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A Comparative Study of Financial Inclusion Before and After PMJDY Implementation

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Abstract

The launch of the Pradhan Mantri Jan Dhan Yojana (PMJDY) on August 28, 2014, marked a significant milestone in India's efforts toward achieving financial inclusion. Prior to its implementation, access to formal banking services in India was limited, with only 35–44% of adults holding bank accounts. By 2025, this figure had risen to nearly 89%, indicating substantial progress.

This study examines the impact of PMJDY on financial inclusion by comparing pre- and post-implementation scenarios. It takes secondary data from Reserve Bank of India (RBI) reports, World Bank Global Findex surveys, and official government statistics up to 2026. The findings reveal that more than 57 crore bank accounts have been opened under the scheme, with a significant proportion belonging to women and individuals in rural and semi-urban areas. These accounts collectively hold deposits of approximately ₹3 lakh crore and have facilitated efficient Direct Benefit Transfers (DBT), reducing leakages and improving transparency.

Beyond quantitative results, PMJDY has significantly contributed to the socio-economic empowerment of marginalized groups by enhancing access to formal financial services, reducing reliance on informal credit sources, and promoting digital payment systems. However, challenges such as inactive accounts, regional disparities, and limited utilization of credit facilities persist.

The study concludes that while PMJDY has been instrumental in expanding financial access, greater emphasis must now be placed on encouraging active usage through financial literacy, improved infrastructure, and targeted policy interventions.

Keywords: Financial Inclusion, PMJDY, Rural Banking, Digital Payments, Direct Benefit Transfer, India, Infrastructure, Credit

1. Introduction:

Financial inclusion refers to the process of ensuring access to affordable and appropriate financial services for all individuals, particularly those belonging to economically weaker sections of society. These services include savings accounts, credit facilities, insurance, and payment systems, all of which are essential for promoting economic stability and inclusive growth.

Prior to 2014, India faced considerable challenges in achieving financial inclusion. A significant portion of the population, especially in rural areas, remained excluded from formal financial systems. More than half of the adult population lacked access to banking services, with rural exclusion exceeding 70%. Women were disproportionately affected, as only about 37% had access to bank accounts. Consequently, many individuals depended on informal sources such as moneylenders, who often charged highly interest rates, leading to cycles of indebtedness for a whole life.In addition, the delivery of government welfare benefits was hindered by inefficiencies, corruption, and leakages. A large share of subsidies failed to reach the intended beneficiaries, thereby undermining the effectiveness of public welfare programs.

The introduction of PMJDY in august 2014 represented a comprehensive effort to address these issues. The scheme aimed to provide universal access to banking facilities by offering zero-balance accounts to all households. These accounts provides a lots of benefits such as RuPay debit cards, insurance coverage, and overdraft facilities.

Over time, the focus of PMJDY evolved from merely opening accounts to promoting their active use. The integration of Aadhaar identification and mobile technology—collectively known as the JAM Trinity—enabled seamless delivery of financial services and facilitated direct transfer of government benefits.

This study adopts a comparative approach to evaluate the impact of PMJDY by analyzing changes in financial inclusion indicators before and after its implementation. It seeks to assess not only the expansion of access but also the extent to which financial services are being effectively utilized after the implementation of this scheme.

2. Review of Literature

Existing literature on financial inclusion in India highlights both the challenges prior to PMJDY and the progress achieved thereafter. To identify research gap different literatures have been studied. Out of all literatures some literatures have been mentioned below;

Early studies by the **World Bank (2011, 2014)** identified high levels of financial exclusion, particularly in rural areas. NSSO surveys further confirmed the limited reach of formal banking services.

Neha Sharma and Ruchi Goyal (2017) explained that although India had introduced various financial inclusion initiatives before PMJDY, such as bank nationalization, no-frills accounts, and self-help group linkage programmes, these measures failed to achieve universal banking access. The authors stated that PMJDY was introduced to overcome the loopholes of earlier policies by providing zero-balance accounts, RuPay cards, insurance, and pension facilities to every household.

Kumar Bijoy (2018) critically reviewed financial inclusion initiatives in India and concluded that financial exclusion continued despite growth in the banking sector. The study argued that PMJDY represented a major shift from previous fragmented approaches toward a mission-based model of inclusion. However, the author also pointed out challenges such as dormant accounts, financial illiteracy, and inadequate banking infrastructure in rural regions.

Subsequent research has documented the positive impact of PMJDY. Studies by **Barik and Sharma (2019)** observed a significant increase in rural banking penetration following the scheme's implementation.

Shalvi Thakur (2022) analyzed PMJDY performance using various financial inclusion indicators such as number of bank accounts, deposit mobilization, and RuPay card distribution. The study revealed that PMJDY substantially increased the number of banking accounts and improved access to formal financial services. Nevertheless, issues like inactive accounts and low financial awareness continued to affect the effectiveness of the scheme.

Haque (2025) emphasized the role of digital platforms in improving the efficiency of Direct Benefit Transfers. Similarly,

Behara (2026) found a strong correlation between PMJDY and improvements in India's Financial Inclusion Index.

However, several studies have also pointed out persistent challenges. RBI reports indicate that a notable proportion of PMJDY accounts remain inactive.

The World Bank (2025) cautions that increased access does not automatically translate into meaningful usage of financial services.

From the study of above literatures it is found that many researches have been conducted to know the challenges and opportunities of PMJDY, level of growth of PMJDY, level of financial inclusion through PMJDY etc. but there is no any research conduct to check the Comparison of Financial Inclusion Before and After PMJDY Implementation and to measure the impact of PMJDY on financial inclusion. So that this research topic : A Comparative Study of Financial Inclusion Before and After PMJDY Implementation has been chosen for the study.

3. Objectives of the Study

The study aims to achieve the following objectives:

1. To examine the level of financial inclusion in India prior to PMJDY.
2. To evaluate the impact of PMJDY on financial inclusion after its implementation.
3. To make comparison of financial inclusion before and after PMJDY implementation.
4. To identify the challenges associated with effective utilization of financial services.

4. Research Methodology

- **Type of Research:**

This study is based on a comparative research design using secondary data sources. This is a descriptive type of research and for this study secondary data has been collected through different sources.

- **Data Sources:**

- Reserve Bank of India (RBI) reports
- World Bank Global Findex database
- Official PMJDY statistics
- NSSO survey reports
- Government publications
- Magazine articles and previous research papers

- **Period of the Study:**

- Pre-PMJDY period: 2011–2014
- Post-PMJDY period: 2015–2026

- **Analytical Techniques:**

The study employs descriptive and comparative analysis to evaluate changes in financial inclusion indicators over time. Trend analysis, index no, % growth are also used to understand the direction and magnitude of these changes. Pie chart, bar diagrams and other diagrams has been use for presentation of results.

5. Analysis and Findings:

a. Level of financial inclusion in India prior to PMJDY:

Prior launching PMJDY in India the level of financial inclusion in India was very low, especially in rural, women and economically weaker section group. Data shows that only 35% adult population of India has holding formal bank accounts and remaining 65% have no any banks account till 2014. Most of the rural households and weaker sections have been depends on local money lenders, indigenous bankers, informal saving groups etc. data also show the clear gaps between rural and urban financial inclusion, urban populations have more banks accounts and deposits in comparison to rural population. It also revealed that there was less number of bank branches, only few banks ATM, more formalities for credit, lack of financial literacy among banks customers.

1. Financial Inclusion prior to PMJDY: Financial inclusion before launching PMJDY show the number of accounts and total deposits in different accounts are presented and explained with the help of below table and graphs

Table 1: Growth in Financial Inclusion prior to PMJDY

Years	No. of Accounts (In Crore)	Growth (Index)	Deposit Amounts (Rs. In Lakh Crore)	Growth (Index)
Mar 2010	7.35	100	46.0	100
Mar 2011	10.5	142.86	54.3	118.04
Mar 2012	14.7	200	64.1	139.35
Mar 2013	18.2	247.62	73.5	159.78
Mar 2014	24.3	330.61	83.9	182.39

(Data Source: RBI Website and Data Analysis)

Table 1 shows the total number of accounts and total deposits in Indian banks from 2010 to 2014. In march 2010 number of accounts was 7.35 crore that increased and reached to 24.3 crore in the year 2014, which show 230.61% increments in total accounts. Whereas In march 2010 total deposits was 46 lakhs crore rupees that increased and reached to 83.9 lakhs crore rupees in the year 2014, which show only 82.39% increments in total deposit.

b. Impact of PMJDY on financial inclusion after its implementation:

2. Growth in Bank Accounts

The number of bank accounts has increased significantly following the implementation of PMJDY. Account ownership rose from approximately 44% to nearly 89%, reflecting a substantial expansion in financial access.

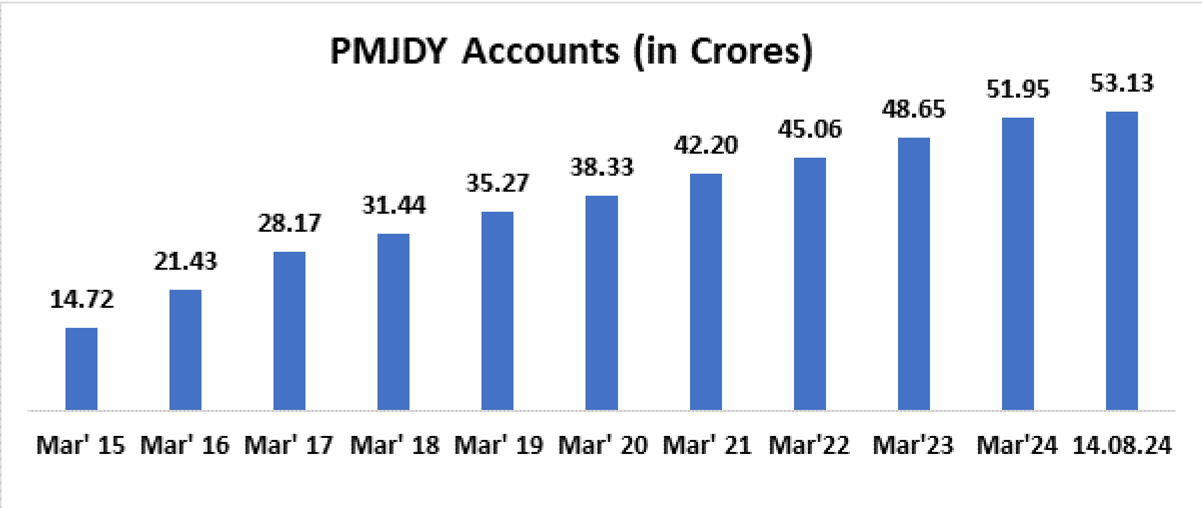
Table 2: Growth in Accounts after implementation of PMJDY

Year	PMJDY Accounts (in Crores)	Total Deposits in PMJDY Accounts (In Crore Rs.)	Total Accounts (In Crore)	Total Deposits (in lakh crore)
Mar 2015	14.72	15670	125	89.7
Mar 2016	21.43	35672	138	99.1
Mar 2017	28.17	62972	152	108.5
Mar 2018	31.44	78494	168	120.3
Mar 2019	35.27	96107	184	133.8
Mar 2020	38.33	118434	201	146.2
Mar 2021	42.20	145551	219	162.4
Mar 2022	45.06	166459	236	178.9
Mar 2023	48.65	198844	252	195.7
Mar 2024	51.95	232502	271	223.7
Aug 2025	53.13	260387	287	246.0

(Data Source: RBI Website and Data Analysis)

Table 2 shows that growth in bank accounts after implementation of PMJDY .It clearly shows that in the year 2015 only 14.72 crores accounts has been opened but till august 2025 53.13 crores bank accounts has been opened under PMJDY scheme with the deposits of 260387 crore rupees.

Diagram 1: Growth of PMJDY Accounts



(Data Source: Data Analysis)

c. Financial Inclusion Before and After PMJDY in Different Groups:

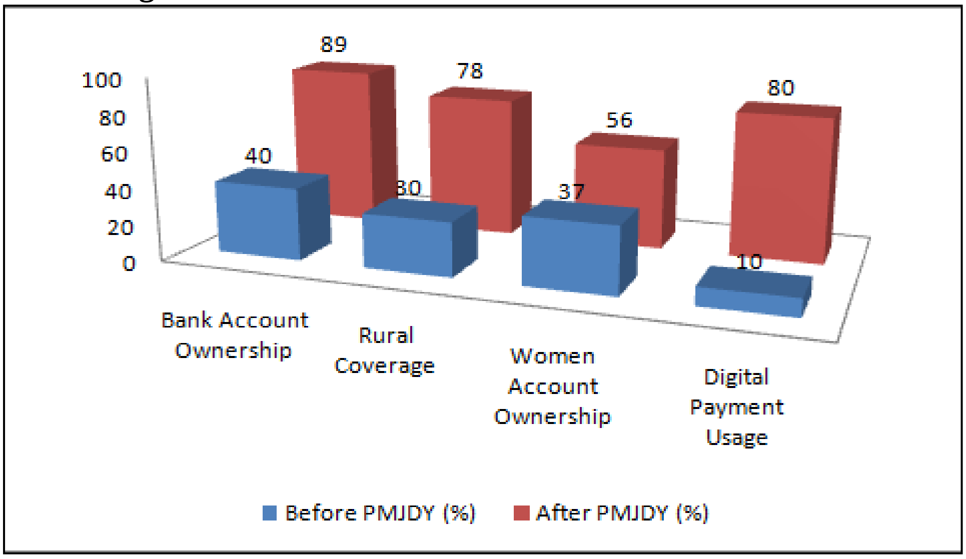
3. Financial Inclusion Before and After PMJDY in Different Groups

Table 3: Financial Inclusion Before and After PMJDY in Different Groups

Indicator	Before PMJDY (%)	After PMJDY (%)
Bank Account Ownership	40	89
Rural Coverage	30	78
Women Account Ownership	37	56
Digital Payment Usage	10	80

(Sources: Data Analysis)

Diagram 2: Financial Inclusion Before and After PMJDY



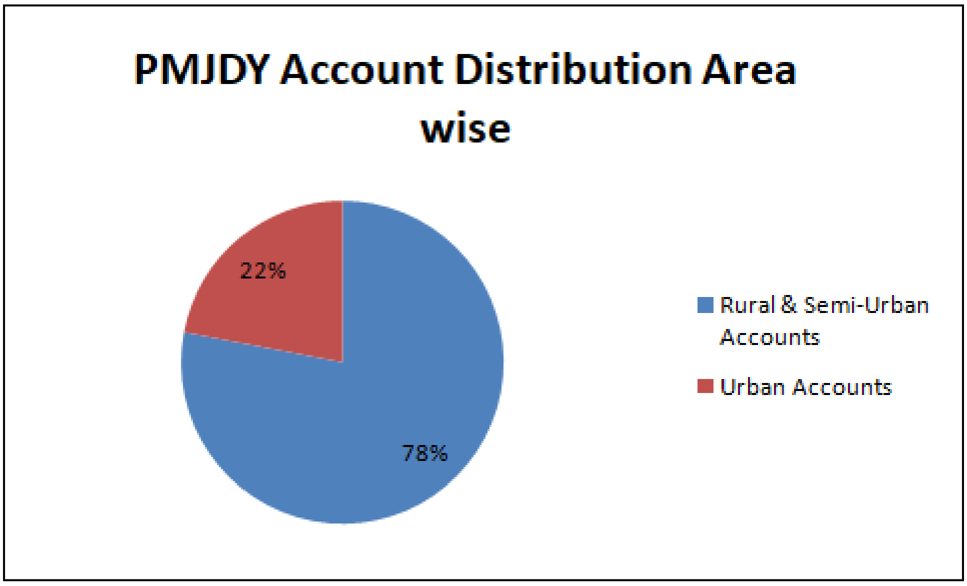
(Sources: Data Analysis

4. Region wise account distributions:

Table 4: Region wise account distributions

Category	Percentage (%)
Rural & Semi-Urban Accounts	78
Urban Accounts	22

Diagram 3: Region wise account distributions



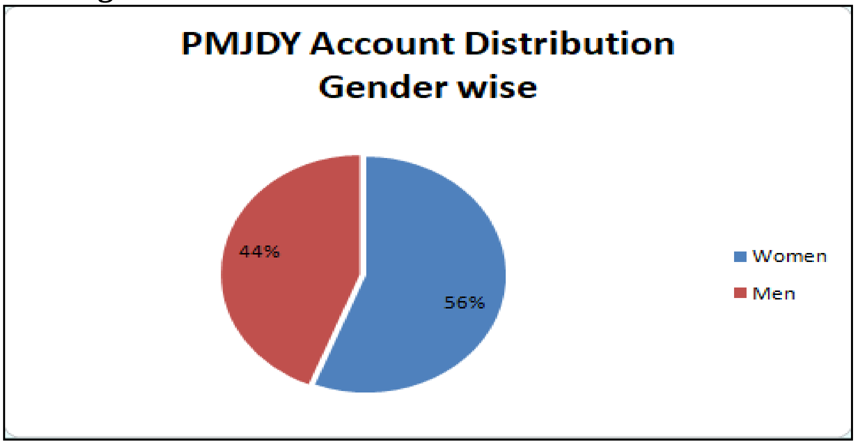
5. PMJDY Account Distribution Gender Wise:

Table 5: PMJDY Account Distribution Gender Wise

Category	Percentage (%)
Women	56
Men	44

(Source: Data Analysis)

Diagram 4: PMJDY Account Distribution Gender Wise



(Source: Data Analysis)

6. **Comparison before and after PMJDY Launched**

Table 6: Comparison before and after PMJDY Launched

Indicator	Before PMJDY (2011–2014)	After PMJDY (2025–2026)	Change (%) / Impact
Bank Account Ownership	35–44%	~89%	+100% approx.
Rural Population Coverage	~30%	~78%	+160% approx.
Women Account Ownership	~37%	~56%	+50% approx.
Access to Formal Credit	Low (Informal dominant)	Moderate (Improved)	Positive Shift
Insurance Coverage	<10%	50%+ (via schemes)	Significant Growth
Digital Payment Usage	Very Low (<10%)	High (~80%)	+70%
DBT Efficiency	Leakages 40–60%	<10% leakages	Major Improvement
Financial Literacy Level	Low	Improving	Gradual Growth
Inactive Bank Accounts	Not Applicable	~20%	New Challenge

(Source: Data Analysis)

Table 6 shows about the Comparison before and after PMJDY Launched with various aspects that is bank accounts, Rural area coverage, access to formal credit, Digital payment usage ,Financial Literacy etc. In the table it clearly shows that before PMJDY only 35 to 44% have their bank account, 30% rural population coverage and digital payment transfer is very low i.e below 10% but after the implementation of PMJDY all the aspect of the above table has been positively changed. Now till august 2025, bank accounts increased significantly and reached at 89%, Rural area coverage reached at 78%, and Digital payment usage reached at 80% under this scheme.

D. Challenges

Despite its achievements, PMJDY faces several challenges:

- A significant proportion of accounts remain inactive.
- Financial literacy levels are still low in many regions.
- Regional disparities continue to affect access and usage.
- Utilization of credit facilities such as overdrafts remains limited.
- The digital divide and cyber security concerns pose additional barriers.

These challenges highlight the need for a shift in focus from access to effective utilization.

6. Discussion

The findings indicate that PMJDY has been highly successful in expanding financial access across India. The integration of banking with digital technologies has further strengthened this progress.

However, the issue of inactive accounts suggests that financial inclusion cannot be measured solely by account ownership. Behavioral factors, awareness levels, and trust in financial institutions play a critical role in determining usage. Addressing these factors requires a comprehensive approach involving financial education, infrastructure development, and policy support.

7. Conclusion

From the above study it is found that after the implementation of the PMJDY there is significantly changes has been occurred in the financial inclusion in India. Before the PMJDY Only approx 14.72 crore people have a bank account but after the implementation of this scheme it has raised unexpectedly and reached at approx 53.13 crore till august 2025 PMJDY scheme and total number of accounts till 2025 287 crore accounts. Besides this it also encouraged the women empowerment in India through the various scheme such as direct benefit transfer, stand-up India, Ujjawala scheme and much more. PMJDY has promoted various government scheme and make them successful in India .Prior to 2014 it was very difficult. This scheme also reduced the regional inequality now approx 78% of the accounts has been opened in the rural and semi urban area of the country whereas 22% accounts has been opened in urban areas which clearly shows that impact of PMJDY In Financial inclusion after 2014. It is also find that rural banking coverage has also been increased that reduced the regional inequality. Besides this there is a significant changes has been observed in the payment system that is only 10% of the transaction has been done through the digital mode but after that scheme 80% of the transaction payment has been done through the digital payment system and financial awareness of customers increased. So we can easily conclude that PMJDY has significantly transformed the financial landscape of India by bringing millions of previously excluded individuals into the formal banking system. It has contributed to reducing financial inequality and promoting inclusive growth.

However, achieving true financial inclusion requires more than just access. Ensuring active and meaningful usage of financial services is essential for long-term impact. With continued efforts in improving financial literacy, infrastructure, and digital adoption, PMJDY has the potential to serve as a global model for inclusive development.

8. Suggestions and Recommendations

- Enhance financial literacy through targeted awareness programs.
- Strengthen rural banking infrastructure by expanding the network of Bank Mitras.
- Promote digital literacy to encourage the use of digital payment systems among the public.
- Introduce some new incentives to encourage the account holder for active usage of bank accounts.
- Improve cyber security measures to build trust in digital transactions so that people can easily trust the digital banking system.
- Develop gender-sensitive financial products to support women’s inclusion.
- Less documentation should be adopted in functioning of banking system so that people can easily avail the facility of banking system.

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