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EXPERT COMPUTER COURSE

DIGITAL FINANCIAL SERVICES

Topics Covered:

#	Topic
1	Why Savings Are Needed & Why Save in a Bank
2	Banking Products — ATM Card, RuPay Card
3	Banking Instruments — Cheque, Demand Draft, Currency Notes
4	Banking Service Delivery Channels
5	KYC (Know Your Customer) — Documents & Process
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SECTION 1: WHY SAVINGS ARE NEEDED & WHY SAVE IN A BANK

1.1 Why Are Savings Needed?

> *Savings means keeping aside a portion of your income for future use instead of spending everything immediately. It is the foundation of personal financial security and wealth building.*

Reason for Saving	Explanation	Example
Emergency Fund	Unexpected events — job loss, medical emergency, accident — require immediate money	3-6 months of expenses saved as emergency fund
Future Goals	Planned expenses need accumulated savings over time	Child's education, wedding, home purchase, vehicle
Retirement Security	Earn less or nothing after retirement — savings provide income	Build a corpus that generates interest/pension income
Financial Independence	Savings reduce dependence on loans and others for expenses	Avoid borrowing for routine large expenses
Capital for Investment	Savings invested in FDs, mutual funds, stocks create wealth	Rs. 10,000/month invested @ 12% = Rs. 1 crore in 20 years
Tax Benefits	Certain savings instruments provide tax deductions under Section 80C	PPF, ELSS, NSC, life insurance reduce taxable income
Peace of Mind	Financial security reduces stress and anxiety	Knowing you have savings reduces money-related worry

1.2 Why Save in a Bank?

Advantage	Explanation
Safety & Security	Bank deposits protected up to Rs. 5 lakh per bank by DICGC (Deposit Insurance and Credit Guarantee Corporation of India)
Interest Earnings	Money earns interest — Savings Account: 3-4%, FD: 5-7% — money grows while sitting safely
Easy Access	Withdraw money anytime via ATM, net banking, mobile banking, or bank branch
Digital Payments	Bank account enables UPI, NEFT, RTGS, IMPS, debit card payments — cashless transactions
Record Keeping	All transactions recorded in passbook/statement — helps track expenses and income
Loan Eligibility	Good banking history helps in getting loans at better interest rates
Government Scheme Access	DBT (Direct Benefit Transfer) subsidies, scholarships, MNREGS wages deposited directly
Nomination Facility	Nominate a family member — funds transferred to nominee in case of account holder's death
Cheque/DD Facility	Issue cheques for large payments — safer than carrying cash
No Risk of Theft/Loss	Money in bank is safe from physical theft, fire, or natural disaster

> **Key Point:** Home mein paise rakhne se koi interest nahi milta aur chori ka khatra bhi hai. Bank mein rakhne se paise badhte hain aur safe rehte hain. DICGC Rs. 5 lakh tak ka insurance deta hai.

SECTION 2: BANKING PRODUCTS — ATM CARD & RUPAY CARD

2.1 ATM Card (Debit Card)

> *An ATM card (Debit Card) is a plastic card issued by a bank that is linked to your savings or current account. It allows you to withdraw cash from ATMs and make cashless payments — money is debited directly from your account immediately.*

Feature	Details
Full Form	ATM = Automated Teller Machine
Linked To	Your existing Savings or Current Bank Account
Transaction	Money deducted IMMEDIATELY from account when used (unlike credit card)
Card Number	16-digit number on front of card
Expiry Date	Month/Year printed on card — card must be renewed before expiry
CVV	3-digit security code on back of card — required for online transactions
PIN	4 or 6-digit Personal Identification Number — set by you for security
Daily Limit	RBI mandates: minimum Rs. 10,000 cash withdrawal per day; banks set higher limits
Networks	Visa, Mastercard, RuPay — determines where card is accepted
EMV Chip	Small gold/silver chip on card — more secure than magnetic stripe; required in India since 2019

2.2 RuPay Card

> *RuPay is India's own domestic card payment network, launched by NPCI (National Payments Corporation of India) in 2012. It is an Indian alternative to Visa and Mastercard, developed to reduce India's dependence on foreign payment networks.*

Feature	RuPay	Visa / Mastercard
Founded By	NPCI (National Payments Corporation of India)	Visa Inc. / Mastercard Inc. (USA)
Launch Year	2012	1958 (Visa), 1966 (Mastercard)
Country	Indian domestic network	International networks
Transaction Fee	Very low — no foreign interchange fee	Higher fees paid to foreign companies
Data Stays In	India — data processed on Indian servers (data sovereignty)	Can be processed abroad
Acceptance	All Indian ATMs, PoS, e-commerce. Limited abroad (expanding via Discover network)	Accepted worldwide
Used For	Jan Dhan accounts, Kisan Credit Cards, government scheme beneficiaries	Premium cards, international travel
Insurance	Built-in personal accident insurance with many RuPay cards	Varies by bank

Feature	RuPay	Visa / Mastercard
UPI Linkage	RuPay credit cards can be linked to UPI	Visa/Mastercard credit cards cannot link to UPI

- PMJDY accounts issued with RuPay Debit Card — provides banking access to unbanked population
- RuPay card accepted at all ATMs and PoS (Point of Sale) machines in India
- RuPay credit cards linked to UPI — scan and pay using UPI with credit card (launched 2022)

> **Exam Tip:** RuPay = India's own payment network by NPCI. Visa/Mastercard = foreign. RuPay has lower fees, data stays in India. All PMJDY account holders get RuPay debit card.

SECTION 3: BANKING INSTRUMENTS — CHEQUE, DD, CURRENCY NOTES

3.1 Cheque

> *A Cheque is a written, signed, and dated instrument directing a bank to pay a specified amount of money to a specified person or bearer from the account of the person who wrote the cheque (the drawer).*

Part of Cheque	Description
Date	Date on which cheque is written — cheque valid for 3 months from this date
Payee	Name of the person/organisation to whom payment is to be made
Amount in Words	Amount written in words — e.g., Rupees Five Thousand Only
Amount in Figures	Amount written in numbers — e.g., ₹5000/-
Drawer's Signature	Account holder signs here — must match bank's records
MICR Code	9-digit Magnetic Ink Character Recognition code at bottom — identifies bank and branch
Cheque Number	6-digit number pre-printed on cheque — unique for each leaf
IFSC Code	11-character code identifying bank branch for electronic transfers

Types of Cheques

Type	Description	Security Level
Bearer Cheque	Payable to whoever presents it at the bank — no name written or signed at back	Low — anyone can cash it
Order Cheque	Payable only to the named person or their order — name written on cheque	Medium — payee must endorse
Crossed Cheque	Two parallel lines drawn across face — can only be DEPOSITED in bank account, not cashed over counter	High — cannot be encashed directly
Account Payee Cheque	'A/C Payee' written between two lines — can only be deposited in NAMED payee's account	Highest — most secure
Post-Dated Cheque (PDC)	Date written is a future date — cannot be presented before that date	Used for EMI payments
Stale Cheque	Cheque presented more than 3 months after its date — bank will reject it	Invalid — must be reissued
Self Cheque	Written to 'Self' — account holder withdraws from their own account	Personal cash withdrawal

3.2 Demand Draft (DD)

> *A Demand Draft (DD) is a pre-paid negotiable instrument issued by a bank on behalf of the customer, directing another bank branch to pay a specified amount to the named payee. It is more secure than a cheque as it is prepaid.*

Feature	Cheque	Demand Draft (DD)
Issued By	Account holder writes it	Bank issues it after receiving payment
Payment	May bounce if insufficient funds	Cannot bounce — pre-paid by customer
Security	Can be dishonoured	Guaranteed payment
Validity	3 months from date of issue	3 months (can be revalidated if expired)
Cost	Free (cheque book)	Bank charges DD fee (Rs. 25-100 typically)
Used For	Everyday payments, salary, rent	Admission fees, court fees, government payments, purchases from unknown parties
Cancellation	Can be stopped/cancelled	Can be cancelled only by payer at issuing bank branch

- DD is preferred for: College admission fees, government exam fees, court filings, purchasing from unknown sellers
- Process: Go to bank → fill DD form → pay amount + charges → bank issues DD

3.3 Currency Notes

> *Currency Notes are legal tender issued by the Reserve Bank of India (RBI) on behalf of the Government of India. They are used for cash transactions.*

Denomination	Visual Color	Prominent Feature on Note
Rs. 10	Chocolate Brown	Sun Temple, Konark (back); Mahatma Gandhi (front)
Rs. 20	Greenish Yellow	Ellora Caves (back)
Rs. 50	Fluorescent Blue	Hampi with Chariot (back)
Rs. 100	Lavender	Rani ki Vav (stepwell), Gujarat (back)
Rs. 200	Bright Yellow	Sanchi Stupa (back) — introduced in 2017
Rs. 500	Stone Grey	Red Fort (back) — new design post demonetisation 2016
Rs. 2000	Magenta/Pink	Mangalyaan (Mars Mission spacecraft) on back — being withdrawn from 2023

- RBI Governor's signature appears on currency notes. Governor responsible for monetary policy.
- Security features: Watermark, security thread, microprinting, colour-shifting ink, latent image, intaglio printing
- Legal Tender: Currency notes are legal tender — anyone must accept them for payment

SECTION 4: BANKING SERVICE DELIVERY CHANNELS

4.1 How Banks Deliver Their Services

Delivery Channel	Description	Services Available
Bank Branch	Physical bank office — traditional channel. Bank staff assist customers.	Account opening, deposits, withdrawals, loans, DD, account-related queries
ATM (Automated Teller Machine)	Self-service kiosk available 24×7 for basic banking	Cash withdrawal, balance enquiry, mini statement, PIN change, fund transfer
Internet Banking / Net Banking	Access bank account via browser on computer or smartphone	View balance, transfer money (NEFT/RTGS/IMPS), pay bills, apply for loans, FD booking
Mobile Banking App	Bank's official app on smartphone	All internet banking functions + QR code payment, UPI transfer, UPI payments
UPI (Unified Payments Interface)	NPCI's real-time payment system using Virtual Payment Address (VPA/UPI ID)	Instant 24×7 money transfer, bill payment, QR code payment, scan and pay
Phone Banking / IVR	Call bank's toll-free number — automated voice system + live agent	Balance check, mini statement, block card, report fraud
SMS Banking	SMS-based alerts and services — balance, mini statement via SMS	Balance enquiry, transaction alerts, cheque status
WhatsApp Banking	Many banks have official WhatsApp number for banking services	Balance, mini statement, account info — conversational interface
CSC (Common Service Centre)	Government-authorised kiosks in rural areas — Banking Correspondent model	Account opening, deposit, withdrawal, Aadhaar-enabled Payment System (AePS)
Business Correspondent (BC)	Agents appointed by bank to serve remote areas — handheld device + biometric	Account opening, cash deposit, withdrawal, KYC using Aadhaar authentication
POS Machine (Point of Sale)	Card swipe/tap machine at shops and merchant establishments	Debit/credit card payment, UPI QR payment, balance enquiry

4.2 UPI — Unified Payments Interface

> *UPI (Unified Payments Interface) is a real-time payment system developed by NPCI that enables instant interbank fund transfers 24×7 using a Virtual Payment Address (UPI ID) or phone number or Aadhaar, without entering bank account and IFSC details every time.*

Feature	Details
UPI ID (VPA)	Virtual Payment Address — like name@bankname (e.g., ajay@okicici, 9876543210@paytm)
24×7 Service	Works even on bank holidays, weekends, and at midnight
Instant Transfer	Money reaches recipient in real-time (usually within seconds)

Feature	Details
Daily Limit	Rs. 1 lakh per transaction for most banks (Rs. 5 lakh for verified merchants and specific categories)
Transaction Limit	100 transactions per day per bank account
Authentication	UPI PIN (4 or 6 digit) — set by customer; required for every transaction
Popular UPI Apps	PhonePe, Google Pay (GPay), Paytm, BHIM (Govt app), Amazon Pay, WhatsApp Pay
Scan and Pay	QR code at shops — scan with UPI app → enter amount → enter PIN → pay instantly

SECTION 5: KYC — KNOW YOUR CUSTOMER

5.1 What is KYC?

> *KYC (Know Your Customer) is a mandatory process by which banks and financial institutions verify the identity and address of their customers before providing financial services. It helps prevent money laundering, fraud, terrorist financing, and identity theft.*

- RBI mandates KYC for all banks — no account can be opened without KYC
- KYC must be periodically updated: Low-risk customers = every 10 years, Medium-risk = every 8 years, High-risk = every 2 years
- Financial Action Task Force (FATF) — international body whose standards India follows for KYC/AML

5.2 KYC Documents

Document Type	Valid Documents	What It Proves
Proof of Identity (POI)	Aadhaar Card, PAN Card, Passport, Voter ID, Driving License, NREGA Job Card	Who you are — name and photograph
Proof of Address (POA)	Aadhaar Card, Passport, Driving License, Voter ID, utility bill (electricity/water/gas — not older than 3 months), bank statement	Where you live
Proof of Date of Birth	Aadhaar, Passport, Birth Certificate, School Leaving Certificate, PAN Card	Your age — required for pension, minor accounts
Photograph	Recent passport-size photograph	Visual identification

Officially Valid Documents (OVDs) for KYC

OVD	Is it Both POI and POA?	Notes
Aadhaar Card	Yes — both identity and address	Most preferred — biometric verification possible (eKYC)
Passport	Yes — both	International standard identity document
Driving License	Yes — both	Valid if not expired
Voter ID (EPIC)	Yes — both	Issued by Election Commission of India
NREGA Job Card	Yes — both	For rural population — accepted as OVD as per RBI
PAN Card	Identity only (no address)	Mandatory for transactions above Rs. 50,000; required for income tax

5.3 eKYC — Electronic KYC

> *eKYC uses Aadhaar-based biometric or OTP verification to complete KYC instantly and paperlessly. No physical documents needed — identity verified directly from UIDAI's database.*

- Biometric eKYC: Customer's fingerprint/iris scanned at bank/CSC and matched with Aadhaar database
- OTP-based eKYC: OTP sent to Aadhaar-linked mobile number; customer enters OTP to verify identity
- Video KYC: Customer verified via live video call with bank official — allowed by RBI since 2020
- Benefits: Instant, paperless, accurate, reduces fraud; account opened in minutes

SECTION 6: OPENING A BANK ACCOUNT — TYPES & DOCUMENTS

6.1 Types of Bank Accounts

Account Type	For Whom	Interest Rate	Key Features
Savings Account	Salaried individuals, students, general public — for personal savings	3-4% per year (RBI deregulated — varies by bank)	Withdrawal limits per week; minimum balance requirement; ATM card, cheque book, mobile banking
Current Account	Businesses, traders, companies — for daily business transactions	No interest (or very minimal — 0-1%)	Unlimited transactions; overdraft facility; higher minimum balance; no withdrawal limit
Fixed Deposit (FD)	Anyone wanting to save for a fixed period at higher interest	5-7.5% per year (varies by tenure and bank)	Fixed tenure (7 days to 10 years); premature withdrawal with penalty; TDS on interest above Rs. 40,000/year
Recurring Deposit (RD)	Those who want to save fixed amount every month	5-6.5% per year	Fixed monthly deposit; lump sum at maturity; flexible tenures 6 months to 10 years
PPF Account	Long-term savings with tax benefit under Section 80C	7.1% per year (government sets rate quarterly)	15-year lock-in; partial withdrawal from year 7; loans against PPF; completely tax-free returns
NRI Account (NRE/NRO)	Non-Resident Indians for managing Indian earnings/foreign income	Varies	NRE = foreign income, tax-free; NRO = India income, taxable
Jan Dhan Account	Unbanked/under-banked poor and rural population	4% per year	Zero balance; RuPay card; Rs. 2 lakh accident insurance; Rs. 10,000 overdraft after 6 months
Minor Account	Children below 18 years	Same as savings	Operated by parent/guardian; converts to regular savings at 18
Senior Citizen Account	Persons above 60 years	0.25-0.5% higher than regular savings/FD	Higher interest rate; preferential services; no queue

6.2 Steps to Open a Bank Account

- Step 1 — Choose Bank and Account Type: Select based on your needs (savings, current, Jan Dhan)
- Step 2 — Collect Documents: Identity proof, address proof, photographs (see KYC documents above)
- Step 3 — Fill Application Form: Account opening form available at bank or downloadable from bank website

- Step 4 — Submit Documents: Submit form with self-attested copies + originals for verification
- Step 5 — Initial Deposit: Deposit minimum required amount (zero for Jan Dhan; varies for regular savings)
- Step 6 — Biometric/eKYC: Some banks do Aadhaar-based eKYC — faster and paperless
- Step 7 — Receive Account Details: Account number, passbook, debit card (in 5-7 working days), cheque book

SECTION 7: BANK SERVICES — REMITTANCES, LOANS, MOBILE BANKING, OVERDRAFT, PENSION

7.1 Remittances (Money Transfer)

Transfer Method	Full Form	Speed	Limit	Best For
NEFT	National Electronic Funds Transfer	Processed in half-hourly batches	No limit (RBI)	Regular transfers between any bank accounts in India
RTGS	Real Time Gross Settlement	Instant (real-time, one-by-one)	Min Rs. 2 lakh (no max)	Large value urgent transfers
IMPS	Immediate Payment Service	Instant — 24×7 including holidays	Up to Rs. 5 lakh per transaction	Immediate small and medium transfers anytime
UPI	Unified Payments Interface	Instant — 24×7	Rs. 1 lakh per transaction (most banks)	Everyday small payments using phone number/QR
BBPS	Bharat Bill Payment System	Instant	—	Utility bill payments — electricity, water, gas, DTH, mobile
Western Union / Money Gram	International wire transfer	1-3 business days	Varies	International remittances — NRI sending money to India
Demand Draft (DD)	Pre-paid bank instrument	Same day issue	No limit	College fees, court fees, government payments by post
AEPS	Aadhaar Enabled Payment System	Instant	Rs. 50,000 per day	Biometric cash withdrawal at CSC/BC — no card needed

7.2 Loans

Loan Type	Purpose	Typical Interest Rate	Key Feature
Home Loan	Purchase or construction of house	7-10% per year	Long tenure: 15-30 years; property as collateral; Section 24 tax benefit
Personal Loan	Any personal purpose — medical, wedding, travel	10-18% per year	No collateral required; quick approval; shorter tenure
Education Loan	Higher education in India or abroad	8-12% per year	Moratorium (no repayment during study + 1 year); tax benefit
Vehicle Loan	Purchase car, two-wheeler	7-11% per year	Vehicle as security; repay in 3-7 years

Loan Type	Purpose	Typical Interest Rate	Key Feature
Business Loan / MSME	Start or expand business	9-16% per year	MUDRA loans for micro enterprises under PMMY
Kisan Credit Card (KCC)	Agriculture — crop production, equipment	4-7% per year (subsidised)	Farmers get revolving credit; interest subvention by govt
Gold Loan	Immediate cash needs	7-12% per year	Gold jewellery as collateral; quick disbursal
Microfinance Loan	Very poor women — self-help groups	18-24% per year	No collateral; group guarantee; weekly repayment

7.3 Mobile Banking

> *Mobile Banking allows customers to perform banking transactions using a smartphone via the bank's official mobile app, UPI app, USSD (*99#), or SMS banking — anytime, anywhere.*

Mobile Banking Type	How It Works	For Whom
Bank's Mobile App	Download official app → register → set MPIN → use all banking services	Smartphone users with internet connection
UPI Apps (PhonePe/GPay)	Link bank account → set UPI PIN → send/receive money	Anyone with smartphone and Aadhaar-linked mobile number
USSD (*99#)	Dial *99# from any mobile — works WITHOUT internet (basic feature phone)	Rural users, feature phone users, no-internet areas
SMS Banking	SMS to bank's short code — balance, mini statement, alerts	Feature phone users; quick enquiries

- USSD *99# is a major government initiative — provides mobile banking on basic phones without internet
- Services via *99#: Balance enquiry, mini statement, send money, change MPIN, generate OTP
- mPIN: Mobile Banking PIN — separate from ATM PIN; set by customer; 4 or 6 digits

7.4 Overdraft Facility

> *Overdraft (OD) is a credit facility where a bank allows a customer to withdraw more money than what is available in their account, up to a pre-approved limit. Interest is charged only on the amount used and only for the days used.*

- Like a short-term loan attached to your account — very flexible
- Interest: Charged daily on outstanding balance. Typically 10-14% per annum.
- Jan Dhan OD: Account holders get Rs. 10,000 overdraft after 6 months of satisfactory operation — no collateral
- Salary OD: Salaried employees get overdraft up to 2-3 months' salary against salary account
- Difference from Loan: OD is a revolving facility — repay and borrow again. Loan is one-time amount.

7.5 Pension Services

Pension Scheme	For Whom	Key Features
National Pension System (NPS)	All Indian citizens 18-70 years, government and private employees	Market-linked returns; Tier I (pension) + Tier II (savings); tax benefit up to Rs. 2 lakh; pension after 60
Atal Pension Yojana (APY)	Unorganised sector workers 18-40 years	Guaranteed pension of Rs. 1,000 to Rs. 5,000 per month after 60; linked to savings account
Employees Provident Fund (EPF)	Employees of organisations with 20+ workers	12% employee + 12% employer contribution; managed by EPFO
Employees Pension Scheme (EPS)	Part of EPF — portion goes to EPS	Pension after retirement/disability; family pension
PM Kisan Mandhan Yojana	Farmers below 60, up to 2 hectares land	Rs. 3,000/month pension after 60; Rs. 55-200/month contribution
Pradhan Mantri Shram Yogi Mandhan	Unorganised sector workers earning < Rs. 15,000/month	Rs. 3,000/month pension after 60; equal contribution by government

SECTION 8: TYPES OF INSURANCE

8.1 What is Insurance?

> *Insurance is a contract (policy) between a person (insured) and an insurance company (insurer) where the insurer provides financial protection against specified risks in exchange for regular premium payments. It transfers financial risk from individual to the insurance company.*

Insurance Type	What It Covers	Key Examples
Life Insurance	Pays a sum assured to family/nominee upon death of insured; some policies also provide maturity benefit	LIC Jeevan Anand, Term Plan, Endowment Plan, ULIP
Health Insurance	Covers medical expenses — hospitalisation, surgery, medicines, diagnostic tests	Star Health, ICICI Lombard, Ayushman Bharat (PMJAY — government)
Motor Insurance	Third-party liability (mandatory by law) + own damage to vehicle	National Insurance, HDFC Ergo, Bajaj Allianz
Home Insurance	Protects home and contents against fire, theft, natural disasters	Home Structure Insurance, Contents Insurance
Travel Insurance	Covers trip cancellations, medical emergencies, lost baggage while travelling	Bajaj Allianz Travel Guard, TATA AIG Travel Insurance
Crop/Agriculture Insurance	Compensates farmers for crop loss due to drought, flood, pests	Pradhan Mantri Fasal Bima Yojana (PMFBY)
Personal Accident Insurance	Lump sum payout on accidental death or permanent disability	PMSBY, many bank debit card accident cover
Term Life Insurance	Pure protection — pays only if insured dies during term; no maturity benefit	Cheapest life insurance; highest cover at lowest premium

8.2 Life Insurance vs General Insurance

Feature	Life Insurance	General Insurance
Covers	Human life — death, disability	Assets and health — property, vehicle, health, travel
Policy Duration	Long-term (10-30 years or whole life)	Short-term — usually 1 year, renewable annually
Regulator	IRDAI (Insurance Regulatory and Development Authority of India)	IRDAI
Key Company	LIC (Life Insurance Corporation of India — government)	New India Assurance, National Insurance (government); ICICI Lombard, Bajaj Allianz (private)
Premium	Paid annually, semi-annually, quarterly, or monthly	Usually annual lump sum
Nominee	Must be specified — receives claim on death	Claims to policyholder directly

> **Exam Tip:** IRDAI regulates all insurance in India. LIC = India's largest life insurer (government). Term plan = cheapest, purest life cover. Health insurance = hospitalisation expenses. Motor insurance = mandatory by Motor Vehicles Act.

SECTION 9: PRADHAN MANTRI JAN DHAN YOJANA (PMJDY)

9.1 Overview of PMJDY

> *Pradhan Mantri Jan Dhan Yojana (PMJDY) is India's National Mission for Financial Inclusion, launched by Prime Minister Narendra Modi on 28 August 2014. It aims to ensure affordable access to basic financial services to every household in India — banking, remittance, credit, insurance, and pension.*

Feature	Details
Launch Date	28 August 2014 — PM Modi launched with slogan 'Mera Khata, Bhagya Vidhata'
Objective	Bank account for every unbanked household; financial inclusion of poor and rural population
Account Type	Basic Savings Bank Deposit Account (BSBDA) — Zero Balance account
Who Can Open	Any Indian citizen above 10 years, including those with no income proof
Minimum Balance	Zero — no minimum balance required (unlike regular savings accounts)
Interest Rate	4% per annum — same as regular savings account
RuPay Debit Card	Every PMJDY account holder gets a free RuPay Debit Card
Overdraft Facility	Rs. 10,000 overdraft available after 6 months of satisfactory account operation — for meeting family emergencies
Accident Insurance	Rs. 2 lakh (Rs. 1 lakh for old accounts) personal accident insurance through RuPay card — free
Life Insurance	Rs. 30,000 life insurance cover for accounts opened between 15 Aug 2014 to 31 Jan 2015 under PMJDY
DBT Benefit	Government subsidies — LPG, scholarships, MNREGS wages, COVID relief — directly credited
Achievements	53+ crore accounts opened (as of 2024); Rs. 2.3 lakh crore+ deposited; largely eliminated fake/duplicate beneficiaries

9.2 Benefits Summary

- Zero Balance account — no penalty for not maintaining minimum balance
- Free RuPay Debit Card — use at ATMs and shops across India
- Rs. 2 lakh accident insurance — free with RuPay card (must do 1 transaction in 90 days to activate)
- Rs. 10,000 overdraft — emergency credit without collateral after 6 months
- Direct Benefit Transfer — all government schemes directly to account
- Access to all banking services — mobile banking, UPI, NEFT/IMPS
- Available at all bank branches and CSC/Business Correspondent points

> **Exam Tip:** PMJDY launched 28 August 2014. Zero balance account. Free RuPay card. Rs. 2 lakh accident insurance. Rs. 10,000 overdraft after 6 months. For unbanked poor population.

SECTION 10: PASSWORD SECURITY AND ATM WITHDRAWAL SAFETY

10.1 Password Security

Rule	Good Practice	Bad Practice (Avoid)
Length	Minimum 8 characters — longer is stronger (12-16 recommended)	Short passwords like '1234', 'abc' — easily guessed
Complexity	Mix uppercase (A-Z), lowercase (a-z), numbers (0-9), special symbols (!@#$%)	Only letters or only numbers — weak
Uniqueness	Different password for every account — bank, email, social media all different	Same password for everything — one breach compromises all
Avoid Personal Info	Never use name, date of birth, phone number, Aadhaar, PAN	ajay1990, 9876543210 — easily guessed by anyone who knows you
Change Regularly	Change every 3-6 months; immediately if you suspect compromise	Never changing password — old compromised passwords still in use
Password Manager	Use tools like Bitwarden (free) to store all passwords securely	Writing passwords in notebook or saving in browser on shared computer
Two-Factor Authentication (2FA)	Enable OTP-based 2FA on banking apps and email — extra security layer	Relying only on password — if password stolen, account compromised

10.2 ATM Withdrawal Safety

Safety Rule	How to Follow	Why Important
Shield PIN Entry	Cover keypad with your other hand when entering PIN	Card skimmers may have hidden cameras recording PIN
Check for Skimmers	Before inserting card, check if card slot looks unusual or loose	Criminals attach card readers (skimmers) to steal card data
Use Familiar ATMs	Prefer ATMs at bank branches, malls, or well-lit areas	Isolated ATMs more likely to have tampered equipment
Don't Accept Help	Never let strangers help you at ATM	Common scam — strangers offer help then steal PIN or card
Collect Cash Carefully	Count notes; collect card and receipt before leaving	Leaving card or cash behind is common careless mistake
Check Account Alerts	Enable SMS and email alerts for every transaction	Immediately know if unauthorised transaction occurs
Report Immediately	If card stolen or suspicious transaction: call bank immediately to block card	Time is critical — fraudulent amounts can be recovered if reported quickly
ATM Limit	Know your daily withdrawal limit (usually Rs. 10,000-25,000/day)	Plan large cash needs in advance

Safety Rule	How to Follow	Why Important
Never Share PIN	Never tell PIN to anyone — not bank employees, not family	Banks will never ask for PIN — anyone asking is a fraudster
Logout / Cancel	Always press Cancel and take your card if not completing transaction	Unfinished transactions can allow next person to continue

- RBI Cyber Crime Helpline: 1930 — call immediately for online banking fraud
- Bank card block: Call bank's 24×7 toll-free number (printed on back of card) to block lost/stolen card
- Chargeback: If unauthorised transaction — file dispute with bank within 30 days for reversal

SECTION 11: SOCIAL SECURITY SCHEMES — APY, PMSBY, PMJJBY

11.1 Atal Pension Yojana (APY)

> *Atal Pension Yojana (APY) is a pension scheme for unorganised sector workers, providing guaranteed minimum pension after the age of 60. It was launched on 9 May 2015, replacing the Swavalamban Yojana.*

Feature	Details
Launched	9 May 2015 by Government of India (under NPS — managed by PFRDA)
Target Group	Unorganised sector workers (domestic workers, drivers, plumbers, vegetable vendors, etc.) aged 18-40 years
Eligibility	Indian citizen, age 18-40 years, should have savings bank account, should not be income tax payer (from Oct 2022, ITax payers excluded)
Guaranteed Pension	Fixed pension of Rs. 1,000 / Rs. 2,000 / Rs. 3,000 / Rs. 4,000 / Rs. 5,000 per month after age 60 — chosen at time of joining
Contribution	Monthly auto-debit from savings account. Depends on age at joining and pension amount chosen. E.g.: Join at 18 for Rs. 5,000 pension = Rs. 210/month; join at 40 = Rs. 1,454/month
Government Co-contribution	For accounts opened before 31 March 2016: Government contributed 50% (max Rs. 1,000/year) for 5 years for non-income-tax-payer subscribers
Death Benefit	If subscriber dies before 60: spouse can continue scheme and get same pension; or get entire corpus returned
Nominee	Spouse is default nominee; corpus goes to nominee on death of both subscriber and spouse
Exit Before 60	Not permitted in normal cases except: subscriber's death, terminal illness

> **APY Memory:** APY = Pension for unorganised workers. Age 18-40. Pension Rs. 1,000-5,000/month after 60. Monthly auto-debit from bank account. Managed by PFRDA.

11.2 Pradhan Mantri Suraksha Bima Yojana (PMSBY)

> *PMSBY is an accidental insurance scheme providing coverage against death or disability due to an accident. It is available to all savings bank account holders at a very low premium of just Rs. 20 per year.*

Feature	Details
Full Name	Pradhan Mantri Suraksha Bima Yojana
Launched	8 May 2015 (announced in Budget 2015 by FM Arun Jaitley)
Premium	Rs. 20 per year (revised from Rs. 12 in June 2022) — auto-deducted from savings account in May/June
Coverage	Rs. 2 lakh for accidental death or full permanent disability; Rs. 1 lakh for partial permanent disability
Eligibility	All savings bank account holders aged 18-70 years
How to Join	Submit consent form to bank (physical or online); premium auto-deducted annually on 1 June

Feature	Details
Insurance Company	Offered through Public Sector General Insurance Companies (National Insurance, New India etc.) through banks
Claim Process	Report accident to bank → submit death certificate / disability certificate → bank processes with insurance company → amount credited to nominee's account
Annual Renewal	Auto-renewed every year as long as premium is deducted and account has sufficient balance

11.3 Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

> *PMJJBY is a life insurance scheme providing coverage of Rs. 2 lakh on death from any cause (not just accident). It is available to savings account holders at a premium of Rs. 436 per year.*

Feature	Details
Full Name	Pradhan Mantri Jeevan Jyoti Bima Yojana
Launched	8 May 2015 (same day as PMSBY) — Finance Minister Arun Jaitley
Premium	Rs. 436 per year (revised from Rs. 330 in June 2022) — auto-deducted from savings account
Coverage	Rs. 2 lakh life insurance on death from ANY cause — accident, illness, natural death
Eligibility	All savings bank account holders aged 18-50 years (coverage continues until 55 years)
How to Join	Submit consent to bank; annual auto-debit in May from linked savings account
Insurance Company	Offered by Life Insurance Company (LIC) and other life insurers through banks
Claim Process	Nominee submits death certificate + claim form to bank → bank forwards to insurance company → Rs. 2 lakh paid to nominee's account
Exclusion	Suicide within 45 days of joining — no claim payable

Comparison: PMSBY vs PMJJBY

Feature	PMSBY	PMJJBY
Type	Accident Insurance	Life Insurance
Coverage	Death/disability due to ACCIDENT only	Death from ANY cause (accident + illness + natural)
Sum Assured	Rs. 2 lakh (full disability); Rs. 1 lakh (partial)	Rs. 2 lakh (death only — no maturity)
Annual Premium	Rs. 20 per year	Rs. 436 per year
Age Eligibility	18-70 years	18-50 years (cover till 55)
Insurer	General Insurance Company	Life Insurance Company (LIC + others)

> **Exam Tip:** PMSBY = Rs. 20/year, accident only, age 18-70. PMJJBY = Rs. 436/year, any cause death, age 18-50. Both launched 8 May 2015. Both auto-deducted from savings account.

SECTION 12: PRADHAN MANTRI MUDRA YOJANA (PMMY)

12.1 What is PMMY?

> *Pradhan Mantri Mudra Yojana (PMMY) was launched on 8 April 2015 to provide affordable loans to small and micro enterprises — shops, small manufacturers, service providers, food vendors, artisans — who cannot access formal bank credit. MUDRA = Micro Units Development & Refinance Agency.*

Feature	Details
Launch Date	8 April 2015 by Prime Minister Narendra Modi
Purpose	Provide institutional credit to non-corporate, non-farm small/micro enterprises
Target Beneficiaries	Street vendors, shopkeepers, small manufacturers, artisans, tailors, barbers, food stall owners, truck operators — informal economy workers
Loan Through	All scheduled commercial banks, RRBs (Regional Rural Banks), cooperative banks, MFIs (Microfinance Institutions), NBFCs
Collateral	No collateral required for MUDRA loans — unsecured credit
MUDRA Card	Debit card issued to borrowers — can withdraw as needed; interest on amount used only (like OD)
Implementing Body	MUDRA (Micro Units Development & Refinance Agency) — subsidiary of SIDBI

12.2 Three Categories of MUDRA Loans

Category	Loan Amount	For Whom	Examples
Shishu (Infant)	Up to Rs. 50,000	Starting a new business or very small existing business	New vegetable vendor, new tailoring shop, new food stall
Kishore (Youth)	Rs. 50,001 to Rs. 5 Lakh	Established business looking to grow and expand	Small grocery store expanding, existing garment shop growing
Tarun (Young Adult)	Rs. 5 Lakh to Rs. 10 Lakh	Mature business needing significant capital for further growth	Medium-sized manufacturing unit, growing restaurant, established logistics business

12.3 How to Apply for MUDRA Loan

- Step 1: Identify your loan requirement and which category (Shishu/Kishore/Tarun) it falls under
- Step 2: Prepare business plan or description of your activity and how you will use the loan
- Step 3: Visit nearest bank, RRB, MFI, or apply online at mudra.org.in or PM SVANidhi portal
- Step 4: Submit application with: Identity proof, Address proof, Business proof, 2 photographs, Bank statement

- Step 5: Bank evaluates and sanctions loan — no collateral required; typically processed in 7-15 working days
- Step 6: MUDRA Card issued — use to withdraw funds as needed for business expenses
- Also available: Udyam Registration (MSME registration) helps get better MUDRA loan terms

12.4 PM SVANidhi — Extension for Street Vendors

> *PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) launched June 2020 provides collateral-free working capital loans specifically to street vendors — Rs. 10,000 (first loan), Rs. 20,000 (second), Rs. 50,000 (third) — with interest subsidy and digital payment incentive.*

SECTION 13: QUICK REVISION POINTS

Key Points for Exam

Banking Products & Instruments

- RuPay = India's own card network by NPCI. Low fees, data stays in India. Used for PMJDY.
- Cheque validity = 3 months. A/c Payee cheque = most secure. Crossed cheque = deposit only.
- DD = prepaid, cannot bounce. Better than cheque for unknown parties.
- NEFT = batch. RTGS = real-time, min Rs. 2 lakh. IMPS = instant 24×7. UPI = instant, max Rs. 1 lakh.

KYC & Accounts

- KYC OVDs: Aadhaar, Passport, Driving License, Voter ID, NREGA Job Card
- Jan Dhan = zero balance, RuPay card, Rs. 2 lakh accident insurance, Rs. 10,000 OD after 6 months
- Savings = 3-4% interest. FD = 5-7.5%. Current = no interest. PPF = 7.1%, tax free, 15 years

Government Schemes

- PMJDY: Launched 28 Aug 2014. Zero balance. RuPay card. Rs. 2L accident cover. Rs. 10K OD.
- APY: Pension Rs. 1,000-5,000/month after 60. Age 18-40. Unorganised sector.
- PMSBY: Rs. 20/year. Rs. 2L accident death/disability. Age 18-70. General insurance.
- PMJJBY: Rs. 436/year. Rs. 2L any death. Age 18-50. Life insurance.
- PMMY: MUDRA loan. Shishu = upto Rs. 50K. Kishore = Rs. 50K-5L. Tarun = Rs. 5L-10L. No collateral.
- All 3 insurance schemes launched 8 May 2015.

SECTION 14: IMPORTANT MCQ QUESTIONS

Multiple Choice Questions (MCQs)

> *20 important exam questions. Correct answer marked with ✓ and explanation provided.*

Q1. RuPay card is developed and operated by:

(a) Visa Inc., USA
(b) Mastercard Inc., USA
(c) NPCI (National Payments Corporation of India) ✓
(d) Reserve Bank of India

Explanation: *RuPay is India's own domestic card payment network, developed by NPCI (National Payments Corporation of India) in 2012. It provides a domestic alternative to Visa and Mastercard with lower transaction fees and Indian data sovereignty.*

Q2. Pradhan Mantri Jan Dhan Yojana (PMJDY) was launched on:

(a) 1 January 2014
(b) 15 August 2014
(c) 28 August 2014 ✓
(d) 26 January 2015

Explanation: *PMJDY was launched by PM Narendra Modi on 28 August 2014 with the slogan 'Mera Khata, Bhagya Vidhata'. It is India's National Mission for Financial Inclusion to ensure banking services for every unbanked household.*

Q3. What is the overdraft facility available under PMJDY?

(a) Rs. 5,000 from day one
(b) Rs. 10,000 after 6 months of satisfactory operation ✓
(c) Rs. 50,000 immediately
(d) Rs. 1 lakh after 1 year

Explanation: *PMJDY account holders get Rs. 10,000 overdraft facility after 6 months of satisfactory account operation — without any collateral. This helps meet family emergencies with short-term credit.*

Q4. Under PMSBY, the annual premium is:

(a) Rs. 12 per year
(b) Rs. 330 per year
(c) Rs. 20 per year ✓
(d) Rs. 100 per year

Explanation: *PMSBY (Pradhan Mantri Suraksha Bima Yojana) premium is Rs. 20 per year (revised from Rs. 12 in June 2022). It provides Rs. 2 lakh accident death/disability cover. Auto-deducted from savings account annually.*

Q5. PMJJBY provides insurance coverage of Rs. 2 lakh for:

(a) Accidental death only
(b) Death from any cause (accident + illness + natural death) ✓
(c) Permanent disability only
(d) Hospital treatment expenses

Explanation: *PMJJBY (Pradhan Mantri Jeevan Jyoti Bima Yojana) provides Rs. 2 lakh life insurance for death from ANY cause — accident, illness, or natural death. Premium is Rs. 436/year. Age 18-50 years.*

Q6. Atal Pension Yojana (APY) provides guaranteed pension of:

(a) Rs. 500 to Rs. 2,000 per month
(b) Rs. 1,000 to Rs. 5,000 per month after age 60 ✓

(c) Rs. 10,000 per month to all
(d) Rs. 3,000 per month fixed for everyone

Explanation: *APY provides guaranteed monthly pension of Rs. 1,000, 2,000, 3,000, 4,000, or Rs. 5,000 per month after the age of 60. Subscriber chooses the amount at the time of joining. Target group is unorganised sector workers aged 18-40.*

Q7. Under PMMY (MUDRA), which category provides loans up to Rs. 50,000?

(a) Tarun
(b) Kishore
(c) Shishu ✓
(d) Yuva

Explanation: *Shishu (meaning Infant) provides MUDRA loans up to Rs. 50,000 for new or very small businesses. Kishore = Rs. 50,001 to Rs. 5 lakh. Tarun = Rs. 5 lakh to Rs. 10 lakh.*

Q8. Which payment method works WITHOUT internet on basic feature phones?

(a) UPI
(b) NEFT
(c) USSD (*99#) ✓
(d) IMPS

Explanation: *USSD (*99# service) enables mobile banking WITHOUT internet connection — works on any mobile phone (even basic feature phone) by simply dialing *99#. Enables balance check, fund transfer, mini statement.*

Q9. KYC stands for:

(a) Know Your Credit
(b) Know Your Customer ✓
(c) Keep Your Certificate
(d) Key Your Code

Explanation: *KYC = Know Your Customer. It is a mandatory process where banks verify the identity and address of customers before providing financial services. RBI mandates KYC for all banks to prevent fraud and money laundering.*

Q10. A Demand Draft (DD) is different from a cheque because:

(a) DD can bounce if funds are insufficient
(b) DD is issued by the bank and is pre-paid — cannot bounce ✓
(c) DD is only for government payments
(d) DD does not require a bank account

Explanation: *DD is pre-paid — you pay the bank first, then the bank issues the DD. Therefore, it cannot bounce like a personal cheque. This makes DD preferred for large, important payments like college fees, government dues.*

Q11. RTGS is used for transfers of minimum:

(a) Rs. 1,000
(b) Rs. 10,000
(c) Rs. 2 lakh ✓
(d) Rs. 50,000

Explanation: *RTGS (Real Time Gross Settlement) has a minimum transfer amount of Rs. 2 lakh. It processes each transaction individually in real-time. Used for large-value, urgent transfers. Available 24×7.*

Q12. DICGC provides deposit insurance protection of up to:

(a) Rs. 1 lakh per bank
(b) Rs. 2 lakh per bank
(c) Rs. 5 lakh per bank ✓
(d) Unlimited

Explanation: *DICGC (Deposit Insurance and Credit Guarantee Corporation) insures bank deposits up to Rs. 5 lakh per depositor per bank. This limit was increased from Rs. 1 lakh in February 2020.*

Q13. Which of these is the most secure type of cheque?

(a) Bearer Cheque
(b) Order Cheque
(c) Crossed Cheque
(d) Account Payee Cheque ✓

Explanation: *Account Payee Cheque is the most secure — it can only be deposited into the named payee's bank account. Neither crossed cheque (deposit only) nor bearer cheque (anyone can cash) provides this level of security.*

Q14. Atal Pension Yojana (APY) is suitable for which age group?

(a) 0-18 years
(b) 18-40 years ✓
(c) 40-60 years
(d) Above 60 years

Explanation: *APY is for Indian citizens aged 18-40 years in the unorganised sector (who are not income tax payers). The pension benefit starts after age 60. The earlier you join, the lower the monthly contribution required.*

Q15. PPF (Public Provident Fund) has a lock-in period of:

(a) 3 years
(b) 7 years
(c) 15 years ✓
(d) 25 years

Explanation: *PPF has a 15-year maturity period (lock-in). Partial withdrawals are allowed from the 7th year. Loans against PPF balance can be taken from 3rd to 6th year. Returns are completely tax-free.*

Q16. The full form of MUDRA in PMMY is:

(a) Modern Urban Development and Rural Agency
(b) Micro Units Development and Refinance Agency ✓
(c) Multi-User Development and Resource Authority
(d) Medium Units Development and Refinance Association

Explanation: *MUDRA = Micro Units Development & Refinance Agency. It is a subsidiary of SIDBI (Small Industries Development Bank of India). PMMY provides collateral-free loans up to Rs. 10 lakh to small and micro enterprises.*

Q17. Both PMSBY and PMJJBY were launched on:

(a) 28 August 2014
(b) 8 April 2015
(c) 8 May 2015 ✓
(d) 15 August 2015

Explanation: *Both PMSBY (accident insurance) and PMJJBY (life insurance) were launched on 8 May 2015 by the Government of India. PMJDY was launched on 28 August 2014, and PMMY on 8 April 2015.*

Q18. Which ATM safety practice should you ALWAYS follow?

(a) Allow strangers to help if you're confused
(b) Share your PIN with bank staff if they ask
(c) Cover the keypad with your hand when entering PIN ✓
(d) Use ATMs in isolated, less crowded areas for privacy

Explanation: *Always cover the keypad with your other hand while entering your PIN — skimming devices may have hidden cameras. Never share your PIN with anyone — banks will NEVER ask for your PIN. Prefer ATMs at bank branches or well-lit areas.*

Q19. In PMJDY, the RuPay card provides free accident insurance of:

(a) Rs. 50,000
(b) Rs. 1 lakh
(c) Rs. 2 lakh ✓
(d) Rs. 5 lakh

Explanation: *PMJDY account holders get a free RuPay Debit Card with built-in personal accident insurance of Rs. 2 lakh (Rs. 1 lakh for accounts opened before 28 August 2018). At least one financial transaction must be done in 90 days to keep insurance active.*

Q20. Which of the following is a CORRECT strong password?

(a) password123
(b) Ajay@1990
(c) Tr&9kL#mN2 ✓
(d) 12345678

Explanation: *Tr&9kL#mN2 is a strong password — it has uppercase, lowercase, numbers, and special characters, and is not based on personal info. 'password123' is common and weak. 'Ajay@1990' contains personal info. '12345678' is sequential and very weak.*

Best of Luck for Your Exam!

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