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Digital, direct, and inclusive: PMJDY's transformative impact in India

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Abstract

The Pradhan Mantri Jan-Dhan Yojana (PMJDY), launched on August 28, 2014, is a pioneering national initiative by the Indian government designed to provide easy access to banking and financial services for every household, especially those in underserved and rural areas. The scheme offers a range of services including zero-balance savings accounts, RuPay debit cards with accident insurance, direct benefit transfer capabilities, overdraft facilities, and digital payment options. PMJDY has successfully brought banking to over 560 million people, with a significant portion from rural regions and a notable share of women account holders. This program has played a crucial role in improving financial literacy and integrating marginalized populations into the formal banking system, thereby addressing economic exclusion. However, challenges such as inactive accounts, limited digital skills, and difficulties in accessing credit persist, indicating that financial inclusion requires more than just account ownership - it demands active usage and empowerment. By linking accounts with social security schemes like insurance and pensions, PMJDY enhances financial protection for vulnerable groups. Future efforts should focus on strengthening digital literacy, expanding financial product access, and ensuring fair inclusion of all communities to sustain inclusive growth. Overall, PMJDY represents a transformative step in India's journey toward financial inclusion and inclusive economic development.

Keywords: Financial inclusion, Pradhan Mantri Jan-Dhan yojana (PMJDY), social security schemes

Introduction

On August 28, 2014, Prime Minister Narendra Modi launched the Pradhan Mantri Jan-Dhan Yojana (PMJDY) under the Ministry of Finance. It is also referred as the People's Wealth Scheme. It is a nationwide initiative that seeks to make a range of financial services, including remittance, credit, insurance, pensions, and banking savings and deposit accounts, reasonably accessible. This plan was initially revealed by the Prime Minister on August 15, 2014, during his Independence Day address (Shettar, 2016; Thomas and Simon, 2018) ^[10, 12]. The yojana also created a Guinness World Record by opening 18,096,130 bank accounts within one week of its launch. PMJDY, introduced in 2014, superseded the Swabhimaan scheme of 2011, which lacked the comprehensive features of PMJDY. In the scheme, "*Mera Khaata, Bhagya Vidhata*" is the slogan. 1800-11-0001 and 1800-180-1111 are the toll-free numbers of PMJDY customers (Department of Financial Services India, n.d.). This scheme's logo was created by Priya Sharma. An online contest on the MyGov Platform was used to select the name "Jan Dhan" (Yogesh, 2018) ^[13].

As per the Global Findex Database 2025, the percentage of adults in India with bank accounts was 89 percent compared to the global average of 79 percent. This highlights the significant efforts made by India to include financially excluded individuals within the banking sector. In this regard, the PMJDY, which is the primary national program for financial inclusion, launched in 2014, plays a crucial role. Many people were able to enter the mainstream economy and lessen financial untouchability because of the NDA Government's daring initial move (Kaur and Singh, 2015) ^[5]. Although access to accounts is widespread, actual engagement remains low, and approximately 14 percent of adults in India do not actively utilize their accounts (India Today, 2025) ^[4].

Understanding the PMJDY Framework

PMJDY is not merely a bank account initiative but a comprehensive platform that includes:

1. Zero-balance savings accounts
2. RuPay debit card with accidental insurance
3. Direct Benefit Transfer (DBT) integration
4. Overdraft facility
5. Mobile and digital payment access

The broader aim is to empower citizens-particularly those excluded from the formal banking system-to participate in the national financial network and benefit from government welfare mechanisms.

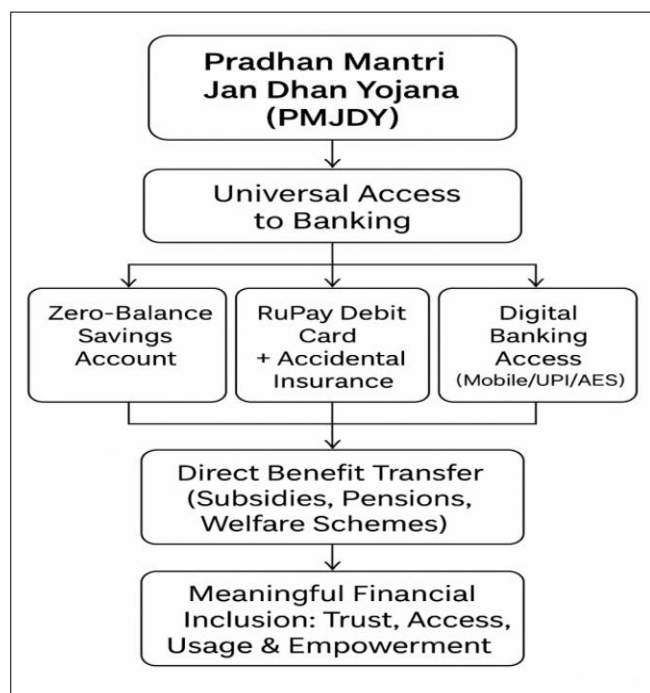


Fig 1: The framework of Pradhan Mantri Jan-Dhan Yojana (PMJDY)

Pradhan Mantri Jan-Dhan Yojana (PMJDY) a roadmap for financial inclusion

More than 40 percent of households did not have access to basic banking amenities, according to the 2011 Census. Millions of people were compelled to rely on unofficial financial systems as a result of this exclusion, involving high-interest loan practices that kept economically disadvantaged individuals mired in debt cycles. PMJDY was created to directly provide banking services to unbanked people in order to address these systemic issues. PMJDY is simply not about just opening a bank account; it embraces a holistic approach. This scheme focused on delivering financial inclusion to marginalized people of the nation. It prioritizes efforts to promote financial inclusion. The scheme offers a savings account for unbanked person, a zero balance account, interest on deposits, a RuPay debit card, accidental insurance cover, an overdraft facility for those below 65 years of age, and also direct benefit transfer. The total RuPay card transaction count at PoS and e-commerce rose from 67 crore in FY 2017-18 to 93.85 crore in FY 2024-25 (Press Information Bureau, 2025). The PMJDY, with its various product features and facilities, has certainly succeeded in capturing the interest of the beneficiaries (Shylaja, 2021) ^[11].

Eligibility

The basic eligibility for opening the account is that an applicant should be an Indian citizen, and minors above 10

years are also eligible to apply with the support of their legal guardians. The aim of the scheme is that every household must have at least one bank account. It is possible to open an account at any bank branch or Business Correspondent (Bank Mitra) outlet. Accounts are being opened with a zero balance. However, if the account holders want to obtain a cheque book, then they must meet the minimum balance requirement. Financial inclusion has been reinforced by the integration of PMJDY accounts with other government programs, guaranteeing that the advantages of social programs are immediately available to the public. It is the biggest initiative for financial inclusion not only in India but also worldwide. Financial inclusion is helpful in alleviating the financial exploitation of economically weaker people (Chowhan and Pande, 2014) ^[2].

Current scenario

Currently, 56 percent of account holders in this scheme are women, who contribute 31.58 crores. The total beneficiaries of this scheme are 56.62 crore population of India, in which 67 percent of beneficiaries reside in rural or semi-urban areas. The number of accounts registered under the PMJDY scheme has grown substantially (Mittal, 2025) ^[8]. A World Bank study revealed that the PMJDY has significantly raised the number of Indians familiar with fundamental economic principles. The PMJDY constitutes a major advancement in the progress of financial inclusion in India. The initiative is anticipated to facilitate national development and foster inclusive economic growth. The primary goal of the scheme is to increase account ownership among households in rural and urban regions and to improve financial literacy. This initiative is rooted in the fundamental development principle of "*sabka sath, sabka vikas*".

Benefits

Poverty significantly impedes economic growth in India and requires urgent intervention. The Jan Dhan initiative seeks to provide banking facilities to a substantial portion of unbanked households (Barhate and Jagtap, 2014; Kochhar, 2014; Kumar, 2015) ^[1, 6, 7].

Inclusive Banking Access

The PMJDY initiative ensures that every household, particularly those in rural and underserved regions, gains access to basic savings bank accounts. This fosters the inclusion of previously excluded populations into the formal financial system.

No Minimum Balance Requirement

The scheme allows beneficiaries to open savings accounts without the burden of maintaining a minimum balance, thereby lowering financial barriers for low-income families.

RuPay Debit Card with Accident Insurance

Account holders receive a RuPay debit card that facilitates digital payments and includes accidental insurance coverage of up to ₹2 lakh, applicable to accounts opened post August 28, 2018.

Provision of Life Insurance

Eligible individuals are granted a life insurance cover of ₹30,000, providing essential financial protection to vulnerable households.

Direct Benefit Transfer (DBT) Integration

PMJDY accounts act as a direct medium for transferring government subsidies, pensions, MNREGA wages, and other welfare payments. This system enhances transparency and minimizes leakages.

Overdraft Facility Access

After maintaining an active account for six months with satisfactory conduct, beneficiaries become eligible for an overdraft facility up to ₹10,000. This helps meet short-term financial needs and reduces dependence on informal lending sources.

Financial Literacy Initiatives

The program incorporates financial literacy campaigns aimed at increasing awareness of savings, credit, insurance, and digital payments among marginalized groups.

Advancing Digital Financial Inclusion

Through the provision of RuPay cards and support for mobile and online banking, PMJDY encourages cashless transactions, thereby strengthening the digital financial infrastructure.

Linkages to Microfinance and Formal Credit

The scheme serves as a gateway for beneficiaries to access formal credit systems, microfinance products, and other government initiatives that support entrepreneurship and livelihood enhancement.

Enhancing Social Security Framework

PMJDY accounts are linked with insurance and pension schemes like PMSBY (Pradhan Mantri Suraksha Bima Yojana), PMJJBY (Pradhan Mantri Jeevan Jyoti Bima Yojana), and APY (Atal Pension Yojana), helping build an integrated social security network for economically disadvantaged populations.

Constraints

- Despite progress, certain concerns remain:
- Inactive or dormant accounts
- Limited financial literacy, especially among elderly and rural women
- Dependence on banking correspondents due to low digital confidence
- Challenges in accessing formal credit despite account ownership

These issues highlight that financial inclusion must extend beyond account creation-to usage, capability, and empowerment.

Way forward

The way forward for PMJDY is to focus on increasing account usage through awareness and digital literacy, integrating micro-insurance, pensions, and credit products, leveraging technology for easier access, and ensuring equitable reach to women and marginalized communities. Regular impact assessments should guide improvements, making the scheme more effective in promoting financial inclusion and empowerment.

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