THE HINDU BusinessLine

# Balances in Jan Dhan a/cs far lower than RBI's ₹ 10,000/month cap on withdrawal

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*Even after the post-demonetisation spike in deposits, average balance stands at ₹ 2,836*

BL Research Bureau:

Concerned over the sharp increase in deposits of around 60 per cent in Jan Dhan accounts since the demonetisation move, the RBI has now capped the withdrawals from these accounts to ₹ 10,000 per month.

The cap has been set even lower at ₹ 5,000 for limited or non-KYC-compliant account-holders. The locking in of money of customers who are mostly new to the banking system may evoke some discontent in the short term. But purely based on data, the RBI's limit does not appear out of place.

## The concern

Launched in August 2014, the Jan Dhan scheme saw eight crore accounts being opened within 100 days; the current tally is over 25 crore. Routing subsidies through these accounts helped address the issue of dormancy — the share of zero-balance account fell sharply from over 60 per cent levels in the initial phases of the implementation of the scheme to about 23 per cent in the beginning of November this year.

But it took more than two years for the scheme to garner deposits of about ₹ 45,636 crore (as of November 9). In just two weeks after the demonetisation scheme, deposits in these accounts have swelled by half this amount to around ₹ 72,800 crore (as of November 23). The sharp jump has raised concerns on the possible misuse of these accounts.

In some States, the increase has been much sharper. For instance, deposits in Andhra Pradesh, Daman & Diu, Gujarat, Jammu & Kashmir, Karnataka, Manipur, Meghalaya, Rajasthan and Tamil Nadu, have gone up by over 70 per cent.

## Low balances

With the increase in deposits, the average balance held in these accounts have swelled too. But it still remains well below the cap set by the RBI for withdrawal. As per data put out on the PMJDY website, the average balance per account, which stood at about ₹ 1,780 as on November 9, has gone up to around ₹ 2,836. The RBI's withdrawal limit of ₹ 10,000/month is way above the average balance held in these accounts even after the sharp spike in deposits over the past two weeks. States such as Andaman & Nicobar, Daman & Diu, Goa, Haryana, Himachal Pradesh, Punjab, Lakshadweep and Tripura report over ₹ 5,000 per account as balances.

While some of these States did have a higher-than-average balance even earlier (before the demonetisation move), in States such as Daman & Diu, Goa, Haryana, Himachal Pradesh and Punjab the increase has been sharp.

Interestingly, Lakshadweep, which has the lowest number of accounts (5,244), has the highest average balance in each account, at around ₹ 10,100.

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