

International Journal of Agriculture Extension and Social Development

Volume 8; Issue 7; July 2025; Page No. 81-85

Received: 02-04-2025
Accepted: 05-05-2025

Indexed Journal
Peer Reviewed Journal

Bridging the financial divide: A critical analysis of the Pradhan Mantri Jan Dhan Yojana

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DOI: <https://www.doi.org/10.33545/26180723.2025.v8.i7b.2104>

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Abstract

The Pradhan Mantri Jan Dhan Yojana, launched on August 28, 2014, by Honorable Prime Minister Shri Narendra Modi, is one of the largest social welfare programs carried out by the NDA government. This path-breaking initiative was launched with a vision of financial inclusion through offering the underprivileged masses economical access to banking services including savings and deposits accounts, remittances, credit, insurance and pension. This flagship program of offering universal access to banking outlets, especially to the unbanked and financially excluded was taken up. This paper examines the bridge of financial inclusion, implementation, coverage and effectiveness of PMJDY using national and state-level data with a special reference to Haryana. Despite impressive numerical success in terms of account openings and RuPay card issuance, challenges such as account dormancy, limited financial literacy, and infrastructural gaps persist. Through a district-wise segmentation of Sub-Service Areas (SSAs) and beneficiary information, the article points towards the significance of context-sensitive policy delivery. The research contends that financial inclusion ought not to be viewed simply as the provision of service but as an adaptive process involving community outreach, digital knowledge and trust-building initiatives to promote the efficacy of PMJDY and bring financial empowerment to the masses and for the long term.

Keywords: Financial, inclusion, growth, sustainable, empowerment

Introduction

Financial inclusion is a process of making people and enterprises, especially those who are low-income earners and from rural communities, access useful and affordable financial services like saving accounts, credit, insurance and digital payments. It seeks to bring everyone into the formal financial system to make them capable of controlling their money, saving for the future and becoming less vulnerable to economic shocks. In a nation like India, where most of the population was outside the formal banking system for many years, financial inclusion was a policy priority. Pradhan Mantri Jan Dhan Yojana (PMJDY) is an icon that has the lead role of financial inclusion plays by providing access to banking facilities to all, especially to the excluded and economically weaker sections of society. The task is gigantic and is a National Priority. According to *Centre for Public Impact* (2024) ^[1] emphasized that PMJDY has significantly increased financial access among marginalized populations, particularly low-income women and the report suggests that linking financial inclusion schemes with

women-led businesses can further promote competitiveness and market dynamism. It recommends that future financial inclusion programs in India should prioritize gender-conscious and women-centric approaches to maximize inclusive growth. While the initiative has achieved remarkable success in terms of account openings across both rural and urban areas a significant gap remains in the active and consistent usage of these accounts. In many regions, individuals have opened accounts under the scheme but do not use them regularly for transactions, savings, or accessing entitlements. This uneven pattern of usage is influenced by factors such as literacy levels, financial awareness, digital connectivity, and trust in formal banking systems. The similar findings were reported by *Sagnik Maity and Dr. Amit Majumder* conducted a nationwide comparative analysis of financial inclusion through PMJDY. Their research found significant regional disparities in account usage, attributing low activity levels to factors such as limited financial literacy, lack of trust in formal banking systems and inadequate digital connectivity in certain areas.

The process of development of any scheme, therefore, cannot be treated as a uniform flow like water moving through a pipe. A more accurate analogy is that of a tissue paper absorbing spilled water. When one end of the tissue is dipped in water, the liquid travels upward slowly and unevenly, depending on the paper’s texture and condition. In the same manner, development programs for PMJDY need to recognize that every community receives and reacts to interventions differently in light of their own socio-political context, infrastructure and preparedness. This brings to the fore the imperative necessity for a context-sensitive approach to the formulation and application of public policies. Uniform delivery mechanisms may not yield the same results across different areas. Wherever the adoption is fast, it happens because of earlier awareness and support at the local level, whereas in others it happens slowly due to lack of trust, absence of documentation or social issues like gender imbalance. To bridge this gap, it becomes necessary to launch specific awareness and capacity building programs at the grassroots level. It should be done so that beneficiaries get educated regarding the advantages of financial inclusion, the need for saving and the benefits of holding active accounts. Community-level campaigns, financial literacy workshops, and partnerships with local institutions can help strengthen engagement and build trust. Ultimately for schemes like PMJDY to be truly impactful, policymakers must recognize that development must be absorbed, not merely delivered. By tailoring interventions to the realities of each region and promoting meaningful engagement with beneficiaries, the program can move beyond mere access to truly empower individuals and promote long-term financial well-being. Keeping all these points in view, the required objectives has been designed:

Objectives

- 1. To analyze the progress and coverage of PMJDY at both national and state levels with a special focus on Haryana
- 2. To identify the major challenges faced by PMJDY beneficiaries in accessing and utilizing financial services

Components of the Scheme

- Opening of zero-balance bank accounts with RuPay debit cards
- Accidental insurance cover
- Life insurance cover of Rs. 30,000 for eligible

beneficiaries

- Overdraft facility of up to Rs. 10,000 for eligible account holders
- Financial literacy programs
- Integration with Aadhaar for seamless DBT (Direct Benefit Transfer) transactions

Progress Report of PMJDY Scheme

Table 1 illustrated that Public Sector Banks (PSBs) have played a leading role in implementing PMJDY. They account for the highest number of beneficiaries at both rural/semi-urban (27.0 crore) followed by rural-urban female beneficiaries (23.65 crore) whereas urban/metro (15.92 crore) beneficiaries at urban metro centre bank branches and PSBs also have the largest number of and total beneficiaries (42.92 crore). Moreover, they have mobilized the highest amount of deposits under the scheme, totaling 203,720.43 crore and issued the maximum number of RuPay debit cards (32.70 crore). On the contrary, Regional Rural Banks (RRBs) are the second major contributors, particularly in rural outreach, with 8.86 crore beneficiaries in rural areas and 1.52 crore in urban areas. They have 6.04 crore female beneficiaries and a total of 10.37 crore account holders. Deposits in RRB accounts stand at 51,869.07 crore and they have issued 3.82 crore RuPay cards. Private Sector Banks (PvSBs) shows comparatively lower participation with only 0.77 crore rural and 1.03 crore urban beneficiaries. Their total number of female beneficiaries is 1.01 crore, with overall account holders numbering 1.80 crore. Deposits mobilized by private banks are 7,555.49 crore and 1.47 crore RuPay cards have been issued. Conversely, Rural Cooperative Banks have a negligible role in the implementation of PMJDY with only 0.19 crore beneficiaries, 0.01 crore in deposits and no significant issuance of RuPay debit cards. The Total across all bank types indicates that 36.17 crore beneficiaries are from rural/semi-urban areas while 18.47 crore belong to urban/metro areas. Out of these, 30.80 crore are rural-urban female beneficiaries, and the overall total number of beneficiaries stands at 55.28 crore. Collectively, these accounts hold deposits worth 263,144.99 crore and 37.98 crore RuPay debit cards have been issued. Similar results were reported by *Saha, S.K. (2024)*^[12] mentioned that PSBs have the highest number of beneficiaries, substantial deposits and lead in issuing RuPay debit cards. This extensive outreach is attributed to their widespread branch network and commitment to financial inclusion mandates and researcher called PSBs as primary drivers.

Table 1: Progress report of PMJDY Scheme of India as on April 9, 2025

Bank Name/Type	Number of Beneficiaries at rural/semi urban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	No. of Rural-Urban Female Beneficiaries	No. of Total Beneficiaries	Deposits in Accounts (in Crore)	Number of Rupay Debit Cards issued to beneficiaries
Public Sector Banks	27.0	15.92	23.65	42.92	203720.43	32.70
Regional Rural Banks	8.86	1.52	6.04	10.37	51869.07	3.82
Private Sector Banks	0.77	1.03	1.01	1.80	7555.49	1.47
Rural Cooperative Banks	0.19	0.00	0.10	0.19	0.01	0.00
Grand Total	36.17	18.47	30.80	55.28	263144.99	37.98

Source: Official website of PMJDY

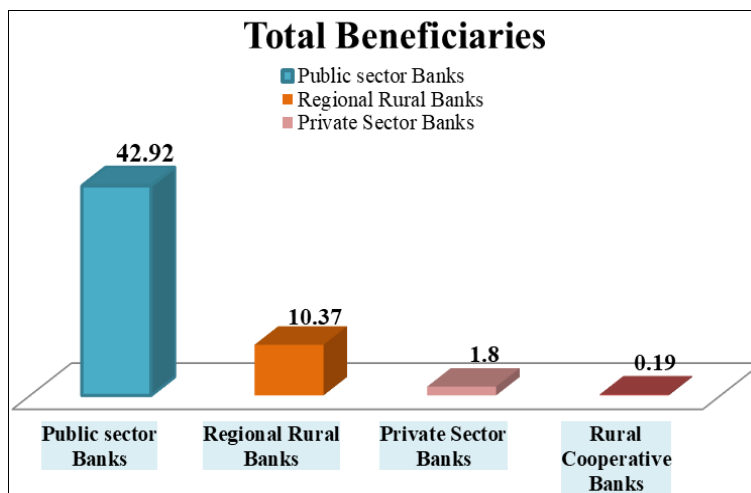
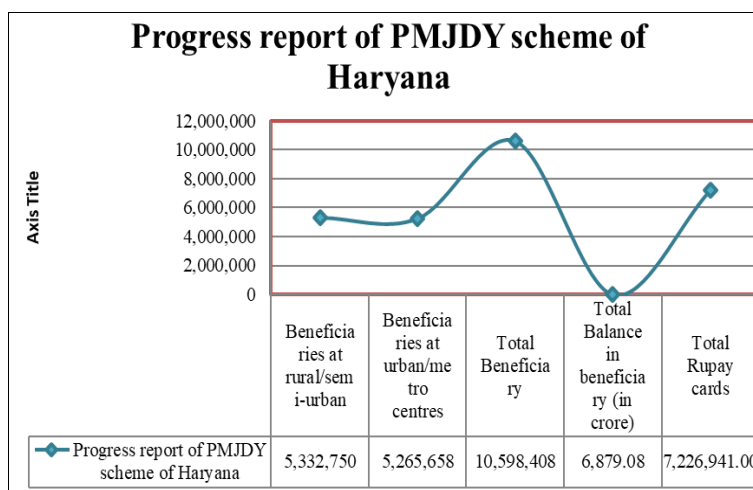


Fig 1: Number of Total Beneficiaries in Banks

Table 2: Progress report of PMJDY Scheme of Haryana as on April 9, 2025

State Name	Beneficiaries at rural/semi-urban centre bank branches	Beneficiaries at urban/metro centre bank branches	Total Beneficiaries	Balance in beneficiary accounts (in crore)	No. of RuPay cards issued to beneficiaries
Haryana	5,332,750	5,265,658	10,598,408	6,879.08	7,226,941

Source: Official website of PMJDY



The data highlighted in table 2 about Haryana state reflects a strong implementation of PMJDY across both rural/semi-urban and urban/metro regions. The state has a total of 10.6 million (1.06 crore) beneficiaries under the scheme with 5.33 million in rural and semi-urban areas and 5.26 million in urban and metro centres, indicating almost equal reach across regions. On the Contrary, total balance held in Jan Dhan accounts in the state amounts to 6,879.08 crore, showcasing active usage and a growing trust in formal banking channels. Additionally, a significant number of beneficiaries 7.22 million have been issued RuPay debit cards, promoting financial transactions and digital inclusion. This data highlights Haryana's balanced rural-urban outreach under PMJDY effective account activation and contribution to national financial inclusion goals. The study was supported by Sharma and Dixit (2017) ^[13] mentioned

that in district Jhajjar, they found that PMJDY has improved financial inclusion with many individuals opening multiple accounts. But they also observed a gap in knowledge regarding other advantages such as insurance and overdraft facilities among the account holders.

District-wise Allotment of Sub-Service Areas (SSAs) under PMJDY in Haryana

As one of the steps taken by the Government of India to realize universal financial inclusion in Pradhan Mantri Jan Dhan Yojana (PMJDY) the idea of Sub-Service Areas (SSAs) was presented and every SSA is a circumscribed geographical area having a population of around 1000 to 1500 households with the aim of making every household accessible to fundamental banking services within a distance of 5 kilometers.

Table 3: District-wise Distribution of Sub-Service Areas (SSAs) under PMJDY in Haryana

Districts	Allotted wards-SSAs*
Ambala	234
Bhiwani	248
Faridabad	96
Fatehabad	364
Gurugram	183
Hisar	401
Jhajjar	205
Jind	258
Kaithal	274
Karnal	349
Kurukshetra	275
Mahendragarh	203
Nuh	246
Palwal	162
Panchkula	74
Panipat	153
Rewari	207
Rohtak	161
Sirsa	311
Sonipat	278
Yamunanagar	188
Grand Total	4550 SSAs

*Sub-Service Areas

Source: Official website of PMJDY

In the context of Haryana state, a total of 4550 SSAs have been allotted across its 21 districts. The allocation of SSAs demonstrates not only the population but also the distribution of rural and semi-urban areas in the state. It can be clearly seen from the data that districts such as Hisar (401 SSAs), Fatehabad (364 SSAs), Karnal (349 SSAs), Sirsa (311 SSAs) and Sonipat (278 SSAs) have been assigned a comparatively higher number of SSAs. This suggests a greater geographical coverage requirement within such districts - perhaps because of a higher rural population and dispersed settlements, which require more banking points to deliver the last mile.

In contrast, far fewer SSAs exist in other districts, including Faridabad (96 SSAs), Panchkula (74 SSAs) and Palwal (162 SSAs). These districts are comparatively more urbanized with higher densities and more developed infrastructure so that fewer SSAs can cover a large number of households because of the settled nature and presence of existing financial institutions. This wide variation in the number of SSAs per district illustrates the adaptive and need-based approach of the PMJDY framework. Rather than assigning a uniform number of banking outlets per region, the model emphasizes tailoring the coverage based on local demographic, geographic, and infrastructural realities.

Moreover, the SSA-based structure under PMJDY is not merely a logistical exercise but a strategic mechanism to:

- Bridge the urban-rural financial access gap
- Ensure doorstep delivery of banking services
- Enable targeted delivery of government welfare schemes
- Promote savings, credit availability and insurance penetration in underserved areas

Hence, the distribution of 4550 SSAs in Haryana under PMJDY is a methodical attempt towards inclusive growth

and financial inclusion, particularly among the rural poor, the marginalized and the unbanked. It exemplifies how geographically and socio-economically informed strategic planning can provide a basis for stable financial inclusion.

General Challenges Faced by PMJDY Beneficiaries

1. **Lack of Awareness:** unaware of the full benefits of the scheme, such as insurance coverage, overdraft facility, and usage of the RuPay card.
2. **Low Financial Literacy:** Limited understanding of banking terms and procedures, especially among rural and less-educated populations, hinders effective use of PMJDY accounts.
3. **Inactive Accounts:** There are many accounts which lie dormant because of infrequent usage or because the accounts do not have enough money.
4. **Inadequate Banking infrastructure:** In rural and distant locations, low accessibility for bank branches, ATMs and banking correspondents poses hurdles in accessing the services.
5. **Technical problems:** Common issues such as server crashes, biometric authentication and weak internet connectivity hinder seamless transactions.
6. **Delay in Card and Passbook Delivery:** Delays in receiving RuPay cards or passbooks, and in some cases, cards are delivered without proper activation.
7. **Underutilized Overdraft Facility:** Lack awareness or do not meet the eligibility criteria for availing the overdraft facility.
8. **Ineffective Grievance Redressal:** Lack of proper mechanisms for addressing complaints discourages users from reporting problems or seeking help.
9. **Socio-cultural Barriers:** In some areas, especially among women, cultural and family restrictions limit independent use of bank accounts.
10. **Trust Issues:** Many people still prefer informal saving and credit methods over formal banking systems due to familiarity and ease of access.

These similar challenges were reported by Nidhi Walia and Jaspreet Kaur (2020) ^[9] concluded that banker does not provide any advice regarding used in safety of Rupay cards and lack of awareness among employees is a prominent reason which is creating a problem in their path to avail the benefits of the PMJDY. On the other hand the process of issue of Rupay card and passbook is very slow. This behavior prevents them in taking the advantage of the PMJDY scheme timely. Further study suggested that there is need to conduct financial literacy camps and bank staff needs to be trained on regular basis which will help them in assisting the people more effectively.

Technological Integration

Technology has been pivotal in PMJDY's implementation:

- Aadhaar-based verification has reduced identity fraud and duplication.
- Platforms like UPI and BHIM have increased digital financial transactions.
- The rise of Jan Dhan-Aadhaar-Mobile (JAM) trinity has created a reliable ecosystem for DBT. However, technological exclusion due to low smart phone penetration, lack of digital literacy, and inadequate cyber security awareness remain pressing issues

Statistical Data of PMJDY

PMJDY Statistics (as of April 9, 2025)

- **Total Accounts Opened:** 55.28 crore
- **Total Deposits:** 2.63 lakh crore
- **RuPay Debit Cards Issued:** 37.98 crore
- **Accounts Held by Women:** 55.6% (approximately 29.56 crore)
- **Accounts in Rural and Semi-Urban Areas:** 66.6% (approximately 30.80 crore)

Bank-Wise Distribution of PMJDY Accounts

- **Public Sector Banks:** 42.11 crore accounts; 1.84 lakh crore in deposits
- **Regional Rural Banks:** 10.11 crore accounts; 45,957.45 crore in deposits
- **Private Sector Banks:** 1.67 crore accounts; 6,982.41 crore in deposits
- **Rural Cooperative Banks:** 0.19 crore accounts

Digital Financial Inclusion Metrics

- **RuPay Card Transactions:** Increased from 67 crore in FY 2017-18 to 96.78 crore in FY 2023-24
- **UPI Transactions:** Grew from 535 crore in FY 2018-19 to 13,113 crore in FY 2023-24
- **Total Digital Transactions:** Expanded from 2,338 crore in FY 2018-19 to 16,443 crore in FY 2023-24

Integration with Social Security Schemes

- **Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY):** 20.48 crore enrollments
- **Pradhan Mantri Suraksha Bima Yojana (PMSBY):** 45.08 crore enrollments
- **Atal Pension Yojana (APY):** 6.71 crore enrollments

Additional Insights

- **Zero Balance Accounts:** As of November 2023, approximately 4.3 crore PMJDY accounts had zero balance, reflecting the scheme's feature of no minimum balance requirement

Conclusion

The Pradhan Mantri Jan Dhan Yojana (PMJDY) has significantly advanced financial inclusion by facilitate millions to open bank accounts and access formal financial services. It has empowered marginalized communities, particularly in rural areas, by offering basic banking, insurance, and pension facilities. However, various challenges such as low financial literacy, lack of awareness about benefits, and inadequate support from banking staff remain persistent. Issues like delayed services, inactive accounts, and limited ATM usage also affect the overall effectiveness of the scheme. Strengthening banking infrastructure, training personnel, and conducting regular awareness campaigns are crucial for improving service delivery. With consistent efforts, PMJDY can become a sustainable tool for inclusive economic growth and social empowerment.

Acknowledgment

This review article carried out under the ICSSR sponsored research project awarded by the Indian Council of Social

Science Research, New Delhi. We sincerely acknowledge ICSSR for providing the opportunity and financial support to under this study.

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