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Policy as an instrument of change: An analysis of PM Jan Dhan Yojana

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Abstract
The Pradhan Mantri Jan Dhan Yojana (PMJDY) is supported by a strong legal framework meant to guarantee its efficient execution and compliance with regulations. An overview of the main legal facets of PMJDY, such as enacted laws, existing regulations, and potential policy ramifications, is given in this abstract.
The Reserve Bank of India Act, 1934 and the Banking Regulation Act, 1949, which regulate the operations of banks and financial institutions in India, are among the laws that PMJDY operates under. These laws give banks the legal foundation they need to provide all individuals, regardless of socioeconomic background or region, with the most basic banking services.
In addition, the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits, and Services) Act, 2016 is a crucial piece of legislation that helps make it easier to integrate PMJDY accounts with Aadhaar, India's biometric identity system, for the purposes of authentication and verification. The efficiency and security of financial transactions are improved by this integration, which also guarantees adherence to legal requirements for identity verification and Know Your Customer (KYC) standards.
This Research paper examines the legal and social aspects and situation of financial inclusion through PM Jan Dhan Yojana. It starts off by going over the research on PM Jan Dhan Yojana and how crucial it is to boost the economy and eradicating poverty. This study seeks to unravel its role not only as an economic strategy but shows that PMJDY also serves as a spark for more significant legal and social changes, which are the focus of this study's analysis. It investigates the socioeconomic effects and consequences for India's judicial system. Analyzing both quantitative and qualitative data, the research takes a multi-dimensional approach.
The paper examines the legal issues, evaluating the legislative and regulatory modifications made by PMJDY, including the Direct Benefit Transfer programme and the Pradhan Mantri Suraksha Bima Yojana. These legal modifications serve as a case study for comprehending how policy instruments can alter the legal system to solve concerns of social fairness and financial inclusion. In conclusion, the socio-legal evaluation of the PM Jan Dhan Yojana shows how effectively drafted laws can serve as agents of social change. The effects of PMJDY go far beyond financial inclusion, having a significant impact on underserved populations and the justice system. This study advances our understanding of PMJDY while also highlighting the wider potential of policy interventions to foster social and legal change.

Keywords: PM Jan Dhan Yojana (PMJDY), potential policy ramifications, direct benefit

Introduction

The development of legal research in other countries shows that socio-legal study and other interdisciplinary approach are important for scholars. Such research has advantage in legal reform [1]. The area of socio-legal studies has gained enough worldwide recognition to merit a critical analysis of one of its fundamental components - The "socio" in "socio-legal" studies. Because of the importance and scope of socio-legal studies, this analysis is crucial not just for those who consider themselves socio-legal academics but also for an increasing number of law students, researchers, and policymakers who are influenced by similar studies in other domains [2].

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[1] Nalle, V.I.W., 2015. 'The relevance of socio-legal studies in legal science' Mimbar Hukum-Fakultas Hukum Universitas Gadjah Mada, 27(1), pp.179-182

[2] Charlesworth L, 'On Historical contextualization: Some critical socio-legal reflections', Crimes and Misdemeanours 1/1 (2007)

This emphasis on the socio also reflects an increasingly common perception, According to him Political Participation increased continuously over the last six to seven decades.

Outside of socio-legal studies, that the fast transformations of late modernity - such as globalization, consumerism, and neoliberalism - present new difficulties. Further rationale for this analysis comes from the significant societal upheavals brought about by the economic crisis in many developed capitalist nations in the new century [3]. The present work is also indeed a socio-legal study in context of the Pradhan Mantri Jan Dhan Yojana, which is often touted to be a revolutionary government scheme in context of banking reforms among rural group.

A National Mission for Financial Inclusion, "Pradhan Mantri Jan Dhan Yojana (PMJDY)" was announced on August 15, 2014, by Hon'ble Prime Minister Narendra Modi. This task was considered a National Priority. The ambitious goal of this National Mission on Financial Inclusion was to provide every household in the nation with banking services and a bank account. The Hon'ble PM stressed how crucial this was to bring those who have been excluded into the mainstream of the financial system. On August 28, 2014, the Pradhan Mantri Jan Dhan Yojana was simultaneously launched across the country. Along with parallel operations at the state, district, and subdistrict levels, it was publicly introduced in Delhi.

Every account holder received a RuPay debit card with a Rs.1, 00,000 accident cover as a first step. They will also be protected by pension plans and insurance. More than 7.5 crore households were enrolled and had accounts opened. Previous initiatives by the Indian government include the formation of a financial inclusion committee chaired by Dr. C. Rangarajan. Early April 2008, the committee completed its report. The committee saw financial inclusion as a tool for social change, as the report's preface makes clear. Inclusive growth requires that the poor and vulnerable groups have access to financing. Giving vulnerable population's access to finance is a way to empower them.

Rationale for Emergence of PMJDY

The level of poverty and exclusion in the nation persists even after decades of post-reform periods and the implementation of numerous financial inclusion initiatives, and it continues to be a serious problem for the socio-economic and quality of life components of the poor households. Even if the economy has grown significantly, India still needs to provide for all marginalized members of society because it is still home to one-third of the world's impoverished people.

As of the 2011 census, 41.3% of households remained unbanked, with 58.7% of households having access to formal financial services. The nation's banking system is made up of 1, 60,055 ATM networks and 1, 15,082 bank branches, according to data from 2014. Of these, approximately 43,962 branches (38.2%) and 23, 3341 ATMs are in rural areas.

Just 35% of Indian adults have access to a formal bank account, and 8% had taken out a loan from one in the previous year, according to the World Bank Findex Survey (2012). To ensure that those at the bottom of the pyramid are included in the official financial system, the little number highlights the urgent need to advance the financial inclusion goal. The Reserve Bank of India (RBI) and the committee for financial inclusion have worked hard to achieve the nation's financial inclusion goals in addition to the previously mentioned actions taken by the government. These are the actions that the government has taken.

Eligibility criteria

1. A person opening a bank account for the first time between August 15, 2014, and January 26, 2015, or during any subsequent period that the Indian government may decide to prolong.
2. The individual should typically be the family's earner or head of household, and they should be between the ages of 18 and 59 (that is, they should be at least 18 but not yet 60). The second earner in the aforementioned age range will be covered if the household head is 60 years of age or older, provided they meet the qualifying requirements.
3. Person must have a RuPay Card and Bio – Metric Card linked to bank account or in process of being linked to bank account if not already there.
4. The account can be any bank account including a small account.
5. For the coverage to be effective the above RuPay Card should be valid and in force.
6. The Bima Scheme will only cover one person per family, and if a person has numerous cards or accounts, the benefit will only be granted under one card. This means that, subject to eligibility requirements, one person per family will receive a single cover of Rs. 30,000.
7. The scheme's life insurance coverage of Rs 30,000 will be in place for the first five years, or until the end of the 2019–20 fiscal year. Following that, the plan will be examined, and the terms and conditions for its continuation - including the requirement that the insured make future premium payments - will be appropriately decided.

Ineligible categories

1. Employees of the State and Central governments, both active and retired, as well as their families.
2. Workers of Public Sector Undertakings, Public Sector Banks, Central Government-owned entities, State Government-owned entities, entities jointly held by the Central Government and any State Government, and their families, whether currently employed or retired
3. Individuals and their families whose income is subject to the Income Tax Act of 1961, who file an annual income tax return, or in whose case income is subject to TDS deductions.
4. Individuals and their families covered under the Aam Aadmi Bima Yojana, which encompasses 48 occupations specified by the Scheme.
5. Account holders who meet the eligibility requirements but have life insurance through another Bank scheme linked to their account must select one of the two schemes and only receive benefits from it.
6. Everyone who does not meet the scheme's basic eligibility requirements.

[3] Cownie F. and Bradney A., 2013. Sociolegal studies. D. Watkins & M. Burton, Research Methods in Law, London/New York: Routledge, p.34

Death Benefit Eligibility

In the tragic event of the accountholder's death from any cause, the nominee will be eligible to receive a death benefit of Rs. 30,000.

Claim settlement

a) The accountholder's nominee (s) will receive the Rs. 30,000/-claim amount. The risk cover will be given to the individual from the time he becomes 18 (Completed) until he turns 60, at which point his eligibility will end and he will no longer be eligible for the scheme.
b) The Offices of LIC shall handle the decentralized claim settlement process.

The following procedure will be followed

1. The District Branch or Nodal Branch of the relevant Bank will gather claim paperwork, which will then be sent to the Pension & Group Scheme Units of LIC for claim processing.
2. The Claim will be paid to the nominee who is the nominee in the Bank Account.
3. The claim money will be credited to the nominee's bank account via APBS/NEFT.

History

In India, there has long been indigenous rural finance. But since the informal sector is often seen as exploitative and driven by profit, it has been eliminated without being replaced by other forms of income. It is the informal lenders that must be eliminated, and to do this, the native informal system must be strengthened and supported [4]. However, due to problems including a high rate of loan failure, expensive processing costs, a lack of collateral, and a lack of financial goods connected to consumption, rural finance is insufficient on its own.

In India, there has long been indigenous rural finance. But because the informal sector is typically seen as exploitative and driven by profit, it has been eliminated without being replaced by other forms of income. In actuality, it is the informal lenders that must be eliminated, and in order to do this, the native informal system must be strengthened and supported. However, due to problems including a high rate of loan failure, expensive processing costs, a lack of collateral, and a lack of financial goods related to consumption, rural financing is insufficient on its own.

SL Shetty [5] has emphasized the many benefits of micro-finance in his writings. Lending to women is emphasized in micro-finance, which will guarantee that household consumption and capital requirements for micro-enterprises are met. Problems such as moral hazard, adverse selection, monitoring, and legal enforcement are significantly reduced when loans are made to Joint Liability Groups. Additionally, by making development strategy more inclusive and people-centric, it will bring about a paradigm change. The Rangarajan Committee (2008) [6] suggested giving NBFCs the status of micro-finance institutions (MFIs) and improving the MFIs' operational legitimacy, accountability, and transparency.

The Reserve Bank of India allowed the provision of banking services through the Business Correspondent (BC) route in 2005, hence formalizing the idea of Financial Inclusion. The Committee on Financial Inclusion (2008) described it as the process of guaranteeing vulnerable groups, such as lower income and weaker sections, timely and enough credit where needed at a reasonable cost. It essentially denotes having access to the payments system, reasonably priced credit, and bank accounts protected by deposit insurance. Then, under Financial Inclusion, it instructed all commercial banks to submit a board-approved plan in 2010 for the provision of banking services in rural areas without access to banking services. The Indian government gave the scheme a major boost in 2011 when it launched the "Swabhimaan" campaign, which aimed to provide banking facilities to over 74,000 villages with a population of at least 2,000 people according to the 2001 census. The RBI's push for financial inclusion resulted in an approximate 100 million increase in bank account numbers between 2011 and 2013.

However, in comparison to the new Pradhan Mantri Jan Dhan Yojana (PMJDY) scheme, the Swabhimaan campaign was more constrained in its strategy with regards to coverage and reach. The lack of convergence was observed in the creation of bank accounts, digital access to money (receipt/credit of money through electronic payment channels), microcredit availability, insurance, and pensions. By offering banking facilities in communities with a population of more than 2000, the programme just addressed the supply side; the entire region was not its aim. The homes were not given any attention. Additionally, a few technological problems prevented the campaign from scaling further. As a result, many bank accounts remained inactive and the intended benefits could not be realised.

Launched in 2014, the Pradhan Mantri Jan Dhan Yojana (PMJDY) has been instrumental in promoting financial inclusion in India. Its goals were to increase financial literacy and provide every family access to banking services. It is crucial for beneficiaries of PMJDY to comprehend their legal rights and obligations as they grow to be an essential component of India's financial system [7].

The Pradhan Mantri Jan Dhan Yojana (PMJDY) and the recommendations of the Rangarajan Committee are related since both programmes aim to promote financial inclusion and meet the financial requirements of India's unbanked and underbanked citizens. The recommendations made by the Rangarajan Committee to upgrade NBFCs to micro-finance institutions (MFIs) were intended to increase their ability to efficiently serve underprivileged communities. Like the larger financial inclusion goals, the PMJDY aims to provide basic banking services and financial inclusion to the unbanked and underbanked groups. In addition, both

[4] 'A Compilation of the United Nations High-level Advisory Board on Economic and Social Affairs: Economic and Social Challenges and Opportunities,' accessible at: https://www.un.org/development/desa/en/wp-content/uploads/2020/07/RECOVER_BETTER_0722-1.pdf

[5] Shetty, S.L. (2012). Microfinance in India-Issues, Problems and Prospects: A Critical Review of Literature. New Delhi: Academic Foundation.

[6] 'Report of the Committee on Financial Inclusion', NABARD 2008. Available at: https://www.nabard.org/English/report_comfinancial.aspx. Website last visited on 17th June'15.

[7] Dr. Sarfraj Ahmed, Jan Dhan Yojana is a way for financial inclusion in rural India, Asian Journal of Management and Commerce 2023; 4(1): 329-33

programmes stress the significance of operational legitimacy, accountability, and openness to safeguard the interests of those who are financially disadvantaged. These programmes act as a great neutralizer for financial inequality and create legal rights for those sections of the population that have never been able to have financial legal rights in the country. It has created a huge impact on the underprivileged sections for having basic legal rights. The goal of the programme was a difficult one to reach but has managed to reach great depths of society. It is a way for financial inclusion in India and especially impacts the rural India.

Legal rights and responsibilities of PMJDY beneficiaries

The legal rights awarded to PMJDY beneficiaries are instrumental in promoting financial inclusion and eradicating poverty. The ability to open a basic savings account with minimal paperwork is a fundamental right, significantly reducing the barriers that previously prevented many individuals from accessing formal financial services [8]. Furthermore, the inclusion of beneficiaries in the Direct Benefit Transfer (DBT) program is a substantial step towards ensuring government payments and subsidies reach the intended recipients [9]. These rights are not merely theoretical; they have tangible implications for the financial well-being of beneficiaries. In practice, the government, Reserve Bank of India (RBI), and various financial institutions have taken active measures to ensure the enforcement of these rights [10].

Right to open a bank account

Every Indian citizen is entitled to open a bank account under PMJDY, regardless of their income level or social status. This right ensures that even those who previously did not have access to formal banking services can now avail themselves of basic banking facilities.

Right to No frills Account

PMJDY beneficiaries have the right to open a 'no-frills' or basic savings account with minimal documentation requirements. These accounts typically have low or zero minimum balance requirements and are designed to be accessible to individuals from all sections of society.

Right to Nomination

PMJDY account holders have the right to nominate a beneficiary who will receive the balance in the account in the event of their death. This ensures that the funds in the account are transferred to the intended recipient without delay and according to the wishes of the account holder.

Right to Overdraft facility

PMJDY account holders are entitled to an overdraft facility, subject to certain conditions. This facility provides them with access to credit in times of emergency or financial need, thereby promoting financial inclusion and empowerment.

Right to direct bank transfers

PMJDY beneficiaries have the right to receive various government subsidies, benefits, and welfare payments directly into their bank accounts through the Direct Benefit Transfer (DBT) mechanism. This ensures transparency, reduces leakages, and minimizes the scope for corruption in the delivery of social welfare schemes.

The requirement for account holders to obtain RuPay debit cards is another critical aspect of PMJDY. These cards simplify access to financial services, allowing beneficiaries to conduct transactions, access government benefits, and make digital payments with ease. This contributes to the enforcement of beneficiaries' rights, as they are equipped with the necessary tools to actively engage in the formal financial ecosystem. It is essential to note that promoting financial inclusion and increasing financial literacy is not solely a matter of granting rights but also of ensuring they are effectively exercised.

The legislative framework that supports the PMJDY consists of rules and regulations published by Reserve bank of India (RBI), which serves as the nodal institution for banking activities. Regional rural banks, cooperative banks and commercial banks from the public and private sector are the main conduit through which this Yojana was executed, and these entities were essential for its success. The PMJDY is positioned within the large framework of social and economic transformation in India. The PMJDY's extensive legal framework guarantees that financial institutions follow the guidelines for financial inclusion to make banking service available to everyone. It requires banks to create basic savings accounts with the least amount of paperwork. It also requires account holders to get a RuPay debit card, which makes accessing government benefits and conducting financial transactions much easier. This regulatory requirement is essential to expanding the financial ecosystem and enabling citizens to actively engage in the formal economy. The PMJDY's scope of practice also includes insurance and pension products. It is required by law that all holders of PMJDY accounts be qualified for both accidental insurance coverage and an overdraft capacity. These policies protect vulnerable groups in society from unanticipated financial shocks by strengthening the social security net. Additionally, the Yojana supports the Atal Pension Yojana, which provides unorganized sector workers with a legal means of securing their retirement through reasonable pension contributions. All in one, the Pradhan Mantri Jan Dhan Yojana remains as a worldview of involving legal instrument as a guide to social change, enhancing the legal structure and its capacity. It has added to monetary consideration, monetary education and government backed retirement, catalysing financial change in India. Its success shows the way how lawful instruments can be saddled to achieve positive social change and comprehensive development at last satisfying the vision of a more fair and prosperous society.

Special advantages under PMJDY scheme

1. Interest on deposit.
2. Accidental insurance cover of Rs. 2 lakhs.
3. No minimum balance required.

[8] Dr. KK Tripathi. Financial Inclusion in Rural India: Will Jan Dhan Yojana Meet the Inclusion Gap, Kurukshetra, August. 2015;63:10.

[9] Bharath B and Dr. Ravi Kumar K, "A Study on Financial Inclusion and its Effectiveness on Direct Benefit Transfer Schemes", International Journal of Research Publication and Reviews, Vol 3, no 11, pp 599-606, November 2022.

[10] Financial Institutions, RBI, available at: https://rbi.org.in/upload/Publications/PDFs/58849.pdf

4. The schemes provide life cover of Rs. 30,000/- payable on death of the beneficiary, subject to fulfilment of the eligibility condition.
5. Easy Transfer of money across India.
6. Beneficiaries of Government Schemes will get Direct Benefit Transfer in these accounts.
7. After satisfactory operation of the account for 6 months, an overdraft facility will be permitted.
8. Access to Pension, insurance products.

If the bearer of the Rupay Card completes at least one successful financial or non-financial customer-induced transaction at any bank branch, bank Mitra, ATM, POS, E-COM, etc., the claim under personal accident insurance under PMJDY will be payable. The Rupay Insurance Programme 2019–2020 will cover transactions that take place within 90 days of the accident date, including the date of the accident, and that are both intra-bank and inter-bank, or on-us (bank customer/Rupay card holder transacting at same Bank Channels) and off-us (bank customer/Rupay card holder transacting at other Bank Channels). A household may only have one account, usually held by the lady of the home, with a 10,000 rupee overdraft limit.

Responsibilities of PMJDY beneficiaries

Beneficiaries also bear certain responsibilities under PMJDY, such as maintaining a minimum account balance and keeping their accounts active. These responsibilities are essential to ensure the sustainability and effectiveness of the program. They encourage beneficiaries to actively participate in the formal financial system and utilise the accounts provided to them. In practice, banks and financial institutions have played a role in educating beneficiaries about these responsibilities and assisting them in fulfilling them.

The integration of technology and digital financial services within the PMJDY framework has been pivotal in enhancing the efficiency and reach of the program. However, it also brings forth several legal and regulatory challenges, particularly concerning data privacy and security.

A vital component of the Pradhan Mantri Jan Dhan Yojana (PMJDY) initiative to expand financial access for beneficiaries is the distribution of RuPay debit cards. Nevertheless, this gives rise to substantial apprehensions pertaining to the privacy and security of data. As in J KS Puttaswamy v UOI [11], ensuring data privacy is an essential and foundational factor to contemplate. It concerns the safeguarding against unauthorized access and misuse of personal and financial information, such as card numbers, PINs, and transaction details. It is critical to maintain the confidentiality of beneficiaries' personal information by ensuring data privacy. Impartially necessary to resolve these concerns are stringent security measures [12]. Data encryption, tokenisation, and secure authentication protocols are among these safeguards. The information exchanged between the RuPay card and the bank's systems is protected by data encryption, which thwarts attempts by malicious entities to intercept it [13]. By substituting non-sensitive identifiers for sensitive data during tokenization, the risk of data intrusions is diminished. To verify the user's identity, secure authentication methods, such as two-factor authentication, add an additional layer of protection [14].

Ensuring the confidence and trust of PMJDY beneficiaries is a paramount concern [15]. Beneficiaries might exhibit hesitancy in employing their RuPay debit cards or participating in digital financial transactions if they harbour concerns regarding the security of their personal and financial information. Critical to the success of PMJDY and broader financial inclusion initiatives is the establishment of trust. It is imperative that beneficiaries possess the assurance that their data and transactions are safeguarded [16]. Regulatory bodies, including the RBI, have established guidelines and policies to address these concerns. Data encryption, secure authentication procedures, and regular audits are among the measures taken to protect beneficiary information [17].

The wider adoption of digital financial services also raises concerns about cybersecurity. With beneficiaries actively using digital payment methods and government benefits being disbursed electronically, the risk of cyberattacks and fraud increases. Legal and regulatory frameworks have had to evolve to address these challenges. Stringent laws and penalties for data breaches and cybercrimes play a crucial role in enforcing data privacy and security in the context of PMJDY.

Legal and regulatory challenges associated with PMJDY: There is little question that the Pradhan Mantri Jan Dhan Yojana (PMJDY) participants' legal rights have made a substantial contribution to India's financial inclusion efforts. However, there are still several obstacles and limitations that must be overcome before these rights may be realised. Logistical impediments represent a major difficulty. Due to poor infrastructure and little resources, the process of generating beneficiary accounts presents challenges, especially in distant and rural regions. Consequently, certain areas are still left out of the programme, which keeps it from reaching the maximum number of marginalized people. Additionally, ignorance and misinterpretation affect the efficacy of beneficiaries' legal rights. Some people don't know all there is to know about RuPay debit cards, their uses, and the obligations that come with keeping their accounts up to date.

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[11] (2017) 10 SCC 1.

[12] Gupta, A. and Yazdani, G., 2020 ‘Legal Framework of Financial Inclusion in India-A Critique’ DME Journal of Law, 1(01), pp.74-97

[13] Hamada, F.B. and Shekarb, M., PMJDY Status: Pre & Post Demonetization. International journal of trade & commerce-IIARTC. (2021)

[14] Sujatha Menon, ‘Role Of Data Tokenization In Data Security’ https://medium.com/protecto-ai/role-of-data-tokenization-in-data-security-4bda55eec2da

[15] Inclusive Finance India Report 2014, https://www.nabard.org/demo/auth/writereaddata/tender/2009161214IFIR2014.pdf

[16] Know Your Customer (KYC) Direction, 2016 (Updated as on October 17, 2023).

[17] Financial services to contribute USD 125 billion to cybersecurity revenues by 2025, 15 May, 2018 https://www.netscribes.com/cybersecurity-in-financial-services-trends-challenges/

Even while beneficiaries have access to financial services, this knowledge gap may discourage them from actively using them. Comprehensive financial literacy and education programmes are essential to addressing these problems. It is essential that beneficiaries get education on the aspects of the programme, their rights, and the optimal use of the financial services offered. Strong enforcement actions are also necessary to address issues that have been brought to light, such as fraudulent account openings and intermediaries' mishandling of accounts. In conclusion, even though PMJDY has made significant progress in improving financial inclusion, more work is still needed to fully realize beneficiaries' legal rights and overcome these obstacles.

The legal rights of beneficiaries are nevertheless subject to restrictions and difficulties, notwithstanding the great progress PMJDY has made [18]. Logistical obstacles might make it difficult to create accounts for beneficiaries, particularly in isolated and rural locations. The use of their accounts may be impacted by beneficiaries who are not completely informed of their rights and obligations [19]. Furthermore, there are continuous difficulties in making sure that recipients utilise their RuPay debit cards and keep the required amount. It is necessary to address financial literacy, education, and awareness issues in a holistic manner. Strong enforcement measures are also required considering reported problems including fraudulent account openings and middlemen's account abuse.

Identity verification

One of the challenges faced during the implementation of PMJDY is the verification of identities of individuals opening bank accounts, especially in rural areas where documentation may be scarce. Ensuring proper Know Your Customer (KYC) norms while opening accounts is crucial to prevent money laundering and other financial crimes.

Fraud and Misuse

There have been instances of fraud and misuse of the PMJDY accounts, including the opening of multiple accounts by the same individual to avail benefits multiple times. Such misuse undermines the objectives of the scheme and poses challenges for regulators in monitoring and preventing fraudulent activities.

Financial literacy

Many of the beneficiaries of PMJDY may lack financial literacy, which can lead to challenges in understanding the terms and conditions of banking services, managing their accounts effectively, and avoiding predatory financial practices.

Operational issues

With millions of additional accounts being established because of PMJDY, banks are facing significant operational issues in managing the increasing workload, making sure they have enough infrastructure, and offering account holder's high-quality services.

Legal Framework

While the PMJDY aims to promote financial inclusion, it must operate within the existing legal framework governing banking and financial services. Ensuring compliance with laws and regulations, such as those related to consumer protection, data privacy, and banking regulations, is essential to safeguard the interests of customers and maintain the integrity of the financial system.

Sustainability

PMJDY's long-term viability is dependent on several elements, including the government's ongoing commitment, sufficient money, efficient systems for monitoring and evaluating the programme, and integration with other social welfare initiatives. For the programme to be successful, recipients must continue to participate and interact.

Addressing these legal and regulatory challenges requires a concerted effort from policymakers, regulators, banks, and other stakeholders. It involves implementing robust systems for identity verification and KYC, enhancing financial literacy and consumer protection measures, investing in infrastructure and technology, strengthening regulatory oversight, and fostering collaboration between government agencies, banks, and civil society organizations [20].

Monitoring Mechanism

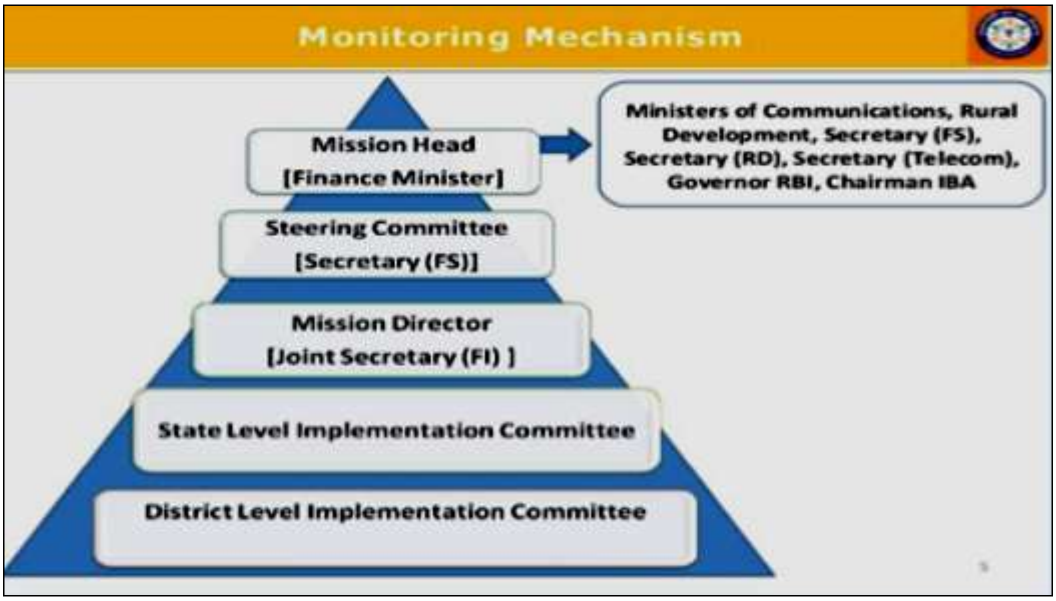
A project plan must be created, implemented, maintained, and updated; hence data must be collected at the right levels and with the necessary details. This information can be gathered in two ways: either directly from the bodies operating at the ground level by the central body, or via a bottom-up approach involving the different parties carrying out the plan. The central body is dependent on banks, regulators, and other parties to gather, organize, and analyze data and deliver it in an understandable format. This aids the central body in tracking the work being done to accomplish the goals of financial inclusion and their advancement. The central organization gathers and examines data updates from the contributing parties on a quarterly basis, based on monthly updates. To create a streamlined atmosphere, coordination and cooperation are essential, and accountability needs to be made explicit.

Administrative structure for Monitoring

[18] Charan Singh, *et al.*, (2014). Financial Inclusion in India: Select Issues, IIM Bangalore Working Paper 474,
Bangalore.
Available at:
http://www.iimb.ernet.in/research/sites/default/files/WP%20No.%20474.pdf). Website last visited on 17th June'15.

[19] Ray, K. K. (2022). Customer Perception Towards Pradhan Mantri Jan-Dhan Yojana (PMJDY): An Empirical Investigation from Slum-dwellers Perspective. Millennial Asia, 0(0). https://doi.org/10.1177/09763996221118722

[20] Yadav, M.N., Tripathi, R. and Shastri, R.K., Financial inclusion through good governance in India: A case of Pradhan Mantri Jan Dhan Yojana.



The Department of Financial Services created the website financialservices.gov.in to provide for online oversight of Bank Mitr's (Business Correspondent) operations. The monitoring is crucial since it guarantees bank mitr access to remote communities, resulting in the achievement of complete financial coverage for those areas.

The district and state must produce separate reports that include the following information

a) The number of covered villages where households that are excluded have needed to open new accounts.
b) The quantity of covered villages with excluded families that wished to revive previous accounts or had at least one account per family.
c) The quantity of impoverished communities with unregistered families that require the opening of a bank account.
d) The quantity of urban unbanked households requesting the opening of new accounts or account reactivation.
e) A significant number of new Business Correspondents, or Bank Mitr, had been established in both urban and rural regions.

On the ground, each bank would have a designed MIS (Management Information System) system to keep an eye on the operation of the Bank Mitr (Business Correspondent). To make the format easier for people to understand in rural areas, it had been standardised. On the website, there are regular updates about the scheme. Using their ID and password, each bank was able to visit this web portal.
The two sections of the MIS reports are required to be gathered to be monitored. The weekly reports that the banks are required to provide are in the first portion, and the SLBC reports - which contain the ground level surveys - are in the second. The ground level survey must be completed within three months of the campaign's launch date. The survey provides an accurate report on the scheme's execution. To make it clear how many households were covered by the campaign; the lady of the house has been named the head of the household with the other members of the families.
Every week, the IBA (Indian Bank Association) monitoring committee reviews the campaign's progress. You may access all of the information about the monitoring function on the Department of Financial Services (DFS) portal. It has been suggested that the Project Management Group engage fresh industry specialists to establish a daily monitoring team in DFS. SLBCs that are linked to a contact centre would offer a Toll Free Number. If someone is having trouble opening a bank account, they can file their complaint by calling this toll-free number. Within a 15-day window, their complaints will be sent on to the relevant body for resolution.

Data privacy and security

PMJDY has undoubtedly been a catalyst for socio-economic empowerment. However, amidst this commendable progress, concerns loom large regarding the privacy and security of the vast troves of data collected under the scheme. This takes us into the intricacies of data privacy and security within PMJDY, highlighting the imperatives, challenges, and potential solutions.
Understanding Data Privacy in PMJDY: Data privacy revolves around individuals' rights to control the collection, usage, and sharing of their personal information. In the context of PMJDY, data privacy concerns arise due to the extensive data collected during the enrolment process. This includes demographic details, biometric information, Aadhaar numbers, and financial records. While this data is instrumental in facilitating financial services, its misuse or unauthorized access can lead to identity theft, financial fraud, and erosion of privacy rights.
The Significance of Data Security: Data security is paramount in safeguarding the integrity and confidentiality of information within PMJDY. It encompasses measures to prevent unauthorized access, alteration, or destruction of data throughout its lifecycle. Given the sensitivity of the information stored within PMJDY databases, robust security protocols are imperative to mitigate risks of cyber threats, data breaches, and insider misuse.
Challenges in Ensuring Data Privacy and Security: Several challenges hinder the seamless integration of data privacy and security within PMJDY:

1. **Scale and Complexity:** PMJDY caters to millions of beneficiaries, making the scale and complexity of data management daunting. Handling such vast amounts of data increases the likelihood of security vulnerabilities and challenges in ensuring compliance with data protection standards.

2. **Technological Infrastructure:** Ensuring robust data security requires sophisticated technological infrastructure and resources. However, many regions where PMJDY operates lack adequate IT infrastructure, posing challenges in implementing advanced security measures and conducting regular audits.
3. **Human Factor:** Human error and malfeasance remain significant threats to data privacy and security. Insider threats, such as unauthorized access by bank employees or data breaches due to negligence, underscore the importance of stringent access controls and employee training programs.
4. **Regulatory Framework:** While India has made strides in enacting data protection laws, such as the Personal Data Protection Bill, the absence of comprehensive legislation leaves gaps in addressing emerging privacy challenges. Ambiguities in regulatory frameworks can hinder enforcement and compliance efforts within PMJDY.

Mitigating risks and enhancing privacy protections: Addressing data privacy and security concerns within PMJDY necessitates a multi-pronged approach

1. **Technological Solutions:** Implementing encryption techniques, robust access controls, and biometric authentication mechanisms can fortify data security within PMJDY systems. Advanced technologies like blockchain can also enhance data integrity and transparency in financial transactions.
2. **Capacity Building:** Investing in training programs for bank employees and stakeholders involved in PMJDY operations is essential to raise awareness about data privacy best practices and mitigate human errors. Building a cybersecurity-conscious culture is critical to safeguarding sensitive information.
3. **Collaborative Governance:** Collaborative efforts involving government agencies, regulatory bodies, financial institutions, and technology partners are imperative to establish comprehensive governance frameworks for data privacy and security within PMJDY. Regular audits, compliance assessments, and information sharing mechanisms can bolster accountability and transparency.
4. **Community Engagement:** Empowering PMJDY beneficiaries with knowledge about their rights, data protection measures, and avenues for redressal is vital. Community outreach programs, educational campaigns, and digital literacy initiatives can foster a culture of responsible data stewardship among beneficiaries.
5. **Policy Reforms:** Strengthening data protection laws and regulations to align with global standards and emerging technological trends is imperative. The enactment of the Personal Data Protection Bill, coupled with stringent enforcement mechanisms, can provide a robust legal framework to safeguard individuals' privacy rights within PMJDY.

As India marches towards a digital future, ensuring data privacy and security within initiatives like PMJDY is non-negotiable. The convergence of financial inclusion, technological innovation, and regulatory reforms presents both opportunities and challenges in safeguarding sensitive information. By adopting a holistic approach encompassing technological solutions, capacity building, collaborative governance, community engagement, and policy reforms, India can navigate the complexities of data privacy and security within PMJDY effectively. Ultimately, prioritizing the protection of individuals' privacy rights while fostering inclusive growth will pave the way for a more resilient and equitable financial ecosystem in India [21].

Critical Analysis

With its expansive reach and ambitious goals, the pradhan mantri Jan dhan yojana is a historic effort to promote financial inclusion in India. Critical evaluation is necessary to determine its effectiveness in promoting financial empowerment, guaranteeing high-quality banking services, and reducing poverty.

Inclusivity and Outreach: Closing the gap between those who have banks and those who do not was PMJDY's main goal. The programme has achieved remarkable results despite its challenging objectives. In a brief period, millions of bank accounts were opened, breaking the Guinness World Record. The goal of this widespread account mobilization was to integrate the economically disadvantaged into the established banking system. However, the sheer number of accounts opened doesn't necessarily translate into active usage or financial literacy among the beneficiaries.

Financial literacy and Awareness: Opening bank accounts is a big step towards financial inclusion, but it's also important to make sure they're actively used and to promote financial literacy. At first, PMJDY concentrated on creating accounts, but it did not implement any comprehensive steps to encourage people to become financially literate. Insufficient understanding of banking services could lead to many account holders underusing their accounts or becoming victims of financial abuse. Therefore, the financial empowerment of PMJDY's beneficiaries is just as important to the organization's success as the quantity of accounts established.

Quality of services: Account holders' access to high-quality financial services is another important component of PMJDY. The effectiveness of the plan depends critically on having access to standard banking services including insurance, pension plans, and overdraft capabilities. Reports, however, indicate that different regions have different levels of accessibility and availability for these services. The digital divide and poor banking infrastructure in rural regions are further problems that hinder PMJDY's successful implementation. Therefore, guaranteeing fair access to high-quality banking services continues to be a difficult task.

Financial Inclusion and Poverty Alleviation: The main objective of PMJDY was to reduce poverty through the formal financial system's integration of marginalized groups. Having access to banking services enables people to invest, save, and obtain credit, all of which contribute to improving their financial stability. The degree to which PMJDY has lessened poverty, however, is still up for debate. Some who oppose bank account access contend that

[21] Rastogi, H., An analysis of Pradhan Mantri Jan Dhan Yojana.

it may not have a substantial impact on poverty unless it is combined with other programmes like social security, skill development, and assistance for livelihoods.

Principal accountability for PSBs: The banks in charge of carrying out the initiative are banks, particularly those in the public sector. Within the current macroeconomic environment, PSBs are cash stacked, but also possess a large amount of stressed assets (bad loans and restructured loans), and frequently perform poorly for various reasons. The management and financial results of PSBs, who lack the guarantees to do so, are crucial to the plan's execution. Additionally, there are some distinctions between the RBI and the government. They might have an impact on how the programme is really implemented.

Limitations on connectivity: As part of a "no-co-operation," individuals in several districts split their money with the panchayat under the NREGA activity. To be granted half a day or the ability to work, people divide their salaries with panchayat officials. This problem is not addressed in the programme.

PMJDY was hailed for its ability to expedite the delivery of subsidies through Direct Benefit Transfer (DBT) programmes. The goal of the government's bank account-to-Aadhaar (Unique Identification) card linkage initiative was to seal off leaks and guarantee efficient distribution of subsidies and social benefits. Although DBT has demonstrated promise in lowering corruption and increasing efficiency, problems with exclusion, connectivity, and data privacy have arisen during deployment. Consequently, even though PMJDY helped lay the foundation for the rationalization of subsidies, its full potential in this area has not yet been reached.

To maintain the momentum of financial inclusion, ongoing efforts are needed to improve the standard of banking services, advance financial literacy, and remove structural obstacles. Furthermore, it's critical to use technology to promote innovation and grow digital financial services. The effectiveness of PMJDY also depends on collaborating with other development programmes that deal with poverty, healthcare, and education.

Conclusion

According to research, the government constantly takes initiative through different programmes to improve the lives of rural citizens. Compared to the previous Swabhimaan, they are only partially successful in raising knowledge of the current financial inclusion plan, PMJDY. However, the government is still unable to considerably change rural customers' understanding of PMJDY. According to this study, rural clients are not only underexposed to a wide range of banking services, but they also fail to recognize the significance of these services. We also looked at a few other variables, including age, gender, employment, and educational attainment, as well as information sources, in relation to rural customers' awareness of PMJDY, but none of the variables were found to be significant.

The Pradhan Mantri Jan Dhan Yojana (PMJDY) stands as a remarkable testament to India's commitment to financial inclusion and social welfare. Launched in 2014 with the ambitious goal of providing every household access to basic banking services, PMJDY has made significant strides in bridging the gap between the unbanked and the formal financial system. As this paper demonstrates, PMJDY has had multifaceted impacts on various socio-economic indicators, demonstrating both successes and challenges in its implementation.

Firstly, PMJDY has played a pivotal role in expanding financial access to the marginalized sections of society, including rural populations, women, and low-income households. By providing them with access to bank accounts, debit cards, and insurance facilities, PMJDY has empowered millions to participate in the formal economy, thereby fostering greater financial security and resilience. Moreover, the Direct Benefit Transfer (DBT) scheme, facilitated by PMJDY accounts, has streamlined the delivery of subsidies and welfare benefits, reduced leakages and ensured more efficient targeting of beneficiaries.

Secondly, PMJDY has contributed to the deepening of financial literacy and awareness among previously excluded communities. Through various financial literacy campaigns and initiatives, beneficiaries have gained valuable knowledge about banking services, savings, and digital transactions. This enhanced financial literacy not only promotes responsible financial behavior but also fosters a culture of savings and investment, laying the foundation for long-term economic stability and growth.

Furthermore, PMJDY has served as a catalyst for the adoption of digital financial services across the country. The integration of Aadhaar and mobile technology has facilitated seamless transactions and enabled remote access to banking services, particularly in rural and remote areas. This digitization of financial services not only enhances convenience and efficiency but also promotes transparency and accountability in financial transactions, thereby reducing the scope for corruption and malpractices.

However, despite its numerous successes, PMJDY also faces several challenges that warrant attention and remedial action. One such challenge is the issue of dormant accounts, wherein a significant proportion of PMJDY accounts remain inactive or underutilized. Addressing this challenge requires targeted efforts to promote greater account usage through financial education and awareness campaigns, coupled with innovative incentives to encourage regular transactions.

Moreover, ensuring the sustainability and scalability of PMJDY necessitates continued investments in infrastructure, technology, and human capital. Strengthening the banking network, expanding last-mile connectivity, and enhancing the capacity of banking correspondents are critical steps towards realizing the full potential of PMJDY in reaching the last mile. Additionally, fostering partnerships with various stakeholders, including government agencies, financial institutions, and [22] civil society organizations, can further bolster the reach and impact of PMJDY initiatives.

In conclusion, the Pradhan Mantri Jan Dhan Yojana represents a paradigm shift in India's approach to financial inclusion, marking a significant milestone in the country's journey towards inclusive growth and development. By extending the benefits of formal banking services to the marginalized sections of society, PMJDY has not only empowered individuals but also contributed to broader socio-economic transformation. As India continues its path

[22]https://pmjdy.gov.in/
https://www.pmindia.gov.in/en/major_initiatives/pradhan-mantri-jan-dhan-yojana/

towards building a more inclusive and equitable society, PMJDY serves as a shining example of the transformative power of innovative policy interventions in addressing complex developmental challenges.

Moving forward, sustained commitment, collaboration, and innovation will be essential in consolidating the gains of PMJDY and advancing towards the goal of comprehensive financial inclusion for all. With concerted efforts and a shared vision, PMJDY has the potential to serve as a model for other nations grappling with similar challenges, demonstrating that inclusive growth is not just a lofty ideal but a tangible reality within reach.

To sum up, the legal dimensions of PMJDY highlight the significance of an all-encompassing regulatory structure and policy backing in propelling financial inclusion endeavours. Through the synchronization of legislative actions, regulatory protocols, and policy mandates, PMJDY aims to establish a conducive atmosphere for augmenting accessibility to fundamental banking services and advancing equitable development throughout India. To handle new issues and guarantee PMJDY's continued efficacy in accomplishing its goals, it is necessary to continuously monitor, assess, and adjust legislative and regulatory frameworks.

This conclusion encapsulates the key findings and insights from the research while providing recommendations for future action and reflection on the broader implications of the Pradhan Mantri Jan Dhan Yojana.

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