

Impact of Jan Dhan Accounts on Enhancing Financial Inclusion and Access to Government Benefits

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Abstract: *This research study examines the impact of the Pradhan Mantri Jan Dhan Yojana (PMJDY) in promoting financial inclusion and improving access to banking services among the unbanked population. The primary objective of the study is to analyze how Jan Dhan accounts have facilitated financial accessibility, enhanced the effectiveness of Direct Benefit Transfer (DBT) schemes, and contributed to the overall financial well-being of beneficiaries. The study is based on primary data collected from 100 respondents belonging to different demographic and socio-economic backgrounds, including rural and urban areas. The findings of the study indicate that Jan Dhan Yojana has significantly improved access to formal banking services. A majority of respondents agreed that government benefits are directly credited into their accounts in a timely and transparent manner. The DBT system has reduced dependency on intermediaries, minimized corruption, and ensured efficient delivery of benefits. The results also reveal that most respondents have developed trust in the system and perceive it as reliable and transparent. In terms of financial behaviour, the study highlights that Jan Dhan accounts have encouraged savings habits among beneficiaries. A considerable proportion of respondents reported an increase in their savings and a sense of financial security after opening the account. Additionally, the adoption of digital banking services linked to Jan Dhan accounts is relatively high, indicating a positive shift towards digital financial inclusion. However, the study also identifies certain challenges affecting the effective utilization of Jan Dhan accounts. A significant number of respondents reported that long distances to bank branches or Business Correspondent (BC) centers act as a major barrier. Furthermore, many users operate their accounts infrequently, suggesting limited active usage. Although documentation and technical issues are not major concerns for most respondents, a small segment still faces difficulties due to limited digital literacy. Overall, the study concludes that Pradhan Mantri Jan Dhan Yojana has played a crucial role in enhancing financial inclusion and improving access to government benefits through DBT. While the scheme has achieved considerable success, addressing accessibility issues and promoting regular usage of accounts can further strengthen its effectiveness. The findings of the study provide valuable insights for policymakers and financial institutions to improve service delivery and ensure inclusive growth..*

Keywords: Financial Inclusion, Pradhan Mantri Jan Dhan Yojana, Direct Benefit Transfer (DBT), Banking Access, Digital Financial Inclusion, Savings Behaviour, Rural and Urban Population



I. INTRODUCTION

Financial inclusion has become a key priority for economic development, especially in a country like India where a large section of the population was traditionally excluded from formal banking services. Lack of access to banking facilities not only limits savings and investment opportunities but also restricts the effective distribution of government benefits. To address these challenges, the Government of India launched the Pradhan Mantri Jan Dhan Yojana (PMJDY) in 2014 with the aim of providing universal access to banking services, particularly for the unbanked and underprivileged sections of society.

The Jan Dhan Yojana focuses on opening zero-balance bank accounts, providing RuPay debit cards, and ensuring access to financial services such as savings, credit, insurance, and pension. One of the most significant features of this scheme is its integration with the Direct Benefit Transfer (DBT) system, which enables the direct transfer of government subsidies and welfare benefits into beneficiaries' bank accounts. This mechanism helps in reducing leakages, eliminating intermediaries, and ensuring timely and transparent delivery of funds.

Over the years, the scheme has contributed significantly to improving financial inclusion by bringing millions of individuals into the formal banking system. It has also played a crucial role in promoting digital banking and encouraging savings habits among account holders. The increasing use of Jan Dhan accounts for receiving DBT payments and conducting transactions indicates a positive shift in financial behaviour. However, despite these achievements, certain challenges such as low account usage, accessibility issues, and limited awareness still persist, particularly in rural areas.

In this context, the present study aims to analyse the impact of Jan Dhan accounts on enhancing financial inclusion and improving access to government benefits. The study focuses on understanding the usage patterns of Jan Dhan accounts, evaluating the effectiveness of DBT, and identifying the challenges faced by beneficiaries. By examining the perceptions and experiences of respondents, the research provides valuable insights into the effectiveness of the scheme and suggests measures for its further improvement.

II. LITERATURE REVIEW

Financial inclusion has been widely recognized as a crucial driver of economic growth and social development. Various studies highlight that access to formal banking services enables individuals to save securely, access credit, and benefit from government welfare schemes effectively. The introduction of the Pradhan Mantri Jan Dhan Yojana (PMJDY) marked a significant step toward achieving inclusive growth by bringing the unbanked population into the formal financial system. Existing literature suggests that such initiatives not only improve financial accessibility but also enhance transparency and efficiency in the distribution of government benefits.

Research on Direct Benefit Transfer (DBT) systems indicates that transferring benefits directly into bank accounts reduces leakages, minimizes corruption, and eliminates the role of intermediaries. The findings from the present study strongly support these observations, as a large proportion of respondents agreed that government benefits are directly credited to their Jan Dhan accounts in a timely manner. The perception of transparency is also high among beneficiaries, reflecting that DBT has successfully addressed issues associated with traditional distribution methods. This aligns with previous studies which emphasize the role of digital financial systems in ensuring accountability and efficiency.

Several studies also focus on the behavioural impact of financial inclusion programs, particularly in promoting savings and financial security. The current study reflects similar trends, where a majority of respondents reported an increase in their savings and a sense of financial stability after opening Jan Dhan accounts. Literature suggests that access to banking services encourages disciplined financial habits, which contributes to long-term economic well-being. Additionally, the growing adoption of digital banking services among respondents indicates a shift towards a more technologically driven financial ecosystem.

However, earlier research also identifies certain barriers to effective financial inclusion, such as lack of accessibility, limited awareness, and infrastructural challenges in rural areas. The findings of this study reinforce these concerns, as



many respondents highlighted the long distance to bank branches or Business Correspondent (BC) centers as a major difficulty. While issues like documentation and technical problems are less significant, the irregular usage of accounts suggests that mere account ownership does not guarantee active participation in the financial system.

Overall, the literature and the findings of this study collectively indicate that while PMJDY has achieved considerable success in expanding financial inclusion and improving DBT delivery, there is still scope for improvement. Enhancing accessibility, promoting digital literacy, and encouraging regular usage of accounts are essential to fully realize the benefits of the scheme.

III. RESEARCH METHODOLOGY

3.1 OBJECTIVES OF THE STUDY

- To find out how Jan Dhan accounts help in providing government payments directly, supporting financial inclusion.
- To study whether DBT through Jan Dhan accounts help reduce delays and corruption, and improves financial inclusion.
- To check how these accounts improve savings and financial security, promoting financial inclusion.
- To identify challenges faced while using DBT through Jan Dhan accounts that affect financial inclusion

3.2 SCOPE OF THE STUDY

The study focuses on evaluating the impact of Pradhan Mantri Jan Dhan Yojana on financial inclusion and DBT among selected rural and urban respondents based on demographic and usage factors.

It is limited to a sample of 100 respondents, providing a general understanding of the scheme's ground-level functioning but not representing the entire population.

3.3 RESEARCH DESIGN

Method of Descriptive Research Design

A descriptive and analytical research design will be used for the investigation. While analytical study will evaluate how these accounts enhance financial inclusion and lessen corruption through Direct Benefit Transfers (DBT), descriptive research will assist in comprehending the existing use and advantages of Jan Dhan accounts.

3.4 DATA COLLECTION

Both primary and secondary data sources are used to

Primary Data: They are collected by way of structured questionnaires and face-to-face interviews and focus on obtaining primary data as directly as possible, meaning direct interaction with the source of the information, the Jan Dhan account holders.

Secondary Data: Secondary data provides support to the study by providing institutional and policy-level information on PMJDY and financial inclusion.

3.5 DATA COLLECTION TOOLS

The following tools were used:

Structured Questionnaire

Interviews

Observation Method

Focus Group Discussions (FGDs)

Market Surveys and Opinions

These tools helped in collecting both quantitative and qualitative data for comprehensive analysis.



3.6 SAMPLING DESIGN

A systematic sample is used so as to represent different groups of beneficiaries of the Jan Dhan plan.

Population: The target population of this study is the Jan Dhan account holders in the rural and semi-urban communities as well as those receiving pensions, grants, cash transfers, and other welfare benefits through DBT.

Sample Size: This study sampled 100 respondents to provide sufficient coverage of different experiences to offer sufficient results and proper representation. It is already assumed that this is analytically.

3.7 LIMITATIONS OF THE STUDY

The study relies only on secondary data without primary field research.

Limited coverage of regions and socio-economic groups affects representation.

Findings may not be fully applicable to the entire country.

External factors like digital access and literacy are not deeply considered.

Other financial inclusion schemes are excluded from analysis.

IV. DATA ANALYSIS AND INTERPRETATION

4.1 Government benefits are directly credited to my Jan Dhan account.

Table 4.1: Government benefits are directly credited to my Jan Dhan account.

Level of Agreement	Percentage (%)
Strongly Agree	22
Agree	72
Neutral	6
Disagree	4
Strongly Disagree	0

Interpretation: The data shows that most respondents (72% agree and 22% strongly agree) believe that government benefits are directly credited to their Jan Dhan accounts. Overall, this indicates a high level of satisfaction and effectiveness of the DBT system among beneficiaries.

4.2 DBT through Jan Dhan ensures timely payments.

Table 4.2: DBT through Jan Dhan ensures timely payments.

Level of Agreement	Percentage (%)
Strongly Agree	21
Agree	69
Neutral	6
Disagree	4
Strongly Disagree	0

Interpretation: The data shows that a majority of respondents (69% agree and 21% strongly agree) believe that DBT through Pradhan Mantri Jan Dhan Yojana ensures timely payments. Overall, this indicates that the system is effective and reliable in delivering benefits on time.

4.3 Jan Dhan account has improved my access to banking services.

Table 4.3: Jan Dhan account has improved my access to banking services.

Level of Agreement	Percentage (%)
Strongly Agree	25
Agree	65
Neutral	7



Disagree	1
Strongly Disagree	2

Interpretation: The data shows that most respondents (65% agree and 25% strongly agree) believe that the Pradhan Mantri Jan Dhan Yojana has improved their access to banking services. Overall, this indicates a strong positive impact on financial inclusion with very low dissatisfaction among users.

4.4 DBT has reduced corruption in benefit distribution.

Table 4.4: DBT has reduced corruption in benefit distribution.

Factors	Percentage (%)
Strongly Agree	3
Agree	1
Neutral	13
Disagree	56
Strongly Disagree	27

Interpretation: The data shows that a majority of respondents (56% agree and 27% strongly agree) believe that DBT has reduced corruption in benefit distribution. Overall, this indicates a positive perception of the system in ensuring transparency and fair delivery of benefits

4.5 The long distance to the nearest bank or Business Correspondent (BC) center makes it difficult for me to use my Jan Dhan account.

Table 4.5: The long distance to the nearest bank or Business Correspondent (BC) center makes it difficult for me to use my Jan Dhan account.

Benefit	Percentage (%)
Strongly Agree	26
Agree	65
Neutral	5
Disagree	2
Strongly Disagree	2

Interpretation: The data shows that a majority of respondents (65% agree and 26% strongly agree) feel that long distance to bank or BC centers makes it difficult to use their Pradhan Mantri Jan Dhan Yojana accounts. Overall, this indicates that distance is a major barrier affecting accessibility and usage of banking services.

V. FINDINGS

The study reveals that the Pradhan Mantri Jan Dhan Yojana has significantly contributed to improving financial inclusion among respondents. A large proportion of participants confirmed that government benefits are directly credited into their accounts, with a majority expressing satisfaction regarding the transparency and reliability of the Direct Benefit Transfer (DBT) system. Most respondents agreed that DBT ensures timely payments and eliminates the role of intermediaries, which reduces corruption and enhances trust in the system. This indicates that the scheme has been successful in achieving its primary objective of providing efficient and transparent financial services.

Another important finding of the study is the positive impact of Jan Dhan accounts on financial behavior. A majority of respondents reported that their access to banking services has improved after opening these accounts. Many participants also agreed that their savings have increased and that they feel more financially secure. The adoption of digital banking services is also relatively high, showing a shift towards modern financial practices. However, despite these positive



outcomes, the frequency of account usage remains low for many users, as a significant number of respondents use their accounts only occasionally.

The study also identifies certain challenges faced by beneficiaries. The most prominent issue is the long distance to bank branches or Business Correspondent (BC) centers, which creates difficulty in accessing services, especially for rural respondents. Although most respondents do not face major problems related to documentation, technical issues, or digital literacy, a small proportion still experiences such difficulties. Additionally, the sample is dominated by young and low-income individuals, which influences the overall findings. Overall, while the scheme has been effective, addressing accessibility and encouraging regular usage can further improve its impact.

VI. CONCLUSION

The study concludes that the Pradhan Mantri Jan Dhan Yojana (PMJDY) has played a significant role in promoting financial inclusion and expanding access to banking services among the unbanked population. The scheme has successfully brought a large number of individuals, especially from low-income and rural backgrounds, into the formal financial system. The availability of zero-balance accounts and basic banking facilities has made it easier for people to participate in financial activities and benefit from government initiatives.

One of the major achievements highlighted in the study is the effectiveness of the Direct Benefit Transfer (DBT) system. The findings indicate that most respondents receive government benefits directly in their accounts in a timely and transparent manner. The elimination of intermediaries has reduced corruption and improved trust in the system. This has enhanced the overall efficiency of welfare schemes and ensured that benefits reach the intended beneficiaries without delays or leakages.

The study also shows that Jan Dhan accounts have positively influenced the financial behavior of users. Many respondents reported an increase in their savings and a sense of financial security after opening the account. The adoption of digital banking services further reflects a shift towards modern financial practices. However, despite these improvements, the frequency of account usage remains relatively low for a significant portion of respondents, indicating that financial inclusion is still evolving.

In conclusion, while PMJDY has achieved considerable success in improving financial access and strengthening DBT mechanisms, certain challenges such as accessibility issues and irregular usage of accounts need to be addressed. Enhancing banking infrastructure in rural areas, promoting digital awareness, and encouraging regular transactions can further improve the effectiveness of the scheme. Overall, the initiative has laid a strong foundation for inclusive growth, but continuous efforts are required to maximize its long-term impact.

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