



A CONCEPTUAL STUDY ON PMSBY, PMJJBY & APY SCHEMES IN REACHING FINANCIAL INCLUSION IN INDIA

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ABSTRACT

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Pradhan Mantri
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Atal Pension Yojna,
Government, Indians.

A large proportion of India's ever increasing population was without insurance of any kind - health, accidental or life. Seemingly, we proceed towards a pension less population in the near future. Encouraged by the success of the Pradhan Mantri Jan Dhan Yojana (PMJDY), the Government of India proposed to work towards creating a universal social security system for all Indians that will ensure that no Indian citizen will have to worry about illness, accidents or penury in old age." Government announced insurance schemes Pradhan Mantri Suraksha Bima Yojana (for Accidental Death and Disability), Pradhan Mantri Jeevan Jyoti Bima Yojana (for life insurance) and Atal Pension Yojna (for pension). These schemes were launched by the Prime minister on 9 May 2015. The government plans to use technology to the extent possible to reach out to the beneficiaries, thereby plugging leakages in the system. This article gives the highlights of these schemes and also focuses on how best these schemes have reached to the Indians. The study also focused on a comparative analysis of the rural and urban wise enrolment and bank-wise gross enrolment.

INTRODUCTION

It is rightly said by Franklin D Roosevelt that the "The test of progress is not whether we add more to abundance to those who have much, it is whether we provide enough for those who have too little" and by M.K. Gandhi that "Poverty is the worst form of violence". In this context, it is necessary to have a study with regard to the poor and weaker sections of society and harmonize efforts to bring them within the economic framework by extending to them a helping hand through government schemes.

A committee on Financial Inclusion has defined financial inclusion as "the process of ensuring access to financial services and timely, adequate credit where needed by vulnerable groups such as weaker sections and low income groups at affordable cost."

Financial inclusion came into picture only after the year 2005 when it was found that the people at margins of society were under viscous circle of poverty i.e., "poor getting poorer and rich growing richer". In order to have an edge over this problem, the Government of India [GOI] and Reserve Bank of India [RBI] came up with financial inclusion and different schemes for the same. Financial inclusion broadened the concept by developing a culture of savings among large number of poor segments of society and meet future contingencies which provided them a security. This could happen only by development of banking sector and expansion of same in the rural and backward areas. In order to bring excluded strata of society together, RBI took several measures like:

- Opening branches in unbanked villages
- Licensing of new banks
- Simplifying KYC norms
- Expansion of ATM network
- Financial literacy initiatives
- Opening of basic SB deposit account

The central government of India under the leadership of Prime minister Modi came up with three main schemes like PMSBY, PMJJBY and APY with PMJDY in the year 2015 as the base. All these schemes aimed at bringing the weaker sections under the financial framework. The introduction of PMJDY made it mandatory to have a bank account per household and all direct benefit transfers of PMSBY, PMJJBY and APY would go to these accounts opened under PMJDY.

PRADHAN MANTRI JAN DHAN YOJANA [PMJDY]

A national mission on financial inclusion and an instrument for inclusive growth was launched by Honorable Prime Minister of India on 15/8/2014. This program had witnessed opening of more than 12 crore accounts within a period of less than 9 months. This scheme was launched with motto - "MERA KHATA, BHAGYA VIDHATA" and also emphasized on "SAB KA SATH, SAB KA VIKAS". It was evident that a large number of people in rural and urban India were financially excluded but the launch of PMJDY with an object of atleast one bank account per household outreach

a large geographical area; also providing accidental and life insurance cover, OD facility, mobile banking facility, LPG subsidy etc.,

PRADHAN MANTRI SURAKSHA BIMA YOJANA [PMSBY]

An accidental death and disability insurance scheme provided social security to large group of people who were not covered under any kind of social security. It was launched by PM in Kolkata on 9th May, 2015. The two things that make the scheme extraordinary is - the nominal premium of Rs 12 per person per year giving an insurance coverage of Rs. 2, 00,000 in case of accidental death or permanent disability and Rs 1,00,000 in case of partial disability valid for a year and it can be renewed every year and the other being it gives risk cover to all members of family. Any person with Aadhar card and a SB account between age group of 18 and 70 can enroll for the same. It was introduced with an intention to give adequate push of benefits to and amongst various strata's of society who really need them. So to talk on general, today if the only earning member of a family becomes permanently disabled or his incidental death happens, and his family faces hardships in leading their life without any protection from any source, then such a person can join the scheme by paying a minimum premium of Rs.12. This scheme with the vision of making india digital has tried to mitigate all sorts of leakages

in the system and moreover has reduced paperwork involved in opening accounts, transactions etc. This scheme has made extensive use of technology to spread its benefits and all payments are directly credited to beneficiary's account with no chance for misappropriations of funds.

PRADHAN MANTRI JEEVAN JYOTHI BIMA YOJANA

A term life insurance policy that provides life insurance coverage on the death of policy holder, launched on 9th May, 2015. Any Indian resident within the age group of 18 to 50 are eligible to subscribe for the scheme, provided that the individual has a SB account with which the scheme is to be attached and also he/she is not struggling with any acute and critical medical illness at the time of subscribing for the same. A certificate of fitness from a medical practitioner is to be submitted for the same. This policy requires a policy premium of Rs.330/year providing a life cover of Rs. 2,00,000 in case of death of life insured. Important point to be considered is that this scheme unlike PMSBY will give sum assured to nominee only in the event of death of person insured and nothing is paid for permanent/ partial disability. This policy ends once policyholder reaches age of 55 yrs. However, policy to be effective the policyholder will have to keep renewing policy till that time.

Chart 1: Comparison between PMJJBY & PMSBY

Comparison between Jeevan Jyoti Bima Yojana (PMJJBY) vs Suraksha Bima Yojana (PMSBY)		
Features	Pradhan Mantri Suraksha Bima Yojana (PMSBY)	Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)
Eligibility	18-70 years	18-50 years
Number of Policy	One Policy Per Person	One Policy Per Person
When to Join the Scheme?	Any time	Any time
Sum Assured (Fixed)	Rs 2 lakhs	Rs 2 lakhs
Premium	Rs 12 per annum	Rs. 330 per annum
Cover stops at age	At the age of 70 years	At the age of 55 years
Maturity Benefit	Nil	Nil
Death Benefit (Natural Death)	Nil	Rs 2 lakhs
Death Benefit (Accidental Death)	Rs 2 lakhs	Rs 2 lakhs
Disability of both eyes, both hands, both legs or one eye and one limb	Rs 2 lakhs	Nil
Disability of one eye or one limb	Rs 1 lakh	Nil
Maximum Insurance cover	Rs 2 lakhs	Rs.2 lakhs
Risk Period	1st June to 31st May every year.	1st June to 31st May every year.
Mode of Payment	Premium will be auto debited from account in the month of May every year.	Premium will be auto debited from account in the month of May every year.

ATAL PENSION YOJANA [APY]

This national pension scheme aims to bring pension benefits to people of unorganized sector with a minimum contribution per month. People working in private sector who do not have any social security of such sort can apply for the same. It is open to all Indians between age group pf 18

to 40 yrs. APY is a guaranteed pension scheme administered by PFRDA and ICICI bank is registered with PFRDA to provide services related to the scheme. The GOI has decided to contribute 50% of the user's contribution or INR1000 a year which ever lesser for a period of 5 years. This contribution will however be enjoyed only by those who are not IT payers and those who had joined the scheme before 31st Dec, 2015.

Chart 2: The level of contribution subscriber has to make to get specified amount under APY

Entry Age	Monthly Pension INR 1000	Monthly Pension INR 2000	Monthly Pension INR 3000	Monthly Pension INR 4000	Monthly Pension INR 5000
18	42	84	126	168	210
20	50	100	150	198	248
25	76	151	226	301	376
30	116	231	347	462	577
35	181	362	543	722	902
40	291	582	873	1164	1454
Total Corpus	1,70,000	3,40,000	5,10,000	6,80,000	8,50,000

REVIEW OF LITERATURE

- **Dr. Rajeshwari M Shettar (2016)** has studied various issues and challenges faced by people at large by PMJDY highlighting each household to have a bank account being a 'National Priority' with that of problems faced. The main object of the paper was to find out the overall progress made in implementation of PMJDY. The study is descriptive in nature and based on secondary sources. The study reveals the number of accounts opened and its success in rural areas plus gives a region-wise analysis of such opened, active and zero-balance accounts. As a part of suggestion, this paper tells that financial literacy centers would bring financially excluded people under financial inclusion. The study concludes with the effect that PMJDY have on the banking sector and rural people's life.
- **Vidyashree DV, Dr. Prahlad Rathod (2015)** took up a research on three schemes providing insurance cover to people in organized and unorganized sector being Modi's PMJJBY, PMSBY and APY mainly stressing on creating a universal social security system for all citizens of the country...having no worry about future uncertainties i.e., illness, accidents and penury in old age. The main motto of the study was to study as to how the banks and GOI succeeded in taking these schemes to whole Indian population. The methodology adopted was based on descriptive study and secondary sources of data. This paper suggests that banks have more transparency and also states that there is an requirement of more number of subscribers to these schemes to cover people under security who have remained uncovered.
- **Dr. Vinit Kumar** on financial inclusion and inclusive growth in India through PMJDY focuses on ensuring universal access to banking facilities with atleast one bank account for every household emphasizing on "Sab ka sath, sab ka vikas". The study is descriptive in nature and uses secondary sources of data. The main finding of the paper is that a total of 70million bank accounts have been opened with deposits of more than Rs.5000crore. It revealed that financial inclusion is definitely a good fighting mechanism to check poverty in India.
- **Ahmed Hussain (2015)** on the most intensive financial inclusion scheme in India: PMJDY focuses on the equitable growth in the country and alleviation of poverty that happen at a faster rate as a result of implementation of PMJDY. The main object of study was to detect and list the pinpoints making PMJDY much attractive and successful scheme. This paper suggests modification needed in Rupay card program in order to make it more transparent and accountable to society at large.
- **Jaspreet Kaur and Dr.Nidhi Walia (2016)** on financial inclusion scheme- PMJDY making a review study focusing on the impact, implications, awareness regarding various financial inclusion schemes on life of common people. This paper is based purely on secondary sources of data. This study revealed that the progress level of banks and awareness level of respondents have increased at faster pace but still efforts to be made to reach unbanked sectors across country.

SCOPE FOR THE STUDY

"Change is the need of hour for survival in all spheres". All these three schemes: PMSBY, PMJJBY and APY with PMJDY are all necessitating change in the country, removing all kind of economic inequalities and bringing overall inclusive growth and development of all people at large. These schemes are not an end but a never ending process with improvement in present plans and developing strategies for the future. This is a lengthy process which requires lot of time. It is not that a scheme introduced will show its implications on spot, but will take time. Along with that every scheme may not get good response at the very first instance but will need some time to enjoy long run success. In this scenario, it is necessary to study how these three schemes will be benefitting the country.

OBJECTIVES

- To understand the concept of APY, PMJJBY & PMSBY in meeting financial inclusion
- To study the growth of three schemes in reaching the people of India
- To study gender wise, area wise growth in enrollments.

METHODOLOGY

The study is descriptive in nature and is based on secondary sources of data such as RBI Annual reports, websites, journals, books, magazines etc.

ANALYSIS AND INTERPRETATION

Table 1: Gross Enrollment of people under APY, PMJJBY & PMSBY

Summary of APY/PMJJBY/PMSBY as on 13.06.2015					
Scheme Name	Rural_Male	Rural_Female	Urban_Male	Urban_Female	Grand Total
APY	61,899	37,005	88,492	55,261	242,657
PMJJBY	8,511,016	4,733,827	7,882,535	4,498,591	25,625,969
PMSBY	24,062,304	13,442,146	25,067,578	13,639,243	76,211,271
Grand Total	32,635,219	18,212,978	33,038,605	18,193,095	102,079,897

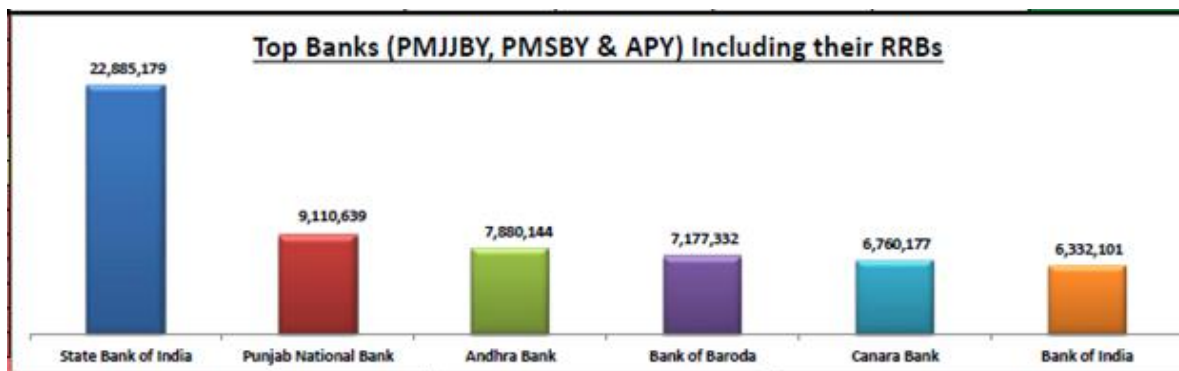
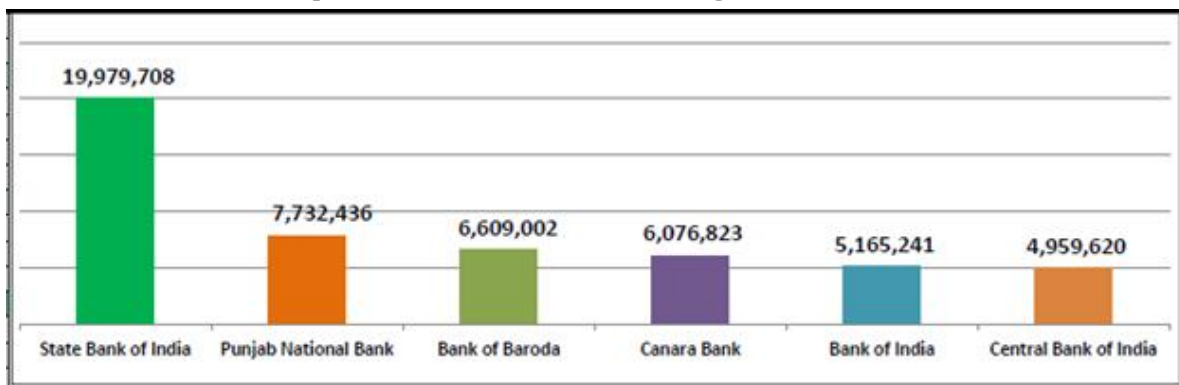
Summary of APY/PMJJBY/PMSBY as on 14-06-2016					
Scheme Name	Rural_Male	Rural_Female	Urban_Male	Urban_Female	Grand Total
APY	866,594	455,273	860,577	526,814	2,709,258
PMJJBY	9,188,145	5,692,823	9,473,317	5,365,478	29,719,763
PMSBY	29,764,400	20,074,385	28,217,551	16,448,691	94,505,027
Grand Total	39,819,139	26,222,481	38,551,445	22,340,983	126,934,048

Source: RBI

From above data, it is clear that when compared to the year 2015, there is good increase in number of enrollments in year 2016. It is evident that rural male, rural female, urban male and urban female has increased by 22.012%, 43.976%,

16.686% and 22.799% respectively leading to overall 24.3477% enrolment increase in all three schemes from year 2015 to 2016.

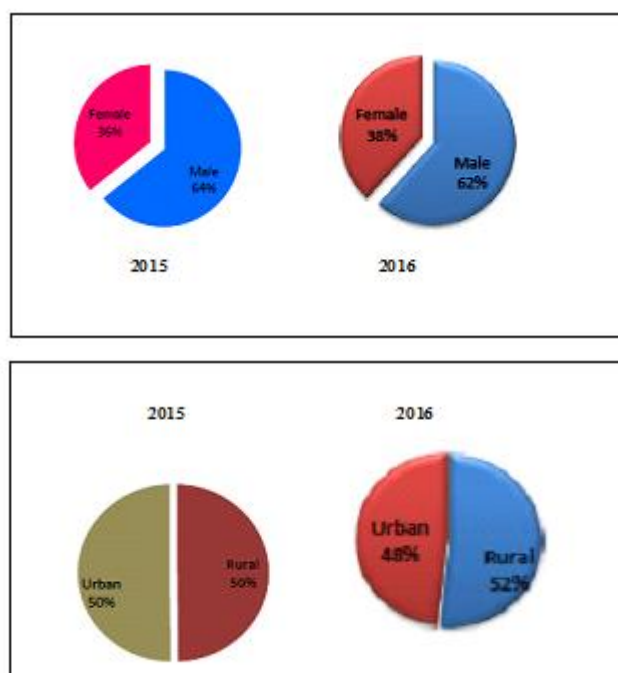
Chart 3: Top Banks and their share in issuing the three schemes



The above charts clearly depicts that SBI is a key player in extending these schemes to people in both 2015 & 2016

whereas all other banks had a very normal and minimal enrollments in both years when compared to SBI.

Chart 4: Gender & Area-wise enrollment under APY, PMIIY & PMSBY



Source: RBI

And finally coming to individual factors

a) In case of male-female participation in these schemes, we find that in the year 2015, it was 64% & 36% which then increased to 62% and 38% respectively. This shows that even though female enrollees have gone up compared to previous year, it can be still said that the female enrollment is around 50% less than male enrollments.

b) In case of urban-rural participation in these schemes, we find that in the year 2015, it was 50% & 50% which then shifted to 48% & 52% respectively. From this it is evident that more number of rural people got enrolled to these schemes.

Chart 5: Category wise bank's participation in reaching the APY, PMJJBY & PMSBY Schemes



Source: RBI

The above chart describes the participation of banks in reaching these schemes to public, it shows that in 2015 and 2016 PSB's contributed 79% & 75%, RRB's contributed 16% in both years, Private sector banks contributed 4% & 7%, Rural co-operative banks contributed 1% & 2% and urban co-operative banks contributed 0% respectively to its success. Hence it is clear that PSB'S contribution is the greatest, RRBs contribution was the same whereas private banks improvised in 2016. It is also clear that the urban co-operative banks were at stake with no contribution.

CONCLUSION

From the above study it can be said that the initiative to provide social security benefit to large number of unorganized people is really good. The subscribers for these

schemes are at increasing pace. However, with a better implementation system which ensures the benefit being passed on to the real subscriber, it will prove successful in establishing a social security system to the large section of society which has remained uncovered.

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