



Ten Years of Pradhan Mantri Jan-Dhan Yojana

For Prelims: [Pradhan Mantri Jan-Dhan Yojana](#), [Direct Benefit Transfer](#), [Overdraft Facility](#), [Financial Literacy](#), [Jan Dhan Darshak App](#), [Micro Insurance](#), [National Strategy for Financial Inclusion](#), [Pradhan Mantri Jeevan Jyoti Bima Yojana \(PMJJBY\)](#), [Pradhan Mantri Suraksha Bima Yojana \(PMSBY\)](#), [Atal Pension Yojana \(APY\)](#), [Micro Units Development & Refinance Agency Bank \(MUDRA\)](#), [Digital Public Infrastructure \(DPI\)](#).

For Mains: Pradhan Mantri Jan-Dhan Yojana (PMJDY) and its Impact on Indian Banking, Government Policies & Interventions.

[Source: BS](#)

Why in News?

The year **2024** marks the **tenth year** of the [Pradhan Mantri Jan-Dhan Yojana \(PMJDY\)](#). PMJDY was launched ten years ago on **28th August, 2014**.

- The government aims to open more than **3 crore accounts** under the PMJDY during the current financial year **2024-25**.

What are the Achievements of Pradhan Mantri Jan-Dhan Yojana?

- **Account Expansion:** PMJDY has moved from the modest beginning with **147 million accounts** opened in **March 2015** to a mammoth **520 million accounts** in **March 2024**.
- **Deposit Mobilisation:** The deposit mobilisation was **Rs 15,600 crore** in March 2015 which increased to **Rs 2.32 trillion** in March 2024.
 - The deposit mobilisation grew at a compound average growth rate of **30%** over the last 10 years.
 - Average balance increased from **Rs 1,065** in March 2015 to **Rs 4,476** in March 2024, nearly quadrupling in the last decade.
- **Expansion of Banking Infrastructure:** Over **1.3 million banking touch points** have been mapped on the **Jan Dhan Darshak (JDD) App**.
 - A total of **601,000 villages** are mapped on the JDD app as of July 2023. Out of these, **599,468 (99.7%)** of total mapped villages are covered with **banking outlets** (bank branch, banking corner, or [Indian Post Payment Banks](#) within 5 km radius).
 - The [Jan Dhan Darshak App](#) is a mobile application that helps citizens **locate banking touchpoints** like branches, **ATMs**, [Banking Correspondents \(BCs\)](#), IPPBs etc.
- **Rural-Urban Parity:** **As per Ministry of Finance**, PMJDY achieved a milestone of a total of **53.13 crores PMJDY accounts** out of which **55.6% (29.56 crores) Jan-Dhan account holders are women** and **66.6% (35.37 crores) Jan Dhan accounts are in rural and semi-urban areas**.
- **Boost in Digital Payments:** The total number of **UPI** financial transactions have increased from **920 million** in Financial Year (FY) 2018 to **131.2 billion** in FY 2024.

- Similarly, total number of **RuPay card transactions** at **point of sale (PoS)** and **e-commerce** have increased from **670 million** in FY 2018 to **1.26 billion** in FY 2023.
- **Direct Benefit Transfer (DBT):** PMJDY transferred about **USD 361 billion** directly to beneficiaries from **53 central government ministries** through **312 key schemes**.
 - During **Covid-19**, the **PMJDY accounts** were instrumental in one-time ex gratia payment of **Rs 500 per month** for three months (April, May and June 2020) under **Pradhan Mantri Garib Kalyan Yojana (PMGKY)**, benefiting 206.4 million women account holders..
- **Overdraft (OD) Accounts:** As of March 2024, a total of **1,17,701 overdraft facility** have been opened with a sanctioned amount of **Rs 190 crore** to such PMJDY account holders. The limit utilisation stands at **80.5%**.
 - It has ensured access to credit from the **formal financial system** for the poorest of the poor.
- **Low Zero Balance Accounts:** Although **zero balance accounts** are permitted under PMJDY and maintenance of minimum balance is not mandatory, **only 8.4%** accounts have zero balance.
- **Praised by the World Bank:** As per the **World Bank**, India has achieved as much in just **six years** what would have taken about **five decades**.
 - The **Jan Dhan-Aadhaar-Mobile (JAM) trinity** has propelled the **financial inclusion** rate to 80% of adults from 25% in 2008, a journey shortened by up to 47 years and made possible due to **Digital Public Infrastructure (DPI)**.

What is PMJDY?

- PMJDY is a financial inclusion program that aims to ensure access to financial services, namely, **basic savings & deposit accounts, remittance, credit, insurance, pension** in an affordable manner.
- Under the scheme, a basic savings bank deposit (BSBD) account can be opened in **any bank branch** or **Business Correspondent (Bank Mitra) outlet**, by persons not having any other account.
- **Features:**
 - **No Minimum Balance:** There is **no** requirement to maintain any **minimum balance** in PMJDY accounts.
 - **Free Debit Card: Free Rupay Debit card** is provided to PMJDY account holders.
 - **Accident Insurance:** Accident **Insurance Cover** of Rs.1 lakh (enhanced to Rs. 2 lakh to new PMJDY accounts opened since 2018 is available with RuPay card issued to the PMJDY account holders.
 - **OD Facility:** An **overdraft (OD) facility** up to Rs. 10,000 to eligible account holders is available.
 - **DBT Benefits:** PMJDY accounts are eligible for **DBT, Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal Pension Yojana (APY), Micro Units Development & Refinance Agency Bank (MUDRA) scheme**.
 - However, there is **no mandatory free** cheque book facility with a PMJDY account. Banks can issue cheque books on PMJDY accounts which **may/may not be priced**.

What are the Challenges Associated with PMJDY?

- **Multiple Accounts:** The lure of getting a large insurance cover, accidental death benefit cover and overdraft facility prompt people to **open multiple accounts** in different banks using **different identification documents** like Aadhaar card, PAN card etc.
- **Economic Burden on Banks:** Too many accounts with persistent low balance creates financial problems for banks in managing them.
- **Money Laundering:** **There are concerns that Jan Dhan accounts owned by the poor are used in money laundering by black money operators.**
 - Jan Dhan accounts were used to launder money after **demonetisation**.
- **Declining Overdraft facility:** Providing OD facility is the **discretion** of the concerned banks.

Many banks **decline** to extend the OD facility therefore defeating the purpose.

- **Misusing Authority:** Sometimes Business correspondents (BCs) **misuse the authority** and make the life of people below poverty line miserable.
 - BCs may **charge extra fees** for services that are supposed to be **free or have minimal costs**, such as opening bank accounts, processing transactions, or providing loans.
- **Bad Loans:** It is a possibility that the **overdraft facility** could end up as **bad loans** for banks as the scheme **does not spell out how the banks can collect debts**.
 - With many **debt waivers** in the past, **people may end up treating the loans as freebies**.
- **Financial and Technology Illiteracy:** There is a lack of awareness, knowledge and skills among rural people to make informed decisions about savings, borrowings, investments and expenditure.
 - A survey conducted by financial services giant Visa revealed that **65% of Indians lack financial literacy**.

Way Forward

- **Centralised Verification System:** Implement a **centralised system** to prevent duplication of accounts using **biometric and digital identity verification**.
 - Develop incentives for individuals to maintain a single account rather than multiple ones, such as enhanced benefits or reduced fees.
- **National Strategy for Financial Inclusion (NSFI):** The upcoming **NFSI** for 2025-30 should emphasise PMJDY to expand **social security scheme** penetration and their awareness among the targeted population.
- **Insurance for All:** India needs to move away from sole focus on accounts and balances.
 - Endeavour is needed to ensure coverage of PMJDY account holders under **Micro Insurance schemes**.
 - Improving access of PMJDY account holders to micro-credit and micro investment such as flexi-recurring deposit is needed.
- **Increased Penetration of OD accounts:** The penetration of OD accounts must be improved so that PMJDY becomes a catalyst for a **virtuous cycle of growth** and contribution towards **Viksit Bharat**.
- **New Focus Areas:** The Centre believes that PMJDY has covered the majority of the adult population. Now, our focus is to cover the entire adult population and continue to cover those acquiring adulthood.

Drishti Mains Question:

Q. Critically discuss how Pradhan Mantri Jan-Dhan Yojana has helped in financial inclusion in India in the last 10 years.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims

Q. Priority Sector Lending by banks in India constitutes the lending to (2013)

- (a) agriculture
- (b) micro and small enterprises
- (c) weaker sections
- (d) All of the above

Ans: (d)

Q. 'Pradhan Mantri Jan-Dhan Yojana' has been launched for (2015)

(a) providing housing loan to poor people at cheaper interest rates

(b) promoting women's Self-Help Groups in backward areas

(c) promoting financial inclusion in the country

(d) providing financial help to the marginalised communities

Ans: (c)

Mains

Q. Pradhan Mantri Jan Dhan Yojana (PMJDY) is necessary for bringing unbanked to the institutional finance fold. Do you agree with this for financial inclusion of the poor section of the Indian society? Give arguments to justify your opinion. **(2016)**

Q. Among several factors for India's potential growth, the savings rate is the most effective one. Do you agree? What are the other factors available for growth potential? **(2017)**

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