



#### About the scheme:

- It is a National Mission for Financial Inclusion to ensure access to financial services, namely, basic savings & deposit accounts, remittance, credit, insurance, pension in an affordable manner.
- The scheme was launched in August 2014, and according to the Ministry of Finance, over 4 crore bank accounts have been opened till September 2014.
- 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.

#### Context

In the last two financial years, only 329 claims for the 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.

#### What are 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



#### What is the objective of the scheme?

- Ensure access of financial products & services at an affordable cost.
- Use of technology to lower cost & widen reach.



#### What is the eligibility for the scheme?

- You must be a citizen of India.
- You should be at least 10 years of age.
- You should not have a bank account.

#### What are the documents required?

- The passport, the driving license, the Permanent Account Number (PAN) Card.
- The Voter's Identity Card issued by the Election Commission of India.
- Job card issued by NREGA duly signed by an officer of the State Government.
- The letter issued by the Unique Identification Authority of India containing details of name, address and Aadhaar number.
- Any other document as notified by the Central Government in consultation with the Regulator.



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#### Who is not eligible for the scheme?

- State or Central Government employees, public sector employees and people with taxable income will not be eligible for life cover insurance under Jan Dhan Yojana.
- Existing income tax payees and their families are not eligible to apply for the PM Jan Dhan Yojana.
- If one is registered with the Aam Aadmi Bima Yojana, she cannot benefit from this scheme. However, if one wants to avail of the Jan Dhan account benefits, then she can do so by giving up the Aam Aadmi Bima Yojana scheme.



#### What are the concerns of the scheme?

- Lack of Access to Digital Banking.
- While rural banking has done considerably well under PMJDY, the government has failed to address some major loopholes, according to experts.
- Skewed ratio of functional Rupay cards and the Number of Accounts.
- It is often difficult to conduct the KYC, or Know Your Customer, procedure that needs to be done in person every time a new account is created.

#### Way forward

- Endeavour to ensure coverage of PMJDY account holders under micro insurance schemes.
- Eligible PMJDY account holders will be sought to be covered under PMJJBY and PMSBY. Banks have already been communicated about the same.
- Promotion of digital payments including RuPay debit card usage amongst PMJDY account holders through creation of acceptance infrastructure across India.
- Improving access of PMJDY account holders to Micro-credit and micro investment such as flexi-recurring deposit etc.

#### What are the 6 pillars of PMJDY?



Universal access to banking services – Branch and BC.



Basic savings bank accounts with an overdraft facility of Rs. 10,000/- to every eligible adult.



Financial Literacy Programme– Promoting savings, use of ATMs, getting ready for credit, availing insurance and pensions, using basic mobile phones for banking.



Creation of Credit Guarantee Fund – To provide banks with some guarantee against defaults.



Insurance – Accident covers up to Rs. 1,00,000 and life cover of 30,000 on account opened between 15 Aug 2014 to 31 January 2015.



Pension scheme for unorganized sector.

#### What are the benefits of the scheme?

- One basic savings bank account is opened for unbanked people.
- There is no requirement to maintain any minimum balance in PMJDY accounts.
- Interest is earned on the deposit in PMJDY accounts, Rupay Debit card is provided to the PMJDY account holder.
- Accident Insurance Cover of Rs.1 lakh (enhanced to Rs. 2 lakh to new PMJDY accounts opened after 28.8.2018) is available with RuPay card issued to the PMJDY account holders.
- An overdraft (OD) facility up to Rs. 10,000 to eligible account holders is available.
- 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.