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A Comparative Analysis of Public, Private, And Regional Rural Banks in Implementing Pradhan Mantri Jan Dhan Yojana in India: Performance Evaluation Across Rural and Urban Penetration (2015- 2025)

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ABSTRACT: This study presents a comparative analysis of Public Sector Banks, Private Sector Banks, Regional Rural Banks, and Rural Cooperative Banks in implementing the Pradhan Mantri Jan Dhan Yojana (PMJDY) in India over the period 2015-2025. For the comparative analysis, secondary data is collected from the official PMJDY website. Three key performance indicators were analysed: beneficiary outreach (number of accounts opened), deposit mobilization (total deposits), and digital penetration (RuPay cards issued). The study used statistical tools like trend analysis, bubble chart, and comparative performance assessment using ratios and percentages to examine the performance of various banks across rural and urban areas. Findings of the study reveal that Public Sector Banks dominated the PMJDY implementation with the highest number of beneficiaries showing strong outreach but moderate digital penetration. Regional Rural Banks demonstrated highest deposit efficiency but lowest digital adoption. Private Sector Banks showed good performance in digital services and deposit mobilization yet served a smaller number of beneficiaries due to limited rural presence. Rural Cooperative Banks showed negligible performance across all metrics. Rural areas consistently maintained higher beneficiary growth, with rural-to-urban ratios reaching 2:1 post-2020. The analysis identifies critical gaps in digital infrastructure for Regional Rural Banks, rural outreach limitations for Private Sector Banks, and dormant account challenges across all categories. Policy recommendations include targeted digital capacity building, performance-linked rural expansion incentives, and usage-based account activation strategies to optimize institutional strengths and enhance PMJDY's long-term sustainability in India's financial inclusion landscape.

KEYWORDS: Pradhan Mantri Jan Dhan Yojana; Financial Inclusion; Public Sector Banks; Private Sector Banks; Regional Rural Banks; Digital Banking; Deposit Mobilization

I. INTRODUCTION

The Pradhan Mantri Jan Dhan Yojana (PMJDY) was introduced in the year 2014 with an aim to expand banking penetration among the unbanked population of India (Ministry of Finance, 2024). This initiative represents one of the world's largest financial inclusion initiatives, which has changed the fundamental landscape of banking services across the country (Press Information Bureau, 2024). The scheme provides various facilities to the beneficiaries such as zero balance saving bank accounts, free Rupay debit cards, accident insurance cover of Rs 2 lakhs, overdraft facility up to Rs 10000, Direct Benefit Transfer (DBT) facilities etc. (Department of Financial Services, Ministry of Finance, 2023). The PMJDY achieved remarkable success since its initiation, demonstrating significant progress in financial inclusion among marginalised communities (Dwivedi, 2022). The scheme has brought a significant increase in India's financial inclusion rate from 53% in 2014 to over 80% today, contributing in a great way towards poverty reduction and economic empowerment in the country (Reserve Bank of India, 2024; EY India, 2024).

Public Sector Banks have emerged as the dominant force in PMJDY implementation, accounting for approximately 78-80% of all accounts opened under the scheme (Gupta, 2023). Several other studies have also found that public sector banks have outperformed private and regional rural banks in implementing PMJDY (Agarwala et.al, 2023; Pathak, 2016). According to Agarwala et al. (2023), only five banks achieved zero output shortfall in implementing PMJDY, all of which were public sector banks. This study has used Data Envelopment Analysis (DEA), and its findings have shown higher efficiency of public sector banks in expanding financial inclusion under PMJDY. Private Sector Banks have shown limited participation, contributing merely 2.88-3% of total accounts despite their comparatively higher technological infrastructure and operational efficiency. As noted by research findings, private banks show reluctance to expand into rural areas where the majority of India's unbanked population resides, due to low profitability or economic non-viability of expansion in rural areas (Agarwala et al., 2023). Regional Rural Banks, designed specifically for rural financial inclusion, have opened approximately 9-10 crore accounts (16-19% of total), showing their specialized role in serving rural and semi-urban populations (NABARD, 2024).

While several studies have extensively evaluated the performance of public sector banks in implementing PMJDY, there remains a significant gap in comparative analysis between Public Sector Banks (PSBs), Private Sector Banks (PVBs), and Regional Rural Banks (RRB) in terms of rural vs urban penetration and also focusing on multiple parameters such as efficiency in deposit mobilisation and digital penetration of banking services among the masses which has critical importance in the era of Digital India movement. The present research paper aims to provide a comprehensive comparative analysis of how Public Sector Banks, Private Sector Banks, and Regional Rural Banks have approached PMJDY implementation, examining their relative performance during the period 2015-2025. The study also focuses on finding crucial insights on geographical differences in financial inclusion under PMJDY with a comparative analysis between rural and urban areas. By analysing the performance of different categories of banks, rural vs urban area outreach effectiveness of the scheme, this study seeks to contribute valuable insights for policy formulation, institutional capacity building, and future financial inclusion initiatives in India and other emerging economies.

II. DATA AND METHODOLOGY

The study is based on secondary data collected from the official website of PMJDY (https://www.pmjdy.gov.in/) under the Ministry of Finance, Government of India. The period of the study is 11 years, ranging from 2015 to 2025. To assess the comparative performance of four categories of banks (Public Sector Banks, Private Sector Banks, Regional Rural Banks, and Rural Cooperative Banks) in the implementation of PMJDY, three variables are selected. The variables chosen for this study are "beneficiary outreach," indicated by the number of bank accounts opened under the scheme; "deposit mobilization," represented by the amount of deposits in beneficiary accounts; and "digital penetration," denoted by the number of Rupay cards issued to beneficiaries. For the comparative analysis of performance of the banks, statistical analysis such as trend analysis, graphs and charts, and comparative performance evaluation is employed. The study adopts a comprehensive approach to evaluate the effectiveness of different bank types in implementing the PMJDY scheme.

III. ANALYSIS AND DISCUSSION

A. Overall growth trend:

In this section, the overall trend of three parameters, namely PMJDY beneficiaries, amount of deposits, and number of Rupay cards issued, is analysed. The graph of PMJDY beneficiaries in terms of the number of accounts opened under the program reflects an upward trend during the study period, ranging from 2015 to 2025. The steady increase in the number of beneficiaries shows the success of the scheme in its objective of financial inclusion across the country. The total number of beneficiaries increased from 145.3 million to 551.8 million during the 10 years after the beginning of PMJDY. The growth of the PMJDY account during the period recorded a compound annual growth rate of 14.3%.

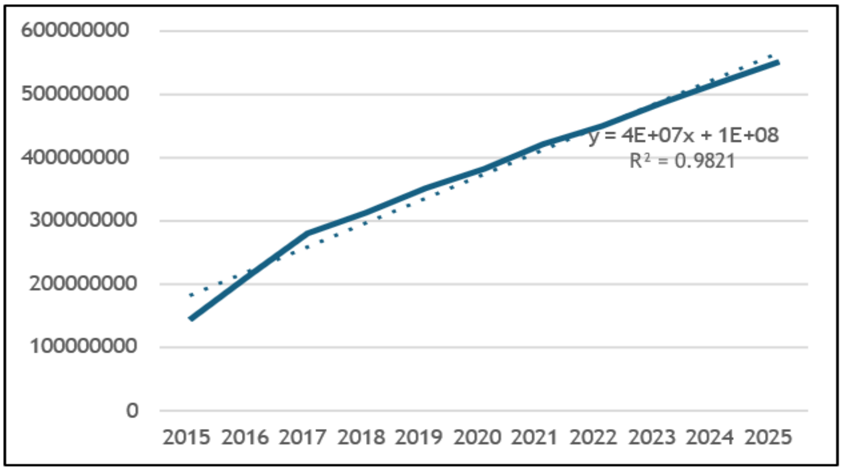

Figure I: Trend of overall growth of beneficiary bank accounts under PMJDY

The growth can be categorised into three phases. The first phase (2015-2017) saw rapid expansion of beneficiaries, with an explosive 47.4% increase from March 2015 to March 2016, followed by a 31.5% growth in

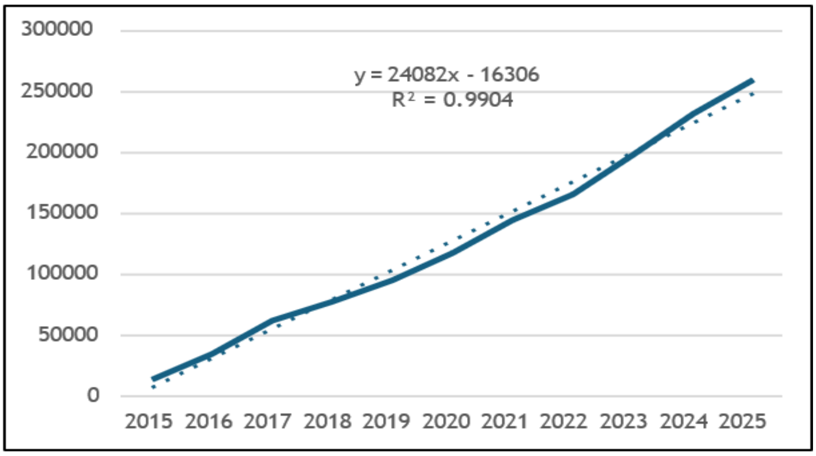

Figure II: Trend of overall growth of deposits in beneficiary bank accounts under PMJ

the next year. The second phase can be marked as the phase of consolidation, which observes a moderate annual rate of growth ranging from 8-12%. This phase (2018-2021) reflects the absorption of the policy impact after the initial explosion. The third phase, or the most recent phase, is the stage of stabilisation, showing a consistent annual growth of 6-7% which indicates a sustainable expansion of the number of beneficiaries under the scheme.

The total bank deposits of the beneficiaries increased from Rs.1464 crore to Rs.260387 crore, with a compound annual growth rate (CAGR) of 33.4%. The deposits increased by 143.65% annually from 2015 to 2016, and in the following year, they recorded substantial annual growth of 76.53%. After that the growth in deposits stabilized as it recorded an annual growth rate of 17-25% during 2017-2024. The year 2024-25 experienced the lowest annual growth rate of deposits since the scheme's implementation, with an annual growth rate of approximately 12%.

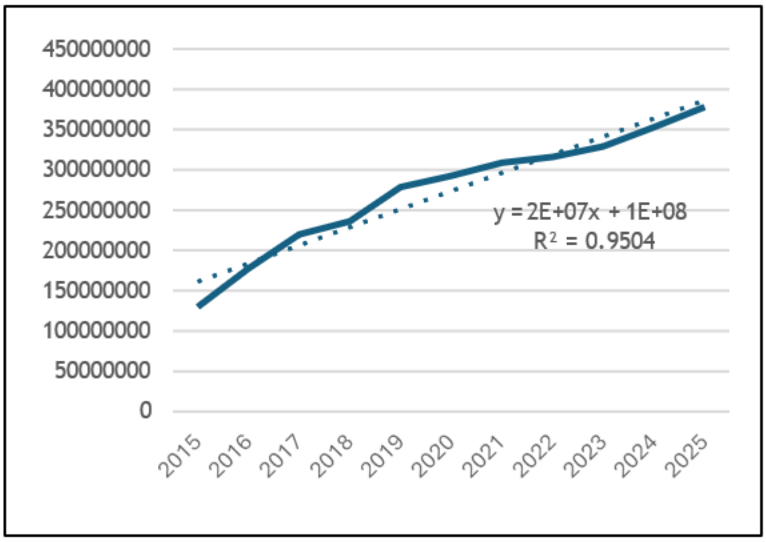

Figure III: Trend of the number of Rupay cards issued to the beneficiaries under PMJDY

During the 11 years after the initiation of PMJDY, the total number of RuPay cards issued to beneficiaries also recorded a significant increase, rising from 129.9 million to 378.5 million, with a CAGR of 11.3%. The trends in the growth of deposits and the number of RuPay cards issued are illustrated in Figures II and III

B: Comparative analysis of the performance of banking categories:

The performance of various bank types is evaluated using a bubble chart. The bubble chart provides a multidimensional view of the effectiveness of various banking categories in India in the implementation of financial inclusion of the unbanked population under PMJDY. Three critical categories of bank performance in PMJDY implementation are evaluated in this study: deposit mobilisation efficiency, digital penetration, and beneficiary outreach. The bubble chart is shown in Figure IV.

The X-axis of the chart represents the average deposit amount per beneficiary (₹ in thousands), which is used in our study to represent efficiency in deposit mobilisation. The Y-axis indicates the percentage of RuPay card issued, indicating digital penetration of banking services. Each category of bank is represented with a bubble, and the size of the bubble signifies the total number of account holders/beneficiaries, representing efficiency in beneficiary outreach by a bank.

The bubble chart shows private sector banks at the top right quadrant. This signifies their commendable performance in deposit mobilisation and digital penetration. With an average deposit per beneficiary of ₹41.3k and a high RuPay card adoption rate of 81.2%, the private sector banks have shown their quality of service and high efficiency in service delivery. However, their reach is relatively limited; these banks are not too successful in including a large number under their banking service, which is reflected by the small bubble size representing private sector banks. They have served approximately 18 million beneficiaries till March 2025. This indicates that private sector banks have prioritised quality of service over quantity by using their advanced digital infrastructure supported by a financially literate urban population.

Regional Rural Banks (RRBs) have proved themselves as the most efficient institution in terms of deposit mobilization, with an impressive deposit of ₹49.6k per beneficiary. However, their digital penetration is weak, with only 36.5% RuPay card adoption. Despite their presence in semi-urban and rural areas, RRBs have not fully leveraged digital technologies to enhance financial services. This imbalance between high deposit mobilisation and limited digital inclusion suggests a traditional banking model adopted by RRBs. These banks efficiently mobilised deposits, successfully reached to larger number of beneficiaries compared to private sector banks but lagged behind in promoting digital banking among the beneficiaries.

Public Sector Banks (PSBs) are also placed at the top right corner of the bubble chart, just near the private sector banks, but with a much larger bubble size. This indicates the dominance of this bank in all three parameters. The highest size of the bubble representing public sector banks reflects the success of this banking category in terms of beneficiary outreach, serving a vast base of over 428 million beneficiaries since the start of PMJDY. Their RuPay card adoption rate is 76.1%, which is comparatively less than private sector banks. With an average deposit of ₹47.1k per beneficiary, PSBs lag slightly behind in efficiency compared to regional rural banks. This reveals that the public sector banks have become significantly successful in proving themselves as an inclusive banking model, which requires further strategic investments in digital transformation.

Rural Cooperative Banks are occupying the bottom-left quadrant. These banks have performed poorly in all the indicators. With almost negligible deposits per beneficiary (₹0.0007k), no digital adoption, and serving only 1.9 million account holders, these banks could not show their significant presence in the financial inclusion drive under PMJDY.

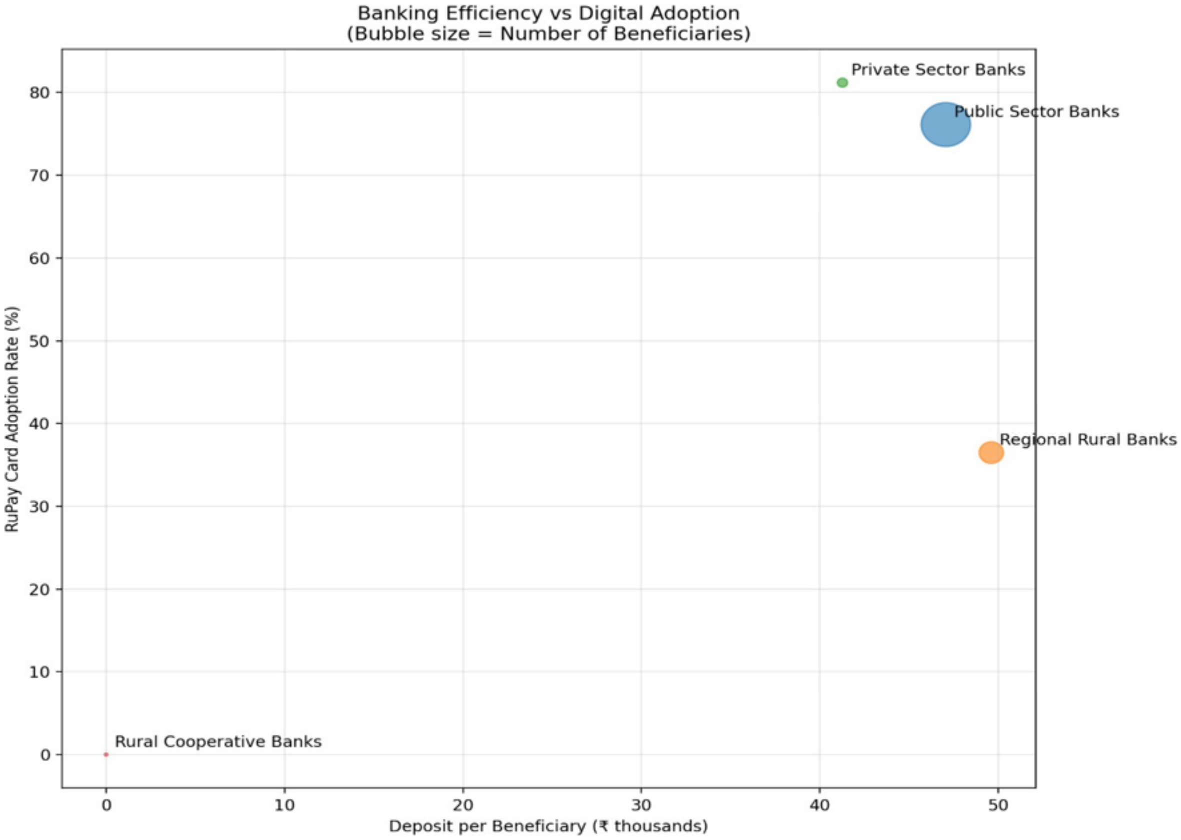

Figure IV: Bubble Chart of Banking Efficiency

C: Rural versus Urban Growth of PMJDY beneficiaries

This section provides a comparative analysis of the rural and urban area penetration of PMJDY initiative of the Government of India. This will shed light on examining the primary objective of the program, which is extending banking services to the unbanked population, especially residing in rural and remote areas.

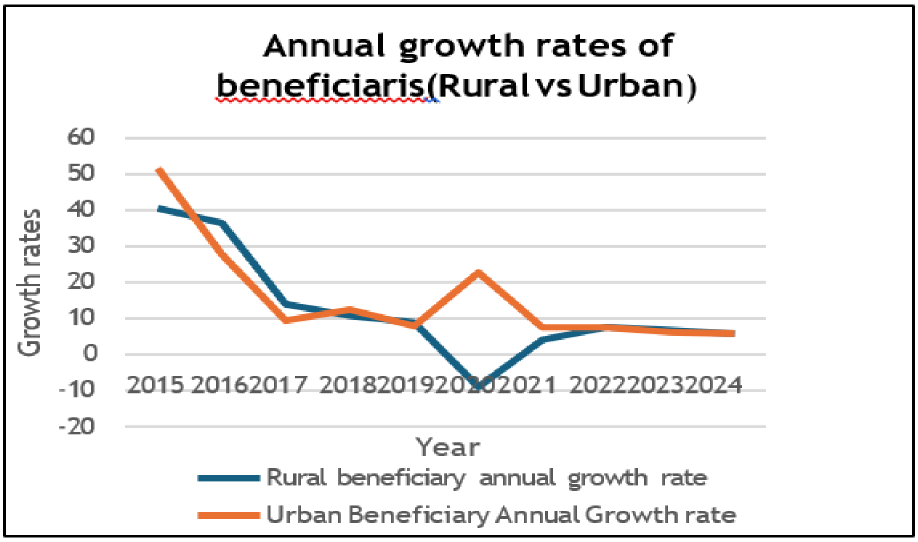

Figure V: Annual growth rates of beneficiaries. (Rural Vs Urban)

The line plot in figure V shows a comparative visual of year-wise percentage growth of the number of beneficiaries in rural vs urban areas from 2015 to 2025. As evident from the figure, both rural and urban beneficiary growth rates depicted a declining trend from 2015 to 2019. Urban beneficiary growth rate drops from over 50 percentage growth in 2015 to 10 % in 2019. Rural beneficiary growth rate also declined from around 40% to 10 % in 2019 and fell to -10% in the next year. However, urban growth spikes to around 22% in that particular year may be due to greater accessibility of urban areas during the COVID-19 lockdown and affected rural outreach. The annual growth of beneficiaries in both urban and rural areas stabilises at around 5% level after that.

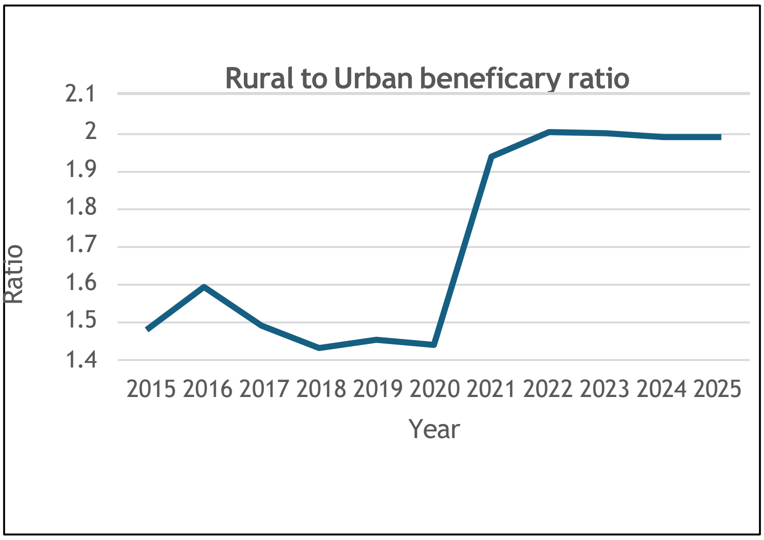

Figure VI: Year-wise Rural to urban beneficiary ratio

The line plot in figure VI shows a steady lead of the rural/semi-urban areas compared to the urban areas in PMJDY beneficiary coverage. The rural-to-urban beneficiary ratio stands at 1.4 to 1.6 from 2015 to 2020. Thereafter, it takes a sharp jump to nearly 2% and levels off approximately at that ratio after that. This suggests that for the first 6 years after the start of PMJDY, approximately 50% more beneficiaries were covered in rural/semi-urban areas compared to urban areas. Rural beneficiary inclusion under the scheme continued to be higher than urban inclusion, especially after 2020, maintaining twice as many rural beneficiaries every year compared to the urban beneficiaries.

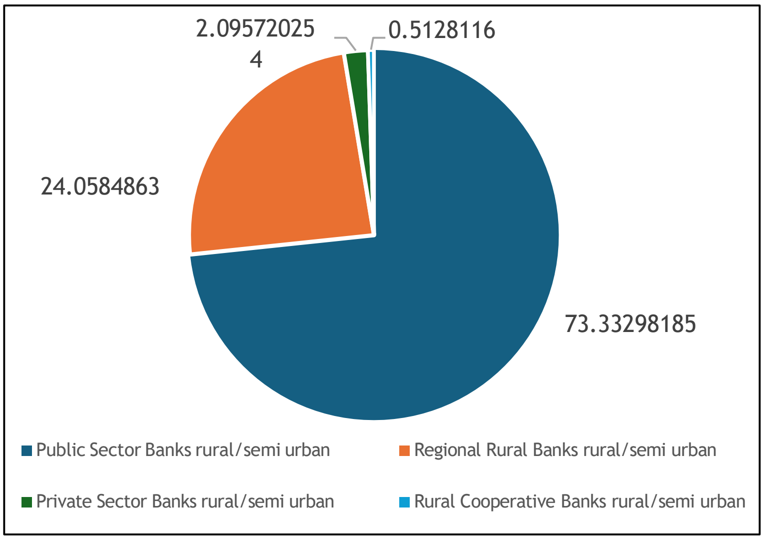

Figure VII: Rural Banking Distribution

The figure shows that PMJDY outreach in rural and semi-urban areas is overwhelmingly dominated by public sector banks, reaching more than 73 % of the total customers. This gives a strong indication of the strong footprint of public sector banks in the formal banking system in the rural areas of India. The second largest bank with beneficiary outreach in the rural areas is the Regional Rural Bank with a beneficiary share of nearly 24%. Although the main objective of the regional rural banks is to include the unbanked population of the rural areas into the formal banking system, the nearly one-quarter coverage of beneficiaries achieved by this category of bank under PMJDY underscores their prime role. The other two types of banks, private banks and rural cooperative banks, account for a negligible share of the total beneficiaries, showcasing their limited presence in the rural areas.

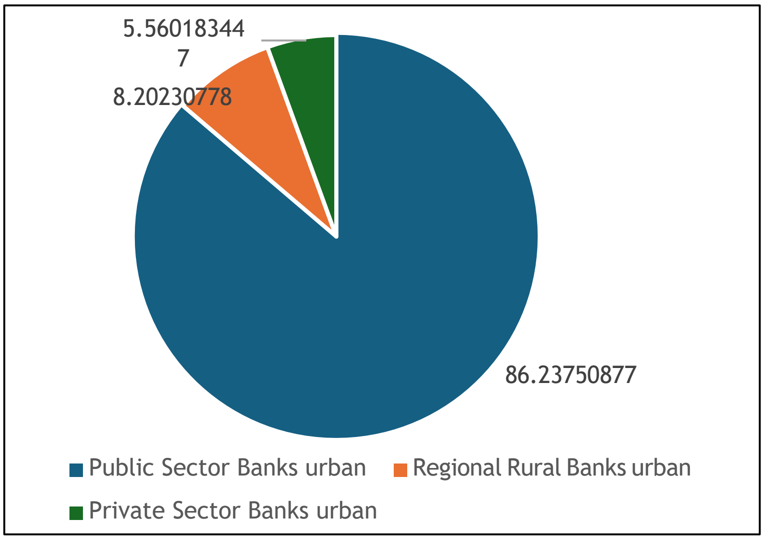

Figure VIII: Urban Banking Distribution

The Pie chart shows the proportional distribution of different bank types in urban areas in beneficiary outreach. The figure indicates that public sector banks are also the dominant category of banks serving most urban customers, covering 86.26% of the total beneficiaries. Regional Rural Banks and private sector banks have shown limited outreach, serving 8.20% and 5.56% of beneficiaries, respectively.

4. CONCLUSION

PMJDY has significantly advanced the financial inclusion scenario of India to newer heights. Public Sector banks have played a pivotal role in this drive, both in rural and urban areas. It is felt that public sector banks' extensive branch network and support from the government have helped them to achieve the dominant outreach for the successful implementation of PMJDY in the country. Other categories of banks have also contributed towards the goal, but various constraints, such as fewer branches or a smaller customer base, may be the reasons for the limited presence of these banks. Further research in this field can contribute to the factors and constraints faced by these banks. Performance-linked incentives or subsidies for the expansion and establishment of new branches can help the other category of banks to expand to accelerate the financial inclusion drive. Investment in digital infrastructure and user education is necessary for increased use of Rupay cards and UPI transactions. Banks may take necessary steps to activate the dormant accounts of beneficiaries by introducing different types usage-based incentives such as zero transaction fees, loyalty points etc. This can improve deposit mobilisation and motivate users for greater use of digital transactions. Targeted strategies for all the category of banks will ensure that all types of banks actively contribute to PMJDY goals which will enhance the program's effectiveness and sustainability in the long run.

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