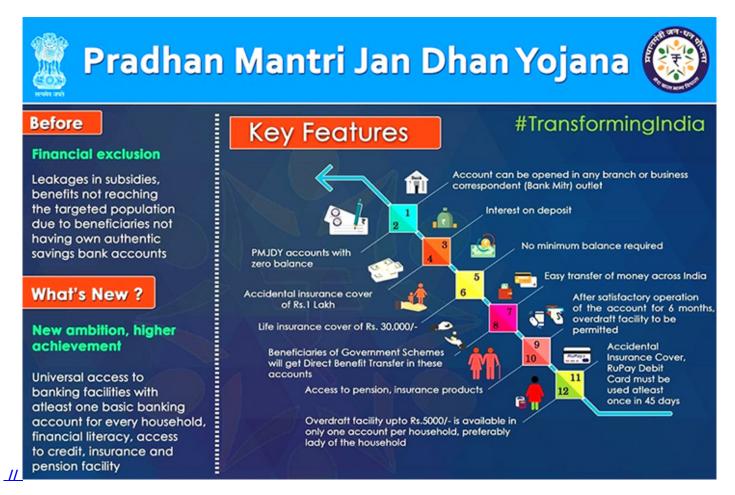
Seven Years of Pradhan Mantri Jan Dhan Yojana

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

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