

# A Study on Financial Inclusion Through PMJDY: A Comparative Study

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## ABSTRACT

Pradhan Mantri Jan Dhan Yojana is a Nationwide financial inclusion scheme launched on 28<sup>th</sup> Aug 2014, with the aim to provide zero-balance bank accounts to the unbanked population and to promote financial inclusion and formalization of the economy. Financial inclusion in this study refers to the extent to which the working-age population (18–59 years) can access and utilize formal banking services, as measured by account ownership, deposit balances, and the use of digital payment methods. This study aims to compare the level of financial inclusion across Indian states and Union Territories through the PMJDY using selected quantitative indicators.

**Methodology:** The research relies on secondary data, which were gathered from journals, reports, and data retrieved from PMJDY website. This study constructs a composite Financial Inclusion Index using three key dimensions—banking penetration, disbursement, and financial services—and classifies Indian states into high, medium, and low inclusion categories based on their index scores, which range along a continuum from 0 to 1.

**Findings:** This study shows notable differences in financial inclusion levels between states under PMJDY. Few states and Union Territories, such as Assam, Chhattisgarh, West Bengal, Jharkhand, Odisha have high levels of inclusion. Findings of the study reveals that 8 out of 36 States/UTs showed high progress in FI, other 13 shows moderate inclusion and 15 falls to low level of financial inclusion.

**Originality:** This paper constructs a nationwide Financial Inclusion Index using PMJDY indicators across Indian states. By integrating access, usage, and service dimensions into a single composite measure, the study reveals inter-state disparities and offers a structured framework for evaluating the effectiveness of financial inclusion policies in India.

**Keywords:** PMJDY, Financial Inclusion, FII

## INTRODUCTION

Financial inclusion has emerged as a critical policy instrument for promoting inclusive economic growth, reducing poverty, and minimizing income inequalities in developing economies. Access to formal financial services enables individuals to save securely, access credit, manage risks, and participate more effectively in economic activities. **C. Rangarajan** financial inclusion encompasses "the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and lower income groups at an affordable cost" (**C. Rangarajan 2008**), Financial inclusion is the process to banked the unbanked population who are vulnerable in the society (**Allen et al., 2016**).

In India, a large proportion of the population remained outside the formal banking system for decades due to factors such as low income, lack of documentation, geographical barriers, and limited financial literacy. Addressing this gap became essential for achieving equitable development and inclusive growth. The Government of India launched the Pradhan Mantri Jan Dhan Yojana (PMJDY) in August 2014 as a flagship financial inclusion initiative. The scheme aims to provide universal access to basic banking services, including zero-balance savings accounts, RuPay debit cards, insurance coverage, overdraft facilities, and direct benefit transfer (DBT) linkages. PMJDY has significantly expanded banking outreach across rural and urban areas, particularly among marginalized groups such as women, low-income households, and self-employed workers. Despite the impressive growth in the number of PMJDY accounts at the national level, mere account ownership does not necessarily translate into effective financial inclusion. Substantial inter-state disparities persist in terms of account usage, deposit mobilization, and access to digital financial services. Variations in socio-economic conditions, institutional capacity, infrastructure, and awareness levels influence the performance of PMJDY across states. Therefore, a comparative state-wise assessment is essential to understand the extent and quality of financial inclusion achieved through the scheme.

This study used a State/UTs -wise comparative analysis of financial inclusion through PMJDY in India. The study constructs a composite Financial Inclusion Index based on key dimensions such as banking penetration, disbursement, and financial services to capture both access and usage aspects. By categorizing states into high, medium, and low inclusion levels, the study provides a nuanced understanding of regional disparities and evaluates the effectiveness of PMJDY as a tool for inclusive development. The findings are expected to offer valuable insights for policymakers in designing targeted interventions to strengthen financial inclusion and support sustainable economic growth in India.

## LITERATURE REVIEW

**Sarma (2008)** addresses the lack of an all-encompassing metric for evaluating financial inclusion across various economies, the study proposes an Index of Financial Inclusion (IFI). The IFI is a multidimensional index that makes cross-national comparisons and computation simple. Its values range from 0 (total financial exclusion) to 1 (full financial inclusion). **Sarma (2012)** suggested that financial inclusion is a top policy objective around the world. However, there is a scarcity of comprehensive methods for evaluating financial inclusion across economies. He addresses this issue by presenting an index of financial inclusion (IFI), which has a single numerical value ranging from 0 to 1, with 0 indicating complete exclusion and 1 indicating full inclusion. The IFI is simple to compute, allows for cross-country and temporal comparisons, and adheres to important mathematical criteria. **Chakravarty and Pal (2013)** demonstrate the use of an axiomatic measure of financial inclusion for setting policy priorities. The study measures financial inclusion using supply-side data on banking services and uses panel data econometrics to examine the effects of significant banking reforms in India between 1972 and 2009. It concludes that from 1977 to 1990, social-banking programs greatly increased financial inclusion, but later pro-market changes had a detrimental effect. The study identifies loan availability and regional bank penetration as important goals for enhancing financial inclusion in India. **Sharma (2015)** examines how digital banking regulations affect access to formal financing and financial inclusion, with a focus on rural households, women, and small businesses. It concludes that by offering safe payment options, credit availability, and savings opportunities, digital banking fosters economic empowerment and helps close the financial gap between urban and rural areas. **Maity and Sahu (2020)** For economic growth, an inclusive financial system is essential. Launched in 2014, the government's Pradhan Mantri Jan Dhan Yojana (PMJDY)

program dramatically changed attempts to promote financial inclusion by incorporating those who were not part of the official financial system. This study assesses the effectiveness of public sector banks in advancing financial inclusion both prior to and following the implementation of PMJDY. **Yadav et al. (2020)** introduces a multidimensional financial inclusion index (FII) for 27 Indian states, analyzing data from 2004 to 2017 using a methodology based on the Human Development Index (HDI). It addresses a gap post the Pradhan Mantri Jan Dhan Yojna (PMJDY) launched in 2014, revealing only marginal improvements in financial inclusion, particularly in northern and northeastern states. While some states showed better HDI and literacy correlated with higher FII, PMJDY had limited success, primarily affecting only a few states. Major obstacles included an increase in dormant accounts, low HDI, and high illiteracy rates, indicating a need for structural reforms in policies to enhance access to financial services for the poorest populations. **Kandpal (2020)** The Pradhan Mantri Yojana's importance is highlighted as the report examines the difficulties and roadblocks to financial inclusion for economic progress. The absence of financial institutions in rural, semi-urban, and hilly areas is still a concern despite the introduction of government programs such as Jeevan Jyoti Yojna, Bima Suraksha Yojna, and Manti Atal Yojna. The study emphasizes the significance of a well-equipped financial system for sustained growth and economic development in India by using secondary sources from the RBI website. **M et al. (2023)** Studied conducted that India is promoting digital infrastructure to address last-mile connectivity and financial inclusion, with an 87% adoption rate of fintech worldwide. The digital ecosystem is expected to account for 30% of global revenues by 2025. Digital Financial Services (DFS) are aimed at boosting inclusive growth and access to finance, solving societal issues, and promoting sustainable agriculture. Initiatives like the National Strategy for Financial Inclusion, NABARD BHIM are empowering sustainable development goals and providing opportunities for women in rural areas. **Zehri et al. (2024)** The paper examines the impact of decent work and financial inclusion on economic growth in 26 low income, 20 middle-income, and 15 high-income countries. Results show that favorable conditions for decent work and increased access to digital financial services positively contribute to economic growth. High-income countries show greater potential for increased growth rates, while low income countries have no discernible impact. The findings suggest policy implications for recognizing the importance of decent work and financial inclusion. **Kale et al. (n.d.)** Reducing poverty and promoting sustainable economic growth require the inclusion of digital financial services. In India, the Pradhan Mantri Jan-Dhan Yojana (PMJDY) seeks to improve financial inclusion for those without bank accounts. In order to increase bank productivity and achieve more financial inclusion, this study investigates a hybrid approach that makes use of PMJDY and digital technologies. It offers a framework for the hybrid approach, evaluates pertinent literature, looks at digital financial choices, and ends with policy suggestions specific to the Indian setting. **Ramanujam et al. (2025)** The digital financial ecosystem in India is assessed digital in this article to see if it has advanced from simple access to actual empowerment. By examining academic literature and secondary data, it identifies important usability-related friction spots and design flaws. Additionally, the report makes legislative recommendations to strengthen the resilience and inclusion of migrant entrepreneurs, a significant but underappreciated segment of the digital financial scene.

## OBJECTIVE

1. To assess the extent of financial inclusion achieved through PMJDY across Indian states.
2. To construct a state-wise composite Financial Inclusion Index using PMJDY indicators.
3. To compare and classify states into high, medium, and low levels of financial inclusion.

## METHODOLOGY

This study is based on secondary data collected from the official PMJDY portal and population projection reports. State-wise PMJDY indicators were normalized using the min–max method and combined to construct a composite financial inclusion index. Estimated population in the 18–59 age group was calculated using Census population projections and National Commission on Population projections (2020). States were ranked based on index values to conduct comparative analysis.

This study uses a multidimensional approach, to create a suitable financial inclusion index. This FII is recommended by Sharma which is identical to this index (Sarma, 2008). The FII is a number between 0 and 1, where 1 represents the maximum level of financial inclusion and 0 represents the lowest level of financial inclusion or complete financial exclusion. Following the computation of each index using formula (1), FII is determined in this study.

$D_i = \frac{A_i - m_i}{M_i - m_i}$  (Equation 1)

- Dimension index for the  $i$ th dimension is represented by  $D_i$
- Actual value for the  $i$ th dimension is represented by  $A_i$
- Maximum value for the  $i$ th dimension is represented by  $M_i$
- Minimum value for the  $i$ th dimension is represented by  $m_i$

The above formula represents the results in  $0 \leq D_i \leq 1$ , it means higher  $D_i$  shows higher inclusion and lower  $D_i$  shows lower inclusion in the  $i$ th dimension. The  $D_i$  will be defined in the  $n$ -dimensional Cartesian space as  $D_i = (d_1, d_2, d_3, \dots, d_n)$  if the  $n$  dimension is taken into account. This study uses Cartesian three-dimension space ( $d_1, d_2, d_3$ ) i.e.,  $0 \leq d_1, d_2, d_3 \leq 1$  to compare the total beneficiaries, total amount available in the accounts and the Rupay debit cards issued under PMJDY to the beneficiaries with the estimated population. The results will be shown at (0,0,0) points that is complete financial exclusion/ worst and best at (1,1,1) points that is complete financial inclusion. Then, we use formula (2) for the normalized inverse

### Euclidean distance

$FII = 1 - \sqrt{(1-D_1)^2 + (1-D_2)^2 + (1-D_3)^2} / \sqrt{3}$  (formula 2)

0 shows lower FII score i.e., low financial inclusive society and 1 shows higher FII score i.e., high financial inclusive society. On the basis of FII, states are fall into three dimensions that is, from 0 to 0.33 indicates lower FI, 0.33 to 0.67 indicates medium FI and 0.67 to 1 indicates higher FI.

## SOURCE OF DATA

The study is based on secondary data collected from the official PMJDY portal and publications of the Government of India. Population data were obtained from the Census of India and population projection reports of the National Commission on Population, supplemented by estimates from United Nations demographic projections.

The Pradhan Mantri Jan-Dhan Yojana (2026) statistics on state-by-state account opening PMJDY reports as of Feb 11, 2026 [Table 1] are used in the study. According to the data, 57.64 crore beneficiaries banked so far through this program. There is currently a balance of ₹293,873.36 crores in the beneficiaries' accounts, 13.55 lakh Bank Mitras delivering branchless banking services and the account holders have already received 39.93 crores in Rupay cards. PSBs own the majority of the beneficiaries' accounts with 44.60crore.

**Estimated Population for the study:** Due to the absence of updated census age-wise data, this study estimates the 18–59 population for 2025 using National Commission on Population (2020) projections, adjusted by a 0.68 per cent UN growth rate, with 60 per cent representing the working-age population. As

PMJDY accounts are available beyond this age group, the estimate reflects the economically active segment rather than the full beneficiary base.

**Population<sub>18-59, 2025</sub> = Population<sub>2021</sub> × (1+g)<sup>n</sup> × 0.60 [Equation 3]**

where g indicates the growth rate,

n shows the numbers of years.

Population 2025 = Population<sub>2021</sub> × (1.0068)<sup>4</sup> × 0.60

Population<sub>2025</sub> = Population<sub>2021</sub> × (1.0068)<sup>4</sup> ≈ Population<sub>2021</sub> × 1.0276

Growth rate of population from 2021 to 2025 i.e., (1.0068)<sup>4</sup> ≈ 1.0276

Since PMJDY primarily targets the adult working-age population, the population in the age group 18–59 years is estimated by assuming that 60 percent of the total population falls within this age group, based on projections of the National Commission on Population. This estimated population serves as the denominator for calculating per-capita financial inclusion indicators.

**Table 1: State wise data of PMJDY as on 11 Feb, 2026**

S.No	State Name	Total Beneficiaries	Balance in beneficiary accounts (in crore)	No. of RuPay cards issued to beneficiaries	Estimated Population <sub>(18-59years2025)</sub>
1	Andaman And Nicobar Islands	64,554	52	39,456	246,624
2	Andhra Pradesh	17,001,081	6,002.22	10,784,515	32,546,352.72
3	Arunachal Pradesh	474,323	278.45	317,510	945,186.48
4	Assam	25,613,507	7,145.74	16,003,547	21,606,112.08
5	Bihar	67,768,701	29,357.51	48,779,609	75,888,054.48
6	Chandigarh	341,278	210.93	219,068	744,804.48
7	Chhattisgarh	18,717,002	8,621.73	11,441,696	18,184,204.08
8	Delhi	6,965,058	3,675.20	5,404,617	12,683,255.76
9	Goa	228,866	227.3	163,458	961,217.04
10	Gujarat	19,751,123	12,203.28	15,076,348	43,028,489.28
11	Haryana	11,012,630	7,658.98	7,593,583	18,178,038.48
12	Himachal Pradesh	2,043,744	1,501.35	1,357,680	4,558,844.64
13	Jammu And Kashmir	2,435,280	1,770.78	1,736,431	8,266,836.48
14	Jharkhand	20,361,631	11,479.44	13,877,864	23,719,679.76
15	Karnataka	21,350,386	12,874.91	13,279,352	41,213,953.2
16	Kerala	7,366,473	3,868.04	4,007,948	21,881,097.84
17	Ladakh	20,946	25.66	14,545	183,118.32
18	Lakshadweep	10,703	21.6	8,054	41,926.08
19	Madhya Pradesh	46,626,751	17,921.45	34,728,810	52,109,184.96
20	Maharashtra	37,622,066	19,980.81	26,715,368	76,722,876.72

21	Manipur	1,083,044	289.84	711,205	1951412.4
22	Meghalaya	901,321	447.3	551,590	2,027,249.28
23	Mizoram	435,057	223.76	208,506	749,736.96
24	Nagaland	412,410	141.01	310,779	1,351,499.52
25	Odisha	23,728,497	12,903.60	17,178,120	28,174,325.76
26	Puducherry	277,804	138.55	177,718	969,232.32
27	Punjab	9,787,509	5,000.91	6,977,988	18,705,813.84
28	Rajasthan	38,167,618	23,267.49	28,337,412	48,881,493.36
29	Sikkim	107,948	56.08	72,929	417,411.12
30	Tamil Nadu	18,608,072	7,198.03	13,588,087	47,106,417.12
31	Telangana	13,263,236	5,539.64	9,139,646	23,259,726
	The Dadra And Nagar Haveli And Daman And Diu	244,383	195.64	174,902	664,651.68
32	Tripura	1,152,033	671.18	636,079	2,510,015.76
33	Uttar Pradesh	102,671,077	60,920.97	70,372,265	142,368,019.92
34	Uttarakhand	4,047,072	2,889.76	2,733,246	7,028,167.44
35	West Bengal	55,708,122	29,112.22	36,589,076	60,499,950
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Source: PMJDY report from Department of Financial Services, Ministry of Finance, Government of India

**[\*Estimated Population calculated using Formula/ Equation no. 3]**

**Analysis of the Data:**

Table 1, Financial Inclusion Index (FII) using the state-wise data from the report of PMJDY (Department of Financial Services, Ministry of India, Government of India). FII helps to measure the advancement of the financial inclusion of all states. For this study we have used three parameters i.e., availability of banking services, banking penetration, and banking disbursement to examine the advancement of degree of financial inclusion of state-wise development. Each indicator was normalized using the min-max method to derive dimension indices (D1, D2, D3) on a 0–1 scale. These indices were then combined to form the composite Financial Inclusion Index, permitting a comparative assessment of inclusion levels across Indian states. [Table 2].

- Banking Penetration** - The report states that 12.57 crore beneficiaries have access in metro areas, while 45.07 crore beneficiaries have access in rural and semi-urban areas. In this study, banking penetration was measured by comparing the total number of beneficiaries under the PMJDY scheme with the anticipated population (18–59 years old).

$$\text{Banking Penetration} = \frac{\text{Total Beneficiaries}}{\text{Estimated Population (18–59age)}} * 100000$$

- Banking Disbursement** - The amount in the bank account is the indication that develops in millions of individuals the routine of using banks and joining the financial system. According to the report of

the PMJDY ₹293,873.36 is available in the beneficiaries' account. Private banks have 8676.17 crores, RRBs have 53981.72 crores, while PSBs have 231215.46 crores. In this study, banking penetration was measured by comparing the total number of beneficiaries under the PMJDY scheme with the anticipated population (18–59 years old).

$$\text{Banking Disbursement} = \frac{\text{Balance in PMJDY account (in crore)}}{\text{Estimated Population (18–59age)}} * 100000$$

3. **Banking Services** - The financial services provided by a fair and equitable system should be easy to access. In today’s digital world, a debit card has far more applications than services from an ATM. So, researchers consider the proportion of beneficiaries were issued Rupay debit cards compared with the estimated population (18-59age) as the banking service. Out of 39.93 crore distributed Rupay cards, PSBs issued 34.36 crores.

$$\text{Banking Service} = \frac{\text{No. of RuPay Card}}{\text{Estimated Population (18–59age)}} * 100000$$

**Table 2: Calculation of Dimensions**

State Name	Banking Penetration	Banking Disbursement	Banking Services	D1	D2	D3
Andaman And Nicobar Islands	26,175.06811	21.0847281	15,998.4429	0.1375847 23	0.2592421 510	0.1218 19252
Andhra Pradesh	52,236.51678	18.4420664	33,135.8634	0.3809017 9	0.1949213 54	0.3809 80082
Arunachal Pradesh	50,183.00727	29.4597950	33,592.3129	0.3617296 52	0.4630862 43	0.3878 82745
Assam	118,547.5059	33.0727711	74,069.5361	1	0.5510239 09	1
Bihar	89,300.88070	38.6852847	64278.37600	0.7269452 12	0.6876291 15	0.8519 33073
Chandigarh	45,821.15295	28.3201841	29412.81985	0.3210061 43	0.4353487 99	0.3246 78315
Chhattisgarh	102,930.0040	47.4132932	62,921.0712	0.8541905 73	0.9000635 9	0.8314 07216
Delhi	54,915.37923	28.9767869	42,612.2212	0.4059124 18	0.4513301 16	0.5242 86408
Goa	23,810.02317	23.6471047	17,005.3165	0.11550399 3	0.3216088 56	0.1370 45709
Gujarat	45,902.43192	28.3609306	35,038.0602	0.3217649 86	0.4363405 44	0.4097 46075

Haryana	60,582.05901	42.1331487	41,773.3905	0.4588181 48	0.7715480 52	0.5116 01181
Himachal Pradesh	44,830.30595	32.9326862	29,781.2298	0.31175531 4	0.5476143 27	0.3302 49599
Jammu And Kashmir	29,458.42712	21.4202857	21,004.7822	0.1682390 94	0.2674094 21	0.1975 27673
Jharkhand	85,842.77362	48.3962689	58,507.8050	0.6946593 44	0.9239886 32	0.7646 67549
Karnataka	51,803.78086	31.2392017	32,220.5247	0.3768616 54	0.5063959 32	0.3671 37863
Kerala	33,665.92048	17.6775408	18,316.9419	0.2075214 45	0.1763132 60	0.1568 80779
Ladakh	11,438.50598	14.0127978	7,942.95185	0	0.0871156 1	0
Lakshadweep	25,528.26307	51.5192453	19,210.0000	0.1315459 68	1	0.1703 86059
Madhya Pradesh	89,478.94893	34.3921134	66,646.2352	0.7286077 08	0.5831359 07	0.8877 41050
Maharashtra	49,036.30782	26.0428321	34,820.6025	0.3510237 40	0.3799194 21	0.4064 57568
Manipur	55,500.51849	14.8528317	36,445.6534	0.41137544 5	0.1075615 39	0.4310 32418
Meghalaya	44,460.29449	22.0643807	27,208.7900	0.3083007 82	0.2830863 06	0.2913 47850
Mizoram	58,027.95156	29.8451339	27,810.5537	0.4349722 76	0.4724651 60	0.3004 48028
Nagaland	30,514.99418	10.4335960	22,995.1247	0.1781035 04	0	0.2276 26650
Odisha	84,220.28339	45.7991439	60,970.8290	0.67951131 5	0.8607761 71	0.8019 14657
Puducherry	28,662.27160	14.2948183	18,335.9547	0.1608059 60	0.0939798 29	0.1571 68300
Punjab	52,323.35296	26.7345224	37,303.8460	0.3817125 26	0.3967547 47	0.4440 10445
Rajasthan	78,081.93935	47.5997937	57,971.6576	0.6222019 94	0.9046029 04	0.7565 59654
Sikkim	25,861.31390	13.4351954	17,471.7434	0.1346554 25	0.0730571 24	0.1440 99255
Tamil Nadu	39,502.20190	15.2803597	28,845.5115	0.2620106 24	0.1179673 14	0.3160 99188
Telangana	57,022.32261	23.8164456	39,293.8678	0.4255834 39	0.3257305 12	0.4741 04572

The Dadra And Nagar Haveli And Daman and Diu	36,768.58230	29.4349665	26,314.8360	0.236488776	0.462481932	0.277829021
Tripura	45,897.44089	26.7400711	25,341.6337	0.321718389	0.396889799	0.263111759
Uttar Pradesh	72,116.67132	42.7911900	49,429.8263	0.566508560	0.787564381	0.627385716
Uttarakhand	57,583.60247	41.1168348	38,889.8816	0.430823707	0.746811583	0.467995286
West Bengal	92,079.61659	48.1194116	60,477.8615	0.752888278	0.917250091	0.794459750

Source: Author’s computation

The above table 2 shows the dimensions reports of the 36 states & UTs, D1 indicates dimensions of Banking penetration, D2 for Banking disbursement and D3 for Banking services. It is calculated using equation 1. In D1, Assam has the higher banked population, and Ladakh has lower bank penetration. In Banking disbursement (D2), Lakshadweep has better banking disbursement, and Nagaland has inadequate banking disbursement. For Banking Services (D3), Assam shows higher than others, and Ladakh offers the lower among others, this shows lack of financial infrastructure and financial services in this area.

**Table 3: State/UTs wise Financial Inclusion Index**

State Name	FII	Rank
Andaman And Nicobar Islands	0.1706059	32
Andhra Pradesh	0.3133124	24
Arunachal Pradesh	0.4026857	16
Assam	0.7407835	6
Bihar	0.7456655	5
Chandigarh	0.3581477	21
Chhattisgarh	0.8589666	1
Delhi	0.4583106	12
Goa	0.1861126	30
Gujarat	0.3873243	18
Haryana	0.5589401	10
Himachal Pradesh	0.3871109	19
Jammu And Kashmir	0.2099626	29
Jharkhand	0.7731433	3
Karnataka	0.4133539	13
Kerala	0.1799731	31
Ladakh	0.0281704	36

Lakshadweep	0.3065853	25
Madhya Pradesh	0.7055901	8
Maharashtra	0.3787210	20
Manipur	0.3007982	26
Meghalaya	0.2941669	27
Mizoram	0.3980802	17
Nagaland	0.1297367	34
Odisha	0.7680991	4
Puducherry	0.1367726	33
Punjab	0.4068983	14
Rajasthan	0.7347358	7
Sikkim	0.1167087	35
Tamil Nadu	0.2274867	28
Telangana	0.4052564	15
The Dadra And Nagar Haveli And Daman and Diu	0.3184806	23
Tripura	0.3250155	22
Uttar Pradesh	0.6479180	9
Uttarakhand	0.5270324	11
West Bengal	0.8083766	2

Source: Author’s computation

The above table 3 shows FII and rank. It is calculate using Euclidean distance formula i.e.,  $FII = 1 - \sqrt{(1-D1)^2 + (1-D2)^2 + (1-D3)^2} / \sqrt{3}$  i.e., equation 2.

This table helps to compare the inclusion rate among states. The FII value ranges between 0 to 1, the value closer to 1 indicates higher inclusion. The inclusion index falls into three categories i.e.,

1. higher inclusion index  $FII > 0.67$ ,
2. Moderate inclusion index  $0.33 < FII \leq 0.67$  and
3. Lowest inclusion index  $0 < FII \leq 0.33$

After the computation of FII, 37 states are divided into three categories [Table 4]

**Table 4: FII of all states in three categories: High, Moderate and Lowest**

High Financial Inclusion	Moderate Financial Inclusion	Lowest Financial Inclusion
Chhattisgarh	Uttar Pradesh	Tripura
West Bengal	Haryana	Dadra & Nagar Haveli & Daman & Diu
Jharkhand	Uttarakhand	Andhra Pradesh
Odisha	Delhi	Lakshadweep
Bihar	Karnataka	Manipur
Assam	Punjab	Meghalaya
Rajasthan	Telangana	Tamil Nadu
Madhya Pradesh	Arunachal Pradesh	Jammu & Kashmir
	Mizoram	

	Gujarat Himanchal Pradesh Maharashtra Chandigarh	Goa Kerala Andaman & Nicobar Puducherry Nagaland Sikkim Ladakh
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**Source: Author’s Computation**

The table 4 shows the FII in three categories i.e., High, Moderate and Lowest Inclusion. The state-wise Financial Inclusion Index highlights substantial regional inequality. Some Union Territories and smaller states exhibit strong financial inclusion performance but some states show relatively lower index values.

**FINDINGS**

There are inter-state differences in financial inclusion under PMJDY throughout India, according to the composite Financial Inclusion Index (FII).

- Eight states (FII > 0.67) have high financial inclusion, showing high outreach and use of PMJDY services i.e., Chhattisgarh, West Bengal, Jharkhand, Odisha, Bihar, Rajasthan, Madhya Pradesh, and Assam.
  - Moderate inclusion (0.33–0.67) is observed in states such as Haryana, Uttarakhand, Delhi, Karnataka, Punjab and others suggesting satisfactory access but scope for improvement in service usage and deposit mobilization.
  - A large number of states/UTs fall in the lowest inclusion category (FII < 0.33), including Nagaland, Puducherry, Sikkim and Ladakh, indicating weaker performance in banking penetration, disbursement, or digital service usage.
1. The dimensional analysis shows variation across components:
    - Banking penetration (D1) is highest in Assam.
    - Banking disbursement (D2) is strongest in Lakshadweep.
    - Banking services (D3) are strongest in Assam.

This indicates uneven development across financial inclusion dimensions.
  2. PMJDY has significantly improved banking outreach nationwide, but quality and depth of inclusion differ across regions.

**CONCLUSION**

This paper used a composite Financial Inclusion Index (FII) to analyze the degree of financial inclusion attained by the Pradhan Mantri Jan Dhan Yojana (PMJDY) across states. Based on three primary dimensions—banking penetration, banking disbursement, and banking services—the study offers a multifaceted assessment of financial service availability and utilization.

Financial inclusion in India is advancing but inconsistently across states. Chhattisgarh, West Bengal, Jharkhand, Odisha, Bihar, Rajasthan, Madhya Pradesh, and Assam, shows the effective outreach, greater banking service, penetration, and improved utilization of financial facilities. Targeted government initiatives, direct benefit transfers, rural banking expansion, and active participation of beneficiaries have positively influenced these outcomes.

Meanwhile, a number of states and Union Territories, including as Sikkim, Lakshadweep, Puducherry, and Nagaland exhibit moderate to poor financial inclusion ratings (FII), underscoring problems with financial service use, credit distribution, and banking accessibility. The difficulty of transitioning from accessibility to efficient usage is highlighted by the suggestion that merely creating accounts under PMJDY does not ensure active financial engagement.

The study also emphasizes the multifaceted nature of financial inclusion. Even though some states have high banking penetration rates, they can fall behind in terms of service utilization or disbursement, which would indicate structural imbalances in the inclusion components. As a result, the emphasis of policy must change from quantitative growth (number of accounts) to qualitative deepening (frequency of transactions, credit linkage, insurance coverage, and digital adoption).

Overall, by formally bringing millions of previously unbanked people into the financial system, PMJDY has greatly improved the basis of inclusive finance in India. Nonetheless, region-specific approaches, enhanced financial literacy, fortified digital infrastructure, and better oversight of dormant accounts are necessary to achieve fair and sustainable financial inclusion.

The analysis demonstrates that PMJDY has greatly increased banking accessibility throughout India but does not guarantee full financial inclusion. The disparity in FII scores emphasizes the necessity of reorienting attention from creating an account to ongoing use, digital adoption and financial empowerment. This study's composite index approach offers a systematic and reproducible framework for assessing the performance of financial inclusion in various geographical areas of the States and UTs of India.

## SUGGESTIONS

- **Time-Series Analysis:** The long-term effectiveness of the program could be assessed with the aid of a longitudinal study that compares FII before and after PMJDY adoption.
- **Digital Financial Inclusion:** A more modern indicator of financial inclusion would be to include UPI transactions, mobile banking use, and fintech acceptance in light of growing digitalization.
- **District-Level Report Analysis:** The comparative study of district-wise or rural-urban inclusion can provide deeper understanding of FII with the help of PMJDY.
- **Behavioral Study:** Further studies may focus on women beneficiaries, migrant workers, and marginalized groups to assess inclusiveness from a socio-economic perspective.

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