

Empowering Self-Reliant India: Unfolding the Role of Financial Inclusion in the 'Atma Nirbhar Bharat' Vision

Mistry Riddhi Ishvarbhai

Research Scholar

Veer Narmad South Gujarat University, Surat

Email-Id: riddhilad1987@gmail.com

Dr. Kishorsinh Natvarsinh Chavda

Vice- Chancellor

Veer Narmad South Gujarat University, Surat



Abstract:

The 'Atma Nirbhar Bharat' (Self-Reliant India) vision, in India, aspires to create a resilient, empowered, and sustainable economy, where individuals and enterprises actively participate in national growth. A key facilitator of this process is financial inclusion, which provides all facets of society with fair access to digital financial services, credit, banking, and insurance. The current review paper seeks to unfold the influence of financial inclusion in allowing a self-reliant India by examining its progress, persistent challenges, emerging opportunities, and the pathways ahead. Adopting a review-based methodology, the study synthesises insights from academic literature, government policy reports, and empirical studies. It examines key programs, including the Integrated Payments Interface (UPI), Aadhaar-facilitated systems for payment, Direct Benefit Transfers (DBT), the Pradhan Mantri Jan Dhan Yojana (PMJDY), and fintech-led solutions, critically. The review identifies major constraints, including digital illiteracy, regional and gender disparities, infrastructural gaps in rural areas, and limited financial awareness, which hinder the transformative impact of financial inclusion. However, there are also plenty of opportunities. Financial inclusion may empower MSMEs, promote entrepreneurship, and create sustainable livelihoods, as seen by the advent of digital ecosystems, fintech developments, microfinance schemes, and self-help groups. These opportunities, if leveraged effectively, can transform financial inclusion from a policy aspiration into a true driver of self-reliance. The outcome of this review reveals that financial inclusion must move beyond access to focus on usage, quality, and sustainability of services. A multi-stakeholder approach involving policymakers, regulators, financial institutions, technology providers, and civil society is essential to bridge systemic gaps. Strengthening financial literacy, consumer protection, and digital trust will further ensure that financial inclusion becomes a foundation for Atma Nirbhar Bharat. This study argues that financial inclusion is not just a facilitator but a cornerstone of India's self-reliance vision by proposing a conceptual model. By addressing structural barriers and harnessing innovation, India can build an inclusive and resilient financial ecosystem that empowers citizens and accelerates its journey toward Atma Nirbhar Bharat.

1. Introduction:

The concept of Atma Nirbhar Bharat (Self-Reliant India) emerged in 2020 as a nationwide vision to create a resilient and self-sustaining economy, catalysing India's recovery and growth amid the COVID-19 pandemic (NITI Aayog, 2021). With the help of strong infrastructure, sustainable livelihoods, local capacity building, and increased access to financial services, India hopes to empower people and businesses. This is made possible by financial inclusion,

which gives consumers and companies access to vital financial products, including digital payments, credit, insurance, and savings accounts (Digital India, MeitY, 2025).

India has improved financial access significantly, most notably with the 2014 introduction of the Pradhan Mantri Jan Dhan Yojana (PMJDY). The PMJDY sought to democratize banking access as a key component of India's financial inclusion efforts, and by August 2023, more than 50 crore accounts were open, and large deposits were flowing (PMJDY; World Bank, 2021). Subsequent integration with the "JAM" (Jan Dhan–Aadhaar–Mobile) trinity optimised delivery of government subsidies and benefits, reducing leakages and enhancing fiscal efficiency (JAM Yojana; World Bank, 2021).

In addition to account access, India has established a strong digital payment system based on the Digital India architecture and the UPI (Unified Payments Interface). Safe, scalable, and interoperable payment solutions are made possible nationwide by this digital ecosystem (Digital India, MeitY, 2025). It has served as a critical foundation for financial inclusion, especially in rural and remote regions.

In practice, financial inclusion efforts extend beyond infrastructure. The Government of India has initiated saturation campaigns to ensure full reach of schemes like PMJDY, PMSBY, PMJJBY, and Atal Pension Yojana (APY), with active efforts at the gram-panchayat level for e-KYC, grievance redressal, and cyber-fraud awareness (Times of India, 2025). Notably, approximately 1.4 lakh new PMJDY accounts were opened in just the first two weeks of a recent drive, with over 5.4 lakh enrollments under Jan Suraksha schemes through more than 43,000 camps (Ministry of Finance, 2025). In Andhra Pradesh, statewide implementation reached over 13,324-gram panchayats, aiming to embed financial access in every household (Times of India, 2025).

News coverage further underscores the centrality of inclusion to economic growth. The RBI Governor recently noted that PMJDY has become a growth engine for the nation and praised increased participation of women in financial services (Times of India, 2025). In another instance, a financial inclusion camp in Bengaluru benefited 2,200 individuals in rural outreach, reaffirming the collaborative role of RBI and financial institutions (Times of India, 2025).

When combined, these field campaigns, digital platforms, and policy initiatives show that inclusion in finance is a strategic national tool that promotes resilience, economic participation, and fair growth rather than just a program. Yet, a key research gap remains in ensuring that increased access translates into meaningful and sustained usage, especially among disadvantaged communities.

2. Review of Literature

Financial inclusion has widely been regarded as a critical lever for socio-economic empowerment, with global evidence underscoring its role in poverty reduction and resilience building. Demirgüç et al. (2018), in their Global Findex analysis, show that enhanced access to formal finance-related services significantly lowers poverty and improves economic well-being. Allen, Demirgüç-Kunt et al. (2016) further affirm that a higher proportion of adults with access to bank accounts correlates with broader developmental outcomes across countries.

In the Indian context, inclusion is a policy priority. Chakrabarty (2013) argues that financial inclusion is not only a developmental tool but a policy imperative, institutionalising equitable access to finance for all. The Reserve Bank of India (RBI, 2021) underscores that sustainable inclusion requires three pillars: access, usage, and quality—and that merely opening bank accounts without usage yields suboptimal results.

Several empirical studies examine usage patterns. Gupta & Sharma (2021) highlight that although many households in rural areas have PMJDY accounts, the lack of financial literacy hinders regular use. Singh (2019), in a Shodhganga thesis, finds that microfinance initiatives substantially empower rural women, yielding higher participation in household financial decisions. Kumar (2020) explores fintech innovations like mobile wallets (peer-to-peer platforms), shedding light on their role in improving access for low-income and semi-literate users. Bhattacharya & Joshi (2020) note that UPI and digital wallets have transformed urban financial ecosystems—where uptake is rapid—but rural adoption remains limited.

Institutional and structural barriers persist. Sharma & Kukreja (2013) point to gaps like limited physical access, low trust in formal institutions, and infrastructure deficits. Nair (2019) studies the state of Gujarat and reports high account ownership but low awareness about advanced products like insurance and credit, especially among rural and tribal populations.

On the positive side, several studies illustrate inclusion's broader socio-economic impact. Beck et al. (2007) assert that inclusive finance is essential for small and medium enterprises (SMEs) to thrive. Ghosh (2016) uses macro-data to link inclusion with reduced income inequality. In rural India, Burgess & Pande (2005) empirically show that banking branch extension reduces poverty, while Subramanian & Kumar (2020) find that Direct Benefit Transfer (DBT) systems enhance transparency and reduce leakage in social welfare deliveries.

Moreover, the digital infrastructure in India—built around the 'Jan Dhan Aadhaar Mobile' trinity and UPI—has received international recognition. The World Bank (2021) cites India as a worldwide frontrunner in digital financial inclusion, though gaps around awareness and

consumer protection remain. Ozili (2018) cautions, however, that digital finance carries risks such as fraud and cyber vulnerability that require regulatory attention.

Finally, resilience during crises such as the COVID-19 pandemic has reinforced the value. Das & Drine (2020) argue that financial access via accounts and digital platforms provided vital relief to vulnerable groups. Media reports in The Hindu (2021) corroborate this, showing how Jan Dhan accounts and UPI facilitated swift relief distribution to rural struggling populations.

Table 1: Key Insights from the Literature

Key Factors	Key Findings
Poverty reduction	Financial inclusion strongly correlates with poverty reduction (Demirgüç et al., 2018).
Usage gap	Account access does not guarantee usage—literacy and trust are essential (Gupta & Sharma, 2021; Nair, 2019).
Women empowerment	Microfinance and inclusion boost decision-making among rural women (Singh, 2019).
Digital tools	Fintech and UPI transform access, especially in urban settings (Kumar, 2020; Bhattacharya & Joshi, 2020).
Structural barriers	Infrastructure, literacy, and trust gaps hinder inclusion (Sharma & Kukreja, 2013).
Welfare delivery	DBT improves inclusion and transparency in benefit transfers (Subramanian & Kumar, 2020).
SME growth	Inclusive finance supports SME access to credit and growth (Beck et al., 2007).
Inequality reduction	Inclusion contributes to reduced income inequality (Ghosh, 2016).
Crisis resilience	Digital inclusion helps crisis response; evidenced during COVID-19 (Das & Drine, 2020).
Digital risks	Cybersecurity and consumer protection need stronger regulation (Ozili, 2018).

3. Research Gap and Purpose

While India has achieved extensive coverage in financial inclusion, the depth of usage—particularly in credit uptake, savings behaviour, insurance adoption, and small enterprise growth—remains uneven. This leads to the central research purpose: to critically examine how financial inclusion under the Atma Nirbhar Bharat vision can be leveraged more effectively to

empower individuals and communities, especially in underserved regions, by exploring barriers, opportunities, and policy pathways.

4. Research Objectives

1. To understand the role of financial inclusion in advancing the vision of Atma Nirbhar Bharat
2. To propose a conceptual framework model of financial inclusion for achieving self-reliance

5. Research Methodology

To examine the connection between financial inclusion and the Atma Nirbhar Bharat vision, this study uses an exploratory, qualitative research approach. Using a Systematic Literature Review (SLR) methodology, the study consults reputable press coverage, government papers, policy documents, and peer-reviewed academic publications published between 2010 and 2025. Secondary data were gathered from open-access databases such as Google Scholar, ResearchGate, Shodhganga, World Bank Open Data, and official portals of the Government of India (e.g., NITI Aayog, RBI, Ministry of Finance). Reputed newspapers such as The Hindu and The Economic Times were also consulted to capture contemporary debates. Studies and reports were selected if they (a) explicitly addressed financial inclusion, (b) linked inclusion to development or self-reliance, or (c) provided empirical or policy evidence relevant to the Indian context. The SLR process involved content analysis and thematic synthesis to identify recurring themes, such as financial literacy, digital adoption, MSME empowerment, gender inclusion, and rural access. A conceptual model was then developed to link these factors with the broader vision of 'Atma Nirbhar Bharat'. Given that the study is based on secondary data, its limitations can include access to and availability of updated datasets. Nonetheless, the validity and trustworthiness of the results were guaranteed by triangulation across many sources.

6. Proposed Conceptual Framework and its Explanation

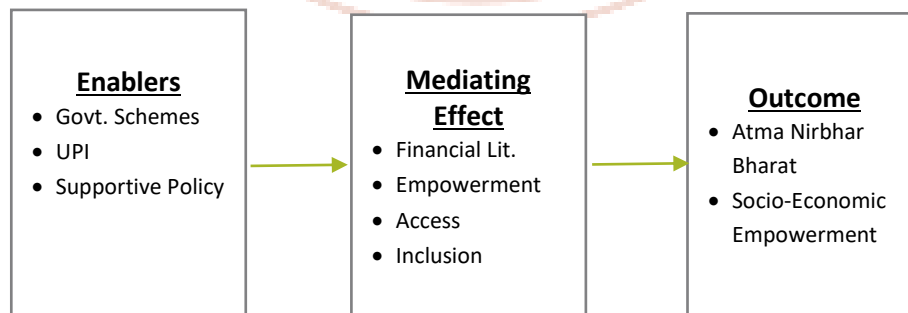


Fig. 1 Conceptual Framework

1. Enablers - Digital Infrastructure, Financial Products, and Policy Support

At the base of the proposed model lie the enablers: key digital financial tools, government schemes, and supportive policy frameworks. India's digital public infrastructure — including UPI, Aadhaar, Jan Dhan accounts, and DBT — has significantly expanded financial access. NITI Aayog underscored how technology paired with public policy can address inclusion constraints, citing Jan Dhan, Aadhaar, and UPI as central pillars of this expansion (NITI Aayog, 2020). Complementing this, President Murmu recently highlighted PMJDY's impact in opening over 56 crore zero-balance bank accounts and the effective delivery of services via DBT and mobile banking (The Times of India, 2025). Together, these enablers create the foundation for inclusion by providing affordable, convenient, and scalable financial access.

2. Financial Inclusion - Access Meets Usage

The next layer is financial inclusion, defined not just by account ownership but by the effective use of products like savings, credit, insurance, and digital payments. Verma & Shome (2025) empirically demonstrated that acceptance of digital finance, driven by perceived usefulness, ease of use, and trust, significantly enhances inclusion among micro-enterprises. In parallel, studies show that despite wide access under PMJDY, usage gaps persist; therefore, schemes must go beyond providing access to foster sustained engagement (World Bank, 2021).

3. Mediators - Financial Literacy, SME Empowerment, and Gender Inclusion

Financial inclusion's benefits come alive when mediated by literacy, empowerment, and equity. A detailed SAGE study found that higher financial literacy among MSME owners correlates with stronger usage and engagement with financial services—and that gender moderates this relationship (Pandey et al., 2022). Similarly, UGRO Capital reports that 78% of its debtors are first-generation entrepreneurs now accessing prescribed credit, highlighting inclusion's role in enabling entrepreneurial ventures (Dewan, 2025). On gender inclusion, national data show UPI usage among rural women rose to 30% in early 2025, up from 17%, showcasing how digital inclusion fosters broader empowerment (Jakhiya et al., 2020).

4. Outcomes - Socio-economic Empowerment Leading to a Self-Reliant India

The culmination of enablers and mediators yields socio-economic empowerment—manifested via entrepreneurship growth, improved livelihoods, and economic resilience. For instance, SIDBI reports a dramatic rise in MSME lending to ₹40.4 lakh crore in 2025, attributing this growth to financial inclusion and digitalisation (The Economic Times, 2025). Yet, challenges persist: 90% of MSMEs now accept online payments, but only 18% use digital lending platforms—suggesting room to leverage inclusion for business innovation further (ET Bureau, 2025).

Finally, these empowered outcomes translate into broader self-reliance or the Atma Nirbhar Bharat vision. As inclusion empowers individuals and enterprises, they contribute to resilient local economies and reduced reliance on informal systems. The synergy of digital inclusion, financial access, and entrepreneurial growth aligns tightly with the national ambition for self-sufficiency (NITI Aayog, 2021).

7. Conclusion

The study conducted a critical analysis of how financial inclusion contributes to the realisation of Atma Nirbhar Bharat. According to the findings, even though India has made great strides thanks to programs like PMJDY, DBT, Aadhaar, and UPI, the real test of inclusion is not accounting ownership but rather the efficient and consistent use of financial services. Financial inclusion can empower people, encourage entrepreneurship, and fortify MSMEs, all of which contribute to socioeconomic empowerment when combined with digital adoption, financial literacy, and focused governmental assistance.

The conceptual model developed in this paper highlights how enablers such as digital infrastructure and government schemes form the foundation of inclusion, which then mediates through literacy, empowerment, and equity to achieve outcomes like poverty reduction, gender equality, and entrepreneurial growth. These outcomes, in turn, collectively contribute to the broader Atma Nirbhar Bharat vision of a self-reliant, resilient, and inclusive economy.

At the same time, the research underscores persisting challenges such as digital illiteracy, gender gaps, rural exclusion, and limited credit accessibility for small enterprises. Addressing these barriers requires a coordinated approach involving policy innovation, financial literacy campaigns, technology-enabled solutions, and stronger institutional frameworks.

In conclusion, being financially included is a developmental necessity as well as a financial plan. It has the potential to change India's path toward independence into one that is more sustainable and egalitarian by tying access to empowerment together with local advancement with national objectives. Since genuine self-reliance can only arise from broad involvement in the country's growth narrative, the way forward rests in making sure that no citizen is left behind.

References

- Allen, F., Demirgüç-Kunt, A., Klapper, L., & Peria, M. S. M. (2016). The foundations of financial inclusion: Understanding ownership and use of formal accounts. *Journal of Financial Intermediation*, 27(1), 1–30. <https://doi.org/10.1016/j.jfi.2015.12.003>
- Beck, T., Demirgüç-Kunt, A., & Levine, R. (2007). Finance, inequality and the poor. *Journal of Economic Growth*, 12(1), 27–49. <https://doi.org/10.1007/s10887-007-9010-6>

- Bhattacharya, S., & Joshi, H. (2020). Digital payments and financial inclusion: Evidence from India. *Indian Journal of Economics and Development*, 16(2), 42–56.
- Burgess, R., & Pande, R. (2005). Do rural banks matter? Evidence from the Indian social banking experiment. *American Economic Review*, 95(3), 780–795. <https://doi.org/10.1257/0002828054201242>
- Chakrabarty, K. C. (2013). Financial inclusion in India: Journey so far and way forward. *RBI Bulletin*, 67(3), 15–24.
- Das, K., & Drine, I. (2020). Financial inclusion, resilience and self-reliance: Lessons from COVID-19. *World Development Perspectives*, 20, 100288. <https://doi.org/10.1016/j.wdp.2020.100288>
- Demirgüç-Kunt, A., Klapper, L., Singer, D., Ansar, S., & Hess, J. (2018). *The Global Findex Database 2017: Measuring financial inclusion and the fintech revolution*. World Bank. <https://doi.org/10.1596/978-1-4648-1259-0>
- Digital India – Financial Inclusion. (2025). Ministry of Electronics and Information Technology (MeitY), Government of India. <https://www.digitalindia.gov.in/financial-inclusion/>
- Ghosh, S. (2016). Financial inclusion and India’s economic growth: An empirical analysis. *Journal of Asian Economics*, 46(1), 45–55. <https://doi.org/10.1016/j.asieco.2016.06.002>
- Gupta, P., & Sharma, R. (2021). Financial literacy and inclusive growth in tribal India. *Indian Journal of Finance*, 15(7), 8–20.
- Kumar, A. (2020). Fintech innovations and financial inclusion in India. *Journal of Financial Innovation*, 5(2), 78–92.
- Ministry of Finance. (2025, July/August). *Financial inclusion saturation campaign update*. Government of India. (Described in Times of India article)
- Nair, M. (2019). Financial literacy and product uptake in Gujarat’s rural areas. *Journal of Rural Economics & Development*, 7(3), 67–82.
- NITI Aayog. (2020, January 15). *Embracing technology*. Government of India.
- NITI Aayog. (2021). *Atma Nirbhar Bharat vision*. Government of India.
- Ozili, P. K. (2018). Impact of digital finance on financial inclusion and stability. *Borsa Istanbul Review*, 18(4), 329–340. <https://doi.org/10.1016/j.bir.2017.12.003>
- Pandey, A., Kiran, R., & Sharma, R. K. (2022). Investigating the impact of financial inclusion drivers, financial literacy and financial initiatives in fostering sustainable growth in North India. *Sustainability*, 14(17), 11061. <https://doi.org/10.3390/su141711061>
- Reserve Bank of India. (2021). *Annual Report 2020–21*. <https://www.rbi.org.in>

- Sharma, N., & Kukreja, S. (2013). An analytical study on financial inclusion in India. *International Journal of Marketing and Technology*, 3(6), 45–56.
- Singh, P. (2019). *Microfinance and women empowerment in India* [Doctoral dissertation, Shodhganga]. <http://shodhganga.inflibnet.ac.in>
- Subramanian, R., & Kumar, S. (2020). Direct benefit transfer and transparency in India: An evaluation. *Journal of Public Policy Studies*, 12(2), 98–112.
- Dewan, N. (2025, July 25). 78% of our borrowers are first-generation entrepreneurs accessing formal credit: UGRO Capital. *The Economic Times*. <https://economictimes.indiatimes.com/small-biz/sme-sector/78-of-our-borrowers-are-first-generation-entrepreneurs-accessing-formal-credit-ugro-capital/articleshow/122896417.cms>
- ET Bureau. (2025, June 27). Loans to MSMEs increase to over Rs 40 lakh crore on back of policy push. *The Economic Times*. <https://economictimes.indiatimes.com/industry/banking/finance/loans-to-msmes-increase-to-over-rs-40-lakh-crore-on-back-of-policy-push/articleshow/122345678.cms>
- The Times of India. (2025, September 3). Murmu bats for inclusive banking. *The Times of India*
- The World Bank. (2021). *Financial inclusion overview*. <https://www.worldbank.org/en/topic/financialinclusion>
- Times of India. (2025, August 30). India to be third largest economy soon, says RBI Governor; lauds women, Jan Dhan scheme for growth push. *The Times of India*.
- Times of India. (2025, August 31). RBI, banks push financial inclusion drive; 2,200 people benefit at Bannerghatta Camp. *The Times of India*.
- Times of India. (2025, July 16). Over 1.4 lakh new Jan Dhan accounts opened in 2 weeks. *The Times of India*.
- Times of India. (2025, June 30). Govt to conduct financial inclusion saturation campaign from July 1. *The Times of India*.
- Jakhiya, M., Bishnoi, M. M., & Purohit, H. (2020). Emergence and growth of mobile money in Modern India: A study on the effect of Mobile money. *2022 Advances in Science and Engineering Technology International Conferences (ASET)*. <https://doi.org/10.1109/aset48392.2020.9118375>
- Verma, S., & Shome, S. (2025). An empirical investigation on the relationship between digital finance adoption and financial inclusion of micro businesses in India. *Journal of Small Business Strategy*, 35(1), 58–73.
- World Bank. (2021). *Global Findex Database 2021: Financial inclusion overview*. World Bank. <https://www.worldbank.org>

- World Bank. (2021). *Global Findex Database 2021: Measuring financial inclusion and the fintech revolution*. IMF eLibrary/IJFMR

