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Banks to pitch financial products like insurance, pension schemes to Jan Dhan account holders

By [Dheeraj Tiwari](#), ET Bureau | Updated: Nov 29, 2016, 12:24 AM IST

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NEW DELHI: The government will nudge banks to tap Pradhan Mantri Jan Dhan Yojana accounts that have seen a spurt in deposits to push financial services products, including insurance and [pension schemes](#).

The idea is to inculcate the transaction habit among accountholders and provide them basic financial cover, said a government official aware of deliberations. The move follows a surge in such accounts, promoted as part of the government’s financial inclusion drive, after Rs 500 and Rs 1,000 notes ceased to become legal tender starting November 9 in the campaign against black money.

“So, if there are some cases where the Jan Dhan accountholders have been used as mules, even they can benefit from the same, while the investigations will be carried out as per procedure,” the official said. Prime Minister Narendra Modi has warned the poor not to allow their [Jan Dhan accounts](#) to be misused by those looking to launder black money.

The idea is to get banks to educate Jan Dhan accountholders on insurance plans Pradhan Mantri Suraksha Bima Yojana and Pradhan Mantri Jeevan Jyoti Bima Yojana, besides Atal Pension Yojana, a pension scheme devised for the poor.

About 9.72 crore people have been enrolled under Suraksha Bima Yojana and 3.06 crore under Jeevan Jyoti Bima Yojana, according to finance ministry data. That’s against 26 crore Jan Dhan accounts with deposits of around Rs 73,000 crore.

“Banks will not push these products but just educate such accountholders when they come to withdraw or deposit,” the official said, adding that banks can also hold financial literacy camps outside their branches. Banks will be free to engage with life insurance companies for implementing the scheme for accountholders.

Life insurance cover is available for upfront premium payment of Rs 330. The accidental insurance plan costs `12 annually and covers against accidental death and disability. In both cases, the policy is eligible for a benefit of Rs 2 lakh.

The Pension Fund Regulatory and Development Authority (PFRDA) had written to state and district banking committees last month, saying that “banks are still not actively participating in sourcing Atal Pension Yojana accounts in a desirable manner.” Atal Pension Yojana, which has about 37 lakh subscribers, offers guaranteed monthly pension of Rs 1,000-5,000 depending on the contribution.

“Since claim procedures under [insurance schemes](#) have been streamlined, we are sure we will have more subscribers before the end of this fiscal,” said the official cited above. So far, 44,720 claims have been registered under PMJJBY, of which 40,375 have been disbursed. Of the 8,821 claims registered under PMSBY, 5,878 have been paid.

An executive at a state-run lender, however, argued that such a move may amount to additional workload for bank employees already struggling with the rush of customers and long queues due to the [demonetisation](#) drive.

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