Business Standard

Jan Dhan accounts see spurt in money flow after demonetisation

Rs 20,000 cr deposited in such accounts since Nov 8; West Bengal, Karnataka top list

Archis Mohan | New Delhi November 24, 2016 Last Updated at 00:56 IST

Old high denomination bank notes are seen kept in buckets at a counter as people stand in a queue to deposit their money inside a bank in the northern city of Kanpur

Fuelling suspicion that black money holders might be using small accounts to deposit their money in the wake of demonentisation of high-value notes, money flow into Jan Dhan accounts has been found to have surged nearly 50% since the announcement.

Finance ministry sources said as much as Rs 20,000 crore has been deposited in such accounts since November 8, when Prime Minister Narendra Modi announced the decision, and Trinamool Congress-ruled West Bengal tops the list, followed by Congress-ruled Karnataka.

The total balance in 255 million Jan Dhan accounts now stands at Rs 66,637 crore against Rs 45,637 crore on November 9.

The Modi government had launched the Prime Minister's Jan Dhan Yojana on August 28, 2014 to increase banking penetration and promote financial inclusion of the poor so that each household has at least one Jan Dhan account. There is a deposit limit of Rs 50,000 per account.

Finance Minister Arun Jaitley also said recently that the government was looking into sudden “popping up” of money into Jan Dhan accounts, which could also have zero balance. Modi, in a public rally in Agra on Sunday had asked the poor to be alert and not become a conduit for unaccounted money of somebody else to be deposited in their accounts. He said the law was strict and the account owner would face prosecution.

“We’re getting some complaints that suddenly monies have popped up in the Jan Dhan accounts. So, there is a misuse and that is why the rationing in initial days takes place,” the finance minister had said.

The finance ministry in a recent statement said some people are using Jan Dhan accounts to convert their black money into new denomination notes. The statement had claimed that even rewards were being given to those account holders who agree to allow their accounts to be used for such purpose.

The finance ministry warned that such activities can be made subject to income tax and penalty if it was later found that the amount deposited in the account was not of the account holder. Also, the person who allows his account to be misused for this purpose could be prosecuted for abetment under Income Tax Act, it said.