



# drishti

## Seven Years of Pradhan Mantri Jan Dhan Yojana

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### Why in News

Recently, the government has asked the banks to improve access of account holders in the **Pradhan Mantri Jan Dhan Yojana (PMJDY)** scheme to micro-credit and micro investment products, like flexi-recurring schemes.

PMJDY - National Mission for **Financial Inclusion** has **completed seven years of successful implementation.**

### Pradhan Mantri Jan Dhan Yojana

**Before**

**Financial exclusion**

Leakages in subsidies, benefits not reaching the targeted population due to beneficiaries not having own authentic savings bank accounts

**What's New ?**

**New ambition, higher achievement**

Universal access to banking facilities with atleast one basic banking account for every household, financial literacy, access to credit, insurance and pension facility

### Key Features

**#TransformingIndia**

1. Account can be opened in any branch or business correspondent (Bank Mitra) outlet
2. Interest on deposit
3. No minimum balance required
4. Easy transfer of money across India
5. After satisfactory operation of the account for 6 months, overdraft facility to be permitted
6. Accidental Insurance Cover, RuPay Debit Card must be used atleast once in 45 days
7. PMJDY accounts with zero balance
8. Accidental insurance cover of Rs.1 Lakh
9. Life insurance cover of Rs. 30,000/-
10. Beneficiaries of Government Schemes will get Direct Benefit Transfer in these accounts
11. Access to pension, insurance products
12. Overdraft facility upto Rs.5000/- is available in only one account per household, preferably lady of the household

### Key Points

- **Objective of PMJDY:**

Ensuring **access to various financial services to the excluded sections** i.e. weaker sections & low income groups **at an affordable cost** and **using the technology** for the same.

- **Six Pillars of the Scheme:**

- **Universal Access to Banking Services** – Branch and Banking Correspondents.
  - Accounts opened are **online accounts in the core banking system** of banks.
  - Focus has shifted from **‘Every Household’ to Every Unbanked Adult’**.
- **Basic Savings Bank Accounts with OverDraft (OD) Facility** of Rs. 10,000/- to every household.
- **Financial Literacy Program**– Promoting savings, use of ATMs, using basic mobile phones for banking, etc.
  - Interoperability through **RuPay** debit card or **Aadhaar** enabled Payment System (AePS).
- **Creation of Credit Guarantee Fund** – To provide banks some guarantee against defaults.
- **Insurance** – Free accidental insurance cover on RuPay cards increased from Rs. 1 lakh to Rs. 2 lakh for PMJDY accounts opened after August 2018.
- **Pension Scheme** for the Unorganized sector.

- **Achievements:**
  - **Accounts:**
    - The **number of accounts rose to 43.04 crore in August 2021** from 17.9 crore in August 2015.
    - Of this, **55.47%** Jan Dhan account holders **are women** and **66.69%** holders **are in rural and semi-urban areas.**
  - **Deposits:**

The **deposits have shot up to Rs. 1.46 lakh crore from Rs. 22,901 crore** during 2015-2021.
  - **Operative Accounts:**
    - As per extant **Reserve Bank of India** guidelines, a PMJDY **account is treated as inoperative** if there are **no customer induced transactions** in the account for over a **period of two years.**

In August 2021, out of total 43.04 crore PMJDY accounts, 36.86 crore (85.6%) were operative.
    - Continuous **increase in percentage of operative accounts** is an indication that more and more of these accounts are being used by customers on a regular basis.
  - **RuPay Usage:**

Number of RuPay cards & their usage has also **increased over time.**
  - **Jan Dhan Darshak App:**

This app is being used for **identifying villages which are not served by banking touchpoints within 5 km.** The efforts have resulted in a significant decrease in the number of such villages.
  - **Pradhan Mantri Garib Kalyan Package (PMGKP) for PMJDY Women:**

Under **PMGKP**, a total of Rs. 30,945 crore have been credited in accounts of women PMJDY account holders during **Covid lockdown.**
  - **Smooth DBT Transactions:**

About 5 crore PMJDY account holders receive **Direct Benefit Transfer (DBT)** from the Government under various schemes.

- **Impact:**
  - **Increased Financial Inclusion:**

PMJDY has been the foundation stone for **people-centric economic initiatives**. Whether it is **DBT**, **Covid-19** financial assistance, **PM-KISAN**, increased wages under **MGNREGA**, life and health insurance cover, the first step of all these initiatives is to provide every adult with a bank account, which PMJDY has nearly completed.
  - **Formalisation of Financial System:**

It provides an **avenue to the poor for bringing their savings into the formal financial system**, an avenue to remit money to their families in villages besides taking them out of the clutches of the usurious money lenders.
  - **Prevention of Leakage:**

DBTs via PM Jan Dhan accounts have **ensured every rupee reaches its intended beneficiary** and prevents systemic leakage.
- **Challenges:**
  - **Connectivity:**

Lack of physical and digital connectivity is posing a major hurdle in achieving financial inclusion for rural India.
  - **Technological Issue:**

The technological issues affecting banks from poor connectivity, networking and bandwidth problems to managing costs of maintaining infrastructure especially in rural areas.
  - **Procedure not Clear:**

Most of the people are aware but still so many are not turned around as they are not understanding the proper procedure of opening an account and required documents at a time.

## Way Forward

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- There must be an endeavour **to ensure coverage of PMJDY account holders under micro insurance schemes**.
 

Eligible PMJDY account holders will be sought to be covered under Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY).
- Promotion of **digital payments** including RuPay debit card usage amongst PMJDY account holders through creation of acceptance infrastructure across India.

**Source: PIB**