



Jharkhand Rajya Gramin Bank Marching towards Financial Inclusion through Pradhan Mantari Jan Dhan Yojna

Waquar Ahmad

Research scholar,

Department of Commerce and Business Management, Ranchi University, Ranchi, India

Waquar20079@gmail.com

Abstract

Financial inclusion is pivotal for India's equitable development, significantly advanced by the Pradhan Mantri Jan Dhan Yojana (PMJDY). Regional Rural Banks (RRBs) are instrumental in this outreach, particularly in underserved rural areas. This study critically evaluates the performance of Jharkhand Rajya Gramin Bank (JRGB), Jharkhand's sole RRB, in promoting financial inclusion through PMJDY from its inception in 2019-20 to 2023-24. Utilizing a descriptive approach based on secondary data from JRGB annual reports, SLBC documents, and government publications, the research analyzes JRGB's account opening trends, rural-urban distribution, zero-balance account status, and RuPay card issuance under PMJDY. Findings reveal JRGB's substantial contribution, marked by a significant increase in PMJDY accounts (exceeding 3.18 million by 2023-24) with a strong rural focus, aligning with its mandate. A declining trend in the percentage of zero-balance accounts indicates enhanced account activity. While RuPay card issuance also increased, a notable gap persists compared to the total number of accounts. The study concludes that JRGB has commendably fulfilled its role in PMJDY implementation, acting as a key driver for financial inclusion in Jharkhand, though enhancing RuPay card penetration presents an area for further improvement to maximize the scheme's benefits.

Keywords: *Financial inclusion, Regional Rural Banks (RRBs), Pradhan Mantri Jan Dhan Yojna (PMJDY), Rural Banking & Jharkhand Rajya Gramin Bank (JRGB).*

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Introduction

The banking system plays a pivotal role in the overall development of the economy. It fuels the nation's economy towards economic stability and growth through multiple functionaries. Mobilizing funds from the surplus sector and allocating those funds for the productive investments is one of the prime objectives of the bank. Additionally, banks ensure safety to the depositors and investors for their hard-earned deposits and investment and instill confidence in the banking system, which encourage them to further deposits and investment. As finance is an essential part of the development of the nation's economy due to its multifaceted requirements. In every step towards the development, need of finance required whether it is infrastructural development, entrepreneurship, promoting innovation, industry formation, job creation and poverty elevation etc. the banking system facilitates needy sectors to provide financial assistance.

“The soul of India lives in its villages” it is a famous quote of Mahatma Gandhi. As per the Gandhian thought to achieve economic stability and growth of the country it's important to bring the rural population under the

purview of the formal banking system especially the underserved rural societies who are excluded from the mainstream financial system. After independence government of India and Reserve Bank of India has initiated several measures to fostering financial inclusion. Financial inclusion refers to providing banking accessibility such as saving accounts, credit facilities, insurance etc. to the marginalized or unbanked populations to promote economic stability, growth and empowerment at the cost-effective manner. Over the period numbers of measures have been initiated to bring the rural poor under the mainstream financial system. From the incorporation of co-operative credit society in 1954 to the establishment of Regional Rural Banks in 1975 Indian banking industries witnessed a long road to achieve financial inclusion. Apart from the institutional development GOI has been initiated several social security and sponsored credit schemes through banks time to time. Social security and credit sponsored schemes through banks have registered a phenomenal achievement in the recent past to mobilize rural population under the formal banking services. As per the documented facts RRBs has played a commendable role in the promotion of financial inclusion through the implementation of these schemes because of its significant outreach in rural areas. The objective behind the establishment of RRBs is to improve the banking accessibility in rural areas particularly for the economically weaker and marginalized section of the rural society. The rural population has been monopolized for the centuries by the local moneylender and unorganized money marketers. Rural population had multidimensional problems but less formal banking operation in rural areas was giving opportunity to the moneylenders to exploit them continuously. To rescue the rural population from the grip of the moneylender was need of the hour. After observing the situation government of India has decided to set up a banking commission under the chairmanship of R G Saria in 1972. The commission has recommended a setting up of rural banking committee along with the several recommendations in the report. To review the recommendation about the setting up of a new type of banks, GOI has decided to set up a committee for in depth analysis to open rural banks under the chairmanship of the M Narasimham on 1st July 1975. The Narasimham committee submitted its report in thirty days i.e. 30th July 1975 and tabled the formula to solve the problem of credit and finance of rural areas through Regional Rural Banks. Based on committee's recommendations on 2nd of October 1975 first five Regional Rural Banks has established. In the long journey of more than three decades of establishment RRBs has promoted several governments sponsored schemes to advance the financial inclusion.

2. Review of Literature

The existing literatures extensively cover the Pradhan Mantri Jan Dhan Yojana (PMJDY) and its role in financial inclusion. **Nimbrayan (2018)**¹ provides a critical examination of PMJDY as India's landmark 2014 initiative, highlighting its achievements in account enrolment and deposit mobilization by early 2018, alongside its strategic use of technology, while also acknowledging implementation obstacles like account multiplicity, infrastructural shortcomings, and the need for financial literacy. Echoing these points, **Borah, A. (2022)**² scrutinizes PMJDY as a pivotal strategy for national development, detailing its "Sab Ka Sath, Sab Ka Vikas" principle and its benefits for rural and female populations, while also noting challenges such as multiple account instances and rural connectivity gaps, ultimately deeming it an essential program contingent on effective implementation and regulatory support. Shifting focus to institutional efficiency, **Maity, S. and Sahu (2020)**³ empirically assess PMJDY's impact on the financial inclusion efficiency of India's Public Sector Banks (PSBs), comparing pre and post-PMJDY periods using Data Envelopment Analysis. Their findings reveal a significant overall increase in PSB efficiency post-PMJDY, attributing this to increased account activity and loan disbursement, though with notable variations among banks. Complementing these broader studies, **Babu T. R, T. (2021)**⁴ investigates the specific role of Regional Rural Banks (RRBs), particularly Cauvery Kalpatharu Grameena Bank, in fostering financial inclusion among weaker sections. This study notes moderate improvements in living standards post-loan but highlights challenges such as loan diversion and insufficient technical guidance, recommending measures to enhance credit support for marginalized communities.

The previous study shows that numbers of research has been conducted on the validity and achievements of PMJDY to infuse financial inclusion in the country. On the contrary, several researches have also conducted

on the RRBs contributions towards financial inclusion. However, the role of RRBs in advancing financial inclusion through PMJDY has not been found and particularly the sole operating RRB of Jharkhand “Jharkhand Rajya Gramin Bank” is yet to be analysed. This research gap motivates the researcher to work on the feasible topic with set of objectives such as, to analyse the JRGBs performance in the world biggest financial scheme PMJDY, to find out the major challenges faces by JRGB in the implementation of PMJDY and to evaluate the JRGBs mandate over financial inclusion through PMJDY.

Methodology

This study is descriptive in nature and solely based on the secondary data from the annual reports of JRGB, Jharkhand SLBC reports and department of finance and ministry of finance etc.

Pradhan Mantri Jan Dhan Yojna (PMJDY)

Among the various schemes and programs, Pradhan Mantri Jan Dhan Yojna is also witnessed as an ambitious scheme in order to achieve financial inclusion. The scheme was introduced on 15th of August 2014 by the Prime Minister of India and started their operation from 28th of August 2014. The basic objective behind the introduction of the scheme is to create a link of unbanked population to the financial institution. For this purpose, the scheme comes forward with multiple benefits from one basic saving bank account, such as Rs.10000 overdrafts, covering accidental insurance of rupees 2 Lack through Rupay debit card and zero balance account facility facilitate the vulnerable people of the society to open the bank accounts and build the relationship with the formal banking system. The PMJDY account holders are eligible for Direct Benefit transfer and numbers of government social security schemes such as Pradhan Mantri Jivan Jyoti Bima Yojna (PMJJY), Pradhan Mantri Surakhsha Bima Yojna (PMSBY), Atal Pension Yojna (APY) and Micro Units Development & Refinance Agency Bank (MUDRA) scheme. It also focuses on financial literacy programs, especially at the rural branches. In this way PMJDY has a straight pathway to expand the financial inclusion among the unbanked population. No frills account pushes the below poverty line people to open their individual account, so that the government subsidies and benefits can be transferred directly to the beneficiaries' accounts and corruption can be minimized. PMJDY registered their popularity from the day one, as 1.5 cores new accounts were opened on the inaugural day. As on 30th of April 2025 the total numbers of beneficiaries under the PMJDY are 55.26 crores in which 42.88 crores accounts were opened by the public sector banks, RRBs has opened 10.39 crores account while private sector banks and rural co-operative banks opened 1.80 and 0.19 crores accounts⁵.

Objectives of PMJDY

PMJDY has introduced in a mission mode to achieve a predetermined objectives of affordable and accessible financial services to the every household of the country. Here are a six pillars and objectives of PMJDY:

1. Universal access to banking facilities:

To achieve universal banking access each district was mandated to subdividing districts into Sub Service Areas (SSAs), each encompassing 1000-1500 households, to ensure every community had banking services within a 5km radius by August 14, 2015. However, regions with significant telecom and infrastructure hurdles including parts of J&K, Himachal Pradesh, Uttarakhand, the North East, and Left Wing Extremism-affected areas were scheduled for coverage in a subsequent phase, extending from August 15, 2015, to August 15, 2018.

2. Providing Basic Banking Accounts with overdraft facility and RuPay Debit card to all households:

Basically, the aim was to get every household set up with a basic bank account by August 2015. Accountholder would get the RuPay Debit card. Once they'd shown they could handle their account well for at least half a year, the bank would consider giving them access to an overdraft.

3. Financial Literacy Programme:

The big part of this whole effort was teaching them about the money. The idea was that if people understood how these new accounts and services worked, they could really make them work for them and get the most benefit. It will help the people to make them best uses of available banking services.

4. Creation of Credit Guarantee Fund:

To deal with situations where people might not be able to pay back their overdrafts, a special fund was created. This fund would step in to cover those unpaid amounts.

5. Micro-Insurance:

Micro-insurance was to be systematically offered to all interested and eligible persons in the second phase of PMJDY no later than August 14, 2018. The initiative is a permanent and continuously accessible program since the initiation of phase 2 of PMJDY from 15th August 2015 till now.

6. Unorganized sector Pension schemes:

It has been mandated to provide pension schemes to the unorganized sector by the end of 14th August 2018 and transitioning to a permanent and continuously accessible scheme.

The above first three objectives has been fulfilled in the first phase of PMJDY from 15th August 2014 to 14th August 2015 and the last three objectives of PMJDY has been carried out in the second phase from 15th August 2015 to 14th August 2018.

Position of Jharkhand Rajya Gramin Bank (JRGB) in the implementation of PMJDY

As Jharkhand's sole Regional Rural Bank, Jharkhand Rajya Gramin Bank (JRGB) was formed on April 1st, 2019, by amalgamating Vananchal Gramin Bank and Jharkhand Gramin Bank. It boasts the state's third-largest branch network after the State Bank of India and Bank of India with 445 numbers of branches spanning all 24 districts and every block of the state. State Bank of India is a sponsored bank of JRGB contributes 35% in share capital of the bank. To advance the financial inclusion mandate of GOI, JRGB is working under the doctrine of financial inclusion strategy in the region. The bank is operating 948 Sub Service Area (SSA) and 35 wards allocated by the Jharkhand State Level Banking Committee (SLBC)⁶. All allocated SSA and wards are operating through 1456 numbers of Bank Mitras with Aadhaar Enabled Payment System (AEPS) and Immediate Payment Services (IMPS). In the context of implementation and promotion of PMJDY JRGB has enrolled 3185893 lakhs beneficiaries till the end of financial year 2023-24. This study critically analyzes JRGB's five-year (2019-2024) performance in advancing financial inclusion through the promotion and implementation of PMJDY, specifically examining its contribution to account openings under the scheme. Table No. 1 depicts significant account opening drive of JRGB under the PMJDY scheme. JRGB has demonstrated a strong commitment to PMJDY by consistently opening a large number of accounts. The total number of PMJDY accounts increased from 1,812,608 in 2019-20 to 3,185,893 by 2023-24. This represents an addition of over 1.37 million accounts in this period (excluding the missing year).

Table No. 1 Jharkhand Rajya Gramin Bank position in the implementation and promotion of PMJDY

Years	Numbers of Accounts Under PMJDY		Total Numbers of Accounts	No. Of Zero Balance Account	% of Zero Balance Account	Rupay Card Issued to A/c Holders
	Rural A/c	Urban A/c				
2019-20	1798052	14556	1812608	217584	12%	325059
2020-21	2547598	32455	2580053	577391	22.38%	402664
2021-22	-	-	-	-	-	-

2022-23	2844830	132081	2976911	500675	16.82%	476237
2023-24	3045051	140842	3185893	510554	16.03%	494953

Source: Relevant Annual reports of JRGB and quarterly reports of SLBC Jharkhand

This substantial growth underscores JRGB's active role in fulfilling the primary PMJDY mandate of bringing unbanked individuals into the formal banking system.

A strong rural focus has been analysed which also aligned the RRBs mandate. The overwhelming proportion of accounts opened in rural areas compared to urban areas in the five years of operation depicts JRGBs efforts to promote financial inclusion in the underserved rural hinterlands. This heavily skewed rural focus is perfectly aligned with the core objective of RRBs and PMJDY. JRGB is clearly prioritizing its efforts where they are most needed.

Zero Balance Account scheme facilitates initial access of banking to the underserved rural poor and encourage them to participate in the formal financial system. Initially, in 2019-20, 12% (217,584) of accounts were zero balance. This percentage peaked at 22.38% (577,391 accounts) in 2020-21, a year marked by economic disruptions due to COVID-19, where new account openings might have been prioritized for Direct Benefit Transfers (DBT) even without immediate deposits. Subsequently, the percentage of zero balance accounts has shown a declining trend, falling to 16.82% in 2022-23 and further to 16.03% in 2023-24, even though the absolute number (510,554) remains significant. This downward trend in the percentage is a positive indicator. It suggests that while JRGB successfully opened accounts for individuals who may not have had initial funds, an increasing proportion of these account holders are now likely using their accounts for transactions, savings, or receiving benefits, thus moving beyond mere account ownership to active financial participation.

The issuance of RuPay Debit Cards is a key component of PMJDY, enabling digital transactions and access to ATMs. JRGB has progressively increased the number of RuPay cards issued, from 325,059 in 2019-20 to 494,953 in 2023-24. This facilitates ease of access to funds and encourages a shift towards digital payments, contributing to a more financially active populace. However, it's noteworthy that the number of RuPay cards issued is considerably lower than the total number of PMJDY accounts. For example, in 2023-24, nearly 3.18 million accounts existed, but only about 495,000 RuPay cards were reported as issued in that period. This suggests a potential gap in either card issuance, activation, or reporting, which could be an area for JRGB to focus on to enhance the utility of these accounts.

Overall performance of JRGB in Promotion and Implementation of PMJDY:

JRGB has played a pivotal and proactive role in the promotion and implementation of PMJDY in Jharkhand, thereby significantly contributing to the national financial inclusion agenda.

- **Extensive Outreach and Accessibility:** As the sole RRB with a wide network across all districts and blocks, JRGB has been instrumental in taking banking services to the doorsteps of the rural population, fulfilling PMJDY's objective of covering unbanked areas.
- **Mass Account Enrolment:** The sheer volume of PMJDY accounts opened demonstrates JRGB's success in mobilizing and enrolling a large segment of the previously unbanked population.
- **Focus on Core Target Group:** Its dedicated efforts in rural areas ensure that the benefits of PMJDY reach the intended demographic – small and marginal farmers, agricultural laborers, and other weaker sections.

- **Facilitating Basic Banking:** By enabling zero-balance accounts, JRGB has lowered the entry barrier to formal banking, a cornerstone of the PMJDY scheme. The subsequent decline in the percentage of these accounts suggests successful encouragement of account usage.
- **Promoting Digital Literacy and Usage:** Through the issuance of RuPay cards, JRGB is actively contributing to the digitization of financial transactions in rural areas, aligning with broader national goals.

Conclusion

In conclusion, the data indicates that JRGB has been a key driver of PMJDY in Jharkhand. It has effectively leveraged its rural presence to expand financial inclusion, open a massive number of accounts, and facilitate their initial use, with a clear focus on the rural populace. While the progress in RuPay card penetration relative to account numbers could be further enhanced, JRGB's overall contribution to implementing the PMJDY mandate is substantial and commendable.

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