



Indian Banks' Association

No. PS&BT/Govt./1184
13th January, 2015

Chief Executives of All Member Banks

Dear Sir/Madam,

Pradhan Mantri Jan-Dhan Yojna - Over Draft up to Rs.5,000/- in PMJDY Accounts

As you are aware Over Draft facility is one of the features under Pradhan Mantri Jan-Dhan Yojana (PMJDY). Under the PMJDY, banks may consider providing the:

- i. Over Draft up to Rs.5000/- after six months of satisfactory performance of savings/credit history.
 - ii. The facility to be made available to only one account in a household, preferably to a lady member of household.
 - iii. Government has decided to make available the overdraft facility to PMJDY account holders. This facility will also be extended to the accounts opened prior to PMJDY and that have been tagged under the Yojana.
2. Department of Financial Services, Ministry of Finance, Government of India constituted the Committee of some of the member banks and Indian Banks' Association, which has prepared the guidelines on Pradhan Mantri Jan-Dhan Yojna – Over Draft up to Rs.5,000/- in PMJDY Accounts.
3. A note outlining the above Overdraft Scheme was placed before the Managing Committee of the Indian Banks' Association at its meeting held on 29th December, 2014 for approval. The Managing Committee decided that the scheme may be circulated among member banks for implementation. Copy of the scheme is enclosed.
4. As the overdraft given to the customer in the PMJDY account is a clean overdraft and an unsecured advance given to the weaker sections of the society. As a risk mitigation measure for the banks, we are requesting Department of Financial Services to set up Credit Guarantee Fund covering Over Drafts under the PMJDY, which should be large enough to take care of anticipated delinquency. We are also requesting the Reserve Bank of India to treat the Over Drafts under PMJDY as loans to Weaker Sections under Priority Sector Advances.
5. We request you to kindly arrange to issue necessary guidelines on the Pradhan Mantri Jan-Dhan Yojna - Over Draft up to Rs.5,000/- in PMJDY Accounts Scheme for implementation to your branches

Yours faithfully,

K Unnikrishnan
Deputy Chief Executive

Encl: As stated above