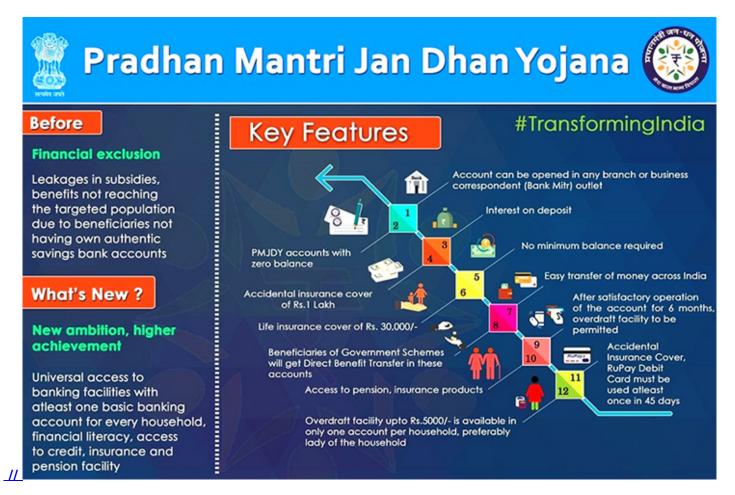
# Seven Years of Pradhan Mantri Jan Dhan Yojana

## Why in News

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

PMJDY - National Mission for <u>Financial Inclusion</u> has completed seven years of successful implementation.



# **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 <u>core banking system</u>** 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 <u>RuPay</u> debit card or <u>Aadhaar</u> 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\_<u>Reserve Bank of India</u> 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 <u>PMGKP</u>, a total of Rs. 30,945 crore have been credited in accounts of women PMJDY account holders during <u>Covid lockdown</u>.
  - Smooth DBT Transactions:
    - About 5 crore PMJDY account holders receive <u>Direct Benefit Transfer (DBT)</u> 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, <u>Covid-19</u> financial assistance, <u>PM-KISAN</u>, increased wages under <u>MGNREGA</u>, 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**

- 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 <u>digital payments</u> including RuPay debit card usage amongst PMJDY account holders through creation of acceptance infrastructure across India.

#### Source: PIB

PDF Refernece URL: https://www.drishtiias.com/printpdf/seven-years-of-pradhan-mantri-jan-dhan-yojana