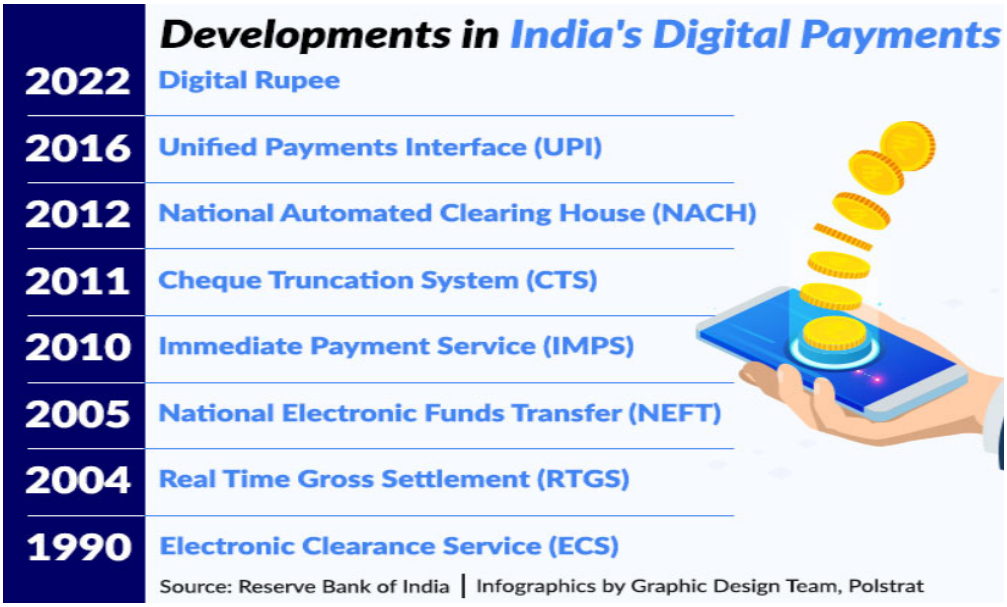
10 years of PM Jan Dhan Yojana (PMJDY)

Why in News?

Recently, the Pradhan Mantri Jan Dhan Yojana (PMJDY) completed 10 years of its implementation.

What is Jan Dhan Yojana?

- **Launch**- It is a government-led ***financial inclusion initiative*** launched in 2014.
- **Objective**- It aimed to *provide universal access to banking facilities* for all households in the country, especially the unbanked.
- **Services**- It offers basic savings accounts, remittance services, and access to credit, insurance, and pensions at affordable costs.
- **Universal coverage-** It covers all households across rural and urban areas.
- **Zero balance accounts-** PMJDY accounts can be opened with zero balance and RuPay debit cards are also issued.
- **Overdraft (OD) facility-** OD facility of Rs 10,000 for Aadhaar-linked accounts after six months of satisfactory operation.
- No conditions for OD up to Rs 2,000.
- OD facility available to individuals aged 18-65 years.
- **Insurance coverage-** It provides personal accident insurance cover of Rs 2 lakh for accounts opened after August 28, 2018 and includes coverage of Rs 1 lakh for permanent partial disability.
- **Business correspondents-** A minimum monthly remuneration of Rs 5,000 is provided to business correspondents acting as a link between account holders and banks.
- **Eligibility for other schemes-** PMJDY account holders are eligible for Direct Benefit Transfer (DBT), PMJJBY, PMSBY, Atal Pension Yojana (APY), and MUDRA scheme.



What are the achievements of Jan Dhan Yojana?

- **Widens financial access-** It significantly increasing banking penetration, especially in rural and semi-urban areas.
  - *Over 53.1 crore bank accounts* have been opened under PMJDY
- **Reduces rural-urban disparity** – It helped narrow the gap in access to the formal banking system that existed between rural and urban areas.
  - Around *67% of the accounts opened are in rural/semi-urban* areas.
- **Bridges gender gap –** It increased financial access to women.
  - *About 56% of the accounts* opened under PMJDY belong to women.
- **Enables DBT -** PMJDY has facilitated efficient transfer of subsidies and benefits directly into beneficiaries' bank accounts, ensuring accurate targeting and reducing leakages.
  - DBT is now being used in hundreds of schemes whose total *cumulative transfers amount to Rs 38.5 lakh crore*.

*The **JAM trinity** (Jan Dhan, Aadhaar and mobile) has enabled the government to shift to a more efficient system for transferring benefits directly to beneficiaries.*

- **Support during crisis-** JAM and DBT facilities has also been used by the government to provide support to citizens during times of distress.
  - For instance, during the initial days of the pandemic, the government had *transferred Rs 500 to 20 crore women* Jan Dhan account holders.
- **Economic gains** - The JAM framework also forms an integral part of the Unified Payments Interface (UPI) which has transformed the payment systems in the country.
  - In July, 14.4 billion transactions were processed through this platform as per data from NPCI.
- **Boost to financial literacy**- It has raised awareness and understanding of financial products and services among the unbanked population.
  - A significant share of these UPI transactions are of a lower ticket size, 85% of peer to merchant and 56% of peer to peer transactions are of less than Rs 500.
- It indicates that the changes in the country's payment systems have eased the ability of households, even low income ones, to engage in formal financial transactions in their daily lives.

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

What lies ahead?

- Develop tailored financial products and services to the needs of low-income households and those with irregular income streams.
- Continue efforts to close the remaining gaps in financial access, particularly in remote and underserved regions.
- Leverage advancements in technology to enhance the efficiency and reach of financial

inclusion initiatives.

- Introduce Unified Lending Interface (ULI) to provide credit to segments of society that remain excluded from formal financial services.

Unified Lending Interface is a standardized, plug-and-play system that aims to reduce the need for extensive documentation from borrowers. It is designed to address unmet credit demand, particularly for agriculture and MSMEs by digitizing access to data like land records.

Quick Facts

Other Financial Inclusion Initiatives in India
• **Aadhaar-Enabled Payment System (AEPS)** - It utilizes biometric authentication to facilitate easy banking access. • **Direct Benefit Transfer (DBT)** - It ensures subsidies and other financial benefits reach the beneficiaries directly in their bank accounts. • **Micro Units Development & Refinance Agency Bank (MUDRA)** – It provides loans to small businesses and micro-enterprises. • **Insurance and pension schemes** – Programs like Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), and Atal Pension Yojana (APY) offer insurance and pension facilities to the financially underserved. • **Unified Payments Interface (UPI)** - Facilitates instant and easy mobile-based financial transactions. • **Financial literacy campaigns** - Educating the unbanked and underbanked on financial services and their benefits.

References

1. The Indian Express | Achievements of Jan Dhan Yojana
2. Business Today | 10 years of Pradhan Mantri Jan Dhan Yojana

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