

*N K V RoopKumar\*\*  
Ashish S. Sharma\*\**

## *Empirical Study of Jan Dhan Yojana and Jan Suraksha Schemes*

*Financial inclusion or the provision of universal access to financial services viz. banking savings and deposit accounts, remittance, credit, insurance and pension in an affordable manner to the poor and needy sections of the population is the focus area of the Jan Dhan and Jan Suraksha schemes. This paper seeks to analyse the growth and the performance of Jan Dhan and Jan Suraksha schemes from inception to October 2017. By analysing enrollment trends, distribution patterns, deposits and claims, this paper tries to understand the full potential of these schemes in ensuring empowerment and security to this segment of the population.*

*Keywords: PMJDY, PMJJBY, PMSBY, Performance Evaluation*

### **Introduction**

"Mera Khaata, Bhaagya Vidhaata" meaning "My Account is creator of fate" was the slogan with which the Hon'ble Prime Minister Shri Narendra Modi launched the world's biggest financial inclusion program for the Indian people i.e. the Pradhan Mantri Jan Dhan Yojana (PMJDY) on 15th August 2014.

The Government of India, on 9th May 2015 launched a "Suraksha Bandhan" drive through participating Banks and Insurance Companies. This drive aims to take forward the Government's objective of creating a Universal Social Security system for the country, especially for the poor and the underprivileged.

This article proposes to conduct an empirical review of the PMJDY scheme and also the Jan Suraksha Schemes i.e. PMJJBY, PMSBY and APY.

*\*Head – Chief of Risk, Info & Cyber Security Management at SBI Life Insurance Co. Ltd. Email- roopkumarn@gmail.com*

*\*\*Asst. Manager, Risk, Info & Cyber Security Management at SBI Life Insurance Co. Ltd. Email- ashish90.sharma@gmail.com*

### **Social Security Schemes**

The PMJDY, a national mission for financial inclusion, is an initiative to enable all households, urban and rural, to gain easy and universal access to financial services, by facilitating the opening of zero deposit bank accounts by any bank branch, or Business correspondent (Bank Mitra), and also get Rupay debit cards. The PMJDY envisages access to various financial services like savings bank account, access to need based credit, facility for remittances, insurance and pension for the excluded sections i.e. weaker sections and low income groups, thereby ensuring deep penetration at an affordable cost through effective use of technology. The mission targeted 7.5 crore households for opening of Jan Dhan accounts. The outreach was planned through a strong Bank network (approximately 1,55,000 outlets). As on 31st August 2016, 14.79 crore rural and 9.31 crore urban, i.e. a total of 24.10 crore accounts have been opened, all over India.

According to the Indian Census 2011, it was estimated that, out of 24.67 crore households in the country, 14.48 crore (58.7%) households have access to banking services. Of the 16.78 crore rural households, 9.14 crore (54.5%) were availing banking services. Of the 7.89 crore urban households, 5.34 crore (67.7%) households were availing banking services. Further, it is estimated that 6 crore households in rural and 1.5 crore in urban were not covered (Reddy. M. Malla, 2016).

The triad of Social Security measures includes-

- Pradhan Mantri Jeevan Jyoti Beema Yojana (PMJJBY) - It is a Life Insurance scheme, with a term life cover of Rs. 2 lakhs and an annual premium of Rs. 330.
- Pradhan Mantri Suraksha Beema Yojana (PMSBY) - For accident & disability cover upto Rs.2 lakhs with an annual premium of Rs. 12.
- Atal Pension Yojana (APY) - To address the issue of old age security. With a guaranteed pension at the age of 60.

The participating banks and insurance companies are to work towards local outreach, awareness building and enrollment facilitation.

The life insurance part of this initiative, the PMJJBY scheme, is a one year life insurance term cover of Rs 2 Lakhs, renewable annually, administered by Life Insurance Corporation of India (LIC) and other participating life insurance companies, with Banks tie ups. This scheme is meant for all savings bank account holders, in the age bracket of 18-50 years. The premium of Rs 330/- per annum is to be deducted from the account holders' savings bank account, through an "Auto Debit" facility in one installment, annually.

The PMSBY offers Rs 2 Lakhs accidental death cover with permanent total disability cover of Rs 1 Lakh for a premium of Rs 12/-. Payable annually from savings bank accounts, with consent, for auto debit facility.

The APY is open to all savings bank account holders, the minimum age at entry being 18 years and the maximum age is 40 years. The pension will commence from the age 60, to the subscriber and thereafter to his spouse, with return of corpus to nominee, after death of spouse. This scheme is for all savings bank account holders who are not members of any social security scheme, and not income tax payers. It is focused on all citizens in the unorganized sector.

### *Methods and Materials*

#### **Data Collection**

The secondary data for this article was collected from the Pradhan Mantri Jan Dhan Yojana web site which provides the progress of cumulative enrolments across banking sectors and locations, from 24th September 2015 to 29th October 2017. Also, secondary data for PMJJBY, PMSBY and APY were collected from Jan Dhan Se Jan Suraksha web site which provides location, gender and Bank wise cumulative enrollment progress from 30th May 2015 to 30th October 2017, and the claims data for PMJJBY and PMSBY which was available from 31st March 2016 onwards till 30th October 2017.

#### **Analysis**

Spatial analysis was performed on the state wise Jan Dhan account enrollment wherein the heat map gives the distribution across the country.

Pareto analysis of Jan Dhan enrollments was performed to understand the major Banks contributing to 80% enrollment across banking sectors.

A trend analysis of deposits, enrollments under Jan Dhan and Jan Suraksha schemes (including claims) was performed to study the schemes.

### *Results and Discussions*

#### **1. Jan Dhan Yojana**

As shown in Fig.1, the states of Uttar Pradesh and Bihar show highest proportion of Jan Dhan accounts having 15% and 10.5% respectively i.e. more than 95<sup>th</sup> percentile. On the other hand, the states of Rajasthan, Madhya Pradesh, Maharashtra, Chhattisgarh, West Bengal and Assam show moderate to high proportions of Jan Dhan accounts having 7.78%, 8.68%, 7%, 4.1%, 9.5% and

4.8% respectively i.e. 80<sup>th</sup> to 95<sup>th</sup> percentile. Also state of Gujarat in the west with 3.78%, in the south Karnataka, Kerala, Tamil Nadu, Telangana, Andhra Pradesh with 3.7%, 1.1%, 2.9%, 2.91% and 2.92%, Orissa and Jharkhand in the east with 3.97% and 3.56%. Furthermore, northern states of Punjab, Haryana, Delhi with 1.96%, 2.10% and 1.28% respectively which are showing moderate range of Jan Dhan account holders i.e. between 48<sup>th</sup> to 64<sup>th</sup> percentiles.

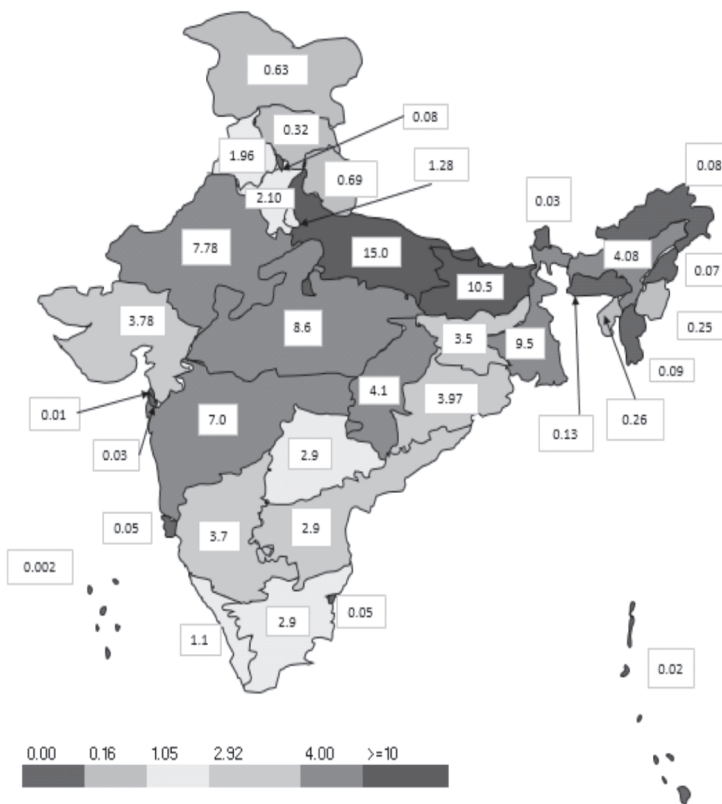


Fig.1: Heat map of state wise distribution of Jan Dhan enrollments (in percentage)

Whereas the states of Uttarakhand, Jammu & Kashmir, Himachal Pradesh, Tripura, Manipur, Meghalaya, Mizoram, Arunachal Pradesh, Chandigarh, Nagaland, Puducherry, Goa, Sikkim, Dadra & Nagarhaveli, Andaman & Nicobar islands, Daman & Diu and Lakshadweep shows lower proportion of Jan Dhan accounts having 0.693%, 0.631%, 0.319%, 0.264%, 0.253%, 0.135%, 0.086%, 0.083%, 0.080%, 0.071%, 0.052%, 0.049%, 0.031%, 0.029%, 0.017%, 0.013%, 0.002% respectively which are less than or equal to 32<sup>nd</sup> percentile.

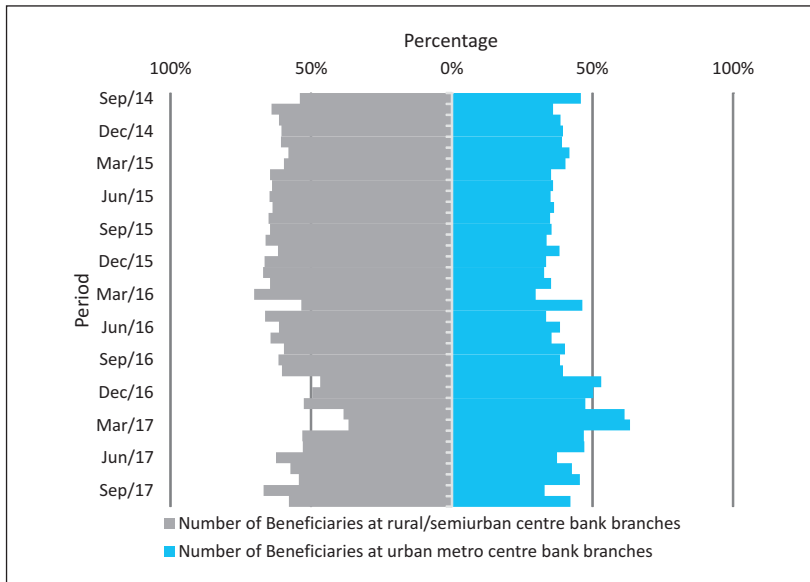


Fig. 2: Distribution trend in enrollments

Fig. 2 shows distributional trend in Jan Dhan account enrollments in rural/semi-urban and urban / metro bank branches. Initially larger proportion of accounts were opened at the rural and semi urban bank branches, which was followed by a rise in urban enrollments till the end of financial year 2016, after which the proportion of rural accounts started rising once again.

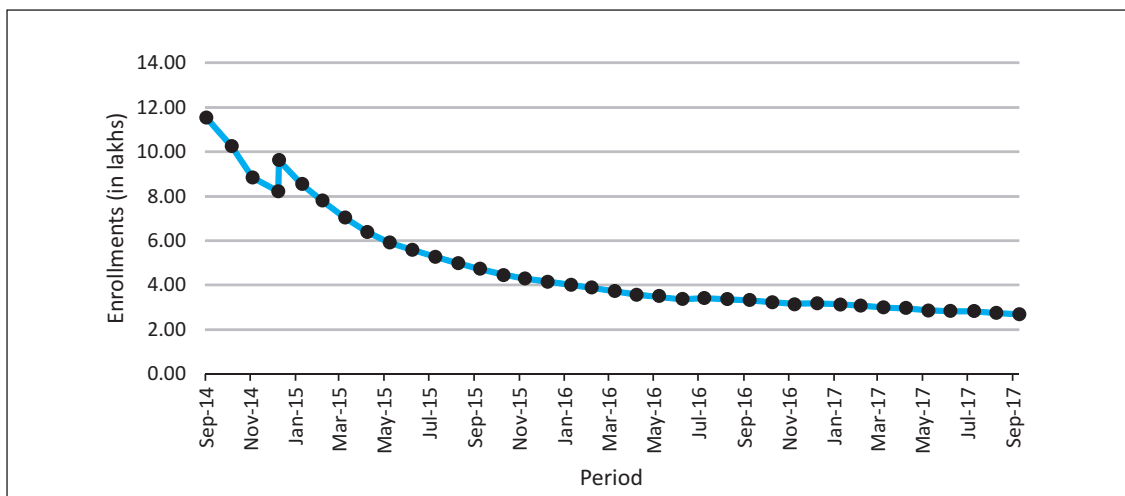


Fig.3 Average Beneficiaries Enrolments (in lakhs) per day

Fig.3 shows the trend of per day average enrollments of Jan Dhan accounts. Overall, it is a smooth decreasing curve, barring January 2015, where it shows a sudden increase in the number of enrollments, Subsequently, there is a smooth decline up to Mar'16 after which the per day average enrollment is stabilizing between 2 to 3 lakh enrollments average per day.

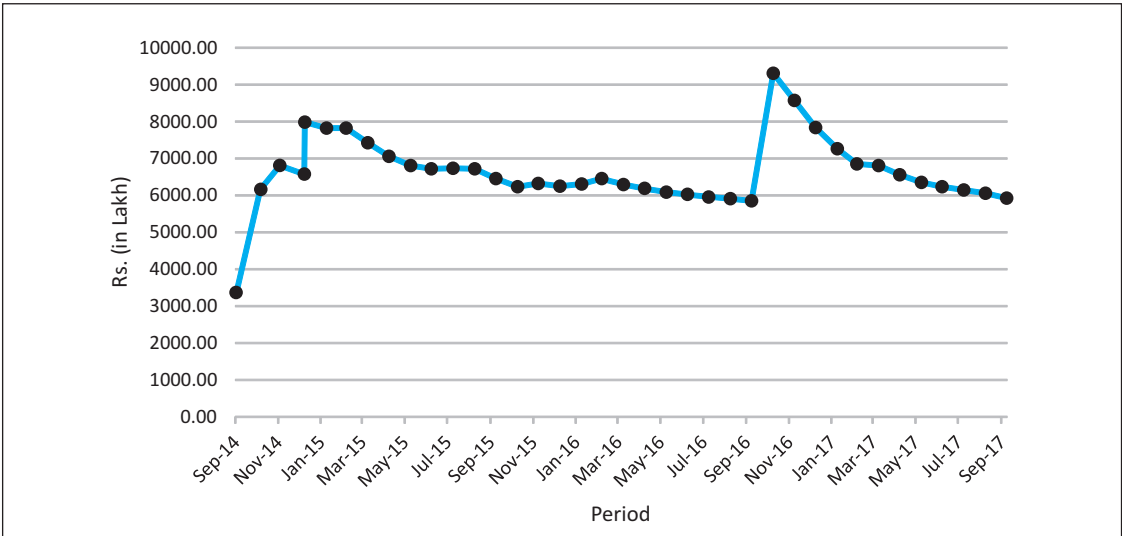


Fig.4: Average Deposits in Accounts (In lakhs) per day

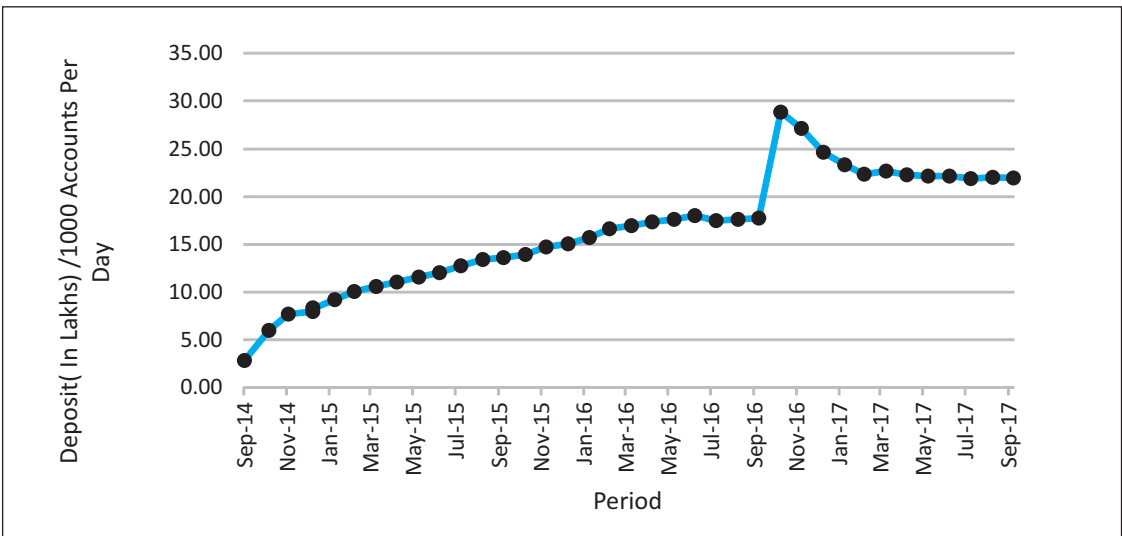


Fig.5: Average Deposits / 1000 Jan Dhan Accounts (In lakhs) per day

On the contrary, the average deposits per day as shown in Fig.4, have shown a steep rise from a low base of Rs 3,307 lakhs, rising up to Rs 7,982 lakhs (as on January 2015), after which the deposits have been consistently hovering between Rs 6,000 lakhs to Rs 7,000 lakhs on an average. Fig.5 indicates a rising deposit trend as opposed to the declining trend in enrollments as shown in Fig.3 during the same period. The sudden surge in deposits observed in November 2016 may be attributed to the demonetization initiative of the government.

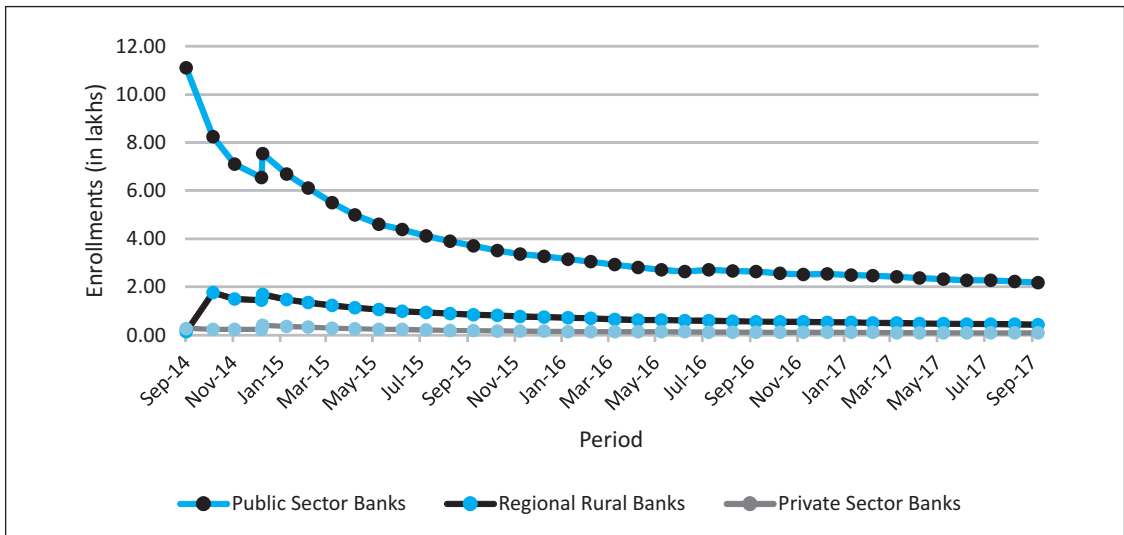


Fig. 6 Average Enrolment per day by various Bank sectors

Fig.6 shows that the public sector banks have played a significant role in Jan Dhan enrollments, followed by regional rural banks. The private sector banks have done enrollment on a much lesser scale, however they have shown consistent enrollments over the period. The Table.1 shows the consolidation of the above trends as on 30th Oct 2017.

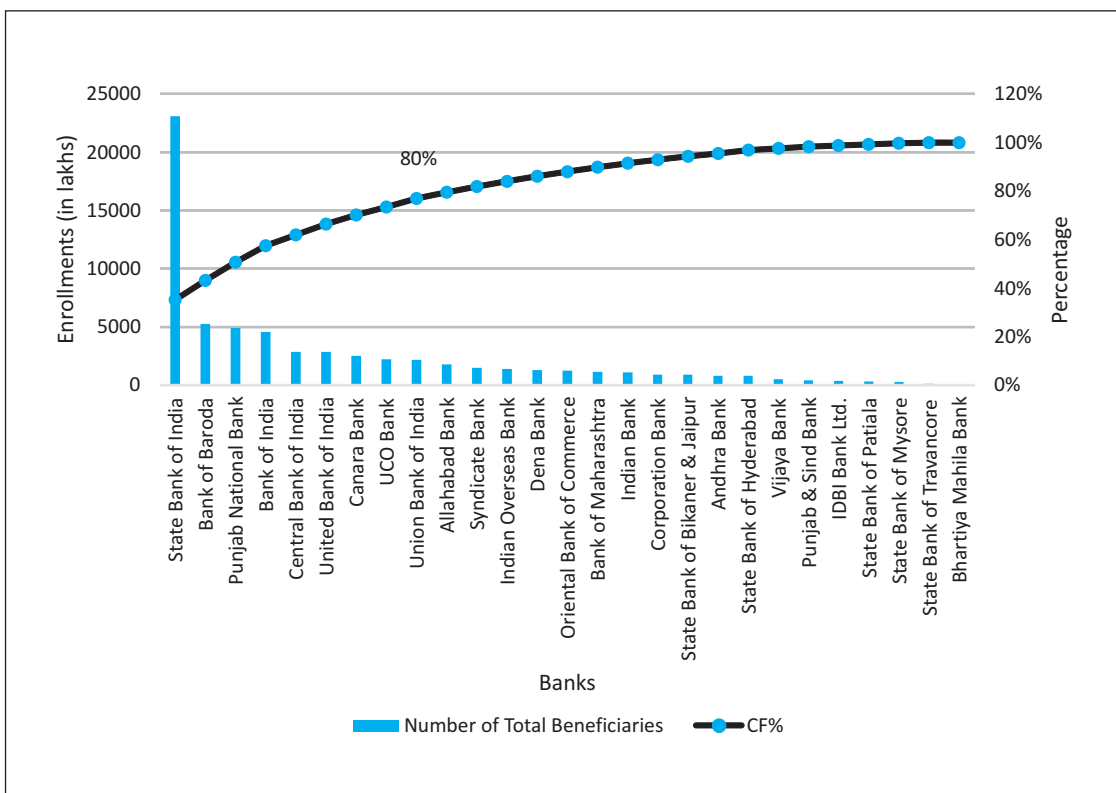
**Table 1: Progress of Jan Dhan accounts (in Lakhs) as on 30th October 2017**

Bank Name / Type	Number of Beneficiaries at rural/semi urban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	Number of Total Beneficiaries	Deposits in Accounts (In lac)	Number of Rupay Debit Cards issued to beneficiaries
Public Sector Banks	1346.08	1117.54	2463.62	5,317,236.88	1842.92

Bank Name / Type	Number of Beneficiaries at rural/semi urban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	Number of Total Beneficiaries	Deposits in Accounts (In lac)	Number of Rupay Debit Cards issued to beneficiaries
Regional Rural Banks	414.96	75.90	490.86	1,187,082.00	361.26
Private Sector Banks	59.11	38.48	97.58	204,250.82	90.90
Grand Total	1820.15	1231.91	3052.06	6,708,569.70	2295.08

(Source: Jan Dhan Web site <https://www.pmjdy.gov.in/BankwiseLatest>)

## 2. Public Sector:



(Source: Jan Dhan Web site <https://www.pmjdy.gov.in/BankwiseLatest>)

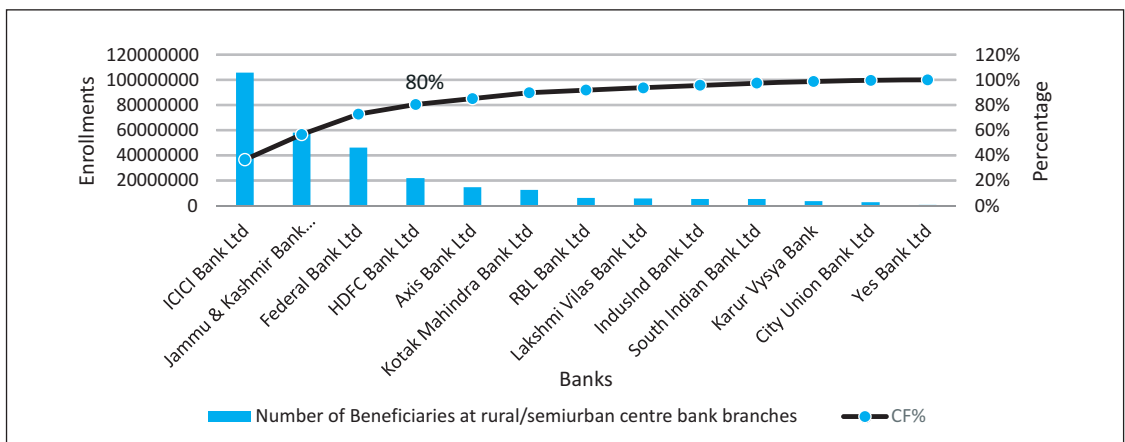
Fig 7: Pareto Chart for Public Sector Banks



**Table 2: Performance of Public sector Banks (ranked in descending order)**

Rank	Overall	Rural/Semi Urban	Urban/Metro
1	State Bank of India	State Bank of India	State Bank of India
2	Bank of Baroda	Punjab National Bank	Bank of Baroda
3	Punjab National Bank	Central Bank of India	Bank of India
4	Bank of India	Bank of Baroda	United Bank of India
5	Central Bank of India	Bank of India	UCO Bank
6	United Bank of India	Canara Bank	Indian Overseas Bank
7	Canara Bank	United Bank of India	Canara Bank
8	UCO Bank	Union Bank of India	Punjab National Bank
9	Union Bank of India	Allahabad Bank	Central Bank of India
10	Allahabad Bank	UCO Bank	
11		Syndicate Bank	

Fig 7 shows that 80% of the total enrollments have been done by 10 public sector banks as shown in Table 2. Out of which, 35% enrollments have been done by State Bank of India (SBI), whereas Bank of Baroda (BOB), Punjab National Bank (PNB) and Bank of India have enrolled near 8% each respectively. In rural areas, Central Bank of India is the third highest contributor to the total enrollments. Table 2 captures Performance of Public Sector Banks contributing to 80% of Jan Dhan account enrollments, ranked in descending order



(Source: Jan Dhan Web site <https://www.pmjdy.gov.in/BankwiseLatest> )

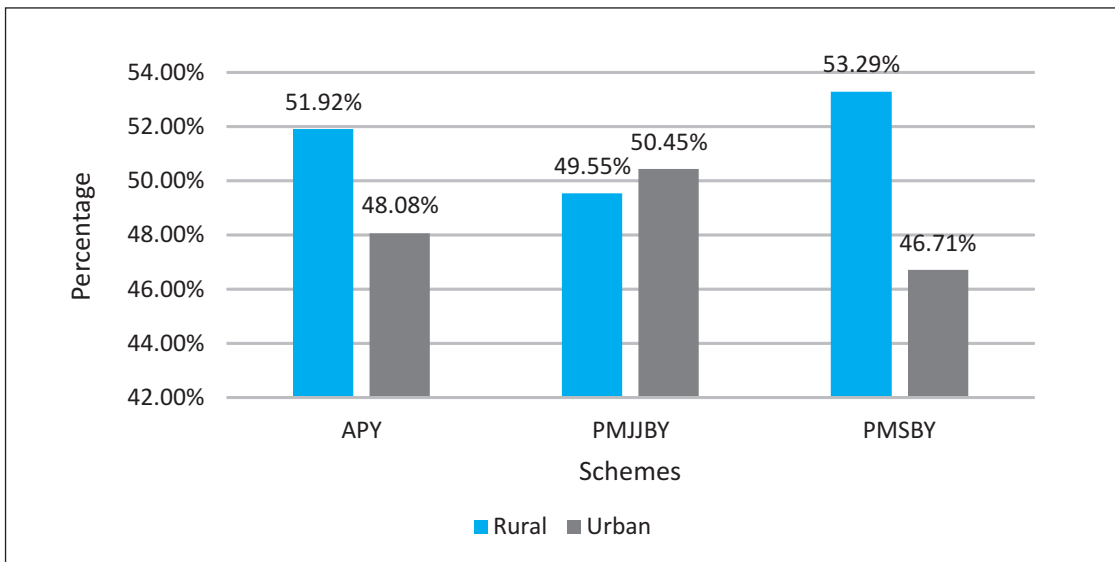
**Fig.8 Pareto Chart for Major Private Banks**

**Table 3: Performance of Major Private Sector Banks (ranked in descending order)**

Sr.No.	Overall	Rural/Semi Urban	Urban/Metro
1	ICICI Bank Ltd	ICICI Bank Ltd	HDFC Bank Ltd
2	Jammu & Kashmir Bank Ltd	Jammu & Kashmir Bank Ltd	Axis Bank Ltd
3	Federal Bank Ltd	Federal Bank Ltd	ICICI Bank Ltd
4	HDFC Bank Ltd		IndusInd Bank Ltd
5			Karur Vysya Bank

Fig.8 shows the 80% of the total enrollments have been done by 4 private sector banks as shown in Table 3. Out of which 36% enrollments have been done by ICICI, Jammu & Kashmir Bank 20%, Federal Bank 16% and HDFC Bank 8% respectively. In urban areas, HDFC has done the maximum enrollments followed by Axis Bank and ICICI Bank respectively. Table 3 shows Performance of Major Private Sector Banks contributing to 80% of Jan Dhan account enrollments, ranked in descending order.

### 3. Jan Suraksha Schemes:



It can be noted from Fig.9 that in PMSBY, 53.29% of policies are sourced from rural area, whereas APY and PMJJBY stand at 51.92% and 49.55% respectively. In contrast, in the urban areas, PMJJBY is at 50.45%, followed by APY and PMSBY at 48.08% and 46.71% respectively.

**Table 4: PMJJBY and PMSBY Gross Enrolments (in Lakhs) as on 30th Oct 2017**

Location	Gender	PMJJBY	PMSBY	Total
Rural	Male	107	352	459
Rural	Female	67	241	308
Urban	Male	113	326	440
Urban	Female	64	193	258
Total	352	1113	1464	

**Table 5: APY Gross Enrolments (In Lakhs) as on 30th Oct 2017**

Location	Gender	APY
Rural	Male	16
Rural	Female	8
Urban	Male	14
Urban	Female	8
<b>Total</b>		<b>45</b>

**Table 6: Proportion of Jan Suraksha Schemes from Jan Dhan accounts**

Scheme	Rural (in Lakhs)	Urban (in Lakhs)	Total (in Lakhs)	Rural	Urban	Total
Jan Dhan	1820	1232	3052	-	-	-
PMJJBY	174	177	352	9.58%	14.41%	11.53%
PMSBY	593	520	1113	32.58%	42.19%	36.46%
APY	23	22	45	1.29%	1.76%	1.48%

Assuming the Jan Suraksha Schemes have been taken by Jan Dhan account holders, it can be seen from Table 6 that PMSBY covers 36.46% of the Jan Dhan account holders. Followed by PMJJBY at 11% and APY showing the least at 1.48%.

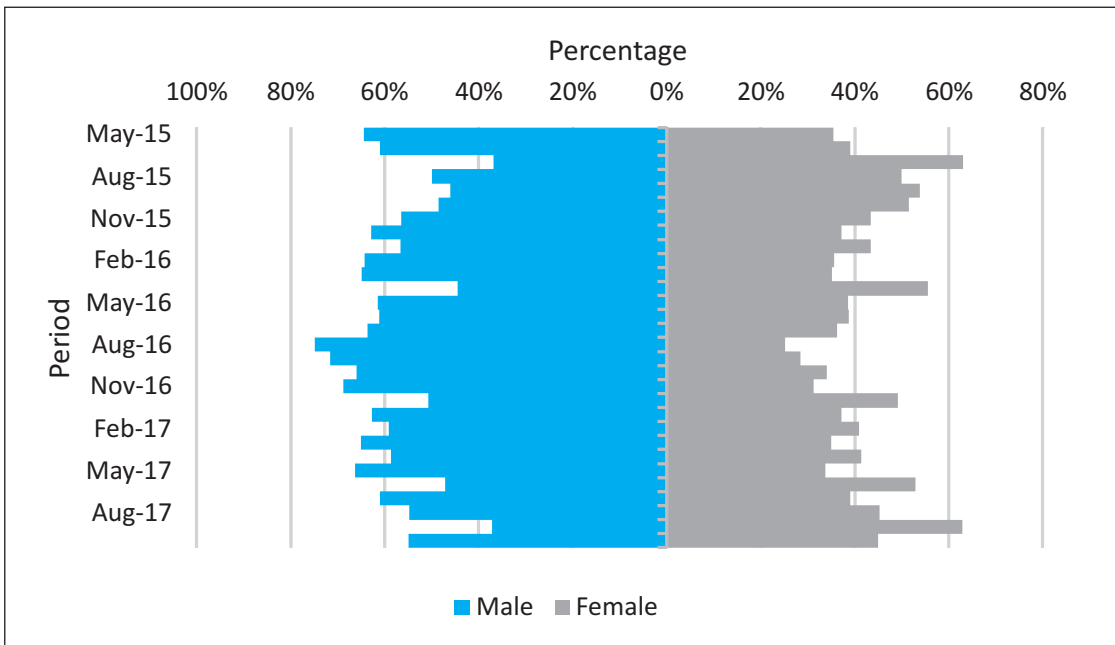


Fig. 10 Jan Suraksha Scheme Gender Distribution

Fig.10 shows the gender distribution trend of Jan Suraksha schemes, which varies from a maximum proportion of 75% to a minimum of 36%, whereas the proportion of female enrollment ranged from a maximum of 63% to a minimum of 25% respectively.

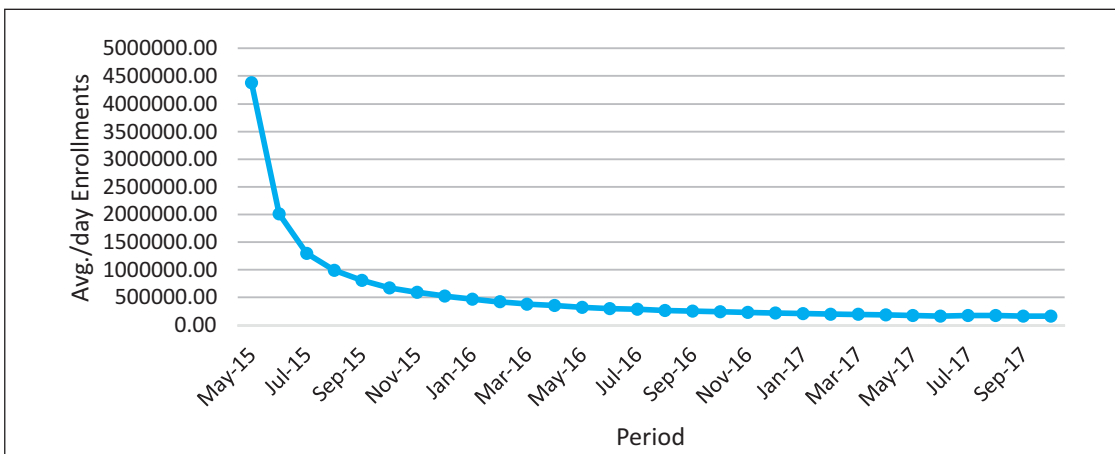


Fig. 11: Average Enrolments per day APY+PMJJBYP+PMSBY

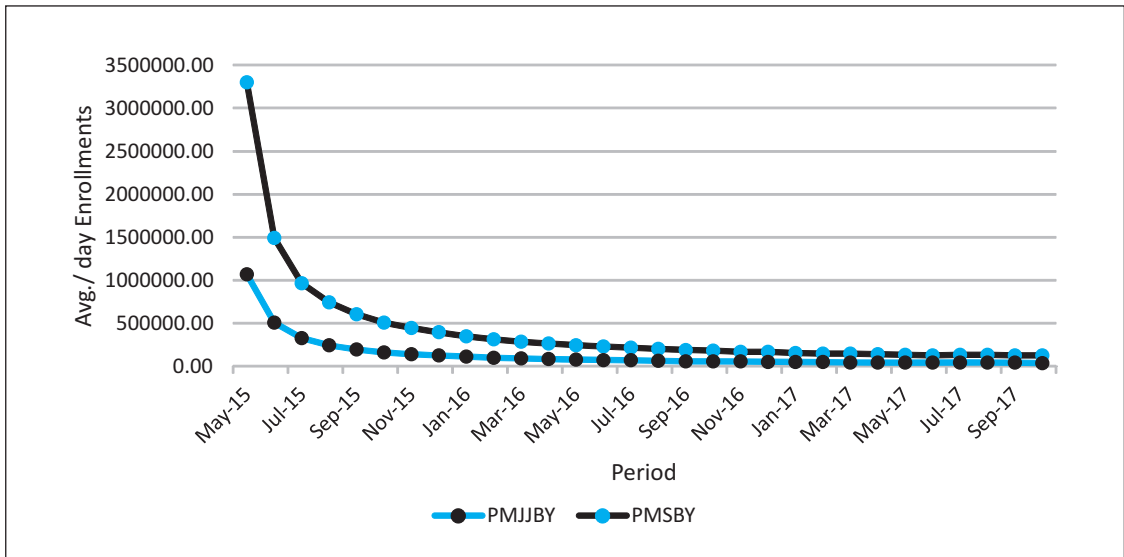


Fig. 12: PMJJBY and PMSBY Trends

It can be inferred from Fig. 11 and Fig. 12 that there is an exponential decrease of enrollments up to December 2015. Thereafter the average per day enrollments have stabilized. This may indicate that the initial surge can be attributed to active solicitation by respective banks, and thereupon subsequent enrollments have stabilized.

4. Jan Suraksha Claims

Table 7: Total Claims as on 31st Oct 2017

Scheme Name	Male	%Age	Female	%Age	Total Claims	Claim Amount (in lac)
PMJJBY	54,867	70.22	23,241	29.74	78,138	156,276
PMSBY	14,499	84.28	2,637	15.33	17,203	34,406

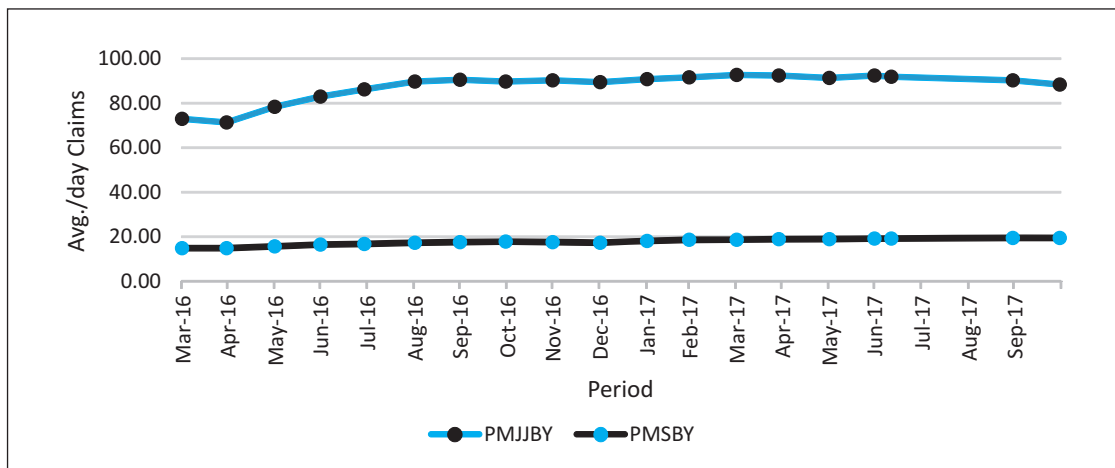


Fig 12: Average Per day Claims for PMJJBY and PMSBY

Fig.13 shows an initial rise in average claims per day trend for PMJJBY which stabilizes from August 2016 onwards. On the other hand, PMSBY shows a stationary trend throughout the period.

### 5. Conclusion:

- i. As on December 2017 the total number of Jan Dhan accounts stands at 30.76 Cr. with a deposit base of 71232.93 Cr. and The objective of covering 7.5 Cr. households under Jan Dhan scheme has been far exceeded and stands at 20.06 Cr. with coverage ranging between 99% to 100% for all districts and states in India (PMJDY web site). However, when studying the gross distribution of enrollments across the country it can be clearly seen the distribution is not uniform and additional enrollments are possible from states having concentration less than 65th percentile.
- ii. Though the per day average enrollment has shown a decreasing trend, as compared to the initial opening of the scheme, it is clearly observed that the average per day deposits are increasing as shown in Fig.5 (ignoring spurt in deposits during the demonetizing period). This may indicate that a significant number of accounts are operational and that the deposit base is increasing continuously. This can be studied by both the issuing banks and the government of India for rolling out various schemes and initiatives.
- iii. The Jan Suraksha schemes were well propagated initially and thereafter showed a steep decline in enrollments stabilizing from December 2015 onwards. The gender distribution shows the difference of 12% at the maximum which can be an area of focus for propagating

Jan Dhan accounts to the female segment of the population so that they can be financially empowered and also benefit from the Jan Suraksha Schemes.

- iv. The proportion of PMJJBY, PMSBY and APY indicates that the majority of the Jan Dhan accounts holders are yet to be covered under the Jan Suraksha schemes. This uninsured segment needs protection and represents huge untapped potential for the insurers and bankers alike.
- v. For APY, as the penetration is less than 2%, more initiatives to aggressively promote the pension scheme can be examined since there is a significant deposit base in the Jan Dhan accounts.

## 6. *References:*

- Reddy M. Malla, Pradhan Mantri Jan-Dhan Yojana: Current Status, International Journal of Research in Finance and Marketing, Volume 6, Issue 2, February, 2016)
- <http://jansuraksha.gov.in>
- <https://www.pmjdy.gov.in/BankwiseLatest>
- <http://www.thehindu.com/business/Industry/175-million-new-bank-ac-in-india-in-three-years-world-bank/article7109166.ece>
- <http://financialservices.gov.in>

