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Financial Inclusion and Contribution of Agriculture Toward Self Reliance India

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Abstract:
Atmanirbhar Bharat vision has been aimed at ensuring Indian economy becomes resilient and self-sustaining by inclusive and sustainable development. A major role in accomplishing this objective has to be played by financial inclusions and agriculture, particularly in a nation where a significant portion of the population is dependent on rural, agricultural lifestyle. This paper examines the interdependence between the financial inclusion and agricultural development, and an evaluation of how the interaction of the two has its contribution to the quest to ensure that India is economically independent. The paper is descriptive and analytical in a format of secondary information gathered via government reports, policy publications, peer reviewed literature publication and national and international organization publication. It discusses some of the important financial inclusion programs: Pradhan Mantri Jan Dhan Yojana, Kisan Credit Card scheme, Self-Help Group- Bank Linkage Programme and digital financial services and evaluates their roles in enhancing the agricultural productivity, risk management and rural livelihoods. Empirical results suggest that better access to institutional credit, insurance coverage and digital financial services increase the ability of farmers to invest, facilitate agricultural activities and increases the income security and participation in the market. Nevertheless, persistent challenges such as lack of access to credit, in insurance, digital exclusion, and deep-rooted issues vested in the agriculture sector, to name someone, continue to hinderclusive growth. There may be a conclusion focused on the fact that strengthening financial inclusion is fundamental to promoting agriculture resilience and the overall goals of economic self-reliance, and sustainable development development in India.

Keywords: Financial Inclusion; Agriculture; Atmanirbhar Bharat; Rural Development; Agricultural Finance; Self-Reliant India

1. Introduction

The vision of Atmanirbhar Bharat (Self-Reliant India) is the strategic move that India is taking towards making the Indian economy a more resilient, inclusive and self-sustaining one by empowering the domestic capacity and mitigating over-dependence on external resources (Kandpal, 2022). Central to this vision is the empowerment of rural and marginalized population, which can be effective and among many other strategies by using the financial inclusion strategy and agricultural development (Kumar et al., 2021). Financial inclusion has a crucial role to play in economic development, whereby equitable access to formal financial services including savings, credit, insurance and digital payment systems, especially by underserved sections of society is achieved (Mahesh et al., 2023). An inclusive financial system enables households and enterprises to invest productively, manage risks and participate meaningfully in the

economic growth process in the country, thereby providing financial stability and removing poverty. Agriculture as one of the most important sectors of Indian economy, and collection of livelihoods and food security at national level, holds the same significance now as it always did in the past (Kadaba et al., 2023). It employs a significant portion of the workforce, and is a major contributor to the gross domestic product, the generation of income in rural areas and to export income. The linkage between the twin objectives of financial inclusion and growth in agriculture has resulted in greater access to institution credit and modern Inputs for agriculture, insurance mechanisms for farm inputs and farmers, and market linkages - all this leading to more structured productivity and incomes for farmers (Jain et al., 2021). The rationale of the present study lies in studying the contribution of the two sectors of financial inclusion and agriculture together in the achievement of the objectives of self-reliance by promoting inclusive growth and economic resilience. The scope of this paper is limited to an analytical review of secondary sources involving government reports, policy documents and academic literature in order to evaluate the role of financial inclusion in strengthening the agricultural sector and supporting India's journey to a self-reliant economy.

2. Objectives of the Study

- To examine the concept and significance of financial inclusion in India
- To analyze the contribution of agriculture towards self-reliance
- To study the linkage between financial inclusion and agricultural growth
- To assess government initiatives supporting inclusive agricultural development

3. Research Methodology

The present study is done with a descriptive and analytical nature of research in understanding the role of financial inclusion and contribution of agriculture in attaining self-reliant India. A descriptive approach is adopted in order to delineate the existing policies, initiatives, and trends pertaining to financial inclusion and agricultural development in the economy, whereas, the analytical approach has been adopted to interpret and assess the interlinkages between financial inclusion and agricultural growth in the context of Atmanirbhar Bharat. This combination provides an orderly understanding of the subject considering the knowledge and the evidence. The research design is based solely on secondary data, that is why the study is also non-empirical in nature. Secondary data were obtained from a diversity of accurate and authoritative sources to ensure accuracy and relevancy of the data. These sources include government publications like reports of Reserve Bank of India (RBI), National Bank for Agriculture and Rural Development (NABARD), Economic Survey of India etc. In addition, scholarly articles, research journals, academic books were consulted to get the theoretical knowledge and empirical findings needful to the study associated with the topic of financial inclusion and agriculture. Reports published by international organizations such as the World Bank and the Food and Agriculture Organization (FAO) were also reviewed to bring some comparative and global perspective. In addition, policy documents and official publications dealing with the Atmanirbhar Bharat initiative were analysed in order to understand the policy framework and objectives. The collected data were analysed with the help of content analysis to identify some key themes and patterns, and comparative analysis to evaluate developments and linkages across different periods and policy initiatives.

4. Conceptual Framework

4.1 Financial Inclusion

Financial inclusion refers to the process of ensuring access to appropriate and affordable, and timely financial products and services to all sections of the society, and in particular, to the economically weaker and marginalised sections of the society. These services are savings accounts, credit facilities, insurance, pension schemes and digital payment systems (Dande & Kalegaonkar, 2025). The key dimensions of financial inclusion are access (which is about the availability of financial services); usage (which is about the regularity and frequency of utilizing the services); and quality (which is to ensure that financial products fit to the needs of the users at reasonable costs). The need for financial inclusion in India stems from the fact that India has a huge rural population, income inequality and a history of informal financial systems. Limited access to formal banking has often limited the ability of individuals as well as small enterprises to save securely, to obtain credit and to manage financial risk (Mishra et al., 2021). Financial inclusion is thus key to reducing poverty, economic empowerment and inclusive growth. It also aids in the effective implementation of welfare schemes by the government through direct benefit transfers and is thus conducive to improved transparency and efficiency.

4.2 Agriculture in India

Agriculture in India is, to a large extent characterized by SES-small and marginal land holdings, heterogeneity in the type of cropping systems, and of the harvest by the seasonality of receipt (presence of monsoonal season). The path included crop production, livestock, fisheries and allied activities thus forming a complex structure of the agrarian setup that supports the livelihoods of the rural population (Singh & Mishra, 2023). Despite the structural difficulties, agricultural activities are an important backbone of the Indian economy and provide a considerable amount of employment and employ a significant part of the workforce, especially in the rural areas. The sector is a major contributor to the Gross Domestic Product of the country and the foundation of rural development in terms of revenue generation, agro-based industries and food and nutritional security (Shukla et al., 2025). Furthermore, agriculture is a source of stimulation of demands in rural economies and is a counter-cyclical mechanism against the effects of economic slow-downs.

4.3 Self-Reliant India (Atmanirbhar Bharat)

The concept of Atmanirbhar Bharat focuses on the approach of creating a resilient and self-sustaining economy through substantive domestic production capacities and by fostering innovation and lowering the undue dependence on external sources (Singh, 2022). The objectives of this are inclusive growth, employment generation and sustainable development. The rural and agricultural sectors have a central role to play in ensuring self-reliance, in terms of ensuring food security, providing employment and facilitating rural entrepreneurship. Strengthening agriculture through financial inclusion, building infrastructure and providing policy support improves the resilience of rural India and plays a major role in a broader objective of a self-reliant India (Mary & Merlin, 2025).

5. Financial Inclusion Initiatives in India

India has put in a number of policy-driven initiatives for promoting financial inclusion, especially among rural and agriculture populations. The Pradhan Mantri Jan Dhan Yojna (PMJDY) was launched with the goal of ensuring universal access to banking services through the provision of zero balance savings

accounts, debit cards and insurance coverage and overdraft facilities. This initiative has been creating a significant expansion in the formal banking network and the facility for transferring government welfare benefits directly into the accounts of beneficiaries, thereby reducing the leakages and the enhanced financial transparency (Chanaliya et al., 2025). The Kisan Credit Card (KCC) Scheme plays a crucial role in meeting the credit needs of the farmers with respect to timely and inexpensive institutional credit for the agricultural operation and allied activities. In turn, by making loans for short-term and working capital more accessible, the scheme helps farmers avoid relying on informal moneylenders and makes investment in modern inputs and technologies. Another important initiative is the Self Help Group- Bank Linkage Programme promoted by the programme to encourage collective savings and credit to rural households, in particular to women (Shah & Soni, 2022). This program has been used to strengthen the financial inclusion at the grassroots level and empowering marginalized communities through financial literacy and income-generating activities. In recent years, digital financial inclusion has become a transformation. Platforms like Unified Payments Interface (UPI), Direct Benefit Transfer (DBT) and Aadhaar based services have increased accessibility, made transactions cheaper and more efficient in the provision of financial services especially in rural India.

6. Contribution of Agriculture to a Self-Reliant India

Agriculture is fundamental for attaining self-reliant India by ensuring food security which is central to national stability and economic resilience. The agricultural sector in India supports the production of key agricultural products, such as food grains, fruits, vegetables, and livestock products, which decreases the reliance on food imports and protects the population from global supply disruptions (Panakaje et al., 2023). The sector is a key provider of employment and rural livelihoods and is engaging a substantial portion of workforce. Indirectly agriculture supports both direct and indirect employment through allied activities such as dairy, fisheries and agro-processing and transportation. This employment base helps maintain rural incomes while reducing distress migration in rural areas to urban ones. Agriculture also plays a significant role in the national economy through its contribution to Gross Domestic Product (GDP), as well as in the export sector where it is increasingly contributing. Agricultural and Processed Food exports generate foreign exchange earnings and help India in becoming competitive in world markets. Moreover, owing to a solid agricultural foundation, agro-industries and rural enterprises are supported. Additionally, agriculture has an important role to play in minimizing import dependency through the promotion of domestic food and raw materials production (Sakaraya et al., 2025). Strengthening agricultural productivity as well as value addition goes along with the goals of Atmanirbhar Bharat in promoting economic self-sufficiency and sustainable growth.

7. Linkage Between Financial Inclusion and Agricultural Development

Financial inclusion and agricultural development are widely related, as access to formal financial services has a big impact on the productivity, as well as the income stability, of farmers. Access to agricultural credit helps farmers invest in good quality seeds, fertilisers, irrigation facilities, and new modern farming equipment thus making agriculture more efficient and productive. Institutional credit also decreases the dependency of farmers on the exploitative informal banking services. Role of insurance and risk management is vital in agriculture because it is prone to climatic unknowns, pests, and market fluctuations (Sethy et al., 2023). Crop and livestock insurance schemes facilitate financial risk management by providing compensation to crop failure or losses thereby providing income security to farmers and

motivating farmers to introduce better technologies without fear of financial loss. The linkage has been further strengthened by digital finance for accessibility and transparency. Digital payment systems, direct benefit transfers, and mobile banking make financial transactions more timely, cheaper and guarantees quicker receipt of subsidies, payment. These innovations have enhanced the integration of farmers to markets and financial institutions (Jain et al., 2023).

8. Challenges and Issues

The financial inclusion and agricultural development cannot be successfully incorporated in spite of policy interventions since there are several challenges. The accessibility of institutional credit is also a big problem particularly to the small and marginal farmers because they do not have collateral or any form of documentation. This has seen several farmers continue to turn to informal moneylenders who charge high interest rates causing them to be indebted and exposed to financial exploitations (Kadaba et al., 2023). Low insurance penetration in agriculture sector is another major challenge. Ignorance, cumbersome practices, tardy insurance claim settlement and believing in insurance apparatus, discourages farmers to choose insurance schemes on crops. In this way, farmers are exposed to the risks of production and income. The rural areas also have a digital divide that limits the financial inclusion. Poor internet access, absence of good digital infrastructure as well as poor digital literacy implies that some farmers cannot access digital financial services. Besides this, structural problems also affect the agricultural sector such as fractured land tenures, low mechanization, volatility in prices, and a lack of access to markets which acts as a restraining influence on the effective use of financial services (Kumar et al., 2021). Such issues should be addressed to ensure that there is meaningful and sustainable realization of agricultural development which is translated to financial inclusion.

9. Policy Implications and Suggestions

In order to enhance the nexus between financial inclusion and agricultural development, certain policy measures are needed. First, strengthening the infrastructure for rural banking in the form of the expansion of bank branches, banking correspondents and cooperative institutions can improve the access to institutional finance in remote areas Second, the expansion of farmer-friendly financial products, including flexible credit schemes, micro-insurance and climate resilient financial products, can be more targeted processes to deal with the varied needs of farmers (Kandpal, 2022). Improving digital literacy among farmer is important in the field of upgrading the adoption of digital financial services. Training programmes and awareness programmes can help empower farmers to use digital platforms confidently and safely. In addition, to strengthen risk management in areas related to agriculture, insurance coverage, including through simplified procedures, as well as the timely settlement of claims can be furthered through better awareness. Finally, supporting agricultural growth in the long run through promoting inclusive and sustainable agricultural finance through public-private partnerships, fintech innovations and value chain finance (Singh & Mishra, 2023). These measures will guarantee that financial inclusion can successfully contribute towards the resilience of agriculture and self-reliance.

10. Conclusion

This paper highlights that there exists a nexus between financial inclusion and agriculture and hence has a solid basis on the way to go to owning self-reliant India. Financial inclusion enhances access to credit and insurance and digital financial services by farmers to enable them to invest productively and manage

the risks effectively. The agriculture in itself has the effects of contributing to food security, job creation, rural livelihoods and economic stability. It is seen through the analysis that the schemes by the government like PMJDY, Kisan Credit Cards, SHG-Bank Linkage schemes and the digital financial platforms have played a significant role in enhancing access to finance in rural locations. Nevertheless, there are still problems with access to credit, absence of insurance cover, digital exclusion and limitations in the agriculture environment. Inclusive and sustainable growth is associated with the connection of financial inclusion and agricultural development. A free policy to address the infrastructure in rural setting with emphasis on financial literacy with emphasis on financial solutions to farmers can make sure that agriculture will still be one of the key pillars to long term economic self-reliance in India.

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