

Bridge Urban-Rural Gap: A Role of Financial Literacy and Financial Inclusion in India

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Abstract

Background: The Government of Bharat and Regulators (RBI, NABARD, SEBI, PFRDA, SIDBI, IRDAI, etc.) have taken various initiatives to make progress in financial inclusion and financial literacy leading to behavioural change among different sections of a society. These initiatives in the form of schemes (PMJDY, PMMY, PMJJBY, PMGDISHA, PMSBY, Stand-Up India) and programs (FLC, Awareness campaign etc.) presenting year-wise information on beneficiaries however fail to track the cumulative impact and contribution in upliftment of socio-economic condition of marginalized citizen.

Purpose: It aims to identify Regulator's monitoring role, government schemes contribution in reducing urban-rural divide and socio-economic upliftment.

Methodology: The study uses trend-based approach to analyse cumulative impact of schemes, lay out directional framework (NSFE) and action plan (NSFE) of regulatory bodies and compare the result with Global Findex (World Bank) and National Account Statistics 2024, a major social indicator.

Findings: The result present consistency in scheme's progress with socio-economic upliftment and Findex improvement over the period. It further presents lack in required behavioural change signifying the need of enhanced financial literacy program. The role of COVID-19 causing heightened health concern has been reflected in inclined insurance participation.

Practical Implications: The necessity of technology adoption in government scheme and enhanced participation of business correspondent is felt. The study sought for more Regulator's contribution and government support to achieve financial inclusion and literacy.

Keywords: financial behavior, insurance, inclusivity, digital payments, economic growth, socio-economic empowerment, pension.

Introduction

India is the fastest developing economy in the world. Being the World's fourth largest economy (International Monetary Fund, 2025), it becomes necessary to drive the whole nation towards development at a similar pace and enable citizens to reap the fruits of the economic growth and development. Financial inclusion and financial literacy, both have emerged as critical factors for inclusive growth and socio-economic sustainability.

Amid growing concern of financial inclusivity, the Government of Bharat and Regulatory Authorities have initiated various schemes (PMJDY, PMMY, PMSBY, PMJJBY, PMGDISHA, etc.), strategies (NSFE & NSFI) and programs (Financial literacy camps, etc.) for improving financial capability and enhancing financial accessibility catering to different sections of Indian population. These efforts aimed to foster meaningful behavioral changes apart from financial inclusion and financial literacy. (Bandyopadhyay, 2010) defined Financial

Inclusion as “the process of ensuring access to financial services, timely and adequate credit for vulnerable groups such as weaker sections and low-income groups at an affordable cost”. On the other side, Financial Literacy, is concerned with the knowledge of financial concepts and products with an ability to properly use it for making informed financial decision (Balmiki, 2023). Financial Behavior generally mean the management of set of activities like saving, expenditure, budgeting and also include investment behaviour that affect financial well-being of an individual (Rahman, et al., 2021).

Despite being populous country and undertaking large scale initiative, India faces multiple types of challenges. Global Findex 2025 (World Bank) reported substantial share of inactive accounts despite 77% (from 35% in 2011) adult’s account ownership highlighting challenges in behavioural adoption in India (Sharma, 2024). India requires to synergize its governmental and organisational efforts for effective achievement of broad sets of objectives. It requires the holistic view of current status (progresses, outcome and limitation) of ongoing schemes and programs in India. The policy shift from household to individual centric highlighted in Economic Survey 2024 shows significance of digital finance, device accessibility and literacy-driven usage. Extensive policy intervention presented in studies, however evidenced limited insights on combined effect of financial inclusion and financial literacy. Though international literature employs sophisticated model that are country specific, the need to use trend-based approach in Indian context to connect government initiatives with household financial behavior and socio- economic trend has been fulfilled in the study.

The study further bridges the literature gaps by systematically identifying and analysing the major government schemes promoting financial inclusion and financial literacy from 2016 to 2024 among different sections of society. The study present both individual and collective trend, observe financial behavior encouraged through govt-backed schemes and agencies-backed programs, and analyse demographic variation in financial access and usage through WB-Findex databases. The programs, initiatives and directional framework undertaken by regulatory bodies have also been analysed in the context of Urban- Rural divide. It further evaluates the role of Central Agencies in achieving the objectives of Government schemes in past years. The study further incorporates NAS 2025 data reflecting shifts in household’s financial assets and liabilities, deposits, insurance, pension and expenditure on health and education to track progress towards upliftment of marginalized section across nation. Additionally, it evaluates National Strategy for Financial Inclusion and its action plan and National Strategy on Financial Education’s directional framework in the study. These alignment of multiple databases offer a holistic view of financial inclusion and literacy landscape, assess processes influencing financial behavior, bridge urban-rural divide and support socio-economic changes.

The paper structure begins with introduction section followed by literature review highlighting the key points of published writing and presented research gap, objectives and methodology thereafter. The later section provides analysis followed by findings and is concluded with limitation and conclusion section respectively.

Literature Review

The world is changing at a fast-pace. With the rising concern of worldwide sustainable economic growth and development, the Government of Bharat and its Regulatory bodies, have initiated and undertaken multiple programs and schemes for promoting the financial inclusion among marginalized group across the nation. (Huang & Zhang, 2019) In order to evaluate the financial inclusion backed by financial literacy which help reducing urban-rural divide, the review of literature focuses on following studies. (PIB, GOI, 2025) In pursuance with UN identified financial inclusion as key enablers to 7 of 17 Sustainable Development Goals 2030,

India has achieved 89% account ownership by the people, an increased participation of adults in banking sector as reflected by “Global Findex Report 2025”.

(National Centre for Financial Education, 2020) To provide directional framework to various regulatory institutions, NCFE envisioned “A financially aware and empowered India”, developed NSFE 2020-25 with 5C’s approach “Content, Capacity, Community, Collaboration and Communication” for imparting financial education among people from different sections in India. (National Centre for Financial Education, 2025) It further laid reports on Mid-term Evaluation of NSFE to ensure effective implementation and strategic revision of wide range of programs to be conducted by various institutions in one direction. (Academy of Management Studies (AMS), 2021) NAFIS 2021-22 shows the significant result of financial Inclusion through government schemes in reducing urban-rural divide, thus strengthening economic development. It highlights the remarkable growth in rural areas from 2016-17 to 2021-22 with 57.6% substantial increase in average household monthly income, financial literacy by 17%, reported household saving to 66%, insurance coverage by 54.76% and household pension coverage of any one senior citizen reached to 54% (Kumar, et al., 2025). (Mission Office, Department of Financial Services, 2014) The national scheme for financial inclusion, PMJDY, launched in 2014 with primary objective to facilitate financial services and saving accounts to unbanked has become a remarkable initiative worldwide. Further it extended to accidental insurance coverage of Rs.2 lakhs and overdraft facility of Rs.10000, PMJDY in 10 plus years achieved milestone with 56.16 crores beneficiaries, Rs. 267755.64 crores deposits and 38.68 crores Rupay Debit Cards issued as on 13th Aug 2025 (Dept. of Financial Services, GOI, 2025). (Bhasin, et al., 2021) PHDCCI highlighted the key points of NSFI 2019-24 that specially focuses on financial inclusion developed by RBI backed by Financial Inclusion Advisory Committee. It lays down the evolving role of fintech and necessitates better understanding among different stakeholders, highlights financial issues with recommendation, call for active participation and efforts from civil society, stresses focus on financial literacy, call attention on customer protection framework for sustaining momentum in better delivery of PMJDY and highlight the need of customer responses for objective and scientific assessment to better track the financial inclusion progress in India.

(Agarwala, et al., 2023) study the role of banks in driving financial inclusion through PMJDY since 2014. It employs Output-Oriented DEA Model, and found the increased efficiency of public sector banks than private sector banks towards progress made in the expansion of banking service accessibility. Apart from opening zero balance account, banks also facilitate credit, insurance, Rupay Debit Card, direct benefit transfer from government under PMJDY. The study’s (Gao, et al., 2024) employed variables namely digital inclusive finance as independent, availability to rural loans as mediating and urban-rural income gap as dependent in models panel data regression with fixed effect, mediating and threshold regression. It demonstrated the considerable reduction in gap between urban-rural income through digital finance. The result shows the enhanced participation and reduced income inequality in urban and rural areas through extended accessibility to rural loan. However, the effectiveness remains lower after a certain extent requiring a balanced policy intervention. The study (Hasan, et al., 2021) emphasizes financial literacy role in facilitating inclusive finance. The models employed are logit and probit regression with independent variable financial literacy score and binary dependent variable financial inclusion. The result present positive correlation between financial literacy and likelihood of using formal financial services by rural households signifying the equivalent importance of both the financial literacy and accessibility for stimulating behavioral change towards financial inclusion.

Research Gap

Existing evidence reflects significant reduction in income and inclusion disparities through digital financial access and financial literacy (Shen, et al., 2022). (Ramesh, 2022) The efforts of government for financial inclusion and literacy, regulatory bodies intervention through NSFE and NSFI, bank's role in enhanced accessibility to financial services and substantial increase in financial literacy were reported in existing literature. (Goel, 2023) These studies, however, remained yearly segmented and mechanism focused leaving several gaps for evaluation and analysis of overall financial inclusion landscape in India. Although there is multiple government led initiatives for financial inclusion and financial literacy, there exist limited comprehensive dataset that measures the collective contributions rather than assessing them in isolation. (Rusliati, et al., 2024) Moreover, International literature, often employs sophisticated models to investigate mediation and heterogeneity, India lacks trend-based analysis connecting national policies with household financial behavior and socio-economic pattern. Lastly, despite significant progress through intensive policy efforts, the relationship between enhanced financial accessibility and its sustained usage that translate into meaningful behavioral changes for socio-economic upliftment of marginalized groups still remained under explored in Indian setting.

Objectives

1. To analyze the role of regulatory bodies in monitoring central government schemes relating to financial Inclusion and financial literacy in India.
2. To examine the contributions of various schemes in reducing the gap between urban and rural India.
3. To Investigate the role of financial literacy and financial inclusion in government schemes for the upliftment of socio-economic condition of marginalized groups in India.

Methodology

The study employs secondary data based descriptive-analytical approach, trend analysis with comparative evaluation to assess financial inclusion and financial literacy from 2011 to 2024 in India. The data is mainly extracted from three major sources. Firstly, the press release by Ministry of Finance (PIB), RBI reports, documents tabled before parliament in public domain, NSFI, NSFE and official websites where form the data has been collected on major government schemes from 2016 to 2024. Secondly, the Global Findex survey conducted by World Bank is used to present financial inclusion index that capture demographic difference in account ownership, savings, borrowings and digital financial activity for 2011, 2014, 2017, 2021 and 2024 across income groups, gender, age groups and urban-rural gap. Thirdly, to track broader impact on socio-economic parameter like household's financial assets, liabilities, deposits, insurance, pensions, and expenditure on health and education, NAS 2024 database covering period from 2011-12 to 2022-23 were used in the study.

The analysis was carried following three major steps. Firstly, (M & Nari, 2023) the trend in government schemes were mapped sequentially and period-wise to capture the pattern in financial access, financial literacy and financial behavior. At second stage, the integrated landscape was provided through analysis of individual and collective effect of govt-backed schemes. Thirdly, the urban-rural divide is assessed through Findex demographic characteristics and concerned financial inclusion indicator with behavioral changes. At last, the policy objectives and outcome of NSFE and NSFI were aligned with findings to assess effectiveness of institutional framework that have been translated into financial behavior and socio-economic changes.

Analysis

Table 1: Major Government schemes with objectives for Financial Inclusion and Financial Literacy.

Sr no.	Schemes	Objectives	Target Groups
1	Pradhan Mantri Jan Dhan Yojana (launched on 28 th Aug 2014)	To provide universal access to various financial services and banking facilities .	Unbanked/ Excluded Indian population. (Age group: 18-50)
2	Atal Pension Yojana (Implemented on 1 st Jun 2015)	To provide social security through pension post 60 age.	Workers of unorganized sector. (Age group: 18-40)
3	Pradhan Mantri Gramin Digital Saksharta Abhiyan (Approved in Feb 2017)	To impart digital literacy training in rural India.	Rural marginalized section including SC, ST, Minorities, Women and PWD. (Age group: 18-60)
4	Pradhan Mantri Jeevan Jyoti Bima Yojana (Launched in 2015)	To provide universal access to affordable life insurance plan to marginalized groups.	Low-income group having Bank/ Post Office Account. (Age group: 18-50)
5	Pradhan Mantri Suraksha Bima Yojana (Launched on 9 th May 2015)	To provide financial support through Insurance against accidental death and disability.	Poor and unprivileged section of a society. (Age group: 18-70)
6	Pradhan Mantri MUDRA Yojana (Launched on 8 th Apr 2015)	To provide affordable and collateral- free loans (by MUDRA) to aspiring entrepreneur of MSE.	Indian entrepreneur of unfunded small business and micro enterprise. (Age group: 18+)
7	Stand-Up India Scheme (Launched on 5 th Apr 2016)	To Provide loan and other support for Greenfield Enterprise.	SC/ST/ Women entrepreneur (Age group: 18+)

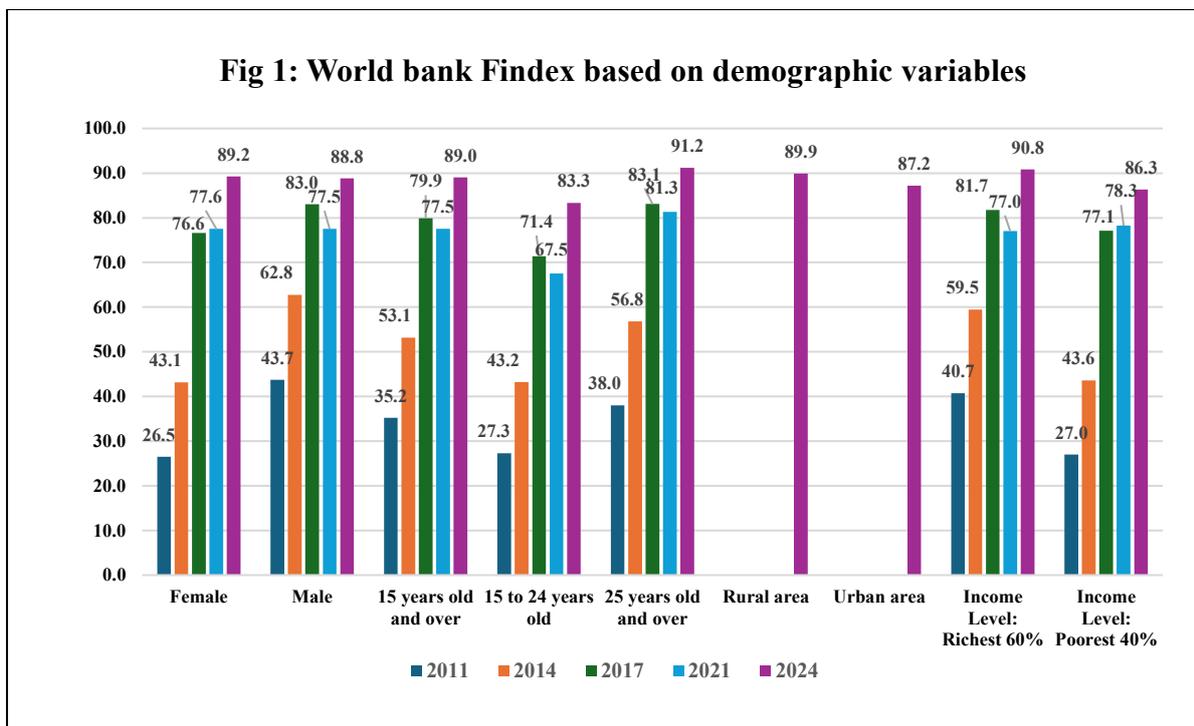
The table 1 shows the major government schemes that have been launched exclusively for financial inclusion and financial literacy in India. Except PMGDISHA, all other schemes are still operating. It further presents the main objectives, target group and launched date of the schemes.

Growth in Financial Inclusion Index - World Bank

Table 2: Financial inclusion index on India from 2011 to 2024

Particulars	Categories	2011	2014	2017	2021	2024
Gender	Female	26.5	43.1	76.6	77.6	89.2
Gender	Male	43.7	62.8	83.0	77.5	88.8
Age	15 years old and over	35.2	53.1	79.9	77.5	89.0
Age	15 to 24 years old	27.3	43.2	71.4	67.5	83.3
Age	25 years old and over	38.0	56.8	83.1	81.3	91.2
Area of Resident	Rural area	N/A	N/A	N/A	N/A	89.9
Area of Resident	Urban area	N/A	N/A	N/A	N/A	87.2
Income	Income Level: Richest 60%	40.7	59.5	81.7	77.0	90.8

Income	Income Level: Poorest 40%	27.0	43.6	77.1	78.3	86.3
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Source: Author’s compilation based on Global Findex Database 2025, (World Bank, 2025)
 The World bank (WB) has started publishing Global Financial Inclusion Index (Findex) since 2011 that covers many countries across the globe including India. The Findex by WB is a comprehensive dataset that measure access and use of financial product and services by the people across nations reflecting status of financial inclusion. The data extracted present the rise in FII from 2011 to 2024. The sharp incline in FII on female and male from (43.1 & 62.8) 2014 to (76.6 & 83) 2017 shows correlation with impact of scheme’s introduction like Stand-Up, PMJDY and others. The low FII of 15-24 age group in 2011 (27.3) has felt highest increase till 2024 (i.e., by 56) among other age group. The FII on rural area is higher than urban areas. Further, the growth in FII among Poorest 40% is higher than Richest 60% in last 13 years. Such growth is correlated to rise in beneficiaries of major government scheme targeting marginalized group which also cover Poorest 40%. The overall rise in India’s FII reflect tremendous progress in financial inclusion. The major schemes like PMJDY, PMMY, PMSBY, PMJJY, APY, Stand-Up India Scheme and PMGDIGSHA were launched in between late 2014-17 is closely aligned to remarkable growth in World bank FII since 2014 onwards.

Trend in financial inclusion and financial literacy through major government schemes

The section comprises tables, figures and charts of achievement of various government schemes that has been reported by the concerned authorities in forum and various websites made available in public domain.

1. Atal Pension Yojana

Table 3: Cumulative enrolments of beneficiaries in APY from 2016 to 2025 (₹ in Lakhs)

Year	Mar 2016	Mar 2017	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	Mar 2024	Mar 2025
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Cum. Enrolments	25	49	97	154	223	302	401	521	644	761
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Source: Author's tabulation based on (National Informatics Centre, 2022) (Department of Financial Services, MOF, 2024)

The Table 3 presents APY's year-wise cumulative enrolment starting from 2016. Started with 25 lakhs enrolments, the APY show strong upturn to 7.61cr cum. Enrolments in just 9 years. The consistent growth highlights the outreach and acceptance of APY among the target group. It further reflects the growing scheme's significance providing social security and enhancing financial inclusion in India.

2. Pradhan Mantri Jeevan Jyoti Bima Yojana

Table 4: Cumulative enrolments of beneficiaries in PMJJBY from 2016 to 2024 (₹ in Lakhs)

Year	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cum. Enrolments	295.53	310.24	532.94	591.69	659.07	1027.39	1265.99	1599.77	1990.69

Source: Author's tabulation based on (Press Information Bureau, 2025)

The Table 4 present PMJJBY's year-wise cumulative enrolment since 2016. Like APY, PMJJBY display tremendous growth in enrolments signifying the scheme popularity among target audience in providing social security thus promoting financial inclusion. Further, the sharp increase has been observed in between (659.07 lakhs) 2020 to (1027.39 lakhs) 2021 which could be mainly due to heightened health concern driven by Covid-19 pandemic.

3. Pradhan Mantri Suraksha Bima Yojana

Table 5: Cumulative enrolments of beneficiaries in PMSBY from 2016 to 2025 (₹ in lakhs)

Year	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Cum. Enrolments	940.73	995.12	1348.32	1547.17	1854.16	2326.34	2818.68	3377.77	4380.73	5078.08

Source: Author's tabulation based on (Press Information Bureau, 2025)

The Table 5 present PMSBY's year-wise cumulative enrolment from 2016 to 2025. This scheme has outperformed APY and PMSBY with 41.37 crore additional enrolments in 2016-2025. The steep upsurge in enrolments highlights its significance in providing social security and promoting financial inclusion in India. With enhanced participation, the extensively covered and subsidised scheme, PMSBY's enrolments in the table exhibit cautious behavior among general people. It further signifies concern towards accidental risk even in low-income group which sought for wider awareness drive among marginalised groups across nation.

4. Pradhan Mantri Jan Dhan Yojana

Table 6: Account ownership and Rupay card issue under PMJDY from 2016 to 2024

(fig. in crores)

Year	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
PMJDY Accounts (in Cr.)	21.43	28.17	31.44	35.27	38.33	42.2	45.06	48.65	51.95

No. Of Rupy Debit Cards issued (in Cr.)	17.75	21.99	23.65	27.91	29.3	30.9	31.62	32.94	35.35
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Source: Author’s tabulation based on (Press Information Bureau , 2024)

The Table 6 presents number of PMJDY account ownership and issue of Rupy Debit card against from 2016 to 2024. The Rupy card issued have remained quiet lower than the accounts ownership throughout the period. The lower Rupy card holder could possibly be due to lack in awareness of card’s significance among PMJDY account holder. The number of account holders have been doubled in March 2021 since 2016. The Rupy card and account openings have continuously been increased to 35.35cr and 51.95cr. This consistent rise signifies the mass concern of population on financial inclusion in India.

5. Pradhan Mantri MUDRA Yojana

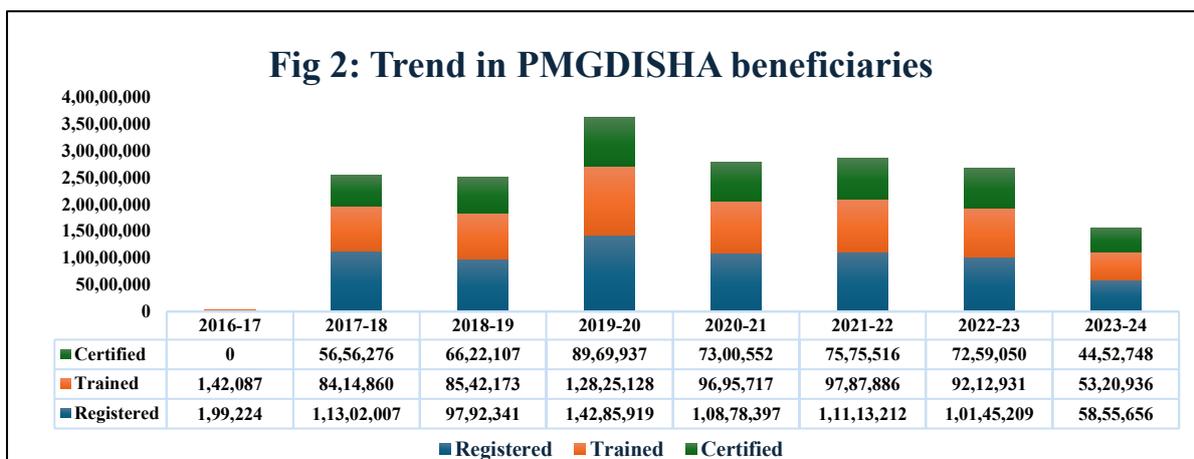
Table 7: Progress trend in PMMY from 2016-17 to 2023-24 [Amount in ₹ (Rs.) Crore]

Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
No Of Accounts	39701047	48130593	59870318	62237981	50735046	53795526	62310598	66777013
Sanctioned Amt	180529	253677	321723	337465	321759	339110	456538	541013
Disbursement Amt	175312	246437	311811	329685	311754	331402	450424	532358

Source: Author’s tabulation based on data extracted from (Department of Financial Services, 2025)

The overall performance of PMMY presenting number of beneficiaries account and amount segregated is shown in Table 7 from 2016-17 to 2023-24. The PMMY accountholder has nearly been double over the period. The amount sanctioned and disbursed have sharply been risen. However, the amount disbursed remained lower than sanctioned amount throughout the period. The upward trend in both amount dispersal/ sanctioned and account opening highlights the growing ease of availing loans among marginalized group. This further has improved financial inclusion in India.

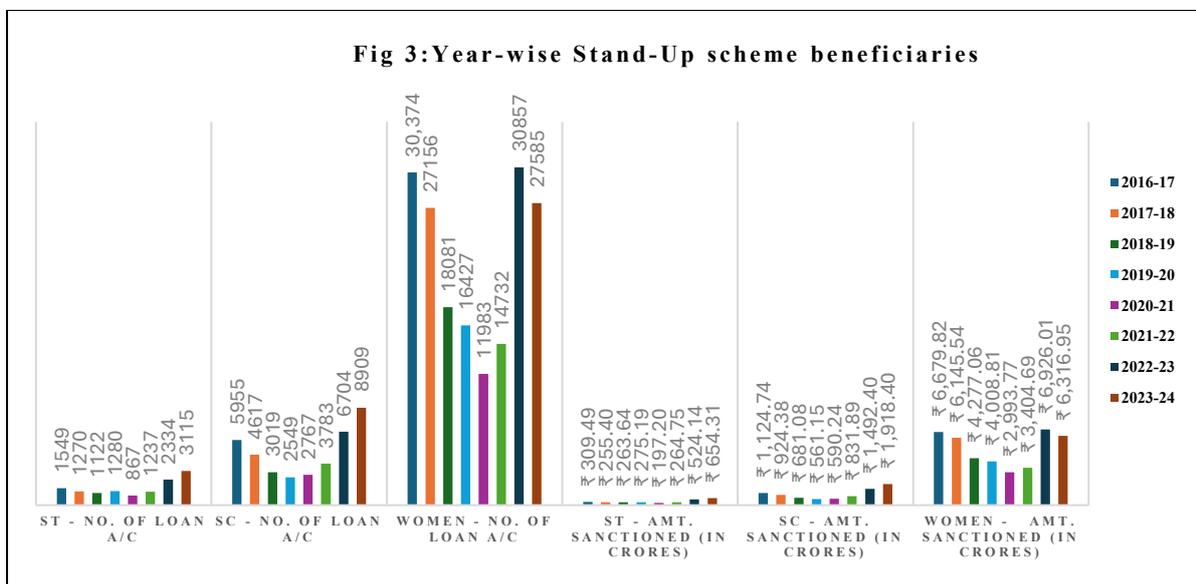
6. Pradhan Mantri Gramin Digital Saksharta Abhiyan



Source: Author’s presentation based on (Ministry of Electronic and Information Technology, 2024)

The fig 2 represent trend in PMGDISHA beneficiaries specifically highlighting the number of stakeholders registered, certified and trained from 2016-17 to 2023-24. Since the year 2016-17 marked with beginning of new scheme PMGDISHA, no certified candidate highlights challenges in earlier stage implementation. With objectives to impart digital literacy among 6 crore rural households (one person per household), the trained candidates rise throughout the tenure totaling 6.39 crores trained candidate. The year-wise registered candidates were higher than trained and certified candidates. (Malhotra, n.d.)The outreach of the scheme to more than 6cr marginalized household specially targeting rural areas reflect the significant contribution to both the financial literacy and financial inclusion in India. The different between registered and trained is 96 lakhs, and trained and certified is 161 lakhs. Such a significant difference reflects huge left-out candidates that have been excluded from the program. It require necessary call for attention of the concerned authority in finding cause

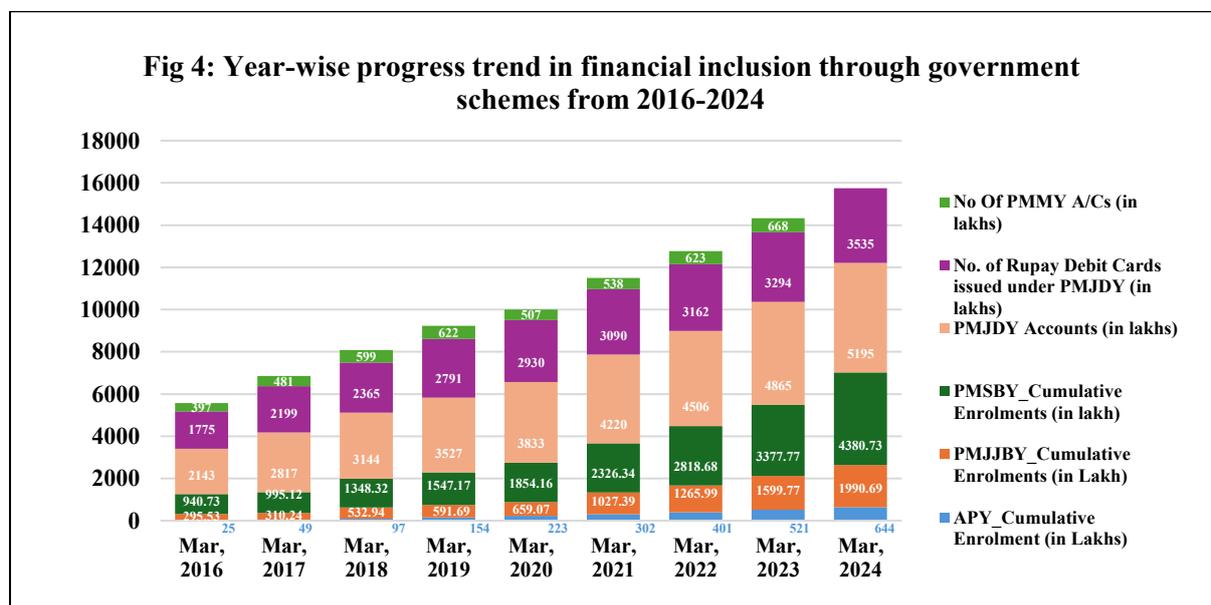
7. Standup India Scheme



Source: Author’s presentation based on Ministry of Finance, GOI (Department of Financial Services, MOF, 2025)

For promoting the financial inclusion among SC, ST and Women entrepreneurs through subsidized and convenient access to loan, Stand-Up India scheme has made a significant contribution as in reflected in fig 3. The initial fall in loan account and disbursement of loan amount has inclined later from 2020-21 onwards. After which it shows subsequent recovery in both forming U-shaped trajectory. The lowest number of loan accounts and loan amount sanctioned in 2020-21 could be attributed to Covid 19 lockdown, that restrained the movement of office staffs and targeted groups. The women beneficiaries are highest followed by SC and ST entrepreneurs. The decline since inception is likely to highlight awareness lack and challenges in implementation whereas the later recovery could be due to improved outreach and stronger support of institution for entrepreneurs.

Landscape of financial inclusion and financial literacy: Contribution of major government schemes



Source: Author compiled data taken from PIB and websites (Press Information Bureau , 2024) (National Informatics Centre, 2022) (Department of Financial Services, MOF, 2024) (Press Information Bureau, 2025) (Department of Financial Services, 2025)

The PMJDY is the most performing scheme that has tremendously increased bank account ownership with issue of Rupay Debit Cards from 2016 to 2024. After that, PMSBY is the second most performing scheme with continuous rise in cumulative enrolments. PMMY account is more/less remain same till 2023-24. APY is at the lowest with its cumulative enrolments among all of the major government schemes. Enrolments in PMJJBY was more/less same till 2019 after which the sharp inclined has been felt. This could be due to Covid-19 that has inculcate health concern among citizens. Likewise, incline has been felt in PMSBY which could be due to health, safety and social security concern arise due to the pandemic. The overall picture of continuous inclined trend in outcome of various government schemes from 2016 to 2024 clearly signify the major role of financial inclusion in upliftment of socio- economic conditions of marginalized section of a society. Its further leads to enhanced financial literacy and encouraged financial behavior among the beneficiaries.

Policy invention in financial inclusion and financial literacy by regulatory bodies

The Regulatory bodies and Financial Development Institutions have actively supported government's financial inclusion and financial literacy program with its implementation under the guidance of NCFI (2019-24) and NSFE (2020-25) that targets sustainably and successfully to vulnerable group through policy support, suggested action plan, and regulatory framework.

National Strategy on Financial Inclusion (2019-24)

The RBI launched National Strategy for Financial Inclusion (RBI, 2020) has laid regulatory framework for various sectors to monitor and aid government schemes in enhancing financial inclusion in India. The regulatory bodies in many ways play a significant role in operating government schemes and achieving its objective ranging from monitoring, implementation to evaluations and enhancement. The major frameworks that drive banking, insurance and pension sectors are mentioned below.

Banking framework

RBI has adopted Bank-led Model with relaxation in branch authorisation guidelines. This has mandated opening of bank branches and ATMs at unbanked and rural areas resulting a creation of strong setup to monitor PMJDY, PMMY and Stand-Up India scheme outreach that ensure enhanced financial inclusion. RBI has advised banks to prepare financial inclusion plans, that tracks the progress on account opening, credit flow and service delivery. This will help to monitor the financial inclusion activities across different regions by various stakeholders. Financial Inclusion Fund, Small finance banks and Payment banks were setup to further technology adoption, capacity building, credit facilities, opening of Saving account and Payment/ Remittance account. It aims to smoothen the banking process and effective monitoring of government scheme and encourage bank participation in rural and unbanked area. Further, with Indian Banks' Association, BC Registry has also been launched to track service record of Business Correspondent and BC Certification courses were introduced to standardise minimum service quality for capacity building and service delivery.

Insurance Framework

To aid the PMSBY, PMJJBY and alike schemes, RBI in NSFI has laid framework that seeks active banks and stakeholders' participations. Apart, the initiatives like more awareness campaign on insurance benefits and appropriateness, setting up more delivery channels across different regions has been undertaken. For trust and confidence building, Insurance Ombudsman has been introduced that quickly redress insurance related grievances of customer. Further, Web Aggregators and Insurance Repositories were setup to provide access and storage to Insurance details with issuance of Electronic Insurance policies. Guidelines have been issued in health insurances segment to promote healthy practice and protect the interest of insurance holders. This sought for regulator's engagement in insurance sector, monitoring activities of government schemes and guiding action of different stakeholders that contribute towards financial inclusion.

Pension Framework

With the establishment of Pension Fund Regulatory and Development Authority under PFRDA Act, 2013, the regulation of National Pension System has been done systematically in the purview of regulatory authorities. Apart, the initiatives like, organizing awareness on retirement planning and aged income security, increasing the distribution channels and leveraging technology to easily access NPS were also undertaken in pension sector. These have further complemented the government schemes and contributed in achieving the objectives through monitoring and evaluation mechanisms.

National Strategy on Financial Education (2020-25)

Envisioning "A Financially Aware and Empowered India", the National Centre for Financial Education has prepared National Strategy for Financial Education 2020-25 in consultation with RBI, IRDAI, SEBI and PFRDA. The document provides strategy and policy framework for Regulatory bodies to synergies their collective effort for financial literacy in India. It mainly lays the action plan for monitoring mechanism and evaluation of activities of Financial Regulators (RBI, SEBI, IRDAI, PFDRA), SIDBI, and NABARD under the NCFE leadership for 2020-25 (National Centre for Financial Education, 2020).

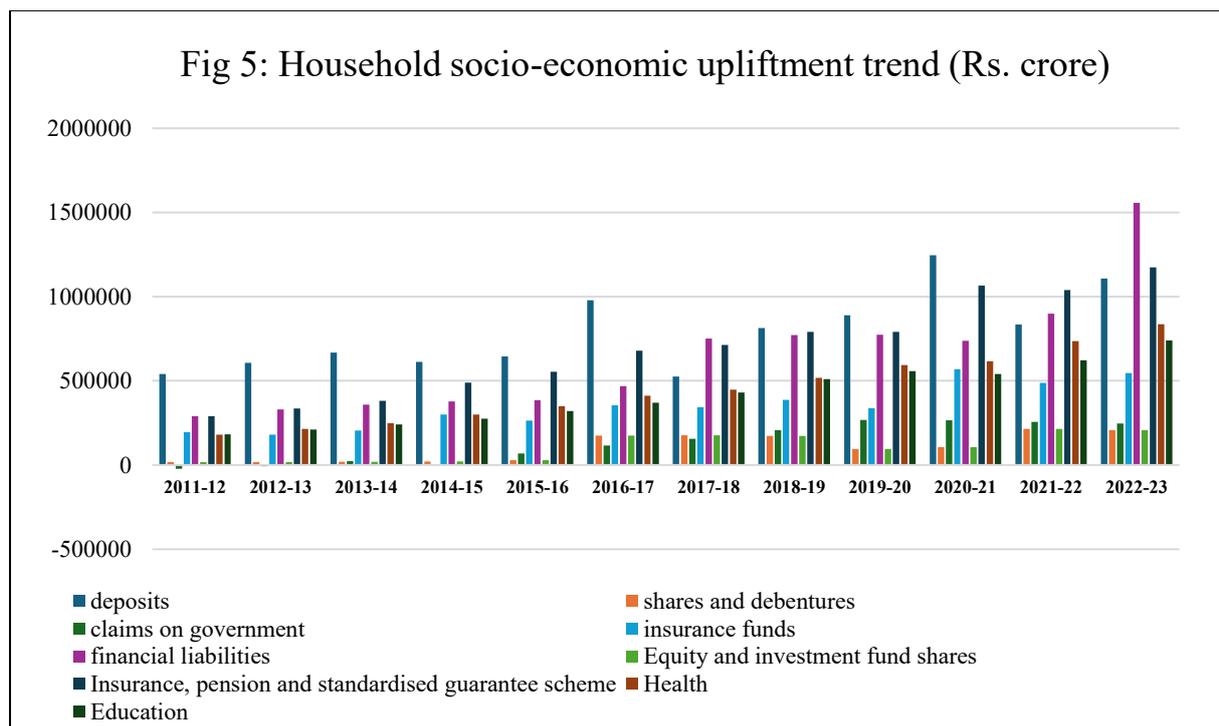
Table 8: NFSE Directional framework and Action plan for regulatory bodies (National Centre for Financial Education, 2020)

Stakeholder	Action Plan	Policy Framework	Outcome
RBI	Train rural branch manager and counsellor of FLC, arrange Community led literacy camps, Organize financial literacy week, Grievance redressal.	“Financial Inclusion & Literacy Policy of RBI, NSFE, Financial literacy Scheme, Ombudsman scheme”.	Promote digital transaction, empower financial Inclusion ecosystem, widespread banking activities and reduces consumer grievance.
SEBI	Train Resource person of SEBI, Set Code of conduct for financial regulators, promote Investor education – Curriculum integration (vocational and professional).	“Investor Protection & Education Fund (IPEF) of SEBI, Investor Education and Awareness Program”.	Promote awareness of Retail investors, encourage market participation, Build healthy investment culture.
IRDAI	Prepare pictorial content based on regional language, organize awareness campaign, focus on women, senior citizens and rural communities.	“Insurance awareness campaign, Consumer education and protection framework”.	Promote awareness of right to policyholders, improve penetration of insurance, provide insurance to excluded section, build consumer confidence.
PFRDA	Prepare module for awareness of MSME, workers and young adults- Ensure curriculum integration, Organize campaign on adult literacy.	“NPS Promotion and Subscriber Awareness Policy, Pension Literacy Drives”.	Promote retirement planning awareness, wide coverage of pension scheme beneficiaries, inculcate saving behavior among workforce, Sustainable Pension system is encouraged.
NABARD	Train SHG, Bank Sakhis, promote community led financial education, organize campaigns in rural areas on adult literacy.	“Financial inclusion and SHG-bank linkage programme, financial literacy fund”.	Promote credit channels use, Credit literacy, empower rural borrower through dependence reduction in informal lenders.
SIDBI	Prepare structured contents on financial literacy for entrepreneur and its integration in skill development and vocational courses, Promote campaigns on Digital awareness among MSMEs.	“MSME Financial literacy and Support Policy, Stand-up India/ MUDRA linkage”.	Improve entrepreneurial financial planning, facilitates growth and survival of small business, increases capacity of credit absorption by MSME.

Monitoring and Evaluation

NCFE lays TGFIFL responsible for periodic monitoring of activities of financial sector regulators (RBI, SEBI, IRDAI, PFRDA) and Development Financial Institutions (NABARD & SIDBI) and its implementations of NSFE. It further creates a Digital Repository to gather data regarding activities of various stakeholders for financial literacy. It allows to identify weaker section and avoid duplication of work.

Insights from NAS 2024 relating schemes outcome in socio economic upliftment



Source: Author’s preparation based on NAS 2024 (Ministry of Statistics and Programme Implementation, 2025)

The National Accounts Statistics 2024, MOSPI (Ministry of Statistics and Programme Implementation, 2025) present the aggregate household consumption expenditures and financial assets and financial liabilities from 2011-12 to 2022-23. The study trace changes in household saving and deposits, expenditure on health and education, financial liabilities and assets to measure the correlation in socio- economic upliftment through the government schemes and programs. The aggregate household deposit reflected in NAS 2024 include deposit with banks, non-banking companies, co-operative banks, societies and trade debt. The sharp incline in (PIB, Delhi, 2024) PMJDY deposit from Mar 2015 (₹ 15,670cr) to Mar 2017 (₹ 67,972cr) and its further rise in later period remain consistent with household deposit inclination. Further, the highest deposit was felt in 2020. This could be due to Covid pandemic felt significance of saving and deposit among common people. The introduction of major schemes and programs like APY (2015), PMJDY (2014), UPI by NPCI (2016), NCFE launched Financial Educational Training Program (FETP 2015), Financial Awareness and Consumer Training (FACT 2017), FLCs by RBI (2017), and PMDIGSHA (2017) appear to be associated with increased household investment in a) shares and debentures (private corporate companies, mutual fund and co-operative banks and societies), b) claim on government (investment in government securities, small savings, etc.) And c) Equity and Investment fund

shares d) Education have been felt between 2015-16 and 2016-17. Though the decline felt in a) share and debentures, b) Equity and investment fund during 2019-20 and 2020-21 were mainly related with lockdown imposed due to Covid-19 pandemic discouraging household investment. Further, the growth in financial literacy and education have remained consistent with growth in household investment for later period. The steep climb in financial liabilities from 2016-17 which include bank advance, loan and advance by co-operative banks, societies, financial corporation, non-banking corporation, government and insurance companies is likely to be influenced by PMMY (2015) and Stand-Up scheme (2016).

The accelerated growth in a) insurance, pension and standardised guarantee scheme and b) insurance fund c) expenditure on health by household is correlated with rise in beneficiaries and outreach of PMJJBY (2015) and PMSBY (2015) since its inception. The substantial upturn in expenditure on a) insurance, pension and standardised guarantee scheme and b) insurance fund felt in 2020 could be attributed to Covid-19 which has caused life threat and health concern among the citizens.

Findings

The study begins with analysis of enrolments in government schemes which further cover the outreach of the programs among different sections of the society. The year-wise data reflect the progress and identify the upward pattern in initiatives' outcome. The rural-centric schemes like PMJDY, PMMY, PMGDISHA and others have been examined with trend analysis in the study. The study present inclined account ownership, increased financial inclusion index, intensive digital literacy campaign, enhanced participation in insurance, savings and pension in rural areas since last decade. These progresses have contributed significantly in reducing urban-rural divide and promoted inclusivity. The cumulative impact of different schemes presenting enhanced financial inclusion outreach, however suffer lack in required level of financial literacy resulting limited optimal use. The regulation of financial sector (banking, insurance, pension and securities market) by institutions like RBI, SEBI, PFRDA, IRDAI, NABARD and SIDBI have contrasted the outcome and achievements of the schemes though its network, resource and expertise. The policy documented in NSFI and NSFE, outlining major framework and action guiding policies highlight unsubstitutable role of institutions in systematic function of various government schemes. The study found institutions encouraging Business Correspondents and other participants by aligning their goals with scheme's objective. The contribution of regulators for financial inclusion has been presented in the study. The consistency in improvement of socio-economic condition indicated in NAS chart with regards to consolidated schemes trend justifies significant contribution of government schemes in socio-economic upliftment of the marginalized section. Despite large number of account ownership, lower substantial use of PMJDY accounts evidenced need for future investigation of behavioral change through financial inclusion and financial literacy. The disparities in gender, income, age group and urban-rural divide persist throughout the period despite improvements in Findex. Lastly, NAS highlight uneven growth in household's financial assets and liabilities whereas, spending in health and education flows smoothly throughout the period. These observations reflect the financial inclusion and financial literacy as a strengthening force to financial system of India.

Conclusions

The study identifies contribution of 7 major government schemes in financial inclusion and financial literacy in India. The remarkable transition in financial inclusion level, though these schemes, however face obstacles in behavioral adoption due to absence of required level of financial literacy as a structural barrier. It further evaluated role of regulatory bodies in

monitoring the schemes. The study presented the trend from 2016 to 2024. The effectiveness of the role of these initiatives was measured using Global Findex and National Accounts Statistics database from 2011 to 2024. Major financial literacy programs are targeting marginalized group by institutions like RBI through NCFE, SEBI, PFRDA etc. were also presented. Though the NSFI and NSFE laid guided action for Regulatory bodies and Business correspondents, it failed to direct the institution's operations towards effective monitoring of the schemes. Despite presenting year-wise trend of government led schemes and institution-backed program, it failed to measure the effectiveness of initiatives. Unlike past literature, financial behavior derived from financial inclusion and financial literacy have remained limited in the study. The integrated landscape of financial inclusion reflected present the substantial progress in overall picture of financial inclusion in India. The findings present significance of financial literacy in reducing gap between financial inclusion and financial behavior. At the end, NAS 2024 and World Bank Findex 2025 datasets indicate the role of various initiatives in upliftment of socio-economic condition thus reducing the gap between urban and rural areas. The study evidence opened-door to more robust, equitable and participative financial ecosystem through integrative approach.

Limitations of the study

The study presents an insightful analysis on the role of financial inclusion and financial literacy in reducing urban-rural divide, however, possesses certain limitations. The scope of the study remains limited to NSFE and NSFI's action-driven guidelines and framework for various stakeholders lacking Mid-term evaluation that measure effectiveness in objective achievement. The integrated financial inclusion landscape fails to present the status of financial literacy. Only selective government schemes were taken neglecting other scheme which could have impact on financial literacy. The absence of financial literacy survey 2024-25 limits basis for comparison and measurement of progress in financial literacy. Since, the study employed trend-based approach to measure schemes outcome in socio-economic upliftment, it fails to investigate behavioral aspect in beneficiaries.

Suggestions/ Recommendations

Though the various programs of the government in the form of schemes have played a crucial role, there still exist an effort lack resulting ineffective outcome towards achievement of ultimate objectives. The schemes like PMJDY, despite showing milestone achievement through attractive figure in account openings, the active participation in banking is relatively poor. The project like SBI Tiny Card account which facilitates micro-credit, money transfer, savings, cash deposit and withdrawal, micro-insurance, utility payments etc. Should be explored in government schemes as well. India, having diversly segregated population, the limiting of scheme beneficiaries to broad categorization like female (gender based), ST/SC (Caste based), Greenfield investment (venture type based) in Stand-Up India requires further sub categorization that target the most vulnerable and potential marginalized groups. The scheme PMGDISHA should further extend offerings to advanced skill apart basic skills and relaunched targeting vulnerable groups. The reach of the PMMY scheme should be enlarged to remote areas through branchless banking models with the help of business correspondents. The scheme like PMJBY and PMSBY should be concentrated more on rural areas than on unorganized workers.

The FLC should encourage the quality content that encourage household's active investment and mobilization of savings rather than imparting basic financial knowledge. Apart from awareness drive, regulatory bodies should also focus on business correspondents' collaboration for youth's skill development program. Despite credit facilities, the development Institutions

like SIDBI and NABARD should also focus on educating the targeted group and arranging demography-based workshops/ campaigns on financial literacy. The agencies like PFRDA and IRDAI should concentrate their resources on rural areas and marginalized sections for their maximum participations in financial environment. Apart from regulating activities, RBI and SEBI should incentivize and motivate private player towards promotion of financial literacy and financial inclusion inculcating informed financial behavior among poor and unbanked population.

In the context of Financial Inclusion, the significance of technology adaption cannot be missed out. Apart Financial Inclusion Technology Fund by MOF with corpus USD 125 million, Kishan Credit card and No- frill banking accounts, the government should further leverage technology integration. (Bandyopadhyay, 2010) presented new technology in banking are a) ATM in Mobile banking units or Branch-On-Wheels which facilitates voice guided animated screen, Touch enabled transaction and fingerprint verification suitable for rural area with low financial literacy b) Branch-in-a-box (Nedbank of South Africa) model which facilitate cheaper, movable and pre-fabricated bank branch specially designed for rural or excluded areas c) Wireless technology based PDAs for doorstep customer services, and d) Gramtellers (like ATM for rural areas dev. By IIT Madras) which is cost effective and easy to use. These technology integration with schemes and rural banking can further financial inclusion in India. At societal level, the youth should guide the elders in digital financial participation and its proper use. The family head should inculcate habits of savings, budgeting and investing among children. Apart from safe and cautious digital transaction, the society and community-led groups like SHG are advised to encourage women to practice financial discipline. All these activities would facilitate both the government and other stakeholders in achieving objectives driving towards economic development.

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