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Beyond Account Opening: Usage, Dormancy and Account Depth under the Pradhan Mantri Jan Dhan Yojana in the NCR States

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Abstract: ***Pradhan Mantri Jan Dhan Yojana (PMJDY) has opened over 59 crore bank accounts since its launch in 2014. With account ownership in India now near-universal, the more pertinent question is whether these accounts are actually being used. In this paper, the usage of PMJDY accounts has been examined in the four states constituting the National Capital Region (NCR), namely, Delhi, Haryana, Uttar Pradesh and Rajasthan. Cross-sectional data on all the 36 States/UTs, drawn from the PMJDY portal (October 2026), have been analysed along with the official data on inoperative accounts. The results of the Ordinary Least Squares regression with robust standard errors reveal that, after controlling for per capita income and urbanisation, the average balance in PMJDY accounts is 31–48 per cent higher in the NCR states than in the other States/UTs. RuPay card coverage is also significantly higher in the NCR states (Mann-Whitney U, p = 0.033). At the same time, dormancy has risen nationally to about 26 per cent of accounts, and an account in Uttar Pradesh is 23 per cent more likely to be inoperative than an account in the rest of India. Thus, the NCR combines deeper usage of the active accounts with a large stock of unused ones. Recommendations are made for the routine publication of usage and dormancy data, and for activation strategies aimed at urban and migrant account holders.***

Keywords: Financial inclusion; PMJDY; Account usage; Dormancy; NCR; Indian states

JEL Classification: G21, O16, R11

1. Introduction

Financial inclusion has, over the past two decades, come to be regarded as a development objective in its own right rather than as a by-product of banking expansion. A widely used definition describes financial inclusion as the process of ensuring access to financial services, and timely and adequate credit, for vulnerable groups such as weaker sections and low-income groups at an affordable cost Rangarajan (2008). In India, the policy response to this objective has evolved through distinct phases, namely, bank nationalisation and priority-sector lending in the 1960s and 1970s, the no-frills account and business correspondent model in the mid-2000s, and, from 2014 onwards, a mission-mode approach anchored in the Pradhan Mantri Jan Dhan Yojana (PMJDY).

PMJDY was launched on 28 August 2014 with the objective of providing at least one basic bank account to every household. The scheme has since become the backbone of the Jan Dhan–Aadhaar–Mobile (JAM) architecture, through which welfare payments are delivered directly to beneficiaries. As of 19 August 2026, 59.09 crore accounts had been opened under the scheme, holding total deposits of INR 3,16,514 crore Ministry of Finance (2026a). Further, 55.7 per cent of the account holders were women, 77.8 per cent of the accounts were located in rural and semi-urban areas, and 41.29 crore RuPay debit cards had been issued Ministry of Finance (2026a). The accounts also serve as the entry point to the government-sponsored social security schemes, namely, the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), the Pradhan Mantri Suraksha Bima Yojana (PMSBY) and the Atal Pension Yojana (APY).

However, by the measure for which the scheme was designed, i.e., the number of accounts opened, PMJDY has largely achieved its target. The more pertinent question at this stage is whether these accounts are actually being used. The evidence on this point is mixed. On the one hand, the composite Financial Inclusion Index (FI-Index) of the Reserve Bank of India (RBI) rose to 70.0 in March 2026 from 67.0 a year earlier, and the improvement was attributed mainly to the Usage sub-index Reserve Bank of India (2026). On the other hand, the data placed before Parliament reveal that a substantial share of PMJDY accounts remains unused. As of 12 November 2025, about 15.07 crore accounts, i.e., nearly 26 per cent of the 56.98 crore PMJDY accounts, had recorded no customer-induced transaction for over two years, and 5.21 crore accounts held a zero balance Outlook (2025). As per the RBI guidelines, such an account is classified as inoperative or dormant.

This pattern is not unique to India. A randomised study across Uganda, Malawi and Chile found that most individuals offered free savings accounts rarely or never used them Dupas et al. (2018). Similarly, research on the first wave of PMJDY accounts found that, although the scheme increased account ownership among previously unbanked households, usage varied considerably across account holders Agarwal et al. (2017). Thus, once account ownership becomes near-universal, the number of accounts ceases to be an informative indicator of financial inclusion. The more meaningful measures are whether the accounts are active, how much money is retained in them, and whether they are equipped for transactions.

In an endeavour to examine this access–usage gap, the present study focuses on the National Capital Region

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(NCR). The NCR spans the National Capital Territory of Delhi and the adjoining districts of Haryana, Uttar Pradesh and Rajasthan. It, therefore, combines four state administrations, four State Level Bankers' Committees (SLBCs), and sharply different levels of urbanisation and income within a single economic region. Three features make the NCR a suitable setting for studying account usage. Firstly, its low-income population is heavily urban and migrant, and dormancy may, therefore, arise from mobility as much as from disinterest. Secondly, the region has one of the densest banking and digital-payment infrastructures in the country, and physical access is unlikely to be the binding constraint. Thirdly, the administrative split of the region allows a comparison across states that share a labour market but differ in the state-level implementation of the same central scheme. Notably, Uttar Pradesh, which contributes eight districts to the NCR, recorded the highest number of inoperative PMJDY accounts of any state, at 2.75 crore as of 31 July 2025 Press Trust of India (2025).

The existing literature on PMJDY, reviewed in Section 2, relies on an extensive official dataset of the accounts opened and deposits mobilised, which measures access rather than usage. Further, studies employing primary data are predominantly rural, and the metropolitan regions have received limited attention. To address these gaps, the present study employs cross-sectional data on all 36

States and Union Territories (UTs), drawn from the official PMJDY portal, along with the official data on inoperative accounts. Three research objectives have been considered, as presented in Table

The overall contributions of the study are detailed as follows.

- An analysis of PMJDY account usage, rather than account opening, is presented for the four NCR states, using average balance per account, RuPay card coverage and account dormancy as indicators.
- The relationship between state income, urbanisation and account usage is examined through a regression framework, and the presence of a distinct NCR effect is tested after controlling for these factors.
- The extent and distribution of account dormancy are analysed using the official data, with particular reference to Uttar Pradesh and Delhi.
- Policy recommendations are made for improving the measurement of usage and for activation strategies aimed at urban and migrant account holders.

Table 1: Research objectives, their motivation and expected outcomes.

Research objective	Research question	Motivation	Outcome
RO1	How deeply are PMJDY accounts used in the NCR states relative to the rest of India?	To move the assessment of PMJDY from the number of accounts opened to the actual use of the accounts.	Comparative profile of average balance and RuPay coverage across States/UTs.
RO2	Is account usage explained by income and urbanisation, or do the NCR states differ beyond these factors?	To examine whether a metropolitan labour market shapes account usage independently of state income.	Estimates of the income, urbanization and NCR effects on average balance.
RO3	What is the extent and trend of account dormancy under PMJDY, particularly in the NCR states?	To assess the stock of accounts that serve no active purpose	Trend in national dormancy and a comparison of Uttar Pradesh with the rest of India.

The remainder of the paper is organised as follows. Section 2 reviews the literature on the measurement of financial inclusion and on PMJDY. Section 3 presents the objectives and hypotheses. Section 4 describes the research design, data sources and analytical tools. Section 5 presents the results, and Section 6 discusses them in the light of the prior research. Finally, Section 7 concludes the study with policy implications, limitations and the scope for future research.

2. Review of Literature

2.1 Concept and measurement of financial inclusion

The early research on financial inclusion approached the subject from the opposite direction, i.e., by studying financial exclusion. The withdrawal of bank branches from poorer neighbourhoods in Britain and the United States during the 1980s and early 1990s was described as financial aban-donment Leyshon and Thrift (1995). Subsequent research extended the discussion beyond physical access Kempson and Whyley (1999). Their study of British households demonstrated that individ-uals may be excluded through access, condition, price and marketing exclusion, as well as through self-exclusion, wherein individuals do not apply because they expect refusal or distrust financial in-stitutions. Their distinction between being kept out and opting out remains relevant, as it separates the failures of supply from the failures of demand.

In the Indian context, the policy definition was laid down in the Report of the Committee on Financial Inclusion Rangarajan (2008), and measurement followed thereafter. An Index of Financial Inclusion built on three dimensions, namely, banking penetration, availability of banking services and usage, was proposed Sarma (2008). A version of this index was applied across countries, where financial inclusion was found to be positively associated with income, literacy, urbanisation and physical infrastructure, and negatively associated with income inequality Sarma and Pais (2011). Similarly, an axiomatic index satisfying a set of formal properties was developed and applied to the Indian states, where inclusion was found to improve after the shift in policy approach in the mid-2000s Chakravarty and Pal (2013).

The composite FI-Index of the RBI, introduced in 2021, follows the same multidimensional logic. It combines 97 indicators under three sub-indices, namely, Access (35 per cent), Usage (45 per cent) and Quality (20 per cent) Reserve Bank of India (2026). The highest weight assigned to usage reflects a broad consensus in the measurement literature that, once access becomes widespread, usage is the more

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informative dimension of financial inclusion.

2.2 Determinants of financial inclusion across Indian states

A substantial body of Indian research has examined why the states differ in their levels of financial inclusion. Research on the 1977–1990 branch licensing rule, which required banks to open four branches in unbanked rural locations for every branch opened in an already banked location, found that rural branch expansion was associated with significant reductions in rural poverty Burgess and Pande (2005), establishing that supply-side policy can alter financial outcomes. Panel data on the Indian states show that the branch network, the proportion of factories and the size of the employee base were significant determinants of financial inclusion, suggesting that regional economic conditions, particularly income- and employment-generating activities, shape how actively the public uses banking services Kumar (2013). A study of West Bengal constructed an index from supply-side indicators but concluded that supply alone could not explain inclusion outcomes, and that demand-side factors were equally important Chattopadhyay (2011).

Two conclusions emerge from this literature. Firstly, income and economic structure matter, and any comparison across states must, therefore, control for them. Secondly, limited evidence is available on whether regions with similar incomes but different economic structures, such as large metropolitan labour markets, behave differently. The latter is directly relevant to the NCR.

2.3 Access versus usage

The most consistent finding of the recent international literature is that opening an account and using an account are distinct outcomes. Free savings accounts offered to randomly selected house- holds in Uganda, Malawi and Chile were often not opened or rarely used, with little measurable effect on savings or welfare Dupas et al. (2018). However, the evidence is not uniformly negative. In Nepal, no-fee savings accounts saw high take-up and active use among poor households, along with gains in monetary assets Prina (2015). Similarly, access to a basic savings account was found to increase business investment among market vendors in Kenya, particularly women Dupas and Robinson (2013). The difference between these findings appears to lie in the fit of the product, i.e., accounts that matched the cash-flow patterns of households and were easy to reach were used, while others remained idle.

The Global Findex database of the World Bank documents the same pattern at a global scale. The 2025 edition reports that 79 per cent of adults worldwide now own an account, and identifies India as an economy with near-universal ownership but an unusually high share of inactive accounts compared with the other low- and middle-income economies World Bank (2025). This suggests that dormancy is not merely a failure on the part of the account holder; it may also reflect accounts opened under administrative pressure rather than customer demand, or products that do not suit the manner in which individuals earn and spend.

2.4 PMJDY and the JAM architecture

Under PMJDY, every household was to be provided with a basic bank account with no minimum balance requirement, a RuPay debit card with an in-built accident insurance cover, and access to an overdraft facility. An analysis of account-level data from the early period of the scheme found that PMJDY brought a large number of previously unbanked households into the formal financial system, though usage varied considerably across account holders and regions Agarwal et al. (2017). The broader significance of PMJDY lies in its role within the JAM framework, wherein the accounts enabled the routing of subsidies and welfare payments directly to the beneficiaries. A study of biometric authentication for welfare payments in Andhra Pradesh observed faster and more reliable payments along with reduced leakages Muralidharan et al. (2016). It may be noted that an account receiving Direct Benefit Transfer (DBT) credits may show activity even when the holder rarely uses it for any other purpose.

The Indian empirical literature on PMJDY is substantial, but a large part of it is descriptive in nature. Such studies typically track the accounts opened, deposits mobilised and RuPay cards issued at the national level using trend analysis and growth rates. Where primary data have been employed, the samples are predominantly rural. For instance, a survey of 540 beneficiaries of cooperative banks in Jammu and Kashmir, Himachal Pradesh and Punjab found a positive impact of financial inclusion on poverty alleviation Lal (2018). The studies on urban and peri-urban populations, and on metropolitan regions in particular, are considerably fewer.

2.5 Digital finance as a complement to scheme-based inclusion

A related strand of research examines whether digital finance alters these dynamics. Digital finance can extend financial services to the poor at a lower cost, although its benefits depend upon digital literacy, trust and the regulatory environment Ozili (2018). This is relevant to PMJDY, since a basic account becomes more useful once it is connected to the Unified Payments Interface (UPI) and other digital channels. Regions with dense digital infrastructure, such as the NCR, may, therefore, exhibit usage patterns different from regions where the account is accessed mainly through a branch or a business correspondent. The digital channel is not tested directly in the present study and forms the subject of the subsequent paper in this research programme.

2.6 Research gap

Based on the literature reviewed above, three gaps have been identified. Firstly, a measurement gap exists, as the majority of the Indian studies on PMJDY measure access rather than usage, despite both the measurement literature and the RBI's own index treating usage as the more important dimension. Secondly, a regional gap exists, as the state-level studies control for income but rarely examine whether a metropolitan region behaves differently from what its income alone would predict. Thirdly, a dormancy gap exists, as little analysis is available on how PMJDY

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dormancy is distributed across the states and how it relates to the other usage indicators. The present study endeavours to address these gaps for the NCR states. The following section presents the objectives and hypotheses formulated for this purpose.

3. Objectives and Hypotheses

3.1 Objectives

Based on the research gaps identified, the following objectives have been framed for the study:

- To examine the depth of PMJDY account usage in the NCR states, namely, Delhi, Haryana, Uttar Pradesh and Rajasthan, relative to the rest of India, using average balance per account and RuPay card coverage as the indicators of usage.
- To assess whether the differences in account usage across the states are explained by income and urbanisation, or whether the NCR states differ beyond what these factors predict.
- To examine the extent and trend of account dormancy under PMJDY, with special reference to the NCR states.

3.2 Hypotheses

To achieve the above objectives, the following null hypotheses have been tested:

- H_{01}: There is no significant relationship between the per capita income of a state and the average balance held in its PMJDY accounts.
- H_{02}: After controlling for income and urbanisation, the average balance in PMJDY accounts in the NCR states does not differ significantly from that in the other States/UTs.
- H_{03}: RuPay card coverage of PMJDY accounts does not differ significantly between the NCR states and the other States/UTs.
- H_{04}: The share of inoperative PMJDY accounts in Uttar Pradesh does not differ from that in the rest of India.

4. Research Methodology

4.1 Research design

The present study is based on a descriptive and analytical research design using secondary data. The unit of analysis is the State/UT. The principal dataset is a cross-section of all the 36 States/UTs, drawn from the state-wise report of the PMJDY portal as on 7 October 2026. The NCR covers the entire National Capital Territory of Delhi, but only certain districts of Haryana, Uttar Pradesh and Rajasthan. Since the PMJDY data are published centrally at the state level, Delhi, Haryana, Uttar Pradesh and Rajasthan have been treated as the NCR states, and their state-level figures have been used as proxies for their respective NCR sub-regions. This constitutes a limitation of the study and has been discussed in Section 7.

4.2 Data Sources

The sources of data used in the study, along with their reference dates, are presented in Table 2.

Table 2: Data sources

Data	Source	Reference date
Accounts (rural/semi-urban and urban/metro), deposit balance and RuPay cards issued	PMJDY portal, Department of Financial Services, Ministry of Finance Ministry of Finance (2026b)	07.10.2026
Household base	PMJDY portal, state-wise household report Ministry of Finance (2026b)	Survey base
Per capita Net State Domestic Product (NSDP), current prices	MoSPI state estimates; RBI Handbook of Statistics on Indian States Reserve Bank of India (2025)	2023–24
Inoperative and zero-balance accounts	Written replies in Lok Sabha and Rajya Sabha; DFS reply under the RTI Act	Nov 2024 – Aug 2026
Financial Inclusion Index	RBI press release dated 16.07.2026 Reserve Bank of India (2026)	Mar 2025, Mar 2026

4.3 Variables

The following variables have been constructed for the analysis:

- Average balance per account (INR): Total deposit balance divided by the total number of PMJDY accounts. It reflects the amount of money actually retained by the account holders and serves as the principal indicator of usage.
- RuPay coverage: RuPay cards issued divided by the total number of accounts. It reflects the extent to which the accounts are equipped for card- and ATM-based transactions.
- Urban share: Accounts held at urban/metro branches as a proportion of the total accounts.
- Accounts per household: Total accounts divided by the PMJDY household base.
- Per capita NSDP: The income control variable, used in its natural logarithmic form.
- NCR dummy: Takes the value 1 for Delhi, Haryana, Uttar Pradesh and Rajasthan, and 0 otherwise.
- Inoperative account: An account with no customer-induced transaction for over two years, as per the RBI guidelines.

4.4 Analytical tools

For the purpose of analysis and interpretation, descriptive statistics (mean, standard deviation and range) have been computed for all the States/UTs. Pearson's correlation coefficient has been used to examine the relationships between the variables, with Spearman's rank correlation employed as a check against outliers. Subsequently, an Ordinary Least Squares (OLS) regression model with heteroskedasticity-robust (HC3) standard errors has been estimated as follows:

$\ln(\text{Average balance})_i = \beta_0 + \beta_1 \ln(\text{Per capita NSDP})_i + \beta_2$

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Urban share$_i$ + β_3 NCR$_i$ + ε_i (1)

The Mann-Whitney U test has been applied to compare the NCR states with the other States/UTs, since the NCR group comprises only four members and the assumptions of parametric tests cannot be ensured. Further, the relative risk has been used to compare the dormancy rates. As a robustness check, the regression model has been re-estimated after excluding the States/UTs with fewer than 10 lakh PMJDY accounts, since certain very small UTs report unusually high average balances. The analysis has been carried out using Python (pandas, SciPy and statsmodels).

5. Data Analysis and Results

5.1 Overview of PMJDY during the study period

As on 7 October 2026, the PMJDY portal reported 59.54 crore accounts holding deposits of INR 3,20,947.17 crore, with 41.75 crore RuPay cards issued. The national average balance stood at INR 5,390 per account, and 77.7 per cent of the accounts were held at rural and semi-urban branches. The variation across the 36 States/UTs is summarised in Table 3.

As evident from Table 3 and Fig. 1, the average balance varies more than six-fold across the States/UTs. The extreme values belong to the small UTs, namely, Lakshadweep (INR 18,437) and Ladakh (INR 12,855). Hence, a robustness check excluding such UTs has been included in the regression analysis.

Table 3: Descriptive statistics of PMJDY indicators across States/UTs (n = 36).

Indicator	Mean	SD	Minimum	Maximum
Average balance per account (INR)	6,432	2,861	2,823	18,437
RuPay coverage	67.9%	6.2%	50.8%	78.9%
Urban share of accounts	25.9%	18.7%	2.5%	90.8%

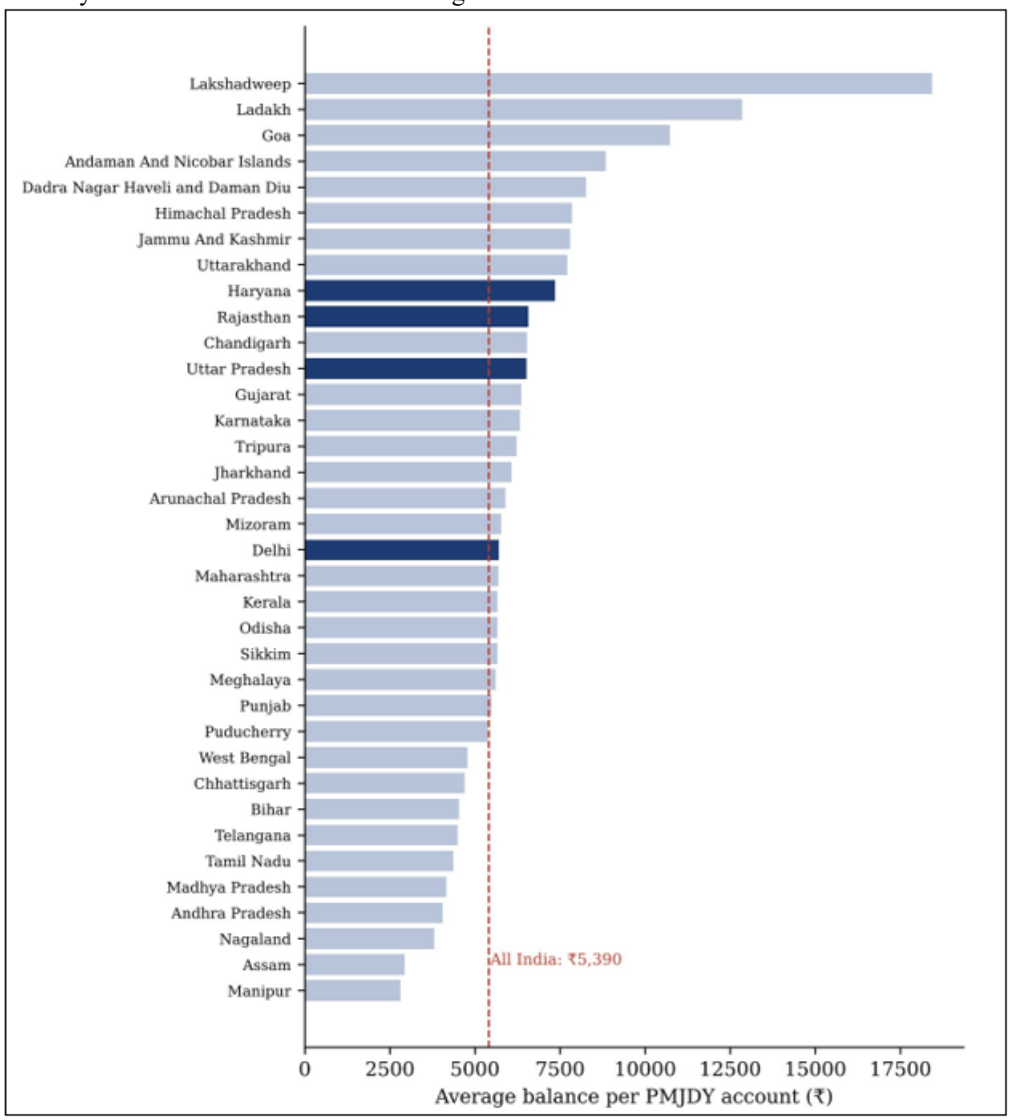


Figure 1: Average balance per PMJDY account across States/UTs (NCR states highlighted). Com-puted from the PMJDY portal data as on 07.10.2026 Ministry of Finance (2026b).

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5.2 Profile of the NCR states

Table 4: PMJDY indicators of the NCR states and All India (as on 07.10.2026).

Indicator	Delhi	Haryana	Uttar Pradesh	Rajasthan	All India
Total accounts	71.89 lakh	1.13 crore	10.67 crore	3.90 crore	59.54 crore
Urban share of accounts	90.8%	42.4%	21.1%	23.6%	22.3%
Average balance (INR)	5,709	7,349	6,516	6,583	5,390
RuPay coverage	78.9%	69.8%	69.7%	75.1%	70.1%
Accounts per household	2.67	2.47	3.42	3.40	2.83

It can be observed from Table 4 that all the four NCR states report average balances above the national figure, with Haryana recording the highest at INR 7,349, i.e., about 36 per cent above the national average. Delhi records the highest RuPay coverage among all the States/UTs, and Rajasthan is also well above the national level. However, the structure of the four states differs considerably. The PMJDY base of Delhi is almost entirely urban, whereas about four in every five accounts in Uttar Pradesh and Rajasthan are held at rural or semi-urban branches, with Haryana falling in between. Further, Uttar Pradesh alone accounts for 17.9 per cent of all the PMJDY accounts in the country.

5.3 Correlation analysis

Table 5: Pearson correlation coefficients (n = 33 States/UTs with income data).

Pair of variables	r	p-value
Average balance – Per capita NSDP	0.332	0.059
Average balance – Urban share	-0.038	0.833
RuPay coverage – Per capita NSDP	0.090	0.618
Urban share – Per capita NSDP	0.539	0.001

The results presented in Table 5 indicate that the states with higher income tend to have higher PMJDY balances. The correlation is moderate (r = 0.332) and significant only at the 10 per cent level, and the Spearman's rank correlation (ρ = 0.296, p = 0.095) confirms the pattern. Urbanisa-tion, on its own, exhibits no relationship with the average balance, and RuPay coverage is unrelated to income. As expected, the states with higher income have a larger urban share of accounts (r = 0.539, p = 0.001). Thus, the two variables have been considered together in the regression analysis.

5.4 Regression analysis

Income: In Model 1, a 10 per cent higher per capita income is associated with approximately 3.6 per cent higher average PMJDY balance (p = 0.006). Thus, H_{01} is rejected for the full sample.

Table 6: OLS regression results (dependent variable: ln of average balance per PMJDY account).

Variable	Model 1: All States/UTs (n= 33)	Model 2: ≥10 lakh accounts (n = 23)
ln(Per capita NSDP)	0.360*** (0.130)	0.291* (0.155)
Urban share of accounts	-0.675 (0.410)	-0.880* (0.510)
NCR state	0.271** (0.119)	0.389*** (0.111)
Constant	4.377*** (1.535)	5.207*** (1.814)
R2 / Adjusted R2	0.250 / 0.173	0.253 / 0.136
F-test p-value	0.019	0.020

Note: HC3 robust standard errors are reported in parentheses. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.10$.

However, the income effect weakens to marginal significance (p = 0.061) once the small UTs are excluded, indicating that a part of the income–balance relationship in the full sample is attributable to a few high-income, low-population territories.

Urbanisation: After holding income constant, a larger urban share of accounts is associated with a lower average balance, although the effect is significant only at the 10 per cent level in Model 2. A plausible interpretation is that urban PMJDY accounts are used more often as pass-through accounts, receiving wages or transfers that are withdrawn or spent shortly thereafter, rather than as stores of savings. The present data cannot confirm this, and it has been identified as a question for primary research.

NCR effect: The NCR dummy is positive and significant in both models. Holding income and urbanisation constant, the average balance in the NCR states is approximately 31 per cent higher in Model 1 ($e^{0.271}$ - 1) and approximately 48 per cent higher in Model 2 ($e^{0.389}$ - 1, p < 0.001). Since the effect strengthens, rather than weakens, upon the exclusion of the small UTs, it is not driven by outliers. Hence, H_{02} is rejected. The models explain about one-fourth of the variation in average balances, which is expected, since balances also depend upon factors not captured in the present study, such as DBT inflows, migration and bank-level practices.

5.5 Comparison of the NCR and other States/UTs

Table 7: Mann-Whitney U test: NCR states (n = 4) vs other States/UTs (n = 32).

Indicator	NCR median	Others median	p-value
Average balance per account (INR)	6,550	5,673	0.248
RuPay coverage	72.4%	67.8%	0.033
Urban share of accounts	33.0%	22.8%	0.142

It is evident from Table 7 that RuPay coverage is significantly higher in the NCR states (p = 0.033), and H_{03} is, therefore, rejected. The difference in average balance is not significant in this unadjusted comparison and becomes significant only after controlling for income and urbanisation, as presented in Table 6. Given that the NCR group comprises only four states, the unadjusted test has limited statistical power, and the regression results carry greater weight.

5.6 Account Dormancy

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At the national level, the share of inoperative PMJDY accounts has risen over the past two years. The share stood at about 20.9 per cent in November 2024, i.e., 11.30 crore of 54.03 crore accounts Business Standard (2024), increased to 23 per cent by July 2025 Press Trust of India (2025) and further to about 26 per cent by November 2025 Outlook (2025). The trend is depicted in Fig. 2. A similar pattern has been observed among the public sector banks (PSBs), wherein the inoperative share had declined from 39.62 per cent in March 2017 to 20.91 per cent in November 2024 Business Standard (2024), but rose again to 26 per cent by September 2025 Kumar (2025). This rise is consistent with the age of the scheme, as the accounts opened during the large enrolment drives of 2014–2016 and never used have, by now, crossed the two-year threshold of inactivity. As per the reply of the Ministry of Finance under the RTI Act, 15.37 crore accounts were inoperative and 5.72 crore accounts held a zero balance as of August 2026 The Tribune (2026).

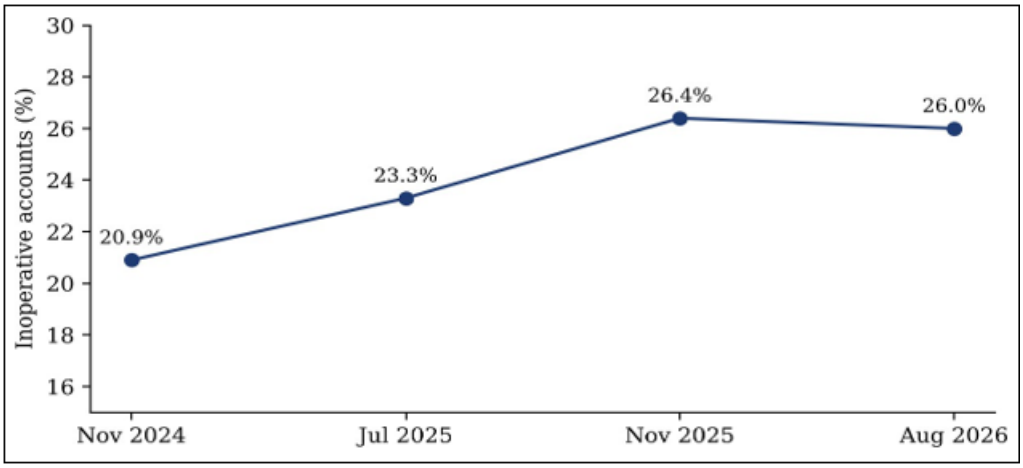


Figure 2: Share of inoperative PMJDY accounts, All India. Source: Parliament replies (Dec 2024, Aug 2025, Dec 2025) Business Standard (2024); Press Trust of India (2025); Outlook (2025) and DFS reply under the RTI Act (Sep 2026) The Tribune (2026).

Table 8: Dormancy in Uttar Pradesh vs rest of India (as of 12 August 2026).

Group	Inoperative accounts	Total accounts	Inoperative share
Uttar Pradesh	3.23 crore	10.51 crore	30.7%
Rest of India	12.14 crore	48.53 crore	25.0%
Relative risk (UP / Rest of India)			1.23

The results in Table 8 reveal that an account in Uttar Pradesh is 23 per cent more likely to be inoperative than an account elsewhere in India. The state holds 17.8 per cent of all the PMJDY accounts but 21.0 per cent of the inoperative accounts. Hence, H_{04} is rejected. Given the size of the counts involved, any difference would be statistically significant, and the relative risk is, therefore, the more informative measure of magnitude. Further, the number of inoperative accounts in Uttar Pradesh rose from 2.75 crore in July 2025 Press Trust of India (2025) to 3.23 crore in August 2026, i.e., by about 17 per cent. This is close to the national rate of increase over the same period, which suggests that the dormancy problem of the state is persistent rather than accelerating. Delhi also stands out, with about 28 per cent of its accounts inoperative in July 2025 Moneylife (2025), above the national rate of 23 per cent at the time. Comparable figures for Haryana and Rajasthan on a common date were not available.

5.7 Summary of hypothesis testing

Table 9: Summary of hypothesis testing.

Hypothesis	Test applied	Result
H01: No relationship between income and average balance	OLS regression (Model 1)	Rejected ($p = 0.006$); marginal in Model 2 ($p = 0.061$)
H02: No NCR difference in average balance after controls	OLS regression (both models)	Rejected ($p = 0.023$; $p < 0.001$)
H03: No NCR difference in RuPay coverage	Mann-Whitney U test	Rejected ($p = 0.033$)
H04: Dormancy in UP equals that in the rest of India	Relative risk	Rejected (RR = 1.23)

6. Discussion

The results point towards a pattern that a simple count of accounts would fail to capture. The NCR states perform better on the usage indicators than their income alone would predict, as their PMJDY accounts hold more money and are more often equipped with RuPay cards. At the same time, the largest component of the region, Uttar Pradesh, holds a disproportionate share of the dormant accounts in the country. Thus, the NCR represents both facets of PMJDY simultaneously, i.e., deeper usage of the active accounts alongside a large stock of unused ones.

The NCR premium of approximately 31–48 per cent in average balance persists after controlling for income and urbanisation. Although the present analysis cannot isolate its cause, three explanations are consistent with the data and the literature reviewed. Firstly, the NCR constitutes a single large labour market, wherein wage employment in construction, manufacturing, domestic work and services is

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more regular than in agrarian economies. Prior research found that employment-generating activity is associated with more active use of banking services Kumar (2013), and a similar mechanism may be operating in the NCR. Secondly, since Haryana, Uttar Pradesh and Rajasthan comprise both NCR and non-NCR districts, the state-level premium may partly reflect remittances from the NCR workers into accounts held in their home districts. Thirdly, the dense network of branches, ATMs and digital payment infrastructure lowers the cost of depositing and withdrawing money, making it practical to retain money in the account rather than in cash. This is consistent with the higher RuPay coverage observed in the NCR states.

The negative coefficient of urban share, after holding income constant, suggests that urban PMJDY accounts may serve more as pass-through accounts than as stores of savings. If so, the average balance understates the usage in urban areas, and the true NCR premium on usage may be larger than measured. This interpretation requires testing with transaction-level or survey data and forms one of the questions addressed in the subsequent paper of this research programme.

The rise in national dormancy, from about 21 per cent in late 2024 to 26 per cent by 2026, is consistent with the international evidence. International evidence shows that mass account-opening programmes produce a large number of accounts that are never used Dupas et al. (2018), and the timing of the rise corresponds with the accounts opened during 2014–2016 crossing the two-year threshold of inactivity. The elevated dormancy in Uttar Pradesh may be understood through the distinction between being kept out and opting out Kempson and Whyley (1999). Since the average balance in Uttar Pradesh is above the national figure, its dormancy is unlikely to reflect a general inability to save. Rather, it is more likely to arise from accounts opened for a particular purpose and subsequently abandoned, such as duplicate accounts, accounts left behind by migrants who opened new accounts in the NCR, and accounts opened during enrolment drives without a genuine need. The dormancy of about 28 per cent in Delhi in 2025 supports this interpretation, as a large share of accounts remains unused even where the infrastructure is the densest.

The findings extend the existing state-level literature in one important respect. Earlier state-level studies treat income and economic structure as the principal drivers of inter-state differences Kumar (2013); Chakravarty and Pal (2013). The significant NCR effect observed in the present study suggests that a metropolitan labour market can shape account usage in ways that the state income averages do not capture. Further, the dormancy results support the distinction between access and usage. As implied by the weighting of the RBI's own FI-Index, the account ownership figures have become a weak indicator of financial inclusion in India.

7. Conclusion, Policy Implications and Limitations

7.1 Conclusion

The present study examined how PMJDY accounts are used, rather than how many have been opened, with special reference to the four states constituting the NCR. Using data on all the 36 States/UTs, the study found that the NCR states hold significantly higher average balances in PMJDY accounts than their income and urbanisation would predict, and have significantly higher RuPay card coverage than the rest of the country. At the same time, account dormancy has risen at the national level, and Uttar Pradesh holds a disproportionate share of the inoperative accounts. Thus, PMJDY has created a deep and well-funded account base in the NCR, but the region also contains a substantial stock of accounts that serve no active purpose.

7.2 Policy implications

- Measurement and publication of usage: The PMJDY portal reports accounts, balances and cards at the state level. The addition of inoperative and zero-balance counts at the state and district levels, published on the same schedule, would enable policymakers and researchers to track usage directly.
- Targeting dormancy where it is concentrated: The national re-KYC and activation campaigns, such as the gram panchayat-level saturation campaign of July–September 2025 Press Trust of India (2025), are rural by design. However, the dormancy problem of the NCR is partly urban and migrant-driven. Activation drives at workplaces, labour chowks and resettlement colonies, conducted through business correspondents and employers, would reach the account holders that panchayat-level campaigns are likely to miss.
- Addressing duplicate and abandoned accounts: Where migrants hold more than one account, the consolidation of accounts, or easier KYC updation at non-home branches, would reduce dormancy without reducing genuine inclusion.
- Leveraging the infrastructure advantage of the NCR: The higher card coverage and dense digital infrastructure of the NCR make it a suitable testing ground for linking basic accounts to UPI-based payments, small-value savings products and insurance enrolment, thereby deep-ening the use of the accounts that are already active.

7.3 Limitations and scope for future research

- State-level proxies: The figures of Haryana, Uttar Pradesh and Rajasthan cover the entire state and not only their NCR districts. District-level data from the SLBC reports would allow a more precise analysis.
- Small NCR group: With only four NCR states, the group comparisons have limited statistical power, and the regression results should be interpreted as associations rather than causal effects.
- Usage indicators: The average balance can be skewed by a minority of high-balance accounts, and RuPay issuance does not indicate whether the cards are actually used. Further, neither indicator separates DBT credits from the holder's own deposits.
- Dormancy coverage: Comparable data on inoperative accounts on a single date were available for Uttar Pradesh and at the national level, but not for all the four NCR states.
- Insurance and pension uptake: State-level enrolment

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data for PMJJBY, PMSBY and APY could not be obtained for the present study.

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