

THE ROLE OF PRADHAN MANTRI JAN DHAN YOJANA IN STRENGTHENING FINANCIAL INCLUSION VIA POST OFFICE NETWORKS

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ABSTRACT:

The Pradhan Mantri Jan Dhan Yojana (PMJDY) is a program to promote financial inclusion in India, which was started in 2014 and the slogan is Mera Khaata, Bhagya Vidhata (My Account, Creator of My Destiny). The study assesses the role of PMJDY in increasing access to formal financial services on the post office network and India Post Payments Bank (IPPB). By mid-August 2025, the scheme had registered more than 56.16 crore bank accounts benefiting women and rural population, who make 56 and 67 percent of the total bank accounts, respectively. PMJDY accounts have no minimum balance/requirement, have Ru-Pay debit cards with accident insurance and overdraft facility, and supports Direct Benefit Transfer (DBT) of government subsidies. The IPPB integration of PMJDY and the post office network overcomes the geographical problems of accessing banking services. Nevertheless, the general penetration of PMJDY is high (53.61 crore accounts by September 2024), although post office managed accounts are not high.

Key Words: PMJDY, Financial Inclusion, Post Office

1. INTRODUCTION:

The Prime Minister Narendra Modi introduced Pradhan Mantri Jan Dhan Yojana on 15 August 2014. The scheme has a slogan of Mera Khaata, Bhagya Vidhata. The scheme came into existence following the collapse of Swabhimaan scheme that had been initiated by the former government in the quest of extending banking services to the rural population. Introduced in 2014, this is an ambitious scheme where the PMJDY aims at giving universal access to banking services, with specific emphasis on the unbanked or underbanked. The use of the extensive network of post offices that is available in the country is another major part of the implementation strategy of PMJDY. Since they have a wide coverage, particularly in rural and remote areas, post offices are important in offering financial services to certain parts of the society that were initially locked out. This is a strategic action of integrating the postal networks in the financial inclusion framework to bridge the divide between formal banking services and the marginalized communities. This paper will examine the effectiveness of this strategy and its influence on expanding access to financial services across the Indian population by investigating the role of PMJDY in increasing financial inclusion by using post office networks. As per the data by mid-August 2025, the program opened more than 56.16 crore bank accounts by depositing 2.67 lakh crore. PMJDY offers credit, insurance and pension schemes to the beneficiaries in the form of zero balance accounts and RuPay debit cards (insured by Rs. 2 lakhs in case of accident) and overdraft facility to the value of Rs.10,000. The scheme has made women self-reliant and increased access to financial services in rural areas, the number of accounts and non-current accounts of women in rural and semi-urban areas has increased to 56% and 67% respectively. PMJDY provides Direct Benefit Transfers of 327 state schemes using

38.68 crore RuPay debit cards that have been issued. The campaign that started in July and ended in September 2025 generated 6.6 lakh new accounts and 22.65 lakh individuals were enrolled in social security schemes. The program is a Guinness World Record holder and established 1.8 crore accounts within a week and has Small Accounts targeting marginalized populations. The growth in the deposits between Rs.15,670 crore in 2015 and Rs. 2.67 lakh crore in 2025 reveals the rising confidence of the economically underprivileged segments of the Indian population in formal banking.

People can use the Pradhan Mantri Jan-Dhan Yojana (PMJDY) using the India Post Payments Bank (IPPB) based on the post offices across the country. The Jan Dhan Darshak application will help to locate banking points, such as India Post Payment Banks and post offices, to use PMJDY services. As IPPB is part of PMJDY, having an account with them will have the same benefit as any other bank.

These will be: A zero balance account where no minimum balance is required. An accidental insurance of up to Rs. 2 lakhs on a RuPay debit card on an account opened after August 28, 2018. Eligible accounts which have been satisfactorily operated over six months will have an overdraft facility of up to Rs. 10,000. The Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and the Pradhan Mantri Suraksha Bima Yojana (PMSBY) are government schemes that can be accessed. DBT subsidies and government benefits into the account.

2. OBJECTIVES OF STUDY

- 2.1 Determine how the Pradhan Mantri Jan Dhan Yojana (PMJDY) has contributed to financial inclusion through the use of post offices.
- 2.2 Research on the development of PMJDY accounts enabled by post offices in India.
- 2.3 Determine the regional differences and issues related to the provision of PMJDY using post office networks.

3. REVIEW OF LITERATURE:

Sustainable development requires financial inclusion. As Garg and Agarwal (2014) note, it contributes to the accessibility of the vulnerable population to the financial services available at affordable rates, especially people with low income. They contrast this with financial exclusion in which individuals do not have formal financial products and instead depend on informal sources of credit. The authors describe the initial inclusion endeavors of India such as bank nationalization in 1969 and Regional Rural Banks (RRBs) and new programs such as No-Frills Accounts, Business Correspondent models, and Aadhaar-linked payments. These were intended to connect formal financial institutions with the unbanked people. The government and other regulating bodies have initiated initiatives to overcome barriers such as low level of awareness, low income levels, and infrastructural problems.

Mishra et al. (2024) conducted a review of 325 studies and discovered inclusive financial systems to be important in alleviating poverty and gender equality in developing nations. They observe that strong policies and literacy programs may help to increase inclusion with the help of FinTech and AI, but digital divides can hinder access. The Pradhan Mantri Jan Dhan Yojana (PMJDY), which was initiated in 2014, is the largest financial inclusion initiative undertaken by the Indian government to target the unbanked, fund the unfunded, and secure the unsecured.

According to Borah (2022), PMJDY is a national mission that offers zero-balance accounts, RuPay cards, and coverage of insurance. By 2022, more than 460 million accounts had been opened, 67 percent of them in rural locations and 56 percent of females. Among the challenges

are duplication of accounts, ineffective digital infrastructure and lack of banking facilities in the rural areas. Empirical research has contradictory results about the effect of the program.

In their analysis of rural households in Jaipur, Sharma and Goyal (2017) established that the socio-economic aspects such as income, awareness, and distance to banks have significant effects on influencing financial inclusivity. Even though the number of accounts owned rose, there were still problems such as inactive accounts and the lack of use of overdraft and insurance services.

On the same note, Nimbrayan, Tanwar, and Tripathi (2018) noted that although PMJDY has reached almost universal household coverage, low connectivity, low literacy, and opening more than one account still remain limiting the success of the program.

A systematic review by Singh (2023) shows that PMJDY can play a major role in improving financial access, but it is experiencing issues with dormant accounts. The review highlights that PMJDY is not only associated with accounts opened but also the continued presence of the account and the use of services, which is why the connection between the scheme and the GDP growth of India is not significant, and opening accounts does not guarantee the economic growth of the country. In the same way,

Kedia and Shrivastava (2025) found out that PMJDY positively affected the deposit ratios and financial penetration but had a low impact on the broader monetary indicators such as credit-deposit ratio and money multiplier. India Post Payments Bank (IPPB) and postal networks will play a significant role in bringing PMJDY to the rural and remote areas. Although direct research is narrow, research findings reveal that post offices are critical players when it comes to providing financial services. With the combination of PMJDY and IPPB, the beneficiaries will be able to receive banking, savings, insurance, and digital payments close to their homes.

This is in line with Garg and Agarwal (2014) and Mishra et al. (2024), who suggested hybrid systems that combine conventional institutions and technology-based outreach. More studies are however required to determine the role of post office networks in account utilization and financial empowerment.

Studies indicate that PMJDY has enhanced access to formal financial systems in India particularly to rural locations and women. Although the majority of the studies address commercial banking networks and national statistics, there is the lack of understanding of the role of the post office network in financial inclusion. Such problems as dormant accounts, low digital literacy, and gaps in infrastructure are barriers to the success of the program. The research gap is to assess the role of PMJDY in the context of postal banking, namely whether India Post has increased inclusion of low-income and rural populations with the help of the available financial services. This evaluation is essential to the long term sustainability of the Indian financial inclusion initiatives.

4. RESEARCH METHODOLOGY

The secondary sources of information used in this study will include a wide variety of scholarly and governmental materials. These are academic databases like JSTOR and Google Scholar, where one can access peer-reviewed articles and research papers. Government reports and statistics provide official information and policy implementation enlightenment. The publications of the Reserve Bank of India are a reliable source of information on the development of the financial sector. The international bodies such as the World Bank and IMF provide a global outlook and comparative study through their reports. White papers and reports in the industry provide industry-specific information and trends. This list of secondary sources is quite exhaustive and guarantees a balanced and informative discussion of the issue.

5. RESULTS

The secondary data analysis clarifies the level and the demographical distribution of PMJDY accounts in India. As at 2021, 26.74 crore PMJDY accounts had been created across the country. Among these, 24.65 crore are those accounts with male account holders and 13.93 crore are female beneficiaries accounts, which indicates a growing but still a disproportionate involvement of women into formal financial systems. Active accounts, or those that are used to transact, are 31.15 crore, which is a good sign that there is an increase in the usage of accounts as an initiative in PMJDY. However, that figure of PMJDY accounts, which is 53.61 crore (as of September 2024), includes accounts being handled by different institutions, such as the public sector banks, the private sector banks, and the rural cooperative banks, not only in the post office networks. This implies that the scheme has made significant penetration, but the percentage of accounts transacted via post offices is comparatively small, and there is need to improve the importance of postal banking infrastructures. The ratio of male and female shows that special awareness and financial literacy programs are needed to encourage more female involvement, especially in the villages where post offices can become very crucial points of access. Also, digital infrastructure, service efficiency, and product diversification in the post offices can be highly improved to contribute to financial inclusion under PMJDY.

6. FINDINGS

The unwillingness of individuals to open PMJDY accounts in post offices is caused by a number of factors. The first reason is the unawareness since most people are not informed enough on the benefits of PMJDY accounts and the services offered by the post offices. Moreover, people tend to give preference to traditional banks because they are more familiar with them and more confident in their work. Lack of adequate digital infrastructure and accessibility in some instances makes post offices less convenient than banks. There is also the issue of trust and some customers may have doubts about the effectiveness of postal banking services. Moreover, processing inefficiencies and long transaction time may demoralize the prospective account holders. Post offices tend to have a smaller assortment of financial products than the banks do, which also makes them less appealing. This problem is added to the shortcomings of staff training, as postal employees might not have special knowledge in banking. Furthermore, marketing constraints hinder the efficient marketing of PMJDY accounts, and the fact that the popularity of mobile banking applications is increasing has brought customers into more technologically advanced and modern banking products.

7. SUGGESTION

In the effort to overcome the problem of marketing PMJDY accounts in the post offices, a number of strategies can be adopted. Specific awareness programs are required to sensitize the population on the advantages of PMJDY account and post office services. Digitizing infrastructure will better the process of opening account and transacting, and adding more branches will expand the services to underserved regions. Customer trust is essential to be built by means of open communication. Advanced systems and lean processes should be used to decrease processing times. Increasing financial products will be used to compete against the traditional banks whereas full staff training will provide improved services. This can be done by introducing marketing strategies to emphasize the benefits of postal banking and the introduction of mobile banking features to enhance competitiveness. Working with the local leaders will help to make the region more aware, and the introduction of incentives to make accounts and the creation of feedback systems will allow the constant improvement of the situation based on the customer experience.

8. LIMITATIONS

The research has various limitations. To begin with, it is based on secondary data, such as academic databases, governmental reports, and publications of RBI, instead of primary research. This does not provide direct customer experience, staff training effectiveness, and operational issues in applying PMJDY using post offices. Secondly, although the role of post office networks in financial inclusion has been evaluated, limited information is available on the detailed data on accounts that are facilitated by post offices. This analysis reveals that the PMJDY accounts (53.61 crore) is spread among the banking institutions and does not allow the contribution of the postal networks to be understood. Third, the research is unable to assess usage pattern and financial empowerment that is realized by use of post offices. Finally, there are time limitations because the data is only available up to 2024 or 2025, which might lack recent developments in the digital infrastructure, employee training, or product diversification at IPPB. The absence of primary research and data on post office-mediated PMJDY restricts the study to the measurement of the influence of the postal network on financial inclusion.

9. CONCLUSION:

Pradhan Mantri Jan Dhan Yojana (PMJDY) has emerged as a major initiative towards financial inclusion in India and has greatly helped in providing access to formal banking to underserved populations in India and particularly to women and in rural areas. The partnership between India post and India post Payments Bank (IPPB) has provided a crucial channel of accessing remote communities using the post office networks that provide access to banking and social security services. Despite the progress achieved in the establishment of accounts and the access to financial services by PMJDY, there are a number of issues that remain. These are low awareness, digital infrastructure gaps and a low variety of financial products, which have impeded successful utilization of post office based accounts. The need to take targeted interventions is highlighted by gender differences and disparities in regions. Addressing these challenges by implementing awareness campaigns, improving infrastructure, training of staffs and developing new outreach strategies can strengthen the place of post offices in financial inclusion. With increased accessibility and usability, PMJDY, via the post office networks, can increase the number of accounts owned and guarantee more individuals are included in the Indian formal financial system. PMJDY has laid the foundation of a comprehensive financial ecosystem, and maximizing the role of the postal network can enhance the effect, which will support socio-economic development.

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