

## Rethinking Financial Inclusion Metrics through Jan Dhan Yoiana

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In early 2025, the officials of the Department of Financial Services (DFS), Ministry of Finance, Government of India were looking into how the performance of the Pradhan Mantri Jan Dhan Yojana (PMJDY) is to be assessed in the years that come.<sup>1</sup> Close to ten years after it was initiated, PMJDY had gained unprecedented banking penetration with almost universal account coverage levels being reported in all parts of the country.<sup>2</sup> Formal reports and external reports kept relying on access-based indicators, including the number of accounts opened, and the use of zero-balance accounts as the key metrics of programme achievements.<sup>3</sup>

Simultaneously, internal policy debates had already started to realize a larger issue was access only enough to capture the richness and quality of financial inclusion.<sup>4</sup> DFS had a prospective assessment concern as the second step of financial inclusion policy was being thought over. Is it advisable to carry on with PMJDY being evaluated by outreach-based measures or focus more on balance-based measures based on programme data in future evaluations?<sup>5</sup>

The choice involved making a trade-off between continuity and existing reporting practice and the possible worth of alternative indicators that would offer more information on the use of the account and on the balance accumulation.<sup>6</sup>

### Financial Inclusion in India: Background

Financial inclusion has been historically given a policy priority in India because there have been continued inequities in the access to formal financial services especially among low-income households, rural, women and workers in the informal sector.<sup>7</sup> Before PMJDY was launched, there were policy activities aimed at increasing the number of branches, encouraging the opening of basic savings accounts, and getting more people into the formal banking system.<sup>8</sup> Nevertheless, with these, there was still a significant number of people who were not banked or underbanked and still had to depend on informal banking practices.<sup>9</sup>

In this regard, the access-based indicators emerged as the prevalent form of assessment.<sup>10</sup> Ownership of accounts, density of branches, presence of banking touchpoints were easily administratively trackable, nationally comparable and large-scale reporting was easily maintained.<sup>11</sup> These indicators helped the policymakers to communicate progress well and also show improvement in coverage.<sup>12</sup> Nevertheless, they gave scanty information about the utilization of accounts once they were opened or access to accounts into long-term financial involvement.<sup>13</sup>

With the increase in the size of financial inclusion programmes, there were comparatively fewer questions on the depth of inclusion, i.e. savings behaviour, balance accumulation and patterns of account use, in formal assessment.<sup>14</sup> This introduced an appraisal context where access and use were frequently taken to be synonymous though they measured divergent aspects of inclusion.<sup>15</sup>

### **Institutional Context: Role of the Department of Financial Services**

The department of financial services (DFS), which is a part of the Ministry of Finance, is an important stakeholder in formulation, implementation, and monitoring of banking and financial inclusion policies in India.<sup>16</sup> DFS regulates the banks of the public sector, liaises with the regulatory agencies like the Reserve Bank of India and acts as a nodal department to flagship inclusion programs, including PMJDY.<sup>17</sup>

In addition to programme design, DFS will report PMJDY performance to Parliament, answer legislative questions and report outcomes to the general public.<sup>18</sup> These roles give much prominence to indicators which are measurable, verifiable, and inter-institutional and inter-temporally comparable.<sup>19</sup> Consequently, the choice of evaluation measures is not only a technical undertaking but also an institutional choice which has consequences of accountability, transparency and public disclosure.<sup>20</sup>

DFS experienced growing pressure to represent the dynamic nature of financial inclusion in its assessment system without disturbing established long-term reporting traditions of the company by 2025.<sup>21</sup>

### **Overview of the Pradhan Mantri Jan Dhan Yojana**

PMJDY was initiated in 2014 as a national initiative to enable access to banking facilities to the whole population.<sup>22</sup> The programme provided zero-balance savings accounts with streamlined documentation, among others, RuPay debit card, direct benefit transfer (DBT) connections, accidental insurance and admission to overdraft facilities under eligibility.<sup>23</sup>

It was implemented by the banks of the public sector, regional rural banks and those of the selected private sector.<sup>24</sup> The programme put a lot of emphasis on opening of accounts quickly in the early stages so that it could cover a large number of people within a relatively long time.<sup>25</sup> Further stages were dedicated to the account functionality enhancement, the DBT integration, and the encouragement of digital transactions via the RuPay ecosystem.<sup>26</sup>

Gradually, PMJDY became a major channel of government-to-person transfer and became part of the growing new digital payments platform in India.<sup>27</sup> During the maturity of the programme, the scale and prominence of the programme grew significantly, making PMJDY one of the largest financial inclusion efforts in the world.<sup>28</sup>

### **Conventional Metrics Used to Evaluate PMJDY**

Overall performance PMJDY Since its creation, the performance has been monitored mainly through outreach-oriented indicators.<sup>29</sup> These were the total number of accounts opened, zero-balance proportion and degree of DBT linkages.<sup>30</sup> These pointers were a key element in formal dashboards, media releases, parliamentary briefs and regular reports.<sup>31</sup>

The reason behind using these metrics was because of a number of reasons.<sup>32</sup> They were easy to pool together, could be compared across states and banking institutions and were also well-coordinated with the original purpose of the programme of universal access.<sup>33</sup> Clear narratives of the scale and

coverage were other indicators of outreach that were significant in communicating progress to various stakeholders.<sup>34</sup>

When PMJDY shifted to the phase of consolidation after the expansion phase, the weaknesses of using outreach indicators only became more prominent.<sup>35</sup> Although these measures identified the presence of accounts, they did not contain data on the accumulation of balances or the way in which account holders interacted with the formal financial system once they had accessed them.<sup>36</sup>

### **PMJDY Performance Through Programme Data**

The programme data that is publicly available has given a number of views on PMJDY performance.<sup>37</sup> The table in exhibit 1 shows the annual trends in the increase in the number of PMJDY accounts, which clearly demonstrate how much outreach has been reached.<sup>38</sup> Exhibit 2 documents aggregate deposits in PMJDY accounts, which shows the amount of money that is diverted into the programme.<sup>39</sup>

In order to go past the aggregate numbers, Exhibit 3 will report the average balance per PMJDY account, which is obtained as the ratio of the sum of deposits to the sum of accounts.<sup>40</sup> This measure provided a balance-based view of the depth of inclusion that was not similar to binary categories based on account status.<sup>41</sup>

These indicators are summarized together in exhibit 4, which shows a comparative analysis of trends in PMJDY accounts, aggregate deposits, and average balance per account during time.<sup>42</sup> The exhibits taken altogether bring out alternative interpretations of the PMJDY results, one based on the analysis of access and coverage, and the other one based on balance accumulation and average balance changes.<sup>43</sup>

### **Policy Constraints and Evaluation Challenges**

When DFS was trying to come up with other options or methods of assessing PMJDY, the environment of the decision was limited in a number of ways.<sup>44</sup> Any alteration in the evaluation measures would impact on the manner in which the programme outcomes were reported to Parliament and understood by the populace.<sup>45</sup> The integration of balance-based indicators would make current stories of success more complicated and would provoke the discussion of the distributional trends and the heterogeneity among account holders.<sup>46</sup>

Simultaneously, the fact that the focus on outreach indicators had been kept narrow, was exposed to the risk of missing aspects of the dimensions of inclusion depth that had gained relevance as the programme was growing.<sup>47</sup> The policymakers were challenged to balance analytical refinements and continuity of the institutions where they are in charge of the evaluation and accountability.<sup>48</sup>

### **The Decision**

When DFS was examining the performance measures in PMJDY in 2025, there was a key assessment question that was not answered.<sup>49</sup> Is the continued measurement of financial inclusion under PMJDY based on outreach-based measurements like account ownership or should balance-based measuring inclusion depth receive more prominence in future measurements?<sup>50</sup>

This ruling would define the interpretation, communication and possibly interpretation of PMJDY results in future stages of financial inclusion policy.<sup>51</sup>

**Exhibit 1: Growth in PMJDY Accounts (2014–2025)**

<i>Financial year</i>	<i>Total PMJDY Accounts</i>
<b>2014-15</b>	<b>145368040</b>
<b>2015-16</b>	<b>214275474</b>
<b>2016-17</b>	<b>281678271</b>
<b>2017-18</b>	<b>314439129</b>
<b>2018-19</b>	<b>352662230</b>
<b>2019-20</b>	<b>383279961</b>
<b>2020-21</b>	<b>422005644</b>
<b>2021-22</b>	<b>450615343</b>
<b>2022-23</b>	<b>486536360</b>
<b>2023-24</b>	<b>519467243</b>
<b>2024-25</b>	<b>551801835</b>

*Source: Created by the authors using data from the Pradhan Mantri Jan Dhan Yojana (PMJDY) Official Portal (<https://pmjdy.gov.in>)*

**Exhibit 2: Aggregate Deposits in PMJDY Accounts (₹ lakh)**

<i>Financial year</i>	<i>Total Deposits (in lakh)</i>
<b>2014-15</b>	<b>1464064.61</b>
<b>2015-16</b>	<b>3567200.72</b>
<b>2016-17</b>	<b>6297242.81</b>
<b>2017-18</b>	<b>7849399.24</b>
<b>2018-19</b>	<b>9610735.1</b>
<b>2019-20</b>	<b>11843440.69</b>
<b>2020-21</b>	<b>14555052.98</b>
<b>2021-22</b>	<b>16645916.18</b>
<b>2022-23</b>	<b>19884433.74</b>
<b>2023-24</b>	<b>23250221.52</b>
<b>2024-25</b>	<b>26038727.88</b>

*Source: Created by the authors using data from the Pradhan Mantri Jan Dhan Yojana (PMJDY) Official Portal (<https://pmjdy.gov.in>)*

**Exhibit 3: Average Balance per PMJDY Account (₹)**

<i>Financial year</i>	<i>Average Balance per Account (₹)</i>
<b>2014-15</b>	<b>1007.143393</b>
<b>2015-16</b>	<b>1664.773226</b>
<b>2016-17</b>	<b>2235.615402</b>
<b>2017-18</b>	<b>2496.317575</b>
<b>2018-19</b>	<b>2725.195465</b>
<b>2019-20</b>	<b>3090.023454</b>
<b>2020-21</b>	<b>3449.018559</b>
<b>2021-22</b>	<b>3694.041146</b>
<b>2022-23</b>	<b>4086.936841</b>
<b>2023-24</b>	<b>4475.782031</b>
<b>2024-25</b>	<b>4718.854891</b>

*Source: Created by the authors using data from the Pradhan Mantri Jan Dhan Yojana (PMJDY) Official Portal (<https://pmjdy.gov.in>). Average balance calculated as total deposits divided by total number of accounts.*

**Exhibit 4: Comparative Trends in PMJDY Accounts, Deposits, and Average Balance (2014–15 to 2024–25)**

<i>Financial year</i>	<i>Total PMJDY Accounts</i>	<i>Total Deposits (in lakh)</i>	<i>Avg Balance per Account (₹)</i>
<b>2014-15</b>	<b>145368040</b>	<b>1464064.61</b>	<b>1007.143</b>
<b>2015-16</b>	<b>214275474</b>	<b>3567200.72</b>	<b>1664.773</b>
<b>2016-17</b>	<b>281678271</b>	<b>6297242.81</b>	<b>2235.615</b>
<b>2017-18</b>	<b>314439129</b>	<b>7849399.24</b>	<b>2496.318</b>
<b>2018-19</b>	<b>352662230</b>	<b>9610735.1</b>	<b>2725.195</b>
<b>2019-20</b>	<b>383279961</b>	<b>11843440.69</b>	<b>3090.023</b>
<b>2020-21</b>	<b>422005644</b>	<b>14555052.98</b>	<b>3449.019</b>
<b>2021-22</b>	<b>450615343</b>	<b>16645916.18</b>	<b>3694.041</b>
<b>2022-23</b>	<b>486536360</b>	<b>19884433.74</b>	<b>4086.937</b>
<b>2023-24</b>	<b>519467243</b>	<b>23250221.52</b>	<b>4475.782</b>
<b>2024-25</b>	<b>551801835</b>	<b>26038727.88</b>	<b>4718.855</b>

**Source:** Created by the authors using data from the Pradhan Mantri Jan Dhan Yojana (PMJDY) Official Portal (<https://pmjdy.gov.in>)

**End Notes:**

- The case is set in 2025 to reflect a mature stage of PMJDY evaluation.
- Account coverage figures are based on publicly reported PMJDY programme statistics.
- Access-based indicators refer to outreach measures commonly used in official PMJDY reporting.
- Policy discussions increasingly distinguish between access and quality of inclusion.
- The case frames an unresolved evaluation dilemma faced by policymakers.
- Metric choice involves trade-offs between continuity and analytical depth.
- Financial exclusion in India has been associated with income, gender, location and employment type.
- Pre-PMJDY initiatives focused largely on expanding banking infrastructure and account access.
- Informal finance remained important for many households prior to PMJDY.
- Access-based indicators measure ownership rather than usage.
- Such indicators are administratively convenient and scalable.
- Coverage metrics support public communication of programme progress.
- Usage and long-term engagement are not captured by access indicators alone.

Depth of inclusion relates to savings behaviour and account use.  
Access and use represent different dimensions of financial inclusion.  
DFS is the nodal department for banking and financial inclusion policy.  
DFS coordinates with regulators and banking institutions for PMJDY implementation.  
Parliamentary reporting requires standardised and verifiable indicators.  
Comparability across institutions and time is a reporting priority.  
Evaluation metrics influence accountability and transparency.  
Mature programmes face pressure to adapt evaluation frameworks.  
PMJDY was launched in 2014 as a universal banking access initiative.  
Programme features were designed to lower entry barriers to banking.  
Multiple banking channels were used to ensure nationwide reach.  
Early implementation prioritised rapid account opening.  
Later phases emphasised functionality and digital integration.  
PMJDY became central to government-to-person transfers.  
The programme is among the largest financial inclusion initiatives globally.  
Outreach indicators dominated early programme evaluation.  
Zero-balance and DBT indicators were commonly used metrics.  
These indicators featured prominently in official dashboards and reports.  
Outreach metrics aligned with universal access objectives.  
They allowed cross-state and cross-bank comparison.  
Coverage narratives helped communicate programme success.  
Consolidation exposed limits of access-only evaluation.  
Account presence does not imply active usage.  
Programme data are publicly available from official sources.  
Exhibit 1 illustrates scale and growth of account outreach.  
Exhibit 2 reports aggregate deposits held in PMJDY accounts.  
Average balance is calculated as total deposits divided by total accounts.  
The measure serves as a proxy for inclusion depth.  
Exhibit 4 allows comparison across multiple indicators.  
Different indicators support different interpretations of performance.  
Evaluation decisions are shaped by institutional constraints.  
Reporting changes affect parliamentary and public understanding.  
Balance indicators raise distributional questions.  
Narrow metrics risk overlooking evolving programme outcomes.

Policymakers must balance refinement with continuity.  
The decision point reflects unresolved policy debate.  
The dilemma concerns access versus depth-based measurement.  
Metric choice will shape future policy interpretation.