



Insurance Claims under PMJDY

For Prelims: [Pradhan Mantri Jan-Dhan Yojana \(PMJDY\)](#), [Direct Benefits Transfer \(DBT\) scheme](#), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY).

For Mains: Significance of Direct Benefits Transfer (DBT) as per of Pradhan Mantri Jan-Dhan Yojana (PMJDY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY)

Why in News?

In the last two financial years, only 329 claims for accident insurance cover provided to bank account holders under the [Pradhan Mantri Jan-Dhan Yojana \(PMJDY\)](#) have been settled out of the 647 claims that were filed.

- In FY 2021-22, 341 claims were received, of which **182 were settled and 48 rejected** and 306 claims were received in FY 22-23, of which **147 were settled and 10 rejected but no information about the remaining 149 claims.**

What is Pradhan Mantri Jan Dhan Yojana (PMJDY)

- **About:**
 - **PMJDY** - [National Mission for Financial Inclusion](#), 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.
- **Objective:**
 - Ensure access to various financial services like availability of basic savings bank account, access to need based credit, remittances facility, insurance and pension to the excluded sections i.e., weaker sections & low-income groups.
 - Envisages channeling all Government benefits (from Centre / State / Local Body) to the beneficiaries' accounts and pushing the [Direct Benefits Transfer \(DBT\) scheme](#) of the Union Government.
 - Mobile transactions through telecom operators and their established centers as Cash Out Points are also planned to be used for Financial Inclusion under the Scheme.
- **Benefits under PMJDY:**
 - There is no requirement to **maintain any minimum balance** in **PMJDY accounts** and interest is earned on the deposit in **PMJDY accounts**.
 - [Rupay Debit card](#) is provided to the **PMJDY account holder**.
 - An **overdraft (OD) facility** up to **Rs. 10,000** to eligible account holders is available.
- **Scope of PMJDY:**
 - **PMJDY accounts** are eligible for **Direct Benefit Transfer (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.](#)

▪ **Insurance Facility under PMJDY:**

- It provides insurance cover to its account holders.
 - **Life Insurance Cover: PMJDY** account holders are eligible for a **life insurance cover of Rs. 2 lakhs** which is provided under the **Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)**.
 - **Accidental Insurance Cover: PMJDY** account holders are also eligible for an **accidental insurance cover of Rs. 2 lakh** which is provided under the **Pradhan Mantri Suraksha Bima Yojana (PMSBY)**.
- Both the **PMJJBY** and **PMSBY** insurance covers are provided at a **nominal premium of Rs. 330 per annum** and **Rs. 12 per annum**, respectively.
 - The premium for these insurance covers is automatically debited from the **PMJDY** account holder's account on an annual basis.
 - The accident insurance cover for death or permanent disability is extended to all **PMJDY account holders**, out of which more than **50%** are women. **No premium is charged from account holders.**
- **Condition:**
 - The **key condition to avail the accident insurance** is that the beneficiary must have **performed at least one successful transaction** (financial or non-financial) **using the card in the 90 days prior** to date of accident. **This condition, however, makes filing claims difficult.**

▪ **Challenges to PMJDY:**

- **Lack of Awareness:** Despite various awareness campaigns by the government, many people in rural areas are not aware of the benefits of PMJDY. This leads to a **lack of participation and limits the impact of the program.**
- **Limited Infrastructure:** Many remote areas **lack adequate banking infrastructure, including ATMs and bank branches**, making it difficult for people to access financial services.
- **Limited Resources:** Many people who are eligible for PMJDY **lack the necessary documents, such as ID proof, address proof, and income proof**, to open bank accounts. This limits the reach of the program and reduces its effectiveness.
- **Dependence on Cash Transactions:** In many parts of the country, **people still rely on cash transactions for their daily needs.** This limits the uptake of **digital payments** and reduces the effectiveness of PMJDY in promoting financial inclusion.

▪ **Other Initiatives to Increase Financial Inclusion in India:**

- [Digital Identity \(Aadhaar\)](#)
- [National Centre for Financial Education \(NCFE\)](#)
- [Centre for Financial Literacy \(CFL\) Project](#)
- [Expansion of financial services in Rural and Semi-Urban Areas](#)
- [Promotion of Digital Payments](#)

Way Forward

- The government can use various media channels to increase **awareness of the benefits of the program**, especially in remote areas where people lack access to information **besides promoting the use of digital payments**
 - It can focus on **building more bank branches and ATMs** in remote areas to improve the accessibility of financial services.
- Also, efforts need to be made towards **simplifying the documentation process** required to open bank accounts under the PMJDY program.
- **For ease in availing insurance, government can offer exceptions to the condition** of having performed at least one successful transaction using the card in the 90 days prior to the date of the accident, in cases where the beneficiary can prove that they were unable to use the card during that time period due to extenuating circumstances, such as illness or travel.

UPSC Civil Services Examination, Previous Year Question (PYQ)

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 poorer section of the Indian society? Give arguments to justify your opinion.

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