



## Financial Inclusion: A Pillar of Ek Bharat Shreshtha Bharat

Laxmansinh K. Vaghela

Research Scholar (H.N.G.U Patan)

Email: [laxmansiv97@gmail.com](mailto:laxmansiv97@gmail.com)

### Abstract

*Financial inclusion has moved from a narrow banking objective to a foundational strategy for inclusive growth, welfare delivery and digital transformation in India. At such a time, the Government of India's Ek Bharat Shreshtha Bharat (EBSB) initiative, which was launched to strengthen national unity, cultural exchange and a shared sense of identity across states and union territories, has gradually achieved significant economic results in reducing regional disparities and ensuring that the benefits of growth are shared more equitably. This research paper examines how financial inclusion contributes to the objectives of the EBSB, which seeks to enable equitable access to formal financial services, improve welfare outcomes, strengthen inter-state economic linkages, and enhance trust in state institutions. Using recent data, this paper highlights the drivers of financial inclusion in India, such as the expansion of PMJDY accounts, the rapid growth of UPI-based payments, and the DBT facility. The paper also discusses persistent barriers such as the digital divide, uneven banking infrastructure, and cybersecurity threats, and proposes policy measures to make financial inclusion more regionally balanced, socially inclusive, and institutionally resilient.*

**Keyword:** Financial inclusion, Ek Bharat Shreshtha Bharat (EBSB), PMJDY, UPI, DBT

### Introduction

India's development story is deeply shaped by its diversity. Differences in geography, language, history, administrative capacity, and economic structures have produced unequal access to education, healthcare, infrastructure, and employment across regions. These inequalities are reflected in household incomes, enterprise formation, migration patterns, and the quality of public services. While diversity is a civilizational strength, persistent regional imbalance can weaken social cohesion, intensify inter-state friction, and limit the mobility and opportunities available to disadvantaged communities. In this context, national integration is not only a cultural project but also an economic and institutional one. Ek Bharat Shreshtha Bharat (EBSB) was introduced as a programme to promote mutual understanding, cultural exchange and people-to-people contact across India. The reason why financial inclusion is important for the economy is that it reduces the barriers to participation in the economy. When households can easily open bank accounts, save safely, access credit on reasonable terms, insure against risks and use digital payment systems, they can better invest in education, health and livelihoods. Financial inclusion can therefore be understood as a mechanism that transforms citizenship into economic capability. This paper argues that financial inclusion supports EBSB by creating a "common economic language" across India



through standardized financial access, portable identity-linked services and interoperable digital payment infrastructure. Financial inclusion also strengthens trust in public institutions through transparent DBT transfers, reduces regional disparities by bringing formal finance to disadvantaged areas, and improves inter-state economic integration through mobility-friendly payment and banking systems. The following sections develop this argument by linking the conceptual foundations of EBSB and financial inclusion to India's recent inclusion outcomes, while identifying the barriers limiting similar progress.

## Review of Literature

### RBI NSFI, 2019–2024

The Reserve Bank of India's National Strategy for Financial Inclusion (2019-2024) provides a policy framework for expanding inclusion through universal access, basic services, quality utilization and financial literacy/consumer protection. The paper emphasizes that the purpose of financial inclusion should go beyond opening a bank account and focus on its active use, grievance redressal and risk protection. It emphasizes the need to deepen the digital and last mile infrastructure through coordinated efforts of banks, regulators, government and intermediaries. From the perspective of Ek Bharat Shrestha Bharat, the NSFI is important as it frames financial inclusion as a national capacity-building project, which supports balanced regional development and strengthens citizen participation within a common institutional framework across states.

### Barnwal, 2016

This World Bank study assesses the impact of Direct Benefit Transfer for LPG (DBTL/PAHAL), which was introduced to reduce subsidy leakage by transferring benefits directly to beneficiaries' bank accounts. The research explains how DBT reduces the scope for diversion through "ghost beneficiaries" and black-market distortions created by price-subsidy systems. This paper provides evidence that direct transfer mechanisms can strengthen state capacity and improve delivery efficiency in welfare programs. In the EBSB context, this study is important because DBT improves equity and uniformity in welfare distribution, helps reduce feelings of regional neglect, and strengthens trust in governance, both of which are essential for national cohesion.

### XIME, 2025

This empirical study examined how UPI usage is related to financial inclusion outcomes. It focuses on UPI adoption patterns and analyses the extent to which digital payments influence inclusion indicators such as transaction behaviour, formal financial engagement and financial accessibility. Despite its limitations, it notes that UPI significantly supports the shift from cash to digital transactions and can improve inclusion with enabling factors such as digital literacy and trusted infrastructure. In relation to EBSB, this study supports your argument that digital payment infrastructure promotes inter-state economic participation and reduces



transaction friction, which is a viable mechanism for integrating “One India” into daily economic life.

## Objectives of the Study

- To identify key challenges and policy measures to strengthen the role of financial inclusion in achieving the objectives of Ek Bharat Shreshtha Bharat.
- To assess the role of various schemes and methods of digital financial inclusion in reducing regional economic disparities.

## Ek Bharat Shreshtha Bharat

The EBSB was conceived as a program of national integration, emphasizing the idea that India’s unity is strengthened when citizens learn about each other’s cultures, languages, traditions, and history. This cultural emphasis is important because it challenges stereotypes, builds empathy, and fosters cooperative federalism at the societal level. Yet in the practical workings of a modern economy, cultural contact alone cannot reduce the lived experience of inequality. When citizens perceive that certain states or regions consistently lag behind in opportunities, infrastructure, jobs, or welfare outcomes, integration becomes fragile. Economic integration is not achieved solely through physical infrastructure such as roads and railways; it also relies on institutional frameworks that allow participation in markets. Financial services are an important part of that institutional framework. When a worker migrates from one state to another, the ability to receive wages in a bank account, send money home at low cost, or make payments digitally is part of how the migrant stays connected to both the source and destination regions. When a small business in a backward district can accept UPI payments from customers across India and access formal credit, it participates in a national market rather than a local, cash-limited economy. Therefore, financial inclusion acts as a bridge between the cultural intent of EBSB and the economic reality of inter-state exchange.

## Financial Inclusion

Financial inclusion refers to the process of ensuring that individuals and businesses especially those historically excluded have access to affordable, appropriate, and timely financial products and services. These services typically include bank accounts, secure savings, credit, insurance, pensions, and payment systems. The idea is not merely to expand the number of accounts but to ensure meaningful use and quality of service. A useful way to understand financial inclusion is to see it as capability expansion. Recent institutional measures illustrate this progress. India’s financial inclusion performance has been tracked through the RBI’s Financial Inclusion Index (FI-Index). A PIB release in August 2025 highlights that the FI-Index rose to 67 in 2025, indicating broad-based improvements in inclusion dimensions. In practical terms, such progress reflects improvements in access, usage, and quality of financial services. However, the presence of an index also implies a continuing challenge: inclusion is



uneven across geographies and social groups, and the value of the index lies partly in showing that there is still distance to travel.

## **The Significance of Financial Inclusion for Ek Bharat Shreshtha Bharat**

Financial inclusion supports EBSB because it translates the idea of “one nation” into viable financial inclusion. First, it reduces regional disparities by making finance available in districts where bank penetration and credit flows have historically been weak. Regions that lag behind in financial infrastructure often lag behind in entrepreneurship, formal employment, and resilience to shocks. When inclusion expands, households and microenterprises gain access to institutions that can support investment and risk management. This contributes to balanced regional development, which is a necessary condition for long-term national integration. Second, financial inclusion strengthens welfare equity by transferring DBT directly to bank accounts. This reduces leakage, improves targeting, and creates a more equitable experience of the welfare state across states. When citizens from different regions benefit through similar mechanisms, it creates a shared interface with the state, which can strengthen trust and reduce perceptions of neglect. Third, inclusion enhances inter-state economic linkages by supporting migration, remittances, trade, and digital commerce. Migrant workers are a key medium through which economic and cultural integration occurs. Banking and digital payments reduce the friction of mobility: wages can be received securely, remittances can be sent instantly, and consumption can be managed without relying on cash. This strengthens everyday economic relationships that make EBSB meaningful beyond symbolic exchange. Finally, inclusion contributes to social cohesion by reducing exclusion and enabling dignity. When marginalized groups – women, SC/ST communities, rural households, informal workers – gain access to formal accounts and services, they gain a recognized economic identity. This recognition is an important foundation for citizenship-based equality and a shared national identity.

## **PMJDY and Direct Benefit Transfer: A National Platform of Inclusion**

PMJDY is widely recognized as the anchor initiative of India’s contemporary financial inclusion drive. Its significance for EBSB lies not only in the number of accounts opened but in the creation of a nationwide baseline of banking access. According to the PMJDY portal, as of December 2025, 57.27 crore beneficiaries had been banked and the balance in beneficiary accounts stood at ₹279,696.35 crore. figures signal that formal banking has moved deep into the social structure, including rural and semi-urban areas, and among women account holders. The same portal also provides a progress report breakdown by bank type and a state wise view, which indicates the programme’s pan-India footprint.

DBT is one of the strongest means through which financial inclusion strengthens national integration. When welfare transfers are delivered through bank accounts, citizens experience the state not as an intermediary-driven system but as a direct, rule-based and transparent mechanism. This reduces the sense of regional disparities in welfare access and builds trust



that entitlement is not dependent on local authority structures. The latest DBT data shows the magnitude of this transformation. The official DBT India portal reports cumulative DBT transfers of ₹47,81,834 crore and the dashboard shows a very large annual transaction and transfer volume, including the total reported for the financial year 2025-26. The June 2025 PIB release also noted that cumulative DBT transfers had crossed ₹44 lakh crore by May 2025 and highlighted the fiscal savings associated with reduced leakage in previous years. From the EBSB perspective, DBT promotes integration in at least three ways. First, it creates a national welfare framework that reduces variation in delivery mechanisms across states, even if scheme designs differ. Second, it improves the legitimacy of welfare systems by reducing leakage and strengthening perceptions of fairness. Third, it encourages households to remain connected to formal financial systems.

### **Digital Financial Inclusion**

The rise of UPI is one of the most significant developments in India's economic integration. Unlike traditional payment systems that required bank-centric complexity and higher transaction costs, UPI built an interoperable platform that makes digital payments simple and widely accessible. NPCI's official UPI product statistics report that in November 2025, UPI recorded 20,466.98 million transactions with a value of ₹26,31,632.63 crore, and the number of banks live on UPI was also very large, reflecting widespread institutional participation. This scale indicates that digital payments are no longer urban-only; they have become part of mainstream transactions. For many small merchants, UPI has reduced dependence on cash, improved record-keeping potential, and enabled low-cost acceptance of payments. The integrative impact is especially strong for inter-state linkages. A consumer from one state can pay a merchant in another instantly without needing to understand that state's banking ecosystem. Migrant workers can send remittances digitally and quickly. Small service providers can accept payments from customers across India. Such interactions deepen economic interdependence, which is a practical foundation for national unity.

### **Regional Disparities and Balanced Development**

Regional disparities in India are shaped by a number of factors, including differences in industrialization, infrastructure, governance quality, human capital, and historical access to markets. Financial matters are both a cause and an effect of these disparities. Regions with deeper banking penetration often attract more investment, develop stronger enterprise ecosystems, and generate more income, which further increases credit demand and supply. Lagging regions often face the opposite cycle: low credit access leads to poor enterprise growth, which keeps incomes low and suppresses formal financial inclusion. Financial inclusion can disrupt this cycle by expanding the availability of banking points, bringing more households into formal savings, and enabling micro-entrepreneurs to access institutional credit. The relevance of EBSB here is that balanced development supports cohesion. When inclusion policies are designed from a regional perspective, The "One



Nation” initiative becomes more credible when citizens observe uniformity in financial access and the quality of welfare delivery.

## Challenges

Despite progress, several barriers prevent financial inclusion from achieving its full integrative potential. The first barrier is the digital divide. Digital finance depends on smartphones, reliable internet, electricity, and digital literacy. Regions with weaker connectivity can be left behind, which risks reproducing inequality in a new form. Second, account dormancy remains a challenge when households open accounts for a single purpose (such as DBT) but do not regularly transact due to low incomes or lack of nearby banking points. Third, access to credit is still unequal. Having an account does not guarantee access to affordable institutional credit, especially for microenterprises without collateral. Fourth, cybersecurity and fraud risks can weaken trust, particularly among first-time digital users. Finally, administrative capacity and local governance variations can influence how effectively inclusion schemes are implemented. These challenges matter for EBSB because integration depends on trust. If citizens in certain regions experience poor service quality, fraud, or limited access, they may feel excluded despite policy claims.

## Policy Recommendations

To maximize financial inclusion’s contribution to EBSB, policy must focus on quality, equity, and resilience. First, digital infrastructure investment should be targeted toward underserved regions, ensuring reliable connectivity and power supply. Second, financial literacy should be localized in language and context, delivered through schools, community institutions, and local governance structures, so that digital finance becomes safe and understandable. Third, the last-mile delivery ecosystem needs strengthening, including banking correspondents and grievance redress mechanisms. Fourth, credit inclusion should be improved through better underwriting models, small-ticket lending products, and responsible fintech partnerships that prevent over-indebtedness. Fifth, cybersecurity safeguards and consumer protection should be strengthened with clear reporting channels and rapid dispute resolution, particularly for UPI and account-related fraud. Most importantly, inclusion outcomes should be tracked regionally. EBSB’s goal of reducing disparities requires dashboards and monitoring that identify lagging districts and social groups, so that policy attention remains focused on equity rather than aggregate achievement.

## Conclusion

Ek Bharat Shreshtha Bharat is often discussed as a cultural integration programme, but its long-term success depends on whether citizens across regions feel equally connected to the development process. Financial inclusion is one of the strongest instruments for making integration real in everyday life. Through PMJDY’s scale, India has created a national entry point into banking for tens of crores of citizens; through DBT, it has built a welfare delivery mechanism that improves transparency and uniform access; and through UPI, it has created a



shared national payment language that strengthens inter-state exchange. However, the paper also emphasizes that inclusion is not complete if it is uneven or risky. Digital divides, credit access gaps, and cybersecurity threats can weaken trust and deepen disparities. Therefore, financial inclusion must be pursued as a balanced national integration project: regionally sensitive, socially inclusive, and institutionally protected. When strengthened in this way, financial inclusion can serve as a powerful pillar of Ek Bharat Shreshtha Bharat—helping India move toward a future where unity is experienced not only through shared culture but through shared access to opportunity.

## References

- Barnwal, P. (2016). *Curbing leakage in public programs with direct benefit transfer: Evidence from India's fuel subsidy reform*. World Bank Policy Research Working Paper No. 7577. Washington, DC: World Bank.
- Direct Benefit Transfer (DBT) India. (2025). *DBT Dashboard and cumulative transfer statistics*. Government of India.
- Kapoor, A. (2023). *Measuring financial inclusion in India: Challenges and policy implications*. *Journal of Development Policy and Practice*, 8(2), 145–162.
- Ministry of Finance, Government of India. (2024). *Pradhan Mantri Jan Dhan Yojana (PMJDY): Progress Report*. New Delhi: Department of Financial Services.
- National Payments Corporation of India (NPCI). (2025). *Unified Payments Interface (UPI) Product Statistics*.
- Pradhan Mantri Jan Dhan Yojana (PMJDY). (2025). *PMJDY progress report and beneficiary balances*. Government of India.
- Pradhan Mantri Jan Dhan Yojana (PMJDY). (2025). *PMJDY progress report (account-type and rural/urban distribution)*. Government of India.
- Press Information Bureau (PIB). (2025, August 6). *RBI's Financial Inclusion Index rises to 67 in 2025*. Government of India.
- Press Information Bureau (PIB). (2025, June 12). *Direct Benefit Transfer (DBT) achievements and cumulative transfers*. Government of India.
- Reserve Bank of India. (2019). *National Strategy for Financial Inclusion 2019–2024*. Mumbai: RBI.
- Xavier Institute of Management & Entrepreneurship (XIME). (2025). *Impact of UPI utilisation on financial inclusion in India*. Bengaluru: XIME Research Publication.