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A STUDY ON THE PRADHAN MANTRI JAN-DHAN YOJANA (PMJDY) AS A FINANCIAL INCLUSION STRATEGY IN INDIA

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ABSTRACT

Financial inclusion is a catalyst for promoting equitable growth and social welfare. It refers to the delivery of financial products and services such as banking, insurance, and credit at affordable costs to all segments of society, particularly the underbanked and economically disadvantaged. This paper examines India's financial inclusion journey with a primary focus on the Pradhan Mantri Jan-Dhan Yojana (PMJDY). The study uses a structured questionnaire to assess the awareness, accessibility, and satisfaction levels among beneficiaries. It also evaluates the challenges and outcomes of financial inclusion efforts and offers suggestions for policy improvements. The research findings indicate significant progress, yet underscore the need for deeper engagement through literacy, infrastructure, and trust-building initiatives to ensure long-term economic empowerment.

KEYWORDS: Financial Inclusion - Economic Development - Pradhan Mantri Jan Dhan Yojana (PMJDY) - Financial Literacy - Banking Accessibility -Inclusive Growth

INTRODUCTION

Financial inclusion involves ensuring that individuals and businesses, especially those traditionally excluded, have access to useful and affordable financial products and services. These include savings and transaction accounts, credit, insurance, and pensions, delivered responsibly and sustainably by formal institutions. Access to these services enhances an individual's ability to save, invest, manage risks, and build financial resilience. Globally, inclusive financial systems are linked to poverty alleviation and economic development.

In India, access to financial services has historically been uneven, with large rural and informal sectors left outside the formal economy. Vulnerable populations including small-scale farmers, daily wage laborers, women, and migrant workers have often relied on informal financial sources, facing high costs and exploitative terms. In response, the Government of India introduced the Pradhan Mantri Jan-Dhan Yojana (PMJDY) in August 2014, aiming to offer universal access to banking services.

To address these challenges, the Government of India launched the Pradhan Mantri Jan Dhan Yojana (PMJDY) on 28th August 2014. The scheme was a landmark initiative aimed at achieving comprehensive financial inclusion by providing universal access to banking facilities. Under PMJDY, individuals were allowed to open a basic savings bank deposit (BSBD) account with zero balance. The scheme provided a RuPay debit card, overdraft facility of up to ₹10,000, accident insurance cover, and life insurance cover to eligible account holders.

The success of PMJDY was unprecedented. According to recent data, over 49.86 crore beneficiaries have been brought under the financial net through this scheme, with ₹1.89 lakh crore deposited across Jan Dhan accounts as of early 2024. Notably, 55.5% of account holders are women, and 66% belong to rural and semi-urban areas, illustrating the scheme's reach among underrepresented groups. Furthermore, 33.98 crore RuPay debit cards have been issued, and approximately 35 crore accounts have been Aadhaar-seeded, enhancing the efficiency of subsidy transfers and minimizing leakages. This integration has enabled effective implementation of the Direct Benefit Transfer (DBT) mechanism, ensuring government subsidies and benefits reach the intended beneficiaries.

From a theoretical perspective, financial inclusion aligns with Amartya Sen's capability approach, which emphasizes expanding people's real freedoms and choices. Access to financial services allows individuals to pursue economic opportunities, invest in human capital, and respond better to life shocks. The Keynesian model also supports financial inclusion, suggesting that increased financial participation leads to greater consumption and investment, stimulating aggregate demand and growth. Moreover, the endogenous growth theory posits that inclusive financial systems are critical for sustained economic development through enhanced productivity and innovation.

Despite these achievements, challenges persist. Many Jan Dhan accounts remain dormant, indicating that access alone does not ensure active usage. There are issues related to digital illiteracy, inadequate financial literacy, lack of trust in banking institutions, and infrastructural constraints in remote areas. Additionally, women often face socio-cultural barriers that hinder their full participation in the financial ecosystem.

Hence, this study seeks to assess the actual effects of financial inclusion programs particularly the PMJDY on individuals' financial habits and their overall economic well-being. It explores levels of awareness, accessibility, satisfaction, and usage of financial services among respondents. The findings are expected to shed light on the effectiveness of current strategies and inform future policy directions to strengthen inclusive growth.

Financial inclusion has played a transformative role in improving household financial conditions across India, particularly through programs like the Pradhan Mantri Jan Dhan Yojana (PMJDY). By facilitating access to essential banking services such as savings accounts, credit, insurance, and direct benefit transfers it has empowered the economically disadvantaged segments of the population. It has helped improve financial literacy, reduce dependence on informal moneylenders, and increase household savings. Additionally, with digital banking and mobile access, even remote rural populations are now part of the formal financial system. This inclusion fosters greater economic stability, enables better crisis management, and supports long-term financial planning, ultimately contributing to poverty reduction and overall socio-economic development.

REVIEW OF LITERATURE

Various studies have examined the multifaceted dimensions of financial inclusion. Sarma and Pais (2008) developed a composite index to assess financial inclusion across countries and found large disparities. Beck, Demirgüç-Kunt, and Levine (2007) highlighted the critical role of financial development in reducing income inequality. Kumar and Mishra (2011) argued that financial inclusion is essential for inclusive growth, particularly in developing economies like India. Demirgüç-Kunt et al. (2018) revealed that digital financial services have the potential to accelerate financial inclusion, especially in rural areas. Ghosh (2013) evaluated how financial institutions contribute to advancing inclusive finance, emphasizing the need for institutional reforms. Similarly, Chattopadhyay (2011) examined how financial inclusion influences disparities in regional economic growth. Studies by Rangarajan Committee (2008) and Nachiket Mor Committee (2014) have also laid strong emphasis on policy frameworks and institutional mechanisms. Mehrotra and Yetman (2015) underscored the benefits of greater financial access in macroeconomic stability. Ghosh and Vinod (2017) examined behavioral biases in financial decision-making and their impact on inclusion outcomes. According to Subbarao (2012), financial literacy plays a crucial role in the effectiveness of inclusion efforts. Karmakar, Banerjee, and Mohapatra (2011) discussed the regional imbalance in the reach of financial services. While digital platforms like UPI and mobile banking have expanded reach (Kochhar, 2020), infrastructure constraints continue to pose challenges (Sarma, 2015). Empirical research by Chakrabarty (2012) emphasizes the role of microfinance and SHGs in financial deepening. Together, these studies establish that while substantial progress has been made, barriers in implementation and sustainability of inclusion initiatives persist.

RESEARCH GAP

Although financial inclusion has been widely discussed, there is limited empirical assessment of how schemes like PMJDY influence individual behavior at the grassroots. Most studies focus on national trends, with less attention to user-level awareness, service satisfaction, and actual economic empowerment. This study bridges that gap using primary data to evaluate the practical outcomes and

usage of financial inclusion initiatives.

OBJECTIVES OF THE STUDY

1. To identify the state which have highest number of Jan Dhan Account openings in rural and urban areas.
2. To identify the bank which have highest number of beneficiaries in rural and urban areas.
3. To identify the bank which have highest percentage of deposits in Jan Dhan Account
4. To identify which bank issued highest number of RuPay Debit cards among Jan Dhan Account holders.

SCOPE AND SIGNIFICANCE OF THE STUDY

This study aims to thoroughly assess financial inclusion in India, with a particular emphasis on the Pradhan Mantri Jan Dhan Yojana (PMJDY) and its impact on marginalized populations, especially in rural and semi-urban regions. It examines how access to formal banking influences individuals' financial behavior, economic stability, and engagement with institutional finance. Key areas explored include awareness, usage patterns, satisfaction with services, and the role of both digital and physical infrastructure in enabling inclusion. By drawing from a diverse group of respondents, the research evaluates whether financial inclusion initiatives have led to tangible usage and economic empowerment. The study's significance lies in offering empirical evidence on the effectiveness of major financial inclusion schemes. By identifying existing gaps in accessibility and financial literacy, the study aims to assist policymakers, banks, and development agencies in refining strategies for deeper and more impactful financial inclusion. It also contributes to the academic literature by integrating theoretical perspectives with on-ground realities and by assessing financial inclusion not just as access to accounts but as an instrument for sustainable economic development and poverty reduction.

RESEARCH METHODOLOGY

The study adopts a descriptive research design with a quantitative methodology to evaluate the scope and effects of financial inclusion, focusing specifically on the PMJDY initiative. Primary data was gathered through a structured questionnaire distributed among 60 participants from diverse socio-economic backgrounds. A simple random sampling technique was employed to ensure balanced representation from both rural and urban areas. The questionnaire comprised a mix of closed and open-ended questions aimed at understanding respondents' access to banking facilities, awareness of government programs, usage behavior, satisfaction with services, and perceived advantages of financial inclusion. The data collected was tabulated and analyzed using percentage analysis, which helped in interpreting the responses objectively. Secondary data sources such as government reports, RBI publications, and research articles were also consulted to provide contextual and comparative insights. The methodology allowed for the triangulation of data to enhance the validity of findings and

draw actionable conclusions.

RESULTS AND DISCUSSION

1. The awareness level of respondents towards financial inclusion schemes

The first table evaluates the awareness level of respondents regarding key components of financial inclusion. The findings show that a significant number of respondents are aware of basic financial services such as bank account facilities, ATM cards, and PMJDY. Specifically, 91.67% of respondents were aware of having a bank account, and 83.33% were aware of ATM card services. Awareness of PMJDY stood at 73.33%, indicating the strong outreach of the scheme. However, awareness about insurance, overdraft facilities, and mobile banking was notably lower (at 36.67%, 20%, and 26.67% respectively). This reflects that while core banking services have gained visibility, more complex or value-added services require better financial literacy efforts.

Supporting this trend, national-level data as of March 31, 2025, shows that PMJDY accounts crossed 55.26 crore, with 36.63 crore of them in rural/semi-urban areas and a cumulative deposit of ₹2.60 lakh crore. This suggests that public outreach and literacy campaigns have been effective in scaling basic banking awareness. However, the comparatively lower uptake of advanced features like insurance (50.30 crore enrollments in PMSBY) and overdraft facilities nationally also echoes the findings of this micro-level study — that awareness remains limited beyond basic savings accounts.

2. The accessibility of financial services by the respondents

The next set of data focuses on the accessibility of financial services. The results reveal that 86.67% of the respondents have a bank account under the PMJDY scheme, and 80% possess ATM cards, suggesting strong account penetration. A majority (65%) of respondents opened their accounts in public sector banks, underlining the government's dominant role in inclusion initiatives. The table also highlights that 70% of respondents have Aadhaar-linked accounts, crucial for effective implementation of DBTs.

Despite this, only 18.33% had access to overdraft facilities, and 41.67% had access to insurance services, indicating that although account opening is widespread, access to associated financial products remains limited. Nationally, 13.55 lakh Bank Mitras have been deployed as of March 2025 to deliver last-mile banking services. However, the restricted access to value-added services at the respondent level suggests a need to improve the depth of inclusion, bridging the gap between availability and actual access.

3. The satisfaction level of respondents towards financial inclusion services

This section evaluates the satisfaction levels of respondents with respect to various banking services. Approximately 75% of respondents reported being satisfied with the ease of opening

accounts and the availability of ATM facilities. However, only 40% were satisfied with the customer service and grievance redressal mechanisms. A moderate satisfaction level (around 58.33%) was observed regarding the proximity of bank branches.

Importantly, respondents expressed lower satisfaction regarding insurance and overdraft services, with only 21.67% and 15% satisfied, respectively. This implies that while basic services are functioning reasonably well, there are operational and service delivery gaps in advanced offerings. National trends also support this, with many financial inclusion schemes still struggling to provide seamless access to complaint redressal, timely claims, and customer follow-up. This calls for enhanced customer engagement, front-line staff training, and stronger feedback loops in public sector banking infrastructure.

4. The usage pattern of financial services among the respondents

The usage patterns of financial services paint a picture of partial success. While 83.33% of respondents actively use their bank accounts for deposits and withdrawals, only 35% use ATM cards frequently. Notably, only 26.67% use their accounts for receiving government subsidies, reflecting underutilization of DBT-linked benefits. A mere 10% reported using mobile banking, suggesting a digital gap among the population. Usage of insurance and pension services was also quite limited.

At the national level, increased adoption of UPI and mobile wallets reflects digital strides in urban India, yet this has not translated equally across all sections, especially in semi-urban and rural pockets. The findings illustrate that although financial infrastructure exists, the usage beyond basic savings and withdrawals is still low. This signals the need for targeted financial literacy programs, digital skilling, and trust-building initiatives to promote broader service adoption.

5. Influence of Financial Inclusion on Respondents' Economic Well-being

The final objective examines how financial inclusion has affected the economic circumstances of the respondents, based on their perceptions and experiences. About 71.67% of the respondents felt that having a bank account helped them save regularly, and 60% stated that financial access helped them manage emergency needs. Furthermore, 58.33% believed they now had more control over their finances. However, only 16.67% experienced improvement in income generation activities due to access to formal credit.

These insights mirror national outcomes. Despite robust account penetration and growing savings, credit penetration remains low, particularly among small and marginal borrowers. The low satisfaction with credit access among respondents suggests that financial inclusion has so far served mainly as a savings platform rather than a springboard for economic advancement. The data reinforces the argument that inclusion must evolve from basic access to developmental finance encompassing small loans, micro-entrepreneurship training, and

continuous financial mentoring to create lasting economic impact.

FINDINGS

- Public Sector Banks had the highest share of rural beneficiaries (73.2%), followed by Regional Rural Banks (RRBs) (23.6%) and Private Banks (3.2%).
- In urban areas, Public Sector Banks led in beneficiary accounts (88.4%), followed by RRBs (8.2%) and Private Sector Banks (3.4%).
- RuPay card issuance was dominated by Public Sector Banks (87.1%), with RRBs (10.1%) and Private Banks (2.8%).
- Among Public Sector Banks in rural areas, SBI had the highest share of beneficiaries (24.2%), followed by Bank of Baroda (17.1%) and Punjab National Bank (15.9%).
- In urban areas, SBI again led with 55.6%, followed by Bank of Baroda (12.3%) and Punjab National Bank (5.3%).
- For RuPay card issuance, SBI was the leader (41.6%), followed by Bank of Baroda (17.9%) and Punjab National Bank (10.8%).
- Uttar Pradesh reported the highest number of PMJDY beneficiaries in rural areas (18.9%), followed by Bihar (11.5%) and West Bengal (10.4%).
- In urban areas, Uttar Pradesh ranked first (14.5%), followed by Maharashtra (9.5%) and Madhya Pradesh (9.3%).
- ICICI Bank led in rural PMJDY accounts (49.1%), followed by Jammu & Kashmir Bank (23.4%), and HDFC Bank and Federal Bank (6.7% each).
- In urban PMJDY accounts, ICICI Bank remained on top (59.5%), followed by HDFC Bank (41.7%) and Axis Bank (14.9%).
- RuPay card issuance by Private Banks was highest in ICICI Bank (37.8%), with HDFC Bank (26.5%) and Jammu & Kashmir Bank (12.4%) trailing behind.

SUGGESTIONS

Drawing from the study's results, the following key recommendations are offered to strengthen the impact of financial inclusion efforts, especially those implemented through the Pradhan Mantri Jan Dhan Yojana (PMJDY).

- Promote financial literacy to improve awareness and usage of services like insurance, overdraft, and mobile banking, especially in rural areas.
- Bridge the digital divide by enhancing digital infrastructure and conducting digital skill training to increase adoption of mobile banking and UPI.
- Improve access to credit by designing small loan products for Jan Dhan account holders and encouraging banks to lend based on transaction history.

- Strengthen customer service by training banking staff and improving grievance redressal mechanisms to build trust and satisfaction.
- Link more government schemes to Jan Dhan accounts to ensure regular usage and maximize the benefit of Direct Benefit Transfers (DBTs).

CONCLUSION

As of March 31, 2025, India's financial inclusion efforts, particularly through schemes like PMJDY, have significantly advanced, but challenges persist. Public awareness of basic banking services like account facilities (91.67%) and ATM cards (83.33%) is widespread, reflecting the government's strong outreach efforts. However, awareness and access to more complex services, such as insurance (36.67%) and overdraft facilities (20%), remain low, indicating that while core banking services are well integrated, there is still a need for further financial literacy initiatives. The national statistics such as 55.26 crore PMJDY accounts and 36.63 crore in rural and semi-urban areas suggest substantial growth, yet access to advanced financial products remains limited. Satisfaction with basic services like account opening and ATM usage is relatively high (75%), but dissatisfaction with more complex offerings, such as insurance and overdraft services (21.67% and 15%), highlights a gap in service delivery. Additionally, although the adoption of digital financial services like UPI is growing in urban areas, only 10% of respondents in this study use mobile banking, reflecting a digital divide, especially in rural regions. While 71.67% of respondents report that their bank accounts help them save regularly, the impact on income generation is still minimal, with only 16.67% reporting improvements due to access to formal credit. This suggests that financial inclusion, while providing basic financial access, must evolve to foster economic empowerment, particularly by improving access to credit, insurance, and entrepreneurship opportunities.

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