



Mains Practice Question

Q. The Pradhan Mantri Jan Dhan Yojana (PMJDY) with its aim of ensuring access to various financial services to the excluded sections at an affordable cost has a huge impact. Still, it is faced with many such challenges to achieving them. Discuss. (250 Words)

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Approach

- Start your answer by giving a brief about Pradhan Mantri Jan Dhan Yojana (PMJDY).
- Discuss basic tenets and achievements of the scheme.
- Discuss the Impact of PMJDY.
- Discuss the Challenges of PMJDY.
- Conclude your answer by giving a way forward.

Introduction

The Pradhan Mantri Jan Dhan Yojana (PMJDY) was launched in 2014 with the aim of ensuring access to financial products & services at an affordable cost and the use of technology to lower costs & widen reach. Financial inclusion is a major step towards inclusive growth which ensures the overall economic development of the marginalised sections of society.

Basic tenets of the scheme

- **Banking the unbanked:** Opening of basic savings bank deposit (BSBD) account with minimal paperwork, relaxed KYC, e-KYC, account opening in camp mode, zero balance & zero charges.
- **Securing the unsecured:** Issuance of Indigenous Debit cards for cash withdrawals & payments at merchant locations, with free accident insurance coverage of Rs. 2 lakh.
- **Funding the unfunded:** Other financial products like micro-insurance, overdraft for consumption, micro-pension & micro-credit.

Body

Achievements of the Pradhan Mantri Jan Dhan Yojana (PMJDY)

- **Accounts:**
 - PMJDY Accounts grow 3-fold from 14.72 crore in March 2015 to 46.25 crore as in 2015
 - Of this 56% Jan-Dhan account holders are women and 67% Jan Dhan accounts 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:** The 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 5.4 crore PMJDY account holders receive Direct Benefit Transfer (DBT) from the Government under various schemes.

Impact of the Pradhan Mantri Jan Dhan Yojana (PMJDY)

- **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

- 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.