

Jan Dhan now a 'profitable' venture for banks

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Steady surge in average balance across banks in the last one year

The Pradhan Mantri Jan Dhan Yojana (PMJDY), which is a no-frills account facility for the poor, has become 'profitable' for banks, with a steady surge in the average balance across lenders.

According to the numbers announced by banks for the first quarter ended June 30, 2019, there has been a steady rise in Jan Dhan average balance in these accounts up to ₹800 in the last one year. This varies from bank to bank.

A senior official with Punjab National Bank said financial inclusion under the scheme "has now become a profitable proposition", with a surge in the average balances in PMJDY accounts and their regular use.

Average balance in the accounts went up to ₹2,463 in June 2019, compared to ₹1,937 in June 2018.

In June 2017, the average balance was ₹1,773. An examination of the numbers available with banks such as Indian Overseas Bank, Allahabad Bank and Canara Bank for the last one to two years shows a similar trend with almost similar increase in balance as well as dip in zero-balance accounts.

State Bank of India (SBI), which is yet to announce the first quarter numbers and is now in the silent period, has also been witnessing a steady increase in average balance in Jan Dhan accounts, which could be hovering at around ₹2,400 as of now, according to sources. At the end of March 2019, the balance was at ₹2,192, against ₹1,787 in the previous year

Drivers of growth





According to bankers, regular mobilisation of deposits by Bank Mitras (business correspondents) in rural areas is a reason for the general increase in PMJDY balances.

As on July 24, 2019, there were 1.26 lakh Bank Mithras delivering branch-less banking services in sub-service areas for Jan Dhan account-holders across the country. The total balance in 36.41-crore accounts stood at ₹1.09-lakh crore. About 30 crore RuPay Debit cards have been issued to beneficiaries so far.

The recent increase of overdraft facility for beneficiaries, from ₹5,000 to ₹10,000; removal of any conditions for using OD up to ₹2,000; increase in upper age limit for availing OD facility, from 60 to 65 years; and the hike in accident insurance cover, from ₹1 lakh to ₹2 lakh, have also been making PMJDY accounts attractive.

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