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Pradhan Mantri Jan Dhan Yojana : Bringing Financial Inclusion to Reality in India

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Abstract

The paper critically analyzes the issues and challenges involved in financial inclusion for inclusive growth and highlights Pradhan Mantri Jan Dhan Yojana's importance to bring Financial inclusion schemes a reality. The proper combination of literacy, aptitude, motivation, skill, and confidence and access to finance will lead to a wise monetary decision leading to benefits. In this regard, formal financial institutions are playing a leading role to channelize savings into investments. Several centrally planned economies may have the absence of complete development in the banking structure, causing disruptions in the growth. The banking sector's transformation is essential to encourage people to access banking services for financial and social sustainability. This paper analyzes the performance of schemes introduced by the Government of India towards financial inclusion or Sustainable development. It also helps to know the strategies implemented and proposed by the Reserve Bank of India to strengthen Pradhan Mantri Jan Dhan Yojana (PMJDY).

JEL Code : G21 ; D14; E10; I3
Keywords : Jan Dhan, Financial, Inclusion, Instruments, unbanked.

I. Introduction

BANKS IN INDIA were Nationalized in 1969, which can be considered a revolutionary step towards financial inclusion. Over the last seven decades, the Government of India and the Reserve Bank of India have taken several initiatives to bring everyone into the banking network. In the last decade, much emphasis has been given to financial inclusion. Financial inclusion is defined as "the process of ensuring access to appropriate financial products and services needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost fairly and transparently by mainstream institutional players" (Chakrabarty, 2011; Lenka and Sharma, 2017). The Pradhan Mantri Jan Dhan

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institutions like rural credit societies, banking correspondents, microfinance institutions, Self-help groups and the payment banks that have already reached remote places without a must be included in the financial inclusion plan.

iv. *High level of Monitoring:* A vast and indomitable program like the PMJDY entails a high monitoring and data management level. A vigorous data analytics engine is needed to measure the advancement by providing meaningful dashboards from a blend of data sets from various banks and departments.

v. *Increase the participation of Private sector Banks:* Out of the 115 million accounts opened as of 22nd January 2015, 90 million accounts were opened by the public sector banks. At the same time, 3.6% of the total bank accounts were opened by the private sectors. It implies that the public sector banks have a greater penetration when juxtaposed with the public sector banks. The reach of PMJDY across the rural population could be extended by increasing private sector banks' participation.

VI. Conclusion

Inclusive growth, economic development and progress of an economy can only be achieved if a country has a robust and robust financial system. All the resources from top to bottom have to be appropriately channelized for attaining inclusive growth in an economic system. There have been many formidable challenges in the financial inclusion area, such as bridging the gap between the various sections of society that are financially excluded within the formal financial system sphere, providing financial literacy, and strengthening credit delivery mechanisms to improvise financial-economic growth. A country's economic and social advancement is possible only if its weakest section can be financially autonomous. This paper critically examines the RBI steps for accelerating financial inclusion and the opportunities and challenges for India's financial inclusion. The unawareness about banking services and financial instruments in the rural and semi-urban area is a matter of concern.

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