Direct Benefit Transfer (DBT)

India’s welfare delivery system has seen a paradigm shift with the adoption of technology to address deep-rooted inefficiencies such as bureaucratic delays, leakage of funds, and corruption. For decades, both cash and in-kind social assistance programs suffered from fragmented implementation and poor targeting. Notably, a widely cited estimate suggested that out of every ₹1 allocated, only ₹0.15 reached the intended beneficiary.

This inefficiency was especially concerning given that the government spends nearly 3%–4% of GDP on subsidies and social support initiatives (Economic Survey 2017–18). Challenges such as misidentification of beneficiaries, delays in fund disbursal, and lack of transparency resulted in the wastage of nearly half of the allocated resources annually (National Institute of Public Finance and Policy).

The Direct Benefit Transfer (DBT) system was launched on 1st January 2013 to streamline the delivery of welfare benefits by minimizing delays, reducing leakages, and ensuring accurate targeting. By transferring subsidies and entitlements directly into beneficiaries’ bank accounts, DBT aims to eliminate intermediaries and enhance transparency and accountability in public service delivery.

Initially implemented in 43 districts with schemes related to scholarships, women, child development, and labour welfare, DBT was later expanded to 78 more districts. On 12th December 2014, it was rolled out nationwide, including major schemes like MGNREGA and additional scholarship programs in 300 Aadhaar-enriched districts.

The backbone of DBT is the **JAM trinity**:

- **Jan Dhan Yojana** (banking access for all),
- **Aadhaar** (biometric identity), and
- **Mobile connectivity**,

A critical milestone in this transformation was the Pradhan Mantri Jan Dhan Yojana (PMJDY) launched in 2014, which expanded financial inclusion by opening over 53 crore bank accounts by August 2024 (Press Information Bureau, 2024). This initiative connected previously unbanked households to the formal financial system, enabling them to directly receive welfare benefits.

Aadhaar, launched in 2009, has emerged as the world's largest biometric identification platform. Its integration with welfare schemes such as the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Public Distribution System (PDS), and various pension and scholarship programs has eliminated duplicate entries and improved targeting accuracy. Aadhaar-linked authentication also simplified the earlier cumbersome process of submitting multiple documents and IDs across schemes.

Together, these digital interventions have streamlined welfare administration and significantly reduced inefficiencies. DBT has not only ensured timely and accurate benefit delivery but also promoted transparency, accountability, and citizen empowerment by giving beneficiaries greater control over their entitlements.

JAM and the Operational Mechanism of DBT: The JAM trinity—Jan Dhan, Aadhaar, and Mobile—forms the technological backbone of India's Direct Benefit Transfer (DBT) system. Aadhaar provides a unique biometric identity to authenticate beneficiaries, minimizing the risks of duplication and fraud. Jan Dhan Yojana has significantly expanded financial inclusion, ensuring that the vast majority of Indian adults, including the economically marginalized, now have access to bank accounts. Mobile phones facilitate communication through SMS alerts and often serve as a second layer of authentication.

DBT covers a wide range of government transfers, including subsidies (e.g., LPG and fertilizer), wages (such as under MGNREGS), pensions, scholarships, and other cash-based welfare schemes. Rather than passing through multiple layers of bureaucracy or being issued via paper cheques, these benefits are now directly credited to the beneficiaries' bank accounts using secure digital platforms like the Public Financial Management System (PFMS) and NPCI-operated payment networks.

Aadhaar seeding of bank accounts plays a critical role by ensuring each beneficiary is uniquely identified. For instance, under the PAHAL scheme for LPG subsidies, consumers pay the full market price upfront and receive the subsidy amount directly in their bank accounts, curbing black-market diversion and eliminating fake beneficiaries via Aadhaar verification.

The DBT process begins with the implementing ministry preparing an authenticated list of eligible beneficiaries (e.g., farmers under PM-KISAN or students under a scholarship scheme). Each beneficiary must have a valid bank account, ideally linked with Aadhaar. Funds are transferred either through PFMS or a sponsoring bank, with Aadhaar serving as a financial address when routed via the Aadhaar Payments Bridge (APB). Beneficiaries are notified via SMS and can access the funds through banks or Bank Mitras/Business Correspondents.

While most DBT schemes are cash-based, in-kind transfers like the Public Distribution System (PDS) still operate. Here, Aadhaar is used for biometric authentication at ration shops to prevent fraud, even though the benefit is delivered as physical goods. Some states have also piloted DBT-in-cash for food subsidies, but the national model still largely retains in-kind delivery with Aadhaar-based authentication.

Goals of DBT

a. Reduce Leakage and Corruption: The primary aim of Direct Benefit Transfer (DBT) is to reduce leakages and corruption in welfare schemes. Traditionally, funds passed through multiple administrative layers, often leading to diversion or identity fraud. DBT streamlines this by directly crediting beneficiaries' bank accounts, minimizing human intervention. Aadhaar verification further curbs duplication and eliminates "ghost beneficiaries," ensuring that only genuine recipients receive the benefits.

b. Improve Targeting: DBT makes it easier to ensure that benefits reach the intended beneficiaries (the poor, farmers, students, etc.). Databases can be cross-checked (for instance, to remove ineligible or duplicate entries). A case in point is the PM-KISAN income support scheme for farmers: through DBT, the government was able to later identify and remove 2.1 crore ineligible beneficiaries, saving about ₹22,000 crore that would have been wrongly paid. Under manual systems, such precise targeting would be very difficult.

c. Enhance Efficiency and Transparency: By digitizing payments, DBT ensures money reaches people faster (no waiting for a money-order or a government officer's visit). It also creates an audit trail – every transaction is recorded, which improves transparency. Beneficiaries receive notifications and can report if money isn't received, empowering them and reducing the discretion of local officials. The transparency builds trust in government programs and helps shift the narrative from "leaky bucket" welfare to something more outcome-driven.

d. Savings and Budgetary Management: A direct consequence of plugging leakages is that the government can achieve the same welfare outcomes at lower fiscal cost, or redirect saved funds to other uses. If the subsidy bill goes down because only genuine beneficiaries are receiving it, that saves taxpayer money. The government has explicitly noted that DBT is a tool of "better targeting of government expenditure" and part of fiscal reforms

From a socio-economic standpoint, these goals mean that DBT is not just a technological fix, but a good governance reform. It leverages India's IT prowess to solve age-old problems in welfare administration, thereby aiming to ensure social security schemes truly benefit the poor rather than being diverted.

Implementation and Scale of DBT: A Decade of Expansion

Over the years, virtually every central government welfare scheme that involves individual beneficiaries has been brought under DBT in some form. As of mid-2020s, over 300 central schemes across 50+ ministries use DBT, and many state schemes do as well (states have their own DBT cells). The scale of DBT today is enormous. According to a 2025 assessment report, the cumulative number of DBT transactions and beneficiaries has grown exponentially. The Blue Kraft Digital Foundation, in a quantitative assessment found that beneficiary coverage surged 16-fold – from about 11 crore beneficiaries in 2013 to 176 crore (cumulative count) by 2024. (This count involves multiple benefits, so one person receiving say three benefits in a year might be counted thrice, but it indicates the volume of benefit transfers happening.) This expansion was enabled by the spread of Jan Dhan accounts and Aadhaar seeding; as of 2023, the government could reach virtually any citizen with electronic payment, even in remote areas, thanks to banking correspondents and mobile banking.

A striking outcome of DBT is the estimated fiscal savings. By 2025, it's reported that DBT helped India achieve cumulative savings of ₹3.48 lakh crore (approximately $42 billion) by avoiding leakages. These savings are essentially the money that would have been lost to corruption or mis-targeting in the absence of DBT. To put this figure in perspective, ₹3.48 lakh crore is a substantial sum – roughly equal to about 1.5% of India's GDP – now available for genuine use or deficit reduction over those years. It underscores how large the leakage problem was and how much DBT has potentially curtailed it. A breakdown of these savings by sector shows which programs were historically leak-prone and have been cleaned up:

a. Public Distribution System (PDS) for food rations: By using Aadhaar authentication for ration cards and automating fair price shops, ₹1.85 lakh crore was saved – this constitutes 53% of total DBT savings. Clearly, PDS had huge leakages (ghost ration cards, diversion of food to open market) and Aadhaar/DBT has curtailed that. Many bogus ration cards were cancelled or combined when Aadhaar linking revealed duplicates.

b. MGNREGS: Wages now go directly to rural workers' accounts. The report notes 98% of wages are transferred timely, and ₹42,500 crore saved due to better accountability. Earlier, corruption such as fake job muster rolls and delayed payments plagued the scheme. Now, with bank transfers and Aadhaar-based attendance in some areas, it's harder to siphon off wages.

c. PM-KISAN: As mentioned, by verifying records, ₹22,000+ crore was saved just by removing ineligible payees (some who may have been income-tax payers or not real small farmers).

d. Fertilizer Subsidy: This is a large subsidy where DBT has been implemented at the company level (manufacturers get subsidy after sale is confirmed via point-of-sale devices at retailers). It's estimated to have reduced excessive or diversionary sales, resulting in 158 lakh metric tons less fertilizer being claimed and saving ₹18,700 crore.

Numerous other schemes like student scholarships, LPG subsidy (PAHAL saved tens of thousands of crores itself by eliminating duplicate connections), and pension schemes have their share of savings.

During the COVID-19 lockdown, DBT enabled the government to swiftly transfer funds to the needy, reaching over 320 million people in the first wave. The World Bank praised this system for its responsiveness. DBT proved vital in emergencies, allowing rapid, targeted aid through established digital pipelines. However, initial challenges included Aadhaar linkage issues and failed payments to dormant accounts. These were addressed through the Aadhaar Payment Bridge and policy flexibility for those lacking Aadhaar. Further, efforts like mass Aadhaar enrollment, Jan Dhan accounts, financial literacy drives, and improved access via mobile banking and postal banks have helped make DBT more inclusive and effective.

Challenges: While DBT has been largely a positive reform, a critical evaluation should consider a few concerns:

a. Exclusion Risks: A major concern with DBT is the risk of excluding genuine beneficiaries due to documentation or tech issues. Early Aadhaar-based authentication sometimes failed for manual laborers with worn fingerprints or in areas with poor connectivity, leading to missed benefits like food rations. The Supreme Court mandated alternative ID acceptance, prompting the government to adopt a more flexible approach. While improvements like offline authentication have helped, continued vigilance is needed to ensure no one is left out.

b. Grievance Redressal: With DBT, quick issue resolution is crucial when payments fail. Strengthening helplines, training local officials, and boosting financial literacy are essential. Many rural beneficiaries rely on banking correspondents, but some faced fraud or were wrongly charged fees. The government has responded through awareness campaigns ("DBT is your money, don't pay anyone") and stricter action against corrupt agents.

c. Cash vs In-kind Debate: There's an on-going debate on whether it's better to give cash or actual goods in subsidies. While cash offers choice and efficiency, in-kind support like food may better ensure nutrition and prevent misuse. India currently uses a mixed model—cash for LPG, pensions, scholarships, and in-kind for food and fertilizer with DBT-backed verification. The DBT system allows flexibility, and future choices will depend on sector-specific outcomes and pilot studies.

d. Data Privacy and Security: With widespread Aadhaar-linked DBT transactions, protecting personal data is critical. India has enacted data protection laws and restrictions on Aadhaar misuse. While no major breaches have occurred, growing reliance on digital systems demands stronger cyber security to safeguard privacy and maintain public trust.

e. Financial Infrastructure Constraints: The DBT surge has increased transaction loads on banks and NPCI, requiring on going investment in faster systems and wider access. Last-mile delivery remains key, especially for cash withdrawals in rural areas. UPI and mobile wallets support digital usage, but many still rely on local outlets for cash access.

Conclusion: In conclusion, Direct Benefit Transfer (DBT) has emerged as a transformative force in India's welfare delivery system. By harnessing digital technology and promoting financial inclusion, DBT has addressed long-standing inefficiencies in anti-poverty schemes—ensuring that aid reaches intended beneficiaries promptly and directly. The results are evident: substantial fiscal savings, wider and more equitable coverage, and a more dignified experience for recipients. DBT exemplifies how smart digital reforms can deliver both economic efficiency and political credibility. While the system continues to evolve—with efforts to integrate more schemes, enhance state-level coordination, and strengthen authentication—DBT today stands as a cornerstone of India’s governance transformation. Alongside Aadhaar and Jan Dhan, it has redefined how welfare is delivered and serves as a global model for effective, technology-driven public administration**.**

Jan Dhan Yojana and Financial Inclusion:

Launched on August 28, 2014, the Pradhan Mantri Jan Dhan Yojana (PMJDY) is a flagship initiative aimed at achieving universal financial inclusion. Announced by Prime Minister Narendra Modi on August 15, 2014, the scheme sought to provide every adult—especially the poor and those in remote areas—with access to a basic bank account. PMJDY marked a shift from earlier, slower efforts like no-frills accounts by adopting a mission-mode approach with clear targets and innovative features.

Recognizing that a bank account is the first step to economic empowerment, PMJDY aimed to integrate the financially excluded into the economic mainstream. The scheme is the world’s largest financial inclusion initiative and offers a gateway to credit, insurance, pensions, and government benefit transfers. As the Finance Minister noted, universal and affordable banking access is essential for empowering the poor and promoting inclusive growth. PMJDY's success lies in its structured implementation, strong political will, and use of technology, which together transformed India’s financial landscape within a few years.

Key features of Jan Dhan accounts:

a. Zero Balance Account: Accounts could be opened with zero minimum balance. There are no account maintenance fees and no requirement for minimum balance. This removed a huge barrier for the poor who feared penalties for not maintaining balance.

b. Simplified KYC: Initially, even a basic affidavit or introduction was enough to open a small account (officially known as “small account” with certain limits). The idea was to simplify Know-Your-Customer norms so that lack of documents wouldn’t exclude people. Aadhaar, if available, was accepted as the single KYC document.

c. RuPay Debit Card: Every account holder gets a RuPay debit card free of cost, with an in-built accident insurance cover of ₹2 lakhs. This card not only enables ATM withdrawal and digital payments but also adds an insurance benefit which is significant for poor families in case of an accident.

d. Overdraft Facility: After keeping the account in good order for six months, an overdraft of up to ₹5,000 was allowed (later increased to ₹10,000). This is effectively a small line of credit to tide over emergencies, encouraging account usage.

e. Linkage with other schemes: Jan Dhan was conceived as part of a "Jan Dhan-Adhaar-Mobile (JAM) trinity", which we discussed in DBT. The account serves as a channel for direct benefit transfers, encouraging people to open and keep these accounts active.

f. Financial Literacy: PMJDY also focused on promoting financial literacy and conducting village-level camps to educate people about using bank accounts, cards, digital payments, etc.

Implementation and Reach of Jan Dhan Yojana

The Pradhan Mantri Jan Dhan Yojana (PMJDY) was launched with unprecedented speed and ambition. On its first day, 28 August 2014, over 1.5 crore bank accounts were opened, setting a Guinness World Record. The initiative brought together public sector banks, regional rural banks, and private banks, all mandated to open accounts for every household in India. Bank Mitras (business correspondents) played a critical role in reaching remote villages that lacked banking infrastructure. This large-scale mission quickly expanded banking access across the country.

a. Massive Account Coverage: **By March 2025, over 55.02 crore Jan Dhan accounts had been opened, covering nearly the entire adult population of India. From 14.7 crore accounts in 2015, the scheme grew steadily, reaching over 53 crore by August 2024, and continued expanding. The growth reflects not just initial enthusiasm but sustained inclusion efforts, with newly eligible adults and previously unbanked individuals joining the formal financial system.**

b. Empowering Rural and Female Beneficiaries: PMJDY has significantly advanced inclusion of rural populations and women. As of August 2024, 66% of Jan Dhan accounts were located in rural and semi-urban areas, and 55–56% were held by women. More than 29.5 crore women had Jan Dhan accounts, helping to shift financial agency to women in traditionally male-dominated banking environments. This feminization of banking access is seen as a major step toward household-level financial empowerment.

c. Growth in Deposits and Banking Habits: The scheme has gone beyond account opening to actual financial engagement. Total deposits in Jan Dhan accounts grew from around ₹15,670 crore in March 2015 to over ₹2.31 lakh crore by August 2024. The average balance per account rose to ₹4,352, nearly four times the 2015 average. This trend indicates that people are not only receiving benefits but also saving money in these accounts—marking a fundamental shift in financial behavior, especially among low-income households.

d. Influence of Demonetization and Trust in Banks: The 2016 demonetization drive led to a surge in Jan Dhan deposits, as people deposited old currency notes. Crucially, the balances did not drop afterward—instead, they continued to rise, showing that account holders began using their bank accounts more actively. This represents growing trust in formal banking over informal saving methods.

e. Expansion of Digital Financial Access: A major enabler of usage has been the issuance of 36.14 crore RuPay debit cards by August 2024. These cards facilitate ATM withdrawals and retail purchases. Digital transaction adoption has also soared. UPI transactions grew from 535 crore in FY 2018-19 to a staggering 13,113 crore in FY 2023-24. Similarly, RuPay card transactions at PoS/e-commerce rose to nearly 97 crore. This shows increasing digital engagement among Jan Dhan users, particularly as mobile phones and financial literacy improve, even in rural areas.

The Jan Dhan Yojana has evolved into one of the world's largest financial inclusion efforts, successfully linking the poorest citizens to formal banking. With its wide reach, increased usage, strong digital integration, and special focus on women and rural areas, PMJDY has laid the foundation for inclusive growth and effective welfare delivery in India.

Expanding the Financial Ecosystem Beyond PMJDY: While the Pradhan Mantri Jan Dhan Yojana (PMJDY) laid the foundation for financial inclusion, the government simultaneously launched several complementary schemes to offer a comprehensive financial services package to the newly banked. These initiatives addressed critical needs such as insurance, credit, pensions, and entrepreneurship support—forming a holistic financial ecosystem.

a. Microinsurance for Social Security: In 2015, two affordable insurance schemes were introduced and linked with Jan Dhan accounts. The Pradhan Mantri Suraksha Bima Yojana (PMSBY) offers accident insurance of ₹2 lakh for death or full disability, and ₹1 lakh for partial disability, at an annual premium of just ₹20. Similarly, the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) provides life insurance coverage of ₹2 lakh for any-cause death at ₹436 annually. As of March 2025, PMSBY recorded 50.3 crore cumulative enrollments, while PMJJBY saw 23.21 crore—underscoring the massive scale and reach, especially among first-time insurance holders.

b. Pension for the Unorganized Sector: To encourage long-term financial security, the Atal Pension Yojana (APY) was launched in 2015 for unorganized sector workers with no formal pension coverage. It allows subscribers to make small monthly contributions towards a pension of ₹1,000–₹5,000 at retirement, with initial government co-contributions. By March 2025, over 7.49 crore people had enrolled in APY, with over 70% being first-time investors—reflecting growing awareness and trust in retirement planning among low-income households.

c. Credit Access through the Mudra Scheme: The Pradhan Mantri Mudra Yojana (PMMY), also launched in 2015, provides collateral-free loans of up to ₹10 lakh (later expanded for certain categories) to small businesses and micro-entrepreneurs. These loans, categorized under Shishu, Kishore, and Tarun, support everyone from street vendors to small shopkeepers. As of February 2025, over 52 crore loans worth ₹33.19 lakh crore had been sanctioned. The majority were Shishu loans under ₹50,000, indicating that many recipients were first-time borrowers and small-scale entrepreneurs—many of them women.

d. Empowering Marginalized Entrepreneurs: The Stand-Up India scheme, launched in 2016, focuses on SC/ST and women entrepreneurs seeking larger loans between ₹10 lakh and ₹1 crore for greenfield projects. By March 2025, around 2.67 lakh loans worth ₹60,504 crore had been sanctioned. Though smaller in reach, this scheme represents a vital push toward inclusive entrepreneurship by targeting historically underserved groups.

e. Recent Additions and Integration: Newer schemes have also built on the Jan Dhan framework. *PM SVANidhi* (2020) offers working capital loans to street vendors affected by COVID-19, and *PM Vishwakarma* (2023) supports traditional artisans with credit and skill training. Both programs utilize the existing Jan Dhan infrastructure for seamless fund transfer and beneficiary tracking.

Together, these schemes form a synergistic system. A person may start with a Jan Dhan account, opt into an insurance plan for security, access Mudra loans to fund a business, and begin saving for retirement under APY. This layered model has transformed Jan Dhan accounts from simple bank accounts into gateways for full financial participation—empowering millions who were previously excluded from the formal economy.

Socio-Economic Impact of Jan Dhan Yojana

a. Near Universal Banking Access: The proportion of adults with bank accounts in India climbed to around 80-90% (from roughly 50% before PMJDY). Virtually every family now has at least one member with a formal account. This is a foundational inclusion – just as literacy programs aim for every adult to be literate, PMJDY made every family financially literate in a basic sense (knowing what a bank account is and how to use it).

b. Empowerment and Women's Agency: With over half the accounts belonging to women, Jan Dhan has economically empowered women. There are anecdotal reports of women asserting control over their money since it comes into their own account (like the DBT cash during COVID). The requirement that one female in each Self-Help Group (SHG) or household have a bank account gave many housewives their first interaction with a bank. This can slowly change social norms, giving women more say in household financial decisions.

c. Safety of Savings: Poor people traditionally saved in cash, or gold, or chit funds – all of which have risks (theft, fraud, lack of interest earnings). Now even small savings can earn interest in bank (Jan Dhan accounts are savings accounts so they get whatever interest the bank gives, usually ~3-4%). More importantly, their money is safe and accessible. During demonetization, many realized the benefit of having money in the bank as it was not subject to invalidation like old notes kept at home.

d. Credit Inclusion: With accounts and transaction history, individuals become visible to the formal financial system. Banks can assess their creditworthiness better, or government can give them loans under schemes. Over time, this can help break the cycle of dependency on informal moneylenders who charge usurious rates. For example, a street vendor with a Jan Dhan account could get a ₹10,000 loan under PM SVANidhi at a reasonable interest, instead of borrowing from a local lender at 5% per month.

e. Direct Benefit Transfers Effectiveness: As covered earlier, the success of DBT in reaching the poor hinged on people having bank accounts. Jan Dhan provided that reach. The fact that, say, nearly 20 crore women could get cash support in pandemic directly is because those many women had accounts – which wasn't true pre-2014. Now subsidies and social benefits (pensions, MNREGA wages, LPG subsidy, scholarships, etc.) largely flow through these accounts. It has made welfare schemes far more impactful and efficient.

f. Financial Culture Change: Bringing a huge population into formal banking is altering the culture gradually. Government and RBI are continuing financial literacy drives. People learn to use ATMs, swipe cards, use mobile phones for UPI or balance checks, etc. Youth especially are quick to adapt; many children of illiterate parents help them with digital transactions. Over time, this builds a more financially savvy population, which is crucial for economic growth at the grassroots. It also boosts digital economy – e.g., many small merchants started accepting digital payments post-demonetization; being part of the banking network made that possible.

g. Reduction in Informal Cash Economy: When previously unbanked transactions (like rural savings, or local money transfers) move into banked channels, they become part of the formal economy's records. This can have multiplier effects: banks can leverage deposits to lend, the government can potentially broaden the tax base if incomes become traceable (though most Jan Dhan holders are below tax thresholds, but as they grow their enterprises maybe not). In any case, greater use of bank accounts contributes to formalization of the economy's financial flows.

Challenges of Jan Dhan Yojana

a. Dormant Accounts and Usage Sustainability: In the initial years of the Pradhan Mantri Jan Dhan Yojana (PMJDY), a significant challenge was the high number of dormant or zero-balance accounts. Around 40–50% of the accounts had no balance in 2015, raising concerns about their utility. However, this situation improved drastically over time. By 2022, zero-balance accounts reduced to around 8%, largely due to the infusion of funds through Direct Benefit Transfers (DBT). Once individuals started receiving benefits directly into these accounts, activity levels increased. To ensure continued use even in the absence of regular DBT inflows, banks and the government have encouraged financial engagement through savings awareness campaigns and small recurring deposit products.

b. Strain on Banking Infrastructure: Bringing tens of crores of low-income individuals into the formal banking system inevitably put pressure on banking infrastructure. Public sector banks and regional rural banks bore most of the responsibility, incurring operational costs for every account opened—including costs for debit cards, passbooks, and manpower. The government provided nominal compensation to banks per account, emphasizing long-term value. With over ₹2.3 lakh crore in deposits, Jan Dhan accounts have become a sizable deposit pool, but the funds are spread out and frequently withdrawn. To serve such a vast customer base, banks deployed Bank Mitras—business correspondents who bring banking services directly to villages. However, challenges like occasional fraud by agents and managing service delivery at scale remain persistent.

c. Digital Divide and Access Barriers: Despite a rise in digital transactions, a significant segment of PMJDY account holders still lacks digital literacy and prefers cash withdrawals. To avoid excluding these users from the broader digital payments ecosystem, the government has adopted a dual approach: promoting digital awareness and incentives (e.g., cashback or rewards for RuPay or UPI usage) and maintaining strong on-ground presence through accessible banking touchpoints like business correspondents and local banking outlets. This ensures both inclusion and flexibility as the digital ecosystem matures.

d. Credit Absorption and Financial Risk: While Jan Dhan accounts provide a base for credit access, offering loans to the financially vulnerable remains a nuanced task. Banks must balance financial inclusion with credit risk. Although schemes like the Mudra Yojana have opened credit doors to micro-entrepreneurs, the risk of non-performing assets (NPAs) is always present. To address this, combining credit with supporting services—such as skill training or market linkage—is critical. Similarly, for pension schemes like Atal Pension Yojana (APY), ensuring consistent contributions and preventing dropout requires regular follow-ups and awareness drives.

e. Duplication and Data Management: A concern that arose during the implementation of PMJDY was duplication—instances where individuals opened multiple accounts across different banks. While not widespread, such duplication posed issues for resource allocation and scheme delivery. With increasing Aadhaar seeding and biometric authentication, this issue is being addressed. The focus has shifted from "every household" to "every unbanked adult," allowing the financial inclusion campaign to target the gaps more precisely and efficiently.

f. Evolving Financial Needs: As the newly included banking population gains confidence and matures financially, their needs are expanding beyond basic services. Many may now require access to microloans for housing, education, or agricultural equipment. The financial system must evolve in response by offering more sophisticated products and credit mechanisms. Ensuring a smooth transition from simple savings to a full range of financial services will be vital in sustaining the inclusion gains made over the last decade.

Conclusion: Despite the challenges, the transformative success of PMJDY is undeniable. Over a span of ten years, India moved from a largely unbanked population to near-universal access to banking services. It laid a foundational digital and financial infrastructure that empowered millions and enabled the successful rollout of other reforms such as DBT, UPI, and Mudra loans. As noted by the Chief Economic Adviser in 2023, India has nearly achieved bank account saturation; the next frontier is insurance and pension coverage.

The Jan Dhan Yojana stands as a testament to the power of political will, thoughtful policy design, and technology-driven governance. It has not just provided access to bank accounts but also proven that the poor are financially capable and bankable. The journey ahead lies in deepening financial literacy, expanding service offerings, and ensuring these accounts serve as tools for economic empowerment—not just statistical accomplishments.