

PMJDY AND URBAN POOR: WITH SPECIAL REFERENCE TO ALLAHABAD

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ABSTRACT

There can be few ways to get success and many reasons of failure. But lamentably, human being has the tendency to exaggerate success and read failures as 'gaps'. The same thing has happened with the 'planning' of our country, which is accompanied through five year planning pattern. How the circumstances of different sectors is envisage, conceptualized and planned can be best understood through the Five Year Plans (FYPs) of India, which gives an report of the post independence development of the country. After every 5 years the nation gets busy in drafting a plan for next five years but how much time do we devote to analyze the so called 'gaps' (if not failures). We try to fill those gaps through remedial measures which really do not emerge from in-depth analysis of gaps in the previous plan, which can occur either at the juncture of planning or during implementation. With the advent of new government in 2014, new aspiration has been started taking shape in the form of policy and planning. The planning has come with an innovative scheme to open an account for all who are devoid of financial inclusion. Pradhan Mantri Jan Dhan Yojana (PMJDY) was launched on 28th August, 2014, for Inclusive growth and democracy. Removal of rural & urban poverty is the two sides of the same coin. Elimination of poverty is achievable. I look the glass being half full and not half empty. In this report we have tried to analyze the impact of PMJDY account on urban poor specially for Allahabad district (Allahpur). This report has been divided in two section, first section includes introduction, explanation of PMJDY, review literature, objective of the study, hypothesis and research methodology. The second par comprises major findings of survey and analysis, conclusion and suggestions.

Introduction

The Government of India and the Reserve Bank of India have been making concerted efforts to promote financial inclusion as one of the important national objectives of the country. Some of the crucial efforts made in the last five decades include - nationalization of banks, building up of resilient branch network of scheduled commercial banks (CB's), co-operatives and regional rural

banks (RRB's), establishment of mandated priority sector prime targets, lead bank scheme, emergence of self-help groups, permitting BCs/BFs to be assigned by banks to provide door step delivery of banking services, zero balance BSBD accounts, etc. The basic objective of all these initiatives is to reach the large sections of the hitherto financially excluded Indian population. As in 2012, only 35 per cent of Indians older than 15 years had a bank account in a formal financial institution; in developing countries worldwide, the average is 41 per cent (World Bank 2012). Reserve Bank of India drives for financial inclusion, the number of bank accounts increased by about 100 million during 2011–13. Presently, there are 229 million basic bank accounts. Ingress to formal financial institutions has ameliorate gradually, but thousands of villages still deficient in bank branches; less than 10 per cent of all commercial bank credit goes to rural areas, where around 70 per cent of the overall population lives. Thus, the requirement for financial inclusion programmes is beyond question. Initially, the PMJDY targets the opening of bank accounts for 7.5 crore families in a year, by August 15th, 2015. Around 2 crore bank accounts were opened on the first day of the scheme's launch. In due course, the target is to include every eligible Indian in the banking system. In Phase one, all households will be provided a basic account, financial literacy will be taken to the micro level and the modus operandi for direct cash benefits will be put in place. Phase two intends to extend financial services to these basic account holders and provide them micro-insurance and pension. As it is difficult to lay out bank branches across all unbanked areas, Bank Correspondents (BCs) will be deployed on a large scale to help execute the plan.

PMJDY:

Pradhan Mantri Jan Dhan Yojana (PMJDY) is National Mission for Financial Inclusion to ensure access to financial services, like Saving and Deposit Accounts, Remittance, Credit, Insurance, Pension in an affordable manner. The Objective of PMJDY is financial inclusion and intensive growth along with the improvement of economic status of our country. The aim behind PMJDY is that every family or household have their own account and can access banking facility easily so that everyone become evenly a part of country specially a lower section of society who may easily not able to get these facilities prior to PMJDY. PMJDY Account can be opened at Business Correspondent (Bank Mitra) outlet or at Bank branches. PMJDY gives the facility of Overdraft that is up to Rs.5000/- is available in only one account per household after 6 months of satisfactory carry out of accounts. Joint account can also be opened under this scheme. The scheme has been started with a target to provide 'universal access to banking facilities' starting with "Basic Banking Accounts" with overdraft facility of Rs.5000 after six months

and RuPay Debit card with inbuilt accident insurance cover of Rs. 1 lakh and RuPay Kisan Card. the programme for financial inclusion under the PMJDY is based on six pillars:

-The country will be divided into a number of sub-service areas (SSA), each with 1,000-1,500 households. One banking outlet (branch or BC) will be established within a distance of five km from every SSA by August 2015¹.

- One bank account will be ensured for every household by August 2015, along with a RuPay debit card and an accident cover worth Rs.1, 00,000. If the '*credit history is satisfactory*' during the first six months, the account holder will become eligible for an overdraft worth Rs.5000;

- Financial literacy programmes will be expanded by August 2015 to spread awareness about financial services;

- A Credit Guarantee Fund will be created before August 2018 to cover potential defaults in overdrafts;

- All willing and eligible persons will be provided with micro-insurance by August 2018; and

- Pension payments under the Swavalamban Yojana scheme for workers in the unorganized sector will be paid through bank accounts by August 2018.

Review of Literature

Dr.G.H. Barhate and Ms. V.R.Jagtap have include includes study of various financial inclusion and to evaluate progress and current status of financial inclusion of the State in their research paper.

Dr.Anupama Sharma and Ms. Susmita Kukreja have discussed in their paper that "The study focuses on the role of financial inclusion, in strengthening the India's position in relation to other countries economy. For analyzing such facts data for the study has been gathered through secondary sources including report of RBI, NABARD, books on financial inclusion and other articles written by eminent authors.

Objective of the Study

To know the financial awareness of PMJDY among the household concerned areas.

Hypothesis

H0: Financial literacy of people concerned area are independent of PMJDY.

H1: Financial literacy of people concerned area are dependent of PMJDY.

Research Methodology

The present study is mainly based on primary data. We have selected Allahpur area for study and purposively selected two samples of having size 50 each. Allahpur is a township/mohalla of Allahabad District. It falls under the Allahabad-North constituency of Uttar Pradesh's legislative assembly. It is located at a very strategic point in Allahabad with proximity to tourist attractions like Triveni Sangam (a confluence of the Ganges), the Yamuna, and the mythical Sarasvati River river and Anand Bhavan. The first sample belongs to those who have PMJDY ACCOUNT and the second sample consist people who do't have PMJDY account, with the help these samples we have analyzed the impact of PMJDY on urban poor. The samples have been chosen from Allahabad urban area. Only two components have been seen in these analyses which are mostly affected by the PMJDY, these are- 1. Financial Literacy 2. Banking behavior . The term financial literacy and Banking behavior has been described on the basis of KMPG definition. According to the above given definition of KMPG we have followed financial literacy as use of ATM. Secondly, the banking behavior has been described as, how many people using bank account more than three times within one month. The hypotheses of this study have been analyzed with stactical tool χ^2 , Excel etc.

Major Findings

41% of respondents belongs to 40-50 age group, 22% belongs to 50-60 age group, 13 % of respondents belongs to 20-30 age group and rest 24% of respondents belongs to 30-40 age group. As we can see in the chart that 81% respondents are male and 19% of respondents are female. 78 respondents out of 100 has belongs to Hindu religion and rest 12 respondents belongs to Muslim religion

Financial awareness of the Respondents:

Answers of the respondents who have account in PMJDY, have been given bellow in table form:

	Yes	No
Know about ATM pin	38(76%)	12(24%)

Operated ATM	36(72%)	14(28%)
After getting ATM not operated	20 (40%)	
After opening account operated	40(80%)	10(20%)
SMS Alert	22 (44%)	10(20%)
Requested for RUPAY card		
	8 (16%)	42(%)
Account operated by owner	35(70%)	5(%)

Source: primary survey 2018.

Answers of the respondents who have not account in PMJDY, have been given bellow in table form:

	Yes	No
Know about ATM pin	28(56%)	22(44%)
Operated ATM	28(56%)	22(44%)
After opening account operated	25(50%)	25(50%)
SMS Alert	10 (20%)	-

Requested for RUPAY card	2 (4%)	-
Account operated by owner	3 (6%)	22(44%)

Source: primary survey 2018

If we compare both tables, then we find that respondents of PMJDY account holders have majority (76%) about knowing ATM Pin in the comparison of that respondent (56%) who has not PMJDY account . 72% people response that they have operated ATM in PMJDY having group and 56% in not having PMJDY group.20 respondents(40%) out of 36 who said that they have operated ATM ,said that after getting ATM they were not operated it themselves in the group of that respondents who are related with PMJDY group.25 respondents out of 50 in the group of not having PMJDY ,were said that they were operated their account after opening .It is less number(25) in the comparison of other groups (40) ,who have PMJDY account.44% of respondent said in PMJDY having group that they connected their mobile with SMS alert .this number 44% is greater than other(only 20%) which shows more awareness of PMJDY group. Only 16% of respondents have been applied for RUPAY CARD but it is more than other group (4%) who belongs to not having PMJDY.70% of respondents who belongs to having PMJDY group has agreed that account has been operated by its owner and only 6% of respondents in other group who have not PMJDY said their account has been operated by themselves .On the basis of these awareness in the comparison of that group who have not PMJDY accounts factor , we can say that PMJDY having account having group have more Financial.

	Financial literacy affected	Financial literacy not affected	Total
People having PMJDY account	36	14	50

People not having PMJDY account	28	22	50
Total	64	36	100
χ^2 calculated =2.78 χ^2 tabulated = 3.84(with 5%level of significance and 1 degree of freedom) H0 is not be rejected			

Source: Primary Survey 2018.

In the table we can see that tabulated value of χ^2 (3,84) is greater than calculated value of χ^2 (2.78) for 5% level of significance on 1 degree of freedom .it means that **HO** hypothesis can not be rejected .It means that Financial literacy of people in concerned area is independent on PMJDY. In other words we can say that financial literacy of people concerned area is not dependent on PMJDY.

Conclusion

After looking at the available large literature and going through the above study we can say that it was a great step to launch such a policy to get the aim of poverty alleviation and after that the financial inclusion in the economy. We have mainly focused the impact of this revolutionary step on financial literacy of the study area. The analytical data shows that the financial literacy is not affected by PMJDY, the reason of this result may be the multidimensional implication of the term financial literacy. But there is also seen good positive results of this yojana on economy such as, banking behavior of cerned area has been affected greatly.

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