Pradhan Mantri Jan Dhan Yojana (PMJDY) : Analyzing Performance Using Financial Inclusion Indicators

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Abstract

PMJDY (Pradhan Mantri Jan Dhan Yojana), one of India's most popular financial inclusion programs, was touted as a potential game-changer that could transform decades of dreams of attaining complete financial inclusion into a reality. This article tried to verify these claims and closely examined the various financial inclusion indicators which should have changed after the introduction of this program. It was inferred that despite several flaws in its implementation, PMJDY generated a tremendous number of bank accounts for those who had none. The study found that, remarkably, females own more than half of the accounts. However, account usage among females is low due to fewer employment opportunities. Women empowerment and raising entrepreneurial spirit are some solutions to allow women to save money in the formal banking system. It has become feasible to make direct cash transfers to vulnerable people's PMJDY accounts whenever necessary. Increased access to financial products can lift many people out of perpetual poverty. It is too early, however, to comment on the reduction of poverty and inequality in India due to PMJDY. PMJDY has not affected the C-D Ratio; an increase in profitable credit deployment is imperative for increasing bank profits. Another caveat is the low awareness and widespread financial and technological illiteracy preventing full-fledged access to the program's benefits. Learning from the financial programs of other LMICs, the periodic assessment of PMJDY, and solving implementation problems are necessary for the program's long-term sustainability.

Keywords : financial inclusion, Pradhan Mantri Jan Dhan Yojana, PMJDY, C-D ratio

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Any government's primary objective is to reduce financial untouchability and achieve financial independence for all. Financial inclusion may not be explicitly mentioned as one of the sustainable development goals, but its achievement acts as a catalyst for the attainment of most of the United Nations Sustainable Development Goals (The World Bank, 2018).

India has been continuously striving to realize financial independence and inclusion. It has also executed and led many programs exclusively meant to fulfill the said objectives (Ravi, 2019). The efforts are mainly targeted at expanding and improving the existing banking infrastructure, thus, including the hitherto neglected and marginalized Indian population within the financial mainstream.

Pradhan Mantri Jan Dhan Yojana (PMJDY), popularly named 'one bank account for each individual,' is one such significant- and more recent- holistic and multi-faceted plan aimed at financial outreach; it targeted both rural and urban areas equally. PM Jan Dhan Yojana, launched by PM Narendra Modi on August 15, 2014, was implemented in two phases. The first phase was implemented from August 15, 2014 to August 14, 2015, and the second phase was carried out from August 15, 2015 to August 14, 2018.

Under PMJDY, there is a provision to open "no frills" zero balance accounts with simplistic requirements for KYC (Know Your Customer) to cater to the needs of BPL (Below Poverty Line) customers. This aspect of

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PMJDY can be considered an extension of the provision to open a Basic Saving Bank Deposit Account (BBSDA), which has existed since 2010 (Sinha & Azad, 2018). Also, Rupay debit cards are issued to the account holders with an inbuilt accident cover of ₹ 1 lakh, now extended up to 2 lakhs.

Account holders avail of an overdraft facility up to ₹ 5,000, provided that the operation of bank accounts is found satisfactory. Moreover, a Micro Insurance Policy, implemented in phase II, targets economically vulnerable sections of the society and assures them a sum of ₹ 50,000 or less.

Finally, this all-encompassing plan includes financial literacy programs for the beneficiaries. These financial literacy programs were launched to create awareness about the different aspects of banking and personal finance amongst the PMJDY beneficiaries.

Although the scholarship on PMJDY is quite vast throughout the literature, none has been made available in the last few years. Hence, a need was felt to incorporate the latest studies, empirical findings, and possibly, the effect of COVID-19. This article can be treated as an extension of several studies to bring out the consistency in the literature on PMJDY.

This paper intends to review the progress of the PMJDY scheme over the years. A comprehensive review has evaluated the progress of financial inclusion in India since its implementation. New elements under this scheme are critically assessed, and suggestions are presented for further improvements. An attempt has been made to correlate and compare the progress made by India in attaining financial inclusion with several Low Middle-Income Countries (LMIC); subsequently, insights and strategies are drawn from these countries to improve the level of India's financial inclusion.

Performance of PMJDY

The performance of PMJDY is reviewed and assessed by categorizing it into several sections as follows.

Bank Accounts and Rupay Cards

As mentioned in the Progress report published on the official website of PMJDY(Department of Financial Services, Ministry of Finance, Government of India, 2021), the number of total beneficiaries, i.e., the number of accounts, whether rural or urban, is stated to be 42.71 crores as on July 14, 2021. The amount deposited in these accounts totals 144284.45 crores, and the number of Rupay cards issued to the beneficiaries is 31.05 crores. This program has thus helped offer the much-needed no-frills bank accounts -not requiring a minimum balance amount- to low-income beneficiaries. The progress report shows that a large number of beneficiaries (almost 66.59%) hail from rural/semi-urban households, while 33.41% are from Urban/Metro sectors. Nevertheless, a comparatively significant number of rural beneficiaries is anticipated as most unbanked reside only in rural areas (Agarwal et al., 2017).

The share of private bank accounts is 2.95% of all the bank accounts held by PMJDY beneficiaries. While private banks hold a share of 2.43% of total Jan Dhan Accounts in rural areas, it is only 4.00% in urban areas. It implies that the presence of private banks to serve the purposes of PMJDY is much lesser in the rural sector than in the urban sector. Considering the monetary shortfalls that private banks would suffer if they could not cover the average PMJDY bank accounts' maintenance costs, private sectors lack commercial incentives to take up this social responsibility. On the other hand, public sector banks (PSB) have no choice but to push this scheme. No wonder this entails a higher burden on PSBs.

Assessment of the gender-wise percentage of bank account holders reveals that females hold 23.66 crores accounts, implying that females account for almost 55.4% of the total beneficiaries. This is a significant number given the historical under representation of women in terms of owning financial accounts. Moreover, this significant share of female bank account holders favors women's empowerment and may enhance

entrepreneurship possibilities. However, having a bank account is not enough. Evidence suggests that despite increased ownership of bank accounts, usage by female account holders has not increased commensurately. Reasons are varied but mostly point to the lack of funds owing to lesser access to economic opportunities and bank credit (Chavan, 2020).

On the flip side, it is not wise to ignore the claims of the presence of a large number of fictitious accounts under PMJDY or that some accounts are being used as money mules. To investigate this, (Chopra et al., 2017) observed from an aggregate nationwide PMJDY data (as of January 31, 2015) that 55% of PMJDY accounts were Aadhaar-seeded, which makes manipulating biometrics difficult. This suggests that the remaining non-Aadhar-seeded accounts can and may use other unreliable identification measures. It can be hypothesized that if so many non-Aadhar-seeded accounts were truly fictitious, greater inactivity would be cited. However, the hypothesis is roughly rejected based on the percentage of accounts with zero balance. More significant activity — in terms of fewer zero balance accounts — was observed as more bank accounts were opened.

Another study, however, predicts a small degree of misuse of bank accounts. A survey by money life (Dalal, 2018) suggested that some restrictions are imposed on the amount credited to the PMJDY accounts opened with low-level KYC (Know your customer) compliance. The restriction amounts to approximately rupees 1 lakh. Based on this restriction, suspicious accounts whose account holders are, perhaps, involved in money laundering were identified. A total of 2.08 million accounts in 18 Banks were identified and suspected of misusing PMJDY accounts. Therefore, if not much, some vulnerability of PMJDY accounts to be misused is justified. This necessitates a careful and continued monitoring system to check this probable illegal activity.

PMJDY and BSBD : Continuation or Improvement?

PMJDY website mentions: "Under this scheme, a basic savings bank deposit (BSBD) account can be opened in any bank branch or Business Correspondent (Bank Mitra) outlet, by persons not having any other account." The statement conveys that the BSBD program, implemented in 2010, is encompassed under the new scheme of PMJDY.

It is crucial to look at the financial inclusion data by RBI (which has not provided separate data on PMJDY and BSBD for the years after 2015) to understand the effect of PMJDY on BSBD after its launch. Total BSBD accounts at the end of March 2014 were 243 million. Subsequently, at the end of the financial year 2015, total accounts under BSBD were 398.1 million. This includes a whopping 147 million accounts opened under PMJDY out of the total 155.1 million BSBD accounts opened during PMJDY's implementation (Reserve Bank of India, 2015). However, this only accounts for phase I of the program's execution. To check the progress in phase II of implementation, an assessment of the bank accounts towards the end of the financial year 2019 reveals a total of 574.2 million BSBD accounts, which is an improvement over the previous year, 2018 (536 million). This comparison entails the vast popularity of the PMJDY program and suggests it is an improvement over the already existing BSBD. Attainment of wide popularity could happen because PMJDY encompasses many essential financial services within itself, unlike the previous related programs in India.

Accounts Usage

PMJDY implementation saw a notable increase in the number of account holders and the beneficiaries to whom Rupay debit cards were issued.

Nevertheless, possessing bank accounts or debit cards does not mean the accounts are active. To define it, "Active bank accounts" means accounts having undergone periodic transactions such as cash withdrawal and deposit and digital or physical fund transfer. (Vishwanathan, 2015). RBI or PMJDY website has not provided any data on the actual usage of PMJDY accounts, especially by incorporating the intricacies in the terminology of

account usage. However, Chopra et al. (2017), in their sample survey of 3,148 PMJDY accounts and 2,611 non-PMJDY accounts, learned that 29.78% of PMJDY accounts were inactive throughout the sample period compared to only 12.6% of non-PMJDY accounts. A significant portion, i.e., 17% of all PMJDY accounts, were zero-balance accounts as in 2018 (Sinha & Azad, 2018). This indicates a considerably low usage of the Jan Dhan accounts.

Low account usage (bank balance) relative to huge costs and subsidies imply a lack of economic viability of PMJDY bank accounts in public sector banks (Markose et al., 2022). Questioning the sustainability of such accounts and the flagship program over the period is a must and can be dealt with as a separate research question.

On a different note, this brings forth the question of the efficiency of public sector banks (PSB) in achieving the goals laid down by PMJDY. Applying DEA (Data Envelopment Analysis) over the years suggests that PSBs have scope to improve their efficiency by providing more financial services without incurring higher costs (Agarwala et al., 2022). Such analysis propounds carrying out rigorous implementation research and imposing implied implementation solutions for better execution of PMJDY.

BC (Bank Correspondents) Model

A unique concept of Bank Mitras, individuals hired by banks to provide banking services in unbanked or inaccessible areas, is an alternative to brick-and-mortar branches. Almost 1.26 lakh bank Mitras/Bank Correspondents (BC) /Business Facilitators (BF) are optimally used to achieve this purpose. Banks pay bank Correspondents commission for the services rendered by them. The amount payable to BCs is subject to the number of accounts opened by BCs and the number of transactions. Sometimes, BC/BF also serve as intermediaries to self-help groups in unbanked areas.

Although a strategic innovation, the BC model suffers from many challenges due to a lack of proper organization and irregularities in the commission payment. This propels BCs to demand commissions from the customers, which is mostly not allowed (Bhatt et al., 2015). Delayed payments to BCs, inefficient services provided by BFs, and the inability to make complex transactions due to lack of expertise are cited as some of the loopholes in the BF system. Resolving these technicalities- in addition to prudential monitoring- can lay a road for further scaling up the BC Model.

Cash Transfers

The PMJDY account holders are also eligible for pension schemes such as "Swavalamban" for the unorganized sector workers and, eventually, for Atal Pension Yojana, launched in 2015. This is beneficial to secure the retirement requirements of the poor and the underprivileged. Besides, PMJDY account holders can also avail of direct cash transfers through direct benefit transfers (DBTs) of welfare schemes announced by the Government, such as maternity benefits, LPG subsidies, and social benefits.

Government schemes for the welfare of poor and migrant workers during the COVID-19 pandemic extensively used PMJDY accounts for cash transfers to the poor. It has circumvented the problem of unemployment and impoverishment induced by a complete economic halt. Mainly to protect the poor against the economic shocks inflicted by the COVID-19 crisis, disbursing cash benefits to the beneficiaries of Pradhan Mantri Garib Kalyan Yojana by the Government of India, and operations at Business Correspondent points, especially cash withdrawals, have witnessed an enormous surge. Certain cash transfers under programs such as Mahatma Gandhi NREGA (National Rural Employment Guarantee Act) and others were made directly to PMJDY accounts of beneficiaries. This proved remarkably useful, especially when affordable means of public transportation for the movement of people and goods (Chatterjee, 2020) were not available for physical cash transfers.

However, the benefits of the extensive cash transfers might not be wholly reaped due to the ignorance of the poor people and the asymmetric information. Asymmetric information stems from the Government having limited means to judge and verify the exact income level of individuals to whom benefits are being disbursed. For instance, the eligible poor people may remain devoid of any benefits due to discrepancies in the classification of poor, or due to similar reasons, few of the relatively more affluent people are encompassed under the scheme. Nevertheless, DBTs (Direct Benefit Transfers) minimize prospects of leakages and even ensure that the needy get full benefits for which they must be eligible.

Financial Literacy

One of the PMJDY program's pillars is enhancing financial literacy amongst the masses. Many challenges faced in imparting financial training to the illiterate are inevitable. Besides, a puzzling actuality is that even well-educated people are financially illiterate. This is so because financial education is not seen as a vital component of primary education in schools. The statistics testify to the estimates that approximately 76% of Indian adults cannot understand basic finance.

Nevertheless, the launch of the PMJDY program has seen a surge in the number of financial literacy camps conducted by financial literacy centers (FLCs) and rural branches of the bank, under which a total of 1,181 camps were operational in 2014–15 as compared to 942 in 2013 –14 (Reserve Bank of India, 2020). The number of camps has increased since then. Almost 1,467 FLCs were observed to be operational in the year 2019–20, with the conduction of nearly 148,444 financial-related activities. However, PMJDY is not following or encouraging literacy initiatives on a full scale. A survey conducted in Odisha revealed that amongst the PMJDY account holders, awareness of essential financial services and products was significantly low (Bhuyan et al., 2018). Moreover, education plays a critical role in promoting an active usage of bank accounts and financial products. This warrants focussed and targeted initiatives to enhance multi-faceted financial literacy (Chopra et al., 2017), scaling up quality education for children (Dutta & Mehta, 2021), and adopting both learning-by-doing and learning-by-noticing strategies.

Modern Technology and Banking

PMJDY exhibits a methodical rigor in the process of eliminating financial untouchability by encouraging the usage of modern and sophisticated technologies in the realm of personal finance. This is in line with the newest paradigm of socio-economic development- digital financial inclusion (UNSGSA, 2018). The introduction of mobile banking, internet banking, and SMS alerts to track account activity will be instrumental for the rapid growth and scaling-up of banking in remote and inaccessible areas of the nation.

Still, the statistics from financial inclusion insights suggest that only 30% of people are digitally included and have access to a full-service bank account (Financial Inclusion Insights, 2017). This may indicate that, in likelihood, people are unaware of these e-banking facilities, so the uptake is poor. A substantial focus on this aspect of banking could accelerate the process of financial penetration several folds. Nevertheless, operational and security risks associated with mobile banking call for a prudential implementation of this strategy for lower socio-economic groups of society.

PMJDY and Agriculture NPAs

The RBI report of 1961 apprised regarding ultra-low (3.5%) allocation of bank credits to the rural and agricultural sectors. Since then, the concept of priority sector lending gradually developed during the period of bank nationalization, effectively by setting up National Credit Council (NCC) in 1967 to plan equitable credit policy.

The primary objective of this intervention of priority sector lending is to ensure equitable access to credit for weaker sections of the society, particularly those involved in agriculture and MSME micro, small and medium enterprises).

The policy targets developed then are still being followed under PMJDY, given the high importance of agriculture in the Indian economy. Under this, at least 40% of adjusted net bank credits must be provided to priority sectors (of which 18% are diverted towards agriculture) (Mostly Economics, 2020). With this impetus, scheduled commercial banks have been able to steadily meet their target lending goals, in aggregate, over the period. However, despite meeting the sub-target of lending to small and marginal farmers (SMF), it is not adequate to cover their entire population, as less than half of the SMFs were granted loans by Scheduled commercial banks. The possible reason for this is the construction of target lending, which is not commensurate with SMF's population share in the total population engaged in agriculture. Targets must be re-constructed to accommodate their increasing share of operated areas/landholdings.

Nonetheless, lending to agriculture is unproductive as it might be unrecoverable and could result in a non-performing assets (NPAs) build-up. Recent empirical evidence (Reserve Bank of India, 2019a) suggests that the Public sector banks accord almost 8.9% of agriculture NPAs of all the total bad loans, while it is almost 3% for Private Sector Banks(Reserve Bank of India, 2019b). This is because private banks work purely to acquire profits and indulge significantly less in social services.

Credit Sector and C-D Ratio

The institutional credit sources are preferred by households involved in agriculture due to their reasonable interest rates. Even then, only 61% of the households have been able to procure credit from these sources. Roughly 30% of agricultural households had to rely on non-institutional sources. This occurrence mainly points to the inability of landless laborers and tenant farmers to present collateral for availing institutional credits (Reserve Bank of India, 2019b).

In general, the informal credit sector, i.e., the non-institutionalized credit sector, is still high in India. All India debt and investment survey (IFMR Finance Foundation, 2012) reveals that moneylenders made a striking 20% of all the loans. Furthermore, amongst the top 50 districts with the highest indebtedness, the moneylenders give almost 37% of credits. Further, 1 in every two loans (nearly 50%) is granted by informal sources. Approximately 33.8% of outstanding credit of rural households was obtained from non-institutional sources against 66.1% from institutional sources. Urban households, which fared comparatively better, availed 12.9% from non-institutional sources against 87.1% from institutional sources (Ministry of Statistics and Programme Implementation, 2019). It may be stated that the improvements observed in 2019 (as compared to 2012) are not as huge as expected, given the launch of PMJDY, a massive financial inclusion program, during 2012–19.

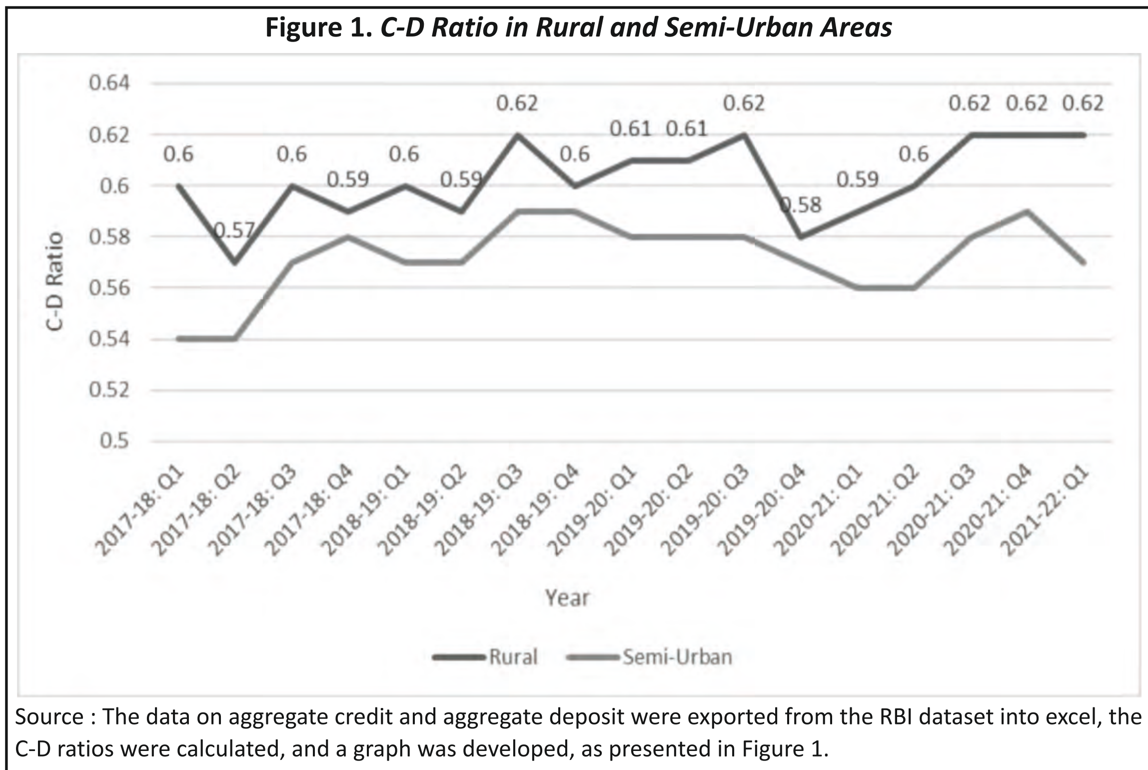
Further, a question that could be posed at this juncture is whether PMJDY has impacted the C-D (credit-deposit) ratio. Although the C-D ratio is largely used to estimate the access to credit for the poorer sections of society, especially in rural and semi-urban regions, this ratio needs to be interpreted more broadly. The C-D ratio is just an overall indicator of bank health (RBI). Moreover, there is no minimum or maximum bound on the C-D ratio required for bank survival, which makes it all the more difficult to interpret. Still, it conveys high pressure on the bank if the ratio is high, which means that the banks must have carried out many risky lending in the past. On the other hand, a lower C-D ratio implies lesser lending by the banks, which may denote a higher reliance on the informal sectors due to reduced formal credit availability.

The data to investigate the C-D ratio is available on https://www.rbi.org.in/ (Reserve Bank of India). The data contains aggregate deposits and bank credit information of India's scheduled commercial banks (SCBs). The objective is to assess the quarterly aggregate credit and aggregate deposit ratio of rural and semi-urban SCBs between 2017 and 2021. All operations on the data were conducted on MS Excel, and the results are presented in

Table 1. ***C-D Ratio in Rural and Semi-Urban Areas***

Year	Quarter	C-D Ratio	
		Rural	Semi-Urban
2017–18	Quarter 1	0.6	0.54
	Quarter 2	0.57	0.54
	Quarter 3	0.6	0.57
	Quarter 4	0.59	0.58
2018–19	Quarter 1	0.6	0.57
	Quarter 2	0.59	0.57
	Quarter 3	0.62	0.59
	Quarter 4	0.6	0.59
2019–20	Quarter 1	0.61	0.58
	Quarter 2	0.61	0.58
	Quarter 3	0.62	0.58
	Quarter 4	0.58	0.57
2020–21	Quarter 1	0.59	0.56
	Quarter 2	0.6	0.56
	Quarter 3	0.62	0.58
	Quarter 4	0.62	0.59
2021–22	Quarter 1	0.62	0.57

Figure 1. ***C-D Ratio in Rural and Semi-Urban Areas***



Source : The data on aggregate credit and aggregate deposit were exported from the RBI dataset into excel, the C-D ratios were calculated, and a graph was developed, as presented in Figure 1.

Table 1. In addition, the graph for the same is also drawn (Refer to Figure 1). The analysis presented in this paper may be considered an extended version of (Sinha & Azad, 2018) which considered years only from 1999 – 2016. This paper tries to incorporate the successive years. The C-D ratio increased in rural population from 41% (0.41) in 1999 to 66.9% (0.669) in 2016. The rural C-D was at its pinnacle in 2008–09 and subsequently fell until 2016 (Sinha & Azad, 2018). Inferences drawn from years following 2016 demonstrate that the fall in the C-D ratio continued until 2017–18: Q1. As a general fact, however, the ratio fluctuated in the range of 0.62 – 0.58, which signifies that the direction of change in ratio is ambiguous, i.e., if that decrease or increase cannot be ascertained. All-in-all, the C-D ratio was not affected significantly during the time window of 2014 – 2020. Surprisingly, the C-D ratio for rural SCBs seems to be at its lowest recently in 2019 – 20: Q4. Following and during the COVID-19 pandemic, the C-D ratio increased and stabilized. Furthermore, trends in semi-urban areas (Table 1) also entail a nearly stagnant C-D ratio, with some fluctuations, over the concerned period.

Overall, it can be deduced that PMJDY has not possibly affected the C-D ratio. Accordingly, it signifies that there has been no substantial improvement in the lending environment. Ideally, an increase in the C-D ratio was anticipated to ensure that the banks optimally form loan assets from their deposits to maximize their profits. Thus, hovering in and around 0.5, the C-D ratio may be deemed somewhat low to maximize bank profits. On the other hand, a ratio of 0.8–0.9 may be termed reasonably good. Consequently, an anticipated increase in the C-D ratio by PMJDY would have escalated the propensity of credit deployment, particularly to the weaker sections of society. Nevertheless, to bring about the desired increase, factors preventing such credit deployment must be looked into, and adequate measures to rectify any problems should be taken at the earliest.

Some Other Financial Indicators

Although the number of rural Banking outlets- branches, BCs, or other modes- has seen a substantial increase from 67,694 in 2010 to 599,217 in 2020 (Reserve Bank of India, 2020), India continues to fall behind in the number of ATMs per 100,000 people, which has increased marginally from 19.64 in 2015 to 21.44 in 2021. This measure is considered very low and not at par with other similar countries. However, this is accompanied by a dramatic increase in the number of registered mobile money accounts per thousand adults (73.29 in 2015 to 1,932.90 in 2021) (International Monetary Fund, 2022). Even so, India lags hugely in attaining digital financial inclusion. (Abraham, 2019) reveals that approximately 5% of people used the internet for banking purposes and that only 29% of the individuals received digital payments in 2017. Still, in the year 2021, according to the Global Findex Database, approximately 70% of account owners have not made a single digital payment (either internet or mobile banking). Neither the onset of the COVID-19 pandemic nor PMJDY has not been able to improve the grim statistics on the usage of digital financial services in India relative to other countries (Demirgüç-Kunt et al., 2022). Cash remains a preferred mode of transactions and payments, which requires an aggressive campaign to digitalize government-to-person (G2P) and government-to-government (G2G) transactions (Kakkad & Jadhav, 2021).

Abraham (2019) also threw light on the problem of Aadhar glitches. Even though 83% of the accounts are Aadhaar-seeded, only 23% of them received transfers in the year 2018. This gap could be due to wrong Aadhar number seeding and inactivated accounts, further entailing that perhaps, trust, lack of understanding, and education constitute a barrier to the adoption of mobile money or related services (USAID, 2019). This necessitates taking proactive measures to resolve these issues and technical glitches.

Discussion

Implementing PMJDY is, in a way, poor, like many other programs in India, riddled with obstacles. Even at this stage, financial literacy is the biggest hurdle to overcome. Improving technological literacy like operating ATM

(Automatic Tailor Machines) machines and online banking procedures is necessary to expand the bank system coverage encompassing vast chunks of society. Proper management of and by the business facilitators and ATM penetration are crucial for sustaining programs in remote areas. Issues such as duplication of accounts and money laundering can hurt the best utilization of resources and money. Strict KYC compliance and rigorous surveillance of suspicious accounts are mandated to overcome this problem.

Moreover, huge-scale infrastructure development to bank the unbanked may not be economical and may cripple the entire system if the loan assets of banks are not recoverable. Lately, a massive surge in NPAs has been observed, which may prove burdensome for the banks. The gross NPA of the public sector banks as a percent of gross advances was 14.6% in 2017–18. On the other hand, because of better loan recoveries, private-sector banks accounted for a lesser percentage of the same (4.7%). PSBs have suffered from steeply increasing GNPA ratios since 2015 (Reserve Bank of India, 2018) (actually, the ratios started increasing much earlier but are not observable distinctly).

Nevertheless, the surge in NPAs has been observed since 2012. It is so because the public sector banks always bear the brunt of such government policies. Since PSBs (have and) are likely to play a significant role in promoting schemes under PMJDY, rules should be drafted to make it possible to strictly adhere to the quality control measures to minimize the probability of granting unrecoverable loans.

Given the significance of financial inclusion in the nation's overall sustainable economic and social growth, many developing and LMICs have implemented financial inclusion along the guidelines of the World Bank. Nigeria brought into existence the National Financial Inclusion strategy in 2012. High-priority goals such as simplified KYC (Know your Customer) and establishing a national financial literacy framework are mostly similar to those set up in India (Central Bank of Nigeria, 2013). Since then, Nigeria has also implemented a revised version of the Financial Inclusion Strategy to review the strategy's performance and improvise the existing strategy (Central Bank of Nigeria, 2018). Despite some improvements, the progress towards achieving the targeted level of financial inclusion in Nigeria is hindered by many factors: products and channels of financial delivery. Also, the financial inclusion strategy of Nigeria is not a public policy which makes its enforcement difficult (Osakwe, 2021).

Peru is yet another country example of formulating and implementing the strategy of National Financial Inclusion in 2015 (The World Bank, 2015). Seven critical sectors for improvement include digital payments, credits, savings, consumer protection, insurance, financial education and literacy, and vulnerable groups. The many deficiencies in the Peruvian Financial Inclusion Strategy, such as inadequate utilization and development of financial technology and widespread financial and technology illiteracy, can be resolved with the collaboration of different stakeholders involved (Boitano & Abanto Aranda, 2020).

Vietnam has developed and approved a comprehensive plan for National Financial Inclusion Strategy to 2025, with a vision for 2030. Earlier, the prospects of financial inclusion were dealt with under the Socio-Economic Development Strategies (SEDP) 2016–20 (Hang, 2020). Research has shown significantly poor financial inclusion rates in Vietnam (Asian Development Bank, 2018). For instance, only 30% of eligible individuals own accounts in financial intermediaries – this is not at par with other low- and middle-income countries (Son et al., 2020). The consequences of the newly formulated strategy will manifest in due course of time and can be assessed in subsequent years.

Malaysia, however, serves as a role model for all low and middle-income countries striving to achieve astounding success in establishing financial security and access to all. The country effectuated a financial master plan in 2000 and, with constant efforts, has been able to deliver strong results – an astonishing 92% financial inclusion rate in 2015 (World Bank Group: Global Knowledge and Research Hub in Malaysia, 2017). This success mandated adopting efficient, effective, and best practices in the field: a holistic approach, forming international and national alliances, and results driven-efforts (Bank Negara Malaysia (Central Bank of Malaysia) (n.d.)). Malaysia's resilience and persistence show that imposing financial security on the remaining population will not take so long.

Broadly, to evaluate the position of these similar countries concerning the extent of financial inclusion, an IMF working paper (Khera et al., 2021) details (builds) the financial inclusion indices of emerging nations in the years 2014 and 2017. India attained a dismal position in 2017 — a ranking of 35 out of 52 nations — with a score of 0.41 (0 and 1 are the lowest and highest scores, respectively). On the other hand, the digital financial inclusion index is even more disappointing, with a score of only 0.25. In both traditional and digital, India was able to slide up a meager two ranks ahead (in 2017) from its position in 2014.

RBI has recently announced the development of a comprehensive Financial Inclusion Index for India comprising 97 indicators reflecting usage, access, and quality (Dayal, 2021). This annual publication of the Financial Inclusion Index may aid in a better understanding of where we stand on the path to financial growth and might even trigger financial institutions to reach the set goals.

The idea of a multidimensional financial inclusion index is not new and seems to be explained well in the literature (Cámara & Tuesta, 2017). But RBI has deviated from the index proposed by (Cámara & Tuesta, 2017); since the former incorporated "quality" instead of "barrier" as one of its dimensions, which resulted in differences in parameters.

Conclusion and Policy Implications

Despite the slow progress, PMJDY has achieved what decades of other financial inclusion policies could not. This singular achievement can be attributed to the wide popularity of the program, the specific targeting of poor people, and massive transfers into their accounts. Even so, this improvement might not sustain the difficulties of time if the progress accrued to this policy is not critically reviewed and assessed from time to time.

Deriving lessons for improvement from countries similar to India, close monitoring of PMJDY, and establishment of checks in the system are both essential to reduce the misuse of bank accounts, given the emergence of loopholes. For instance, the appointment of auditing officers; the general enhancement of financial and technological literacy to raise awareness in events of possible financial frauds; lessening the paperwork further; and implementing quicker methods to punish such offenders are some such steps.

Account usage is hindered by a lack of savings among poor people, especially women. Raising entrepreneurial spirit, employment generation, and women empowerment can be valuable tools to overcome this challenge. Hence, mainstreaming the financial growth with the country's economic and social growth programs and joint efforts of various sectors and stakeholders can collectively bring about remarkable financial and socio-economic growth in the coming days.

Limitations of the Study and the Way Forward

There are several limitations of this study. The discussion for a few indicators had to be left abruptly without a rigorous, in-depth assessment to cover all aspects of evaluating PMJDY. Another limitation of the review is the inability to correlate the LMICs and India's financial programs effectively. Such correlation was rendered difficult due to different structures of the financial inclusion programs, different implementation patterns, and the countries' governance styles. These limitations, however, still serve the article's purpose in providing an overview of PMJDY's progress over the years and possibly supplying several research questions for further investigation.

Author's Contribution

Shalvi Thakur extracted research papers and data with high repute, filtered these based on keywords, and generated concepts and codes relevant to the review study design. Shalvi Thakur wrote the manuscript after giving it an appropriate structure and conducting the necessary empirical analysis.

Conflict of Interest

The author certifies that she has no affiliations with or involvement in any organization or entity with any financial interest or non-financial interest in the subject matter or materials discussed in this manuscript.

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