

Agriculture with Financial Systems for Inclusive Growth: A Vision for Viksit Bharat

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Agriculture integrated with efficient financial systems plays a crucial role in achieving inclusive growth and realizing the vision of Viksit Bharat. Strengthening agricultural credit, crop insurance, digital banking, farmer-producer organizations, and sustainable investments can enhance rural livelihoods, productivity, financial security, and economic empowerment while promoting balanced socio-economic development across India.

Keywords: Inclusive growth, Viksit Bharat, agricultural finance, rural development, financial inclusion

Introduction

Agriculture has always been central to India's socio-economic structure, employing nearly half of the workforce and contributing significantly to livelihoods, food security, and rural development. However, despite its importance, the sector has faced persistent challenges such as low productivity, fragmented landholdings, climate risks, and inadequate access to financial resources. As India moves toward the vision of Viksit Bharat (Developed India) by 2047, transforming agriculture through strong financial systems has become a critical priority. Inclusive growth in agriculture requires not only increasing productivity and income but also ensuring that all farmers, especially smallholders, women, and marginalized communities, have access to financial tools that enable sustainable development. Integrating agriculture with robust financial systems is therefore essential to unlocking the full potential of the rural economy.

Understanding the vision of Viksit Bharat

The vision of Viksit Bharat aims to transform India into a developed, inclusive, and sustainable economy by the centenary of its independence in 2047. In this framework, agriculture is expected to evolve from a subsistence-based activity to a technology-driven, market-oriented, and globally competitive sector. This transformation requires a shift toward higher productivity, diversification into high-value crops, improved supply chains, and enhanced resilience to climate change. Financial systems play a crucial role in enabling this transition by providing capital, managing risks, and supporting innovation. Thus, aligning

agriculture with financial systems is fundamental to achieving the broader goals of economic growth, social equity and environmental sustainability.

Role of financial systems in agriculture

Financial systems encompass a wide range of institutions and services, including banks, microfinance institutions, insurance providers, digital payment platforms and capital markets. In agriculture, these systems serve multiple functions such as providing credit, facilitating savings, offering insurance and enabling efficient transactions. Access to timely and affordable credit allows farmers to invest in quality inputs, adopt modern technologies and expand their operations. Savings mechanisms help them manage income fluctuations, while insurance products protect against risks such as crop failure and natural disasters. Digital financial services further enhance efficiency by reducing transaction costs and improving accessibility. Together, these components create a supportive ecosystem that promotes agricultural growth and resilience.

Financial inclusion as a driver of inclusive growth

Expanding access to credit

Financial inclusion ensures that farmers, especially small and marginal ones, have access to institutional credit. This reduces dependence on informal lenders and enables farmers to invest in productivity enhancing inputs. Initiatives such as priority sector lending and Kisan Credit Cards (KCC) have played a significant role in expanding credit access, but gaps remain, particularly in remote and underserved regions.

Enhancing savings and investment

Access to savings accounts allows farmers to store surplus income and build financial security. It also encourages long-term planning and investment in agriculture. Financial inclusion initiatives have increased the number of rural bank accounts, enabling farmers to participate more actively in the financial system.

Risk management through insurance

Agriculture is highly vulnerable to risks such as weather variability, pests and price fluctuations. Crop insurance schemes provide a safety net, helping farmers recover from losses and maintain income stability. Effective risk management encourages farmers to adopt innovative practices and invest in higher-value crops.

Digital financial inclusion

Digital platforms have revolutionized financial inclusion by making services more accessible and efficient. Mobile banking, digital payments and online platforms enable farmers to receive payments, access credit, and manage finances with ease. This digital

transformation is particularly important for integrating rural populations into the formal economy.

Integration of agriculture and financial systems

Strengthening credit delivery mechanisms

Efficient credit delivery systems are essential for ensuring that farmers receive timely financial support. This includes simplifying loan procedures, reducing collateral requirements, and leveraging technology for credit assessment. Financial institutions must also develop tailored products that meet the specific needs of farmers.

Promoting agribusiness financing

Agribusiness encompasses the entire value chain, from input supply to processing and marketing. Financing agribusiness enterprises can create employment opportunities, enhance value addition, and improve market access. Supporting startups and small enterprises in the agricultural sector is crucial for driving innovation and growth.

Encouraging public-private partnerships

Collaboration between the government, financial institutions, and the private sector can enhance the effectiveness of financial systems in agriculture. Public-private partnerships (PPP) can facilitate investments in infrastructure, technology, and supply chains, thereby strengthening the agricultural ecosystem.

Leveraging fintech innovations

Financial technology (FinTech) has the potential to transform agricultural finance by improving accessibility, reducing costs, and enhancing transparency. Innovations such as digital lending platforms, blockchain based supply chains, and data driven credit scoring can address many of the challenges faced by traditional financial systems.

Government initiatives supporting financial inclusion in agriculture

The Government of India has launched several initiatives to promote financial inclusion and strengthen agricultural finance. Programs such as direct income support schemes, crop insurance, and digital payment systems have significantly improved access to financial services.

Schemes like the KCC provide short-term credit for agricultural activities, while crop insurance programs protect farmers against losses. Digital initiatives such as Jan Dhan accounts and Aadhaar based systems have facilitated the seamless transfer of benefits and improved transparency. These measures collectively contribute to building a more inclusive and efficient financial ecosystem in agriculture.

Challenges in integrating agriculture with financial systems

Limited financial literacy

Many farmers lack awareness and understanding of financial products and services, which limits their ability to make informed decisions. Financial literacy programs are essential to bridge this gap and empower farmers.

Inadequate infrastructure

Rural areas often face challenges such as poor connectivity, limited banking facilities, and inadequate digital infrastructure. These constraints hinder the effective delivery of financial services.

Risk aversion of financial institutions

Agriculture is perceived as a high-risk sector, leading to cautious lending by financial institutions. This results in limited access to credit for farmers, particularly smallholders and tenant farmers.

Data and documentation issues

Accurate and reliable data on land ownership, crop patterns, and credit history are essential for effective financial inclusion. However, gaps in data and documentation often create barriers to accessing financial services.

Pathways for achieving inclusive agricultural growth

Strengthening institutional frameworks

Developing strong institutions that support agricultural finance is critical. This includes enhancing the capacity of banks, cooperatives and microfinance institutions to serve rural areas effectively.

Enhancing digital infrastructure

Investing in digital infrastructure can improve access to financial services and enable efficient delivery of benefits. Expanding internet connectivity and promoting digital literacy are key priorities.

Promoting sustainable agriculture

Financial systems should support sustainable agricultural practices, such as organic farming, water conservation and climate-resilient crops. This will ensure long term growth and environmental sustainability.

Encouraging innovation and entrepreneurship

Supporting agricultural startups and entrepreneurs can drive innovation and create new opportunities in the sector. Access to finance is crucial for nurturing these ventures.

Role of agribusiness in Viksit Bharat

Agribusiness plays a pivotal role in transforming agriculture into a dynamic and profitable sector. By integrating production with processing, marketing and distribution, agribusiness enhances value addition and creates employment opportunities. Financial systems enable agribusiness growth by providing capital, facilitating investments and supporting market expansion. In the context of Viksit Bharat, agribusiness can contribute to export growth, rural industrialization and income diversification. Strengthening value chains and improving market access are essential for realizing this potential.

Future outlook

The future of Indian agriculture lies in its ability to integrate with modern financial systems and embrace innovation. As technology continues to evolve, new opportunities will emerge for improving productivity, efficiency and sustainability. Financial systems must adapt to these changes by offering flexible and innovative solutions that meet the evolving needs of farmers. With the right policies and investments, India can build a resilient agricultural sector that supports inclusive growth and contributes to the vision of Viksit Bharat.

Conclusion

The integration of agriculture with financial systems is a cornerstone of inclusive growth and a key driver of India's development journey toward Viksit Bharat. By improving access to credit, enhancing risk management and promoting digital inclusion, financial systems can empower farmers and transform the agricultural sector. While challenges remain, the combined efforts of the government, financial institutions, and private sector can create a robust ecosystem that supports sustainable and inclusive agricultural growth. As India progresses toward becoming a developed nation, strengthening the link between agriculture and financial systems will be essential for ensuring prosperity and equity for all.