



BRIDGING AWARENESS AND FINANCIAL EMPOWERMENT: AN ASSESSMENT OF PMJDY, PMMY, AND HOUSEHOLD FINANCIAL STABILITY

Dr. S Kokilavizhi

Assistant Professor in Commerce (Finance), NGM College, Pollachi.

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ABSTRACT

Financial inclusion plays a crucial role in improving household economic security by expanding access to formal banking, savings, credit, insurance, and other financial services. In India, the Pradhan Mantri Jan-Dhan Yojana (PMJDY) and Pradhan Mantri Mudra Yojana (PMMY) represent two important government initiatives aimed at strengthening financial inclusion and supporting economically vulnerable households and micro-entrepreneurs. PMJDY, launched in 2014, focuses on providing universal access to basic banking services, while PMMY, launched in 2015, facilitates collateral-free institutional credit for micro enterprises.

This study proposes to assess the level of awareness and utilization of PMJDY and PMMY and examine their relationship with household financial stability. The study considers awareness, accessibility, financial literacy, socioeconomic characteristics, and actual utilization of scheme benefits as important factors influencing financial empowerment. Household financial stability is assessed through indicators such as savings behaviour, access to formal credit, income-generating opportunities, ability to manage financial emergencies, and reduction in dependence on informal sources of finance. The study is expected to contribute to understanding whether awareness of government financial schemes translates into meaningful financial inclusion and improved household economic resilience.

KEYWORDS: Financial Inclusion, PMJDY, PMMY, Financial Awareness, Financial Empowerment, Household Financial Stability, Financial Literacy.

INTRODUCTION

Financial inclusion is an important component of inclusive economic development. Access to formal financial services enables households to save securely, obtain credit, receive government benefits, make digital payments, manage financial risks, and participate more effectively in the formal economy. However, access to a bank account alone does not necessarily guarantee financial inclusion. Effective utilization of financial services and awareness of available schemes are equally important.

The Government of India introduced PMJDY on 28 August 2014 as a national mission for financial inclusion. The scheme seeks to provide access to basic banking facilities, financial literacy, and social-security-related services. PMJDY accounts offer features such as a basic savings account without a minimum-balance requirement, RuPay debit cards, eligible overdraft facilities, and access to banking services through Business Correspondents/Bank Mitras.

The scale of PMJDY has expanded substantially. According to official data, as of 26 August 2026, approximately 59.15 crore PMJDY beneficiaries had accounts, with deposits of approximately ₹3.15 lakh crore and around 41.34 crore RuPay cards issued.

PMMY complements this financial-inclusion framework by addressing access to institutional credit for micro enterprises. Launched on 8 April 2015, PMMY provides collateral-free credit for income-generating activities in manufacturing, trading, services, and certain allied agricultural activities. The scheme currently has four categories—Shishu,

Kishor, Tarun and Tarun Plus—with loans extending up to ₹20 lakh under specified eligibility conditions.

The official data demonstrate the large reach of these schemes, but coverage and utilization are not necessarily the same. Therefore, there is a need to examine whether households are merely aware of these initiatives or are actually using them in ways that contribute to savings, credit access, income generation, and financial resilience. This study focuses on this transition from awareness to utilization and ultimately to financial empowerment.

Statement of the Problem

Despite the extensive reach of government financial-inclusion initiatives, differences may exist between awareness, accessibility, actual utilization, and the financial outcomes experienced by households. Some beneficiaries may possess bank accounts but use them infrequently, while others may be unaware of associated benefits such as overdraft facilities, insurance, pension linkages, or formal credit opportunities.

Similarly, awareness of PMMY does not necessarily mean successful access to or utilization of MUDRA credit. Factors such as financial literacy, documentation requirements, income level, occupation, perceived complexity of the application process, institutional accessibility, and awareness of eligibility conditions may influence utilization.

REVIEW OF LITERATURE

Singh (2019) – PMJDY and Financial Inclusion Singh conducted a systematic review of 60 studies on PMJDY



and found that the scheme made a significant contribution to expanding access to formal financial services. However, the review also identified challenges such as dormant accounts, financial illiteracy, inadequate banking infrastructure, and limited access to ATMs. The study highlights that opening a bank account alone does not necessarily result in meaningful financial inclusion.

Bhuyan, Das and Mohanty (2018) – Product Awareness under PMJDY The study examined the awareness of financial products among 453 PMJDY account holders in Odisha. The findings indicated that general awareness of basic financial products and services remained relatively low, although gender was found to influence awareness. The authors emphasized the need for stronger financial-literacy interventions to enable beneficiaries to obtain the full benefits of financial inclusion.

Kaur et al. (2025) – Financial Literacy and Financial Inclusion A recent study examined the relationship between financial literacy and financial inclusion among marginalized PMJDY account holders in Himachal Pradesh. Using structural equation modelling, the study found that online banking plays an important mediating role between financial literacy and financial inclusion. The findings suggest that financial knowledge, combined with the ability to use digital banking services, can strengthen financial inclusion.

Khandelwal, Vajjala and Tagat (2025) – Household Financial Literacy Using household-level data covering more than 150,000 individuals, this study found a strong positive association between financial literacy and financial inclusion in India. It also found that the relationship varied according to gender, region and household wealth. This supports the argument that improving financial literacy can help households make greater use of formal financial services.

Raichoudhury (2025) – Awareness and Household Financial Inclusion A household-level study based on 348 households found that financial inclusion was positively associated with literacy, per-capita income, household amenities, and awareness of PMJDY. At the same time, greater distance from a bank was negatively associated with financial inclusion. The study therefore demonstrates that awareness is important, but socioeconomic and accessibility factors also determine whether awareness translates into financial inclusion.

Objectives of the Study

The study aims to:

1. Assess the level of awareness of PMJDY and PMMY among households.
2. Examine the extent of utilization of PMJDY and PMMY benefits.
3. Identify demographic and socioeconomic factors influencing awareness and utilization.
4. Examine the relationship between financial literacy and utilization of the schemes.
5. Assess the contribution of PMJDY to household savings, formal banking access, and financial security.

The **utilization of PMJDY and PMMY benefits** is an important dimension of financial inclusion because awareness alone does not ensure that households actually derive economic benefits from government schemes. PMJDY provides access to

basic banking services, RuPay debit cards, eligible overdraft facilities, and financial-literacy initiatives. , on the other hand, provides collateral-free institutional credit to eligible micro-enterprises through categories such as Shishu, Kishor, Tarun and Tarun Plus.

For PMJDY, utilization can be assessed through the extent to which account holders actively use the facilities available to them. Important indicators include:

- Regular deposits and withdrawals
- Savings through the PMJDY account
- Receiving government benefits through Direct Benefit Transfer (DBT)
- Use of RuPay debit cards
- Digital banking and electronic transactions
- Utilization of eligible overdraft facilities.

Contribution of PMJDY to Household Savings, Formal Banking Access, and Financial Security

The Pradhan Mantri Jan-Dhan Yojana (PMJDY) has made an important contribution to strengthening household-level financial inclusion in India. The scheme was launched in 2014 with the objective of providing access to basic banking services, financial literacy, credit, insurance, and pension facilities to financially excluded sections of society. PMJDY accounts are basic savings bank deposit accounts with no minimum-balance requirement, making formal banking more accessible to low-income households.

Household Savings

PMJDY encourages households to shift from cash-based and informal saving practices towards formal savings through bank accounts. The availability of a basic account without a minimum-balance requirement reduces one of the barriers faced by low-income households. Deposits in PMJDY accounts also earn interest, providing households with a secure avenue for accumulating savings. The growth in PMJDY deposits indicates increasing engagement with formal savings channels. Official data show that PMJDY deposits increased from ₹1.46 lakh crore in March 2021 to ₹2.60 lakh crore by March 2025.

Access to Formal Banking

One of the major contributions of PMJDY has been the expansion of formal banking access among previously unbanked households. The scheme provides access through bank branches as well as Business Correspondents (Bank Mitras), particularly in rural and underserved areas. By February 2025, PMJDY had approximately 54.97 crore accounts, of which 66.6% were in rural and semi-urban areas and 55.7% belonged to women.

The scheme has also facilitated access to RuPay debit cards, digital transactions, Direct Benefit Transfer (DBT), and other financial services. Research on PMJDY account-level transactions indicates that adoption of banking products such as deposits, withdrawals, fund transfers and ATM usage is an important dimension of successful financial inclusion.

Financial Security

PMJDY contributes to household financial security by connecting beneficiaries with insurance, pension, overdraft and



government benefit-transfer mechanisms. Eligible account holders can access an overdraft facility of up to ₹10,000, while PMJDY accounts can also be linked to schemes such as PMJJBY, PMSBY and APY. The RuPay card associated with eligible PMJDY accounts also provides accident insurance coverage under the scheme's provisions. Furthermore, DBT enables government benefits to be transferred directly into beneficiaries' bank accounts, potentially reducing transaction costs and dependence on intermediaries. These mechanisms can improve households' ability to manage financial emergencies and strengthen their overall financial resilience.

Overall Contribution

The contribution of PMJDY can therefore be understood through three interconnected dimensions:
 PMJDY → Formal Bank Account → Savings & Financial Services → Financial Security → Household Financial Empowerment

However, account ownership alone does not guarantee financial empowerment. The extent of actual usage—regular savings, transactions, digital payments, access to credit, insurance and other services—is equally important. Recent research finds that financial literacy and PMJDY are positively associated with financial inclusion, although the strength of these relationships varies across socioeconomic groups.

Financial Literacy and Utilization of PMJDY and PMMY

- ❖ **Awareness as the first step toward inclusion:** Awareness of PMJDY and PMMY helps households understand the availability, eligibility, benefits, and procedures associated with government financial schemes.
- ❖ **From awareness to actual utilization:** Merely knowing about a scheme does not guarantee its use. The study can examine whether awareness translates into opening bank accounts, using banking services, obtaining MUDRA loans, and accessing related benefits.
- ❖ **Role of financial literacy:** Financially literate households are more likely to understand savings, credit, interest, repayment, insurance, digital payments, and other financial services, thereby improving effective utilization.
- ❖ **Accessibility of financial services:** Distance from banks, availability of Bank Mitras, digital infrastructure, documentation requirements, and ease of application can influence whether households convert awareness into utilization.
- ❖ **Women's financial empowerment:** PMJDY can facilitate women's access to formal banking and independent financial transactions, while PMMY can support women entrepreneurs and income-generating activities.
- ❖ **Access to formal credit:** PMMY can help eligible micro-entrepreneurs move from informal borrowing toward institutional credit, potentially reducing dependence on moneylenders.
- ❖ **Savings and financial security:** Regular use of PMJDY accounts can encourage formal savings and facilitate receipt of government transfers, contributing to household financial preparedness.
- ❖ **Income generation:** Effective utilization of PMMY credit can support business establishment, expansion,

working capital, and other eligible income-generating activities.

- ❖ **Digital financial empowerment:** Awareness and use of RuPay cards, digital payments, mobile banking, and other formal financial channels can strengthen households' participation in the digital economy.
- ❖ **Financial resilience:** The ultimate objective is to determine whether financial inclusion helps households better manage emergencies, income fluctuations, debt obligations, and unexpected financial shocks.
- ❖ **Barriers to empowerment:** Lack of awareness, inadequate financial literacy, complicated procedures, documentation issues, limited digital literacy, and misconceptions about loans may prevent beneficiaries from fully utilizing the schemes.
- ❖ **Measuring the awareness-empowerment gap:** An important research contribution is to identify the gap between “**knowing about the scheme**” and “**benefiting from the scheme.**”

Awareness and Household Financial Inclusion

Awareness is a fundamental component of household financial inclusion because individuals can effectively access and utilize financial services only when they understand their availability, benefits, eligibility criteria, and procedures. In the context of PMJDY and PMMY, awareness enables households to recognize opportunities for formal banking, savings, digital transactions, government benefit transfers, insurance, and institutional credit. PMJDY has expanded access to basic banking facilities among previously underserved sections of society, while PMMY has created opportunities for eligible micro-entrepreneurs to obtain institutional credit for income-generating activities. However, merely knowing about these schemes does not necessarily result in effective utilization. The transition from awareness to actual usage depends on factors such as financial literacy, income, education, occupation, accessibility of banking facilities, digital literacy, documentation requirements, and the perceived complexity of application procedures.

Households with greater financial awareness are more likely to maintain active bank accounts, make regular savings, use digital payment facilities, access formal credit, and participate in government financial programmes. **Financial literacy** further strengthens this process by enabling individuals to understand interest rates, loan repayment obligations, savings products, insurance, and financial risks. This is particularly important for PMMY beneficiaries, who need adequate financial knowledge to assess borrowing requirements, use credit productively, and manage repayment. Similarly, effective utilization of PMJDY can provide households with a secure channel for savings, receipt of government transfers, and access to other financial services.

Awareness also has an important **social and economic dimension**. Women, rural households, low-income groups, and individuals engaged in informal employment may face greater barriers to formal financial services. Targeted awareness programmes, financial-literacy campaigns, local banking support, and digital education can help these groups participate more actively in the formal financial system. Banks and Business



Correspondents/Bank Mitras can also play an important role in explaining scheme benefits and assisting beneficiaries with account operations and credit applications.

Therefore, household financial inclusion should not be measured solely by bank-account ownership or scheme enrolment. It should also consider the frequency and purpose of account usage, savings behaviour, access to formal credit, digital financial transactions, insurance and pension coverage, and the ability to manage financial emergencies. The effectiveness of PMJDY and PMMY can ultimately be assessed by examining whether increased awareness leads to greater utilization and whether such utilization contributes to financial empowerment, improved income opportunities, better savings behaviour, reduced dependence on informal finance, and greater household financial stability. Thus, bridging the gap between awareness, access, utilization, and financial outcomes is essential for achieving meaningful and sustainable financial inclusion.

CONCLUSION

The present study highlights that financial awareness is an essential link between financial access and financial empowerment. PMJDY and PMMY have played important roles in expanding access to formal banking and institutional credit in India. PMJDY was introduced to provide basic banking facilities, financial literacy and social-security access, while PMMY was designed to provide collateral-free institutional credit to micro-enterprises.

However, the effectiveness of these schemes should not be assessed only in terms of the number of accounts opened or loans sanctioned. The real impact depends on whether households understand, access and actively utilize the benefits available to them. Financial literacy can strengthen this process by helping households understand savings, credit, interest rates, digital transactions, insurance and repayment obligations. Recent household-level evidence from India reports a strong positive association between financial literacy and financial inclusion, while also finding a positive association between PMJDY and financial inclusion.

The study therefore emphasizes the need to bridge the gap between awareness and actual utilization. Greater awareness, supported by financial literacy, accessible banking infrastructure and effective institutional guidance, can encourage households to participate more actively in the formal financial system. PMJDY can contribute to savings, banking access and receipt of government benefits, while PMMY can support productive credit and income-generating activities. The official scale of these programmes demonstrates their importance: as of February 2025, PMJDY had 54.97 crore accounts, while PMMY had sanctioned 52.07 crore accounts since inception.

Ultimately, financial inclusion should progress from access to active utilization and from utilization to financial empowerment and household stability. Strengthening financial-literacy programmes, improving awareness at the grassroots level, simplifying procedures and providing continued support through banking institutions can make these schemes more

effective. Thus, PMJDY and PMMY have considerable potential to contribute not only to financial inclusion but also to the long-term financial resilience and economic empowerment of Indian households.

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