



# Impact of Covid - 19 on the Performance of Pradhan Mantri Jan Dhan Yojana (PMJDY) Accounts

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## Abstract:

The government has made financial inclusion a national priority because it is a key enabler of inclusive growth. Pradhan Mantri Jan Dhan Yojana (PMJDY) is one of the world's largest financial inclusion programmes. Despite the broad disruption caused by the lockdown and concerns about the spread of Covid-19, it has had an impact on every sector of the economy, including PMJDY accounts. When we look at the growth trends in PMJDY accounts, we can see how Covid-19 has a beneficial impact on new account openings. As of April 2020, the overall deposits had risen due to the Covid relief packages implemented by the Centre and other state governments. Jan Dhan accounts have clearly established themselves as the key mechanism for benefit payments.

**Key words:** Financial inclusion, PMJDY, Covid 19, Accounts, Deposits.

**Abbreviation:** ATM - Automated Teller Machine.

PMJDY - Pradhan Mantri Jan - Dhan Yojana.

BSBD – basic savings bank deposit.

DBT – Direct Benefit Transfer

## I. INTRODUCTION:

The government has made financial inclusion a national priority because it is a key enabler of inclusive growth. It is significant because it allows the poor to put their savings into the formal financial system, as well as transmit money to their families in rural areas, and it frees them from the clutches of usurious money lenders. The Pradhan Mantri Jan Dhan Yojana (PMJDY), one of the world's largest financial inclusion projects, is a vital component of this promise.

Prime Minister Shri Narendra Modi declared PMJDY in his Independence Day address on August 15, 2014. The Pradhan Mantri Jan-Dhan Yojana (PMJDY) is a National Mission for Financial Inclusion that aims to provide affordable

access to essential financial services such as savings and deposit accounts, remittance, credit, insurance, and pensions. Persons who do not have any other account can open a BSBD account at any bank branch or Business Correspondent under the scheme.

Despite the widespread inconvenience created by the lockdown and concerns about the spread of Covid-19, it had an impact on every sector of the economy, including PMJDY accounts. During the nationwide lockdown, ex-gratia was credited to almost 20 crore women's PMJDY accounts. DBTs through PM Jan Dhan accounts have ensured that every rupee reaches its designated beneficiary while also preventing systemic leakage. DBTs have empowered and provided financial security to the most disadvantaged members of society in COVID-19. The performance of PMJDY accounts following Covid 19 is examined in this research.

## II. REVIEWS:

M. R Meera et al(2016),the purpose of their study is to look into the performance of the PMJDY scheme after demonetisation. By allowing restricted exchange and unlimited deposit of old notes in bank accounts until the end of 2016, the government hopes to bring unaccounted money back into the regular banking system. Black money holders, on the other hand, use the PMJDY account to deposit their unaccounted funds from rural poor people's accounts. After demonetization, about 28 crores of rupees were deposited in PMJDY accounts, while 11701432 new accounts were opened under the PMJDY system.

Parmod Kumar Singhal (2016)framed the key objective of the study is to learn more about the Pradhan Mantri JanDhan Yojana (PMJDY) and its influence on India's underprivileged. The purpose of this research is to determine the motivations for creating a bank account under this system. The



manuscript was chosen for exploratory research with a closed-ended and multiple-choice response questionnaire. The 100 people were interviewed in order to complete the questionnaires. The F-test is used to determine the impact of PMJDY on India's poor. According to the research, there are numerous reasons for creating a bank account under this plan, including zero-balance accounts, ATMs, and so on.

Faisal Bin Hamad, M. Shekar (2017), attempted to review the state of the PMJDY (Pradhan Mantri Jan Dhan Yojana) before and after demonetization. The data was acquired from secondary sources, and descriptive and analytical methodologies were used to display the information. All of the condensed data was given in two-way tabular form for analysis, and cross-sectional comparison analysis was used to draw findings. After demonetization, the number of bank accounts opened under PMJDY increased by 30%. There is a minor difference in opening bank accounts in rural and urban areas before and after demonetization, but there is a 4% increase in the issue of Rupay cards, and account balances have improved to the tune of 80% by dropping 10% in zero balance accounts.

Sandra, A., & Krishna, S. N. (2019), in their study "The Impact on Financial Inclusion in the Successful Implementation of PradhanMantri Jan Dhan Yojana (PMJDY)" purpose is to determine the amount of awareness about the scheme, as well as its success and usage. According to the findings, consumers are aware of the scheme, and the primary motivation for registering a PMJDY account is the ability to maintain a zero balance. This project helps to bring the financially excluded people into the formal banking system by opening a large number of accounts. According to the report, bank staff motivation should be piqued, and financial literacy training should be implemented to mitigate the scheme's downsides.

Dr Nidhi Walia, Jaspreet Kaur. (2020), the focus of their research is to examine further into difficulties that recipients have in getting access to financial services. The data and information were gathered utilising an interview method and a standardised questionnaire. September 2018 to February 2019 is the study period. The data for this study was gathered from 450 Punjab state Pradhan Mantri Jan Dhan Yojana account users. The findings of the factor analysis test have narrowed these variables to four problem factors: the employee's non-supportive attitude, disinclination toward work,

processing delays, and a lack of employee support regarding PMJDY knowledge. According to the study, bank personnel should be trained on a regular basis, which will improve their productivity.

Dr Vinod Kumar and Richa Bhatia (2020) aims to look at the impact of demonetisation on PMJDY accounts and see if the number of deposits in these accounts increased or decreased abnormally throughout the demonetisation period. This research also examines at the flow of deposits in PMJDY accounts before and after the 18-month demonetisation period. It is discovered that while the demonetisation procedure has had no effect on the number of accounts in the PMJDY scheme, there has been a significant increase in deposits in these accounts and a steady decline in zero balance accounts.

#### OBJECTIVES:

- To know the progress of PMJDY scheme.
- To study the impact of Covid-19 on the performance of PMJDY accounts.

#### RESEARCH METHODOLOGY:

The data used in this investigation is secondary. The information is primarily gathered from the PMJDY scheme website for the period ending on the last Wednesday of each month in the year 2020. The data was analysed using statistical techniques namely graphs and growth rates.

#### ACHIEVEMENTS UNDER PMJDY:

- PMJDY's accounts have tripled in size from 14.72 crore in March 2015 to 43.04 crore as of August 18, 2021.
- 55.47% (23.87 crore) Jan-Dhan account holders are women and 66.69% (28.70 crore) Jan Dhan accounts are in rural and semi-urban areas.
- 36.86 crore (86%) of the 43.04 crore PMJDY accounts are operational.
- 31.23 crore RuPay cards have been issued to PMJDY accountholders.
- During the Covid lockdown, a total of Rs 30,945 crore was credited to women PMJDY account users under the PM Garib Kalyan Yojana.
- The government transferred about 5.1 crore PMJDY accountholders direct benefit transfers under various schemes.



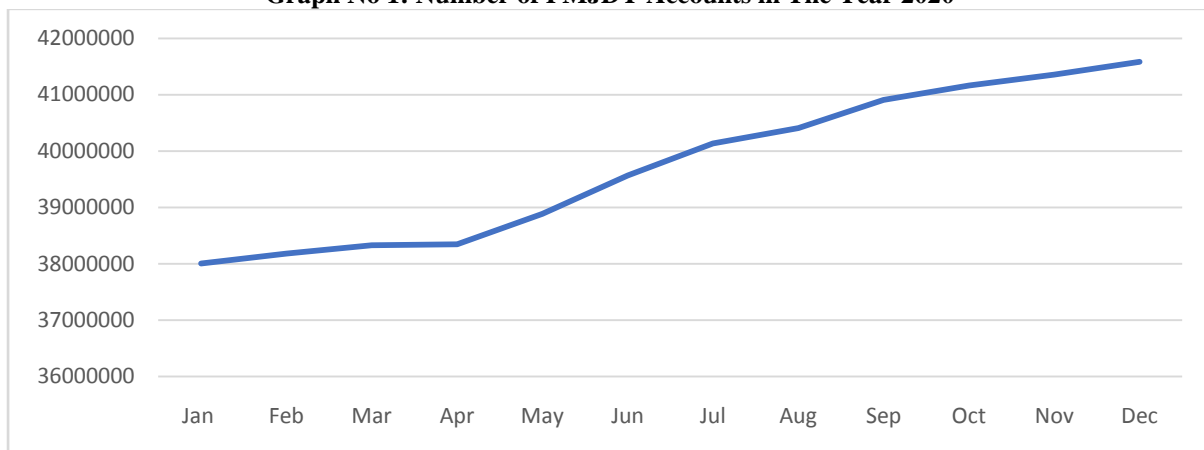
### III. ANALYSIS AND INTERPRETATION:

**Table No 1: Number of PMJDY Accounts and Its Growth Rate in The Year 2020.**

Months	Number of Accounts	Growth Rate
Jan	380063443	-
Feb	381833453	0.46
Mar	383279961	0.38
Apr	383477918	0.05
May	388875279	1.39
Jun	395690512	1.72
Jul	401377719	1.42
Aug	404092420	0.67
Sep	409093232	1.22
Oct	411614717	0.61
Nov	413575750	0.47
Dec	415826976	0.54

Source: [www.pmjdy.gov.in/](http://www.pmjdy.gov.in/) and Author's Calculation

**Graph No 1: Number of PMJDY Accounts in The Year 2020**



From the table 1 and the graph 1, it is observed that a significant number of new accounts have been opened after Covid -19 under PMJDY in the month may, June and July. Before Covid -19 the growth rate is less than 1% and the growth rate was highest in the month of June i.e., 1.72 and least in

the month of April as there is a lockdown in the country. The rise in the number of accounts is possibly related to plunge on electronic payments which require bank account because physical currency transaction raised the fear of infection.

**Table No 2: Deposits in PMJDY Accounts and Its Growth Rate in The Year 2020.**

Months	Deposits in Accounts (In lac)	Growth Rate
Jan	11367622.5	-
Feb	11630334.1	2.26
Mar	11843440.7	1.80
Apr	12962570.4	8.63
May	13144534.7	1.38
Jun	13282732.9	1.04
Jul	12975695	-2.37
Aug	13008601.6	0.25
Sep	12959049.7	-0.38
Oct	13146183.5	1.42
Nov	13090944.1	-0.42



Dec	13508488.6	3.09
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Source: [www.pmjdy.gov.in/](http://www.pmjdy.gov.in/) and Author's Calculation

**Graph No 2: Deposits in PMJDY Accounts in The Year 2020**

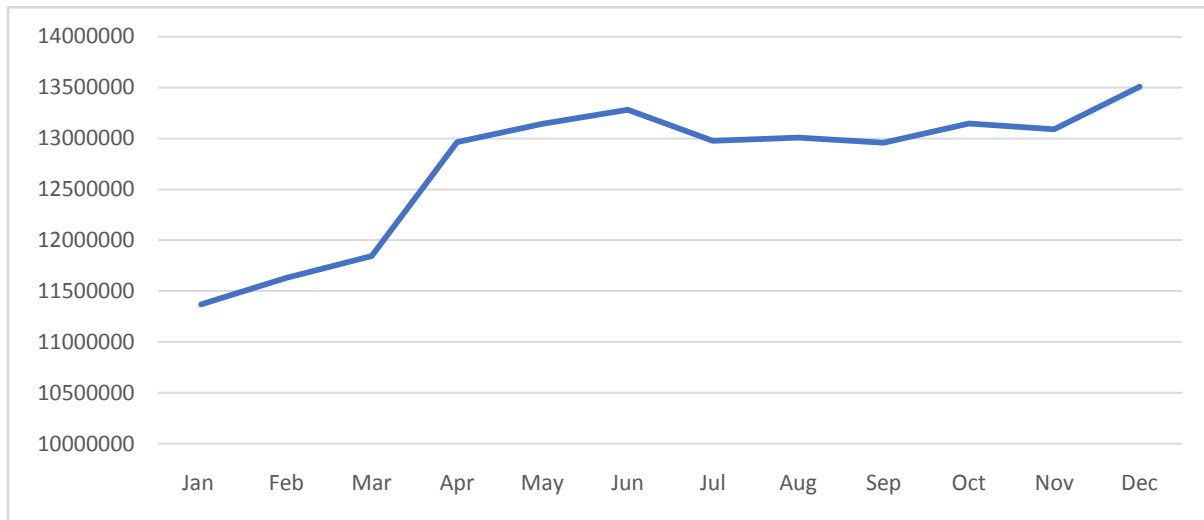


Table no 2 and graph no 2 reveals that there is a huge increase in the deposit during the month of April amounts to Rs 12962570.4 crores with the growth rate of 8.63% and from July the growth rate is negative. While deposits shot up earlier in the year after the government announced cash transfers as part of the Pradhan Mantri Garib Kalyan Yojana, in which the Central government deposited Rs.

500/- per month for three months (April 2020 to June 2020) into the accounts of women as part of its Covid relief programme, balances have since fallen, which some attribute to beneficiaries withdrawing the money on a regular basis to make up for lost wages during the Covid-19 inducement. as well as a drop in rural incomes.

**Table No 3: Number of PMJDY Accounts in Rural/Semiurban, Urban Metro Branches and Their Growth Rate in The Year 2020.**

Months	Rural/Semiurban	Urban Metro	Growth Rate at Rural/Semiurban	Growth Rate at Urban Metro
Jan	222791959	157271484	-	-
Feb	225247033	156586420	1.09	-0.44
Mar	226303702	156976259	0.47	0.25
Apr	227473521	156004397	0.51	-0.62
May	245247661	143627618	7.25	-8.62
Jun	251325856	144364656	2.42	0.51
Jul	255182328	146195391	1.51	1.25
Aug	257238609	146853811	0.80	0.45
Sep	268556543	140536689	4.21	-4.49
Oct	270146059	141468658	0.59	0.66
Nov	271479609	142096141	0.49	0.44
Dec	273431711	142395265	0.71	0.21

Source: [www.pmjdy.gov.in/](http://www.pmjdy.gov.in/) and Author's Calculation

Table no 3 describes that the number of accounts is increasing in rural and semi-urban areas while dropping in urban metro branches. After Covid-19, there was a spike in accounts opened in rural / semi-urban branches, with a growth rate of 7.25 percent in April, contrast to -8.62 % in metropolitan metro branches.



**Table No 4: Number of PMJDY Accounts in Public Sector Banks, Regional Rural Banks and Private Sector Banks and Their Growth Rate in The Year 2020.**

Months	Public Sector Banks	Regional Rural Banks	Private Sector Banks	Growth rate of Public Sector Banks	Growth rate of Regional Rural Banks	Growth rate of Private Sector Banks
Jan	302584678	64940574	12538191	-	-	-
Feb	303973152	65297681	12562620	0.46	0.55	0.19
Mar	305187880	65526926	12565155	0.40	0.35	0.02
Apr	304883573	66084444	12509901	-0.10	0.84	-0.44
May	308962808	67409328	12503143	1.32	1.97	-0.05
Jun	313966220	69164797	12559495	1.59	2.54	0.45
Jul	318438854	70336395	12602470	1.40	1.67	0.34
Aug	320441127	71026082	12625211	0.62	0.97	0.18
Sep	324204267	72231407	12657558	1.16	1.67	0.26
Oct	325950054	72981331	12683332	0.54	1.03	0.20
Nov	327436735	73434511	12704504	0.45	0.62	0.17
Dec	329058897	74037744	12730335	0.49	0.81	0.20

Source: [www.pmjdy.gov.in/](http://www.pmjdy.gov.in/) and Author's Calculation

Table no 4 illustrates that in terms of total number of accounts, all three banks followed the same pattern. RRB's growth rate is higher than that of both public and private sector banks. Following Covid 19, there has been a surge in the number of accounts, with the highest growth rates in June of 2.54% (Regional Rural Banks), 1.59% (Public Sector Banks), and 0.45% (Private Sector banks).

**Table No 5: Deposits in PMJDY Accounts in Public Sector Banks, Regional Rural Banks and Private Sector Banks and Their Growth Rate in The Year 2020.**

Months	Public Sector Banks	Regional Rural Banks	Private Sector Banks	Growth Rate of Public Sector Banks	Growth Rate of Regional Rural Banks	Growth Rate of Private Sector Banks
Jan	8986703.34	2069668.67	311250.5	-	-	-
Feb	9207178.93	2106882.78	316272.4	2.39	1.77	1.59
Mar	9391997.16	2133180.02	318263.5	1.97	1.23	0.63
Apr	10169935.4	2429463.86	363171.1	7.65	12.20	12.37
May	10260794.8	2488797.61	394942.3	0.89	2.38	8.04
Jun	10308235.7	2569567.99	404929.2	0.46	3.14	2.47
Jul	10041919.4	2537757.05	396018.6	-2.65	-1.25	-2.25
Aug	10059949.3	2551490.37	397162	0.18	0.54	0.29
Sep	10018832.7	2546233.19	393983.7	-0.41	-0.21	-0.81
Oct	10221796.6	2524240.85	400146	1.99	-0.87	1.54
Nov	10178241.8	2501118.25	411584.1	-0.43	-0.92	2.78
Dec	10492017.4	2600923.48	415547.7	2.99	3.84	0.95

Source: [www.pmjdy.gov.in/](http://www.pmjdy.gov.in/) and Author's Calculation

Table 5 shows that all three banks followed the same trend when it came to the total amount of deposits in PMJDY accounts. The growth rate of all three banks peaked in April due to cash transfers from the central and state governments, i.e., 12.20% in Regional Rural Banks, 7.65% in Public Sector

Banks, and 12.37% in Private Sector Banks, subsequently declining due to cash withdrawals from beneficiaries. The negative growth rate in RRBs after Covid 19 was caused by a decline in rural earnings and cash withdrawal.



**Table No 6: Average Deposit Per PMJDY Accounts in The Year 2020.**

Months	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average Deposit per PMJDY account	2991	3046	3090	3380	3380	3357	3233	3219	3168	3194	3165	3249

Source: Author's Calculation

The table no 6 delineates that the average deposit per PMJDY account is highest in april and may i.e. Rs 3380 as there is a cash transfers from the government and decreased from june due to withdraw of cash from beneficiaries.

#### IV. FINDINGS AND CONCLUSION:

When we look at the growth trends of PMJDY accounts, we can certainly observe that Covid-19 has a good impact on new account opening. While approximately three crore new accounts are added each year, roughly two crore new accounts were opened in the first three months of 2020 (April, May, and June). From April 2020 onwards, the total balance was pushed up by the Covid assistance packages by the Central and several State governments. Rural and semiurban branches have a higher growth rate in terms of accounts opened than urban metro branches. In comparison to Public Sector Banks and Private Sector Banks, Regional Rural Banks outperformed in opening new accounts. A boom in Jan Dhan accounts, on the other hand, poses a challenge for banks, as some of them go inactive after a few months. If the number of them continues to rise, banks may find it difficult to service them and link them to RuPay Cards. Currently, the rate of increase in the number of accounts outpaces the time it takes to issue RuPay cards to recipients. As of July 8, a total of 29.52 crore cards had been distributed, with a total of 39.82 crore beneficiaries. Executive director of a public sector bank opines that the PMJDY has become an effective route for delivery of relief and the Covid 19 relief package was warmly accepted by the beneficiaries.

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