
PMJDY IMPACT ASSESSMENT: FINANCIAL INCLUSION IN INDIAN BANKS THROUGH BENEFICIARIES, DEPOSITS, AND RUPAY DEBIT CARDS

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ABSTRACT

One of the largest social welfare programs of the NDA government is the Pradhan Mantri Jan-Dhan Yojana, which was introduced on August 28, 2014, by our Honourable Prime Minister, Shri Narendra Modi, as a historic step towards ensuring financial inclusion for the underprivileged by offering reasonably priced banking, savings and deposit accounts, remittances, credit, insurance, and pensions. This study analyzes the landscape of financial inclusion and banking services in India across various types of banks, including Public Sector Banks (PSBs), Regional Rural Banks (RRBs), and Major Private Banks (MPBs). The data encompasses the number of beneficiaries, deposits in accounts, and the issuance of Rupay debit cards. The findings reveal significant differences in beneficiary numbers and service penetration between rural/semiurban and urban metro branches. Public Sector Banks dominate in terms of beneficiary outreach, while Private Banks exhibit strength in urban areas. Regional Rural Banks play a crucial role in rural financial inclusion. Insights from this analysis are valuable for policymakers, banking institutions, and researchers aiming to enhance financial access and inclusion across different bank categories in India.

Keywords: PMJDY, Financial Inclusion, Beneficiaries, Deposits, Rupay Debit Cards

1. INTRODUCTION

Financial inclusion has been a critical agenda in India, with initiatives like the Pradhan Mantri Jan Dhan Yojana (PMJDY) playing a pivotal role in expanding banking services to the unbanked and underbanked population. The PMJDY Impact Assessment study aims to evaluate the impact of this flagship financial inclusion program on Indian banks, focusing on beneficiaries, deposits, and Rupay debit cards.

The Pradhan Mantri Jan Dhan Yojana launched on 28th August 2014, aimed to provide universal access to banking facilities, promote savings, foster financial literacy, and enhance access to credit for the marginalized sections of society. It envisioned transforming India into a financially inclusive and empowered nation.

This study delves into the quantitative aspects of the PMJDY's impact by examining data from various bank categories, including Public Sector Banks (PSBs), Regional Rural Banks (RRBs), and Major Private Banks (MPBs). Key metrics such as the number of beneficiaries served, deposits mobilized, and the issuance of Rupay debit cards are analyzed to assess the program's efficacy in driving financial inclusion. By exploring how PMJDY has influenced beneficiary numbers, deposit trends, and the adoption of digital payment instruments like Rupay debit cards across different bank types and geographic regions, this study aims to provide valuable insights for policymakers, regulators, banking institutions, and researchers. Understanding the impact of PMJDY is crucial for designing future strategies to deepen financial inclusion and improve banking services for all segments of society in India.

2. LITERATURE REVIEW

Singh, D., Khatoon, S., & Singh, A. (2022) In this study the authors explained how different factors affect rural families' ability to receive financial services. The study found that the high income and educational profiles of the people naturally lead to their financial inclusion. The significance of PMJDY knowledge in bridging the gap between underprivileged communities and established banking institutions is evident. The author concluded that the availability of financial information from a range of sources such as banks, newspapers, media, acquaintances, etc. has led to increased financial inclusion.

Singh and Ghosh (2021) In this study the authors used monthly data from 2014 to 2019 to examine the impact of financial inclusion on economic development in India. The study concluded that there is an equilibrium between economic activity and financial inclusion. They also disclosed the existence of structural flaws in the relationship, showing that prior to demonetization, more economic activity was associated with higher banking usage. The direction of causal linkages, however, was reversed following demonetization. They finally concluded that savings accounts alone don't seem to have an impact on economic expansion.

Singh, K., & Gupta, N. (2020) In this study the authors examined the level and condition of financial inclusion in India. The analysis brought to light a disparity in India's financial inclusion's scope and coverage. The availability of financial services, outreach, low literacy, ignorance, rural residents' reliance on unofficial financial services, financial illiteracy, regional differences in financial inclusion, high costs of banking services, insufficient income, non-operational bank accounts, etc. were some of the main barriers to financial inclusion that were found. Even though the number of bank branches in India significantly increased following the nationalization of banks in the country and RBI measures, there is still a gap in terms of outreach.

Singh (2016) In this study the author examined the function and development of PMJDY and the obstacles to India's financial inclusion. The study also examined specific household coverage under financial inclusion in different states. The study concluded that for a nation to grow, its citizens must be involved in the formal banking sector and financial system.

Sharma (2016) In this study the author examined, using data from 2004 to 2013, the relationship between financial inclusion and economic progress in India. The study's findings supported the existence of a strong and positive correlation between GDP and several financial inclusion characteristics. Additionally, the research demonstrated a one-way relationship between GDP and the quantity of loan accounts as well as a reciprocal relationship between geographic expansion and economic growth.

Patel (2015) In this study the author emphasized PMJDY's advantages, disadvantages, and criticisms. The report noted that only 59% of households in India have bank accounts, indicating a lack of financial inclusion in the country. The method for opening a "Jan-Dhan Yojana Account" is mentioned in the study along with the other PMJDY pillars. The system was criticized by the study for money laundering activities as well as for having many accounts to obtain extra insurance.

Kumar (2015) In this study the author examined the consequences, efficacy, and risks associated with PMJDY's success. The phases and strategy for the effective implementation of PMJDY are the main topics of the study. The study concluded that long-term, consistent work and a focus on quality above quantity are necessary for financial inclusion.

Kaur and Singh (2015) In this study the author examined the developments of India's financial inclusion programme. The study concentrated on financial inclusion initiatives taken by governments before the introduction of PMJDY and covered the various measures RBI and other institutions took to accomplish financial inclusion. The study found that by making official credit easily accessible, financial inclusion reduces the risk of money lenders taking advantage of weaker groups.

Unnamalai.T (2015) In this study the author discovered that public sector banks lead the way in terms of account opening, account balance maintenance, Rupay debit card issuance, etc. Additionally, he proposes that the Indian government allow private sector banks to create branches and open a number of branches for regional rural banks.

3. STATEMENT OF THE PROBLEM

The Pradhan Mantri Jan Dhan Yojana (PMJDY) has been a transformative initiative aimed at enhancing financial inclusion in India. This study aims to assess the impact of PMJDY on financial inclusion within Indian banks, specifically focusing on beneficiaries, deposits, and the usage of Rupay debit cards. The key objectives of this assessment include understanding the extent of inclusion achieved, evaluating the effectiveness of PMJDY in reaching marginalized populations, analyzing the contribution of PMJDY accounts to overall bank deposits, and examining the utilization patterns of Rupay debit cards. By addressing these aspects, the study seeks to provide valuable insights into the success and areas of improvement for PMJDY in fostering financial inclusion across various segments of the Indian population.

4. OBJECTIVES OF STUDY

The objective of this study is to analyze the distribution of beneficiaries, deposits in accounts, and the issuance of Rupay Debit Cards across various types of banks including Public Sector Banks, Regional Rural Banks, and Major Private Banks in both rural/semi-urban and urban metro center branches. The specific areas of investigation include:

1. Understanding the extent of financial inclusion in rural, semi-urban, and urban areas based on the number of beneficiaries served by different types of banks.
2. Evaluating the outreach and effectiveness of Public Sector Banks, Regional Rural Banks, Private Sector Banks, and Rural Cooperative Banks in reaching diverse population segments.

3. Comparing the performance and impact of Public Sector Banks, Regional Rural Banks, and Private Sector Banks in terms of beneficiaries served, deposits mobilized, and card issuance.

4. RESEARCH METHODOLOGY

The study is based on the data and information collected from the secondary sources. Different newspapers, relevant websites, and Government Publications have been used to make the study effective. The study is based on the data collected till March 2024. The study attempts to examine the Impact of Financial Inclusion in Indian Banks through Beneficiaries, Deposits, and Rupay Debit Cards.

PMJDY: Bank Categorywise Report

Public Sector Banks					
Bank Name	Number of Beneficiaries at rural/semiurban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	Number of Total Beneficiaries	Deposits in Accounts (In lac)	Number of Rupay Debit Cards issued to beneficiaries
Bank of Baroda	43163691	18385464	61549155	3194285.64	56257856
Bank of India	22220184	4909770	27129954	1376251.15	24069805
Bank of Maharashtra	5501377	2302151	7803528	365072.2	3985317
Canara Bank	13879388	5647603	19526991	1144952.79	11980178
Central Bank of India	15361493	2297872	17659365	698708.05	10106961
Indian Bank	17785939	4638951	22424890	1066862.87	12399647
Indian Overseas Bank	2098452	5794891	7893343	343240.32	6376106
Punjab & Sind Bank	1402482	927979	2330461	48560.69	1549627
Punjab National Bank	42216501	8245878	50462379	2263249.19	33093540
State Bank of India	60349866	84764575	145114441	5854014.6	128561904
UCO Bank	7718227	5867359	13585586	604960.71	4804385
Union Bank of India	21951186	7544827	29496013	1091781.36	12743411
Public Sector Banks Sub Total	253648786	151327320	404976106	18051939.57	305928737

(B) Regional Rural Bank					
Bank Name	Number of Beneficiaries at rural/semiurban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	Number of Total Beneficiaries	Deposits in Accounts (In lac)	Number of Rupay Debit Cards issued to beneficiaries
Punjab National Bank	20636241	2463235	23099476	1048005.93	5782307
Canara Bank	6464458	1947761	8412219	463873.39	3316363
Central Bank of India	3990859	197034	4187893	146887.05	2682893
Bank of Maharashtra	2707938	96925	2804863	153247.07	1143151
Bank of India	9702052	518090	10220142	356016.49	5105081

Jammu & Kashmir Bank Ltd	242627	46840	289467	16214.86	197148
Indian Bank	1100059	366655	1466714	30196.62	400762
Union Bank of India	239689	29998	269687	7709.91	120643
Bank of Baroda	16217638	4532036	20749674	1148977.07	9130135
State Bank of India	18808816	3187430	21996246	985897.94	6011640
UCO Bank	1260960	187407	1448367	56195.75	38928
Indian Overseas Bank	1580258	144932	1725190	98150.78	627372
Regional Rural Banks Sub Total	82951595	13718343	96669938	4511372.85	34556423

(C) Major Private Banks

Bank Name	Number of Beneficiaries at rural/semiurban centre bank branches	Number of Beneficiaries at urban metro centre bank branches	Number of Total Beneficiaries	Deposits in Accounts (In lac)	Number of Rupay Debit Cards issued to beneficiaries
Axis Bank Ltd	208476	1110447	1318923	70908.91	880441
City Union Bank Ltd	9342	74034	83376	1727.36	75567
Federal Bank Ltd	512511	112061	624572	33560.81	312426
HDFC Bank Ltd	589473	3290018	3879491	264594.39	3878841
ICICI Bank Ltd	3485666	968660	4454326	81548	4454216
IDBI Bank Ltd.	264532	1589447	1853979	57516.09	879270
IndusInd Bank Ltd	32714	393792	426506	9758.67	54728
Jammu & Kashmir Bank Ltd	1610893	228017	1838910	141564.08	1429902
Karur Vysya Bank	114566	68723	183289	2871.69	181580
Kotak Mahindra Bank Ltd	324883	457266	782149	9742.02	444281
RBL Bank Ltd	64489	39360	103849	1473.17	103849
South Indian Bank Ltd	31500	212264	243764	9451.33	158223
Yes Bank Ltd	115575	28454	144029	2191.34	144029
Major Private Banks Sub Total	7364620	8572543	15937163	686907.85	12997353

Source: <https://pmjdy.gov.in/>

5. DATA ANALYSIS

1. Accessibility:

- Public Sector Banks have a significant presence in both rural/semiurban and urban metro areas, making banking services accessible to a wide range of beneficiaries.
- Regional Rural Banks play a crucial role in rural areas, catering to the financial needs of residents who may have limited access to other banking institutions.

2. Deposit Patterns:

- Public Sector Banks attract a substantial amount of deposits, indicating trust and reliability among customers.
- Private Sector Banks, while having fewer beneficiaries, attract sizable deposits, suggesting a focus on higher-value accounts or more affluent customers.

3. Card Issuance:

- The issuance of Rupay Debit Cards is higher in Public Sector Banks, likely due to their extensive reach and efforts to promote digital banking services.
- Private Sector Banks also show a significant number of card issuances, reflecting their emphasis on providing modern banking solutions.

4. Impact on Financial Inclusion:

- The data highlights efforts towards financial inclusion, especially in rural and semi-urban areas, where Regional Rural Banks and Public Sector Banks play a crucial role.
- The availability of debit cards suggests a push towards cashless transactions and increased financial literacy among beneficiaries.

5. Competitive Landscape:

- The competition among different bank types indicates a dynamic banking sector, with each type catering to specific customer segments and adopting strategies to remain competitive.
- Overall, the data reflects the scale of banking operations and sheds light on the strategic focus areas and impact on financial inclusion and digital banking adoption.

MAJOR FINDINGS:

1. Beneficiary Distribution:

- Public Sector Banks have the highest number of beneficiaries, followed by Regional Rural Banks, Private Sector Banks, and Rural Cooperative Banks.
- A significant portion of beneficiaries is located in rural/semi-urban areas, highlighting the outreach of financial inclusion efforts to underserved regions.

2. Deposit Mobilization:

- Public Sector Banks have the highest deposits in accounts, indicating their role in mobilizing savings and financial resources.
- Regional Rural Banks also contribute significantly to deposit mobilization, reflecting their importance in rural banking services.

3. Rupay Debit Card Issuance:

- Public Sector Banks lead in the issuance of Rupay debit cards, showcasing their efforts in promoting digital payments and financial inclusion.
- Private Sector Banks, despite serving fewer beneficiaries, have a substantial number of Rupay debit cards issued, indicating a focus on digital financial services.

4. Urban vs. Rural Banking:

- The data highlights a higher concentration of beneficiaries and banking services in urban metro areas compared to rural/semi-urban centers, underscoring the need for targeted efforts to enhance rural banking accessibility.

5. Bank-wise Performance:

- State Bank of India stands out with the highest number of beneficiaries, deposits, and Rupay debit cards issued among Public Sector Banks, emphasizing its dominance in the banking sector.

- Among Regional Rural Banks, Punjab National Bank and Bank of Baroda show strong performance in terms of beneficiary outreach and digital payment adoption.
- HDFC Bank Ltd and ICICI Bank Ltd lead among Major Private Banks in terms of Rupay debit cards issued, reflecting their focus on digital banking solutions.

6. Financial Inclusion Impact:

The data underscores the positive impact of initiatives like the Pradhan Mantri Jan Dhan Yojana in expanding financial inclusion, especially in rural and underserved areas.

6. CONCLUSION

The present study found a robust market presence of Public Sector Banks (PSBs), particularly in rural/semi-urban and urban/metro areas, which is an evident from their extensive beneficiary base and substantial deposits. This highlights their pivotal role in financial inclusion and trust among customers. Regional Rural Banks (RRBs) play a crucial role in rural economies, although their urban presence and deposits are comparatively smaller. Private Sector Banks demonstrate a strong focus on digital banking services, as reflected in their issuance of a significant number of Rupay Debit Cards. However, Rural Cooperative Banks face challenges with limited beneficiary numbers and deposits, suggesting opportunities for enhancing their services and outreach. Overall, the banking sector's diversity in serving different customer segments contributes significantly to financial inclusion and economic growth through Pradhan Mantri Jan Dhan Yojana (PMJDY).

7. RECOMMENDATIONS FOR IMPROVEMENT

Targeted Outreach in Rural Areas: While banks have made progress in rural and semi-urban areas, there is still room for targeted outreach and education about banking services, especially in remote regions. Enhancing financial literacy programs and mobile banking facilities could further improve access and usage among rural populations.

Enhanced Usage of Accounts: Although there are significant numbers of beneficiaries, banks can focus on encouraging active usage of accounts for transactions beyond basic savings. Promoting the use of Rupay debit cards for purchases, bill payments, and online transactions can deepen the impact of financial inclusion efforts.

Tailored Products for Different Segments: Customizing financial products and services based on the needs of diverse beneficiary segments, such as farmers, women, and small businesses, can enhance inclusivity. Offering microcredit facilities, insurance products, and investment options tailored to specific demographics can drive greater participation in formal financial systems.

Digital Infrastructure and Connectivity: Improving digital infrastructure and connectivity in rural areas is crucial for expanding the reach of financial services. Investments in digital banking platforms, internet connectivity, and mobile banking solutions can bridge the gap and empower more individuals to access and utilize banking services effectively.

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