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A Study of Impact of Digitalization on Jan Dhan Yojna with Special Reference to Damoh District

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Abstract: *Digitalization has transformed the delivery of financial services in India and has become an important instrument for achieving inclusive banking. The Pradhan Mantri Jan Dhan Yojana (PMJDY), launched on 28 August 2014, was designed to provide universal access to basic banking facilities, financial literacy and social-security-related services, particularly to unbanked and underserved populations. The increasing integration of Aadhaar, RuPay cards, Business Correspondents, Aadhaar Enabled Payment System (AePS), mobile banking, Unified Payments Interface (UPI), Direct Benefit Transfer (DBT) and other digital financial infrastructure has significantly changed the functioning and reach of PMJDY.*

Keywords: Digitalization, Pradhan Mantri Jan Dhan Yojana, PMJDY, Financial Inclusion, Digital Banking, RuPay, Aadhaar, DBT, Damoh, Madhya Pradesh.

I. INTRODUCTION

Financial inclusion is an important component of inclusive economic development because access to formal financial services enables households to save securely, receive government benefits, make payments, obtain credit and manage financial risks. In India, financial exclusion has historically affected rural households, low-income groups, women, small farmers, informal workers and other economically vulnerable sections. To address these challenges, the Government of India launched the Pradhan Mantri Jan Dhan Yojana (PMJDY) on 28 August 2014 as a national mission for financial inclusion. The scheme aimed to provide universal access to banking facilities, basic bank accounts, financial literacy and social-security coverage. The scheme provides Basic Savings Bank Deposit accounts without a minimum balance requirement, RuPay debit cards, eligible overdraft facilities and access to banking services through Bank Mitras. The nature of financial inclusion has changed substantially since the introduction of PMJDY. Initially, the major objective was to bring unbanked individuals into the formal banking system. With the growth of India's digital public infrastructure, the emphasis has increasingly shifted towards digital access and regular usage. Aadhaar-based identification, Aadhaar seeding, RuPay cards, mobile banking, UPI, AePS, DBT and Business Correspondents have created a broader digital ecosystem around PMJDY. The Reserve Bank of India has also emphasized the expansion and deepening of digital payments as part of financial inclusion. Its digital-payment initiatives include debit/RuPay cards, internet banking, mobile banking, UPI, USSD and AePS. The RBI's Financial Inclusion Index increased to 64.2 in March 2024, reflecting improvement across the dimensions of access, usage and quality. At the national level, PMJDY has achieved considerable scale. As of 15 July 2026, the PMJDY database reported 58.77 crore beneficiaries, deposits of approximately ₹3,12,413.78 crore and 40.94 crore RuPay cards issued. Madhya Pradesh has also experienced significant growth in PMJDY. The State Level Bankers' Committee reported 466.8 lakh PMJDY accounts in the state as of 11 March 2026, with deposits of ₹18,318.4 crore. Aadhaar seeding had reached approximately 89.7 percent, while 348.0 lakh RuPay cards had been issued. Within this broader state-level development, Damoh district represents an important case for examining the relationship between PMJDY and

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digitalization. The district is predominantly characterized by rural and semi-urban communities, making digital financial inclusion particularly important for reducing geographical and institutional barriers to banking.

II. RESEARCH METHODOLOGY

(i) Research Design- The study follows a descriptive and analytical research design. Descriptive analysis is used to examine PMJDY's status and digitalization indicators, while analytical interpretation is used to assess how digital infrastructure contributes to financial inclusion.

(ii) Sources of Data- The study primarily uses secondary data from:

- Department of Financial Services, Ministry of Finance, Government of India
- PMJDY official database
- Reserve Bank of India
- State Level Bankers' Committee, Madhya Pradesh
- NABARD
- District Administration, Damoh

The official PMJDY portal provides current national and state-level beneficiary, deposit and RuPay-card statistics. The SLBC Madhya Pradesh provides district-wise PMJDY statistics and is particularly useful for the Damoh-specific analysis.

(iii) Study Area- The geographical area of the study is **Damoh district, Madhya Pradesh**. Damoh has a formal banking network involving commercial banks, regional rural banking institutions and cooperative banking institutions. The District Cooperative Central Bank, for example, reports 17 branches and 102 committees and provides savings, current, deposit, fund-transfer and RuPay-related services. The State Level Bankers' Committee identifies State Bank of India as the Lead Bank for Damoh district, and the official PMJDY directory identifies the district's Lead District Manager function under SBI.

(iv) Data Analysis Techniques- The study uses:

- Percentage analysis
- Ratio analysis
- Comparative analysis
- Trend interpretation
- Descriptive statistics
- Indicator-based assessment of digital financial inclusion

III. CONCEPTUAL FRAMEWORK

Digitalization affects PMJDY through several interconnected mechanisms:

Digital Identification → Aadhaar Seeding → Account Authentication → DBT
PMJDY Account → RuPay Card → ATM/POS/Digital Payments
PMJDY Account → Mobile Banking/UPI → Digital Transactions
Aadhaar + Bank Account → AePS/Bank Mitra → Last-Mile Banking

These mechanisms improve the accessibility and efficiency of financial services while reducing dependence on physical bank branches.

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(i) Conceptual Model

Digital Infrastructure
↓
Aadhaar | RuPay | UPI | AePS | Mobile Banking | DBT | Bank Mitras
↓
PMJDY Account Usage
↓
Accessibility | Convenience | Lower Transaction Cost | Faster Transfers
↓
Financial Inclusion
↓
Savings | Payments | Social Security | Government Benefits | Financial Empowerment

IV. DIGITALIZATION AND FINANCIAL INCLUSION

Digitalization has transformed traditional banking from a branch-oriented model to an ecosystem involving mobile phones, cards, biometric authentication, digital identity and internet-based payment systems. Important digital mechanisms include:

(i) Aadhaar Seeding- Aadhaar linkage helps connect an individual's identity with a bank account and supports authentication and benefit transfers.

(ii) RuPay Cards- RuPay cards provide PMJDY beneficiaries with a payment instrument that can be used for ATM withdrawals and eligible digital transactions.

(iii) Aadhaar Enabled Payment System- AePS enables customers to access basic banking services through Aadhaar-based authentication, particularly through Business Correspondents.

(iv) Direct Benefit Transfer- DBT allows government benefits to be transferred directly into beneficiaries' bank accounts, reducing intermediaries and potentially improving the speed and transparency of transfers.

(v) Mobile and UPI-Based Payments- Mobile banking and UPI have made it possible to initiate transactions without visiting a bank branch.

(vi) Business Correspondents- Business Correspondents and Bank Mitras provide last-mile access to banking services, particularly where conventional branches are geographically distant. The RBI has explicitly included UPI, mobile banking, RuPay/debit cards, USSD and AePS within its broader digital-payment and financial-inclusion framework.

V. PMJDY STATUS IN MADHYA PRADESH

According to the State Level Bankers' Committee, Madhya Pradesh had approximately **466.8 lakh PMJDY accounts** as of 11 March 2026. The figures indicate that digital identification and payment infrastructure has become deeply integrated into the state's PMJDY ecosystem.

Indicator	Madhya Pradesh
Total PMJDY accounts	466.8 lakh
Total deposits	₹18,318.4 crore
Zero-balance accounts	43.4 lakh
RuPay cards issued	348.0 lakh

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Aadhaar-seeded accounts	418.5 lakh
Aadhaar-seeding ratio	89.7%
Rural : Urban accounts	61 : 39
Male : Female accounts	45 : 55

Table 1- state's PMJDY ecosystem

Indicator	Damoh
PMJDY accounts	11.2 lakh
Total deposits	₹341.7 crore
Zero-balance accounts	1.3 lakh
RuPay cards issued	7.4 lakh
Aadhaar-seeded accounts	10.0 lakh

Table 2- PMJDY Status in Damoh District

PMJDY Status in Damoh District**,** The district-level PMJDY statistics provide particularly important evidence for this study. As of **10 March 2026,** Damoh had. These figures are reported by the State Level Bankers' Committee, Madhya Pradesh. The data demonstrate substantial adoption of the digital components associated with PMJDY.

VI. ANALYSIS OF DIGITALIZATION INDICATORS IN DAMOH

(i) Aadhaar Seeding- Damoh had approximately 10.0 lakh Aadhaar-seeded accounts out of 11.2 lakh PMJDY accounts. The approximate Aadhaar-seeding ratio can therefore be expressed as:

Aadhaar Seeding Ratio = Aadhaar-seeded accounts / Total PMJDY accounts × 100

$= 10.0 / 11.2 \times 100$

≈ **89.3%**

This indicates a high level of integration between PMJDY accounts and Aadhaar-based digital identification. A high Aadhaar-seeding rate potentially improves the ability of beneficiaries to access DBT and Aadhaar-enabled financial services.

(ii) RuPay Card Penetration

Damoh had approximately 7.4 lakh RuPay cards against 11.2 lakh PMJDY accounts.

RuPay Card Penetration $= 7.4 / 11.2 \times 100$

≈ 66.1%

Thus, approximately two-thirds of PMJDY accounts were associated with issued RuPay cards.

The figure indicates substantial access to card-based financial services, although card issuance should not automatically be interpreted as active card usage.

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VII. PROPOSED RESEARCH MODEL

Digitalization Factors
Aadhaar Linkage
↓
RuPay Card
↓
UPI/Mobile Banking
↓
AePS
↓
Bank Mitra
↓
DBT
↓
Improved PMJDY Service Accessibility
↓
Increased Financial Inclusion
↓
Financial Empowerment and Economic Participation

VIII. COLCLUSION

The study demonstrates that digitalization has become a major factor in the evolution of PMJDY from a basic account-opening programme into a digitally connected financial-inclusion ecosystem. The evidence from Damoh district indicates substantial progress in account penetration, Aadhaar seeding, RuPay-card issuance and digital financial infrastructure. As of 10 March 2026, Damoh had approximately 11.2 lakh PMJDY accounts, ₹341.7 crore in deposits, 7.4 lakh RuPay cards and 10 lakh Aadhaar-seeded accounts. These indicators suggest that digital technologies have significantly strengthened the ability of PMJDY to connect underserved populations with formal financial services. Nevertheless, the existence of approximately 1.3 lakh zero-balance accounts highlights an important policy concern: **access does not automatically mean usage**. Similarly, card issuance and Aadhaar seeding should not be considered complete measures of digital financial inclusion. Effective inclusion requires regular and safe use of financial services. Therefore, the future strategy for PMJDY in Damoh should focus on digital financial literacy, active account usage, cybersecurity awareness, reliable connectivity, effective Bank Mitra networks and accessible grievance-redressal mechanisms. The integration of PMJDY with Aadhaar, DBT, RuPay, AePS, mobile banking and UPI provides a strong foundation for achieving these objectives.

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