

Financial Inclusion through Pradhan Mantri Jan Dhan Yojana

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Abstract

The Pradhan Mantri Jan Dhan Yojana (PMJDY) represents India's flagship financial inclusion initiative launched in 2014 with the primary aim of integrating the excluded populations into the formal financial system by providing access to basic banking services. This scheme ensures access to financial services, a basic savings and deposit accounts, remittance, credit, insurance, pension in an affordable manner. Over its decade of implementation, the scheme has catalysed remarkable growth in bank account ownership, expanded access to financial products and supported digital financial participation across socio-economic groups. This study explores financial inclusion outcomes among urban population of Bangalore, following the primary data from questionnaires administered to PMJDY account holders. The research explores usage behaviour, financial awareness, challenges in utilisation and the broader implications of PMJDY in fostering inclusive financial participation. PMJDY has been successful in increasing banking penetration and promoting financial inclusion across the country.

Key words: Financial inclusion, financial services, financial participation.

I. INTRODUCTION

Financial inclusion - the universal access to affordable and appropriate financial services plays a crucial role in economic development and social empowerment. Recognising that a significant portion of India's population remained outside the ambit of formal financial services, the Government of India launched Pradhan Mantri Jan Dhan Yojana (PMJDY) as a National Mission on Financial Inclusion in 2014. This scheme envisages universal access to financial services such as basic savings bank deposit accounts, remittances, credit, insurance and pension, delivered at affordable costs with the help of technology and expansive outreach. The main objective was to connect maximum people to banks and to provide them with financial literacy to get maximum benefit out of their small savings. This scheme was considered as new foundation stone for financial inclusion.

PMJDY was designed to reduce structural exclusion from mainstream finance, particularly among low-income, rural, and socially marginalised populations, but its relevance also extends to urban environments where informal financial practices persist. While considerable research highlights the expansion of

accounts, the real measure of inclusive finance lies in how these accounts and linked services are utilised by beneficiaries on a regular basis.

II. OBJECTIVES OF PMJDY

PMJDY has the following missions:

- Access to finance through the formal financial system
- Opening of basic bank account and provision of Rupay card
- Increase financial literacy
- Credit guarantee fund
- Micro Insurance
- Provision of a pension scheme

III. APPROACH OF PRADHAN MANTRI JAN DHAN YOJANA

In the year 2011, the Swabhimaan scheme successfully covered about 74,000 villages having more than 2,000 population with banking facilities. However, Swabhimaan scheme did not reach all financially excluded people and this scheme has limited impact (Department of Financial Services, 2018). Pradhan Mantri Jan-Dhan Yojana scheme takes the important learning of Swabhimaan approach and tends to provide a comprehensive approach towards financial inclusion in India.

IV. Benefits under PMJDY

- One basic savings bank account is opened for unbanked person.
- There is no requirement to maintain any minimum balance in PMJDY accounts.
- Interest is earned on the deposit in PMJDY accounts.
- Rupay Debit card is provided to PMJDY account holder.
- Accident Insurance Cover of Rs.1 lakh (enhanced to Rs. 2 lakh to new PMJDY accounts opened after 28.8.2018) is available with RuPay card issued to the PMJDY account holders.
- An overdraft (OD) facility up to Rs. 10,000 to eligible account holders is available.
- PMJDY accounts are eligible for Direct Benefit Transfer (DBT), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal Pension Yojana (APY), Micro Units Development & Refinance Agency Bank (MUDRA) scheme.

V. OBJECTIVES OF THE STUDY

The study is aimed with the following main objectives:

- To analyze the usage patterns of financial services available through PMJDY, including deposits, withdrawals, digital payments and credit products.
- To evaluate the level of financial awareness and literacy among beneficiaries.
- To assess the extent of financial inclusion among PMJDY account holders.

VI. AREA OF STUDY

This research was conducted in Bangalore District, State of Karnataka, known for its economic dynamism and demographic diversity. The urban setting offers a setting where formal financial services are widely present but their utilisation and depth of engagement may vary across income levels, education profiles and employment sectors.

VII. SAMPLE DESIGN

Using stratified random sampling PMJDY account holders were selected from across different regions and wards of Bangalore district. Stratification ensured representation across different age groups, genders, income levels and residential sectors including rural and urban population. The sample size of 250 respondents who are PMJDY account holder were chosen to collect primary data.

VIII. ANALYSIS AND FINDINGS

The collected responses have been analysed using both descriptive statistics and inferential measures. Frequency distributions and correlation assessments were used to interpret data.

Demographic Profile of Respondents

The demographic profile illustrates the diversity of the study sample:

Table 1: Demographic Profile of Respondents

Gender	Age distribution	Education	Employment status	Monthly income
Male 56 (56%)	18–30 (22%)	Illiterate (7 %)	Salaried (41%)	< ₹15,000 (34%)
Female 44 (44%)	31–45 (43%)	Primary (19%)	Self-employed (27%),	₹15,001– ₹30,000 (28%)
	46–60 (14%)	Secondary (34%)	Homemaker (22%)	₹30,001– ₹40,000 (38%)
	>60 (21%)	Graduate (28%)	Informal sector (11%)	₹40,001– ₹50,000 (38%)
		Post-Graduate (12%)	Daily wage (10%)	>₹50,000

Level of Awareness

All the respondents reported holding a PMJDY account, confirming successful outreach of the scheme. A majority of the respondents (86%) indicated that they were aware of basic features of the scheme such as zero balance requirement, RuPay debit card issuance, and access to government benefit transfers. However, awareness of linked services such as overdraft facilities, micro-insurance and pension schemes was lower, with only 46% able to correctly identify them.

Utilisation

- **Regular usage:** 74% reported using their PMJDY account regularly (at least once a month) for transactions such as deposits or withdrawals.
- **Digital engagement:** A substantial proportion (69%) reported using digital payment platforms (primarily UPI) linked to their PMJDY account.
- **Cash management:** Several respondents preferred cash withdrawals at ATMs, but more frequent use of mobile payments was common among the younger generation.

These trends indicate a strong engagement with digital financial services, suggesting that urban populations in Bangalore have adopted formal financial tools beyond basic account existence.

Financial Literacy

Respondents were asked to rate their financial confidence (e.g., comfort with banking procedures, digital payments, savings plan):

- High confidence: 47%
- Moderate confidence: 39%
- Low confidence: 14%

It has been observed that, lower confidence was more prevalent among older respondents and those with basic education, indicating that digital literacy and financial comprehension remain barriers.

Financial Empowerment

- **Savings Habit:** A majority of the respondents about 67% reported increased confidence in saving money after opening a PMJDY account.
- **Insurance Utilisation:** Roughly 42% of respondents knew about insurance benefits linked with their RuPay cards, but only 25% had actively availed them.

IX. Way Forward

Based on empirical outcomes, the following measure can be looked forward:

- **Enhanced financial literacy programs:** Creating more and more city-wide financial education campaigns with a focus on digital services and understanding of credit products.
- **User-friendly digital interfaces:** Developing mobile banking applications with simplified processes for users with limited digital experience.
- **Targeted outreach for advanced services:** Banks and government agencies should actively communicate the benefits of insurance, overdrafts and pension linkages through workshops and community events.
- **Incentives for Engagement:** Incentivise regular account usage through transaction rewards or linking savings milestones to benefits.

X. Conclusion

The Pradhan Mantri Jan Dhan Yojana scheme has substantial growth in number of accounts opened. In globalized scenario, it is important to financially include all sections of the society in this scheme to achieve the goal of inclusive growth. PMJDY is a national mission on financial inclusion which is concentrated on individual household with an aim to provide formal financial support through the organized financial system. Success of the PMJDY scheme depends on the effective regulatory system as in the stakeholders have to build a sustainable ecosystem to keep the accounts active and successful implementation of the programme. However, the transition from basic access to meaningful inclusion characterised by sustained usage of credit products, financial planning tools and empowerment through

financial literacy is still evolving. Success of the PMJDY scheme depends on the effective regulatory system as in the stakeholders have to build a sustainable ecosystem to keep the accounts active and successful implementation of the programme. The challenge is the conversion of the non-operative accounts with zero balance into operative and for this it's important to focus on financial literacy programme. Inclusive growth “*Sab Ka Sath Sub Ka Vikas*” is central to our development philosophy. This mission would enable all households, urban and rural to gain easy and universal access to financial services. The PMJDY scheme has created an impressive result in the banking sector with regard to eradication of financial exclusion in the country. Mere opening of bank accounts may not fulfil the aim of the scheme, but there should be continuous operation of bank accounts to give the real success of the scheme.

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