

Jan Dhan OD Option Likely to Give ₹32kcr Boost to Economy

Govt expects at least half of 32 cr accounts to avail of ₹2k overdraft facility

New Delhi: The government expects at least half of the 32 crore Jan Dhan accounts to avail the overdraft facility for ₹2,000 with no conditions attached, a finance ministry official said, that would translate to a ₹32,000 crore booster shot for the economy.

“We expect that mostly vegetable sellers or similar small shop owners will use this facility for their daily businesses. This is expected to help them get more into the formal banking system, as they will be making repayments in order to stand eligible for large value loans,” the official said.

As per the latest data, only 32 lakh of PMJDY account holders had availed ₹354 crore as overdraft till December 2017. “This was mostly because the facility was available after six months of the satisfactory conduct of the account. Now, with relaxed guidelines, we expect more disbursements,” the above quoted official said.

The aim is to inculcate banking habit and creation of credit histories of

Debt Boost

GOVT. EXPECTS around **16 CR** PMJDY a/c holders to avail OD facility

₹2,000 overdraft allowed without any conditions now

May lead to credit offtake of around **₹32,000 cr**

GOVT DOESN'T fear this credit turning into NPA

Already **8 crore** PMJDY accounts get DBT

account holders, he added.

A senior bank executive, however, said that there may be a risk of such loans going bad. “Given that elections are around the corner, some may take this as a freebie, thereby impacting their ability to take further loans,” he said.

But the finance ministry official quoted earlier said around 8 crore accounts are linked with some sort of Direct Benefit Transfer (DBT) scheme and there is little risk of these small value ODs turning into bad loans.

Another government official said the trend in Aadhaar Enabled Pay-

ments System (AEPS) shows there will be a significant demand for micro loans. Most AEPS transactions are done via hand-held devices usually provided through bank mitras or installed at public distribution shops.

AEPS transactions have increased from 1.2 crore per month in July 2016 to 12.4 crore monthly in June 2018.

“We have now the basic framework prepared and it is time to on-load other financial products,” he added.

Last week, the government extended and revised PMJDY. The existing Over Draft (OD) limit of ₹5,000 was also raised to ₹10,000.