to the banking habit. Jan Dhan shows that the challenge for the system is to create this business of banking habit.

1.7.14. Prof. Charan Singh, RBI Chair professor in IIMB, have come out with few revelations in a JDY study coordinated by him in the state of Karnataka. According to him, Islamic Banking should be introduced under the ambit of Pradhan Mantri Jan Dhan Yojana Scheme. It is observed that most Muslim population is unwilling to avail credit based financial services due to their religious connotations and continuously suffers from trammels of convention. Sharia law doesn't allow them to take money on interest. As a result of which, they resort to take loans from their family, friends and neighbors. Introduction of Islamic banking will not only deal with the issue of interest rate but also improve the participation of women in the banking related activities. Thus, there seems to be an enormous potential for banks to include Islamic banking in their banks as well as for the government to introduce Islamic banking under PMJDY scheme.

Almost all the Muslim respondents of his study considered taking loans on interest as 'Haram' in their religion. More than 90% percent preferred taking loans from friends and relatives. The reason is twofold: First, that time to return is flexible. Secondly, as interest is not charged by relatives thus there is no violation of their Islamic law. They were ready to pay a minimum interest to banks on the condition that it is used in welfare for their community like eradicating poverty or helping poor people in their daughters' marriages. A few shop owners said that they have taken loans from banks but they won't tell it to anyone, as a lot of shame is associated with it. Also, many of them said that they don't want to get into mess of maintaining minimum balance in their account for loan as a lot of paper work is involved. Some of them introduced the local banking called Sangh Banking, which means close group of 10-15 people take loans. Trusted people are included into 'Sangh' and if anyone flees then whole group has to bear the cost / penalty. Some of them said that they don't trust current banks. A famous incident of 'Amanat Bank' was cited. A private bank for the welfare for Muslims was opened but many people lost their deposits as owner took the money and went missing. But, when asked that if Islamic banking is introduced in banks like State Bank of India, they said that they would love to trust government-backed banks and not the private banks.

1.7.15. Mr. P. Balasubramanyam in his paper stated that banks are at a disadvantage as they still have to incur the cost of operating bank branches without actually doing any business. The PMJDY scheme only focuses on one aspect of financial inclusion which is the opening of the bank account, without actually paying attention to the other more important aspect, that is, accessibility to credit. Taking a dig at Centre's pet schemes, general secretary of the All India Bank Officers' Confederation, which represents 85% of officers in public sector banks in the country said, the banks' profitability would have been better if they were not made to implement schemes such as the Jan Dhan Yojana or were compelled to open more branches in rural areas. Such schemes bring considerable strain on human resources without generating any profit. Besides, bad loans of corporate add to banks' burden. One of the major limitations that the PM Jan Dhan Yojana may come across is the retrieval and collection of loans. The borrowers are primarily going to be low amount borrowers and would often come from the unorganized sector. It might be a little difficult for the banks and the system to keep a track of the borrowers and thus they may end up in losses. It is however yet to be seen how banks cope with this opportunity and still be a source of the right financial change, as aspired by this Yojana, notwithstanding the skepticism about duplication of accounts in order to avail the insurance benefits.

1.7.16. Dr. Vinit Kumar in his article on "Pradhan Mantri Jan Dhan Yojana (PMJDY): Financial Inclusion and Inclusive Growth in India" has discussed that implementation in a large scale requires determination and attitude towards success path. Indeed, the core issue is to remove 'financial untouchability' and to eradicate poverty. Managing a bank account and insurance coverage does not demand the person should be educated, it only required the basic knowledge which could be explained by anybody else. Financial Inclusion requires sustained efforts over many years and priority emphasis should be given on quality rather than quantity. Government should review the speed at which it is currently targeting to achieve the goal of covering the whole India with bank accounts. Certainly with a firm intent and infrastructural network of institutions, the dream of financial services for all can be realized in the near future. A bold step in indeed required to withstand the heat of economic down-surge and fight poverty, and the PMJDY is definitely a good fighting mechanism to check the poverty in India.

1.7.17**.** It isn't known how many of the accounts opened under PMJDY program belong to people who didn't have one already, said Mr. A.P. Hota, Head of the interbank platform called National Payment Corporation of India (NCPI) that supervises India's retail payment systems. According to him, experts and employees at large government banks estimate that between one-third and two-thirds of new accounts may have been opened by people with existing accounts. The data from the program simply reveal the number of accounts opened, and it is yet to determine how many households remain excluded. He further stated that the lure of insurance coverage and an overdraft facility may have prompted people to open multiple accounts in various banks using different identification documents. He also pointed at account duplication as one of the main challenges to India's financial-inclusion program as it obfuscates whether the plan is reaching the unbanked.

Further, he acknowledged that many accounts may have been opened by people who already had access to banking services, especially in the program's first weeks. More than a third of new accounts were opened in the month that followed the launch.

In addition, misunderstandings over the overdraft provision in the early days of the program led many poor people to believe that accounts would come already loaded with cash. Disillusion may cause many to leave newly opened accounts dormant and that was a problem after previous programs led to waves of people opening accounts.

1.7.18. Ms. Sonam Gupta from Delhi University highlighted in her article that many customers have opened multiple accounts using multiple documents as proof to avail the freebies. There were cases where people believed only new accounts would give entitlement to benefits. It is not possible to give exact no of duplicate accounts but some survey done show 30 percent duplicity. To be sure, duplicate banking accounts in a banking system, is not illegal. But if they remain inoperative, it leads to big burden for banks besides causing multiple issues including the gross misuse of these accounts, again something which the RBI has cautioned in the past. At present, majority of these accounts, about 70 percent, still do not have any money in them, even though the scenario can change once the government's direct benefit transfer start flowing in through this accounts. The real problem is that after opening several crores of duplicate accounts, it may not be easy to rectify the mistakes at a later stage. It is because Aadhaar linkage takes time and by then the system will effectively create millions of non-operative accounts. In the past, the central bank had highlighted the problem of crores of non-operative zero-balance accounts in the banking system, most of which were opened under the financial inclusion programme rolled out by the previous government and RBI.

1.7.19. Mr. Vivek Kaul of Indian Express stated that bank officials are quietly making one-rupee deposits, many from their own allowances, and some from the money kept aside for office maintenance. Their ostensible goal is to reduce the branch's tally of zero-balance accounts. Branch managers told that there was pressure on them to show that the zero-balance accounts were falling. And that is why they ended up doing what they did.

Mr. Kaul further reported that the percentage of accounts with one rupee deposits is fairly significant. For example, in the case of Punjab National Bank, of the 1.36 crore accounts that the bank had opened under the Jan Dhan Yojana around 12.97 lakh accounts had deposits of one rupee. The UCO Bank had opened 74.6 lakh accounts under the Jan Dhan Yojana and out of this 11.06 lakh accounts had deposits of one rupee. While this does not mean that the Jan Dhan Yojana has been unsuccessful, it does take away some its sheen. Also, the fact that the number of zero-balance accounts have come down drastically since January 2015, cannot be taken that seriously.

As per Mr. Kaul there is a lesson that needs to be learnt here. If the government starts following one measure of performance or gives it more importance than others, chances are the measure will be gamed and tricked.

1.7.20. Dr. Santosh Kumar, Professor of Public Policy and Administration at FLAME University, Pune expressed that it takes time to properly implement policies in India, more so for financial schemes like PMJDY as a lot of people are unaware of words like bank, loan, subsidy etc.

The integration of PMJDY, Aadhaar and Mobile (JAM) could be an important component of structural reforms. The idea of JAM, as propounded in 2015, is to identify the real beneficiary and deposit subsidies directly into his bank account. As a policy does not work by itself, the government must have a strong political will to implement the policy properly by scrubbing it of discrepancies.

There are two aspects to financial inclusion: one is bank accounts and the second is access to credit. The scheme announced by the Prime Minister addresses the first problem. The issue of making credit available to small borrowers still remains in a distant horizon.

1.7.21. Mr. Ahmed Hussain in his article " Pradhan Mantri Jan Dhan Yojana: A SWOT Analysis", explained that Financial inclusion is an innovative concept which enables the alternative techniques to promote the banking habits and the launch of PMJDY by Government of India is in that direction. He had carried out the SWOT analysis which shows that weaknesses exist, particularly with certain limitations in areas of infrastructure and financial literacy program along with information and communication technology as far as rural India is concerned but do not threaten the viability of the scheme in light of strategies considered for effective implication and expected opportunities in the form financial inclusions and reduction of financial untouchability, thus bringing major favorable changes in the economy in the long run

The SWOT analysis further indicates that financial inclusion through PMJDY requires sustained efforts over many years and emphasis on quality rather than quantity should be the priority. Under PMJDY, a bank account is not a mere bank account, but a bunch of gifts of financial product and services. It is worth mentioning that successful implementation would not only reduce poverty but also puts a check on corruption, the burning issue faced by the country. It can be said that accountable and transparent organizational structure for implementing PMJDY will be essential for achieving the desired societal outcomes. Financial inclusion which was taken off in India in 2005 is gaining a lot of momentum, especially after announcement of PMJDY. India may set in a time frame to address poverty and may emerge as a superpower by 2030.

1.7.22. A research article published by Reserve Bank of India in May 2013 reveals that more than 42% of rural credit is sourced from non-institutional agencies. Rural credit markets in India are characterized by the coexistence of both formal and informal sources of finance and the market is fragmented, which RBI concluded after four rounds of survey. Thus, the JDY scheme is a step forward but a lot needs to be done before calling it successful. People from rural and urban areas need to be treated separately. For achieving the objectives, people should be educated about the financial system.

The previous government had opened nearly 60 million so-called no-frills accounts, but RBI data have shown that more than half of them remained dormant. The basic idea of financial inclusion is to include most of the vulnerable sections of society in the banking system and people need to know the potential of the scheme and the documents they have in possession, otherwise they cannot exercise their rights.

1.7.23. Dr. Harpreet Kaur opines that financial inclusion broadens the resource base of the financial system by developing a culture of savings among large segment of rural population and plays its own role in the process of economic development. Further, by bringing low income groups within the perimeter of formal banking sector; financial inclusion protects their financial wealth and other resources in exigent circumstances. Financial inclusion also mitigates the exploitation of vulnerable sections by the usurious money lenders by facilitating easy access to formal credit.

To mitigate such sufferings, the Pradhan Mantri Jan Dhan Yojana lies at the core of Government of India development philosophy of **Sab Ka Saath Sab Ka Vikas**. The main focus of this scheme remains at rapid move forward for those people who have still remained deprived of basic banking and financial systems, in this knowledge era with modern banking. Financial inclusion of the unbanked masses is a critical step that will seek bureaucratic support and unceasing persuasion by RBI. It is expected to unleash the hugely untapped potential of bottom of the pyramid section of Indian economy. Its huge success will enable the Bank Managers to understand and utilize the opportunity provided by Financial Inclusion to their advantage, by participating in Government's poverty alleviation programmes for weaker section, improving their CASA base, raising their deposit base through direct fund transfer scheme of the Govt. The widely acknowledged and successful launch of this PMJDY scheme also strengthens the resolve that when coordination, dedication, opportunism, commitment, formalization, dependence, trust, satisfaction, cooperation and continuity is provided by all the constituents and stake holders, a framework of construct is created which acts as a dominant force for accomplishment of the mission.

1.7.24. Mr. M.C. Joshi in his article highlighted that Financial Inclusion is delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income group's rural customer. The Financial Inclusion Plan aims at providing easy access to financial services to those sections of the society who are deprived of it so far at affordable cost thereby bringing them into the mainstream financial sector. Implementation of Financial Inclusion is not a new concept for Bank. Financial Inclusion activities are being implemented by Bank since inception through various government sponsored programmes, lending to the poorest of the poor, lending to the minority communities, lending to SC/ST, lending to priority sectors, etc. It will enable the Government to provide social development benefits and subsidies directly to the beneficiary bank accounts, thereby drastically reducing leakages and pilferages in social welfare schemes. Further, expanding the reach of financial services to those individuals who do not currently have access would be an objective that is fully consistent with the people centric definition of inclusive growth which attempts to bridge the various divides in an economy and society, between the rich and the poor, between the rural and urban populace and between one region and another. Thus, financial inclusion could be an instrument to provide monetary fuel for economic growth and is critical for achieving inclusive growth.

1.7.25. Ms. R. Sharmila in her article stated that expanding access to financial services seems to hold promise as a means for including the poor, reducing poverty, and spurring economic development. With the announcement of the financial inclusion blueprint by the government under which the PMJDY was launched, and the new payment bank guidelines suggested by the RBI, there is hope that financial inclusion is a clearer and important mandate in the country. Both these measures emphasize the provision of bank accounts, which is an essential factor, but only a limited one towards achieving financial inclusion in India.

In the past decades, state policies of financial inclusion have overwhelmingly relied on extending credit to low income households through subsidized credit schemes like IRDP or expanding SHGs and providing no frills bank accounts. Private sector initiatives like the significant expansion of microfinance activities in India have also shown the limited scope within which lenders functioned.

Research has shown that unless financial instruments are designed for specific needs of the poor, they remain underutilized and costly for the providers, and therefore, non sustainable. Broader financial needs of the poor have so far been met through informal means which are costly and risky and result in sub optimal outcomes for the most vulnerable sections of our society. Allowing and encouraging Financial Inclusion in India beyond the Jan Dhan Yojana innovation in savings instruments for the poor by the formal financial sector is thus critical to achieving our goals of financial inclusion.

To complement such innovation, indigenous financial institutions must find a place within the financial inclusion policies of the government. These are old institutions based on established social networks. Our policies must incorporate those and facilitate further healthy growth of such indigenous institutions. We must also actively seek to understand these institutions to shape a regulatory policy rather than shun all out of ignorance. They have a far greater reach and acceptance amongst the people than most top down policies of financial inclusion in the recent history of liberalized India. Government policies must recognize this and build on the strengths of indigenous financial institutions. For similar reasons, post offices must also be brought within the fold of national financial inclusion strategy due to their extensive network and greater accessibility. Raising awareness and imparting financial literacy are also critical in this regard.

1.8. Data Analysis:

Proper measures are taken to collate the data, both collected from the branches and from the villages to reach at meaningful conclusions. For easy interpretations, the tables are prepared based on the questions asked to the villagers. As twelve questions were asked to the villagers to ascertain the extension of banking facility exclusively to the BPL people, similar numbers of tables are originated to know the frequency and percent of answers under each question. Moreover, as the cumulative percent remain 100% percent for each question, it is very easy to measure the valid percent under sub-sections and clearly know how many respondents fell under a particular category.

Similar numbers of tables are originated from the data collected from bank branches and banks dealing with State Level Bankers Committee (SLBC). The responses to subjective answers like “what procedural hassles still faced by the customers”, are treated separately and remain out of purview of usual data analysis. Indeed, the subjective answers to this type of questions are collected separately from various sources.

(Opening of Bank Accounts is the major step of Jan Dhan Yojana)

Chapter II

JDY Implementation at National Level

Rural financing is not sufficient by itself as it faces issues like high loan default incidence, high transaction costs, absence of collateral and lack of consumption related financial products. In the last two decades microfinance emphasizes upon lending to women who have ensured to a great extent that both household consumption and capital needs for microenterprises can be taken care of by lending to Joint Liability Groups. Moreover, problems like adverse selection, moral hazard, and monitoring and legal enforcement are abated to a great extent. Also, it will provide a paradigm shift in development strategy by making it more inclusive and people centric. Rangarajan Committee (2008) recommended recognizing NBFCs as microfinance institutions (MFIs) and bringing greater legitimacy, accountability and transparency in the working of MFIs. In rural India, group financing has been in vogue as members come together from similar occupational backgrounds, common religious, cultural and social traits to form Self Help Groups (SHGs). NGOs have been serving as the promotional agencies for SHGs as they assist the poor with group formation and in setting common goals for them. However, regional differences in performance and internal health of SHGs are a major point of concern. Rangarajan Committee (2008) recommended increasing the outreach of SHGs, providing them a legal status, encouraging SHGs to offer wider variety of products and making Federations of SHGs.

In the midst of such developments, current Financial Inclusion Scheme 'the Pradhan Mantri Jan Dhan Yojana (PMJDY)' is a revolutionary project to reduce poverty at a faster rate. The tag line for the scheme is 'Mera Khata – Bhagya Vidhata', essentially meaning that a person's destiny would be linked to his / her account. This has been the essence of the scheme, to provide core-banking services, so that each household must have at least one banking account. Jan Dhan Yojana is a major step towards inclusive growth. Financial inclusion ensures better financial management by the poor for themselves, which opens up a plethora of opportunities.

The performance in the last two years speaks volume about the progress and achievements of the scheme and the impact it has created in the attainment of inclusive growth through financial inclusion. Before providing the detail progress at the national level, the **SWOT** analysis of the scheme is discussed for better understanding.

1. Strength:

Because of its unique approach, PMJDY strength can be viewed from its defined objectives and goals.

- Under the scheme, account holders will be provided zero-balance bank account with any bank, either public or private, with RuPay debit card, in addition to accidental insurance cover of Rs 1 lakh;
- Those who had opened accounts by January 26, 2015 over and above Rs1 lakh accident cover will also be given life insurance cover of Rs 30,000;
- After six months of opening the basic savings bank account, holders can avail Rs 5,000 overdraft from the bank;
- With the introduction of new technology by National Payments Corporation of India (NPCI), a person can transfer funds, check balance through a normal phone which was earlier limited only to smart phones;
- Mobile banking for the poor would be available through National Unified USSD Platform (NUUP) for which all banks and mobile companies have come together;
- Those banks that are taking part in this scheme will be operating special camps where one can approach and get a new bank account registered. Usually, these camps run from 8 a.m.to 8 p.m.;
- The special online portal is being launched to study the progress of the scheme that is being implemented on a larger scale;
- Mapping of each district into Sub Service Area (SSA) catering to 1000-1500 households in a manner that every habitation would access to banking services within a reasonable distance by 14th August, 2015. Expansion of bank branches and ATM network according to SSA identification programme and coverage of population through Business Correspondent called Bank Mitra has been taken up;
- Account can be opened with simple documentation. If Aadhaar card number is available then no other document is required. Letter issued also by a gazetted

officer, with a duly attested photograph of the person is sufficient enough to open the account;

- Account holders can deposit cash in their account and receive interest thereon. It enables them to keep their money safe with interest and get rid of number of private fraudsters who were siphoning off their money with through manipulative saving schemes;
- The plan has provision of creation of a Credit Guarantee Fund for coverage of defaults in accounts with overdraft up to Rs. 5000. It is proposed to be housed in National Credit Guarantee Corporation (NCGC);
- Unorganized sector pension scheme and micro-insurance are other social security provisions of the plan. It has encouraged informal sector workers to save small amounts during their working years to enable them to draw a pension on attainment of their old age;
- Most of the bank accounts are Aadhaar card-linked and hence Direct Benefit Transfers can be smoothly credited through the bank accounts under this scheme. It will also motivate the account holder to keep their accounts regular with the bank and it will help transfer of subsidies / benefits efficiently.

2. Weakness:

PMJDY scheme has few limitations that impede its progress toward achievement of pre-defined goals.

- As PMJDY is a time bound financial inclusion plan financial literacy is a perquisite for effective financial inclusion. Inadequate number of Financial Literacy Centres (FLCs) in the country proves to be a limitation;
- This mega financial inclusion plan involves expanding bank branch network, ATM centres and Banking Correspondents outlets as well as their integrated links for which prevailing infrastructure is not sufficient;
- There are a number of stakeholders involved in implementation of this financial inclusion mission such as the Central Government and its multiple departments,

RBI, NABARD, UIDAI, IBA, NPCI, SLBC, LDM, State governments, District Administration and Local bodies etc. are the institutions associated with the mission. Successful implementation of this mission depends on co-ordination, clarity of role performance and non-clashing of mutual interests of multiple institutions are not clearly stated in the PMJDY scheme;

- Today, nearly all the banking transactions are carried through information and communication technology (ICT). The bank branches and BCs must have uninterrupted broad band connectivity and electric supply in all the areas, whereas most of the survey indicate BCs have lower connectivity through ICT. Moreover, electric supply is erratic and unreliable in most of the rural areas;
- Brand awareness and sensitization of general public is necessary to communicate the essentials of this scheme to the public;
- Customers to be made aware that Rs. 5000/- is an overdraft facility subject to satisfactory operation of their accounts and is required to be repaid in order to get renewal for fresh overdraft facility. Indeed, the weakness of treating overdraft as a free grant is a major jolt to the progress of the scheme;
- There is lack of clarity in public domain, whether the people already having bank account have to open an account under PMJDY for getting benefits of the scheme. It will result into multiplication of accounts, wastage of resources for banks and finally leaving many accounts dormant;
- Progress achieved so far indicates that private sectors banks are not contributing as much as public sector banks under this scheme and their participation is crucial for this national mission to attain hundred percent financial inclusions;
- The Rs. 1 lakh free personal accident cover with PMJDY account is valid as long as the account holder uses the RuPay debit card once in 45 days, though, it is proposed to be extended up to 365 days. The second condition enumerated to personal accident cover is that the account should be Aadhaar enabled. Many cards have not yet been used, perhaps due to inadequate balance, which means their insurance cover is still not activated;

- Presently, 65% bank accounts in PMJDY are with zero balance. The account holders think that they are eligible for all benefits under the PMJDY merely on the basis of having bank account and overdraft facility is a free grant of fund to them. This misunderstanding must be rooted out from the mind of account holders and basic features with their crucial factors of the scheme should be communicated truthfully to the participants in their understandable language otherwise the scheme shall lead to failure in public domain;
- Overdraft facility needs to be properly regulated, as the same is the discretionary of the concerned banks. Otherwise, many banks may decline to extend the overdraft facility thereby defeating the very purpose of this scheme;
- Business correspondents, if made to accomplish the objective may misuse the authority and thereby making the life of people miserable living below poverty line;
- KYC norm is not insisted seriously under this program therefore duplication is unavoidable;
- There is a restrictive clause that the insurance would be provided only to one person in a family for accounts opened between August 15, 2014 and January 26, 2015.and the life cover of Rs 30,000 will be available initially for a period of 5 years to one person per family, normally the head of the family or an earning member in age group of 18 to 59;
- Credit facility without proper assessment of credit worthiness is a challenge for the creation of Credit Guarantee Fund;
- Though, Bank Correspondent called Bank Mitra is the idea before the finance ministry whereas creating infrastructure for business Mitra, including computers, micro ATM, biometric scanners, and internet connectivity are major concerns;
- Bank Mitra to be appointed should be properly trained with accurate knowledge, skill and attitude and the outcome of the training shall be visible in terms of accomplishing the target;

- Lack of infrastructure, especially at the state level, has become a major hurdle for the effective implementation of PMJDY;
- Private Banks levy hidden charges on the beneficiary which may become a deterrent for the financial inclusion;
- In rural area network of ATM is quite less, so people are not well verse with the use of Automated Teller Machine;
- The campaign focused only on the supply side by providing banking outlets in villages of population greater than 2000, but the entire geography of the country should be covered.

3. Opportunity:

PMJDY provides both internal and external forces in the operating environment, for the scheme to run more effectively.

- Reserve Bank of India being the apex bank of the Banking System has set in a roadmap for the financial inclusion being effectively implemented by the banking system;
- It is an innovative and much-needed step in the right direction that will address the biggest national challenge of “eradication of poverty” through financial inclusion;
- The scheme is expected to boost insurance penetration in the country thereby installing a safety net to the poor ;
- This is an important step towards converting the country into a cashless and digital economy at the earliest;
- By paying benefits directly into bank accounts, the scheme could able to cut unnecessary waste and corruption;
- A large number of bank branches operating through the country can be effectively used for financial inclusion;

- This will provide more employment to the people of India as Government needs a large number of bank professional and Bank Mitra to reach the unbanked people of more than 6 lakhs villages of India;
- It will be a great milestone achieved after linking with Aadhaar card to direct financial transactions, subsidies transfer and lot more in future;
- When these financially excluded people start depositing their small savings with the bank for interest and safety and those small savings have become such a large amount that when put to investment will generate greater employment opportunities, which in return generate income which can produce demand and this will encourage further production and employment generation thus boosting saving and investment. Hence, this effort of the government will bring movement to the vicious cycle of growth and bring favourable changes in the economy in the long run;
- The scheme can be linked to Swachta Abhiyan for construction of toilets in the rural area through finance provided under PMJDY;
- This scheme can complement the previous schemes under financial inclusion such as micro financing through SHG for working towards faster development;
- It could help to build entrepreneurship qualities through promotion of small businesses in the rural area;
- This scheme will not only increase the circulation of money but also bring multi-dimensional benefit to the economy;
- This scheme will eradicate the role of mediator who act as a parasite and eats up the benefits given by the government to the people and with the help of this scheme all the subsidies and benefits will directly be deposited in the account of the beneficiary by linking the account with Aadhaar card.

4. Threats Some unfavourable situation in the environment can impedes the implementation strategies towards achievement of its goals.

- From the accident insurance given under the PMJDY scheme, initiative should be taken for providing life insurance coverages; otherwise alienation towards PMJDY will increase;
- As per the campaign strategies, the task of credit counselling and Financial Literacy appears to be not going hand in hand together;
- ATM network in rural India is quite less in numbers hence people are less aware of using ATM‟s, thereby defeating the purpose of larger number of transactions;
- Government can easily encourage people to open new accounts but the biggest challenge is increasing transactions in those accounts;
- There is no clarity about recovery of over draft amount and the associated cost from the account holders;
- There is an urgency to organize PMJDY effectively as all other development activities will be hindered without successful implementation of this single scheme;
- There is big possibility of opening account under PMJDY from those who have account already. As there is no check on the new account opening, duplication will lead to trouble in future;
- Implementation of debit card still face slow roll out and there are logistic issues and possibility of misuse by third parties;
- There is no clarity whether already existing account holders would get 1 lakh accidental insurance coverage;
- It is also not clear who is going to bear the bill of insurance premium and the associated costs to keep the accounts running;
- It appears, the existing saving accounts holders without RuPay card cannot get other benefits;
- Budgetary provisions has not been made by the Government to provide incentives, therefore the financial position of banks may be in trouble;

- Budgetary provisions may be made by the Government for poverty eradication under which significant amount can be channelized through nationalized banks for onward transmission of benefits to the beneficiary;

- Insurance companies may fix nominal premium to cover the risk of the account holders; and in case it is not done the state owned LIC may bear the larger share of the financial losses;

- Uneducated farmers needs to be educated first about this scheme otherwise anyone can divert their mind and could use the benefits of scheme for oneself rather than percolating to the farmers. Therefore, sound mechanism to improve financial literacy is a foremost requirement;

- The institutions are bound to achieve targets; coverage of population under PMJDY, enhancing number of branches and network, amount of credit limits and proximity of bank branches to people. Collecting this quantitative information is only means of inclusion and not an end. The end result is to achieve welfare of the people for which collecting qualitative information from the ground level is essential.

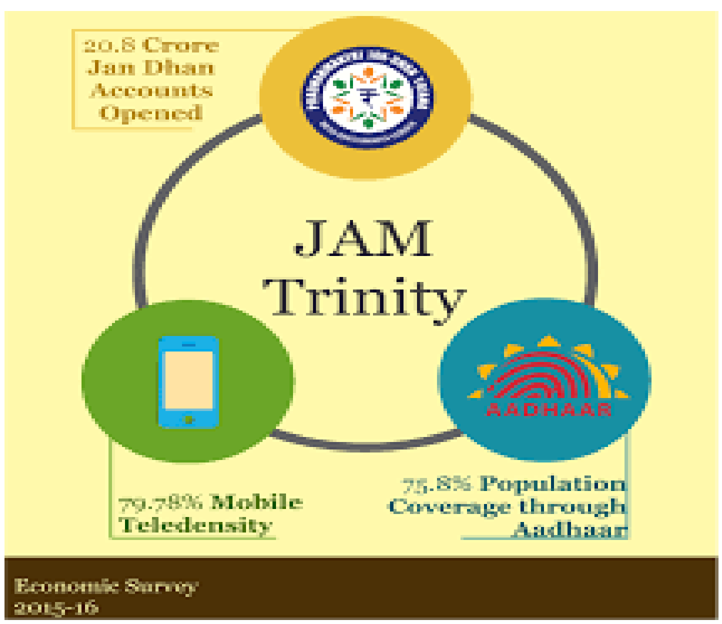
Till the analysis period for this research study is considered, the latest state wise account opening report is available up to 14th September 2016. The same comprehensive report has been considered as an effective source for analyzing data pertaining to the Jan Dhan Yojana as it not only contains details about the number of rural and urban accounts opened separately under this scheme but the available deposit balance as on date.
Simultaneously, the report prepared by the Department of Financial Services of the Ministry of Finance provides details about the number of accounts which are Aadhaar seeded and number of Rupay cards issued to the account holders. The report also provides the number of zero balance accounts thus facilitating effective monitoring of the accounts by the respective bank.

The PMJDY report provides information for all the twenty nine states and seven union territories of the country. Hence, it is possible to assess and compare the progress achieved by a concerned state or union territory with another and necessary early steps can be taken to rectify any hassles obstructing the progress of implementing the scheme.

As the figures are provided in actual, it is very easy to draw the trend diagram over a period of time.

Further, it is possible to note minute progress of the JDY scheme under several heads as this weekly report promptly highlights the achievement of a state / U.T. Similarly, any down trend such as increasing trend in zero balance accounts can be checked through direct benefit transfer mechanism.

Though general trend has been analyzed in the current chapter based on this report dated 14th September 2016, the detail data obtained through field survey and pertaining to the progressive sample states of Andhra Pradesh and Haryana and backward states of Chhattisgarh and Odisha have been discussed in subsequent chapters. Moreover, the views of the selected branch officials and sample village beneficiary matters much as the future success of this scheme depends upon their performances and actions. Please refer to the following progress report and subsequent analysis to glance through the national level performance. Moreover, the JAM (JDY accounts, Aadhaar coverage and Mobile density) has accelerated the process which has significant impact on the Indian Economy.



सत्यमेव जयते
Department of Financial Services
Ministry of Finance
Government of India

Statewise account opening Report as on 14.09.2016

Sl. No	State Name	Rural Accounts	Urban Accounts	Total Accounts	Deposit (in Crore)	Aadhaar seeded	Zero Balance Accounts	Rupay Card Issued
1	ANDAMAN & NICOBAR	39020	15588	54608 (0.02%)	20.86	39561	17259	46332
2	ANDHRA PRADESH	4115453	3309526	7424979 (3.04%)	864.89	5718847	1648347	5976209
3	ARUNACHAL PRADESH	111269	60130	171399 (0.70%)	36.78	37029	50095	137338
4	ASSAM	6598048	2258975	8857023 (3.62%)	1675.41	206268	2274903	5751025
5	BIHAR	16022037	7896400	23918437 (9.78%)	3319.63	8856724	5375288	16992616
6	CHANDIGARH	35461	181621	217082 (0.09%)	70.65	166085	29001	197429
7	CHHATTIS-GARH	7646005	3677318	11323323 (4.63%)	1391.95	5549506	3859725	7717848
8	DADRA & NAGAR HAVELI	69549	18074	87623 (0.03%)	17.39	37268	14707	63860
9	DAMAN & DIU	15818	15015	30833 (0.01%)	6.24	14151	4797	23864
10	GOA	99021	40176	139197 (0.05%)	55.67	86716	22960	125579

Sl. No	State Name	Rural Accounts	Urban Accounts	Total Accounts	Deposit (in Crore)	Aadhaar seeded	Zero Balance Accounts	Rupay Card Issued
11	GUJARAT	5173114	4099249	9272363 (3.79%)	1573.20	4025906	1957658	7643056
12	HARYANA	3117095	2293818	5410913 (2.21%)	1676.85	4002673	901376	4590577
13	HIMACHAL PRADESH	817830	114993	932823 (0.38%)	322.85	725576	125625	793886
14	JAMMU & KASHMIR	1605140	352975	1958115 (0.80%)	516.85	292799	722884	1607455
15	JHARKHAND	5895042	2166090	8061132 (3.30%)	940.21	6121544	2244297	5702351
16	KARNATAKA	5966094	3732630	9698724 (3.97%)	1423.08	6471676	2168716	8786494
17	KERALA	1520500	1621909	3142409 (1.28%)	753.70	2348076	664592	2495843
18	LAKSHA-DWEEP	4559	715	5274 (0.01%)	4.62	4426	1314	4244
19	MADHYA PRADESH	10993953	10945999	21939952 (8.97%)	1932.52	11581151	5939170	16664658
20	MAHA-RASHTRA	7593245	7479730	15072975 (6.16%)	2381.24	10998405	4299948	12280378
21	MANIPUR	299927	371208	671135 (0.27%)	105.66	225766	167467	529661
22	MEGHALAYA	293909	85651	379560 (0.15%)	145.04	6160	64983	224278
23	MIZORAM	136624	211405	348029 (0.14%)	27.51	24537	105538	93167
24	NAGALAND	98563	78489	177052 (0.07%)	31.24	52816	57950	150801
25	DELHI	448118	2861427	3309545 (1.35%)	979.86	2322382	794327	2740952
26	ORISSA	7531389	2615328	10146717 (4.15%)	1873.04	4350883	2497315	8022385

Sl. No	State Name	Rural Accounts	Urban Accounts	Total Accounts	Deposit (in Crore)	Aadhaar seeded	Zero Balance Accounts	Rupay Card Issued
27	PUDUCHERRY	43234	63003	106237 (0.04%)	27.85	95385	23658	91252
28	PUNJAB	3027735	2018065	5045800 (2.06%)	1670.05	4012309	810796	4569479
29	RAJASTHAN	12131178	6473982	18605160 (7.61%)	3494.73	11781086	3852507	15576790
30	SIKKIM	69928	11841	81769 (0.03%)	22.07	63033	17226	65207
31	TAMIL NADU	3571822	3833517	7405339 (3.03%)	1090.76	3843569	1990884	6425780
32	TELANGANA	4636394	3373179	8009573 (3.27%)	940.69	5618972	2267667	6461999
33	TRIPURA	573396	223915	797311 (0.32%)	410.97	568441	105430	489760
34	UTTAR PRADESH	22028315	14261487	36289802 (14.85%)	6929.86	14699284	8646359	30686425
35	UTTARA-KHAND	1353848	712132	2065980 (0.84%)	575.48	881863	418678	1747592
36	WEST BENGAL	16217548	7009000	23226548 (9.50%)	5818.88	9353896	4331216	15001672
	Grand Total	**149900181**	**94484560**	**244384741**	**43128. 28**	**125184769**	**58474663**	**190478242**

2.1. Highlights from the JDY Report dated 14th September 2016:

- The exact number of accounts opened under PMJDY till 14th September 2016 comes to 24,43,84,741 accounts. In a period just more than two years, since initiation of this scheme in August 2014, it is an unparallel scheme and thus recognized and included in the Gunniness Book of World records;
- The two Indian states with highest number of accounts opened under JDY are Uttar Pradesh with 3,62,89,802 accounts followed by Bihar with 2,39,18,437 accounts. The other states where more than **one crore accounts** are opened under this scheme are West Bengal (2.33 crores), Madhya Pradesh (2.19 crores), Rajasthan (1.86 crores), Maharashtra (1.51 crores), Chhattisgarh (1.13 crores) and Odisha (1.01 crores);
- The two Indian states with highest number of accounts opened in Rural areas are Uttar Pradesh with 2,20, 28,315 accounts consisting about 61% of the state total, followed by West Bengal with 1,62,17,548 accounts consisting about 70% of the state total. The other states with more than one crore rural accounts under this scheme are Bihar (1.60 crore – 67%), Rajasthan (1.21crore – 65%) and Madhya Pradesh (1.10 crore – 50%);
- The two Indian states with highest number of accounts opened in Urban areas are Uttar Pradesh with 1, 42,61,487 accounts consisting about 39% of the state total, followed by Madhya Pradesh with 1,09,45,999 accounts consisting about 50% of the state total. There are no other states where more than one crore urban accounts are opened except these two states of Uttar Pradesh and Madhya Pradesh till 14th September 2016;
- The two Indian states with lowest number of accounts opened under JDY are Sikkim with 81,769 accounts followed by Goa with 1,39,197 accounts. The union territories where less than one lakh accounts opened are Lakshadweep (5,274 accounts), Daman & Diu (30,833 accounts), Andaman & Nicobar (54,608 accounts), and Dadra & Nagar Haveli (87,623 accounts);
- The two Indian states with lowest number of accounts opened in rural areas are Sikkim with 69,928 accounts though consisting about 86% of the state total,

followed by Nagaland with 98,563 accounts consisting about 56% of the state total. The union territories where less number of rural accounts opened are Lakshadweep (4,559 accounts), Daman & Diu (15,818), and Chandigarh (35,461 accounts);

- The two Indian states where lowest numbers of accounts opened in urban areas are Sikkim with 11,841 accounts consisting only 14% of the state total, followed by Goa with 40,176 accounts consisting about 29% of the state total. The union territories with less number of rural accounts opened are Lakshadweep (715 accounts), Daman & Diu (15,015), and Andaman & Nicobar (15,588 accounts);
- The two Indian states with highest amount of deposits in the JDY accounts are Uttar Pradesh with rupees 69,29,86 lakhs consisting about 16% of the country's total deposits followed by West Bengal with 58,18,88 lakhs rupees consisting about 13% of the country's total deposits. The other states where more than two thousand crores of deposits are there in the JDY accounts includes Rajasthan with 34,94,73 lakhs, Bihar with 33,19, 63 lakhs and Maharashtra 23,81,24 lakhs of rupees;
- The two Indian states with lowest amount of deposits in the JDY accounts are Sikkim with 22,07 lakhs consisting of only 0.05% of the country's total deposits followed by Mizoram with 27,51 lakhs rupees consisting of only 0.06% of the country's total deposits. The union territories where less than twenty crores of deposits in the JDY accounts are Lakshadweep with 4,62 lakhs, Daman & Diu with 6,24 lakhs and Dadra & Nagar Haveli 17,39 lakhs of rupees;
- The two Indian states with highest number of Aadhaar seeded JDY accounts are Uttar Pradesh with 1,46,99,284 accounts consisting about 41% of the total accounts opened in the state followed by Rajasthan with 1,17,81,086 accounts consisting about 63% of the total accounts opened in the state. The other states where more than one crore of JDY accounts are Aadhaar seeded are Madhya Pradesh with 1,15,81,151 accounts and Maharashtra with 1,09,98,405 accounts;
- The two Indian states with lowest number of Aadhaar seeded JDY accounts are Meghalaya with 6,160 accounts consisting only 2% of the total accounts opened in the state followed by Mizoram with 24,537accounts consisting of 7% of the

total accounts opened in the state. The union territories where less than twenty thousand JDY accounts are Aadhaar seeded are Lakshadweep with 4,426 accounts and Daman & Diu with 14,151 accounts;

- At the national level 12,51,84,769 are Aadhaar seeded which consist of more than 51% of the total accounts opened at 24,43,84,741 accounts. It needs lot of efforts to most of the accounts to be Aadhaar seeded to implement Direct Benefit Transfer through bank accounts;
- The two Indian states with highest number of zero balance accounts are Uttar Pradesh with 86,46, 359 accounts consisting of 24% of the total accounts opened in the state followed by Madhya Pradesh with 59,39,170 accounts and consisting of 27% of the total accounts opened in the state . The other states where more than forty lakhs are zero balance accounts includes Bihar 53,75,288 accounts, West Bengal with 43,31, 216 accounts and Maharashtra with 42,99,948 accounts;
- The two Indian states with lowest number of zero balance accounts are Sikkim 17, 226 accounts consisting of 21% of the total accounts opened in the state and Goa with 22,960 accounts and consisting of 16% of the total accounts opened in the state. The union territories with very lower number of zero balance accounts includes Lakshadweep with only 1,314 accounts and Daman & Diu with only 4,797 zero balance accounts;
- The total number of zero balance accounts at the national level stand at 5 crore 84 lakhs 74,663 accounts. This consists of 24% of the total accounts opened under JDY scheme at 24,43,84,741 accounts. This required complete monitoring and channelizing of funds through these accounts to protect the scheme from the fate faced by the no-frills accounts;
- Finally, the two Indian states with highest number of Rupay card issued under JDY are Uttar Pradesh with 3,06,86, 425 accounts consisting of 85% of the total accounts opened in the state followed by Bihar with 1,69,92,616 accounts and consisting of 71% of the total accounts opened in the state. The other states where more than one crore of accounts where Rupay cards are issued under JDY accounts are Madhya Pradesh with 1,66,64,658 accounts, Rajasthan with1,55,76,

790 accounts, West Bengal with 1,50,01,672 accounts and finally Maharashtra with 1,22,80,378 accounts;

- The two Indian states with lowest number of Rupay card issued under JDY accounts are Sikkim with 65,207 accounts though consisting of 80% of the total accounts opened in the state followed by Mizoram with 93,167 accounts consisting of 27% of the total accounts opened in the state. The union territories where less than twenty five thousand Rupay cards are issued include Lakshadweep with 4,244 accounts and Daman & Diu with 23,864 cards;
- The average number of accounts opened by each union territory stands at 5, 44,457 accounts and all the six union territories except Delhi have opened accounts below the average number of accounts. This lop sided result occurs as Delhi alone has opened more than 60% of the accounts opened under Jan Dhan Yojana. Similarly, the average number of accounts opened by each state stands at 82,95,639 accounts and the 11 states which have opened accounts more than the national average are Assam, Bihar, Chhattisgarh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Odisha, Rajasthan, Uttar Pradesh and West Bengal;
- When we compare the average of accounts opened by the sample states we found the scenario more interesting. While both the backward states like Chhattisgarh and Odisha have opened more accounts than the national average (each state with more than one crore accounts), both the comparative developed states like Andhra Pradesh and Haryana have opened less accounts than the national average. It may happen that more rural people and disadvantaged section of people in the developed states already posses accounts in the ordinary course in some banks before the implementation of Jan Dhan Yojana.

2.2. Overdraft Disbursed under PMJDY:

There is a general impression among the account holders that this overdraft facility is free of cost. Actually, it is not so. The JDY guidelines has proposed that the rate of interest on these overdraft accounts drawn be fixed at a bank’s base rate ranging from 10% to 10.25% plus 3%, out of this 1% is for the fees to be paid to the Credit Guarantee Fund and 6% to be paid to the BC for maintenance of the account. The Credit Guarantee

Fund is an interesting device created to provide guarantee against defaults in overdraft accounts but at the same time, it would make the whole exercise budget neutral for the Government of India as the Fund would be financed by the Financial Inclusion Fund (FIF) maintained by National Bank for Agriculture and Rural Development.

- The latest data on overdraft facilities extended is available up to the end of August 2016. Though total number of accounts offered for overdraft was more than 69,80,000 and only 38,62,000 were sanctioned, which is around 60% of the demand made to the banks. However, only 21,58,000, which is slightly more than 50%, have availed the overdraft facilities. Further, only 288 crores have been disbursed even after more than two years of implementation of the scheme;
- Bank wise analysis reflects certain interesting facts. Though Punjab National Bank was second in terms of number of overdraft sanctioned and availed by its customers, but it ranks first in terms of amount disbursed at 69,20 lakhs. This amount was followed by State Bank of India with 30,48 lakhs though it had sanctioned the highest number of overdrafts to larger number of customers than Punjab National Bank. This might have happened due to small size of overdrafts provided to more number of customers;
- Excluding both State Bank of India and Punjab National Bank, only six major public sector banks have released more than 10 crores under overdraft facilities. The banks and their respective amounts in descending order are: Canara Bank (55,58 lakhs), Bank of Baroda (22,23 lakhs), Indian Bank (18,18 lakhs), Bank of India (13,57 lakhs), Punjab & Sind Bank (13,05 lakhs) and Allahabad Bank (12,84 lakhs);
- There are nine private sector banks, both old generation and new generation banks, have not provided any overdraft facilities. They are Bharatiya Mahila Bank, Federal Bank, IndusInd Bank, Karur Vysya Bank, Kotak Mahindra Bank, Laxmi Vilas Bank, Ratnakar Bank, South Indian Bank and Yes Bank Ltd. This matter may be seriously delve into as some banks like Federal Bank and IndusInd Bank have more than 4 lakhs accounts opened under PMJDY;
- There are five prominent private sector banks which have disbursed less than 10 lakhs under overdraft facilities even though they have opened substantial number

of accounts under Jan Dhan Yojana. For bringing more clarity, both the overdraft amount and total number of accounts figures are mentioned respectively like, Axis Bank – 3,05,000 as OD with 6,11,000 accounts, HDFC Bank – 8,62,000 as OD and 17,02,000 accounts, ICICI Bank – 3,86,000 as OD with 31,31,000 accounts, IDBI Bank – 9,34,000 as OD with 11,38,000 accounts and Jammu & Kashmir Bank Ltd – 7,10,000 as OD with 13,31,000 accounts;

- Even four public sector banks have disbursed less than 100 lakhs though they have overwhelming response on opening number of accounts under PMJDY. The figures will reflect the facts like, Bank of Maharashtra – 42,57,000 OD with 35, 22,000 accounts, Corporation Bank – 26,98,000 OD with 26,66,000 accounts, Oriental Bank of Commerce – 62,39,000 OD with 38,04,000 accounts and Vijaya Bank – 94,15,000 OD with 14,15,000 accounts.

2.3. Analysis of performance in the sample States:

- After division of erstwhile Andhra Pradesh into Andhra Pradesh and Telangana, the performance under various governmental schemes has gone down to some extent. However, the performance under PMJDY is still impressive with opening of 74 24,979 accounts in total with segregation of more than 41 lakh under rural accounts and more than 33 lakh under urban accounts respectively. Out of these accounts, 57,18,847 accounts seeded or say around 77% the total accounts are Aadhaar seeded. However, more than 22% or exactly 16,48,347 accounts are having zero balance.

- In the comparatively developed state of Haryana, the performance under various governmental schemes has improved to a great extent in the recent years. However, the performance under PMJDY is impressive with opening of 54,10,913 accounts in total with segregation of more than 31 lakh under rural accounts and around 23 lakh under urban accounts respectively. Out of these accounts, 40,02,673 accounts or say around 74% the total accounts are Aadhaar seeded. However, only 17% or exactly 9,01,376 accounts are still maintained with zero balance.

- In the comparatively backward and naxal-hit state of Chhattisgarh, the performance under various governmental schemes has improved to a great extent in the recent years. However, the performance under PMJDY is quite impressive with opening of 1,13,23,323 accounts in total with segregation of more than 76 lakh under rural accounts and around 37 lakh under urban accounts respectively. Out of these accounts, 55,49,506 accounts or say around 49% the total accounts are Aadhaar seeded. However, around 34% or exactly 38,59,725 accounts are with zero balance;
- In the backward state of Odisha, the performance under various governmental schemes is quite impressive in the recent years. However, the performance under PMJDY is outstanding with opening of 1,01,46,717 accounts in total with segregation of more than 75 lakh under rural accounts and more than 26 lakh

under urban accounts respectively. Out of these accounts, 43,50,883 accounts or say around 43% the total accounts are Aadhaar seeded. However, around 25% or exactly 24,97,315 accounts are still maintained with zero balance;

- The two progressive sample states like Andhra Pradesh have issued Rupay cards numbering 59,76, 209 cards and Haryana have issued 45,90,577 accounts. The two backward like Chhattisgarh has issued Rupay cards numbering 77,17,848 accounts and Odisha has issued 80,22,385 cards. Percentage wise all these states have issued Rupay cards to around 80% of the account holders except Chhattisgarh which has issued to 68% of the account holders;
- Similarly, the two progressive states have sanctioned 'Shishu' loans with a limit of INR 50,000/- to around 12% of the JDY account holders while it is limited to below 5% in the backward states of Chhattisgarh and Odisha. It appears there are some apprehensions about the viability of the proposed business plan and entrepreneurial quality of the borrowers who are supposed to be considered under the Mudra scheme.

Chapter III

Data Analysis of Bank Branches

Detail data tables are provided in the appendices which highlight the performances of bank branches in opening basic saving bank accounts under JDY up to the period ending 30th June 2016 in both Chhattisgarh and Odisha and requisite information about Andhra Pradesh and Haryana are collected from the Department of Financial Services, Ministry of Finance.

Table no.1, given in appendix, is a summary highlight of performances of zero-balance accounts opened by the respective banks in the State of Chhattisgarh. As reported, State Bank of India has opened the largest number of 28,22,097 accounts by their branches. The 10 branches covered during survey provide a closer picture to the claim made by the bank. The bank has really put up some extra effort on opening zero balance account mostly with nil balance or with a minimum balance of 5 or 10 rupees at the most. In most of the cases the cost of the photograph was borne by the branch. The Chhattisgarh Rajya Gramin Bank follows the next, with a figure of 24,54,913 accounts. All the banks in the State, as per the table, have accounts with 89,91,691 zero balance. The survey was carried out in 10 branches on different parameters keeping the focus on achievement of financial inclusion by the branches operating in the States. Actual figure of accounts were received from branches have matched with the figures received from the secondary sources. However, the survey has highlighted that the private sector banks have opened very less number of accounts as compared to the public sector banks.

(A part view of Malkangiri District of Odisha)

Further, State Bank of India, having several branches in the State of Odisha has opened 31,62,350 accounts up to 30^{th} June 2016. 10 branches of commercial bank branches surveyed in the sample districts also justify the claim that share of SBI in opening accounts under Jan Dhan Yojana is more as compared to other commercial bank branches operating in the state. The figures collected from the branches are matching with the actual total figure provided by the cell organizing State Level Bankers Committee. The bank controlling office have verified the actual position and satisfied that the financial inclusion coverage as reported by SLBC appears to be correct.

Private sector commercial banks performances under JDY are somewhat negligible looking to the many folds accounts opened by the branches of public sector banks. Moreover, the coverage of the BPL population is also more in case of public sector banks. The efforts claimed by the branches are fortunately translated in the actual fields by which there is no serious discrepancy in branch and survey figures. The SLBC has provided branch wise figures, which helped in crosschecking with the branches; but it was difficult to collect data from more branches of different banks directly.

3.1. Findings of the Study:

- **Whether all those desirous of opening new bank accounts have been provided with such facilities?**

All out efforts have been made by the Public Sector Banks including the Regional Rural Banks and the outstanding result achieved on opening basic savings bank accounts under Jan Dhan Yojana in the sample districts is commendable. In an average, about **97%** of all those people desirous of having banking facilities have been provided with such facilities. The percentage has been derived by adding 75% of APL (Above Poverty Line) population who constitute 61% of the total population of the district along with the 20% of total BPL population having access to banking facilities. In other words, only 3% of the total eligible population though desirous, is yet to be provided with basic banking facilities. The lowest number of deposit accounts of only 1,76,364 among the sample districts has been opened in the Malkangiri district in Odisha

- **Whether those who did not want the facility have been provided with the facility?**

While carrying out the field survey in sample villages, this question was deliberately asked to ascertain whether there are account holders who were hesitated to open accounts in any bank. As noticed, it is one of the rare cases where only four people in Dhamtari district of Chhattisgarh out of the total 800 respondents contacted in the survey have conveyed that the bank opened their accounts without their consent. After verification we have found that being construction workers these people shuttle between metro cities and their own native village, hence they were not interested in any type of bank accounts. Moreover, they unable to open accounts at their temporary place of work as they do not posses any identity proof to fulfill the KYC norms. Similarly at the native place either they were away for major part of the year or the bank branch is too far to contact the officials, though they have the requisite identity proof in the form of ration card, voter card or in some cases the Aadhaar card. No other instances of deliberate negligence or apathy towards having the bank account were reported during the field survey.

- **Having opened the accounts, whether those who did not want are using it?**

Being negligible in number, this matter does not require much attention. But it is a point to note that those who hesitated or did not initially want to open the accounts and after opening expecting some sort of subsidies or freebees in the form of overdraft being credited to their accounts, are yet to operate their accounts in a normal course and initiate any transaction to be eligible for Rupay card, overdraft or insurance coverage. Most of these accounts are yet to see the second entry in the ledger and now regarded as in-operative zero balance accounts.

- **Whether any other facilities like limited overdrafts are offered along with opening of new accounts?**

Several instances have been noticed where a bank branch has extended the facility of overdraft to the ‘zero-balance’ account holders. Though most of the banks have issued Ru-Pay Debit Cards, very few customers have been issued overdraft facility in the sample branches of the sample districts. In the sample districts of Odisha, State Bank of India and Utkal Gramin Bank have extended overdraft facilities to more than 21% of the account holders. Similarly, in Karnal and Yamunanagar districts of Haryana, both Punjab National Bank and Oriental Bank of Commerce have granted overdrafts to more than 19% of the account holders under JDY. In Andhra Pradesh, both Andhra Bank and State Bank of Hyderabad have sanctioned overdrafts to more than 26% of the account holders. In Chhattisgarh, however, both State Bank of India and Chhattisgarh Rajya Gramin Bank have sanctioned overdraft to less than 12% of the JDY account holders.

Similarly, the facility of micro-insurance to “zero-balance’ account holders are extended in good numbers in all the sample districts and in a few months the achievement will increase substantially as every bank have proposed to issue more insurance facilities to the JDY account holders in their perspective plan.

- **How many new accounts banks have opened after Government has advised banks to open’ accounts under Jan Dhan Yojana?**

Till Mid-September 2016, when the survey was completed, the total accounts as opened by the sample branches arrive very close to 14,57,000. The same if extrapolated to 100% of branches in the four sample states, and then it would reach at a figure of more than 1 crore 82 lakhs accounts being opened by all the commercial branches for the all the four states. However, the actual accounts opened in all the four sample states stands more than 3 crore 44 lakhs accounts as on 14th September 2016. This shows that in the sample districts only 53% of accounts are opened as compared to the accounts opened in other districts of the sample states. This also shows the backwardness of the sample districts in the sample state as compared to other districts of the selected states. The figure provided by the Lead Bank and SLBC are matching with the ground realities and our survey confirm that there are people under BPL category and still left out from the benefit of Jan Dhan Yojana.

- **What are the amounts and the number of transactions carried out in the ‘Jan Dhan Yojana’ accounts opened so far?**

The account opening amount varies from zero balance in very few cases to five or ten rupees as well as few hundred rupees in most of the cases. Though there are some instances where banks have charged fifty rupees to open ‘basic savings bank’ accounts and on some other cases it has been observed that banks have fixed minimum one hundred rupees to open such an account.

It is very interesting to note that out of thousands of accounts opened by the bank branches operating in these districts, there are no transactions in more than one - third accounts opened under ‘basic savings bank’ accounts. There are few instances where between three to five transactions have taken place in these accounts. However, it has been observed that the quantum of transactions have improved visibly within a span of six months from the date of opening of accounts under Jan Dhan Yojana.

- **Out of those accounts opened, how many are only deposits accounts and how many are both deposit and credit accounts?**

The survey was carried out in 10 branches in each sample states, which is around 5% of the total commercial bank branches operating in the respective sample district. More than 3,44 lakhs accounts have been opened in the four sample states since the implementation of the scheme with direction to open such ‘basic savings bank’ accounts as speedily as possible. However, it has been observed that comparatively less than 4% of accounts are considered where overdraft or other credit facility has been extended to these ‘basic savings bank’ accounts holders. Hence, time being overdraft is the only option where credit can be extended to these account holders and unfortunately this step of credit dispensing mechanism is yet to take place at a full scale.

- **For what purpose these overdrafts / loans were extended and whether these credit facilities were collateral based or without collateral?**

  Comparatively, very few loans have been provided under MUDRA scheme till the completion of the present survey to the ‘basic savings bank’ account holders in the sample districts. Categorization of loans on the basis of collateral does not arise as no collateral is required for extending credit facilities under MUDRA scheme. Similarly, as overdraft amounts are presently restricted to INR 5,000/-, question of submitting any collateral do not arise at all.

- **Out of those new accounts opened, what is the percentage of small, marginal farmers, landless labourers, etc.?**

  In an average, based on 2011 census, about 55% of the new accounts opened under ‘basic savings bank’ accounts in the sample districts pertain to the marginal farmers, landless labourers, etc. The banks have deliberately emphasized the thrust upon the below poverty line (BPL) people and other under privileged people for opening such low-value accounts. However, the percentages vary among the districts and comparatively higher in Chhattisgarh and Odisha states as compared the states of Andhra Pradesh and Haryana.

- **What is the percentage of accounts where one time settlement has been offered, especially in the case of NPA accounts?**

Not a single case has been reported during the survey where one-time settlement of loan has taken place for any borrower who had earlier availed a loan from the bank. As there is no requirement for closing any old loan account before opening a basic savings bank account under Jan Dhan Yojana, no such case has been reported from any branch operating in the sample districts where one time settlement took place before opening an account. Perhaps this matter will crop up while sanctioning overdraft to account holders and before consideration of loans under MUDRA scheme. Moreover, most of the old loans of these categories of people are either closed under loan waiver scheme or simply written off by the concerned bank.

3.2. A Glance of Progress in Andhra Pradesh:

It is noteworthy to highlight the press releases of JDY scheme in Andhra Pradesh which has made life easier for the people of Polavaram village, the village in the state which has already claimed 100 per cent financial inclusion. For example, forty-year-old Ravamma from Polavaram, a village in the Krishna district of Andhra Pradesh, had a nightmarish experience three months ago. Her husband complained of chest pain and passed away before medical help could reach him. Despite the irreparable loss, Ravamma got financial support from an unexpected quarter, the insurance claim that came attached with the Jan Dhan Yojana account her husband had opened before few months. The claim amount of Rs. 30,000 was paid promptly and helped Ravamma to stabilize her life after her husband suddenly died because of a stroke of fate, recounts the mother-of-two. It is not just insurance claims. The Pradhan Mantri Jan-Dhan Yojana (PMJDY), which was launched in August 2014, has helped scores of people in the village in many day-to-day transactions.

Another case of Edukondalu can be cited, a farmer who grows bananas. Till about a year ago, he used to make business related payments in cash but now he is doing them in cheques with traders from Vijaywada, which is about 80 kms away. The farmer adds that his average balance in the savings bank account, opened under the scheme, is now adequate to maintain a cheque book.

There are 3,000 people in this village, which is one of the first in Andhra Pradesh to achieve 100 per cent coverage of the Jan Dhan scheme. The scheme aims to promote financial inclusion by ensuring access to basic services such as savings accounts, credit, insurance and pension. The coverage in Polavaram was accomplished by a three-member branch of Andhra Bank in a record time. Till recently, most of the account holders were out of the banking system and fulfill financial needs from money lenders.

Overall, Andhra Pradesh has a good track record in financial inclusion. The banks are not only pro-active from the beginning and earlier lots of rural people were provided with no-frills accounts. Moreover, Micro Finance Institutes (MFIs) are very active in Andhra Pradesh and the state now stands first in number of Self Help Groups and SHG Federations. It appears the percentage of left over people without accounts is comparatively less than other states having same area and similar size of population.

3.3. A Glance of Progress in Chhattisgarh:

Under the Pradhan Mantri Jan Dhan Yojana (PMJDY), around 34 lakhs accounts had been opened in Chhattisgarh with State Bank of India (SBI) taking lead by sharing about more than 30 per cent of the new accounts.

According to state government officials, 1,13,23,323 new bank accounts had been opened across Chhattisgarh till September 14. The state had set a target to open 2.5 million more bank accounts in the coming days under this scheme. All the bank accounts are opened with zero balance. The Chief Minister had regular review meetings and noted down the progress. He directed the concerned officials to launch a special campaign in the state for opening bank accounts under this scheme.

Of the total accounts opened in the state, 76,46,005 bank accounts have been opened in rural area while 36,77,318 accounts have been opened in urban area.

All the 27 public sector and 14 private sector banks in Chhattisgarh are engaged in the scheme**.** The SBI, which had been made the nodal bank for implementing the scheme, had taken lead by opening more than 30% bank accounts under the PMJDY in Chhattisgarh. It had been followed by Chhattisgarh Rajya Gramin Bank that had opened more rural area accounts since the scheme started more than two years ago.

The ambitious scheme of the Central Government was launched on August 28, 2014 The main features of the PMJDY scheme include Rs 5,000 overdraft facility for Aadhaar-linked accounts RuPay Debit Card with inbuilt of Rs.1 lakh accident insurance cover.

3.4. Jan Dhan reality check from Bankers' perspective:

If there is one important thing the Prime Minister desires to highlight, it is the achievement that his government has made with respect to the massive bank account opening drive under the flagship scheme Jan Dhan Yojana.

The scheme has, so far, managed to open 24.44 crore accounts, which have mobilized Rs 43,128 crore deposits by 14th September 2016. Of this, about 12.5 crore accounts have been linked to Aadhaar numbers and 19.05 crore RuPay debit cards have been issued to these account holders. The numbers indeed signify a remarkable achievement, since in the fiscal year prior to the launch of Jan Dhan; when India opened just about 5 crore basic service bank accounts, which can be treated as equivalent to the Jan Dhan accounts.

Though, India's push on financial push has begun well in the past, a report by British High Commission and Neeti Foundation shows that between 2011 and 2014 the banking account penetration increased in India from 25 percent to 50 percent of population, a period when UPA was in power.

We can cite some more examples from JDY account holders. For example, Prakash Goud, a vegetable seller in Kandi village in Vijayanagaram district, is elated about the overdraft facility for Rs. 5,000 that comes with the PMJDY account. This is quite a sum which has helped him in mobilising daily working capital for his business,.

Till recently, Goud had to depend on the local money lenders who would provide call money to buy vegetables. Call money is a form of private lending where a loan is available immediately, but comes with exorbitant rate of interest. He would walk back with little returns after paying back the borrowed money to the money lender, who would charge an average interest rate of 10 per cent on daily basis. But now, thanks to the overdraft facility, the vegetable seller doesn't need the call money anymore.

Claims and counter claims:

In a recent interview, former finance minister claimed that Jan Dhan is a repackaged version of the bank account opening drive of the UPA government. A major criticism Jan

Dhan drive has faced is the issue of duplication when banks were given huge targets by the government to attain within limited period. In March 2016, some survey consulting firms have warned about the issue of duplication.

According to them, about thirty-three per cent of the customers indicated that PMJDY was not their first account, in comparison to 14 per cent in Wave-I survey conducted in December 2014 and Wave-II conducted in July 2015. Hence, indications are that fresh account opening drives are encouraging clients to open a second account and most of these accounts are not used.

Another survey by World Bank - Gallup Global Findex Survey showed that about 43 percent of the total bank accounts in India are dormant even though bank account penetration has surged in the country in the recent past. The report cited this as a concern for the banking system as a whole.

However, going by the latest government data, the number of zero-balance accounts has come down significantly to 30% from 45% when the scheme was launched. Nevertheless, the concern on zero balance accounts has been expressed by the former Governor of Reserve Bank of India who said that duplicate accounts would lead to wastage of resources.

Former Prime Minister too criticized the progress of Jan Dhan, saying the government has forced banks to open crores of accounts under the Jan Dhan Yojana, which remain unutilized. Indeed, "all has been achieved in these two years is forcing crores of people to open bank accounts. But people are asking what will they do with bank accounts when they have nothing to keep in the bank," he said referring to the Pradhan Mantri Jan Dhan Yojana.

3.4.1. Aadhaar seeded pushed-up:

But, there are no two thoughts on how critical is proliferation of Aadhaar-linked bank accounts in India to ensure that the subsidy rationalisation process is progressing and does not falter half way.

As pointed out in a recent article, the passage of The Aadhaar (Target Delivery of Financial and other Subsidies, Benefits and Services) Bill, 2016, in the Lok Sabha assumed crucial importance for the fate of Jan Dhan as it now provides legal backing to identity number. The whole process of subsidy reforms kicked off during the UPA days is now pushed aggressively by the NDA government. It is built on the Direct Benefit Transfer (DBT) channel, based on the unique identity number or Aadhaar awarded to each citizen. It holds particular importance for the present government, and the success of its financial inclusion push under the JAM (Jan Dhan, Aadhaar and Mobile) trinity. No doubt, leakage in subsidy has been a grave concern for India's exchequer for years. It is strongly felt that linking bank accounts to a unique social identity number will help plug the spillage.

3.4.2. Promise of financial inclusion:

About 30 percent of Indian population still doesn't have access to formal banking system. In terms of numbers, the scheme has become an overnight success with its high-speed implementation even bagging a Guinness record. The government achieved this by pushing all government-owned banks to meet the targets.

Jan Dhan is arguably the biggest-ever bank account opening drive India has ever witnessed and was designed to offer at least one basic bank accounts to every household, besides access to credit, insurance and pension facilities and offering financial literacy.
It also promised RuPay Debit card for every account holder, an inbuilt accident insurance cover of Rs 1 lakh and life insurance cover of Rs 30,000. Besides, the scheme also envisaged channelling all government benefits to the beneficiaries' accounts. The scope of the scheme has been later expanded to offer other products too.

A former Chief General Manager in charge of Rural Banking at State Bank of India said that even before Jan Dhan, KYC norms were relaxed but lack of financial literacy among the rural population has created problems to expand the reach of banks in the hinterlands. He seriously felt that it is not fair to impose all burdens on banks and the government should take initiative to increase awareness among the masses.

Even after 69 years of independence and 47 years of bank nationalization, close to one third half of India's population doesn't have bank accounts. This is despite the country having 26 nationalized banks, 19 private banks, 41 foreign banks and several other layers of banks such as cooperative banks, regional rural banks and local area banks and more recent a lot of microfinance institutions.

A significant chunk of India's rural population still depends on private moneylenders to meet their financing needs. Banks have often cited lack of viability in the business model when they operate in the unbanked rural areas. The RBI launched three-year roadmap on financial inclusion in 2010 for banks under which they were asked to have a board-approved policy on financial inclusion. But the progress has been slow.

One of the major challenges bankers faced while implementing the Jan Dhan initiative was to convince the customer that there is no free money in these accounts and he has to start transacting in it even to avail the overdraft. However, it is found that customers coming to bank branches and asking impatiently when they are getting the money in their Jan Dhan account. It is so difficult to convince them that there is no free-money in their accounts. Indeed, there are issues of same person opening multiple accounts with different banks to become eligible for freebies.

Over a period of time, such duplicated accounts could emerge as a concern for banking system, as every zero-balance account cost a bank an average Rs 100 a year to maintain. However, Jan Dhan has given the flexibility to banks to significantly relax KYC norms and reach more people in the banking network, where a significant number of tribal populations have neither Aadhaar cards nor any other documents to show towards KYC proof.

But in due course of time the customers have to submit authentic KYC proof to avail benefits to be channelized through implementing Direct Benefit Transfer (DBT) mechanism, which the Government has planned for the future.

3.4.3. **JDY appears as a hurried revolution?**

Unless the livelihood issues are resolved first, there is very little these bank accounts alone can do anything substantial. No doubt, banks have pushed for opening accounts and they have substantial number of accounts today, but unless the livelihood issues are resolved, the disadvantage section of people won't be able to use these accounts much.

Nearly 11,000 villages in India are still not connected to the electricity grid and, going by various surveys, at least two-third of rural households still do not have toilets. The question Jan Dhan Yojana arises that how far the efforts have progressed in achieving the actual inclusion of India's poor?

This is something the last economic survey of RBI too pointed out. Despite Jan Dhan's record-breaking feats, basic savings account penetration in most states is still relatively low, 46 per cent on an average. Policy makers thus need to be cognizant about exclusion errors due to DBT not reaching unbanked beneficiaries. Comparing the reach of Jan Dhan with that of Aadhaar suggests that the unbanked are more likely to constrain the spread of JAM than the unidentified lot.

3.4.5. Procedural problems and suggestions received from the customers:

Some valuable suggestions were received from the 'zero balance' account holding customers, which are basically meant to solve some procedural problems. First of all, most of these category customers are illiterate. Hence, despite the magnanimity of the bank officials being coming to the villages and subsequently opening the accounts by bearing the cost of photographs and other expenses, the response at the branch premises is diametrically opposite. Whenever these people visit the branches, either they are unable to transact any business because of rush due to presence of other customers or absence of the concerned official to handle their matters. More often they are asked to visit the branch again and again; and they are reluctant to do so because of loss of wages. In the end, it leads to accumulation of non-operating accounts in the branches and these customers' accounts are a burden to the bank.

As suggested by these groups of customers, a particular day in a week may be allotted to specified villages, wherein some sort of special attention would be given to them to carry out transactions in the account, obtain necessary information about schematic and subsidized lending facilities, and make payment to input providers and so on. Secondly, some bank officials, similar to Relationship Manager posted in urban and metropolitan branches, may be delegated to look after them or provide handholding facilities till they are capable to transact independently on their own. The marketing cum recovery officers presently posted in their rural and semi-urban branches by State Bank of India in few districts are most suitable to provide basic banking services to these unprivileged sections of the society.

3.4.6. Procedural problems and suggestions received from the bank officials:

A sign of optimism is prevailing among the bank officials that there is ample scope to expand banking business in hitherto neglected areas and it is very difficult to do the same in over competitive urban areas. Simultaneously the Government pressure is increasing day by day to bring all the people in the ambit of formal banking channel. Since last two years all the bank branches have opened thousands of 'zero-balance' accounts and are still carrying out this activity exceedingly well. They have covered large percentage of BPL people in their service areas. Some of the procedural problems faced by them are highlighted here along with the suggestions offered by them to combat such problems.

However, more than 65% of the 'zero-balance' account holders never visited the branch after opening of the account even once for any transaction, though in most cases the accounts were opened more than a year;

Carrying cost of such a large number of in-operative accounts does not augur well for the bank as a whole. It will project over-size business of the branch without any corresponding gain for the bank;

1. Due to serious shortage of manpower in most of the branches, it is very difficult to provide personalized service to most of these illiterate people, who even cannot rewrite / replace a voucher if the original is rejected due to some reasons;
2. It is very difficult to release new loans to these BPL people as the bank written off their old loans in the past due to non-repayment. Being defaulters to the bank once, the scope for new business by these people is very dismal. Moreover, there are chances that the new loans could again become NPA within a short period.
3. Through open and informal discussions, few Bankers have suggested to tackle some procedural problems by adoption of some practical methods.

- The Village Level Worker (VLW) or now called as Executive Officer in some blocks may help the customers in filling up the appropriate forms to carry out bank transactions;
- All schematic payments including NREGS disbursements should invariably be channelized through these bank accounts. The branches which are disbursing such payments to a large number of customers should have the first right to get the bulk deposits from the government authorities;

- Many branch managers felt that a token amount say between @ 30 or @ 40 rupees should be reimbursed by the Reserve Bank of India for each 'zero-balance' account opened by a branch. Not only it will cover the stationery charges, cost of photograph and other minor incidental charges, but be an encouragement for the bank as a whole which has opened around thousands of zero-balance accounts in a financial year.
- Most of the rural bankers are not motivated to open zero balance accounts because they feel that operationally the scheme is not viable and it is difficult to adjust the losses incurred through these unusual interventions. The officials felt that most of these zero balance accounts opened would become inoperative accounts in due course of time; hence it is a waste of time and energy to channelize bank resources in this direction.
- Even some of them expressed that due to more time invested in handling these types of depositors, quality time is not devoted towards banks' valuable customers and in the long run bank may lose viable business provided by good clients. There are chances that banks' NPA may increase due to less field visits as more time are being diverted towards catering to BPL / JDY customers.

3.4.7. Issues, challenges in connection with future policies:

The issue before us is not to just open accounts but see to it that continuous transactions are made by the account holder in his / her accounts which would in turn imply that he / she is connected with the bank in a permanent way, and that would be financial inclusion in a true sense. For this purpose, macro enablers are definitely important but micro enables are more important. Some of these could be of relevance in immediate-to short-run and some others from medium to long-term.

a) Macro Issues and Role of Government

There is no second opinion that people need to save regularly in a formal financial institution to have continuous flow of adequate income. Therefore, at macro level, both the Central and State governments must try to augment income and generate employment for the rural population.

The share of agriculture in GDP have reduced to below 10 percent but still 65 percent of the population lives in rural areas, with almost one-third of them depending on agriculture as cultivators and agricultural labourers, since the non-farm sector in rural areas remains under-developed. It has also been estimated that just one percentage point growth in agriculture is 2 to 3 times more effective in reducing rural poverty than the same growth in any other sector. Therefore, there should be efforts to increase agricultural income principally through enriching the degrading soil quality, popularizing weather resistant seeds and crops, providing adequate irrigation, making available suitable storage and marketing facilities and diversification of economic activities by promoting rural industries.

The recent budget already addressed two critical issues such as soil quality and water availability and the Soil Health Card scheme was launched recently. The small and marginal farmers and agricultural labourers living at subsistence level must have access to land for cultivation as well as work through Employment Guarantee Schemes.

The FDIC survey found in the United States that employment and income status influenced the decisions of households to own bank accounts. Therefore, at the times of economic difficulties, if the State can support people then they can retain their banking relations. The finding is relevant for our country too.

The huge deficit in physical infrastructure in rural areas needs to be addressed if Financial Inclusion has to succeed. For instance, if connecting roads are absent how will a banker approach the remote villagers? Similarly, without adequate power supplies how will the computers function in a rural branch in a cost-effective way? At least, the village roads should be motor-cycle worthy so that Bank Correspondents or the bank field officers can go to the financially excluded areas easily on two wheelers and bring the financially excluded under the fold of banks.

Mobile technology which has now emerged as a proven significant weapon against Financial Exclusion requires spectrum allocation to mobile service providers. Similarly, enough bandwidth should be made available to customer service providers in villages for connecting over the internet to core banking platform of banks. The spectrum allocation should be cost effective and enable mobile service providers to increase their reach qualitatively and quantitatively so that the user charges do not increase dramatically.

Financial Literacy is a necessity for Financial Inclusion which in turn presupposes that the poor should have some general education. This again underscores the role of the governments.

Further, insurance in our country is a capital-starved industry. Many private insurers who were reluctant to offer micro insurance products can now foray into this line of business, following the amended Insurance Bill. This has come as a shot in the arm for Financial Inclusion.

The government should fine tune the legal system to deal with the problems, if any, emerging in the process of greater Financial Inclusion. The Indian banking regulatory and supervisory framework is well-suited for promotion of Financial Inclusion in the country, when viewed against some of the best practices prevailing abroad.

RBI should constantly upgrade the system in sync with ensuing developments. RBI may consider exempting balances in PMJDYs from compulsory cash reserve requirement as is practised by some Central Banks in Africa.

a) Technology-related issues

ICT, which has evolved rapidly in the recent years, is a potent tool to enhance the access of masses to financial products and services. For example, ATMs have proved highly beneficial to the rural people as also banks and RBI's permission to set up brown and white label ATMs will further banks' efforts towards Financial Inclusion. Like many other developing countries, India is slowly but definitely moving towards adopting higher-end technologies to reduce high transaction costs and geographical barriers in the journey towards fuller Financial Inclusion.

'Mobile Banking' has emerged as a significant tool to expand the outreach by banks because the cost of mobile phones and the user charges have become affordable to the common man, thus increasing its usage by the consumer at rapid rates and secondly, the geographical reach of mobile phones is not only vast and but also can provide faster communication. Mobile banking also helps in decongesting branches and obviates the need for large premises, which in rural areas are not easily available. Moreover, looking at the zooming real estate prices, having larger space not only would increase operating cost but also ultimately increase the transaction cost.

In India, mobile banking transactions, though still at low level, are increasing, thus indicating that there is considerable potential. Many mobile industry experts also foresee a rising trend in future and there is growing confidence of the people in mobile banking, a positive indicator for greater Financial Inclusion.

India has a significant number of migrant workers, both within the country and abroad. Mobile banking can play a vital role in helping these workers to remit funds to their families easily and with affordable cost. As mobile banking and payment applications become more cost-effective to operate and use when more participants join the system, technological and regulatory difficulties need to be tackled for enhancing its use to increase Financial Inclusion.

Even if electronic banking along with mobile banking has emerged as a big challenger to brick-and-mortar banking, the latter is still relevant as found during the field survey. The ever green importance of physical branches can never be discounted in India. The Indian customers especially in small places would always like to have a human touch in the service. In this context, a research study pointed out the continuation of branch expansion in the next decade despite large-scale mechanization of banking sector. Apart from Person-To-Person (P2P) mobile payments, Government-To-Person (G2P) payments can be made by using mobile technology. Both Central and State governments in India make several payments to millions of unbanked beneficiaries in the rural and sub-urban areas, which, if done by using mobile technology, can draw them into the banking fold cost effectively.

Technology can also be harnessed for improved borrower identification and credit reporting. Today, in general, a banker is reluctant to give loans and overdrafts for the fear that they may turn into a Non Performing Assets (NPA). Apart from general information asymmetry problems, the greatest fear is how to track the defaulting debtor. Technology based networking can help mitigate this problem.

However, as far as technology is concerned, it should be time tested, scalable, low-cost, fit for easy user interface, adaptable to different geographical regions and easily and cost effectively upgraded. It is always better to go through an evolutionary process in IT ecosystem than banging on to something entirely novel, howsoever appealing it may be.

b) **Bank-specific issues**:

i. The controllers of branches should involve the local branch-level functionaries in the selection of BCs till they are attached to their allotted branches. This will help in owning the model by the branch staff;

ii. The communication gap between Banking Correspondents (BC) and branches should be minimized to the extent possible to ensure that both the parties work in tandem for the overall benefit of the Financial Inclusion drive. Towards this end, monthly meetings may be conducted at the district level by the controllers with all the stakeholders of the models;

iii. Bank controllers, along with the government functionaries at the district level, should create an environment in which the educated and unemployed youth of the villages feel incentivized to take up the BC activity and work in their own areas. This will result in suitable employment to the youth on one hand and better business opportunities for bank on the other;

iv. Necessary Customer Grievance Redressal mechanism should be put in place to make the customer comfortable with the new model of banking. This will improve the confidence levels on the BC model;

v. There is a need to change the mindsets of Branch Managers and even their controllers. They should internalize the fact that BC model is workable as also fruitful both to the bank and the villagers.

vi. Branch Managers should utilize the services of Banking Correspondents for the purpose they are appointed, instead of asking them to carry out miscellaneous works in the branch;

vii. Branch Managers should also constantly monitor the performance of Banking Correspondents and guide them whenever required;

viii. Banks should develop systems for collating comprehensive and robust Financial Inclusion data and measurement.

c) Delivery channels – Streamlining BC channel

Mobile banking and payment technologies have also led to adoption of technology-based business models like BCs who use a blend of card and mobile-based technologies to reach the un-banked and under-banked population. Some of the measures that can be taken to revamp the BC system in India are mentioned below:

i. **Selection:** Banks should preferably appoint their individual BCs from the villages to which he /she belong or from the nearby villages. As far as the institutional BCs are concerned they should be prima facie trustworthy and known for their reputation in the particular region. This would alleviate the 'trust deficit' between the villagers and BCs and the former would easily come forward to be enrolled as bank's customers.

ii. **Village Allotment:** Allotment of villages to BCs should be done with utmost care. The number of villages to be allotted to a BC should not exceed eight to ten villages and they should be contiguous. It may be recalled that RBI has done away with the distance criterion and given freedom to banks in this respect. This would streamline the operations of BCs and be beneficial to banks.

iii. **Training:** Training to be imparted to BCs in the beginning should be both intensive and extensive. Training should primarily focus on relationship building and product knowledge. Continuous update of knowledge base either through direct classroom training or through distance learning or e-learning is very much required. All BCs must pass the certificate course for them offered by the Indian Institute of Banking and Finance (IIBF), Mumbai. Banks and the governments should sponsor BCs to the course.

iv. **Target Setting:** Targets should essentially be set for BCs. To begin with, the targets should include: number of accounts, amount and number of transactions. Targets should be regularly monitored; otherwise ‘targets’ lose their relevance. While evaluating the performance vis-a-vis targets, special weight needs to be accorded to the extent BCs have touched un-banked and under-banked villages. This will also dis-incentivize BCs to source business from accessible areas and big parties and achieve their targets easily, which is not Financial Inclusion in the real sense of the term.

v. **Area Knowledge**: BCs should survey their areas of operation and improve their stock of knowledge about potential customers and businesses. This would help them identify the potential for advances and cross-selling and they can write these businesses to the branch books and thus help improve their commission income.

vi. **Disclosures:** BCs should place all the necessary display boards indicating the bank's name, customer point details, available banking services, service charges, clear do's and don'ts instructions, etc, prominently.

vii. **Commission:** The complaint against the commission structure of various banks is universal. It has been observed that almost all BCs are unhappy with the commissions they receive from their banks. Banks, on the other hand, are constrained for not raising commissions because of financial viability issues. There should be periodic reviews of the commission structures, and commissions paid by a bank in different regions need not necessarily be uniform; it should take into account the extent of incidence of financial exclusion, geographical and topographical difficulties of the financially excluded villages, etc.

viii. **Conveyance Facilities:** BCs may be provided with interest-free or at subsidized rates of interest loans by their banks to purchase two wheelers in order to carry out the Financial Inclusion activities.

d) Product design

Banks should design not only suitable products keeping in view the macro conditions of the areas, prospective customer's economic status, habits, preferences, attitudes, etc, but an 'array' of suitable products to cater to the requirements of different strata of the poor. Needs of the poor, unlike the rich, are more variant, unplanned, irregular and complex. Therefore, one cannot just replicate the products meant for the well-off customers for basically these poor customers.

While designing these products, banks should keep in mind two points:

(a) The products should meet the specific requirements of the financially excluded and

(b) Simultaneously, the products should benefit the banks too either in terms of resource generation or income generation.

From the bank viewpoint, the products should not be 'doles'. For example, the credit products should ensure that the borrowers repay the loans as stipulated by the bank.

Therefore, banks should determine the repayment instalment taking into account income generation from the financed activity, beneficiary's repayment capacity and may sometimes incorporate build-in moratorium period. These products may also be restructured at the times of natural calamities; however, 'waiver' in any form is not advisable unless the situation is totally out of control, as it vitiates the entire credit culture. Group lending products in many countries have emerged as a good option. As far as savings products are concerned, the objective should be to enable the poor to save small amounts at regular intervals. In this respect, popularizing the Recurring Deposit scheme is a good proposition. Similarly, purpose-linked savings products may be encouraged; the purposes may be for constructing a house or even educating the children. Regular reminders should be sent to the borrowers when instalments become overdue.

e) Business models

It is an inappropriate strategy to introduce products which are not suitable to the poor as well as to the banks. This would require banks to build appropriate business models for driving Financial Inclusion. For example, the BC model has not succeeded in many regions due to viability issues. The business models should strive to strike a balance between outreach on one hand and viability on the other. This would be a delicate affair, because Financial Inclusion is not a one-time job; it has to be pursued ceaselessly over a long period of time. Therefore, sustainability of business models is important.

The business models should first of all be 'human-centric' and enlist participation by those employees of the banks who are 'genuinely' concerned about promoting Financial Inclusion. This would have implications for HR policies of the banks.

Second, a demand-driven model has been found to be more appropriate than a supply-driven approach. The former would, however, necessitate innovations in various aspects of Financial Inclusion including administration, management, product designing, marketing, etc. though innovations may sometimes not yield desired outcome. Hence, banks should be ready for some failures and make provision for that. This would in turn require research about the needs of the poor, their socio-economic mindsets and habits, customs and traditions, etc. There should be a continuous feedback system from the field-level to the policy makers, which at the apex level comprises the bank's administrative offices, the central bank's Financial Inclusion Advisory Committee and ultimately the government. Banks may encourage start-ups to innovate products suitable for financially excluded people.

f) Financial literacy

A demand-driven approach would necessitate the 'unassuming' financially excluded people to know which products would be useful, how would they be beneficial, how to access those products in a hassle free manner and with minimum cost, not only in the beginning but also recurrently. Therefore, they should be made financially literate to some extent. The micro finance crisis or even the Ponzi schemes imbroglio in India could be attributable to financial illiteracy on the part of the affected people. Financial Literacy would inculcate a sense of financial responsibility among them who otherwise leave everything to the Fate or Almighty. Financial Literacy also makes them capable of understanding the financial transactions they are making not only with the public institutions but also with private entities.

Financial Literacy presupposes that the poor have some general education. Here, more than the banks, the role of the government becomes crucial. Education, as the plinth for constructing the Financial Inclusion pillar, is to be provided by the government either directly or even through PPP mode. 'Right to Education' should be implemented in letter and spirit.

Second, Financial Literacy efforts should be focused on definite groups. For example, before lending or even canvassing savings banks deposits, one must tell the group what are its benefits and costs, both financial and non-financial. Similarly, before going as migrant labourers banks can educate them how to save, how to remit money home, what is currency exchange rate, etc. The RBI directive of May, 2014 on relaxing the norms for account opening by minors is a move in the right direction.

Financial Literacy efforts can be made through various modes. The traditional modes in India comprise distribution of reading materials like pamphlets, advertisements in local newspapers and public places by placing posters, door-to door campaigns, organizing meetings, etc. However, these traditional methods are costly. Therefore, technology should be accessed to enlarge the outreach of Financial Literacy. Attempt to disseminate agriculture-related advices to farmers through mobiles has been highly successful which can be replicated here. Even SBI's Technology Learning Centre scheme for educating its customers on using electronic banking channels can be emulated. Social networking can be selectively used for expanding financial literacy.

The 'Swabimaan' campaign jointly launched by the Indian Banks Association and Ministry of Finance should be brought out of its slumber and utilized fruitfully to improve awareness among the prospective customers about the availability of banking services. The services of local school teachers and postmen, who are generally trusted by villagers, may be enlisted by banks to educate the villagers about the benefits of savings and the need to use banking services. BCs, with the help of base branch functionaries, should create awareness among the villagers about the importance of savings and guide them towards customer points to open accounts with them.

Banks should monitor and evaluate their Financial Literacy programmes properly. They should revise the Financial Literacy materials periodically taking into account local conditions and variations over time. Sans Financial education, people will still flock to moneylenders and agents of unauthorized deposit collection schemes for which the whole nation has paid and continue to pay dearly in the form of collateral damages.

g) Consumer protection

Consumer protection is an integral part of Financial Inclusion movement. Banks should be transparent while dealing with the poor. This all the more important as the majority of the financially exclude are generally illiterate and do not understand any financial transactions. This is important for banks too because, for example in the case of default banks cannot successfully proceed against the defaulter as he can always take shelter under the alibi that the rules were not explained to him in vernacular language or in a proper way.

Every bank follows a set for rules for observing transparency and making disclosures, under the guidance from RBI from time to time. The Banking Codes and Standards Board of India also issues guidelines to banks. India also has a well-laid out grievance redressal mechanism for bank customers. At the apex level, there is Banking Ombudsman followed by RBI's Customer Service Department and each and every bank’s customer grievances redressal hierarchy right from branch level to Head Office to listen the complain of the customers.

h) Issue of small banks

It has been realized that small banks like Local Area banks (LABs) can be more successful in penetrating into the financially excluded areas. In this context, it is pertinent to look at the perceptions of high level committees reports. First, the Rangarajan Committee on Financial Inclusion in 2008 had vouched for this. It had observed thus: ‘RBI may allow new LABs to come into operation, especially in regions manifesting high levels of exclusion, without compromising on regulatory prescriptions. LABs can integrate well with local financial markets and offer a host of financial services including savings, credit, remittances, insurance, etc.’

Second, the Report of the High Level Committee on Financial Sector Reforms submitted by Dr. Raghuram G. Ranjan as Chairman in September 2008 described LAB as an ‘experiment’ and dismayed at why the experiment was discontinued although there was no ‘catastrophic failure’. The committee stated that the small finance bank proposed as Local Area Bank initiative by the RBI was prematurely terminated, though the Committee’s views differs to some extent. The intent is to bring local knowledge to bear on the products that are needed locally, and to have the locus of decision making close to the banker who is in touch with the client, so that decisions can be taken immediately. It would also offer an entry point into the banking system, which some entities can use to eventually grow into large banks.

Third, the RBI Discussion Paper on Banking Structure in India: The Way Forward in August 2013 finds weaknesses in LAB model but suggests that some urban cooperative banks can be converted into LABs or small banks.

Fourth, the RBI Committee on Comprehensive Financial Services for Small Business and Low Income Households under Chairmanship of Nachiket Mor in December 2013 recommended an array of small specialized institutions to cater to the myriad emerging needs of common man.

The views expressed by the above-mentioned committees are perfectly in the correct direction. Today, the system requires small banks which can understand the local needs of local people and respond to those with local resources, thus help keep their transaction cost low. Large banks, though have penetrated into small areas, find it hard to bring in the required optimum local focus that a small or local or regional bank can bring in. Sometimes, large banks find it economically unviable to operate in limited areas. It is widely acknowledged that over time, some rigidity at various levels of large banks do creep into their functioning especially when it comes to serving small areas. One would agree that the whole concept of Financial Inclusion, not only in India but in the whole world, came into vogue to mitigate these inadequacies. Small banks are better suited to make Financial Inclusion process successful. Therefore, there is a case for rejuvenating the case of small size bank.

In this context, RBI's decision to grant license to set up Payments Banks and Small Business Finance Banks is a welcome move. RBI has granted license to both type of banks and this will give a fillip to the Financial Inclusion process. The MUDRA Bank already made a beginning is also expected to help mitigate the problems of urban Financial Exclusion. The India Post, is allowed a banking license, and expected to emerge as one of the biggest institutional solutions to Financial Exclusion. In this context, the existing LABs should also be given the Scheduled Bank status and more number of LABs should be established.

i) Micro Insurance

India is highly under-served as far as insurance is concerned. Insurance penetration measured as the percentage of insurance premium to GDP at 3 percent in the Life segment was below the world average of 3.5%. The Non-Life Insurance penetration ratio at 0.8 percent also remained much below the world average of 2.8 percent. A second parameter, i.e. Insurance density, calculated as the ratio of premium to population or per capita premium was US$ 366. The Non-Life insurance density at US$ 11 was significantly below the world average of US$ 285. Thirdly, the premium volume for Life and Non-Life segments constituted mere 0.66 percent and 2 percent of the world total respectively and 3.52 percent and 5.8 percent of the Asia total respectively.

The Micro Insurance situation is still dismal even after IRDA's Obligations of Insurers to Rural or Social Sectors Regulation (2002), the adverse remarks of the

Government of India-constituted Consultative Group on Micro Insurance (2003), IRDA's comprehensive Micro Insurance Regulations (2005) and the recommendations of the Rangarajan Committee on Financial Inclusion (2008). The new business under Micro Insurance portfolio comes from the efforts of LIC, the State insurer.

The last budget has striven at promoting micro insurance, though it is not enough. The real problem lies in enthusing insurers, both bank sponsored and others including public and private non-bank sponsored to foray into micro insurance in much bigger scale. Primarily, it requires efforts to convince the financially disadvantaged section of people about the benefits of insurance whose products are more complicated than banking products. With the foreign investment limit for private insurers increased now in the Insurance Laws, they should accord due importance to micro insurance.

However, many pre-requisites need to be instituted, chiefly motivating the agents, linking disbursements of small loans to micro insurance holders to mitigate the inherent risks with the former, training the staff and educating the customers.

j) Miscellaneous issues

Database: Macro data dissemination by the government should be more disaggregate and frequent. For one, gender-based data should immediately be made available. This is because women are observed to be more progressive in their banking habits than men. In India, in progressive in 2005, the ratio of man: woman deposit accounts were 1:0.33 which moved up to 1:0.44 in 2015. The corresponding ratio of balances had improved from 1:0.27 to 1:0.40 over the same period.

Further, in terms of average amount per account, the gender disparity narrowed down from 19 percent to 10 percent over the same period. Thus, women can easily be financially included. Classification of balance population group-wise is another point. There should be symmetry between classification of areas into different population groups by the government and RBI. The government or individual banks should come out with quarterly reports on Financial Inclusion focusing not only on quantitative data but also qualitative information about their progress.

Role of Private Banks: Private Banks has hitherto played a miniscule role, even in urban Financial Inclusion. It is understandable that they negligible rural networks but in urban areas, they have good presence. They must be exhorted to participate in this movement. Private Banks should desist from the myopic thought that Financial Inclusion is a costly affair with little return in immediate run and therefore should participate only in a token way.

Tapping unconventional or informal channels: There are various other channels which can be tapped by banks to promote Financial Inclusion. These could be, for example, workers' unions and employee associations, social and cultural associations and students' unions in the area of operation of the bank branches or offices. There are also instances where the Officers' Wives Association of a bank had motivated the domestic maids and taken them to bank for opening their accounts.

Not all banks in all states: Our survey analysis revealed that not all banks were active in all States. Therefore, the banks which have dominant presence in some States or regions should concentrate on those States or regions for Financial Inclusion instead of frittering away their energy in areas where their presence is limited. This will save cost and time for banks.

There are both supply and demand side barriers to Financial Inclusion, which vary from region to region. Some of these, which may not be exhaustive, include:

(A) *Supply Side:* Distance from branch, branch timings, cumbersome documentation and procedures like following traditional collaterals and stringent requirements for opening and maintaining accounts, unsuitable products, language difficulties, staff attitudes, high costs and information asymmetry etc; and

(B) *Demand Side:* Low income assets and lack of permanent income flows or employment, low education and Financial Literacy levels resulting in lack of awareness and cultural, religious and social barriers. It has been observed that supply side barriers are easier to mitigate than the demand barriers. It is hoped that the policies enumerated above, if implemented, will alleviate these constraints to a great extent.

The JDY figures, which are expected to be reviewed by the RBI before the budget of

2017, will be able to reveal the extent to which the enabling policies have resulted in increased Financial Inclusion.

Financial Exclusion cannot be mitigated overnight; it's a process and should continue for a long period, as the result will manifest over a time. And this process should continue irrespective of any ideological, political or personal bias. The stakeholders should look at Financial Inclusion as a business proposition which may not yield immediate' return, but if one remains invested in it, will definitely reap a bountiful result at the end.

(Banking on Wheel: In a Backward Region of Odisha)

Chapter IV

Data Analysis of Sample Villagers

4.1. Findings from the Questionnaire for the Sample BPL Population:

As we analyze the data collected from secondary sources like SLBC on pertaining to accounts opened first in Odisha, it is observed that a large number of households are being covered under the Jan Dhan Yojana scheme, with a total figure of 1,01,46,717 accounts comprising both rural and urban areas by 30^{th} June 2016. The operating banks in the state have claimed that they have opened more basic savings bank accounts for BPL people, and only about 5 to 6% households are required to be covered before March 2017, before arriving at total 100% financial inclusion.

However, the survey reveals that the data directly provided by the branch officials of 10 branches of the sample districts till mid September 2016 aggregates to 4,16,908 accounts. If we extrapolate the same to 100% branches the figure touches around 62 lakhs accounts, which is around 40 lakhs less accounts than the figures reached by all the banks for the whole state.

Further, the banks have mentioned that those 5 to 6% households, which are left in the campaign, consist of families who have either migrated outside the state in search of employment or shown lack of interest in opening bank accounts. Hence, as per the bank statement, 95% of the BPL households have been covered under the scheme. But the actual survey reveals that 16 respondents out of the 200 have negatively responded that they are yet to open an account in a bank. This matter requires serious introspection in the part of the senior bank functionaries. To reach at the true picture, it is suggested the matter may be verified through the account opening forms individually by the head office of the concerned bank. However, we stand by the figures provided by the individual sample branches and data obtained directly from the villages.

Some of the observations during the field survey are noted below which has implications in completing 100% financial inclusion in the district;

1. In a sample village, BPL people with a range between 5 and 8 respondents were interviewed. Fortunately, more often 75% of this category people are in a possession of bank accounts. After implementation of Jan Dhan Yojana, in most of the cases, investigators did not found a single household in a sample village where at least one eligible family member is not having a bank account;

2. The basic savings bank accounts were opened in large numbers and as per guidelines no credit facility was supposed to be extended for first six months. However, it was observed in several cases that the overdraft facility has not been extended even though the account was opened for more than two year. Unfortunately, majority of these basic savings bank account holders have also not transacted even once after opening of the account;
3. There is no doubt that most of these BPL people are illiterate. But despite their ignorance, most of them have opened accounts as they anticipate some sort of funds from government schemes like Indira Awas Yojana, NREGS etc. would flow through to their accounts;
4. It is observed that basic savings bank accounts are suitable to these people because earlier they were not able to collect very low value cheques through general savings bank accounts where one has to pay usual collection charges and a higher minimum balance has to be maintained;
5. There are lots of villagers who are BPL and are covered under basic savings bank accounts under this Jan Dhan Yojana campaign. Unlike, earlier instructions, banks are advised this time to complete the process of opening zero balance accounts instead of becoming complacent that 100% financial inclusion will be achieved in due course.

4.2. Progress Report on 'Financial Inclusion' under Jan Dhan Yojana in Odisha as on 30.06.2016

- Total number of accounts opened by Public Sector Banks : 76,34,353
- Total number of accounts Aadhaar seeded by Public Sector Banks : 28,62,253
- Total number of accounts opened by Regional Rural Banks : 13,84,197
- Total number of accounts Aadhaar seeded by Regional Rural Banks : 4,04,598
- Total number of accounts opened by Private Sector Banks : 6,59,103
- Total number of accounts Aadhaar seeded by Private Sector Banks : 68,375
- Total number of accounts opened by All Commercial Banks : 96,77,653
- Total number of accounts Aadhaar seeded by All Commercial Banks : 33,35,226

The following twelve questions were administered to 800 BPL respondents in 80 villages of Dhamtari and Raipur districts in Chhattisgarh and Koraput and Malkangiri districts of Odisha as well as Srikakulum and Vijayanagaram in Andhra Pradesh and Karnal and Yamuna Nagar in Haryana. The answers provided by the respondents are collated and analyzed below under the respective question.

- **Did you have any bank account before implementation of JDY scheme?**

It is quite clear from the extensive survey of 80 villages with an average of 10 respondents, that the banking facilities were not enjoyed by the majority of BPL population of these districts before implementation of the Jan Dhan Yojana. In aggregate, **5.03%** of the respondents under BPL category declined having any form of accounts in a bank. There were instances where some people under this category requested the investigators to help in opening of 'basic savings bank' accounts in the bank.

As **5.03** percentages of respondents are yet to open 'basic savings bank' accounts in a bank, **94.97%** of their fellow villagers have already opened such accounts. Through the field survey in connection with this research study, however, it is possible to reveal that most of these accounts were opened with direct initiative of bankers. The bankers have taken pain by coordinating with the Panchayat officials, making suitable publicity, taking the photographers with them and paying the related charges, formally opening the basic savings bank accounts in the villages after collecting proof of identification documents and completing the final formalities in the branches by issuing the pass books. We may conclude that around **5%** of people under BPL category are unable to open 'basic savings bank' accounts because of their own temporary migratory situations. Moreover, they are either not available on the day of opening of mass accounts or subsequently not visited the branch to open such accounts.

- **Did your nearest bank encourage you to open your savings account?**

All those who are in possession of a 'basic savings bank' accounts are encouraged or in other words advised by the bank to have an account for their own benefits. As in most of the cases the accounts were opened with zero balance or very nominal balance of five or ten rupees, it was not at all taxing to the poor villagers.

But the bank has an onerous task to encourage thousands of BPL people in these districts to carry out transactions in their accounts. Out of all the inhabited villages, as only **10** sample villages were surveyed in a district, they constitute a tiny fraction of the total and it is difficult to draw conclusion from the response provided by the villagers. However, in general it is observed that out of 20 sample villages in a state, more number of accounts was opened in sub-urban villages. Practically speaking, out of all BPL populations in these sample districts, 5.03 % or three-fourth of BPL people is yet to open a bank account in their name.

- **Did the bank open account without your wish or willingness?**

No such instances exposed during the survey. However, three villagers in a particular village conveyed that though initially they were hesitant to open any bank account, and which they felt that it is not going to solve any purpose, the bank insisted that they should hold an account in their respective names for getting future benefits. Thus, in one way the bank opened their account despite their passive reluctance. Most BPL people actually do not foresee any gain in having a bank account and often feel it is irritant to visit a bank branch as there are lot of chances of losing a day's work and some money on commuting to the branch without any corresponding benefits. However, massive publicity of JDY with ancillary benefits of overdraft, social securities in the form of insurance, Rupay cards, channelizing subsidy through bank accounts etc. have attracted the poor segment of the society to have a bank account.

- **Whether you have opened account and able to carry out transactions easily?**

Those who have not opened any account under JDY scheme, their cases are quite different. But those who have opened account, most of them are not able to do bank transactions easily. The causes cited were many, i.e. such as the branches were overcrowded and they were forced to return as they have to attend to their daily work and not to miss other important obligations. Other causes include usual reluctance of the branch officials to sanction any types of loans as they are in dire need of finance to manage their basic requirements. Therefore, they often prefer to approach informal sources to get the finances than running to banks for days together.

- **Whether you have been able to open 'basic saving bank' account and avail any overdraft facility?**

As per the bank record, large numbers of basic savings bank accounts are opened in every sample district. It is a matter of credit that the figures of basic savings bank accounts verified from the sample branches arrive around more than 10 lakh accounts in both the States of Chhattisgarh and Odisha. It is a certainty that till the completion of the survey, many basic savings bank accounts were opened as per the claim made in the record. However, it is another matter that all these accounts are only deposit accounts without any over draft facilities. Very few instances are reported from respondents that some overdraft facilities have been provided to some customers having transactions in the basic savings bank accounts. Moreover, Rupay cards are yet to be used extensively in the selected sample districts of Chhattisgarh and Odisha. But the question is different in the districts of Karnal in Haryana and Vijayanagaram in Andhra Pradesh where majority of account holders are issued with Rupay cards and overdrafts are sanctioned to the eligible customers.

- **Whether you have been able to avail both deposit & loan facilities?**

The BPL customers having 'basic savings bank' accounts are availing only deposit facilities in the bank. Very few overdraft / loan facilities have been extended to the BPL categories account holders and in some cases though overdraft facilities have been sanctioned, they are not disbursed to the account holders. However, usual crop-loan or credit facilities are extended to people who are members of SHGs. Hence, it is coincidence that loan facilities have been extended to BPL people who are holders of ‘basic savings bank’ accounts as well as they are members of some self-help group.

Similarly, due to lack of entrepreneurial quality among most of the BPL account holders, they do not demand and have no plan to avail loans sanctioned under MUDRA scheme. That is why, while deposit accounts are still opened in good numbers, the loans under Mudra scheme are yet to take a big leap.

- **What is the amount of loan availed and deposits made by you?**

Very few loans under MUDRA scheme have been provided by the sample bank branches to basic savings bank account holders. In their individual capacity some of them have availed loans from the banks. The average deposits of the ‘basic savings bank’ accounts opened in the sample districts are around Rs.850/-. There is ample scope in the sample districts that the average deposit amount would move substantially higher, as there are proposals to release most of the money disbursed under various government schemes to be routed through these bank accounts.

- **Did the bank insist for collateral for providing loans and advances?**

As no respondent having basic savings bank account hardly received any high value loan, question of providing collateral for mortgage does not arise. In case of Mudra loans under ‘Shishu’ category (loans up to Rupees 50,000/-), the acquired assets are treated as collateral and no further demand on borrowers personal assets are earmarked as collateral. Presently, banks in general also do not stipulate collateral for loans up to a certain limit, and for JDY account holders policy guidelines are issued clearly that no collateral be insisted on any type of loans.

- **What is the amount of loan / overdraft availed by you without any collateral?**

Very few specific loans are sanctioned to ‘basic savings bank’ account holders. Till bank sanctions and disburse loans on a substantial way to the ‘basic savings bank’ account holders, it is very difficult to ascertain whether bank will insist on collateral and what limit would be specified for such purpose. Moreover, it appears that most of this category of borrowers is not conversant with banking system to avail any one-time settlement of their loans. It might happen that there are few isolated cases of such settlement in the sample districts; however, the field investigators have not come across any of them.

- **Whether your bank has provided you any low cost insurance policies ?**

Several instances of purchasing insurance policies are reported from the respondents of the 80 villages covered by the survey in all the four sample states. Though lot of advertisement materials in connection with JDY insurance policies are published by the progressive states of Andhra Pradesh and Haryana and many JDY account holders were pursued to purchase insurance policies; same scenario was not observed in case of Chhattisgarh and Odisha. Several infrastructural hurdles like load shedding, lack of transport connectivity to bank branches and other obstacles have reduced publicity and marketing of insurance policies.

- **Whether you still borrow from the moneylenders? If yes, what is the amount and at what interest rate?**

There are positive answers from 6% of the respondents that they still borrow from the moneylenders even if they have opened ‘basic savings bank’ accounts and there are prospects that in future both overdrafts and some variety of loans may be granted to them. The borrowing amount ranges between rupees three thousand to thirty thousand and usual interest ranges between 2 to 3% per month, depending upon the urgency and repayment period. But the flexibility of purpose and quick disbursement from the money lenders has attracted these people to approach them.

- **What are the procedural hassles that you still face in your bank?**

It has been observed that if due to some reasons the prospective customers of basic savings bank accounts have missed the date to open the accounts while the branch officials visited their villages, and then it is next to impossible to open their basic savings bank accounts by visiting the branches in the future. Even no extra considerations are extended to a group, which visits the branch to open the accounts.

Secondly, visit to branch and carrying out a simple transaction is time consuming. It is not possible for these poor people to sacrifice a day wage especially in busy season to visit the branch and avail the banking facility, which is after all inconsequential for these poor people.

Thirdly, there are no such corresponding responses by the branches to extend some sort of credit facility to the zero balance account holders. So, these account holders are no way interested to avail banking facilities, which is a burden for some of them.

No doubt, Jan Dhan Yojana is a radical scheme but on the ground level some confusion prevails as observed during the survey. In villages, several farmers had not yet understood why the government wanted to open new bank accounts, or how to access the overdraft and other facilities

Dasu Kadreka was one among a group of tribal farmers patiently waiting outside the Pragya Kendra, the office that administered services for the village, in Mandikata near Jeypore, in Koraput district of Odisha. It was five in the evening of a humid August day. They had been waiting for several hours and the power had gone out, putting the systems on the blink. Dasu was in line to open new accounts for his two school-going children. Till the other day, the state scholarships for tribal children had been disbursed in cash directly by their school. Now the school, citing the Pradhan Mantri Jan Dhan Yojana launched in August 2014, had said that each child had to be enrolled in Aadhaar, the biometrics-based database programme, and open a bank account in order to avail the scholarship.

The area banking correspondent for Indian Overseas Bank, whose job it is to open the bank accounts, marked time waiting for the electricity to come back. This is a regular problem in this area and every day the villagers get only about four hours of electricity and no bank transactions can be done in that short period. Moreover, opening new accounts was time-consuming, and it was mainly because of insufficient infrastructure. Of the 1,238 new accounts the Banking Correspondents had opened in Boriguma panchayat the previous year, over 400 accounts had since been frozen for lack of any transactions. Re-activating the frozen accounts entailed starting from scratch as each villager had to re-submit his proof of identity and residence. This may take several weeks or months, and Boriguma panchayat, 20 kilometers from Jeypore Town, gets only four hours of electricity every day.

4.3 Jan Dhan's mixed success

To solve the problem of low banking access, and despite all sorts of efforts, only 63% of all Indians have a bank account, the government ordered banks through JDY scheme to open basic savings bank accounts for every citizen. To overcome the related problem of dormancy, many of the new accounts had no money in them, and reflected no transactions; the government attached these new accounts to insurance schemes. It also offered an overdraft facility, similar to a credit card facility, of Rs 5,000 through a RuPay debit card.

The Pradhan Mantri Jan Dhan scheme was “transformational” in its impact, and had led to a “quiet revolution”. Since the launch of the programme, more than 24 crore people had been brought into the banking system, with the accounts having a total balance of around Rs 44,000 crore. He pointed out that 36% of all debit cards in India were now RuPay cards. But closer scrutiny of the numbers underlines the limitations of the scheme. Of the 21.3 crore bank accounts opened all over India as of March 31, over one-third of the total, i.e. 7.1 crore accounts are dormant, with no money in them.

Further, 40% of the new accounts opened since last year August were now inactive. Many users are too poor to have substantial savings. Also, several features needed for the government transfers to work, including infrastructure and legal sanction to use of Aadhaar in all social schemes, are not yet in place.

4.3.1. Pradhan Mantri Jan Dhan Yojana accounts, as on March 31.2016

Similarly, of the 16.37 crore RuPay debit cards issued as per government figures, 22.4 lakh accounts, or only 1.3%, have the overdraft facility. The number of those who have actually used this facility is even lower at 8.3 lakh, or less than 1% of the total beneficiaries.

4.3.2. Negligible overdraft facility

In sample villages in Odisha, beneficiaries expressed disappointment in the scheme. While opening new bank accounts, they had interpreted that the overdraft facility meant that the government would put Rs 5,000 in their bank accounts as a subsidy or grant, and till date this has not been the case in reality.

For example, Biji Sabar opened an account with Union Bank of India in 2012. In February 2015, he got a second account under the Jan Dhan scheme. He had heard that those who open a new account under JDY will get Rs 5,000, and enquired twice at the bank, but neither got any response nor got any amount. Others waiting in line concurred the same fact. Even the banking correspondents proved to have little or no information about how the overdraft facility works. In most instances, RuPay cards have not reached the beneficiaries. In instances where they have, the users have not got the PIN numbers needed to operate the card.

In Navagarh panchayat in Dhamtari, a backward district in Chhattisgarh, the banking correspondent has opened around 600 accounts in a village, but not a single one of the villagers has been able to use the RuPay card facility. As the post does not reach the village regularly, so the PIN numbers also don't reach on time. By the time the PIN reaches the village and the concerned person makes the trip to town to activate it, it has stopped working. Banks destroy the PIN if it is not used within a month. The Bank Mitra tried to figure out for himself how the overdraft facility works, and failed. He maintained a balance of Rs 1,200 and did a few transactions, but even then he could not get the overdraft on his account.

Originally given to only adults, literate account holders, bankers say RuPay cards were later provided to all users. This story is not true for the relatively inaccessible areas of the forested interior, such as in Koraput district. In Boriguma panchayat near the Jeypore town, the banking correspondent for Indian Overseas Bank said that of the 1,238 accounts opened under the scheme, only around 500 had got their RuPay debit cards, and of these, not a single villager had got the overdraft facility.

4.3.3. Putting the cart before the horse:

In Raipur, officials in the department of rural development who supervise the scheme blamed the developing fiasco on public banks that, they had not sufficiently publicized the guidelines of the scheme.

More than 40 lakh Jan Dhan bank accounts have been opened in Chhattisgarh and over 29 lakh RuPay debit cards were issued, said the manager at the State Bank of India and head of Chhattisgarh's State Level Bankers' Committee, a forum of bankers coordinating development schemes. He was reading out from a progress report on the scheme, which he has to submit once every two weeks in a video call with the finance ministry. But, he admitted aside that only a small proportion of these accounts were truly active.

The Manager also put the blame on logistics and said that nearly 70% of the villages here get no electricity and 44% of Chhattisgarh has no internet connectivity. The original plan was to go door-to-door for mobile micro-ATM services, but the officials had to do it at the panchayat level using small satellite ground stations, and bank customers are facing several type of problems.

The SLBC manager added that while the passbooks were hand-delivered by the banking correspondents, the same agents were not given the job of delivering RuPay cards and their PINs because of security concerns. Further, RuPay cards need to be activated at ATMs, which do not exist in villages. An option exists to activate the cards by submitting applications, but this too had not been done in most villages.

Another senior banker, a member of the State Level Bankers' Committee who requested anonymity, said the central government was rushing the scheme through even though on the ground, at district and village level, the banks were not prepared for this transition. The villages have poor connectivity and there were security concerns in many parts of the state. These should have been sorted out first because a faulty functioning scheme will create much confusion on the ground.

4.3.4. Few takers for JDY pension schemes:

In his 6th November 2015 address in New Delhi, the Prime Minister highlighted that along with opening bank accounts for everyone, the government was providing a safety net to the poor through three new social security schemes that provided accident insurance, life insurance and pensions. The JDY schemes till that period had already registered over 21crore subscribers.

Experts point out that the test of an insurance scheme is in what happens with regards to claims. Finance ministry data show that there are a massive number of subscribers, but an extremely low number of claims. Till 30 October 2015, 9.1 crore subscribed to the accident insurance scheme, 607 had got their claims. Over 2.9 crore subscribed to the life insurance scheme, 1,450 claims were settled. The prime minister did not address the question of why the number of claims is minuscule, even several months after the schemes were launched. Even it is doubted that whether the subscribers among agricultural and unorganized sector workers were able to submit a claim.

The Atal Pension Yojana, which offers small pension amounts to workers in the unorganized sector when they complete the age of 60, is based on monthly contributions from workers. It has the least number of subscribers, at 8.5 lakh, or less than 1% of the total subscribers to the three schemes combined.

This picture is similar in all the sample states. In Chhattisgarh, 16.6 lakh subscribed to accident insurance and 5.9 lakh to the life insurance scheme, and only 8,037, had opted for Atal Pension scheme. State officials said casual labourers and farm workers do not find it viable to maintain steady contributions for at least 20 years, as required in the pension scheme. If a 40-year-old worker opts for the Atal Pension scheme today, she will have to contribute Rs 291 every month for 20 years, to get a monthly pension of Rs 1,000 when she turns 60, explained an official in the rural development department. Question arises, how will workers who have no certainty about their next job and don't know what they will be able to earn next month, can contribute a few hundred rupees monthly? Very few people want to opt for these pension schemes.

In October 2015, the Odisha government held a three-day drive to increase the subscriber base, but it was not particularly successful. In Koraput, for instance, 3,000 new subscribers opted for insurance schemes in the course of the three-day drive, but only six people signed up for the Atal Pension scheme.

To increase the numbers, the state government has begun to shift government staff to the new pension scheme; these include para-teachers, home guards, beneficiaries of public schemes such as MNREGA, and self-help savings groups. In some instances, this was done without the subscribers' knowledge or consent.

"One state government official found that recently that his pension account was shifted from Swawlamban National Pension System, launched by the previous government, to the Atal Pension without his knowledge," said at Jeypore in Koraput district who requested anonymity. Actually, the Swawlamban scheme required less contribution, and the return would have been higher than what will accrue under the new scheme. Though he did not wish to shift to Atal Pension, yet his account was transferred against his wishes.

In its rush to declare the “Jan Dhan-Aadhaar-Mobile” scheme a success and to enshrine it as the basis for all social policy, the government appears to have systematically ignored the experiences of its intended beneficiaries, who now suffer from the consequences of this rush to implementation.

4.4. Analysis of collated items:

- **The percentage of BPL population covered by bank accounts:**
    - In an average, 94.7% of BPL population in the eight sample districts has been covered by bank accounts. In other words, more than nine-tenth of BPL population is having some sort of accounts including basic savings bank account opened under Jan Dhan Yojana. Now a large number of eligible people are financially included than ever before and those who are left out are very negligible in number. Though 100% financial inclusion is not a reality but the day is not far away as remote villagers away from mainstream are now proud holders of Rupay cards and very close to use ATM cards and carry out bank transaction through mobile banking.

- **The average number of transactions of BPL population per account:**
    - The survey reveals that the average number of transactions is around three per each basic savings bank account in the sample districts after considering only the operating basic savings bank accounts. However, the percentage to total number of accounts is still negligible as most of the accounts are still zero balance accounts without any transaction. The total numbers of zero balance accounts in the four sample states are 89,06,763 or only 4% of the total JDY accounts opened in the country, but at the district level the percentage is nearly double comparing to the total number of accounts opened by the sample states.

- **The percentage of accounts with no transactions:**
  - In an average, as observed from the data collected from the sample districts, there are no transactions in 45% of the 'basic savings bank' accounts opened since the financial inclusion campaign started under Jan Dhan Yojana, though at the national level there are only 24% account holders have zero balance accounts without any transactions. Moreover, in Andhra Pradesh and Haryana the state governments are channelizing various payments to the citizens through the accounts; the same processes are yet to be implemented in same vigour and zeal in Chhattisgarh and Odisha.

- **The % of BPL population that has availed both loan and deposit facility:**
  - Though the data reflects 18.5% of the account holders enjoy both the deposit and borrowing facilities. Mostly the bank loans were given under different schemes like general crop loans and not as a corresponding facility linked only to the basic savings bank account holders. Hence, all the account holders of basic savings bank accounts mostly enjoy deposit facility with very few overdraft facilities.

- **The percentage of BPL population that has availed only deposit facility:**
  - 94.7% of the sample BPL population has basic savings bank accounts in their name. Presuming this group as a miniscule of the universal sample, 100% of them avail deposit facility as still large numbers of overdraft facilities under basic savings bank accounts are yet to be extended by the banks.

- **The average amount of loan availed by BPL population for each account:**
  - Very few overdrafts under Kisan Rupay credit card or Rupay Debit cards are extended to the basic savings bank account holders in sample districts. Many banks have assured that they have planned to give overdraft under Rupay Debit card in the near future and try to issue cards to all the account holders.

- **The average amount of loan availed for each account without collateral:**

  - Around ten percent of these zero balance account holders have availed loans without collateral. But the loans were sanctioned not as zero balance account holders but in their personal capacity. As such this ten percent people availing loan without collateral is insignificant, as very few overdrafts, expressed under the Jan Dhan Yojana scheme, are extended to these people with Ru Pay Debit Cards to carry out banking transactions.
  - Most branch managers conveyed that their controlling offices are in the process of finalizing issue of Rupay Debit Cards to the customers shortly. However, the bankers have decided to observe the customers' strict adherence of terms and conditions of repayment associated with the cards, which would help in curbing defaulters as well as misuse of these Rupay cards in a big way.
  - As Reserve Bank of India has advised that loan and overdraft facilities to basic savings bank account holders should be extended without insisting any sort of collateral, the bankers have a major role to play to distinguish between genuine productive needs and superficial needs of these account holders while sanctioning new proposals.

PMJDY- Guiness Book of World Records 2015

Most number of Bank Accounts opened in a single week.

Chapter V

Status of Social Security Schemes under JDY

5.1. Insurance Scenario:

India is highly under-served as far as insurance is concerned. Insurance penetration, measured as the percentage of insurance premium to GDP, is only at 3.1 percent in the Life segment and it is far below the world average of 3.5% (2015). The Non-Life Insurance penetration ratio in 2015 at 0.8 percent also remained much below the world average of 2.8 percent. A second parameter, like insurance density, calculated as the ratio of premium to population or per capita premium is INR 3060. The Non-Life insurance density in 2015 at INR 600 was significantly below the world average of US$ 285. Thirdly, the premium volume in 2015 for Life and Non-Life segments constituted mere 0.66 percent and 2 percent of the world total respectively and 3.52 percent and 5.8 percent of the Asia total respectively.

The Micro Insurance situation is still dismal even after IRDA's Obligations of Insurers to Rural or Social Sectors Regulation (2002), the adverse remarks of the Government of India-constituted Consultative Group on Micro Insurance (2003), IRDA's comprehensive Micro Insurance Regulations (2005) and the recommendations of the Rangarajan Committee on Financial Inclusion (2008). The new business under Micro Insurance portfolio for 2014-15 under JDY gives an indication as to its status. It is crystal clear that a sizeable chunk of the efforts came from the State insurer, i.e., LIC.

The Budget 2015-16 has striven at promoting Micro Insurance, though it is not enough. The real problem lies in enthusing insurers, both bank sponsored and others including public and private non-bank sponsored to foray into Micro Insurance in much bigger scale. Primarily, it requires efforts to convince the financially 'unsophisticated' people about the benefits of insurance whose products are more complicated than banking products. With the foreign investment limit for private insurers increased now under the Insurance Laws (Amendment) Bill 2008, they should accord due importance to promotion of Micro Insurance.

However, many pre-requisites need to be instituted, chiefly, motivating the agents, linking disbursements of small loans to Micro Insurance to mitigate the inherent risks with the former, training the staff and educating the customers to make a successful foray in the insurance field.

The Jan Suraksha Yojana, under which the schemes were launched countrywide, is expected to reduce the number of zero balance bank accounts created under the Jan-Dhan Yojana. The schemes target the poor and unorganized sector those who are neither covered by any form of insurance nor get pension. Under the accident insurance scheme, a person will be provided cover of Rs 200,000 for an annual premium of Rs 12. The cover is for accidental death or permanent total disability. The scheme will be available to people in the age group of 18 to 70 years with a savings bank account, who give their consent to join and enable auto-debit on or before May 31 for the coverage period from June 1 to May 31 on an annual renewal basis. The life insurance scheme will offer a renewable one year life cover of Rs 200,000 to all savings bank account holders in the age group of 18 to 50 years, covering death due to any reason, for a premium of Rs 330 per annum per subscriber.

On the other hand, the pension scheme focuses on the unorganized sector and provides subscribers a fixed minimum pension of Rs 1,000, Rs 2,000, Rs 3,000, Rs 4,000 or Rs 5,000 per month starting at the age of 60 years, depending on the contribution option exercised on entering at an age between 18 and 40 years. Thus, the period of contribution by any subscriber under APY would be 20 years or more. The benefit of fixed minimum pension enjoys sovereign guarantee. While the scheme is open to bank account holders in the prescribed age group, the central government would also co-contribute 50 percent of the total contribution or Rs 1,000 per annum, whichever is lower, for a period of five years.

5.2. Issues in Insurance Inclusion under PMJDY:

The programme is already being implemented and Government has advised the banks to execute the mandate in a mission mode. However, some people consider it a big move forward, while others question the scheme’s viability, some of the issues relating insurance industry are:

a) Insurance premium: The issue is that who is going to foot the bills for the insurance premium and other costs. For the accident insurance, NPCI has agreed to pay the premium, from the revenue that will generate from transaction of RuPay cards. In the meanwhile, Finance ministry has finalized that LIC will provide life cover by keeping aside INR 50 crore from the Social Security Fund. It is estimated if all the targeted 7.5 crore households covered by 26 January 2015, then the total premiums for the life insurance cover would be around INR 7.5 – 11.25 billion. However, in our view, there is a need for proper price discovery through tender process, rather than giving it to LIC only. It is estimated that if all the targeted 7.5 crore households are covered by 26 January 2015 then the insurance inclusion may reach at the level of 14-15 percent, which would be comparable to the developed markets.

b) Overdraft facility and insurance: In line with RBI's 'Basic Savings Accounts', PMJDY has also mandated to provide INR 5000/- overdraft limit after satisfactory operation of the account for 6 months. This is not new for the banks but as of end-March 2014, only 2.4 percent BSBDA accounts has availed OD facility and the average loan amount is INR 2709 in FY14, which was INR 392 in FY13 (average in the last 5 years is INR 896). However, if the accounts defaulted, Government is planning to cover it under the 'Credit Guarantee Fund', which may improve insurance business in the country.

c) Micro insurance: The definition of micro insurance in India is primarily a product-based, monetary one. It was implemented in 2005, but insurers have not readily embraced the concept of micro insurance. For example, by observing the micro insurance coverage of the BSBDAs, it is only at 13 percent in FY13, which seems that there is lack of coordination among the stake holders, i.e. between banks and insurers.

As at 15.01.2016, banks in the state have enrolled 25,28,358 persons in Pradhan Mantri Suraksha Bima Yojana (PMSBY), 8,13,533 persons in Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) & 42670 persons in Atal Pension Yojana (APY). The finance minister have called upon the bankers and the officials from Insurance Companies to accelerate their efforts to extend the benefits of these schemes to a large chunk of masses in the society and to settle the claims filed under these schemes immediately. He emphasized that Aadhaar Seeding in all the accounts should also to be ensured in each and every PMJDY account so that there may not be any multiple lodging of insurance claims in PMJDY accounts.

5.3. Life Cover under Pradhan Mantri Jan Dhan Yojana:

Following are the features and eligibility conditions to get life insurance coverage under PMJDY Scheme:

- The eligible age group is 18 completed to 59 (Nearer Birth Day)
- Person opening a Bank account **for the first time** (with RuPay Card) during the period from 15-08-14 to 26-01-15 is eligible to get life cover. This period has been extended by the Government.
- The Life cover of Rs 30,000 will be available from 26th January, 2015
- Only Head of the family is covered under this Risk Cover Scheme
- In case the head of family is 60 years or more of age, the second earning person of the family in the above mentioned age group will be covered
- In case of joint Account-holders under PMJDY, the first account holder (primary the account holder) will be provided Life Insurance cover
- The Bank account holder's account must have Ru-pay debit card linked to his / her Aadhaar number.

This study finds that existing channels of banking industry are very well utilized but due to lack of attractive features, however, Atal Pension Yojana is still not accepted by larger public. There is requirement of essential changes in the basic features related to amount of pension, tax exemption and claim settlement. However, Atal Pension Yojana is still favorable investment for those who are willing to contribute small but for longer duration for their pension funds. It is considered as landmark move by Government of India towards pensioned society from pension less society. The Union government is eager to ensure financial security for unorganized sector workers, numbering over 410 million, in their old age. To tackle the prolonged existence risks among the workers in unorganized sector and to push the workers in unorganized sector to willingly save for their retirement, Atal Pension Yojana was introduced on 1st June 2015, under the promising Pradhan Mantri Jan Dhan Yojana with the aim to provide financial support of pension to all the citizen of India with motto of "**Jan Dhan se Jan Surakhsha"**.

For the coverage to be effective the RuPay Card should be valid and in force and…..

- Only one person in the family will be covered in the Bima Scheme and in case of the person having multiple cards / accounts the benefit will be allowed only under one card i.e. one person per family will get a single cover of Rs.30,000.
- The life cover of Rs 30,000/- under the scheme will be initially for a period of 5 years, i.e. till the close of financial year 2019-20. Thereafter, the scheme will be reviewed and terms and condition of its continuation, including the issue of future payment of **premium** by the insured thereafter, would be suitably determined.
- Employees (in service or retired) of central and state governments, Public Sector undertakings, Public sector Banks, are not eligible for this scheme
- Persons whose income is taxable under I.T. Act 1961 or are filing the yearly Income Tax return or in whose case TDS is being deducted from the income, and their families are also not eligible
- Government has started a scheme called "Aam Admi Bima Yojana." The individuals covered under this scheme will get Rs 30,000 as life cover and Rs70,000 as accident cover. So, Persons / families who are included in AABY are not eligible for PMJDY life cover.
- Government has extended RuPay card usage condition to 90 days for a claim under an in-built accident insurance cover in case of RuPay Classic cardholders with effect from November 25, 2015. Under Pradhan Mantri Jan Dhan Yojana (PMJDY), RuPay Debit Card, with an in-built accident insurance cover of Rs 1 lakh, is provided to account holders. About 19.05 crore RuPay cards have been issued so far under PMJDY.
- One of the stipulations of meeting the claim under accidental death or permanent disablement was that the cardholder has to carry out at least one successful financial or non-financial transaction at a merchant establishment or at ATM or micro ATM or e-commerce transaction, up to 45 days prior to the date of incident, resulting into accidental death /permanent disability.

Chapter VI

Status of Rupay Cards

6.1. Present Scenario:

In India, 90 per cent of credit card transactions are domestic; however, the cost of transactions is high due to monopoly of foreign gateways like Visa and Master cards. Once this process of transactions is made India-centric, cost can come down drastically. In the last 3 decades, the usage of credit and debit cards, what we call the plastic money, has increased manifold.

Their usage has actually multiplied in the past one decade due to emergence of e-commerce. We can not only make purchases of our needs from a big store by swapping our credit or debit card, we can even purchase air, train, bus ticket; or any commodity from e-commerce websites using this plastic money. Though banking is no new business in India and credit and debit cards have been issued since long ago; however, these credit and debit cards had essentially been issued in partnership with international gateways like Visa and Master card. It is notable that both Visa and Master cards make huge money from this business.

According to world Line India, a leading agency providing services in the field of electronic transactions, there are nearly 20 million credit cards in the country; and HDFC Bank, State Bank of India, ICICI Bank and Axis Bank are the main banks issuing most of the credit cards. Apart from this, there were 389 million debit cards in the country in March 2015. During the last one year, 58 million new debit cards were issued. It is notable that after the ATM machines were started being used, all banks have been issuing debit cum ATM cards to their customers, which can be used not only for withdrawing money, but also for making transactions at stores and e-commerce websites. Foreign gateways like Master and Visa cards charge fee in lieu of their services and huge sum of foreign exchange gets transferred abroad by these companies. Due to monopoly of Master and Visa cards, a hefty fee is charged by them. Their business in India has been increasing leaps and bounds in the last 10 years.

According to RBI, credit cards transactions were Rs 1.56 lakh crore and debit cards transactions Rs 20.22 lakh crore during the year 2013-14. Foreseeing the importance of an Indian Card, Reserve Bank of India, desired to start an Indian card and National Payment Corporation of India (NPCI), realized this desire and an Indian card in the name of RuPay was started on March 26, 2012. Today increasingly the transactions of a majority of Indian banks and financial institutions are being facilitated by RuPay and it is giving a tough competition to Visa and Master card. NPCI has also tied up with Discover Financial to give RuPay an international acceptance.

The PMJDY numbers are stunning nationally. About 24.44 crore people across the country have opened accounts under the scheme; with over a half of them operating the accounts through the RuPay cards, the Indian version of a MasterCard or Visa debit cards. According to the Managing Director and CEO of National Payment Corporation of India, the new account holders generate 27 lakh transactions per day. This figure will touch 30 lakh per day very soon, as per the press note of NPCI, which is the umbrella organisation for retail payment systems in India.

The accounts together hold deposits of 42,000 crore, with an average transaction value of 2,000 rupees. An enquiry with the bankers show that the numbers continue to grow as people open accounts even after the banks have stopped campaigns for new enrolments.

Indeed, Rupay card is a large coverage domestic payment card launched by the National Payments Corporation of India (NPCI). India is only the 4th country in the world after the US, Japan and China to have its own national payment gateway with inbuilt accident insurance cover of INR 1 lakh and INR 30,000/- life insurance cover. The issuance of KCC Rupay kissan card is also proposed to cover under this plan.

The number of Rupay Debit Cards issued under Pradhan Mantri Jan Dhan Yojana (PMJDY) as on 14.09.2016 by Public Sector Banks was 15,45,09,458 which was 80.6% of total number of Rupay Debit Cards issued by all banks under PMJDY i.e. 19,04,78,242 as on 14.09.2016 in the entire country. The number of Rupay Debit Cards issued under PMJDY as on 14.09.2016 by Regional Rural Banks was 2,80,64,348 which was 15.34% of total number of Rupay Debit Cards issued by all banks under PMJDY in the entire country. The number of Rupay Debit Cards issued under PMJDY as on 14.09.2016 by Private Banks was 79,04,436 which was 4.05% of total number of Rupay Debit Cards issued by all banks under PMJDY in the entire country.

- The two Indian states with highest number of Rupay card issued under JDY are Uttar Pradesh with 3,06,86,425 accounts followed by Bihar with 1,69,92,616 accounts. The other states where more than one crore of accounts where Rupay cards are issued under JDY accounts are Madhya Pradesh with 1,66,64,658 accounts, Rajasthan with 1,55,76,790 accounts, West Bengal with 1,50,01,672 accounts and finally Maharashtra with 1,22,80,378 accounts;

- The two Indian states with lowest number of Rupay card issued under JDY accounts are Sikkim with 65,207 accounts followed by Mizoram with 93,167accounts. The union territories where less than twenty five thousand Rupay cards are issued include Lakshadweep with 4,244 accounts and Daman & Diu with 23,864 cards. The lower number of Rupay cards issued depended upon various factors like the size of population of the concerned state / union territory, number of people below poverty line and socio-economic development.
- The present status as presented as on 14th September 2016, banks have opened 24.44 crore accounts under PMJDY and have issued 19.05 crore RuPay cards leaving a gap of 5.39 crore.

6.2. Analysis of performance in the sample States:

- In the progressive sample states of Andhra Pradesh and Haryana and backward sample states like Chhattisgarh and Odisha, the performance under issuance of Rupay cards appears to be confusing. In Andhra Pradesh 59,76,209 Rupay cards are issued till 14th September 2016 which constitutes more than 80% of the account holders, one of the record performances, under PMJDY. In Haryana, the performance under issuance of Rupay card is still impressive with 85% of account holders are proud possessor of Rupay cards. In the state of Chhattisgarh, 77,17,848 Rupay cards are issued to the PMJDY account holders which constitute 68% of the total account holders. In the backward state of Odisha 80,22,385 Rupay cards are issued which constitute more than 79% of the total accounts holders.

- From the state wise report released by the Department of Financial Services, Ministry of Finance it appears that there are no discriminations on issues of Rupay cards between progressive and backward states. Around 80% of total account holders in the sample states are also holders of Rupay cards, except Chhattisgarh which is slightly lower at 68%. Once transactions level improved and zero balance accounts reduced, the percentage share of Rupay cards will also improve in the ordinary course of business.

6.3. What are the inherent benefits of RuPay card?

- Lower transaction cost: International transactions lead to higher transaction costs. Such costs can be reduced by using RuPay card since processing will be done within the country. Moreover, transactions will be faster without hassles.
- SMS alerts: Users will get alerts for every transaction made through this card and can quickly aware about any fraudulent use of the card.
- Reduced processing fees: Processing fees for RuPay card compared with regular debit / credit cards will be considerably lower.

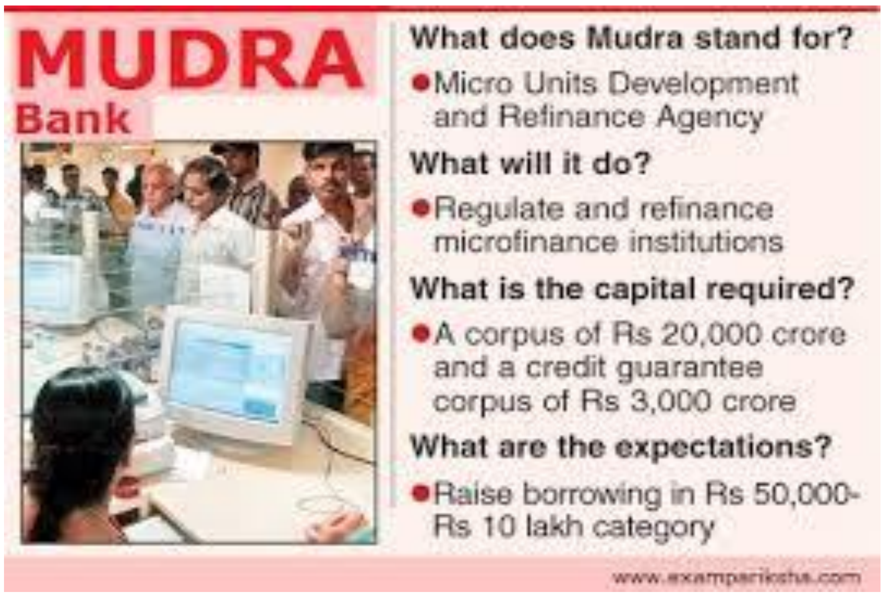
(Rupay cards are usually issued promptly to Aadhaar seeded account holders)

Chapter VII

Status of Mudra Scheme

7.1. Mudra Bank Loan Scheme:

There are many small organizations, companies and start ups Entrepreneurs in India. All these are collectively known as Micro Units. It has been observed that these Micro Units lack Financial Support. If financial support is given they can grow and be much better than they are currently.



MUDRA, stands for "Micro Units Development and Refinance Agency" is an institution that has been set up by Indian Government in the direct leadership of the Prime Minister. MUDRA Bank has been set up with only one major goal in mind: Fulfilling all the Funding needs of Non Corporate Small Businesses.

Responsibilities of MUDRA Bank –

- Preparing and Launching the Policy Guidelines
- Registration and Regulation of MFI Entities.
- Running an effective Credit Guarantee Scheme
- Creating a an Architecture for serving Micro business by Financial Assistance

Hence, the Pradhan Mantri Mudra Yojana, a special loan scheme has been launched and named as Pradhan Mantri Mudra Yojana (**PMMY**). All the required responsibilities and functioning of Mudra Bank will be done under this scheme.

Mudra Bank Scheme has been segregated as Shishu, Kishor and Tarun Categories Micro units or small business had to be categorized to signify the growth stage, Development and Funding requirements. Three categories were created for this purpose Namely "Shishu (Child Category)", "Kishor Category" and "Tarun Category". A brief explanation about the categories is as follows:

Shishu (Child) category – As the name suggests, this category is for the Start ups. All those businesses that have been just started and looking for loan will fall in this category. A loan cover of Rs. 50,000 will be given to all micro units falling in this category. Interest rate for Shishu Category is in the range of 10 to 12 %

Kishor Category – This one is for those who have started their business but it has been not yet fully established. A loan cover from Rs. 50,000 to 5 Lakhs will be given to units falling into this category. Interest rate in Kishor category is stipulated in the range 14 to 17% percent

Tarun Category – All small business which have been set up and established will fall into this category. There may be some financial requirements for the betterment of business. That's why all small business or units falling into this category will be eligible for a Loan cover of up to Rs. 10 Lakh. Interest rate in Tarun category starts from 16 %

7.2. Eligibility Criteria for Participating Banks and Financial Companies:

Scheduled Commercial Banks –

All scheduled commercial Banks in public and private sector with 3 years of continuous profit track record, net NPAs not exceeding 3%, minimum net worth of Rs.100 cr. and not less than 9% CRAR are eligible to Lend Loan

Regional Rural Banks:

All restructured RRBs having net NPA within 3% and with relaxation in deserving cases), having profitable operations and not carrying any accumulated losses and CRAR > 9% are eligible under Pradhan Mantri Mudra Scheme. MFI and Small Business companies are also eligible if they fulfill the requirement.

7.3. Bank performance under MUDRA Yojana:

MUDRA will be a re-financier, meaning it will finance the microfinance institutions (MFIs) which provide credit to the end-users in the rural hinterland, especially to the micro manufacturer, the artisan, the small businessman, and the small-time trader. At present, MFIs lend to their customers at around 23-24 percent after borrowing funds from banks in the 13-14 per cent range. With MUDRA entering the field, MFIs are expected to get finance at a much lower rate, and in turn, pass on the benefit to their customers. MUDRA however won't just be a financier; it will also be tasked with regulation of the sector, lay down guidelines and code of conduct, rate the MFIs, evolve methods of recovery, ensure client protection and spread the use of technology.

Till the end of February 2016, it is reported that an amount of Rs 1 lakh crore was sanctioned to 2.5 crore borrowers under the PM Mudra scheme and has proposed an increased allocation of Rs 1.80 lakh crore for the same up to the end of March 2017. Under MUDRA scheme, total disbursements made to banks and others were to the tune of Rs 75,000 crore against the disbursement target of Rs.1.22 lakh crore and out of the Rs.1500 crore refinanced, Rs. 800 crore was to banks and the balance for MFI including NBFC MFIs.

7.4. Schemes for funding Lending Institutions:

1. Separate scheme formulated and approved for refinancing Commercial banks, RRBs and Cooperative Banks.
2. Scheme for financing MFIs and NBFCs approved and communicated.
3. Women enterprises scheme has 25 bps interest rebates.
4. Banks to lend to the eligible borrowers, and claim refinance from MUDRA by submitting a simple application.

Interest rates: Institution Interest rate by MUDRA Ceiling on interest rate to be charged by lending institutions to the ultimate borrowers:

1 Commercial Banks at 6.72% and not more than base rate of refinanced banks

2 RRBs/Cooperative Banks 6.72% and shall not be more than 3.5% above MUDRA lending rate

3 NBFCs Differential rate of interest: Varying from average of the base rates of 5 largest commercial banks to SIDBI's PLR based on rating. Presently it ranges from 9.45% to 11.95% and shall not be more than 6% on and above MUDRA's lending rate.

4 NBFC-MFIs Shall be governed by the norms of priority sector lending by banks to MFIs, which provides for 10 to 12% interest margin to MFI.

7.5. MUDRA Card:

1. A hassle free credit to small borrowers and that too especially to those in lower segment viz., Shishu loans; Loan withdrawal on demand with flexibility in operation.

2. MUDRA card will help in digitizing MUDRA loan transactions and also facilitate towards a less cash regime.

3. A co-branded card with MUDRA and the issuing bank, issued directly or in association with MFI.

4. MUDRA to provide refinance / credit guarantee against loans granted under MUDRA Card.

(Sample Mudra Cards)

Chapter VIII

Concluding Remarks & Suggestions

8. Concluding Remarks and Suggestions:

8.1. Findings from the Survey:

- PMJDY has put the financial inclusion efforts on the mission mode. Our study findings show that it is a comprehensive programme aiming at ensuring the financially excluded people can access financial services, such as, Banking Accounts, Remittance, Credit, Insurance and Pension in an affordable manner.
- Over the years, the Indian government has taken many steps to make financial services accessible to all the people in the country. However, the recent scheme, Pradhan Mantri Jan-Dhan Yojana (PMJDY), launched by the Indian Prime Minister in August 2014, is a step much ahead for strengthening financial inclusion practices in the country.
- The new initiative of the Government's mission of financial inclusion is different in the sense that PMJDY is based on incentives, aggressive campaign to cover both rural and urban population instead of confining to rural only, and each household in all-villages approach instead of village based approach where population is more than a stipulated number;
- We have observed that the success or failure scenarios and the factors responsible on response to opening of Jan Dhan accounts are different from region to region or State to State or bank to bank depending on several exogenous and endogenous factors like geographical and topographical conditions, gender composition, caste and tribal mix, socio-economic and cultural systems, banking and financial network and similar factors;
- From the supply side of implementing Jan Dhan Yojana, distance from branch, branch timings, cumbersome documentation and procedures like lack of traditional collaterals and stringent requirements for opening and maintaining accounts, unsuitable products, language difficulties, staff attitudes, high costs and information asymmetry are some of the factors which should be looked into seriously for the successful implementation of this gigantic scheme;
- From the demand side factors like low income and assets, lack of permanent income flows or employment, low education and Financial Literacy levels and

other similar factors resulting in lack of awareness and create cultural, religious and social barriers to enjoy the economic benefits and progress.

- The proportion of zero balance accounts in the total number of accounts initially increased steadily but decelerated subsequently. However, huge disparity observed in performance across regions, states, and bank-groups and performance at the branch levels;
- Progress under PMJDY was astounding in terms of both numbers of accounts and balances as well as progress at almost equal rate in rural and urban areas. The ratio of rural to urban accounts at 60:40 and the number of zero balance accounts though dominant, slowly but steadily declined. The decline was noticeably sharp, especially from mid 2015 onwards.
- Our first hypothesis that consequent upon opening a new bank account under Prime Minister Jan Dhan Yojana each family will be getting a ***RuPay debit card*** that they can use to withdraw money from the account not appears to be fully complied. Out of 24.44 crore account opened till 14th September 2016, Rupay cards have been issued to 19.05 crores thereby constituting about78% of the account holders are issued with Rupay cards;
- The second hypothesis contains that the scheme envisages that newly opened account will be a zero balance account and thus the account holder will not be required to maintain any ***minimum balance*** in the account. Though the idea is altruistic, but the fact is that the total deposits in the accounts stands at INR 43,128 crores as on 14th September 2016 and expected to increase in the future as subsidies will be credited to beneficiaries accounts under direct benefit transfer proposal of the Government. Hence, the hypotheses stands negated;
- The third hypothesis stated that it is complimentary to each account holder that those who enrolled under this scheme by opening an account will be getting a ***life cover*** of Rupees 30,000/-. Due to certain formalities and delay on the part of the account holders to register themselves before the stipulated dates, still more than 26% are deprived to enlist themselves under the insurance life cover. Though plans are afoot to enroll all account holders by 31st March 2017;

- The fourth hypotheses states that the scheme supplements along with the life cover, the account holder will get an insurance policy wherein he will get an ***accidental cover*** of Rs. one lakh. This hypothesis is also negated as all account holders are yet to provide standing orders to debit the nominal premium amount from their respective accounts. However, the defaulters are less than 15 % and expected to reduce completely within a short period;
- The fifth and final hypothesis states that bankers are supposed to oblige if an account holder maintains the bank account and transact actively, then the account holder will be given an ***overdraft limit*** of rupees five thousand only. This hypothesis is totally negated as only 288 crores overdraft amount is availed by 21 lakhs and 58 thousand account holders as compared to a staggering number of 24.44 crores accounts opened under the JDY scheme.
- The number of accounts opened under PMJDY till 14th September 2016 reached 24.44 crores. In a period just more than two years, since initiation in August 2014, it is an unparallel scheme and thus recognized and included in the Gunniness Book of World records. We can rightly conclude that this scheme has touched the disadvantaged section of people of every village in the country and in terms of financial inclusion it has created a massive impact for the people living below the poverty line;

- Through field experiences, it can be concluded that opening of bank accounts through normal branches would lead to reduction in hassles and that too for illiterate people opening PMJDY accounts. Increasing linkage of Jan Dhan Accounts to Direct Benefits Transfer as well as linking more and more DBT schemes payments to Jan Dhan Accounts, will not only incentivize people to open more accounts, but will also increase the number of transactions occurring in these accounts.

- The field survey highlighted that earlier the most commonly reported barriers for opening accounts, are high cost, physical distance, and lack of proper documentation, though there are significant differences across regions and individual characteristics. However, Jan Dhan Yojana guidelines are incorporated in such a way to reduce barriers to financial inclusion and expand the pool of eligible account users and encourage them to use their accounts with greater frequency by channelizing funds through direct benefit transfer.

- To a great extent, PMJDY succeeded in reducing the informal system of money lending and promoting the culture of savings. It appears future of this scheme focus at rapid move forward for those people who have still remained deprived of basic banking and financial systems. This widely acknowledged and successful scheme have also strengthened the saving habit of the people and succeeded in opening large number of accounts and implementing strategies which will be followed to make it a success in order to keep the accounts operative.
- We can conclude that the widely acknowledged and successful launch of this PMJDY scheme strengthens the resolve that when coordination, dedication, opportunism, commitment, formalization, dependence, trust, satisfaction, cooperation and continuity is provided by all the constituents and stake holders, a strong framework can be created which acts as a dominant force for accomplishment of any difficult mission.

8.2. Suggestions:

- Financial literacy should become an integral part of the financial inclusion programme because the ultimate goal of any government is to empower the people to take action by them that are in their self-interest. When people know about the financial products available and when they are able to evaluate the merits and demerits of each product and the suitability of the product for their specific needs, they are in a better position to decide what they want and feel empowered in a meaningful way. They will also be aware to demand accountability for the deficiencies in the service and also seek redressal of grievances;
- Within a short period of time PMJDY has already enhanced its role as a game changer in the financial inclusion landscape, benefiting especially most of the poor without any bank account, and all the stakeholders in the comprehensive financial inclusion programme;

- The PMJDY can achieve further acceleration when financial literacy initiatives are clubbed as a more important tool. While Financial Inclusion may be viewed as supply side element of ‘Inclusiveness’, Financial Literacy will certainly form the key element from demand side.
- It is true that the modality of implementation of the PMJDY is a challenge, and the way it is implemented, it is a serious game changer in the country. However, true financial inclusion will require more than opening bank accounts. So, there is an immediate need for allowing and encouraging entrepreneurial innovation to cater to the varying needs of consumers of financial services.
- As observed through field survey and otherwise, most of the bank accounts opened under JDY are not operative. There could be many reasons for the non-operation of bank accounts, for example, lack of financial literacy or lack of funds with account holders. This is one of the major concerns especially in rural areas as people do not have requisite knowledge and awareness of the financial services that are being offered to them. So, simultaneous efforts should be made though Financial Literacy Centre (FLC) to educate the mass on the benefits of having bank accounts;
- There is a need for setting up appropriate infrastructural facilities to address large number of accounts that are opened. Technology can play a vital role to service large number of new and existing customers. Similarly, bank staff and business correspondents should be trained adequately to deal with people living in rural areas, who do not have much knowledge about financial services. Indeed, social skills training to deal with people living in rural areas should be imparted invariably;
- Adequate systems should be in place so that there is no chance of any leakage of any sensitive information to the outside world because there are few instances when gullible people have impersonated and utilized the accounts of innocent account holders. Likewise, the trust mechanism should be improved as there seems to be lack of trust in banking correspondents due to which borrowing from money lenders is still prevalent.

- Financial Exclusion even through PMJDY cannot be mitigated overnight; it's a process and should continue ad infinitum, as the definition metamorphoses over time. And this process should continue irrespective of any ideological or political or personal bias. The major stakeholders like banks should look at Financial Inclusion as a business proposition which may not yield 'immediate' return, but if one remains invested in it, will definitely reap bountiful results at the end.
- Our analysis revealed that not all banks were active in all States. Therefore, the banks which have dominant presence in some States or regions should concentrate on those States or regions for Financial Inclusion instead of frittering away their energy in areas where their presence is limited. This will save cost for banks and save frittering away of genuine human efforts.
- Private Sector Banks have hitherto played a miniscule role in PMJDY, even in urban Financial Inclusion. It is understandable that they do not have extensive rural networks but in urban areas, they do have. They must be exhorted to participate in this movement. Private Banks should desist from the thought that Financial Inclusion is a costly affair with little return in immediate run and therefore should participate only in a token way.
- Finally, the banks are required to build appropriate business models for driving Financial Inclusion. The business models should strive to strike a balance between outreach on one hand and viability on the other. This would be a delicate affair, because Financial Inclusion is not a one-time job; it has to be pursued ceaselessly over a long period of time. Therefore, sustainability of business models is important.

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Chapter IX

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10. Appendices: ***APPENDIX-I***

Evaluation of progress of Bank Accounts opened under Jan Dhan Yojana (JDY)

Questionnaire for the Banks:

Name of the village / Taluka / District_________

Sl.no.	Name of the Bank	No. and percentage of new accounts under JDY	Of the total adult population what percentage is covered by new bank accounts
1	**2**	**3**	**4**
1			
2			

Evaluation of progress of Bank Accounts opened under JDY (continued)

Of the total BPL population what percentage is covered by new bank accounts	Of the total accounts what is percentage of accounts under JDY	Average no. of transaction in the new accounts	Average amount of loan per new account
5	**6**	**7**	**8**
1			
2			

Evaluation of progress of Bank Accounts under JDY (continued)

Average amount of deposit per new account	Average amount of loan provided under 'JDY' accounts	Average amount of overdraft provided under'JDY" accounts
9	**10**	**11**
1		
2		

Evaluation of progress of Bank Accounts opened under JDY (continued)

How many low cost insurance policies are issued to JDY account holders	What procedural changes did bank effect to achieve 100 percent financial inclusion	Did bank itself approached the customer for opening new accounts or only publicized 'JDY'.
12	**13**	**14**
1		
2		

APPENDIX-II

Questionnaire for the Sample BPL Population:

Name of the Respondent _____________

Village/Taluka/District ______________

Account with the Bank _____________

1. Did you have any bank account before implementation of JDY scheme?

2. Did your nearest bank encourage you to open your savings account?

3. Did the bank tried to open account without your wish or willingness?

4. Whether you have opened account & able to carry out transactions easily?

5 Whether you have been able to open ‘zero balance’ a/c avail overdraft?

6. Whether you have been able to avail both deposit & loan facilities?

7. What is the amount of loan availed and deposits made by you?

8. Did the bank insist on any collateral for providing loans & advances?

9. What is the amount of loan availed by you without any collateral?

10. Whether your bank has provided you any low cost insurance schemes?

11. Whether you still borrow from moneylenders? If yes, what amount?

12. What are the procedural hassles that you still face in your bank?

APPENDIX-III

LIST OF SAMPLE VILLAGES

1. Abhanpur
2. Akbarpur
3. Akuru
4. Barabandha
5. Barlahandi
6. Barthal
7. Batapalli
8. Begumpur
9. Bhagwangarh
10. Bhatapara
11. Bhatgaon
12. Bikrampur
13. Bobbili
14. Bojihara
15. Boriguma
16. Budha Khara
17. Budhanpur
18. Champapada
19. Dabri
20. Darupeta
21. Daulatpur
22. Dayalgarh
23. Dengapada
24. Deodhar
25. Devada
26. Dharampura
27.Dhariguda
28.Dumuriguda
29.Fazilpur
30. Gadadih
31. Ghatabagra
32.Gopalpuram
33.Gopalpuri
34. Gurakhunti
35. Ibrahimpur
36. Ismailpur
37. Jhanki
38. Jharpali
39. Kadamguda
40. Kalampura
41. Kalyanipeta
42. Kamalpur
43. Kapasada
44. Kasibugga
45.Korada
46.Krishnapuram
47.Kuppili
48.Kathauli
49.Kathgarh
50.Kukudaguda
51.Lakahana
52.Lakshmipuram
53.Lankaput
54. Lologu
55.Mandapalli
56.Mandharpur
57. Mongara
58.Nandabalaga
59.Nandapalli
60.Nanhari
61.Nawagaon
62.Nilokheri
63.Nimora
64.Palliguda
65. Parastarai
66.Pathera
67. Penubharathi
68. Pindapada
69. Pudivalasa
70. Rajupeta
71.Santhapalem

72.Saraiguda

73.Sarayarapeta

74.Shankardah

75.Souraguda

76.Sunderkera

77.Tendua

78.Tulasigam

79.Umarda

80.Uttarapalli

List of Sample Branches: Appendix: 4

1	Allahabad Bank –Dhaneli	36	State Bank of India - Rasulpur
2	Allahabad Bank - Sunabeda	37	UCO Bank - Kasdol
3	Andhra Bank – Bobbili	38	UCO Bank - Malkangiri
4	Andhra Bank – Borigumma	39	Union Bank of India – Sadar Bazar
5	Andhra Bank – Hospital Road	40	Union Bank of India - Tanasa
6	Andhra Bank – Parvatipuram		
7	Andhra Bank – Rajam		
8	Andhra Bank – Sompeta		
9	Bank of India – Jagdhari		
10	Bank of India – Jeypore		
11	Bank of India – Nilokheri		
12	Bank of Maharashtra – Dhamtari		
13	Bank of India – Tekkali		
14	Canara Bank – Dadupur		
15	Canara Bank – Jundla		
16	Canara Bank – Kothari Park		
17	Canara Bank – Malkangiri		
18	Canara Bank – Salur		
19	Central Bank of India – Bhatpara		
20	Dena Bank – Bhaismundi		
21	Dena Bank – Madhav Nagar		
22	Indian Bank - Karlam		
23	Indian Bank - Puchila		
24	Oriental Bank of Commerce - Taraori		
25	Punjab National Bank - Gariyaband		
26	Punjab National Bank - Sandhura		
27	Punjab National Bank - Nisang		
28	Punjab National Bank - Nuvaguda		
29	Punjab & Sind Bank - Yamunanagar		
30	State Bank of India - Dharmavaram		
31	State Bank of India - Kotbommalli		
32	State Bank of India - Orkel		
33	State Bank of India - Pipli		
34	State Bank of India - Palasa		
35	State Bank of India - Pottangi		

Annexure - 2

PMMY

Performance under MUDRA from 01.04.2016 to 08.08.2016

Bank Name	Shishu (Loans up to Rs. 50,000)		Kishore (Loans from Rs. 50,001 to Rs. 5.00 Lakh)		Tarun (Loans from Rs. 5.00 to Rs. 10.00 Lakh)		Total	
	No Of A/Cs	Disbursement Amt	No Of A/Cs	Disbursement Amt	No Of A/Cs	Disbursement Amt	No Of A/Cs	Disbursement Amt
NBFC-Micro Finance Institutions								
SURYODAY MICRO FINANCE	21342	43.89	0	0	0	0	21342	43.89
Annapurna Microfinance Pvt. Ltd.	16150	34.31	18	0.16	0	0	16168	34.47
JAGARAN MICROFIN PVT LTD.	1369	1.93	0	0	0	0	1369	1.93
Spandana Sphoorty Financial Limited	60680	127.39	0	0	0	0	60680	127.39
Ujjivan Financial Services	5690	14.88	70	0.45	0	0	5760	15.33
ASMITHA MICROFIN LIMITED	13315	25.58	0	0	0	0	13315	25.58
JANALAKSHMI FINANCIAL	15476	34.68	0	0	0	0	15476	34.68
Fusion Microfinance Pvt. Ltd.	4648	9.28	0	0	0	0	4648	9.28
Arohan Financial Services Pvt. Ltd.	18308	33.97	0	0	0	0	18308	33.97
SKS Microfinance Limited	452233	735.82	0	0	0	0	452233	735.82
Total	609211	1061.73	88	0.61	0	0	609299	1062.34
SBI and Associates								
State Bank of India	2193	7.56	686	15.83	282	19.07	3161	42.46
State Bank of Bikaner and Jaipur	7	0.02	27	1.06	26	2.04	60	3.12
State Bank of Hyderabad	147	0.58	100	2.52	38	3.41	285	6.51
State Bank of Mysore	5	0.02	1	0.02	2	0.2	8	0.24
State Bank of Patiala	0	0	2	0.1	0	0	2	0.1
State Bank of Travancore	0	0	0	0	1	0.1	1	0.1
Total	2352	8.18	816	19.53	349	24.82	3517	52.53
Public Sector Commercial Banks								
Allahabad Bank	787	1.01	291	5.04	46	2.89	1124	8.94
Andhra Bank	1017	3.93	558	9.96	81	5.49	1656	19.38
Bank of Baroda	401	1.39	517	9.36	36	2.65	954	13.4
Bank of India	1094	4.18	1286	23.89	159	10.01	2539	38.08
Bank of Maharashtra	18	0.07	48	1.03	10	0.72	76	1.82
Canara Bank	1142	3.42	820	11.84	66	4.6	2028	19.86
Central Bank of India	677	2.21	331	12.48	56	8.87	1064	23.56
Corporation Bank	207	0.86	273	4.14	53	3.97	533	8.97
Dena Bank	1062	0.32	46	0.92	4	0.34	1112	1.58
Indian Bank	456	1.76	435	7.28	29	2.35	920	11.39
Indian Overseas Bank	311	1.12	327	5.34	22	1.52	660	7.98
Oriental Bank of Commerce	105	0.44	181	4.1	40	2.84	326	7.38
Punjab National Bank	1843	3.93	641	10.84	184	10.67	2668	25.44
Syndicate Bank	279	0.93	684	12.9	56	3.23	1019	17.06
Union Bank of India	558	1.72	558	9.01	31	2.14	1147	12.87
United Bank of India	543	2.14	470	9.54	79	5.84	1092	17.52
Punjab & Sind Bank	27	0.11	22	0.39	5	0.37	54	0.87
UCO Bank	789	2.14	591	8.49	58	3.8	1438	14.43
Vijaya Bank	195	0.74	177	3.4	28	1.95	400	6.09
IDBI Bank Limited	186	0.83	402	7.92	91	7.43	679	16.18
Bharatiya Mahila Bank	47	0.18	6	0.13	0	0	53	0.31
Total	11744	33.43	8664	158	1134	81.68	21542	273.11
Private Sector Commercial Banks								
Federal Bank	27	0.12	7	0.19	4	0.3	38	0.61
Karnataka Bank	15	0.07	14	0.35	1	0.07	30	0.49
Karur Vysya Bank	1	0	3	0.1	0	0	4	0.1
City Union Bank	0	0	1	0.05	1	0.08	2	0.13
South Indian Bank	0	0	2	0.06	3	0.23	5	0.29
Tamilnad Mercantile Bank	9	0.04	2	0.06	1	0.06	12	0.16
ICICI Bank	0	0	50	1.81	35	2.39	85	4.2
Axis Bank	15286	26.48	32	0.68	11	0.99	15329	28.15
IndusInd Bank	0	0	825	14.35	30	2	855	16.35
Yes Bank	0	0	186	3.65	0	0	186	3.65
HDFC Bank	20127	41.9	97	2.08	21	1.41	20245	45.39
DCB Bank	0	0	58	2.08	2	0.2	60	2.28
Total	35465	68.61	1277	25.46	109	7.73	36851	101.8
Foreign Banks								
Citibank	0	0	0	0	1	0.1	1	0.1
Total	0	0	0	0	1	0.1	1	0.1
RegionalRural Banks								
Odisha Gramya Bank	137	0.66	2	0.02	1	0.05	140	0.73
Utkal Grameen Bank	708	2.75	416	6.96	69	3.92	1193	13.63
Total	845	3.41	418	6.98	70	3.97	1333	14.36
Grand Total	**659617**	**1175.36**	**11263**	**210.58**	**1663**	**118.3**	**672543**	**1504.24**

Annexure - 3

PRADHAN MANTRI JAN DHAN YOJNA

PROGRESS REPORT ON NO. OF ACCOUNTS OPENED UNDER PMJDY : UP TO 30.06.2016

NAME OF STATE:ODISHA

SL NO	NAME OF THE BANK	*NO OF ACCOUNTS OPENED*							*NO. OF PMJDY ACCOUNTS WITH ZERO BALANCE*		*TOTAL DEPOSIT OF PMJDY ACCOUNTS (Lacs)*		*AADHAAR SEEDED ACCOUNTS*		*RUPAY CARD ISSUED*		*RUPAY CARD ACTIVATED*		*PASSBOOKS ISSUED*	
		E-KYC		*WITHOUT AADHAAR*		*TOTAL*		*TOTAL*												
		RURAL	*URBAN*	*RURAL*	*URBAN*	*RURAL*	*URBAN*	*RURAL + URBAN*	*RURAL*	*URBAN*	*RURAL*	*URBAN*	*RURAL*	*URBAN*	*RURAL*	*URBAN*	*RURAL*	*URBAN*	*RURAL*	*URBAN*
1	Allahabad Bank	2136	8921	124424	85158	126560	94078	**220638**	23047	10232	73.40	98.26	78837	53838	68539	45883	7137	5263	41453	31845
2	Andhra Bank	42743	5676	79689	17771	122432	23447	**145879**	19900	19683	1291.12	424.64	55329	15054	59354	40390	30630	39499	30347	39400
3	Bank of Baroda	1291	1766	144335	177909	145626	179675	**325301**	16289	19696	984.00	1334.00	72036	82762	136168	161965	30464	38790	135925	167705
4	Bank of India	4273	981	333260	264599	337534	265579	**603113**	78754	39536	4345.84	2195.81	72356	55644	259337	206241	98452	91245	249964	198787
5	Bank of Maharastra	0	3310	0	6385	0	9695	**9695**	0	2524	0.00	14.52	0	2466	0	1660	0	1586	0	6514
6	Bharatiya Mahila Bank	0	2654	780	2113	780	4767	**5547**	390	1259	0.00	2.86	600	4427	390	1791	0	0	390	1481
7	Canara Bank	89951	22212	124363	27420	214314	49632	**263946**	78754	39536	4345.84	2195.81	72356	55644	259337	206241	98452	91245	249964	198787
8	Central Bank of India	22810	34878	30751	40799	53561	75677	**129238**	3757	3359	757.96	1033.45	22810	34878	36209	56635	15422	23133	51205	74238
9	Corporation Bank	15368	17017	31144	22621	46512	39638	**86150**	6592	3691	1217.00	807.00	16451	18217	40122	33656	20233	18532	32798	26856
10	Dena Bank	5114	1576	6807	4206	11921	5782	**17703**	4901	2598	98.46	62.44	5168	1484	11531	5361	4111	2211	11531	5361
11	IDBI Bank	2779	10386	6364	26606	9143	36992	**46135**	1055	6304	31.73	120.97	508	2330	3804	15945	3569	15830	3584	12006
12	Indian Bank	19017	14005	70569	50147	89586	64151	**153737**	39687	5878	1832.41	101.00	30797	2958	84277	60112	109801	2001	103721	9470
13	Indian Overseas Bank	55289	46882	105982	63998	161271	110880	**272151**	51670	26708	3212.95	1305.52	96508	77028	154374	102312	64272	43002	154018	102488
14	Oriental Bank of Commerce	25934	7443	49059	23424	74994	30867	**105861**	10277	4389	3011.57	1960.58	25920	7458	64973	27617	28414	12258	66854	27091
15	Punjab & Sind Bank	0	105	2947	4116	2947	4221	**7168**	242	295	346.49	588.54	3449	2280	246	320	246	320	6579	5622
16	Punjab National Bank	12826	22243	199925	98290	212751	120533	**333284**	671	456	1434.00	2129.00	32856	47022	179506	125054	179506	125054	210212	112408
17	State Bank of B & J	0	401	0	1015	0	1416	**1416**	0	226	0.00	86.74	0	401	0	1338	0	1338	0	1152
18	State Bank of Hyderabad	102	6168	110	2888	212	9056	**9268**					111	7208	128	9010				
19	State Bank of India	20389	41273	2186847	913841	2207236	955114	**3162350**	641020	274721	28788.00	12936.00	740345	332619	1766835	767868	1590150	691080	1892840	835030
20	State Bank of Mysore	0	0	895	1117	895	1117	**2012**	495	535	2.44	2.39	400	509	687	680	0	0	0	0
21	State Bank of Travancore	0	0	0	350	0	350	**350**												
22	Syndicate Bank	39800	4710	63418	2954	103218	7664	**110882**	28000	6205	150.35	52.66	22725	4500	54000	10440	32000	8080	42000	10260
23	UCO Bank	2160	1472	570842	247646	573002	249118	**822120**	175630	64960	10580.00	5696.00	347804	148601	536547	241057	472161	209720	515702	224206
24	Union Bank of India	17156	36659	140603	125899	157759	162558	**320317**	20612	16526	813.57	1109.83	17156	36659	68135	82290	14309	17281	58906	76928
25	United Bank of India	133761	20060	291256	22900	425017	42960	**467977**	118674	7866	20770.00	12731.00	129246	19383	207086	123927	122470	87124	310450	39450
26	Vijaya Bank	49	5436	147	6483	196	11919	**12115**	0	887	1.46	72.89	46	5069	12	3476	12	2357	183	11115
27	Axis Bank Ltd	61	7	71329	119173	71390	119180	**190570**	3844	6928	149.77	269.13	1346	2244	8491	14957	7321	11689	6000	10000
28	Bandhan Bank	2931	12228	47139	136850	50070	149078	**199148**	0	0	0.00	0.00	0	0	8242	24538	0	0	0	0
29	City Union Bank Ltd	0	0	0	92	0	92	**92**	0	0	0.00	0.20	0	49	0	92	0	29	0	29
30	DCB	0	0	1288	729	1288	729	**2017**	561	688	11.60	4.24	529	450	0	0	0	0	1057	547
31	Federal Bank	0	1	7655	642	7655	643	**8298**	2911	0	137.80	288.89	711	21	7612	642	7010	625	0	0
32	HDFC Bank	0	0	43306	122604	43306	122604	**165910**	4227	13326	366.68	382.77	4671	10327	28119	79612	7162	25777	12178	35207
33	ICICI Bank	41552	2277	25955	12043	67507	14320	**81827**	58090	3999	0.00	366.12	41552	2277	67507	14320	0	0	67507	14320
34	Indus Ind Bank	0	22	253	5509	253	5531	**5784**	105	1787	2.87	31.79	117	2016	251	5519	162	3845	162	3845
35	Karnataka Bank Ltd.	0	2	715	1422	715	1424	**2139**	0	0	0.00	0.00	0	1275	0	622	0	0	0	0
36	Karur Vysya Bank	0	62	0	30	0	92	**92**	0	0	0.00	0.00	0	0	0	0	0	0	0	0
37	Kotak Mahindra Bank Ltd	274	53	1452	878	1726	930	**2656**	0	0	0.00	0.00	0	433	1000	515	0	0	0	0
38	Laxmi Vilas Bank	0	115	0	135	0	250	**250**	0	0	0.00	0.00	0	200	0	250	0	0	0	0
39	Standard Chartered Bank	0	0	0	0	0	0	**0**	0	0	0.00	0.00	0	0	0	0	0	0	0	0
40	The South Indian Bank Ltd.	0	253	0	0	0	253	**253**	0	101	0.00	1.51	0	131	0	206	0	0	0	133
41	YES Bank	0	0	0	67	0	67	**67**	0	19	0.00	0.97	0	26	0	67	0	0	0	0
42	Odisha Gramya Bank	0	0	855694	8792	855694	8792	**864486**	219878	941	16191.00	25.00	297183	3018	566964	5330	566964	5330	795336	8365
43	Utkal Grameen Bank	0	0	497972	21739	497972	21739	**519711**	174829	15092	7942.24	215.35	91248	13149	342737	21065	342737	21065	369845	20826
44	Orissa State Co-Op. Bank	0	0	0	0	0	0	**0**	0	0	0.00	0.00	0	0	0	0	0	0	0	0
	TOTAL	**557766**	**331252**	**6117276**	**2671359**	**6675042**	**3002611**	**9677653**	**1784862**	**600951**	**108890.54**	**48647.87**	**2281173**	**1054053**	**5022521**	**2499003**	**3853167**	**1595309**	**5420710**	**2311472**

Annexure - 4

Sl.No	DistrictName	BSBD A/Cs Opened	RuPay Cards Issued	% of Rupay Card Issued to BSBD A/Cs	No Of BSBD A/Cs With Aadhaar No	Aadhaar Seeding %	No. of POS Machines Installed
Number of Households having Basic Savings Bank Deposit Accounts(BSBDA) as on 30.06.2016							
1	ANGUL	340319	304532	89.48	159450	46.85	67
2	BALASORE	626915	421295	67.20	248571	39.65	122
3	BARGARH	375129	298403	79.55	88560	23.61	65
4	BHADRAK	418176	279770	66.90	146324	34.99	51
5	BOLANGIR	346411	292648	84.48	147717	42.64	52
6	BOUDH	165683	125534	75.77	60316	36.40	20
7	CUTTACK	555541	435462	78.39	246599	44.39	121
8	DEOGARH	95770	67360	70.34	37945	39.62	20
9	DHENKANAL	327253	272617	83.30	141203	43.15	90
10	GAJAPATI	111579	88594	79.40	44276	39.68	24
11	GANJAM	653273	510221	78.10	180343	27.61	65
12	JAGATSINGHPUR	296663	232000	78.20	125355	42.26	55
13	JAJPUR	481339	371346	77.15	137833	28.64	110
14	JHARSUGUDA	143636	115628	80.50	54271	37.78	23
15	KALAHANDI	191080	151323	79.19	43786	22.92	50
16	KANDHAMAL	151880	111274	73.26	44520	29.31	34
17	KENDRAPARA	337817	277227	82.06	134197	39.72	67
18	KEONJHAR	388484	329575	84.84	104613	26.93	83
19	KHURDA	704980	516202	73.22	263871	37.43	119
20	KORAPUT	240544	196737	81.79	44259	18.40	31
21	MALKANGIRI	176364	119426	67.72	45747	25.94	16
22	MAYURBHANJ	474414	422202	88.99	141180	29.76	137
23	NABARANGPUR	219614	159413	72.59	75616	34.43	19
24	NAYAGARH	266532	209571	78.63	108729	40.79	68
25	NUAPADA	139640	92298	66.10	49652	35.56	16
26	PURI	418997	308725	73.68	143323	34.21	102
27	RAYAGADA	126514	99826	78.91	47311	37.40	17
28	SAMBALPUR	307741	236838	76.96	81517	26.49	34
29	SONEPUR	180517	134543	74.53	38180	21.15	21
30	SUNDARGARH	414848	340934	82.18	149962	36.15	88
Grand Total		**9677653**	**7521524**	**77.72**	**3335226**	**34.46**	**1787**

Annexure - 5

Performance of Banks under Social Security Schemes as on 30.06.2016

Sl	BANKS	Pradhan Mantri Suraksha Bima Yojana - PMSBY							Pradhan Mantri Jeevan Jyoti Bima Yojana - PMJJBY							Atal Pension Yojana - APY						
		Urban		Rural		Total		Total	Urban		Rural		Total		Total	Urban		Rural		Total		Total
		Male	Female	Male	Female	Male	Female	Lives	Male	Female	Male	Female	Male	Female	Lives	Male	Female	Male	Female	Male	Female	Lives
1	Allahabad Bank	12364	8273	14958	12945	27322	21218	*48540*	3446	2893	6230	4321	9676	7214	*16890*	389	264	524	102	913	366	*1279*
2	Andhra Bank	43065	20005	132131	50300	175196	70305	*245501*	3995	2684	13027	6724	17022	9408	*26430*	5553	4001	3605	1388	9158	5389	*14547*
3	Bank of Baroda	24496	13898	15123	8914	39619	22812	*62431*	10551	5649	6101	3534	16652	9183	*25835*	2090	1630	1915	859	4005	2489	*6494*
4	Bank of India	46039	42965	65812	51006	111851	93971	*205822*	13571	9690	18420	10400	31934	20082	*52233*	1535	1512	1754	3114	3289	4626	*7915*
5	Bank of Maharastra	1925	582	112	32	2037	614	*2651*	1114	364	81	39	1195	403	*1598*	76	38	24	11	100	49	*149*
6	Bharatiya Mahila Bank	277	649	156	294	433	943	*1376*	94	158	104	163	198	321	*519*	0	0	0	0	0	0	*0*
7	Canara Bank	29947	17408	21191	11444	51138	28852	*79990*	6434	3361	16044	8206	22478	27611	*50089*	435	422	778	545	1213	967	*2180*
8	Central Bank of India	18590	3269	23595	3915	42185	7184	*49369*	8015	1625	10790	1528	18805	3153	*21958*	571	325	558	323	1129	648	*1777*
9	Corporation Bank	7930	4425	5170	3538	13100	7963	*21063*	2832	1730	1729	1127	4561	2857	*7418*	82	52	89	49	171	101	*272*
10	Dena Bank	2754	1684	6010	3461	8764	5145	*13909*	596	347	1521	478	2117	825	*2942*	53	56	67	61	120	117	*237*
11	IDBI Bank	13979	3289	10627	3431	24606	6720	*31326*	6481	2022	5842	1153	12323	3175	*15498*	1809	622	271	76	2080	698	*2778*
12	Indian Bank	13487	9043	14425	9536	27912	18579	*46491*	6286	4501	4747	2892	11033	7393	*18426*	1086	924	1205	777	2291	1701	*3992*
13	Indian Overseas Bank	31011	20009	41610	30295	72621	50304	*122925*	12097	7197	18108	10566	30205	17763	*47968*	2138	790	1367	642	3505	1432	*4937*
14	Oriental Bank of Commerce	51453	26584	8562	5796	60015	32380	*92395*	7542	3417	1340	629	8882	4046	*12928*	1169	803	347	193	1516	996	*2512*
15	Punjab & Sind Bank	2199	1120	838	213	3030	1329	*4359*	642	322	216	72	858	394	*1252*	86	58	40	15	126	73	*199*
16	Punjab National Bank	82312	48783	100601	73166	182913	121949	*304862*	16760	9932	20485	14897	37245	24829	*62074*	2125	2029	1419	872	3544	2901	*6445*
17	State Bank of Bikaner & Jaipur	562	185	0	0	562	185	*747*	246	101	0	0	246	101	*347*	87	28	0	0	87	28	*115*
18	State Bank of Hyderabad	996	1550	349	639	1345	2189	*3534*	524	826	210	403	734	1229	*1963*	92	109	45	71	137	180	*317*
19	State Bank of India	318046	175724	272716	170824	590762	346548	*937310*	84780	41766	59806	28685	144586	70451	*215037*	5919	4392	15123	9139	21042	13531	*34573*
20	State Bank of Mysore	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*
21	State Bank of Travancore	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*
22	Syndicate Bank	16258	14852	17532	13578	33790	28430	*62220*	3407	3419	3586	3241	6993	6660	*13653*	101	98	97	513	198	611	*809*
23	UCO Bank	33412	21599	44291	32398	77703	53997	*131700*	18971	10031	18971	11311	37941	21342	*59283*	1596	1227	1416	1045	3012	2272	*5284*
24	Union Bank of India	20138	11685	9909	5908	30047	17593	*47640*	7730	4480	3991	2015	11721	6495	*18216*	313	691	209	323	522	1014	*1536*
25	United Bank of India	7080	3862	41367	32759	48447	36621	*85068*	2836	1801	10214	6390	13050	8191	*21241*	244	223	658	448	902	671	*1573*
26	Vijaya Bank	7937	4634	4117	1877	12054	6511	*18565*	1260	890	527	187	1787	1077	*2864*	21	27	3	2	24	29	*53*
27	Axis Bank Ltd	13100	3333	5842	1202	18942	4535	*23477*	3636	1273	2224	558	5860	1831	*7691*	1537	587	5495	867	7032	1454	*8486*
28	Bandhan Bank	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*
29	City Union Bank Ltd	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*
30	DCB	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*
31	Federal Bank	362	224	3312	1029	3674	1253	*4927*	225	146	1266	368	1491	514	*2005*	14	24	83	29	97	112	*209*
32	HDFC Bank	12824	5135	4189	1272	17013	6407	*23420*	7503	2383	1575	459	9078	2842	*11920*	2660	825	509	151	3169	976	*4145*
33	ICICI Bank	8906	1833	46932	34051	55838	35884	*91722*	3422	915	332	100	3754	1015	*4769*	369	114	1092	514	1461	628	*2089*
34	IndusInd Bank	1693	725	348	109	2041	834	*2875*	82	56	7	3	89	59	*148*	13	8	3	2	16	10	*26*
35	Karnataka Bank Ltd.	259	48	80	13	339	61	*400*	212	37	60	12	272	49	*321*	0	0	0	0	0	0	*0*
36	Karur Vysya Bank	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*
37	Kotak Mahindra Bank Ltd	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*
38	Laxmi Vilas Bank	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*
39	Standard Chartered Bank	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*
40	The South Indian Bank Ltd.	265	93	0	0	265	93	*358*	125	74	0	0	125	74	*199*	44	53	0	0	44	53	*97*
41	YES Bank	88	51	0	0	88	51	*139*	62	38	0	0	62	38	*100*	2	3	0	0	2	3	*5*
42	Odisha Gramya Bank	64358	41159	80049	67477	144407	108636	*253043*	27862	17825	34578	29011	62440	46836	*109276*	431	272	1429	973	1860	1245	*3105*
43	Utkal Grameen Bank	16250	11925	87662	54917	103912	66842	*170754*	3133	2094	12063	6795	15196	8889	*24085*	329	226	2052	973	2381	1199	*3580*
44	Orissa State Co-Op. Bank	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*	0	0	0	0	0	0	*0*
	TOTAL	**904362**	**520603**	**1079616**	**686339**	**1983971**	**1206938**	***3190909***	**266472**	**144047**	**274195**	**156267**	**540609**	**316350**	***857176***	**32970**	**22433**	**42176**	**24077**	**75146**	**46569**	***121715***

State Level Bankers' Committee,Chhattisgarh

Bank wise PMJDY account details as on 30.06.2016

S.No	District	Rural	Urban	Total	Male	Female	Zero Balance Account	Active Accounts	RupayCard Account	RuPay Card Issuance %	RuPay Card Activated	RuPay card activation %	Aadhaar Card Seeded	Aadhar Seeding %
1	Yes Bank Ltd	0	905	905	432	473	825	80	905	100	552	61	676	75
2	ICICI Bank Ltd	21,232	7,956	29,188	15,231	13,957	20,126	9,062	29,188	100	16,053	55	5,046	17
3	Bhartiya Mahila Bank	0	3,409	3,409	715	2,694	767	2,642	3,409	100	1,364	40	1,011	30
4	HDFC Bank Ltd	23,473	45,405	68,878	29,773	39,105	33,616	35,262	68,872	100	49,588	72	19,584	28
5	Vijaya Bank	13,821	32,481	46,302	20,739	25,563	2,745	43,557	46,269	100	23,597	51	28,567	62
6	Federal Bank Ltd	0	1,664	1,664	735	929	565	1,099	1,660	100	1,378	83	188	11
7	Punjab & Sind Bank	17,593	6,225	23,818	10,337	13,481	1,500	22,318	23,716	100	6,640	28	6,337	27
8	Indian Overseas Bank	52,798	101,186	153,984	67,922	86,062	69,101	84,883	153,068	99	91,841	60	58,841	38
9	State Bank of Hyderabad	0	1,022	1,022	433	589	361	661	1,014	99	639	63	479	47
10	Indian Bank	11,994	18,842	30,836	13,045	17,791	11,818	19,018	30,368	98	17,917	58	5,341	17
11	UCO Bank	61,303	105,306	166,609	76,942	89,667	53,162	113,447	164,068	98	106,644	64	87,818	53
12	Corporation Bank	32,281	25,491	57,772	26,280	31,492	20,289	37,483	56,791	98	6,815	12	24,745	43
13	Allahabad Bank	90,593	32,736	123,329	50,039	73,290	43,598	79,731	120,648	98	37,401	30	56,340	46
14	Karur Vysya Bank Ltd	0	241	241	106	135	96	145	235	98	207	86	42	17
15	IndusInd Bank Ltd	1,313	8,067	9,380	5,634	3,746	4,164	5,216	9,144	97	6,492	69	2,547	27
16	Oriental Bank of Commerce	45,504	33,438	78,942	40,772	38,170	2,690	76,252	76,416	97	46,614	59	27,549	35
17	Bank of Maharashtra	65,482	20,137	85,619	40,306	45,313	33,243	52,376	82,095	96	20,524	24	28,967	34
18	Union Bank of India	124,018	18,641	142,659	59,381	83,278	58,599	84,060	136,284	96	76,319	53	19,220	13
19	Andhra Bank	7,582	12,377	19,959	9,301	10,658	2,733	17,226	19,012	95	9,696	49	12,678	64
20	Canara Bank	126,542	53,280	179,822	83,939	95,883	29,845	149,977	170,852	95	99,094	55	65,319	36
21	Bank of India	33,468	169,134	202,602	85,644	116,958	39,475	163,127	190,156	94	112,192	55	72,806	36
22	Bank of Baroda	78,740	200,937	279,677	130,108	149,569	42,959	236,718	261,398	93	177,751	64	93,754	34
24	South Indian Bank Ltd	0	1,344	1,344	401	943	585	759	1,206	90	302	22	689	51
25	Lakshmi Vilas Bank Ltd	0	282	282	125	157	64	218	252	89	55	20	70	25
26	State Bank of Patiala	0	1,719	1,719	1,005	714	370	1,349	1,528	89	810	47	914	53
27	State Bank of India	1,487,870	1,334,227	2,822,097	1,219,223	1,602,874	1,445,654	1,376,443	2,503,181	89	1,526,940	54	1,088,047	39
28	Syndicate Bank	17,389	20,317	37,706	15,342	22,364	14,754	22,952	33,315	88	9,661	26	19,047	51
29	Axis Bank Ltd	6,520	37,936	44,456	25,868	18,588	19,171	25,285	38,740	87	20,145	45	3,484	8
30	IDBI Bank Ltd.	44,724	10,276	55,000	23,255	31,745	24,129	30,871	46,872	85	14,999	27	13,452	24
31	Dena Bank	528,627	70,983	599,610	263,243	336,367	234,140	365,470	491,688	82	83,587	14	117,409	20
32	City Union Bank Ltd	0	47	47	23	24	1	46	38	81	17	36	34	72
33	State Bank of Travancore	42	75	117	58	59	14	103	93	79	55	47	37	32
34	Central Bank of India	323,446	36,604	360,050	156,709	203,341	53,717	306,333	276,941	77	116,315	32	114,659	32
35	Punjab National Bank	794,778	21,524	816,302	437,083	379,219	529,687	286,615	618,198	76	377,101	46	134,890	17
36	United Bank of India	4,406	81,028	85,434	41,003	44,431	18,321	67,113	45,490	53	40,031	47	43,548	51
37	CRGB	2,026,928	427,985	2,454,913	1,038,093	1,416,820	1,252,727	1,202,186	1,114,027	45	479,032	20	306,078	12
38	Kotak Mahindra Bank Ltd	3,861	2,136	5,997	3,394	2,603	3,376	2,621	1,319	22	448	7	2,486	41
	Grand	**6,046,328**	**2,945,363**	**8,991,691**	**3,992,639**	**4,999,052**	**4,068,987**	**4,922,704**	**6,818,456**	**76**	**3,578,816**	**40**	**2,462,699**	**27**

State Level Bankers' Committee,Chhattisgarh

Bankwise progress under PMMUDRA Scheme upto 30.06.2016

Sr.No.	Name	No of A/c (Shishu)	Sanction Amt (Shishu)	Disbursement Amt (Shishu)	No of A/c (kishore)	Sanction Amt (kishore)	Disbursement Amt (kishore)	No of A/c (tarun)	Sanction Amt (tarun)	Disbursement Amt (tarun)	Total No of A/c	Sanction Amt	Disbursement Amt
1	State Bank of India	6698	2943.81	2943.81	2707	7446.04	7446.04	1440	10317.97	10317.88	10845	20707.82	20707.73
2	Chhattisgarh Rajya Gramin Bank	16434	5582.00	5068.00	4513	5445.00	4265.00	34	271.00	256.00	20981	11298.00	9589.00
3	HDFC Bank Ltd	26633	5224.00	5224.00	731	1478.00	1478.00	154	1037.00	1037.00	27518	7739.00	7739.00
4	Canara Bank	7224	827.23	827.23	1587	3502.00	3502.00	227	1671.00	1671.00	9038	6000.23	6000.23
5	Central Bank of India	4949	1684.60	1324.37	964	2046.50	1648.05	219	1815.94	1572.13	6132	5547.04	4544.55
6	Punjab National Bank	2544	1129.44	878.07	1223	2228.90	1754.66	110	879.13	709.41	3877	4237.47	3342.14
7	Bank of Baroda	2634	650.50	581.01	598	1355.94	1242.49	164	1494.10	1443.70	3396	3500.54	3267.20
8	Dena Bank Raipur	5043	1102.32	759.69	894	1482.16	1332.00	78	631.00	484.00	6015	3215.48	2575.69
9	IDBI Bank	1484	424.96	424.96	464	1283.46	1283.46	154	1219.80	1219.80	2102	2928.22	2928.22
10	Indus Ind Bank	8442	1800.00	1745.00	281	368.00	0.00	70	399.00	0.00	8793	2567.00	1745.00
11	UCO Bank	1402	421.00	421.00	588	1211.00	1211.00	58	469.50	469.50	2048	2101.50	2101.50
12	Allahabad Bank	2472	511.88	511.88	320	739.15	739.15	66	529.85	529.85	2858	1780.88	1780.88
13	Union Bank of India	1527	447.11	352.72	568	1109.73	903.74	28	217.08	190.83	2123	1773.92	1447.29
14	Bank of Maharashtra	658	437.17	251.81	288	481.71	481.71	94	741.15	733.15	1040	1660.03	1466.67
15	Oriental Bank of Commerce	1463	267.64	258.35	253	630.17	623.52	84	600.09	584.56	1800	1497.90	1466.43
16	Bank of India	1947	786.79	677.05	168	330.49	287.00	34	243.41	242.22	2149	1360.69	1206.27
17	ICICI Bank	2	0.46	0.46	112	426.76	426.76	110	798.58	785.90	224	1225.80	1213.12
18	Corporation Bank	855	335.29	293.04	196	402.33	312.84	42	365.32	259.21	1093	1102.94	865.09
19	Andhra Bank	871	287.17	255.75	174	420.92	386.99	37	322.94	286.34	1082	1031.03	929.08
20	Indian Overseas Bank	603	235.94	217.97	235	267.89	262.23	31	193.00	183.00	869	696.83	663.20
21	United Bank of India	343	142.81	131.63	127	257.97	244.44	84	289.45	282.72	554	690.23	658.79
22	Syndicate Bank	800	340.00	340.00	0	95.00	95.00	0	0.00	0.00	800	435.00	435.00
23	Vijaya Bank	713	328.27	304.14	0	0.00	0.00	0	0.00	0.00	713	328.27	304.14
24	State Bank of Hyderabad	305	99.10	99.10	15	32.35	32.35	13	108.50	108.50	333	239.95	239.95
25	Indian Bank	125	51.34	51.34	85	146.23	146.23	1	5.50	5.50	211	203.07	203.07
26	Punjab & Sind Bank	198	60.60	59.48	30	66.64	64.64	6	45.30	39.90	234	172.54	164.02
27	State Bank of Travancore	6	3.00	3.00	11	28.00	28.00	5	36.00	36.00	22	67.00	67.00
28	State Bank of Patiyala	26	10.06	10.06	4	10.15	3.65	5	41.00	31.00	35	61.21	44.71
29	Axis Bank	0	0.00	0.00	0	2.00	2.00	5	43.00	43.00	5	45.00	45.00
30	Jammu & Kashmir Bank LTd	3	1.50	1.50	2	7.50	7.50	4	36.00	26.00	9	45.00	35.00
31	Kotak Mahindra	0	0.00	0.00	2	8.00	8.00	5	36.00	36.00	7	44.00	44.00
32	Bharatiya Mahila Bank	49	7.88	7.88	3	3.65	1.70	0	0.00	0.00	52	11.53	9.58
33	Apex Bank	5	2.50	2.50	1	1.50	1.50	0	0.00	0.00	6	4.00	4.00
34	City Union Bank Ltd	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
35	Development Credit Bank	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
36	Fedral Bank	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
37	Karur Vysya Bank Ltd	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
38	Kranataka Bank Ltd	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
39	Laxmi Vilas	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
40	Raipur Merchantile Bank	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
41	South Indian Bank	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
42	State Bank of Bikaner & Jaipur	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
43	Vyavasaayik Sahakari Bank	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
44	Yes Bank	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
	Total:	**96458**	**26146.37**	**24026.80**	**17144**	**33315.14**	**30221.65**	**3362**	**24857.61**	**23584.10**	**116964**	**84319.12**	**77832.55**

State Level Bankers' Committee,Chhattisgarh													
Districtwise progresss under PMMUDRA upto 30.06.2016													
Sr.No.	**Name**	**No of A/c (Shishu)**	**Sanction Amt (Shishu)**	**Disbursement Amt (Shishu)**	**No of A/c (kishore)**	**Sanction Amt (kishore)**	**Disbursement Amt (kishore)**	**No of A/c (tarun)**	**Sanction Amt (tarun)**	**Disbursement Amt (tarun)**	**Total No of A/c**	**Total Sanction Amt**	**Total Disbursement Amt**
1	Balod	2520	876.78	822.78	377	655.97	552.44	55	510.28	502.28	2952	2043.03	1877.5
2	Baloda Bazar	2697	764.1	709.42	696	1291.11	1216.18	68	595.42	548.63	3461	2650.63	2474.23
3	Balrampur	1069	370.66	301.08	543	805.6	461.16	35	287.07	281.95	1647	1463.33	1044.19
4	Bastar	1249	522.39	477.35	898	1475.77	1378.68	104	866.5	806.88	2251	2864.66	2662.91
5	Bemetara	1354	417.35	384.15	258	476.08	445.58	32	263.25	256.2	1644	1156.68	1085.93
6	Bijapur	310	205.39	185.08	83	211.91	163.18	3	49	41	396	466.3	389.26
7	Bilaspur	7731	2032.93	1941.53	1248	2640.52	2560.81	245	1960.5	1839.92	9224	6633.95	6342.26
8	Dantewada	287	126.83	116.93	263	479.21	420.77	22	197	197	572	803.04	734.7
9	Dhamtari	3047	893.94	844.05	625	972.72	882.18	107	897.38	812.14	3779	2764.04	2538.37
10	Durg	9388	2465.13	2280.49	1506	3433.76	3227.31	459	3548.21	3387.79	11353	9447.1	8895.59
11	Gariaband	1751	440.01	422.34	385	671.81	614.05	38	377.41	348.41	2174	1489.23	1384.8
12	Jashpur	3267	802.45	702.55	481	831.75	741.03	139	1153.14	1133.88	3887	2787.34	2577.46
13	Janjgir-Champa	5516	1512.68	1392.67	976	1845.87	1752.33	187	864	817.03	6679	4222.55	3962.03
14	Kondagaon	1072	441.87	403.88	526	986.17	921.85	56	466.5	463.43	1654	1894.54	1789.16
15	Korba	6091	1445.09	1394.83	816	1543.5	1443.36	106	638.31	572.88	7013	3626.9	3411.07
16	Koriya	2617	944.6	839.15	375	787.34	714.36	75	706.84	659.48	3067	2438.78	2212.99
17	Kanker	2237	771.36	709.9	588	1007.68	719.78	63	613.17	599.5	2888	2392.21	2029.18
18	Kabirdham	2085	731.76	624.44	264	562.55	517.95	55	506.75	465.25	2404	1801.06	1607.64
19	Mahasamund	3375	929.84	846.7	584	1205.34	1090.94	67	507.6	489.17	4026	2642.78	2426.81
20	Mungeli	954	307.05	263.28	294	546.45	496.22	33	257.11	239.02	1281	1110.61	998.52
21	Narayanpur	168	42.68	39.91	51	111.38	94.22	8	66.5	60.14	227	220.56	194.27
22	Raigarh	9540	2262.97	2185.64	1137	2042.79	1936.88	339	1310.22	1268.55	11016	5615.98	5391.07
23	Rajnandgaon	5368	1707.44	1531.09	881	1505.21	1352.81	218	1767.31	1715.22	6467	4979.96	4599.12
24	Raipur	10714	2466.91	2200.67	2110	4850.72	4550.78	631	4625.47	4412.73	13455	11943.1	11164.2
25	Surajpur	2188	682.5	584.09	473	787.27	641.41	53	393.5	379.95	2714	1863.27	1605.45
26	Sukma	139	61.75	59.38	76	211.43	204.43	18	236.8	236.68	233	509.98	500.49
27	Surguja	9724	1919.91	1763.42	630	1375.23	1120.96	146	1192.37	1048.99	10500	4487.51	3933.37
28	Total:	96458	26146.37	24026.8	17144	33315.14	30221.65	3362	24857.6	23584.1	116964	84319.12	77832.6

State Level Bankers' Committee, Chhattisgarh
Bank wise PM Insurance progress report up to 30.06.2016

Sr.No.	Name (Number of Branches)	PMJJBY Application Enrolled	PMSBY Application Enrolled	APY Application Enrolled	Total Applicants Enrolled (PMJJBY+PMSBY +APY)	No of Claims Lodged		No Of Claims Paid		Claims Under Process	
						PMJJBY	PMSBY	PMJJBY	PMSBY	PMJJBY	PMSBY
1	Allahabad Bank (44)	21602	73248	1164	96014	10	4	10	4	0	0
2	Andhra Bank (20)	4976	33697	772	39445	0	1	0	1	0	0
3	Apex Bank (252)	107146	312553	0	419699	0	4	0	0	0	4
4	Axis Bank (48)	3352	241150	242	244744	1	0	0	0	1	0
5	Bank of Baroda(76)	25909	120381	1569	147859	31	7	28	4	3	3
6	Bank of India(53)	22232	65211	1097	88540	8	2	7	0	1	2
7	Bank of Maharashtra(37)	29789	46037	1007	76833	3	0	3	0	0	0
8	Bharatiya Mahila Bank(3)	989	2181	51	3221	1	1	0	0	1	1
9	Canara Bank(68)	24875	97747	800	123422	13	7	9	3	4	4
10	Central Bank of India(120)	72048	218151	1350	291549	49	8	26	6	23	2
11	Chhattisgarh Rajya Gramin Bank (586)	151597	1252651	1610	1405858	21	1	21	0	0	1
12	City Union Bank Ltd(1)	65	74	0	139	0	0	0	0	0	0
13	Corporation Bank (23)	6616	28895	65	35576	3	0	2	0	1	0
14	Dena Bank (104)	60108	317624	1431	379163	39	10	19	7	20	3
15	Development Credit Bank (6)	40	97	0	137	0	0	0	0	0	0
16	Federal Bank (3)	573	1056	6	1635	0	0	0	0	0	0
17	HDFC Bank Ltd (74)	18890	37818	1058	57766	1	0	0	0	1	0
18	ICICI Bank (52)	1805	350150	14	351969	0	0	0	0	0	0
19	IDBI Bank (61)	20160	48246	700	69106	8	1	4	0	4	1
20	Indian Bank (15)	4524	12958	219	17701	9	0	9	0	0	0
21	Indian Overseas Bank (52)	17136	67483	213	84832	18	4	18	2	0	2
22	Indus Ind Bank (24)	176	3396	2	3574	1	1	1	1	0	0
23	Jammu & Kashmir Bank Ltd (1)	57	148	0	205	0	1	0	1	0	0
24	Karur Vysya Bank Ltd (1)	93	116	0	209	0	0	0	0	0	0
25	Kotak Mahindra Bank Ltd (13)	687	27843	0	28530	0	0	0	0	0	0
26	Kranataka Bank Ltd (4)	1288	2726	0	4014	0	0	0	0	0	0
27	Laxmi Vilas Bank Ltd (3)	105	92	0	197	0	0	0	0	0	0
28	Oriental Bank of Commerce (40)	14391	65886	373	80650	9	4	7	1	2	3
29	Punjab & Sind Bank (14)	3293	9372	46	12711	0	2	0	1	0	1
30	Punjab National Bank (116)	70346	216979	810	288135	12	3	9	1	3	2
31	South Indian Bank (3)	319	631	27	977	0	0	0	0	0	0
32	State Bank of Hyderabad (2)	594	621	0	1215	0	0	0	0	0	0
33	State Bank of India (357)	208692	809688	9381	1027761	261	12	242	5	19	7
34	State Bank of Patiala 1)	818	363	19	1200	0	0	0	0	0	0
35	State Bank of Travancore (2)	282	1460	15	1757	0	0	0	0	0	0
36	Syndicate Bank (25)	4854	9339	95	14288	4	1	3	0	1	1
37	UCO Bank(50)	15121	49572	280	64973	10	3	4	1	6	2
38	Union Bank of India (63)	28532	77399	430	106361	11	1	9	0	2	1
39	United Bank of India (26)	4327	19916	97	24340	4	1	4	0	0	1
40	Vijaya Bank (23)	9629	37069	168	46866	2	0	0	0	2	0
41	Vyavasaayik Sahakari Bank (6)	807	1137	0	1944	0	0	0	0	0	0
42	Yes Bank Ltd (2)	306	1241	3	1550	0	0	0	0	0	0
	Total: (2474)	**959149**	**4662402**	**25114**	**5646665**	**529**	**79**	**435**	**38**	**94**	**41**

State Level Bankers' Committee,Chhattisgarh			
DISTRICT WISE PMJDY claims date 30.06.2016			
Sr.No.	Name of the District	PMJDY Claim lodged	PMJDY Claim Paid
1	BALOD	1	1
2	BALODABAZAR	1	1
3	BIJAPUR	3	3
4	DHAMTARI	1	1
5	DURG	6	6
6	GARIABAND	1	1
7	JANJGIR-CHAMPA	1	1
8	KABEERDHAM	2	2
9	KORBA	2	2
10	MAHAMMUND	1	1
11	RAIPUR	15	15
12	SURGUJA	2	2
13	KANKER	0	0
14	BALRAMPUR	0	0
15	NBASTAR	0	0
16	BEMETARA	0	0
17	BILASPUR	0	0
18	DANTEWADA	0	0
19	JASHPURNAGAR	0	0
20	KONDAGAON	0	0
21	KORIYA	0	0
22	MUNGELI	0	0
23	NARAYANPUR	0	0
24	RAIGARH	0	0
25	RAJNANDGAON	0	0
26	SUKMA	0	0
27	SURAJPUR	0	0
	TOTAL	**36**	**36**

PRADHAN MANTRI JAN-DHAN YOJANA (PMJDY)

Frequently Asked Questions (FAQs)

Q. 1. What is Pradhan Mantri Jan-Dhan Yojana?

Ans. Pradhan Mantri Jan-Dhan Yojana (PMJDY) is National Mission for Financial Inclusion to ensure access to financial services, namely, Banking/ Savings & Deposit Accounts, Remittance, Credit, Insurance and Pension in an affordable manner.

Q.2. How is PMJDY different from the earlier Financial Inclusion Plan (Swabhimaan)?

Ans. PMJDY focuses on coverage of households as against the earlier plan which focused on coverage of villages. It focuses on coverage of rural as well as urban areas. Earlier plan targeted only villages above 2000 population while under PMJDY whole country is to be covered by extending banking facilities in each Sub-Service area consisting of 1000– 1500 households such that facility is available to all within a reasonable distance, say about 5 Km.

Q.3. Whether joint account can be opened in Pradhan Mantri Jan DhanYojana?

Ans. Yes, joint account can be opened.

Q.4. Under this Scheme, where can I open an account?

Ans. Account can be opened in any bank branch or Business Correspondent (Bank) outlet.

Q.5. What is BSBDA Account?

Ans. Basic Savings Bank Deposit Account (BSBDA) has been defined by RBI vide its circular dated 10.08.2012. Its salient features are: There is no requirement of minimum balance. The services available include deposit and withdrawal of cash at bank branch as well as ATMs; receipt/credit of money through electronic payment channels or by means of collection/deposit of cheques. Maximum of 4 withdrawals a month including ATM withdrawal. No such limit for deposits. Facility of ATM card or ATM-cum-Debit card. These facilities are to be provided without any extra cost.

Q.6. Whether there are any restrictions like age, income, amount etc. criteria for opening BSBDA by banks for individuals?

Ans. Any individual above the age of 10 years can open BSBDA Account.

Q.7. What is RuPay Debit Card?

Ans. Rupay Debit Card is an indigenous domestic debit card introduced by National Payment Corporation of India (NPCI). This card is accepted at all ATMs (for cash withdrawal) and at most of the PoS machines (for making cashless payment for purchases) in the country.

Q.8. What is PIN Number?

Ans. Personal Identification Number (PIN) is randomly generated code for use of ATM Card at the time of withdrawal of money from ATM Machine and also at the time of making payment on PoS.

Q. 9. How to keep your RuPay Card safe?

Ans. Beneficiary of RuPay Card is required to keep the Card in safe custody. PIN should be changed at frequent intervals and should never be shared with anyone. While using the card at ATM Machine or PoS, PIN should be entered in machine very secretly so that nobody could even guess about the PIN Number. As far as possible, Card should be used at authorized places / centres only. Besides, PIN number should never be written on the Card.

Q.10. What is special advantage of RuPay Debit Card?

Ans. It provides accidental insurance cover up to Rs.1.00 lakh without any charge to the customer.

Q.11. Whether illiterate customers can be issued RuPay Card?

Ans. Yes. However, Branch Manager will have to advise all the related risks to the illiterate account-holder at the time of issuance of RuPay Card.

Q.12. How to link Mobile Number with Bank Account?

Ans. Mobile Number of an account holder is entered in customer’s account in CBS System by the Bank on the basis of information given in the Account Opening Form. Also, for existing accounts, banks permit seeding through ATM, SMS from registered mobile, net banking or on making a request in the branch (there may be variations depending on the bank).

Q.13. What is the eligibility criteria to avail personal Accidental Insurance cover on RuPay Debit Card?

Ans. The Claim under Personal Accidental Insurance under PMJDY shall be payable if the Rupay Card holder have performed minimum one successful financial or non-financial customer induced transaction at any Bank Branch, Bank , ATM, POS, E-COM etc. Channel both Intra and Inter-bank i.e. on-us (Bank Customer/Rupay card holder transacting at same Bank channels) and off-us (Bank Customer/Rupay card holder transacting at other Bank Channels) within 90 days prior to date of accident including accident date will be included as eligible transactions under the Rupay Insurance Program 2016-2017.

Q.14. How long the debit card is valid and how to get Debit Card renewed?

Ans. Debit Card expiry date is mentioned on the Card itself. Account-holder is advised to get issued new card well before expiry date of his/her existing card by giving fresh application to the concerned bank.

Q.15. If someone has two or more accounts and two or more RuPay Debit Cards, whether accidental insurance cove is available in each account / each card?

Ans. Accidental insurance cover is available only in one account.

Q.16. What is PoS Machine?

Ans. PoS stands for Point of Sale. PoS Machine is a small device installed at almost all Business Centres to facilitate cashless purchases to their customers.

Q**.17. Does a person already having a Bank account in any bank needs to open another account under Pradhan Mantri Jan-Dhan Yojana (PMJDY) to get the Accidental Benefit/Life Insurance Benefit under the Scheme?**

Ans. For getting the life insurance cover in PMJDY, accounts opened between 15.08.2014 to 26.01.2015 (now extended to 31.01.2015) for the first time will get the benefit. Existing account holders can get issued a RuPay Card in his existing account to get benefit of accident insurance. Credit facility can be extended in the existing account if it is being operated satisfactorily. Therefore existing account holders need not open new accounts under PMJDY.

Q.18. What is the concept of overdraft of Rs.5000/- in PMJDY Account and for whom this facility is available?

Ans. Overdraft facility up to Rs.5000/- will be available to one account holder of PMJDY per household after 6 months of satisfactory conduct of the account. To avoid duplication Aadhaar number will also be required. If Aadhaar number is not available then Bank will do additional due diligence and also seek declaration from the beneficiary.

Q. 19. Whether Overdraft facility can be availed in more than one account?

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

Q.20. What is Accidental Insurance Cover? Who will pay the premium?

Ans. Accidental Insurance Cover is Rs.1.00 lakh and no premium is charged to the beneficiary -- NPCI will pay the premium. At present the premium is Rs.0.47 per Card.

Q.21. If both husband and wife who are opening accounts under PMJDY are eligible for Accidental Insurance Cover of Rs.1.00 lakh and overdraft facility of Rs.5000/- in both the accounts separately?

Ans. Accidental Insurance cover of Rs.1.00 lakh will be available to all account-holders. However, overdraft facility up to Rs.5000/- will be available to only one person in the family (preferably lady of the house).

Q.22. What documents are required to open an account under Pradhan Mantri Jan-Dhan Yojana?

Ans. (i) If Aadhaar Card/Aadhaar Number is available then no other document is required. If address has changed, then a self certification of current address is sufficient. (ii) If Aadhaar Card is not available, then any one of the following Officially Valid Documents (OVD) is required: Voter ID Card, Driving License, PAN Card, Passport & NREGA Card. If these documents also contain your address, it can serve both as "Proof of Identity and Address".

(iii) If a person does not have any of the "officially valid documents" mentioned above, but it is categorized as 'low risk' by the banks, then he/she can open a bank account by submitting any one of the following documents: a) Identity Card with applicant's photograph issued by Central/State Government Departments, Statutory/Regulatory Authorities, Public Sector

Undertakings, Scheduled Commercial Banks and Public Financial Institutions; b) Letter issued by a gazette officer, with a duly attested photograph of the person. Reserve Bank of India (RBI) vide its Press Release dated 26.08.2014 has further clarified as under: “Those persons who do not have any of the ‘officially valid documents’ can open “Small Accounts” with banks. A “Small Account” can be opened on the basis of a self attested photograph and putting his/her signatures or thumb print in the presence of an official of the bank. Such accounts have limitations regarding the aggregate credits (not more than Rupees one lakh in a year), aggregate withdrawals (nor more than Rupees ten thousand in a month) and balance in the accounts (not more than Rupees fifty thousand at any point of time). These accounts would be valid normally for a period of twelve months. Thereafter, such accounts would be allowed to continue for a further period of twelve more months, if the account-holder provides a document showing that he/she has applied for any of the Officially Valid Document, within 12 months of opening the small account.

Q.23. If the present address is different than that of printed on Aadhaar Card, can the account still be opened under Pradhan Mantri Jan-Dhan Yojana on the basis of Aadhaar Card?

Ans. If address has changed, then a self certification of current address is sufficient.

Q.24. What is meant by Insurance cover of Rs.30, 000/- announced by Prime Minister in his speech of28.08.2014?

Ans. Modalities of this Scheme announced by the Prime Minister on 28.08.2014 are being worked out expeditiously and will be disseminated to General Public very soon.

Q.25. Whether Cheque Book will be issued in accounts opened under PMJDY?

Ans. In PMJDY accounts are being opened with Zero balance. However, if the accountholder wishes to get cheque book, he/she will have to fulfill minimum balance criteria, if any, of the bank.

Q.26. What are the direct / special benefits attached to PMJDY?

Ans. Special benefits attached to the scheme are: i. Interest on deposit. ii. Accidental insurance cover of Rs.1.00 lakh iii. No minimum balance required. However, for withdrawal of money from any ATM with Rupay Card, some balance is advised to be kept in account. iv. Life insurance cover of Rs.30, 000/- v. Easy Transfer of money across India vi. Beneficiaries of Government Schemes will get Direct Benefit Transfer in these accounts. vii. After satisfactory operation of the account for 6 months, an overdraft facility will be permitted viii. Access to Pension, insurance products.

Q.27. I have no official valid document for opening an account. Can I still open an account with bank?

Ans. Reserve Bank of India (RBI) vides its Press Release dated 26.08.2014 has clarified as under: “Those persons who do not have any of the ‘officially valid documents’ can open “Small Accounts” with banks. A “Small Account” can be opened on the basis of a self-attested photograph and putting his/her signatures or thumb print in the presence of an officials of the bank. Such accounts have limitations regarding the aggregate credits (not more than Rupees one lakh in a year), aggregate withdrawals (nor more than Rupees ten thousand in a month) and balance in the accounts (not more than Rupees fifty thousand at any point of time). These accounts would be valid normally for a period of twelve months. Thereafter, such accounts would be allowed to continue for a further period of twelve more months, if the account-holder provides a document showing that he/she has applied for any of the Officially Valid Document, within 12 months of opening the small account.

Q.28. How much interest savings would earn in PMJDY Account?

Ans. Interest rate applicable for Saving Bank Accounts (presently @ 4 % in most of the banks) shall be admissible to accounts opened under PMJDY Scheme. Q.29. How much interest will be charged by bank on overdraft facility in PMJDY? Ans. Base Rate + 2 % or 12 %, whichever is lower. At present it will be 12 %.

Q.30. Whether banks will be organizing Account Opening Camps in future also?

Ans. Yes, nationalized banks have been asked to organize camps on all Saturdays from 8.00 AM to 8.00 PM. Banks can hold additional camps on other days also.

Q.31. If I have required papers for issuance of Aadhaar Card, can I get Aadhaar Card in Bank and open my account under PMJDY simultaneously?

Ans. Aadhaar Registration may be got done in Camps organized by UIDAI. In account opening camps also, endeavor is to make Aadhaar Registration Counter available.

Q.32. Do you have to pay some fee to open a Bank account under PMJDY?

Ans. No, There is absolutely no charge / fee for opening an account under PMJDY.

Q.33. Can a minor (below 18 years of age) can open an accountunder PMJDY?

Ans. A minor of above the age of 10 years can open his / her Savings Bank account in any bank.

Q.34. Who is Business Correspondent Agent / Bank Mitra and what is their role in PMJDY?

Ans. Business Correspondent Agents (Bank Mitra) are retail agents engaged by banks for providing banking services at locations where opening of a brick and mortar branch / ATM is not viable. Scopes of activities of Business Correspondents / Bank Mitra are as under: a) Creating Awareness about savings and other products and education and advice on managing money and debt counseling. b) Identification of potential customers. c) Collection and preliminary processing of various forms for deposits including verification of primary information /data. d) Filling of applications / account opening forms e) Collection and payment of small value deposits and withdrawals. f) Receipt and delivery of small value remittances / other payment instructions. g) Furnishing of mini account statements and other account information. h) Any other service on behalf of the Bank, duly authorized by the appropriate authority etc.

Q.35. How Bank helps us to use Banking Services?

Ans. Bank Mitra represent the bank concerned and enable a bank to expand its outreach and offer limited range of banking services at low cost, particularly where setting up a brick and mortar branch is not viable. Bank Mitra, as agent of the Bank, thus are an integral part of the business strategy for achieving greater financial inclusion.

Q.36. Who can be Bank ?

Ans. Banks have been permitted to engage individuals / entities as Business Correspondent (Bank Mitra) like (i) Retired Bank Employees (ii) Retired Teachers (iii) Retired Govt. Employees (iv) Ex-Servicemen (v) Individual owners of kirana / medical/ fair price shops, individual Public Call Office (PCO) operators, Agents of Small Savings Scheme of Government of India / Insurance Companies, ‘for profit’ companies registered under the Indian Companies Act. Since 24.06.2014, RBI has permitted Non Deposit taking NBFCs as BCs in addition to above.

Q.37. Can I get my PMJDY account transferred to other City / State upon my transfer posting to other States?

Ans. All banks participating in PMJDY are on CBS (Core Banking Solution) platform and the account can easily be transferred to any branch of the bank in any city/town as per the request of the account-holder.

Q.38. What is USSD based transaction and how to use it?

Ans. USSD is abbreviated form of "Unstructured Supplementary Service Data". USSD based Mobile Banking offers basic Banking facilities like Money Transfer, Bill Payments, Balance Enquiries, Merchant Payments etc. on a simple GSM based Mobile Phone, without the need to download application on a Phone as required at present in the Immediate Payment Service (IMPS) based Mobile Banking. Transactions can be performed on basic phone handsets. The user needs to approach his bank and get his mobile number registered. The bank will issue an MPIN (Mobile PIN) to the user. The user thereafter needs to dial *99# and the menu for using USSD opens. Thereafter customer has to follow selections on the menu to complete the transaction. Charges as applicable by the Telecom Operator (not more than Rs.1.50 per transaction as mandated by TRAI) may be applicable.

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