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EDITORIAL ANALYSIS

From Access to Resilience: The Case for a Jan Dhan 2.0

THE HINDU

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THE LIFT LINE

An open bank account is a door, not a house, and a decade spent building doors does not by itself keep anyone dry when it rains.

WHY THIS EDITORIAL MATTERS FOR YOUR EXAM

The World Bank's Global Findex 2025 records that roughly 89 per cent of Indian adults now hold a bank account, a transformation from about 35 per cent in 2011. The Pradhan Mantri Jan Dhan Yojana, launched in August 2014, has crossed 56 crore beneficiary accounts, more than half of them held by women and a majority in rural and semi-urban areas. This is one of the fastest financial-inclusion expansions in recorded economic history. It is also, on its own, no longer the right target. A significant share of these accounts see little or no activity, and an inactive account absorbs administrative cost while delivering almost no protection to the household that owns it. The argument for a "Jan Dhan 2.0" is that the mission must shift from access to financial health.

GS Paper 2: government policies and interventions for vulnerable sections; issues arising from the design and implementation of welfare schemes; mechanisms for the delivery of benefits.

GS Paper 3: inclusive growth and issues arising from it; mobilisation of resources; the informal economy; effects of digital public infrastructure on the economy.

For **Prelims**, hold the specifics: PMJDY, offering a Basic Savings Bank Deposit Account with no minimum balance, a RuPay debit card with accident insurance cover, and an overdraft facility for eligible accounts; the JAM trinity of Jan Dhan, Aadhaar and Mobile, which underpins Direct Benefit Transfer; the Unified Payments Interface (https://ujiyari.com/terms/unified-payments-interface/), operated by the National Payments Corporation of India, as the core of India's Digital Public Infrastructure; Pradhan Mantri Jeevan Jyoti Bima Yojana, a term life cover, and Pradhan Mantri Suraksha Bima Yojana, an accident cover, both low-premium; Atal Pension

Yojana, a guaranteed-pension scheme for the unorganised sector, and the National Pension System; the RBI's Financial Inclusion Index, which reads about 67 for 2025 and measures access, usage and quality; and the e-Shram database of unorganised workers. For **Mains**, argue that financial inclusion must be measured by household resilience (https://ujiyari.com/vocab/resilience/), savings, insurance, pension and the ability to absorb a shock, not by the count of accounts opened.

BACKGROUND AND CONTEXT

The design logic of the first decade was correct, and it worked. To move money to a citizen you need an account, an identity and a phone. India built all three at scale, and the payload was real: direct benefit transfers that cut leakage, pandemic relief delivered to women's accounts within days, and a payments layer through UPI that now processes tens of billions of transactions a month at almost zero marginal cost. No country has built a comparable rail so fast.

But rails move things; they do not store them. The household that receives a transfer and withdraws it the same day is transacting, not saving. When a medical emergency, a crop failure or the loss of a daily-wage job arrives, that household still borrows from a moneylender at usurious rates, sells an asset, or pulls a child out of school. The account did not help, because the account was never designed to help with that. This is the gap between financial access, having the instrument, and financial health, being able to absorb a shock, meet an obligation and plan for the future.

THE CORE ARGUMENT / ISSUE

Dormancy is a design signal, not a citizen failure

Accounts go quiet when they have no reason to be used. An account opened to receive one subsidy, held by a household with no surplus, offering an interest rate below inflation and a branch or business-correspondent point that is far away and unreliable, will lapse into inactivity. The RBI has driven the dormancy rate down substantially through re-KYC drives and campaigns, but the residual inactivity is a message about product design and last-mile service quality rather than about the thrift of the poor.

The unprotected household

DIMENSION	WHERE INDIA STANDS	WHAT IS MISSING
Access	About 89 per cent adult account ownership	Little; the access battle is largely won
Payments	UPI at global-leading volumes, DBT at scale	Cost is low, coverage is high
Savings	Balances thin; many accounts inactive	Products that reward small, irregular saving
Insurance	PMJJBY and PMSBY penetration far below account coverage	Auto-enrolment, claim-settlement trust
Pension	APY and NPS coverage of informal workers remains low	Portable, contribution-matched pensions
Credit	Overdraft facility under-used; informal borrowing persists	Cash-flow-based lending on account history

The informal sector employs the large majority of India's workforce. Its defining feature is not low income alone but volatile income. A worker with an irregular cash flow needs precisely the products that formal finance has been slowest to offer: liquid savings that tolerate tiny and irregular deposits, insurance that pays fast and without paperwork, and a pension that travels when the worker migrates.

Digital public infrastructure makes the second mission cheap

The reason a Jan Dhan 2.0 is feasible is that the marginal cost of delivering a product over an existing rail is near zero. Account Aggregator consent architecture allows a household's own transaction history to become the basis for a small, cash-flow-based loan without collateral. UPI Autopay can collect an eighteen-rupee annual premium or a hundred-rupee monthly pension contribution without a branch visit. The e-Shram registry identifies the worker. The infrastructure that solved access is exactly the infrastructure that can now deliver resilience, which is why the second mission is an addition to the first and not a replacement of it.

HOW TO THINK ABOUT THIS (ANALYTICAL FRAME)

Distinguish three levels and never confuse them in an answer. Access is having the instrument. Usage is transacting with it. Health is the household's capacity to withstand a shock, meet obligations and pursue goals. India has substantially achieved the first, is progressing on the second, and has barely begun to measure the third. The transferable rule: a welfare programme should be evaluated against the outcome it was meant to produce, not the output it happens to count. Accounts opened is an output. Households that did not fall into debt after a hospital bill is an outcome. Every scheme in your GS2 and GS3 answers can be interrogated with this single distinction, and it is what separates a description from an evaluation.

THE DIAGRAM IN WORDS


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JAM trinity (Jan Dhan account + Aadhaar + Mobile) -> payment rails built: DBT, UPI,
near-zero marginal cost -> about 89 per cent adult account ownership achieved -> but
thin balances and dormant accounts -> a shock arrives (illness, crop failure, lost wage)
-> household still borrows informally or sells assets -> gap identified: access without
financial health -> Jan Dhan 2.0: auto-enrolled PMJJBY and PMSBY, portable APY pension,
micro-savings products, Account Aggregator based cash-flow credit, financial literacy ->
outcome measured as household resilience, not accounts opened
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WAY FORWARD

1. **Bundle protection with the account.** Make PMJJBY and PMSBY effectively automatic on every active Jan Dhan account through an opt-out design and UPI Autopay premium collection, and enforce fast, low-documentation claim settlement so that trust in insurance is earned.
2. **Build a portable pension for informal work.** Extend Atal Pension Yojana (https://ujiyari.com/schemes/atal-pension-yojana/) and NPS coverage using the e-Shram registry, with government co-contribution for the lowest earners and full portability across employers and States, since the migrant worker is the least protected and the most mobile.
3. **Design for irregular income.** Encourage micro-savings and recurring-deposit products that accept very small and irregular deposits, and use Account Aggregator based cash-flow lending so that a poor household's transaction record becomes its collateral.
4. **Measure health, not headcount.** Replace accounts-opened as the headline metric with an outcome dashboard, covering active-usage rates, insurance and pension penetration, and the share of households able to meet an emergency expense, building on the RBI's Financial Inclusion Index which already weights usage and quality alongside access.

PYQ LINKAGE AND PRACTICE

UPSC has repeatedly asked about financial inclusion, the JAM trinity, direct benefit transfer, and inclusive growth. This editorial converts those familiar themes into an evaluative argument, which is what the examiner rewards over a recitation of scheme features.

Practice question: "India has won financial access but not financial health." Critically examine the performance of the Pradhan Mantri Jan Dhan Yojana and suggest the design of a second-generation financial inclusion mission for informal-sector households. (250 words, 15 marks)

Sources: The Hindu (https://www.thehindu.com/), Press Information Bureau (https://www.pib.gov.in/)

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