

# Financial Inclusion Through Pradhan Mantri Jan Dhan Yojana (PMJDY) in Punjab: Issues & Challenges

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**Abstract:** *The Pradhan Mantri Jan Dhan Yojana (PMJDY) with the interior beliefs of 'Sab ka sath sab ka vikas' has given a financial freedom to every households. The financial inclusion plan aims at providing easy access to financial services to those sections of the society who are deprived of it so far at affordable cost thereby bringing them into the mainstream of financial sector. PMJDY ensures that banking and financial services are available to the economically and socially weaker households, women and different other marginalized section and to access to financial services such as bank accounts, credit, insurance deposit accounts and pension in an affordable manner. This research highlights the problems and challenges faced by PMJDY account holders of Punjab at ground level. From the findings of the study the researcher highlighted that although some of the respondents have knowledge regarding the various facilities and services like Rupay Debit Card, Direct Benefit Transfer, Insurance Coverage whereas there are some section of the respondents who are totally unaware of any of facilities of Pradhan Mantri Jan Dhan Yojana thus besides mass awareness about the scheme we must focus on the usage of accounts by poor and marginalized people.*

**Keywords:** Financial inclusion, PMJDY, Financial Literacy, Financial Product Awareness

## 1. Introduction

*A rupee provided by the centre is only worth 15 paise by the time it reaches the beneficiary.*

(Sh. Rajiv Gandhi)

The primary objective remains the same i. e., to prosper the bottom of the pyramid of the financial market. It has been envisaged that the growth of the economy would not only increase production but also provide the capacity for absorbing the backlog of underemployment and unemployment a sustainable proportion of the additional labor force. The solution to the problem of unemployment and poverty that goes with it has to be found ultimately through a high rate of overall economic growth. It is, therefore, necessary to have supplemental programs for specific target groups/areas for income generation, employment creation, and poverty alleviation. These have taken the form of a direct employment program for providing various employment generation programs and schemes. These programs and schemes are expected to create a durable asset for the community and thus enhance further economic activities.

### Financial Inclusion in India

The biggest change came with the existence of 'Pradhan Mantri Jan Dhan Yojana (PMJDY)' in August 2014. PMJDY has been designed to ensure accelerated access to various financial services like basic savings bank accounts, affordable, need - based credit, remittances facilities, and pension and insurance for excluded sections.

The initial target was to open bank accounts amounting to 7.5 crores by January 2015 but most of the banks have over achieved the target and have been able to open more than 13 crore bank accounts within the stipulated deadline. Further,

majority of such accounts were opened on with the hope of getting benefits like the proposed transfer of subsidy for cooking gas (Mader, 2018; Lashitew et al., 2019), loan waiver (Neaime and Gaysset, 2018; Oz - Yalaman, 2019) and other related schemes (Chauvet and Jacolin, 2017). The long - term vision to build the nation with sound economic growth and development is possible with the consistent support financial regulatory bodies such as RBI, SEBI, IRDA and pension regulatory funds. Another Indian origin study explored the level of financial inclusion in the rural market and stated that the financial debt in India is much lower than that of other Asian countries (Chauvet and Jacolin, 2017; Akanfe et al., 2020).

Financial inclusion develops a culture of savings among the large segment of the rural population and plays a role in the process of economic development of the society. Further, financial inclusion protects their financial wealth and other resources in exigent circumstances by bringing low - income groups within the perimeter of the formal banking sector. Financial inclusion also mitigates the exploitation of weaker sections by the money lenders by facilitating easy access to formal credit.

The wide application of technology like mobile banking facilities, RuPay debit card, and e - KYC also helped the process to go smoothly (M. R. Pani, 2017).

*On January 20, 2015 this scheme entered into Guinness's Book of World records setting a new record for 'The most bank accounts opened in one week'.*

### Status of PMJDY in India and Punjab state as on 01/01/2025

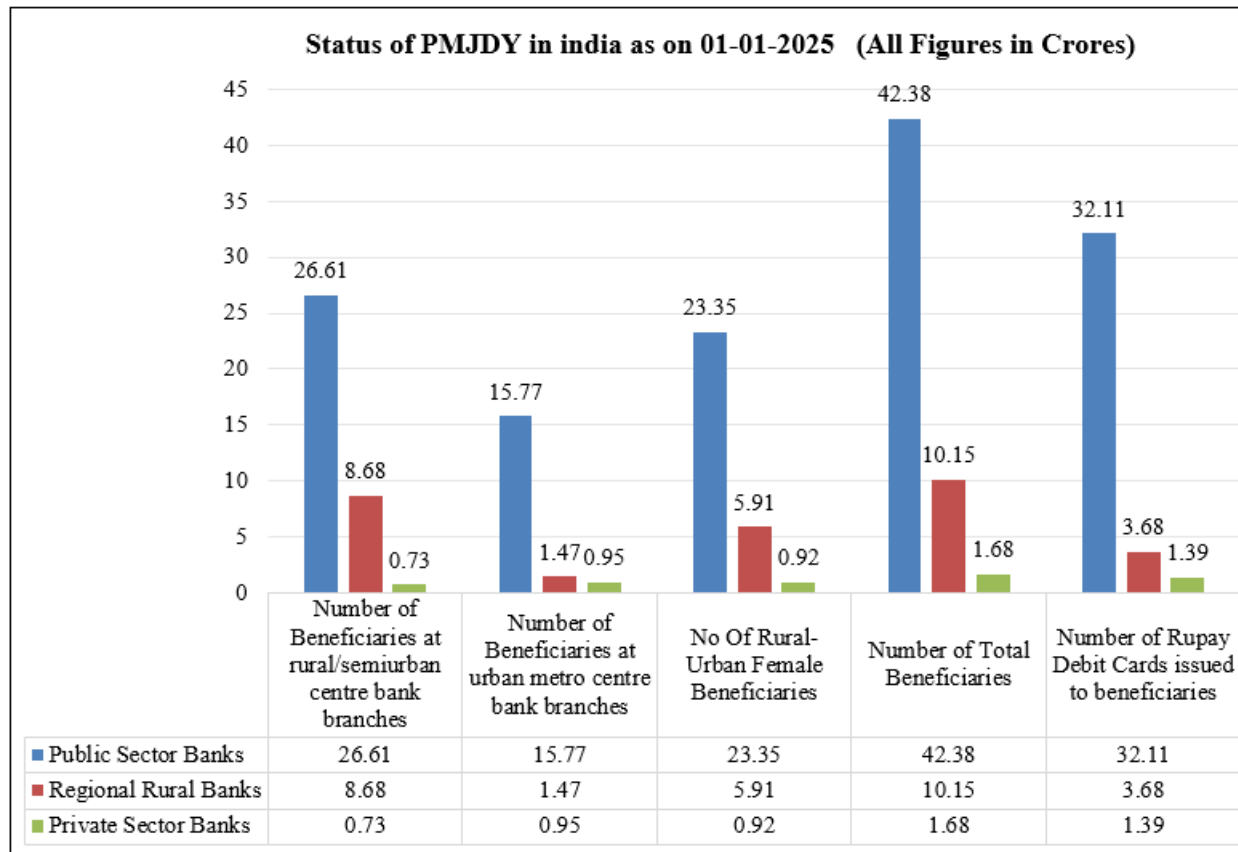
Almost all the banks of India participated in PMJDY and these banks can be classified mainly in three major types -

(i) Public Sector Banks (PSBs), (ii) Regional Rural Banks (RRBs), (iii) Major Private Sector Banks (MPSBs).

**Table I: Status of PMJDY in India as on 01 - 01 – 2025 (All figures in Crore)**

Bank Name / Type	Number of Beneficiaries at rural/semiurban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	No. of Rural Urban Female Beneficiaries	Number of Total Beneficiaries	Deposits in Accounts (In Crore)	Number of Rupay Debit Cards issued to beneficiaries
Public Sector Banks	26.61	15.77	23.35	42.38	188659.28	32.11
Regional Rural Banks	8.68	1.47	5.91	10.15	47093.89	3.68
Private Sector Banks	0.73	0.95	0.92	1.68	7158.18	1.39
Rural Cooperative Banks	0.19	0.00	0.10	0.19	0.01	0.00
Grand Total	36.21	18.19	30.28	54.40	242911.36	37.18

Source: PMJDY website (<https://pmjdy.gov.in>)



**Figure I: Status of PMJDY in India as on 01/01/2025**

**Table II: Status of PMJDY in Punjab as on 01/01/2025**

S. No	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
1	Punjab	5, 317, 542	4, 082, 553	9, 400, 095	4, 431.91	6, 629, 468
2	Total	5, 317, 542	4, 082, 553	9, 400, 095	4, 431.91	6, 629, 468

It has been noticed that main contribution in implementation of PMJDY is from public sector banks followed by Regional Rural banks and followed by private banks.

**Table III: House Hold Coverage in Punjab**

District Name	Alloted Wards- Ssas	Wards - Ssas Survey_Done	Household Coverage - %
Amritsar	459	459	100.00%
Barnala	158	158	100.00%
Bathinda	351	351	100.00%
Faridkot	147	147	100.00%

Fatehgarh Sahib	185	185	100.00%
Fazilka	235	235	100.00%
Firozpur	281	281	100.00%
Gurdaspur	478	478	100.00%
Hoshiarpur	535	535	100.00%
Jalandhar	537	537	100.00%
Kapurthala	238	238	100.00%
Ludhiana	590	590	100.00%
Mansa	178	178	100.00%
Moga	251	251	100.00%
Muktsar	216	216	100.00%
Pathankot	160	160	100.00%

Patiala	426	426	100.00%
Rupnagar	169	169	100.00%
Sahibzada Ajit Singh Nagar	221	221	100.00%
Sangrur	463	463	100.00%
Shahid Bhagat Singh Nagar	187	187	100.00%
Tarn Taran	278	278	100.00%

### Women Participation in Financial Inclusion

“It is heartening to note that 67% of the accounts have been opened in rural or semi - urban areas, and 55% of accounts have been opened by women,” quoted by the Union Finance Minister on 28th August 2024. Women are building blocks in most of the developed or emerging nations (Chauvet and Jacolin, 2017; Akanfe et al., 2020), and are really contributing towards the growth and economy of their respective nations.

### Financial Inclusion (FI) Index of Reserve Bank of India (RBI):

The Reserve Bank of India constructed the Financial Inclusion Index (FI - Index) in 2021 after consulting with the relevant parties, including the Government, to measure the amount of financial inclusion throughout the nation. The FI index was designed as a thorough index that included information on the banking, investments, insurance, postal, and pension sectors. The FI - Index is made up of three main factors: access, which is weighted at 35%; usage, which is weighted at 45%; and quality, which is weighted at 20%.

FI Index number for FY 2020 - 21 = 53.9

FI Index number for FY 2021 - 22 = 56.4

FI Index number for FY 2022 - 2023 is 60.1

FI Index number for FY 2023 - 2024 is 64.2

FI Index data clearly depict that increase was seen across all of the sub - indices (Access, Usage and Equality).

## 2. Review of Literature

**Kumar (2009)** attempts to understand the behavior and determinants of financial inclusion in India. The income level of the semi - urban and rural people, the influence of average people per branch on deposit and credit penetration and determining the level of financial inclusion in India. He even highlights that, although the deposit accounts are increased overtime but its growth has not yet matched with respect to increase in population.

**Harpreet Kaur and Kawal Nain Singh (2015)** studied the recent trends in financial inclusion in India with special reference to Pradhan Mantri Jan Dhan Yojana (PMJDY), highlighting its key areas and suggest strategies to ensure maximum financial inclusion for the underprivileged and unbanked areas.

**Dasgupta and Anklesaria (2015)** revealed that the key challenges which could hinder the success of PMJDY are infrastructural issues pertaining within India, ability to keep accounts ‘live’, lack of financial inclusion and technology literacy amongst the masses, duplication of accounts, managing the ecosystem of business correspondents and the economic burden on the stakeholders for keeping the accounts active. They have identified that with the development of PMJDY scheme stakeholders like R. B. I, Central and State Governments, banks, local bodies, other

Government agencies like NABARD, NPCI etc will have to build a sustainable ecosystem to keep these accounts active.

**Bhatia and Singh (2015)** studied the initiatives of Central Government towards financial inclusion, steps taken by the bank with respect to financial inclusion, strategies adopted by R. B. I and Government of India for strengthening financial inclusion and challenges faced to achieve financial inclusion as a part of sustainable growth. They concluded that India is at moderate level of financial inclusion and the of efficient and effective implementation of policies to achieve the target of banking facilities being felt.

**Deb and Das (2016)** explored the motivating factors of the respondents for opening bank account under Pradhan Mantri Jan Dhan Yojana and their perspective for nationalized banks. The study offered policy relevance and indicated the future research agenda.

**Dr. M Shutter (2016)** studied the commercials banks performance on Pradhan Mantri Jan Dhan Yojana. It stated that PMJDY has created an impressive result in the banking sector with regard to eradication of financial untouchability in the country. Mere opening of bank accounts may not fulfill the aim of the scheme, but there should be continuous operation of the bank accounts to give the real success of the scheme.

**Khandelwal (2017)** studied financial inclusion programme in India with special reference to PMJDY highlighting its key areas and strategies beneficial for sustainable growth of financial position of the people in India. The study reveals that success of PMJDY scheme depends on the effective regulatory system and regular monitoring of the successful implementation of the programme.

**Crisil (2018)**, using four penetration indicators, namely, branch, credit, deposit, and insurance, constructed a district - wise FII of India. The study's significant finding is that North - Eastern states fall under the low financial inclusion category. Southern states are performing better than other states, with Kerala scoring the top position.

**Chaudhary Alka (2017)** has examined the role and implications of PMJDY in financial inclusion and growth of India. The study came to the conclusion that the PMJDY plan has attracted a significant portion of India's population by offering banking services and financial products at competitive prices.

### Research Design

The multistage sampling method is used in the different districts of Punjab State. The data and information have been collected through a structured questionnaire using the interview method. The questionnaire included questions related to the general information of banking habits, awareness level and using the benefits of the PMJDY scheme, etc. and it include surveys and fact - findings inquiries of different kinds from sample size taken from each district of Punjab.

**Collection of Data:**

- **Primary Sources:** A well - structured schedule was prepared and the researcher explained the questions to the Pradhan Mantri Jan Dhan Yojana account holders of banks in various districts of Punjab.
- **Secondary Sources:** Various information was collected from books, journals, websites etc. Information about the number of accounts opened was collected from Business Correspondent of Banks in the area of the study.

**Sampling Technique and Sampling size:**

To collect the data the researcher has approached bank branches situated in the study area and a list of accountholders names and addresses had been collected from Business Correspondents of concerned bank branches.

**Sample Size:**

The study area covers 23 districts of Punjab state. Besides this, the study focused on socioeconomic parameters like occupation, age, education, income, household size, area and source of information. An appropriate selection of sample size is very much important as it represents the population for which the study is being conducted. Although there is no unique method to identify the appropriate sample size. Since the population for this study is infinite, an assumed level of 5% error in estimates of mean sample size is: Sample Size =  $N / (1 + \sigma^2 N)$ ; where N= Total population,  $\sigma$  is standard deviation.

$N=2, 77, 43, 338$  (Punjab state population)  $\sigma=0.05$

Sample Size =  $N / (1 + \sigma^2 N)$

=  $399.994233=400$

So, the minimum sample should be 400. A total of 575 questionnaires were distributed, out of which accurately filled 460 were selected for the study. By keeping the objective in mind and the need of the research various appropriate sample units have been selected from where relevant information can be drawn.

**Research Objectives**

- To review the challenges and solutions for better implementation of PMJDY scheme.
- To study the implementation and progress of PMJDY in Punjab.
- To evaluate the satisfaction levels of beneficiaries from PMJDY.

**Questionnaire Design**

For the present study, a five - point Likert scale has been introduced against each of the research variables after conducting a pilot study. The items collected for scale were selected after reviewing the existing literature on different ways of financial inclusion of Pradhan Mantri Jan Dhan Yojana. Final variables have been shortlisted in the light of the objectives of this study. The variables measuring awareness level and opinion of investors have been selected from Mrunal Joshi and Raj Purohit (January 2016), Neha Sharma and Ruchi Goyal (August 2016), and Krishna Irrnki and Kuberudu (2017). The items measuring the satisfaction level of customers have been picked from the study of Magesh Kumar and Samuel Evidence (2018).

**Table IV: List of Scale Items Measuring Awareness Level**

Financial Inclusion Parameter	Fully aware	aware	Some what aware	less aware	Not at all aware
Rate of interest on deposit	5	4	3	2	1
Rate of interest on overdraft	5	4	3	2	1
<b>Awareness about procedure of Accident Insurance/life insurance</b>	5	4	3	2	1
Amount of claim	5	4	3	2	1
Process of claim	5	4	3	2	1
Document required	5	4	3	2	1
<b>Problems and Issues</b>	Strongly Agree	Agree	Some what Agree	Disagree	Strongly Disagree
Lack of agent support	5	4	3	2	1
Inadequate information	5	4	3	2	1
Lack of awareness among employee	5	4	3	2	1
Delay in the issue of Rupay card	5	4	3	2	1
Delay in the issue of pass book	5	4	3	2	1
Banker did not provide any advice regarding use and safety of Rupay card	5	4	3	2	1
Lack of information on PMJDY website	5	4	3	2	1
Shortage of ATMs in your locality	5	4	3	2	1

The 5 - point likert scale has been used to record the response of the beneficiaries. The beneficiaries are asked to rate these items from 1 to 5 points based on their opinion.

Table - IV deals with the opinion of beneficiaries about different parameters of the scheme.

**Empirical Analysis of Factors****Demographic Profile Analysis**

Total of 460 respondents have been included in this study and responses have been analyzed on the basis of demographic variables. Below mentioned table below exhibits the frequency of responses and the percentage based on the demographic profile.

**Table V: Demographic Profile**

Parameter	Type	Count	Count %
Area	Rural	260	56.5%
	Urban	200	43.5%
Marital Status	Married	240	52.2%
	Unmarried	220	47.8%
Gender	Male	210	45.7%
	Female	250	54.3%
Qualification	No Schooling	25	5.4%
	H. Sc	150	32.6%
	S. Sc.	115	25%
	Graduate	105	22.8%
	Post - graduate	65	14.2%
Occupation	Agriculture	250	54.3%
	Business	40	8.7%
	Housewife	120	26.1%
	Government Employee	50	10.9%
Income	Upto100000	260	34.0%
	100000to200000	105	36.2%
	200000to300000	75	20.4%
	Above300000	25	9.3%
Age	Under25years	160	34.8%
	26to35years	100	21.8%
	36to45years	105	22.8%
	above45years	95	20.6%
Source of Information	Advertisement	35	7.6%
	Banks	115	25%
	Radio	65	14.1%
	Newspaper	45	9.8%
	Friends and relatives	130	28.3%
	Television	40	8.7%
	Others	30	6.5%

Source: Field Survey

**Pradhan Mantri Jan Dhan Yojana: Problems & Satisfaction**

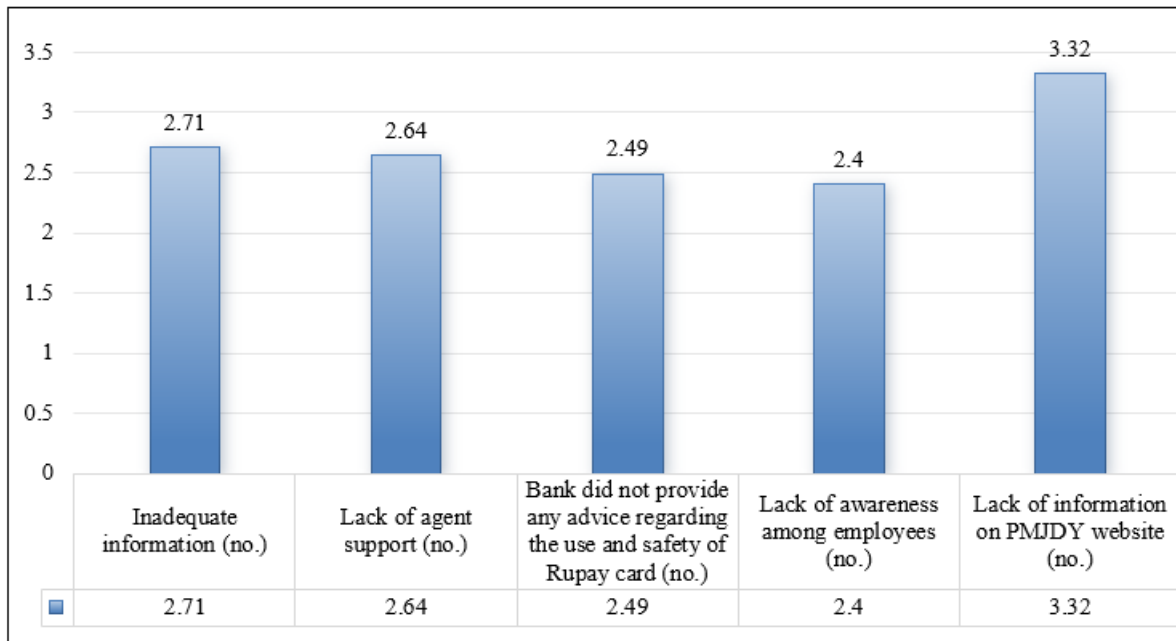
One of the objective of present research was to study the satisfaction level and to study the type of problems faced

by beneficiaries of Jan Dhan Yojana. The present chapter deals with analysis and interpretation of the data collected from respondents on problems faced by them.

**Table VI: Statistical description regarding problems faced by respondents under PMJDY**

	Strongly agree	Agree	Somewhat agree	Disagree	Strongly disagree	Mean
Inadequate information (no.)	50	80	117	112	101	2.71
Percentage	10.87	17.39	25.43	24.35	21.96	
Lack of agent support (no.)	52	70	106	123	109	2.64
Percentage	11.30	15.22	23.04	26.74	23.70	
Bank did not provide advice for use& safety of Rupay card (No.)	28	58	129	143	102	2.49
Percentage	6.09	12.61	28.04	31.09	22.17	
Lack of awareness among employees (no.)	25	47	122	160	106	2.40
Percentage	5.43	10.22	26.52	34.78	23.04	
Lack of information on PMJDY website (no.)	126	124	49	92	69	3.32
Percentage	27.39	26.96	10.65	20.00	15.00	

Source: Field Survey



**Figure II:** showing Mean value of problems & issues

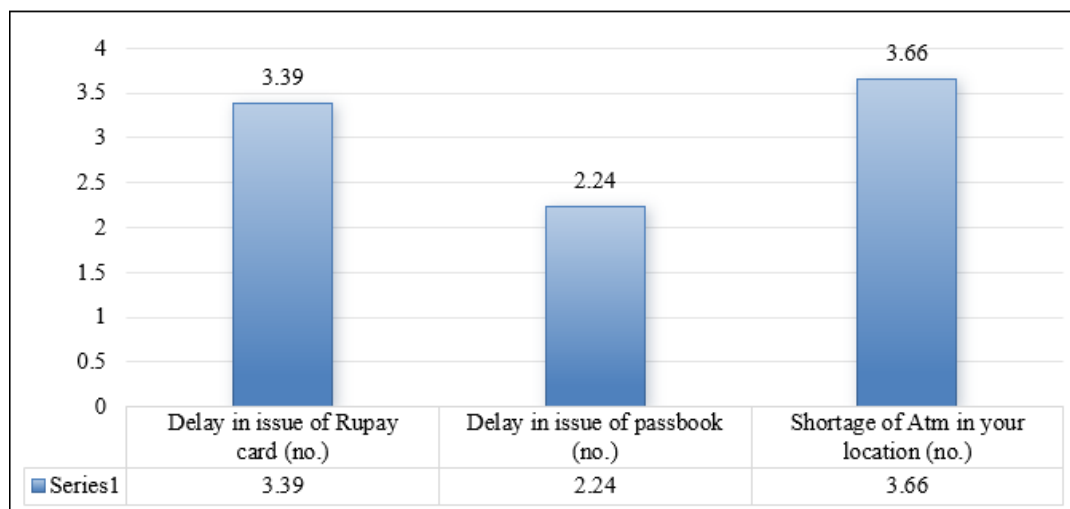
Analyzing and interpreting the data filled by the respondents regarding problems and challenges faced by them are clearly depicted in Table II which shows that there is no lag from bank side regarding disseminating the information regarding PMJDY. However a good number of

account holders highlighted this concern that sufficient information is not hosted on PMJDY website regarding the scheme as the mean for information on PMJDY website comes out to be 3.32. In this connection videos may be hosted on website which may help people in better way.

**Table VII:** Statistical description regarding delay in processing & Shortage of ATM in locality

	Strongly agree	Agree	Somewhat agree	Disagree	Strongly disagree	Mean
Delay in issue of Rupay Card (No.)	112	137	77	88	46	3.39
Percentage	24.35	29.78	16.74	19.13	10.00	
Delay in issue of Passbook (No.)	17	32	115	175	121	2.24
Percentage	3.70	6.96	25.00	38.04	26.30	
Shortage of ATM (No.)	165	132	50	66	47	3.66
Percentage	35.87	28.70	10.87	14.35	10.22	

Source: Field Survey



**Figure III:** Mean value of variable regarding delay in processing

By Analyzing and interpreting the data in table III filled by the respondents regarding delays, Two problems were highlighted by respondents which are:

1) Mean for delay in issuance of Rupay card is 3.39 which means people are not getting rupay cards instantly thus measure should be taken regarding this.

2) Mean for shortage of ATM comes to be 3.66 due to which people face problems in accessing their cash needs. Hence sufficient ATMs should be placed at suitable locations.

**Awareness about the Procedure of Accident Insurance/Life Insurance**

There are various schemes under Accident Insurance or Life Insurance procedure for which the respondent's

awareness level have been measured. The variables studied under the procedure are Amount of claim, Process of claim and Document required.

**Table VIII:** Descriptive Statistics for Awareness about Procedure of Accident Insurance or Life Insurance

	Fully aware	Partially aware	Some what aware	Very less aware	Not at all aware	Mean
Amount of claim (No.)	159	118	151	17	5	3.97
(Percentage)	35.3	26.2	33.6	3.8	0.9	
Process of claim (No.)	193.0	165.0	8.0	3.0	81.0	2.51
(Percentage)	42.9	36.7	1.8	.2	18.0	
Documents required (No.)	154.0	128.0	12.0	3.0	153.0	3.67
(Percentage)	34.2	28.4	2.7	0.6	34.0	
Overall awareness about procedure of Accident and life insurance	–	–	–	–	–	3.38

Source: Field Survey

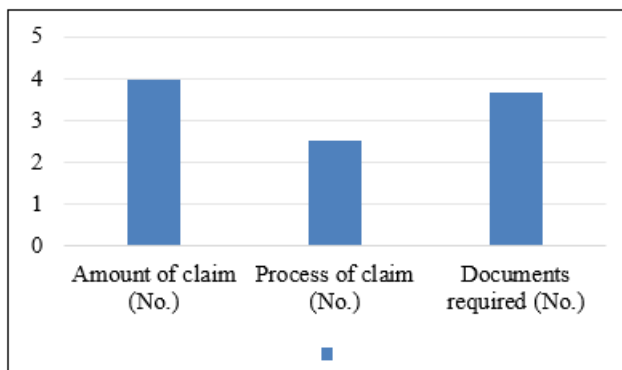
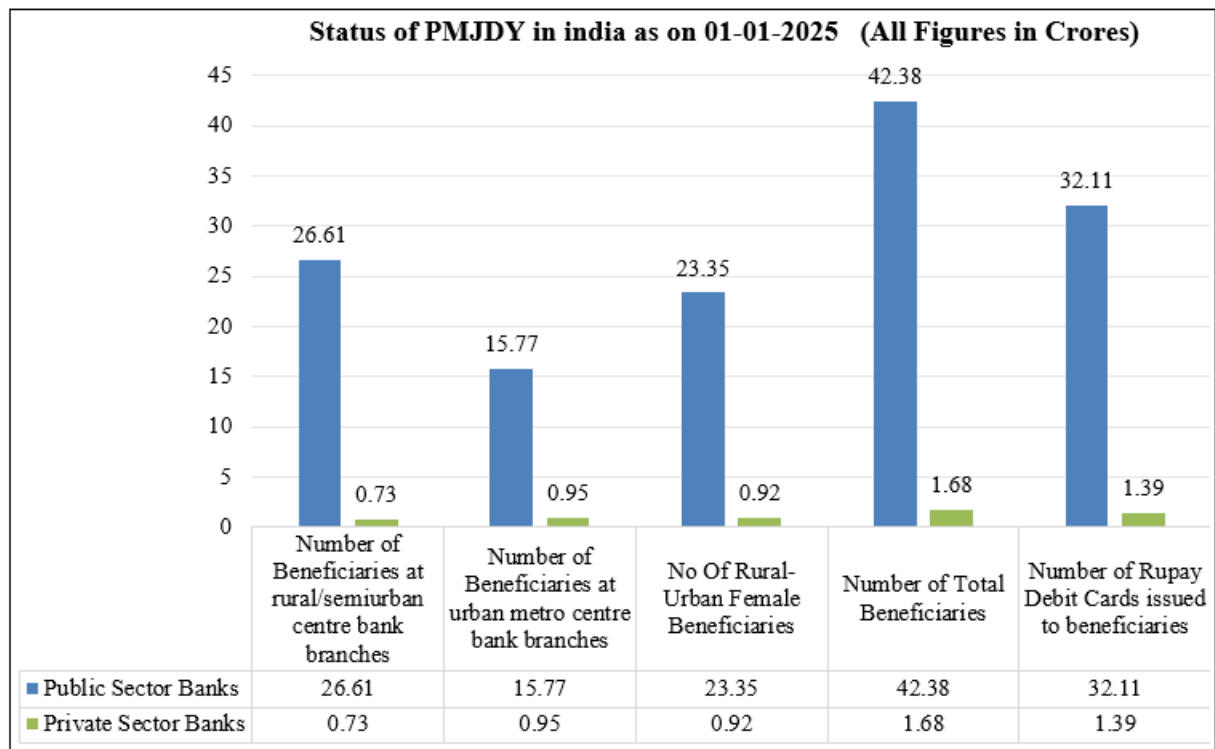
**Figure V:** Awareness about Procedure of Accident Insurance/Life Insurance

Figure v depicts the mean value for the process of claim is 2.51 which means people are not much aware the process of claim but are fully aware about amount of claim and documents required for it.

**Low Participation of Private Banks in comparison to Public Sector Banks****Table IX:** Status of PMJDY in India as on 01 - 01 – 2025 (All figures in Crore)

Bank Name / Type	Number of Beneficiaries at rural/semiurban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	No Of Rural Urban Female Beneficiaries	Number of Total Beneficiaries	Deposits in Accounts (In Crore)	Number of Rupay Debit Cards issued to beneficiaries
Public Sector Banks	26.61	15.77	23.35	42.38	188659.28	32.11
Private Sector Banks	0.73	0.95	0.92	1.68	7158.18	1.39

Source: PMJDY website (<https://pmjdy.gov.in>)



**Figure VI:** Status of PMJDY in India as on 01/01/2025

It has been noticed that main contribution in implementation of PMJDY is from public sector banks whereas there is little participation or performance by Private banks in the implementation of the scheme.

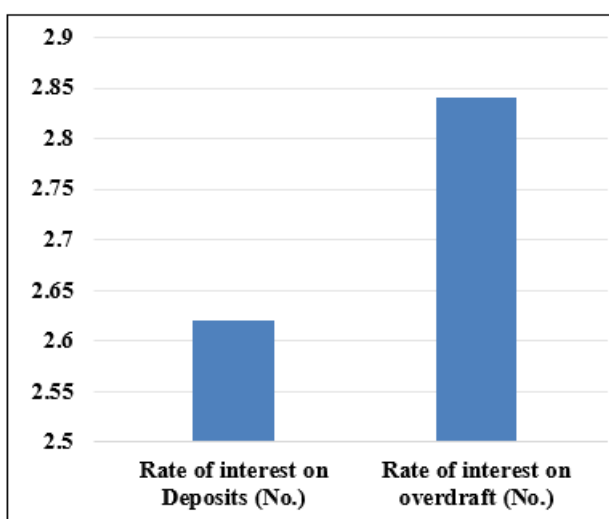
#### Level of Awareness Regarding Rate of Interest

The table x represent the frequency of responses, percentage and mean of the rate of interest on deposits and overdraft.

**Table X:** Descriptive Statistics for Awareness Regarding Rate of Interest

Parameter	Fully aware	Partially aware	Some what Aware	Very less aware	Not at all aware	Mean
Rate of interest on Deposits (No.)	30	66	147	132	85	2.62
(Percentage)	6.52	14.35	31.96	28.70	18.48	
Rate of interest on overdraft (No.)	47	101	125	105	82	2.84
(Percentage)	10.22	21.96	27.17	22.83	17.83	

Source: Field Survey



**Figure VII:** Awareness Regarding Rate of Interest

Figure vii reveals the awareness level of the respondents regarding rate of interest on deposit and overdraft is very less. So literacy camps should be held for dissemination of

information regarding the interest on deposits and overdraft.

### 3. Summary of Challenges, Suggestions and Conclusion

#### Challenges faced by beneficiaries of PMJDY

A study revealed that nearly one fourth of customer's do not have enough money to maintain a bank account (Neaime and Gaysset, 2018; Oz - Yalaman, 2019). Grohmann et al. (2018) and Khan (2020) shared an interesting fact that more quite a good number of people keep their money in pots, boxes and secrete hideaways at home instead of benefiting from the bank (Demirguc - Kunt et al., 2017; Dabla - Norris et al., 2021). However, the proportion of women regarding facing challenges are more than men (Daniels 2015). The researcher suggested that the level of education was lower among women so there is a need to better quality of education for girls from an early - stage to expose them to how financial institutions operate and the challenges of entrepreneurship.

In connection to the hurdles related to financial inclusion, a

study revealed that the majority of people are not aware of the Kisan credit card (Akanfe et al., 2020; Koomson and Danquah, 2021), agriculture crops loan (Ozili, 2018; Oz - Yalaman, 2019, Ozili, 2020), farm equipment financing (Demirguc - Kunt et al., 2017; Dabla - Norris et al., 2021), loan and deposit product and collateral - free loan facilities (Chauvet and Jacolin, 2017; Akanfe et al., 2020). The study revealed that alone banking sector cannot solve the total problem of financial exclusion. Dabla - Norris et al. (2021) adds that SEBI has taken a series of steps to market the capital market products such as equity share, mutual funds, bonds, and debenture in a rural area like no – frill account. SEBI should provide the direction to the brokerage houses to open a Demat account for the poorer section of the population free of cost (Chauvet and Jacolin, 2017; Akanfe et al., 2020).

The difficulties faced by the people are diverse in nature (Akanfe et al., 2020; Koomson and Danquah, 2021); for example, during a survey, a respondent shared her experience of extreme suffering and domestic abuse by an alcoholic husband who drank away her meager income, leaving her constantly in debt, coping with feeding and educating their two sons, and running the household.

Some of the major problems prevailing in microfinance in India include low outreach (Gutiérrez - Romero and Ahamed, 2021, Hu et al., 2021), loan default (Neaime and Gaysset, 2018; Oz - Yalaman, 2019), high - interest rate (Chauvet and Jacolin, 2017; Chuc et al., 2021; Kumar et al., 2021), late payment (Chauvet and Jacolin, 2017; Chuc et al., 2021; Kumar et al., 2021), high transaction cost (Evans, 2018; Dogan et al., 2021) and frauds (Okello Candiya Bongomin et al., 2018; Le et al., 2020). Proper training for clients and uniform distribution of micro - financing in rural and urban areas should be organized to overcome the issues and challenges associated with microfinance institutions in India.

**Telecom connectivity** is another challenge faced in the hilly and tribal areas of the country, the telecom network is not reliable, and therefore setting up Bank Mitra (Business Correspondent) in these areas and ensuring the opening of bank accounts are difficult. A meeting was held with representatives of the Department of Telecom (DoT) and BSNL in this regard and they were assured that the ongoing telecom connectivity problems would be resolved by mutual discussion. It was also conversant that DoT is individually seeking the Government approval to cover all villages in the North East and other remote areas with telecom connectivity. Banks would also do effort to utilize the National Optical Fibre Network (NOFN) when it reaches the Panchayat level.

**Multiple Accounts:** The lure of getting a large insurance cover, accidental death benefit cover and overdraft facility prompts people to open multiple accounts in different banks using different identification documents like Aadhaar card, PAN card etc.

**Use as mule accounts** - There are concerns regarding the use of PMJDY accounts as mule accounts in fraudulent activities, such as money laundering or storage of black money. For ex - Reports of large sums of money being deposited in

dormant PMJDY accounts raised concerns about the misuse post - demonetization in 2016.

**Infrastructural Issues** - According to KPMG report, the inadequacy of physical and digital infrastructure, particularly in rural areas, has hindered the ability of account holders to perform transactions. For ex - Lack of bank branches or functional ATM in villages of states like Bihar and Uttar Pradesh.

**Gender Disparity** - Women in some conservative rural areas are less likely to use PMJDY accounts independently due to social norms. This restricts their mobility and financial autonomy.

**Economic Burden on Banks:** Too many accounts with persistent low balance creates financial problems for banks in managing them.

**Money Laundering:** There are concerns that Jan Dhan accounts owned by the poor are used in money laundering by black money operators. Jan Dhan accounts were used to launder money after demonetisation.

**Declining Overdraft facility:** Providing OD facility is the discretion of the concerned banks. Many banks decline to extend the OD facility therefore defeating the purpose.

**Misusing Authority:** Sometimes Business correspondents (BCs) misuse the authority and make the life of people below poverty line miserable. BCs may charge extra fees for services that are supposed to be free or have minimal costs, such as opening bank accounts, processing transactions, or providing loans.

**Bad Loans:** It is a possibility that the overdraft facility could end up as bad loans for banks as the scheme does not spell out how the banks can collect debts. With many debt waivers in the past, people may end up treating the loans as freebies.

**Financial and Technology Illiteracy:** There is a lack of awareness, knowledge and skills among rural people to make informed decisions about savings, borrowings, investments and expenditure.

**Inoperative Accounts:** Despite a large number of PMJDY accounts, 11.3 Crore accounts (around 20 percent) which hold Rs 14, 750 Crore remains inactive as of November 20, 2024.

The percentage of inoperative PMJDY accounts for public sector banks (PSBs) declined from 39.62 per cent in March 2017 to 20.91 per cent in November 2024.

As per Reserve Bank of India (RBI) guidelines, a saving as well as a current account should be treated as inoperative/dormant, if there are no customer induced transactions in the account for over a period of two years.

**Imbalance:** The rapid expansion of digital financial services has outpaced the development of consumer protection frameworks, leaving some users vulnerable to fraud and

exploitation.

**Lower participation from private banks.** The scheme has primarily been driven by public sector banks, with limited involvement from private sector banks, which could affect the sustainability of financial inclusion efforts.

### 3.2 Suggestions

- It is suggested in the study that the government should take various initiatives for providing life insurance, and encourage regular transactions through this bank account.
- It is evidenced the GDP (Aracil et al., 2021; Asongu et al., 2021), income distribution (Koomson and Danquah, 2021; Kumar et al., 2021), adult literacy (Chao et al., 2021; Ghosh, 2021), urbanization (Ozili, 2020; Chuc et al., 2021), physical and electronic connectivity (Asongu et al., 2021; Kumar et al., 2021) and telephone and internet usage (Dogan et al., 2021; Emara and El Said, 2021) play a positive role in enhancing financial inclusion in India hence proper policies should be framed and proper monitoring of process should be ensured.
- **Keeping the accounts "Live":** All government benefits like DBT, Manrega, pension, etc, whether central, state, or local must flow to these accounts as it has been observed that a lot of duplicates exist in this area and sometimes states have not followed the (SSA) service area approach and allocated areas to some banks other than the service area banks creating avoidable confusion.
- **Coverage of difficult areas:** Parts of North East, Himachal Pradesh, Uttarakhand, J&K, and 82 Left Wing Extremism (LWE) districts face various challenges of infrastructure besides telecom connectivity. This concern should be resolved on priority.

**Centralized Verification System:** Implement a centralized system to prevent duplication of accounts using biometric and digital identity verification.

**Budget:** Budgetary provisions may be made by the government for poverty eradication under which significant amount can be charged through nationalized banks for transmitting the benefits to the beneficiaries.

**KYC:** Duplication of accounts by single person shall be checked under KYC details.

**ATMs & Kiosks:** The ATM needs to be strengthened in terms of more Kiosks not only in urban but also in rural areas of India.

**Incentives:** Develop incentives for individuals to maintain a single account rather than multiple ones, such as enhanced benefits or reduced fees.

**National Strategy for Financial Inclusion (NSFI):** The upcoming NFSI for 2025 - 30 should emphasize PMJDY to expand social security scheme penetration and their awareness among the targeted population.

**Insurance for All:** India needs to move away from sole focus on accounts and balances.

**Micro Insurance Schemes:** Endeavour is needed to ensure coverage of PMJDY account holders under Micro Insurance schemes. Improving access of PMJDY account holders to micro - credit and micro investment such as flexi - recurring deposit is needed.

**Increased Penetration of OD accounts:** The penetration of OD accounts must be improved so that PMJDY becomes a catalyst for a virtuous cycle of growth and contribution towards Viksit Bharat.

**New Focus Areas:** The Centre believes that PMJDY has covered the majority of the adult population. Now, our focus is to cover the entire adult population and continue to cover those acquiring adulthood.

**Leverage Digital Technology:** Continue to integrate digital solutions like UPI and the Unified Lending Interface to make banking more accessible, efficient, and user - friendly. Further, it is revealed that the digital economy will help people to make small daily purchases for food, cleaning and supplies (Dogan et al., 2021; Emara and El Said, 2021)

**Enhance Consumer Protection:** Develop a robust consumer protection framework to safeguard users of digital financial services from fraud and exploitation.

**Strengthen Financial Ecosystem:** Enhance private - sector participation in financial inclusion through partnerships and collaborations.

**Improvement of Banking Infrastructure -** Expansion of the banking network, particularly in rural and remote areas, by setting up more branches, ATMs, and digital banking touchpoints. Encouragement of the use of Business Correspondents (BCs) and mobile banking units to reach remote areas, will further deepen the process of financial inclusion.

**Regular Monitoring and Feedback Mechanism -** Establishment of a system for regular monitoring and evaluation of the PMJDY's progress, and collection of feedback from beneficiaries to identify areas for improvement will ensure that the scheme adapts to changing needs.

### 3.3 Conclusion

PMJDY account holders are receiving financial aid through a number of government schemes, including COVID - 19 financial aid, direct benefit payments, PM - KISAN, increased wages under MGNREGA, and life and health insurance coverage that is directly deposited into their bank accounts. After the lockdown in the year 2020 during Covid - 19, ex - gratia payments were made to more than 20 crore women's PMJDY accounts. The Jan Dhan account frees the poor from the control of predatory money lenders. One important element is that DBTs through PM Jan Dhana counts have halted systematic leakage and ensured that every rupee reaches its assigned beneficiary. The bank employee's participation is a must in the promotion of PMJDY schemes. This research clearly shows that the awareness level of the respondents regarding rate of interest

on deposit and overdraft is very less. Moreover, as the mean value for the process of claim is 2.51 which means people are not much aware the process of claim but are fully aware about amount of claim and documents required for it.

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 of the nation. 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. Mere opening of bank accounts may not fulfill 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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