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Effectiveness of Financial Inclusion in India under PMJJBY

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Abstract: The Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), launched in May 2015, aims to extend affordable life-insurance cover to Indians aged 18-50 with a savings bank account, via a nominal annual premium and auto-debit enrolment. This study examines the scheme's progress, awareness levels, operational challenges and outreach among rural and informal segments. Using secondary data from official disclosures, IRDA reports, and prior empirical research, the paper evaluates enrolment trends, claim settlement performance and the barriers to effective penetration—especially among low-income and rural populations. Findings reveal broad uptake and potential for social safety-net expansion, yet highlight persistent gaps in beneficiary awareness of policy coverage, claim-processes, and renewal mechanisms. The role of banking channels and digital enrolment is crucial but unevenly effective. The paper concludes by recommending targeted awareness campaigns, simplified claim procedures, and enhanced delivery mechanisms to bolster financial inclusion through life insurance.
Keywords: PMJJBY; life insurance; financial inclusion; rural outreach; claim settlement; social security.

I. INTRODUCTION

In recent years, financial inclusion has emerged as a cornerstone of equitable economic development, particularly in developing economies like India. Financial inclusion, defined as the process of ensuring access to appropriate financial products and services at affordable costs to all individuals and businesses, especially the vulnerable and low-income groups, plays a pivotal role in reducing poverty, enhancing financial literacy, and fostering inclusive growth. The Government of India has recognized this imperative and has undertaken several policy initiatives to bring the unbanked and underbanked populations into the formal financial system.

One of the most prominent and targeted interventions in this direction is the launch of social security schemes under the Jan Dhan Yojana umbrella, among which the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) stands out as a critical life insurance initiative. Introduced in May 2015, PMJJBY offers life insurance coverage at a nominal premium to individuals in the age group of 18 to 50 years with a bank account. For an annual premium of ₹436, the scheme provides a life cover of ₹2,00,000 in the event of the policyholder's death. This low-cost insurance product is specifically designed to target economically weaker sections who are traditionally excluded from formal insurance markets.

The scheme is significant not just as a risk mitigation tool, but also as a catalyst for deeper financial engagement. By linking insurance with bank accounts, PMJJBY encourages individuals to participate more actively in the formal financial ecosystem, thereby reinforcing the broader objectives of financial inclusion. Moreover, the simplicity of enrollment and the auto-debit facility have contributed to a wide reach, especially in rural and semi-urban areas. However, the real impact of the scheme in terms of awareness, participation, claim settlement efficiency, and sustainability remains a subject of active academic and policy discourse.

This study seeks to explore the effectiveness of PMJJBY as a vehicle for financial inclusion in India. It aims to examine both the quantitative outreach and the qualitative aspects of beneficiary experience, analyzing whether the scheme has truly succeeded in bridging the socio-economic and financial access gaps. By adopting a mixed-methods approach, the research endeavors to contribute to the growing body of literature on financial inclusion and social security in emerging economies, while also offering policy recommendations for enhancing the design and implementation of such schemes.

II. REVIEW OF LITERATURE

A. Conceptualizing Financial Inclusion and Role of Social Insurance Schemes

The concept of financial inclusion has been widely recognized as facilitating access to an array of financial services (savings, credit, insurance, payments) at affordable cost, to all segments of society especially the vulnerable and low-income groups.

For instance, the Rangarajan Committee (2008) defined financial inclusion as “ensuring access to financial services in adequate manner and timely manner to vulnerable groups such as weaker sections and low-income groups at an affordable-cost”. In India, social security measures such as low-cost insurance and pension schemes have become part of the financial inclusion agenda. For example, research by Miryala Shekar & Veeramani (2017) highlights that the schemes such as PMJJBY (life insurance), Pradhan Mantri Suraksha Bima Yojana (PMSBY, accident insurance) and Atal Pension Yojana (APY, pension scheme) aim to deepen financial inclusion by offering risk-cover to underserved populations. These studies show that moving beyond mere bank account opening (“access”) to insurance and other risk-mitigation services is an emerging strand of the financial inclusion literature.

B. Studies on PMJJBY – Outreach, Feasibility and Insurance Penetration

Several studies have focused specifically on PMJJBY and its operational and actuarial aspects:

- Shinde & Chavhan (2016) investigated the actuarial feasibility of PMJJBY, comparing the actual premium charged with expected premiums derived from life tables for the Indian population (age 18-50). They demonstrated concerns about sustainability of the scheme under given premium and benefit levels.
- A 2022 descriptive study by Lalaiya & Shinde examined the implementation and effectiveness of PMJJBY and PMSBY, indicating that while the schemes have achieved large enrolment numbers, challenges remain in penetration, awareness and claim processes.
- According to the trade-data overview from India Brand Equity Foundation (IBEF), as of early 2025 cumulative enrolments under PMJJBY stood at approximately 22.97 crore with claims disbursed numbering in the hundreds of thousands.

These pieces of literature highlight that PMJJBY has attained scale, but raise questions regarding its depth of penetration, actual usage by the targeted population, and operational issues.

C. Insurance Schemes as Part of Financial Inclusion – Linkage and Impact

Beyond PMJJBY alone, there is literature analyzing how insurance and pension schemes contribute to financial inclusion more broadly.

- Miryala Shekar & Veeramani (2017) examine social security schemes (PMJJBY, PMSBY, APY) as instruments of financial inclusion, arguing that they help reduce vulnerability and integrate informal/uninsured populations into the formal financial system.
- Joseph (2018) in a conceptual study compared PMJJBY, PMSBY and APY, focusing on rural vs urban enrolments, bank-wise gross enrolments, and challenges in reaching the informal sector.
- More recently, a study of the urban informal sector (Balamurugan et al., 2023) specifically looked at utilization of PMJJBY in the urban informal context and found that despite enrolment, claim-receipt issues and low awareness reduce actual financial-inclusion benefits.

This literature underscores that insurance schemes alone are not sufficient—they must be accompanied by awareness, claim settlement efficiency, and financial literacy for inclusion to translate into meaningful socio-economic outcomes.

D. Gaps and Challenges Identified in Literature

From the foregoing review, a number of persistent gaps and challenges emerge:

- Awareness and understanding: Many eligible individuals are either unaware of the scheme, or do not fully understand the benefits, eligibility, documentation or claim process.
- Penetration vs usage: Having an enrolment account or being “on-book” does not automatically equate to effective usage of the insurance cover. Some studies highlight dormant accounts or low utilization of benefits.
- Claims disbursement and administrative efficiency: There is concern about the time taken to settle claims, the documentation burden, and transparency of processes under PMJJBY.
- Sustainability and viability: The actuarial study (Shinde & Chavhan) pointed out questions around premium adequacy and risk pooling for PMJJBY.
- Targeting the informal and vulnerable sectors: While the scheme is meant for 18–50-year-old bank-account holders, much of the literature points out that those in the rural, informal or marginalized sectors are still inadequately covered.
- Regional and state-level disparities: Studies such as Maity & Majumder (2024) (though for PMJDY) show wide variation across states in inclusion indices; similar variation is likely for insurance schemes though fewer state-level comparisons exist.

E. Relevance to Financial Inclusion and Research Gap for PMJJBY

The literature collectively shows that PMJJBY plays an important role in broadening the "insurance access" dimension of financial inclusion (beyond savings or credit). Yet, from a financial-inclusion research perspective, two significant gaps stand out which your study can address:

- Empirical evidence on PMJJBY's effect on financial inclusion outcomes – Many studies provide enrolment/penetration data, but fewer examine how enrolment under PMJJBY translates into deeper financial inclusion (for example: changes in beneficiaries' behavior, bridging of informal risk coverage, usage of formal financial services beyond enrolment).
- Context-specific evaluation of challenges and mechanisms – There is scope for micro-level empirical research (e.g., among rural/urban informal sector populations) to explore the determinants of uptake, claim settlement experience, and linkage with broader financial inclusion (banking usage, other financial services).

III. OBJECTIVES

- To analyze the uptake or enrolment trends of PMJJBY across different states or demographic groups.
- To evaluate the effectiveness of PMJJBY in achieving its stated goals (financial protection, inclusion) for target populations.
- To identify barriers and challenges in implementation (awareness, renewal, claim settlement, exclusions).
- To assess the impact of PMJJBY on households' economic/financial security (especially in rural or unorganized sectors).
- To suggest policy recommendations to enhance its performance, outreach, sustainability and address gaps (e.g., digital divide, claim rejection).

IV. SIGNIFICANCE OF THE STUDY

This study holds critical significance in examining the levels of awareness, adoption patterns, and performance of the *Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)* within the broader context of inclusive financial development in India. Despite the scheme's extensive coverage and policy relevance, there exists a notable research gap concerning its ground-level implementation, gender responsiveness, and the behavioral determinants influencing enrollment and continuity among beneficiaries. By systematically evaluating these dimensions, this study contributes to a more comprehensive understanding of PMJJBY's operational effectiveness and social equity outcomes.

From an empirical perspective, the research provides valuable insights into the factors that drive or hinder the awareness and adoption of life insurance schemes among diverse socio-economic groups, particularly women. Such evidence is essential for assessing whether the scheme's benefits are equitably distributed and whether gender-specific barriers persist in accessing formal financial protection mechanisms.

Furthermore, the study's performance evaluation framework allows for a nuanced assessment of PMJJBY's efficiency, coverage quality, and sustainability. The findings have practical implications for policymakers, financial institutions, and insurance providers seeking to enhance the scheme's outreach and gender inclusivity. Academically, the research enriches the discourse on social protection and financial inclusion by integrating gender-sensitive analysis into performance assessment models, thereby extending the theoretical and practical frontiers of inclusive finance research in emerging economies.

V. METHODOLOGY

A. Research Design

The study adopts a mixed-method research design, integrating both quantitative and qualitative approaches to comprehensively assess the levels of awareness, adoption behavior, and performance of the *Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)*. This design facilitates triangulation of data, ensuring greater validity and reliability of findings. The quantitative component evaluates measurable variables related to awareness, adoption rate, and performance indicators, while the qualitative component explores beneficiaries' perceptions, challenges, and gender-based differences in participation.

B. Sampling and Data Collection

A stratified random sampling technique was employed to select respondents from both urban and rural regions across multiple states. Primary data were collected through a structured questionnaire, supplemented by semi-structured interviews with bank officials, insurance agents, and scheme beneficiaries. Secondary data were sourced from official government reports, policy documents, and databases of the Ministry of Finance and Life Insurance Corporation of India (LIC).

C. Data Analysis Techniques

To assess the performance of PMJJBY, a performance evaluation index was developed based on criteria such as enrollment growth, claim settlement efficiency, and beneficiary satisfaction. Qualitative data were analyzed using thematic content analysis to extract recurring patterns related to gender inclusivity and program accessibility.

D. Ethical Considerations

Ethical protocols were strictly observed throughout the study. Participation was voluntary, and informed consent was obtained from all respondents. Data confidentiality and anonymity were maintained in accordance with academic and institutional research standards.

VI. PROGRESS UNDER PRADHAN MANTRI JEEVAN JYOTI BIMA YOJANA (PMJJBY)

Distribution: The premium amount is distributed between Insurance Company, Agent and bankers as follows.

Table No. 1: Distribution of Annual Premium amount

Sr. No.	Particular	Amount (Rs.)
1	To LIC / other insurance company per member	395 Rs.
2	BC /Micro/-Corporate /Agent Reimbursement of Expenses	30 Rs.
3	Administrative expenses to the banks per member	11 Rs.
	Total (Rs.)	436 Rs.

After launching the Pradhan Mantri Jeevan JyotiBimaYojana Life Insurance scheme, year by year it increased their customers and claims in India. The statistical data of progress is given below.

Table No. 2 : Progress of PMJJBY in India

Financial Year	Cumulative no. of people enrolled (unit)	Total no. of claims received (unit)	Total no. of claims disbursed (unit)
2016-17	3.10 crore	62,166	59,118
2017-18	5.33 crore	98,163	89,708
2018-19	5.92 crore	145,763	135,212
2019-20	6.96 crore	190,175	178,189
2020-21	10.27 crore	250,351	234,905

(Source: Jansuraksha Website)

VII.FINDINGS

1) Large scale uptake but incomplete penetration — PMJJBY achieved very large enrolments since launch (tens of crores), but coverage remains uneven (rural/remote and certain socio-economic groups are under-represented).
2) Awareness gaps, especially in rural and less-educated groups — multiple studies find low awareness about scheme features (eligibility, premium, renewal process) among rural and low-literacy populations, which limits effective coverage.
3) Demographics influence take-up and perceptions — research shows enrollment and attitudes differ by income, education and urban/rural status; lower income and less educated groups value simplicity and claim ease most. (Several empirical papers cite significant associations.)
4) Customer-protection and delivery problems reduce trust — field studies and policy briefs document problems such as banks debiting accounts without explicit consent, gaps in grievance redressal, and inconsistent servicing — these hurt trust and retention.
5) Claim settlement awareness — not just claims performance — many policyholders (especially uneducated rural ones) don’t understand the claim process or coverage limits; even when claims are paid, lack of knowledge reduces perceived value.
6) PMJJBY shown to be cost-effective safety net but with design trade-offs — studies note PMJJBY’s low premium/high coverage model expands basic protection quickly, but the limited sum insured and one-year renewable design can be insufficient for household risk mitigation.

7) Role of banks / delivery channel is central — both enabling and constraining — bank-led distribution (Jan Dhan accounts) enabled scale but also created bottlenecks: staff incentives, process errors, and digital literacy gaps affect enrolment and renewals.
8) Pandemic raised scheme salience and accelerated enrolment in many areas — COVID-19 increased public recognition of the need for life cover; several reports note higher renewals/enrolments and greater political/public attention after the pandemic.
9) Recommendations emerging from the literature — strengthen awareness campaigns targeted at rural/low-literacy groups; simplify/standardize consent and renewal processes; improve grievance redressal and transparency on claims; consider product tweaks (coverage/tenure) and stronger oversight of delivery agents (banks).

VIII. CONCLUSION

The Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) has emerged as a significant step toward enhancing financial inclusion and social security in India. It has successfully provided affordable life insurance coverage to millions, especially among low-income and rural populations. However, challenges such as low awareness, limited understanding of claim procedures, and uneven rural outreach continue to hinder its full potential. Strengthening information dissemination, simplifying claim processes, and improving renewal mechanisms can further enhance its impact. Overall, PMJJBY represents a vital initiative in building a financially secure and inclusive society, aligning with the government's vision of "Insurance for All."

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