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An Overview of PM Jan Dhan Yojana and its Role in Financial Inclusion and Digitalization of Banking System

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ABSTRACT

On August 15, 2014, the Pradhan Mantri Jan Dhan Yojana was announced by Honorable Prime Minister of India. Numerous people have been successfully introduced to the banking system by this program. The program also costs access to credit and insurance services in addition to the bank account. Furthermore, the PM unveiled the JAM Trinity (Jan Dhan, Aadhar, and Mobile), which combines these three potent components of Indian infrastructure to support digital financial inclusion, particularly for benefit transfers that are cashless, leak-proof, and well-targeted. Additionally, the DBT program, which transfers funds to personal bank accounts, has begun to show success of the scheme. Many people now have access to Aadhar, and they are getting a direct transfer of government benefits to their bank accounts.

In this budget speech, the finance minister discussed the necessity of lowering the amount of cash flowing through the system. There are significant expenses associated with this money, so it is beneficial for the nation that these flows are digitalized. Its advantages include lower expenses, robust documentation of transactions, and ultimately a more effective means of promoting financial inclusion.

In this study, we expand on PMJDY's achievements in financial inclusion and suggest a strategy to use JAM to transform India into a cash-lite economy. As of mid-August 2025, over 56.16 crore bank accounts had been opened under the PMJDY, with total deposits reaching 2.67 lakh crore. Of these, 56 percent are Jan Dhan accounts held by women, underscoring the scheme's role in advancing gender equality in financial access. PMJDY has developed into the world's largest financial inclusion program, driven by the goals of "banking the unbanked, securing the unsecured, funding the unfunded, and serving the unserved and underserved".

Keywords: *PMJDY, Financial Inclusion, DBT Program, JAM Trinity, Digitalization.*

Introduction

For many Indians, particularly in rural and marginalized communities, banking was a pipe dream eleven years ago. Millions of people were stuck in vulnerable cycles because they had no access to formal financial services and had to rely on high-interest loans from unofficial lenders and cash savings at home. This reality started to shift in August 2014. The National Mission for Financial Inclusion "Pradhan Mantri Jan Dhan Yojana (PMJDY)" was launched that seeks to give all Indians access to comprehensive financial services. It makes it possible to open Basic Savings Bank Deposit Accounts with little paperwork and lax KYC requirements, including e-KYC options. It took a thorough approach that went beyond just opening an account and sought to give everyone access to savings accounts, reasonably priced credit, remittance services, insurance, and pension plans. Additionally, it provides local RuPay debit cards with enhanced accidental insurance coverage of ₹ 2 lakhs, overdraft protection up to ₹ 10,000 for account holders under 65, and other financial products like microcredit, micro insurance, and micro pensions**.** Universal access to banking services, creation of credit guarantee fund, financial literacy program, micro-insurance financial literacy program, basic saving bank account with OD facility to eligible adult and pension scheme for unorganized sectors are the six pillars of PMJDY

The plan also seeks to streamline the government-to-consumer (G2C) fund transfer by eliminating duplications like time delays, ID validation, and multiple transaction requirements. Government social programs like Pradhan Mantri Mudra Yojana (PMMY), Atal Pension Yojana (APY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), and Pradhan Mantri Suraksha Bima Yojana (PMSBY) are supported through the PMJDY. Initially, the scheme was targeted for four years until 2018, covering every household; however, after understanding the impact and prospect, the govt. has expanded the program to include all adults.

Transformative Achievements and Impact

The Pradhan Mantri Jan Dhan Yojana (PMJDY) has accomplished the following major milestones and made a substantial contribution to improve financial inclusion across India:

Expanding Financial Horizons: - PMJDY has developed into the cornerstone of many welfare and economic programs, allowing Direct Benefit Transfers (DBT) for 327 government programs and doing away with middlemen and leakages.

Exceptional growth in bank accounts;- By August 2025, the number of Jan Dhan accounts had increased from 14.72 crore in 2015 to over 56.16 crore; approximately 67% of these accounts were opened in rural or semi-urban areas, while 33% were opened in urban or metro areas. Sixty-seven percent of Jan Dhan accounts were opened in rural or semi-urban areas, compared to 33 percent in urban or metro areas.

Women financial empowerment; - Women own 56% of Jan Dhan accounts, demonstrating the program’s contribution to advancing gender parity in financial access. Receiving government benefits directly helps rural women in particular by lowering their reliance on male family members for financial transactions. This access promotes women’s entrepreneurial endeavours and economic engagement.

Social security integration: - Access to social security and credit programs like PM Jeevan Jyoti Bima Yojana, PM Suraksha Bima Yojana, and Atal Pension Yojana has benefited women, particularly in the unorganized sector. Women’s involvement in financial inclusion through PMJDY has supported long-term developmental outcomes by generating multiplier effects in investments in healthcare and education.

Deposits in Accounts:- From ₹ 15,670 crore in March 2015 to an astounding ₹ 2,67,755 crore, the total deposits in PMJDY accounts have grown, demonstrating the beneficiaries’ increasing confidence in the official banking system and their active involvement in financial activities.

Number of RuPay Debit Cards Issued: - PMJDY account holders have received 38.68 crore RuPay debit cards, which enable cashless transactions and give them access to the built-in accident insurance coverage.

A key component of India’s digital payment revolution has been PMJDY. Cashless transactions have been fuelled by RuPay cards. India currently leads the world in real-time payments, and millions of people have entered the formal banking system thanks in large part to PMJDY.

Tabular representation of 10 years transformation of Indian economy

Comparison of 2015 to 2025 banking data of accounts opening, making deposits and debit cards issuing. The table also depicts the percentage change of them in these ten years.

	Growth in Bank Accounts (in crore)	Growth of Deposits (in crore)	Issue of RuPay Debit Cards (in crore)
March 2015	14.72	15,670	13.15
March 2017	28.17	67,972	21.99
March 2019	35.27	96,107	27.91
March 2021	42.20	1,45,551	30.90
March 2023	48.65	1,98,844	32.94
August 2025	56.16	2,67,755	38.68
Percentage Increase in Ten Years	281.5 %	1608.7 %	194.14 %

Source: Ministry of Finance & PIB

Role of PMJDY in Digitalization of Indian Banking System

In India, PMJDY has been a major force behind digital payments. With the installation of 1.11 crore PoS/mPoS machines and the growth of mobile-based platforms like the Unified Payments Interface (UPI), the nation has seen a sharp increase in digital transactions. The total amount of digital transactions increased from 2,338 crore in 2018–19 to 22,198 crore in 2024–2025. With transaction volumes rising from 535 crore worth ₹ 8,77,000 crore in 2018–19 to 18,587 crore worth ₹ 2,61,00,000 crore in 2024–2025, UPI has been the main contributor, making up 84% of all digital payments. In a similar vein, RuPay card transactions at PoS and e-commerce platforms increased from 67 crore in 2017–18 to 93.85 crore in 2024–2025.

JAM Trinity and Digital Governance: The PMJDY is the cornerstone of the JanDhan-Aadhar-Mobile Trinity in India. In order to establish transparent benefit delivery systems, this framework combines bank accounts with biometric identification and mobile access. By removing middlemen from the welfare delivery process, JAM Trinity ensures that all intended recipients benefit while lowering corruption and leakage. Real-time payment disbursement and verification are processed by the system, increasing governance effectiveness. While Aadhar offers distinctive identification, PMJDY accounts act as direct destinations for government transfers via DBT, and mobile technology permits payment notifications and alternate access channels.

Digital infrastructure development: The program has given account holders 38.68 crore RuPay debit cards, which enable cashless transactions and offer accident insurance. While encouraging the adoption of digital transactions, these domestic payment cards have decreased reliance on foreign payment systems. India's Unified Payment Interface (UPI) ecosystem is supported by infrastructure built by PMJDY. The program contributed to India's standing as a global leader in digital payments by providing the basic user base required for the expansion of digital payment platforms.

Implementation issues

Account Dormancy: Despite growth successes, over 13 crore PMJDY accounts were considered dormant as of July 2025, accounting for about 23% of all PMJDY accounts. Accounts are considered inoperative by the RBI after two years without any transactions. Geographically, account dormancy patterns differ, with states like UP, Bihar, and MP exhibiting greater concentrations of dormant accounts. This distribution highlights regional issues that call for focused interventions.

Infrastructure and Literacy Barriers: Inconsistent power supplies, improper internet connectivity, and network dependability continue to be the challenges in rural areas that impact digital banking operations. There are still infrastructure and correspondent training gaps, even though business correspondent networks help to mitigate certain problems. Lack of technological and financial literacy is a contributing factor to low account usage. Many beneficiaries are ignorant of the information needed to make wise decisions regarding savings, credit and digital transactions.

A Financial outreach campaign

In order to increase the reach of flagship programs like the Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), and Atal Pension Yojana (APY), the Department of Finance recently initiated a three-month nationwide saturation campaign that was effective from July 1, 2025, to September 30, 2025. In order to guarantee that every eligible citizen can benefit from these revolutionary programs, this campaign aims to achieve comprehensive coverage across all Gram Panchayats (GPs) and Urban Local Bodies (ULBs). In order to facilitate beneficiary enrollment under important schemes and advance financial literacy, 99,753 camps have been held in various Indian districts during the first month (until July 31, 2025). Notably, these camps have supported enrollment, updates, and awareness campaigns by acting as essential touchpoints for community engagement.

As of July 31, 2025, progress reports have been compiled for 80,462 of these camps. In addition to the first-month milestone, three Jan Suraksha Schemes saw over 22.65 lakh new enrollments and nearly 6.6 lakh new PM Jan Dhan Yojana accounts. More than 4.73 lakh inactive PMJDY accounts and 5.65 lakh other savings accounts had their KYC information re-verified. Under the Pradhan Mantri Jan Dhan Yojana (PMJDY), a number of significant initiatives have been carried out to improve account management and financial inclusion.

Strategic priorities and future directions

Increasing financial engagement: Through improved financial literacy initiatives and product diversification, future PMJDY development aims to transform account access into long-term usage. The objective goes beyond universal access to include universal use of banking services. Integration with alternative banking channels and fintech solutions can lower transaction costs and enhance service delivery. Flexible savings plans and micro insurance products are examples of customized financial products made for the low-income population that can boost account usage and the adoption of financial planning.

Technology integration: PMJDY integrates technology into every aspect of financial inclusion. The National Unified USSD Platform (99#), which enables mobile banking on GSM phones, biometric-enabled micro-ATMs, and the integration of cloud-based core banking solutions in cooperative banks have all contributed to the scheme's increased effectiveness. Additionally, PMJDY operations can benefit from the use of technologies like artificial intelligence and machine learning applications to enhance customer service and prevent fraud. Both automated account management services and individualized financial advice are possible with these technologies. Implementing blockchain technology could lower processing costs while upholding security standards and improve transparency in DBT operations.

Conclusion

As the Pradhan Mantri Jan Dhan Yojana (PMJDY) approaches its 11th anniversary in India, it is clear that the program has profoundly changed the nation's financial landscape. In addition to fulfilling its goal of integrating the unbanked into the formal banking system, PMJDY, which was established in 2014, has created a strong foundation for equitable economic growth. The program has reached even the most remote areas, uplifting millions, especially those from disadvantaged backgrounds, with over 56 crore accounts opened, including nearly 30 crore women beneficiaries, large deposits, and widespread distribution of RuPay debit cards.

Financial inclusion has been further reinforced by the smooth integration of PMJDY accounts with various government welfare programs, guaranteeing that benefits are directly received by the intended recipients. Going forward, PMJDY's successes offer a solid basis for growth, opening the door to universal financial access and greater citizen involvement in India's economic development. The goal of the following stage is to strengthen these initiatives and include everyone in the nation's financial development.

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