

- **New opportunities for businesses:** By applying circular economy principles, businesses could generate new ideas and explore new ways of working.
- **Environmental Benefits:** The circular economy has the potential to reduce greenhouse gases emissions. As per a study, a circular economy development path could halve carbon dioxide emissions by 2030, relative to today's levels.

Policies and initiatives like Zero Effect and Zero Defect, Waste to Energy, etc. can be the ideal for integrating circular economy into the fabric of the Indian economy.

5. Assess the performance of Pradhan Mantri Jan-Dhan Yojana in achieving its stated objective of financial inclusion. (150 words) 10

Approach:

- Briefly enlist the objectives of Pradhan Mantri Jan Dhan Yojana.
- Assess the performance of PMJDY in achieving its objectives.
- In conclusion, talk in brief about recent initiatives taken by the government and provide a suitable way forward.

Answer:

Pradhan Mantri Jan Dhan Yojana (PMJDY), launched in August 2014, is the national mission on financial inclusion. The objective of PMJDY is to ensure access to various financial services, such as availability of basic savings bank account, access to need-based credit, remittance facility, insurance, and pension to the otherwise excluded sections, i.e., weaker sections and low-income groups.

Performance of PMJDY in achieving financial inclusion

- **Increased use of financial services:** There has been a rise in average account balance in PMJDY accounts (doubling between 2015 and 2017), declining of zero-balance accounts by more than half between 2015 and 2016, and sharp growth in cross-bank transactions facilitated by business correspondents.
- **Financialisation of savings:** by giving lower income households access to a safe investment product.
- **Diversification of financial products:** with more than 13 crore beneficiaries enrolling for the low-cost accident insurance cover and close to 5.5 crore for the life cover.
- Further, not only has the scheme managed to bring much needed financial discipline among the financially excluded, the middlemen have been cut to a large extent by enabling direct credit to the accounts of the various direct benefit transfer (DBT) schemes.

However, financial inclusion is not just about opening bank accounts, but also about using these accounts and providing access to formal credit. A major limitation of the PMJDY has been the slow increase in the use of these accounts and a weak mechanism to impart financial literacy among the poor masses.

The dormancy in PMJDY accounts currently can be attributed to factors such as lack of information on operational procedures, product features and account duplication. Logistical and technical challenges still deprive many of the advantage of RuPay card to its beneficiaries. The credit-deposit ratio has more or less stagnated in rural areas and has deteriorated slightly from 58.2% in 2014 to 57.7% in 2016 for semi-urban populations.

To address the above identified challenges and consolidate the gains made so far, the government decided to make the Pradhan Mantri Jan Dhan Yojana (PMJDY) an open-ended scheme (meaning that it will continue indefinitely). It also added additional incentives like enhancing the limit of existing overdraft facility, raising the accidental insurance cover for new RuPay card holders etc.

The need of the hour is to shift the focus from “every household to every adult” and enhance the level of financial literacy among the masses.