

Jan-Dhan-Aadhar-Mobile trinity

February 11, 2021

In news: Recently, the Prime Minister stated in Lok Sabha that Government's Jan-Dhan-Aadhar-Mobile trinity made a positive difference in people's lives during COVID 19 pandemic

About Jan-Dhan-Aadhar-Mobile trinity

- It trinity refers to the government of India initiative to link Jan Dhan accounts, mobile numbers and Aadhar cards of Indians to plug the leakages of government subsidies.
- The JAM trinity was proposed in the Economic Survey of 2014-15.
- The Economic Survey 2015-16 presented here today in the Parliament by the Union Finance Minister Shri Arun Jaitley emphasizes that JAM Trinity –Jan dhan, Aadhaar, Mobile- can help government to implement large-scale, technology-enabled and real-time Direct Benefit Transfers (DBTs) to improve economic lives of India's poor.

JAM Components:

Economic Survey divides JAM into three components-

1. Identification or First-Mile: Identification of beneficiaries by government
2. Transfer or Middle-Mile: Transfer of fund to beneficiaries by government
3. Access or Last-Mile: Access of fund by beneficiaries

Identification:

- First-mile deals with identification of beneficiaries.
- This layer has issues of ghost and duplicate names due

to administrative and political discretion and use of the pre-Aadhaar database.

- It is easier to implement the JAM for universal scheme than targeted one as identification will be easier. Identification of household-individual connection is important to note here as some schemes target at household level like JDY and some at individual level like Aadhaar.
- Aadhaar can help in better identification of the beneficiaries.

Transfer:

- Middle-mile deals with the challenges of payment where the government transfers benefits to the banks.
- But lack of bank accounts and its information with the government put hindrances in the middle-layer connectivity.
- Main issue in this layer is of within-government coordination and dealing with supply chain interest groups. Jan Dhan can help beneficiaries to have bank accounts.

Access:

- Last-mile layer faces issues of lesser Bank penetration, mostly in rural areas.
- It deals with actual transfer of money from Bank to Beneficiary accounts.
- It also deals with issues of exclusion of genuine beneficiaries. Mobile can inform about benefits and also allow easier fund transfer.

JAM Preparedness Index:

- Further economic survey has formulated JAM-Preparedness Indices for Urban and Rural areas in each state.
- It uses Aadhaar penetration, basic bank account penetration and Banking Correspondents (BC) density as

indicators for the indices.

- It has also prepared a Biometrically Authenticated Physical Update or BAPU-Preparedness Index, using Aadhaar penetration and Point of Sale machines as indicators, for each state and has compared Rural-JAM Preparedness Index with BAPU-Preparedness Index.
- It has found that many states are having higher scores in BAPU-Preparedness Index as compared to Rural JAM-Preparedness Index.
- Thus it suggests use of BAPU as a short-term solution to reduce the leakages in these states, till states are well prepared for introduction of the JAM.

Success of JAM

Introduction of DBT in LPG and MGNREGS have proved that use of JAM can considerably reduce leakages, reduce idle funds, lower corruption and improve ease of doing business with the government. Despite huge improvements in financial inclusion due to Jan Dhan, JAM Preparedness indicators suggest that there is still a long way to go. Center can invest in last-mile financial inclusion via further improving BC networks and promoting the spread of the mobile money.