

Bridging the Financial Divide: PMJDY's Path to Universal Banking Access

Preksha Mahadeokar

Research Scholar Hemchand Yadav Vishwavidyalaya, Durg (C.G)

Dr. M. Madhuri Devi

Assistant Professor Bhilai Mahila Mahavidyalaya, Bhilai (C.G)

Dr. Syed Saleem Aquil

Assistant Professor Kalyan PG College, Bhilai Nagar (C.G)

Abstract

Financial Inclusion is aimed to guarantee that all people and communities, particularly excluded and vulnerable groups, have access to financial services at reasonable prices. It entails the accessibility of services like credit, insurance, pensions, savings accounts, and payments irrespective of one's location or income. In order to facilitate economic participation and empowerment, financial inclusion seeks to close the gap between underprivileged groups and the formal financial sector. Financial inclusion not only fosters social justice, economic prosperity, and poverty reduction by expanding banking and financial literacy but also assist people in risk management, efficient saving, and future investment, it also promotes stability.

To boost the extent of financial inclusion in the country, the Government of India launched Pradhan Mantri Jan Dhan Yojana in 2014. This scheme turned out to be India's premier financial inclusion initiative, that aims at giving every household access to banking services. The program provides access to pension and insurance products, accident insurance, overdraft facilities, RuPay debit cards, and zero-balance savings accounts. By combining the JAM trinity—Jan Dhan (bank accounts), Aadhaar (unique ID), and mobile—PMJDY makes it easier to distribute benefits directly and minimizes leaks. With almost 53 crore accounts opened by August 2024, the largest financial inclusion program in the world has been established. In order to promote social security and inclusive growth, PMJDY seeks to empower the unbanked and integrate them into the official financial system.

It can thus be said that, Millions of underprivileged and unbanked Indians now have greater access to banking thanks to PMJDY. By eliminating obstacles like minimum balance requirements and complicated documentation, it has made it possible for low-income groups, women, the impoverished, and those living in rural areas to engage in the banking system for the first time. Through overdraft protection and accident insurance, the program has guaranteed financial stability and through the integration of bank accounts with government subsidies and social security programs, PMJDY has improved the efficiency and transparency of welfare delivery. Its broad influence on the number of people with bank accounts has enhanced financial literacy, saving practices, and economic inclusion in general. India's efforts to guarantee that no citizen is excluded from the official financial services ecosystem now rely heavily on PMJDY. The present paper aims to study the effectiveness of Pradhan Mantri Jan Dhan Yojana in Increasing banked population in India.

Keywords: Financial Inclusion, PMJDY, Banking Access, JAM Trinity, Financial Literacy, Inclusive Growth, Unbanked Population, India.

Review Of Literature

1. Srinivas (2016) provided an analytical summary of PMJDY's structure and inclusion impact, discussing the remedy of previous exclusion through bank accounts and social security overlays. The study—using surveys and descriptive statistics—found substantial increases in banking penetration, especially among rural and marginalized populations. The author concluded more financial literacy and service utilization promotion were needed for full inclusion.
2. Singh (2019) investigated PMJDY's practical reach and “touch ability” among marginalized rural groups, explaining PMJDY's aims and policy context. Singh analyzed implementation trends and found outreach and awareness initiatives had significantly promoted inclusion, especially for rural women. The author concluded that while PMJDY propelled many unbanked citizens toward financial stability, challenges of sustained account activity and comprehensive use of financial services persisted.
3. Mythri (2019) focused on a decade of financial inclusion, emphasizing PMJDY's transformation in India. The author used interviews and longitudinal data to evaluate impacts over time, finding robust improvements in account ownership and direct transfer distribution. However, Mythri noted ongoing issues like account dormancy and sporadic use, concluding that future inclusion efforts must prioritize regular engagement and financial education.
4. Agarwala et al. (2023) described the background of financial exclusion in India and the government's reforms, with emphasis on PMJDY's crucial role. They examined how public institutions, particularly public sector banks, contributed to financial inclusion using empirical analysis and efficiency scoring. The study found public sector banks consistently outperformed private ones in reaching underbanked communities. It concluded that ongoing digital banking development and targeted infrastructure upgrades were essential to reach PMJDY's long-term goals.
5. Gupta (2023) provided a thorough overview of PMJDY's evolution and role in India's financial sector. The author used descriptive statistics and qualitative evaluation to assess the program's history, structural design, and impacts. Gupta reported surging account numbers and increased awareness of financial tools, but also highlighted persistent problems with dormant accounts and incomplete inclusion. The study concluded that continuous intervention was required for full functionality and improved financial literacy.
6. Shah (2023) explored PMJDY's effect on credit access for formerly unbanked individuals. Using qualitative interviews and quantitative analysis, the author found increased basic credit via overdraft and loans, but low uptake of larger products owing to low awareness and collateral requirements. The study concluded that broader awareness and product diversification were necessary.
7. Gulla and Sharma (2024) assessed PMJDY's contribution to financial inclusion. They analyzed secondary data and found PMJDY had greatly expanded formal banking but was hampered by low digital literacy and limited financial awareness. The authors concluded that improving educational outreach and encouraging beneficiary engagement were essential for sustaining inclusion.
8. Garg (2024) conducted a case study in Barachh Village, focusing on the government's justification for PMJDY and the widespread rural exclusion issue. Using primary surveys and secondary data, Garg measured the scheme's effectiveness at the local level. Analysis revealed improved formal banking adoption and better access to subsidies since PMJDY, but also highlighted gaps in awareness and transactional participation. The author concluded that follow-up interventions in financial skills and literacy were needed.

9. Rani and Singh (2024) synthesized policy and academic literature, describing PMJDY's scale, enrollment, and literacy outcomes. They identified key successes—like millions of new accounts and effective subsidy transfers—but also documented regional gaps and dormant accounts. The conclusion emphasized technology and ongoing education as critical.

10. Kaur et al. developed a PMJDY index and found a positive correlation between financial inclusion and economic development. By linking account growth and transaction data to state GDP and poverty indicators, the authors concluded PMJDY's infrastructure and adoption drove wider economic well-being and multiplier effects.

The Pradhan Mantri Jan Dhan Yojana (PMJDY) is unquestionably a transformational and significant national endeavor in India's pursuit of financial inclusion, according to the thorough literature analysis on the program. As demonstrated by the opening of hundreds of millions of bank accounts, PMJDY is regularly credited with significantly increasing formal banking access across a range of studies, especially helping underserved demographics including women, the rural populace, and those who are economically vulnerable. The literature emphasizes PMJDY's function in enabling direct benefit payments, minimizing welfare delivery leaks, and providing recipients with social security tools, in addition to its role in creating accounts. However, a common feature among these studies is the difficulty in converting account ownership into active use because of dormant accounts, financial literacy problems, infrastructure limitations, and regional differences in service delivery. In order to bridge these gaps, critical evaluations recommend a consistent focus on financial education, technology integration, and context-sensitive outreach. Furthermore, the research emphasizes how PMJDY multiplies economic progress, with inclusive banking acting as a driver of empowerment and poverty reduction. All of these findings point to the importance of PMJDY's qualitative influence on promoting meaningful and sustainable financial inclusion as well as its quantitative metrics, arguing that in order to fully achieve its potential for inclusive growth, it will require strong institutional support and ongoing policy innovation.

Statement Of Research Problem

Even with major advancements in financial inclusion brought about by programs like the Pradhan Mantri Jan Dhan Yojana (PMJDY), a sizable portion of the Indian populace—especially in rural and impoverished areas—continues to be shut out of official banking services. This exclusion keeps economic disparities alive by limiting their access to credit, savings, social security benefits, and financial stability. While PMJDY has been hailed as a historic initiative to bank the unbanked, little is known about how well the program actually works to increase the number of people who have bank accounts and guarantee active account usage in certain study regions. Assessing the socioeconomic effects of greater banking access on excluded groups, determining the obstacles beneficiaries encounter in efficiently using these services, and critically analyzing the ways in which PMJDY has impacted financial inclusion indicators are all urgently needed.

By analyzing the degree and type of PMJDY's achievement in moving financial inclusion from the margins to the mainstream in India, this study aims to close this gap and provide guidance for policy changes that would eventually lead to universal banking coverage.

Objectives

To study the effectiveness of Pradhan Mantri Jan Dhan Yojana in Increasing banked population researcher has set following objectives:

1. To assess the rise in bank account openings under PMJDY.

2. To assess the operability of bank accounts

Research Methodology

• Research Design

This study employs a quantitative, longitudinal research design to examine variations in both the number of accounts opened and the total amount deposited in PMJDY accounts from 2014 to 2024. The investigation is conducted on bank-wise, pan-India secondary data to identify significant differences and trends over time and across banking institutions.

• Data Source

Secondary data is obtained from the official PMJDY portal, Reserve Bank of India (RBI) annual reports, and published government financial inclusion datasets. These sources provide yearly figures for both account openings and aggregate amounts deposited, disaggregated by bank and region.

• Sample and Units of Analysis

Analysis encompasses all banks consistently reporting annual PMJDY account openings and deposit amounts throughout the period studied. Data is structured for each bank by year, allowing cross-sectional and time-series investigation.

• Data Analysis Techniques

The study uses Analysis of Variance (ANOVA) to identify statistically significant differences between banks and across years for two main variables:

- Number of accounts opened annually
- Total amount deposited annually in PMJDY accounts

For each variable:

- One-way and two-way ANOVA: Used to detect mean differences across banks in a single year or year-wise trends across all banks, and possible interactions between 'bank' and 'year'.
- Assumptions checked: Normality and homogeneity of variances are tested for both variables. If violated, non-parametric or robust alternatives are considered.

Visualization

Visual analysis will be performed using bar charts, line graphs, and box plots, illustrating annual trends and differences for both account numbers and deposit volumes, and highlighting notable variations among banks.

• Validity and Reliability

Data credibility is supported by sourcing from official government and RBI datasets. Analytic validity is ensured through rigorous statistical checks and consistent methodology for both types of data.

• Limitations

- The study is dependant on secondary, aggregate data precludes exploration of micro-level user behaviors or qualitative factors.
- Inconsistencies in reporting or missing data, if present, are acknowledged and controlled for where possible.
- Limitation of study area
- Limitation of study period

Data Analysis And Interpretation

The Pradhan Mantri Jan Dhan Yojana Scheme was announced on 14th August 2014 as the national mission for Financial Inclusion. The scheme was then implemented in three phases. Phase 1 from August 15, 2014, to August 14, 2015, focusing on opening basic bank accounts

for universal access. Phase 2 was from August 15, 2015, to August 14, 2018, expanding financial services and products like insurance and pensions. Phase 3 began on August 15, 2018. Table 1 represents the total number of PMJDY beneficiaries enrolled from the year 2015 – 2024 in public sector banks, regional rural banks and private sector banks. From the table, it is evident that implementation of the scheme is successful with the rise in bank account openings. It is also worth the mention that public sector banks are the largest contributors in bringing in the unbanked population into mainstream banking.

Table-1 Total number of PMJDY beneficiaries of India from 2015-2024.

S.No	Year	Public Sector Bank	Regional Rural Bank	Private Sector Bank	Grand Total
01	2015	114005009	25321164	6041867	145368040
02	2016	168457737	37928568	7889169	214275474
03	2017	226147624	46383255	9147392	281678271
04	2018	254182574	50352995	9903560	314439129
05	2019	280361546	59893689	12406995	352662230
06	2020	305187880	65526926	12565155	383279961
07	2021	333898230	75572898	12534516	422005644
08	2022	355046743	82552670	13015930	450615343
09	2023	382164230	90483270	13888860	486536360
10	2024	404976106	96669938	15937163	517583207

**Source: Department of Financial Services, Ministry of Finance, GOI*

Application of Two-way ANOVA reveals that there is significant variation in number of beneficiaries enrolled under the scheme with F-Value = 4.618, $p = 0.0009$. Also, the ANOVA Analysis of PMJDY beneficiaries across different banking sectors show F-Value = 90.148 where $p = 0.0001$. This makes the variation in bank-wise PMJDY beneficiaries significant

Table-2. Total amount (in lac) deposited in the PMJDY accounts of India from 2015-2024.

S.No	Year	Public Sector Bank	Regional Rural Bank	Private Sector Bank	Grand Total
01	2015	1145416.12	231892.28	86756.21	1464064.61
02	2016	2813916.93	617811.88	135471.91	3567200.72
03	2017	4926550.19	1160890.84	209801.78	6297242.81
04	2018	6302187.35	1329632.41	217579.48	7849399.24
05	2019	7669682.8	1659074.4	281977.9	9610735.1
06	2020	9391997.16	2133180.02	318263	11843440.18
07	2021	11314570.2	2812202.21	428280.57	14555052.98
08	2022	12841297.44	3328812.2	475806.54	16645916.18
09	2023	15446104.14	3883200.27	555129.33	19884433.74
10	2024	18051939.57	4511372.85	686907.85	23250220.27

**Source: Department of Financial Services, Ministry of Finance, GOI*

Table 2 depicts the total amount deposited in the PMJDY accounts for the period of study. From the table, it is evident that there is a significant rise in the total amount deposited under the scheme throughout the study period. Also, an upward trend of this increase can be observed from the table.

Findings And Conclusion

The analysis reveals considerable differences in the enrollment of beneficiaries under the PMJDY scheme among various banks from 2014 to 2024, as evidenced by a two-way ANOVA that yielded a significant F-value of 4.618 and a p-value of 0.0009. In a similar vein, the differences in beneficiaries across various banking sectors are notably significant, evidenced by an F-value of 90.148 and $p = 0.0001$, highlighting substantial disparities among banks regarding their involvement in the scheme.

The total amount deposited in PMJDY accounts has exhibited a steady and notable increase throughout the entire observation period. The increasing deposit figures indicate a heightened level of trust and financial participation among beneficiaries, showcasing that financial inclusion encompasses not just the initiation of accounts but also active saving and transactional activities.

The results emphasize the effectiveness of PMJDY in broadening banking access and enhancing financial participation. However, they also indicate significant disparities by bank and region, highlighting the necessity for ongoing targeted efforts and assistance to guarantee equitable benefits and greater financial inclusion throughout India.

This corresponds with national reports highlighting the significant increase in accounts, deposits, and outreach to marginalized groups, particularly in rural regions and among women, establishing it as a pivotal financial inclusion initiative in India.

The findings demonstrate that the implementation of PMJDY has led to notable differences among banks and across years regarding the number of beneficiaries enrolled and the funds deposited, supported by statistical evidence confirming their importance. The increase in deposits indicates a growing engagement in financial activities, which is consistent with the overarching goals of promoting financial inclusion in India. The results indicate that although the initiative has effectively broadened access and increased deposits, significant disparities persist that require specific policy interventions and a regional emphasis to guarantee equitable advantages across various banking entities and areas. This study highlights the necessity of ongoing observation and targeted actions to maintain and enhance financial inclusion, ultimately aiding in poverty alleviation and socio-economic advancement on a national scale.

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