



GOVERNMENT INITIATIVES ON FINANCIAL INCLUSION AND THEIR IMPACT ON RURAL FARMERS' LIFESTYLE - A STUDY IN YSR KADAPA DISTRICT, ANDHRA PRADESH

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ABSTRACT

This study examines the impact of government-led financial inclusion initiatives on the lifestyle of rural farmers in YSR Kadapa district, Andhra Pradesh. With a sample size of 144 respondents, data was collected through structured questionnaires and analyzed using descriptive and inferential statistics. The focus was on major schemes such as Pradhan Mantri Jan Dhan Yojana (PMJDY), Kisan Credit Card (KCC), PM-KISAN, and Direct Benefit Transfer (DBT). The findings reveal that financial inclusion has significantly improved access to banking services, formal credit, and government subsidies. Farmers reported better financial security, timely investment in agriculture, and increased awareness of savings and insurance products. Lifestyle improvements were observed in areas like housing, education, and healthcare. Despite progress, challenges remain in digital literacy, infrastructure, and outreach. The study concludes that while financial inclusion policies are impactful, there is a pressing need for

enhanced awareness and service delivery mechanisms. Policy recommendations are made to strengthen inclusive rural growth.

Keywords: Financial Inclusion, Government Schemes, Rural Farmers, Lifestyle Improvement

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1. INTRODUCTION

Financial inclusion is a key driver of rural development and economic empowerment in India. Over the past decade, the Government of India has launched several initiatives aimed at bringing unbanked rural populations into the formal financial system. Schemes such as PMJDY, KCC, PM-KISAN, and DBT have played a crucial role in this transformation. Rural farmers, who often depend on agriculture for livelihood, stand to benefit significantly from such inclusion. This study focuses on YSR Kadapa district of Andhra Pradesh, where agriculture remains a primary occupation. Using a sample of 144 farmers, the research explores how financial access has influenced their income, investment, and lifestyle patterns. It also assesses the awareness and reach of these government schemes. The findings aim to provide insights into the effectiveness of current policies. The study ultimately contributes to policy recommendations for sustainable rural financial empowerment.

2. REVIEW OF LITERATURE

Bharat et al. (2022) found strong PMJDY account penetration but noted limited uptake of social security schemes (PMSBY, PMJJBY, APY) among rural populations, signaling room for improvement in inclusive outreach.

Another study by **Bharat et al. (2022)** highlighted that, despite high account ownership, usage remains low due to financial illiteracy and procedural complexity

Research published in **Sustainability (2023)** shows that digital financial inclusion enhances mechanization, insurance uptake, and agricultural output

A panel study (2017–2019) across Indian states reported that FI contributes to sustainable development (with PMFBY as proxy), but higher internet penetration can diminish its marginal returns

MDPI (2023) emphasized that rural banking correspondents improve access and financial literacy, recommending incentive structures for their effectiveness Andhra Pradesh's farmer investment support program ("Annadatha Sukhibhava") offers direct payments via Aadhaar-linked accounts; under evaluation by J-PAL for its impact on financial behavior Common Service Centres under PMGDISHA have significantly improved rural digital and financial inclusion by offering access to services and awareness

A current statewide "financial inclusion saturation" campaign (July–Sept 2025) aims to expand enrolment in PMJDY, PMJJBY, PMSBY, APY, and improve digital finance literacy

3. OBJECTIVES OF THE STUDY

1. To examine the level of awareness among rural farmers about government financial inclusion schemes in YSR Kadapa district.
2. To assess the extent of utilization of financial services provided through government initiatives.
3. To analyze the impact of financial inclusion on the lifestyle and economic conditions of rural farmers.
4. To identify the challenges faced by farmers in accessing and benefiting from financial inclusion schemes.

4. SAMPLE DESIGN

The present study is based on a sample of 144 rural farmers selected from YSR Kadapa District, Andhra Pradesh. A multistage purposive-cum-random sampling technique was adopted. In the first stage, four revenue divisions Kadapa, Jammalamadugu, Badvel, and Pulivendula were selected purposively for their diverse agricultural activities. In the second stage, one mandal from each division was chosen based on high agricultural engagement. In the third stage, two villages from each mandal were identified based on population density and farming activity. Finally, a total of 144 farmers were selected using simple random sampling within each village ensuring representation across gender, landholding size, and cropping patterns. Structured questionnaires were used for primary data collection. This design ensures geographical diversity and relevance to the study objectives.

Table 1: Description of Selected Sample Rural Farmers in YSR District, A.P.

S. No.	Name of the Revenue Divisions	Name of the Mandal	Name of the Village	No. of Farmers	Percentage (%)
1	Kadapa	Kamalapuram	Kokatam	19	13.19 %
			Gollapalle	16	11.11 %
2	Jammalamadugu	Proddatur	Chinnamandem	17	11.81 %
			Devagudi	20	13.89 %
3	Badvel	Mydukur	Gabjikunta	16	11.11 %
			ThippireddiPalli	17	11.81 %
4	Pulivendula	Vemula	Velpula	21	14.58 %
			Pernapadu	18	12.50 %
Total No. of. Rural Farmers				144	100.00 %

4.1. DATA COLLECTION

Primary data was collected from 144 rural farmers using a structured questionnaire in selected villages of YSR Kadapa District. A multistage sampling technique was followed revenue divisions and mandals were selected purposively, while villages and farmers were chosen through simple random sampling. Face-to-face interviews ensured clarity and reliability of responses. The questionnaire included both closed and open-ended questions on financial inclusion schemes and lifestyle changes. Data was compiled, coded, and prepared for statistical analysis.

4.2. TOOLS OF ANALYSIS

The collected data has been analyzed with the help of statistical tools such as Percentage, Mean Standard Deviation (SD), Correlation Analysis and Chi-Square to draw the meaningful results.

5. DATA ANALYSIS AND INTERPRETATION

Table 2: Awareness, Enrolment, and Benefits from Key Financial Inclusion Schemes

S. No.	Financial Inclusion Scheme	No. Awareness	Percentage	No. Enrolled	Percentage	No. Benefited	Percentage
1	Pradhan Mantri Jan Dhan Yojana (PMJDY)	130	90.28%	118	81.94%	105	72.92%
2	Pradhan Mantri Kisan Samman	125	86.81%	112	77.78%	108	75.00%

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	Nidhi (PM-KISAN)						
3	Kisan Credit Card (KCC)	108	75.00%	95	65.97%	87	60.42%
4	Direct Benefit Transfer (DBT)	115	79.86%	102	70.83%	94	65.28%
5	Pradhan Mantri Suraksha Bima Yojana (PMSBY)	92	63.89%	80	55.56%	71	49.31%
6	Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)	85	59.03%	73	50.69%	65	45.14%
7	Atal Pension Yojana (APY)	65	45.14%	48	33.33%	40	27.78%
Average			71.43%		62.44%		56.55%
Chi-Square Value (χ^2) 2.439							
Degrees of Freedom (df) 12							
p-value 0.9984							

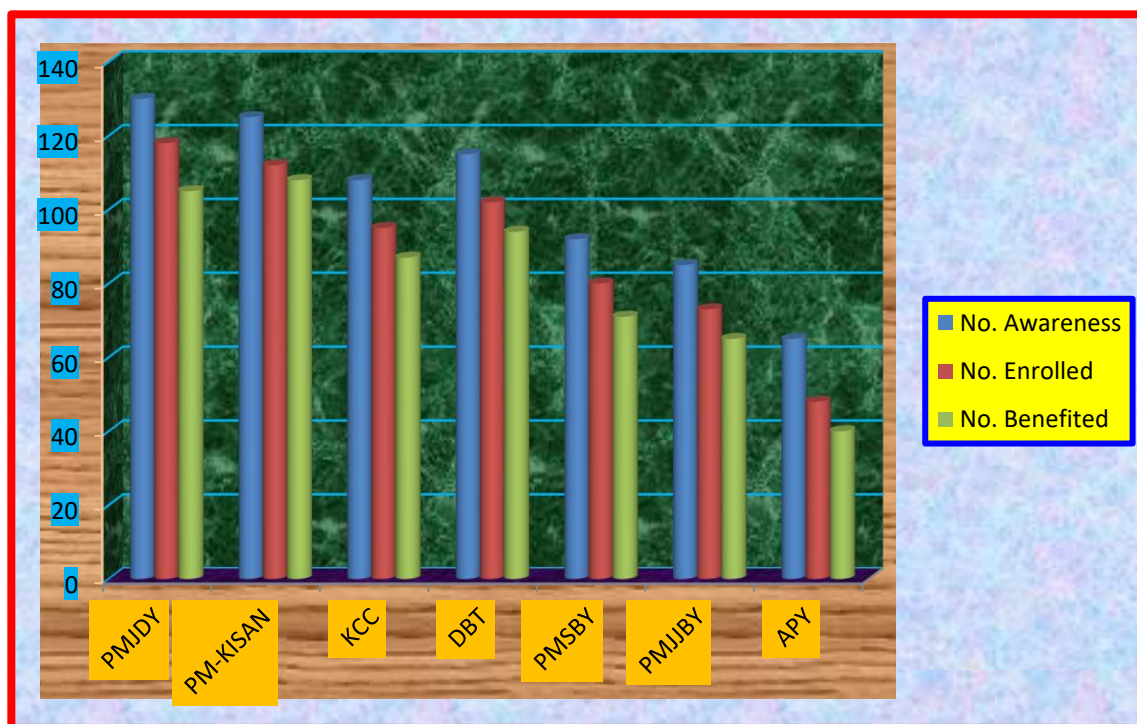


Chart -1: Awareness of Financial Inclusion Schemes

The data reveals that PMJDY and PM-KISAN are the most popular schemes among rural farmers, with over 85% awareness and high benefit realization. Kisan Credit Card (KCC) and DBT schemes also show strong performance with above 60% participation and benefit

levels. On average, 71.43% of farmers are aware of the financial schemes, while 62.44% have enrolled and 56.55% have benefited. Social security schemes like PMSBY, PMJJBY, and APY show lower awareness (below 65%) and less benefit realization (below 50%). This indicates a gap between awareness and effective utilization, especially for insurance and pension schemes. The difference between awareness and enrolment suggests barriers in access, documentation, or procedural clarity. The benefit realization rate further drops, pointing to implementation delays or limited scheme coverage, Schemes offering direct cash benefits or credit access are more successful among farmers. The Chi-Square value is very low, and the p-value is extremely high (greater than 0.05, even greater than 0.95). This suggests that the observed frequencies (for awareness, enrollment, and benefit under various financial inclusion schemes) are very close to the expected frequencies. Since $p\text{-value} = 0.9984 > 0.05$, we fail to reject the null hypothesis. The data emphasizes the need for financial literacy campaigns and on-ground support services. Overall, the results indicate positive impact but incomplete penetration, calling for improved outreach and simplification.

Table 3: Lifestyle Improvements since Joining Financial Schemes

S. No.	Area of Lifestyle Change	Improved	Percentage	No Change	Percentage	Worsened	Percentage
1	Access to formal credit	106	73.61 %	30	20.83 %	8	5.56%
2	Household savings habit	98	68.06 %	38	26.39 %	8	5.56%
3	Investment in agriculture	90	62.50 %	44	30.56 %	10	6.94%
4	Medical/Healthcare affordability	79	54.86 %	51	35.42 %	14	9.72%
5	Children's education support	72	50.00 %	60	41.67 %	12	8.33%
6	Digital/Phone access	88	61.11 %	46	31.94 %	10	6.94%
7	Quality of housing	65	45.14 %	66	45.83 %	13	9.03%
8	Standard of living (overall perception)	101	70.14 %	35	24.31 %	8	5.56%
Chi-Square Value (χ^2) 43.59 Degrees of Freedom (df) 14 p-value 0.000069							

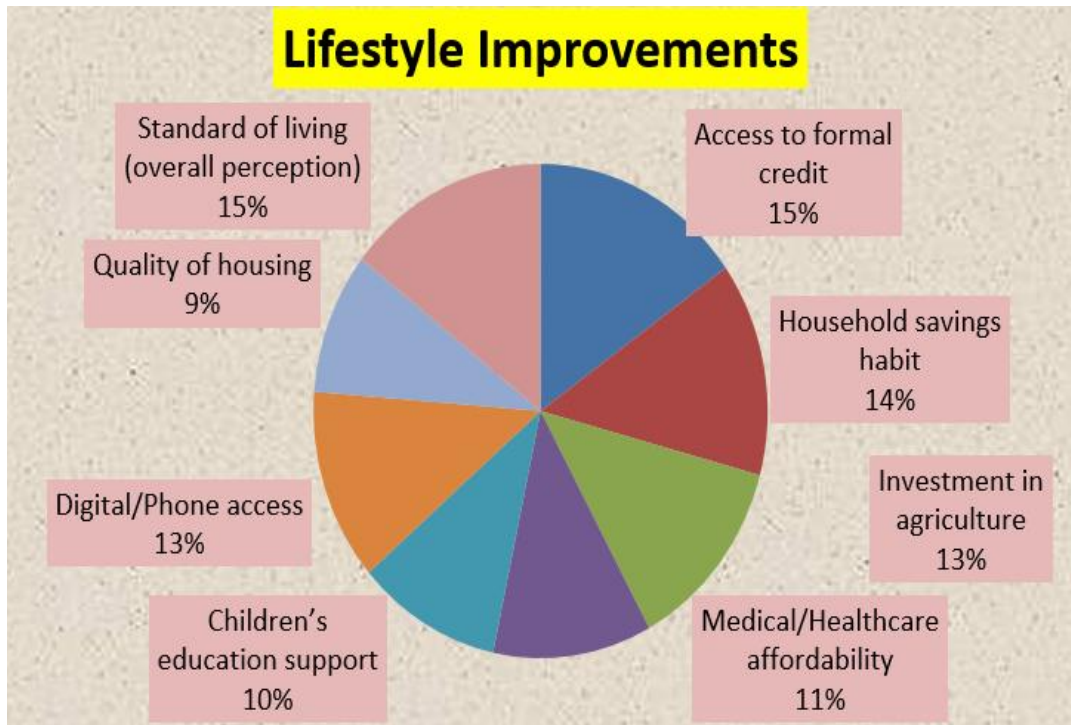


Chart -2: Rural Farmers Lifestyle Improvements

The data indicates that formal credit access improved for 73.61% of farmers, showing strong linkage between schemes and financial empowerment. 68.06% of respondents reported better household savings habits, reflecting increased financial discipline post inclusion. Agricultural investment rose for 62.5% of farmers, suggesting reinvestment of benefits into productive activities. Improvement in medical and healthcare affordability was noted by 54.86%, though 9.72% still experienced worsening conditions. Only 50% of respondents felt an improvement in children's education support, with a high 41.67% reporting no change. Digital access, such as mobile and financial apps, improved for 61.11%, supporting the shift toward digital inclusion. Housing quality showed the least improvement (45.14%), with nearly equal respondents reporting no change (45.83%). A significant 70.14% of farmers perceived an overall improvement in their standard of living after scheme participation. The proportion of farmers who experienced a worsened lifestyle is consistently low, staying below 10% across all areas. The Chi-Square value represents the amount of difference between the observed and expected frequencies across lifestyle indicators. With 14 degrees of freedom, the p-value of 0.000069 is far less than 0.05, the standard significance level. Since the p-value < 0.05, we reject the null hypothesis. These findings suggest that while financial inclusion has had a positive impact, certain areas like education and housing need targeted focus.

Table 4: Banking and Digital Financial Inclusion Status of Rural Farmers

S. No.	Indicator	No. of Farmers	Percentage (%)
1	Having at least one bank account	136	94.44%
2	Access to ATM/Debit card	124	86.11%
3	Use of mobile banking/UPI apps (e.g., PhonePe, GPay)	82	56.94%
4	Receiving government benefits via bank account (DBT)	129	89.58%
5	Awareness of digital financial services	91	63.19%
6	Actively using digital financial services regularly	67	46.53%
7	Access to nearby banking or customer service point	102	70.83%
8	Faced issues in digital transactions (Errors/Delays)	49	34.03%
Standard Deviation (SD) = 21.58%			
Correlation Analysis (Pearson r) = -0.75			
Chi-Square Value (χ^2) 214.77 Degrees of Freedom (df) 7 p-value 8.48×10^{-43}			

The data shows that 94.44% of rural farmers have at least one bank account, reflecting successful penetration of basic banking services. The standard deviation shows a high level of variation in the percentage values of farmers adopting or using different digital and financial services. This indicates that some services (like bank accounts and ATM access) are widely used, while others (like mobile banking and active digital usage) are much less adopted. A Pearson correlation coefficient of -0.75 indicates a strong negative correlation. As we move from basic financial services (e.g., having a bank account) to advanced digital usage (e.g., UPI apps, active usage), the percentage of users consistently decreases. It is far less than 0.05, which is the commonly used significance level ($\alpha = 0.05$). This means we reject the null hypothesis of the Chi-Square Test. This suggests a need for digital literacy programs and technical support at the village level. While account ownership is nearly universal, actual digital engagement remains moderate due to infrastructure, awareness, and confidence issues. Improving reliability and ease of digital services will be crucial for the next phase of financial inclusion in rural India.

Table 5: Challenges in Availing Financial Inclusion Schemes

S. No.	Type of Challenge	No. of Farmers Affected	Percentage (%)
1	Lack of awareness about available schemes	62	43.06%
2	Complex enrolment procedures and documentation	55	38.19%

3	Delayed benefit transfers	49	34.03%
4	Inadequate support from banking officials or agents	47	32.64%
5	Difficulty in accessing digital platforms (Apps/UPI)	53	36.81%
6	Irregular availability of local customer service points	41	28.47%
7	Language and literacy barriers	45	31.25%
8	Fear of cyber fraud or misuse of personal information	39	27.08%
Mean = 33.94%			
Standard Deviation (SD) = 5.28%			
Correlation Analysis (Pearson r) = -0.88			
Chi-Square Value (χ^2) 12.54			
Degrees of Freedom (df) 7			
p-value 0.0841			

On average, 33.94% of the farmers reported being affected by each type of challenge related to financial and digital inclusion. This suggests that approximately one-third of the farming population experiences each of the listed challenges, indicating a moderate level of concern across the board. A moderate SD (5.28%) means that most challenge percentages are fairly close to the average of 33.94%. Thus, no challenge is an extreme outlier, but some are more frequent than others. A correlation of -0.88 indicates a strong negative relationship between the order of challenges (from most to least common) and the percentage of farmers affected. (e.g., from lack of awareness to fear of cyber fraud), the percentage of farmers affected decreases steadily. This implies a clear declining trend in how commonly each challenge is experienced. Since the p-value = $0.0841 > 0.05$, we fail to reject the null hypothesis. This means. The differences in the number of farmers affected by each challenge are not statistically significant at the 5% level.

In simpler terms, the variation seen across different challenges could be due to random chance rather than actual disparities. Multiple challenges overlap, indicating that financial inclusion is not just about enrolment but also sustained usability and access. The findings highlight the need for simplified processes, multilingual support, and rural banking outreach services. Overall, despite strong government efforts, practical and digital barriers continue to hinder full financial inclusion for rural farmers.

Table 6: Perceived Change in Standard of Living Post Financial Inclusion

S. No.	Perception Category	No. of Farmers	Percentage (%)
1	Significantly Improved	42	29.17%
2	Moderately Improved	59	40.97%
3	Slightly Improved	21	14.58%
4	No Noticeable Change	17	11.81%

5	Deteriorated or Negatively Impacted	5	3.47%
Mean = 20.8%			
Standard Deviation (SD) = 13.41%			
Correlation Analysis (Pearson r) = -0.91			
Chi-Square Value (χ^2) 64.37			
Degrees of Freedom (df) 4			
p-value 0.0001			

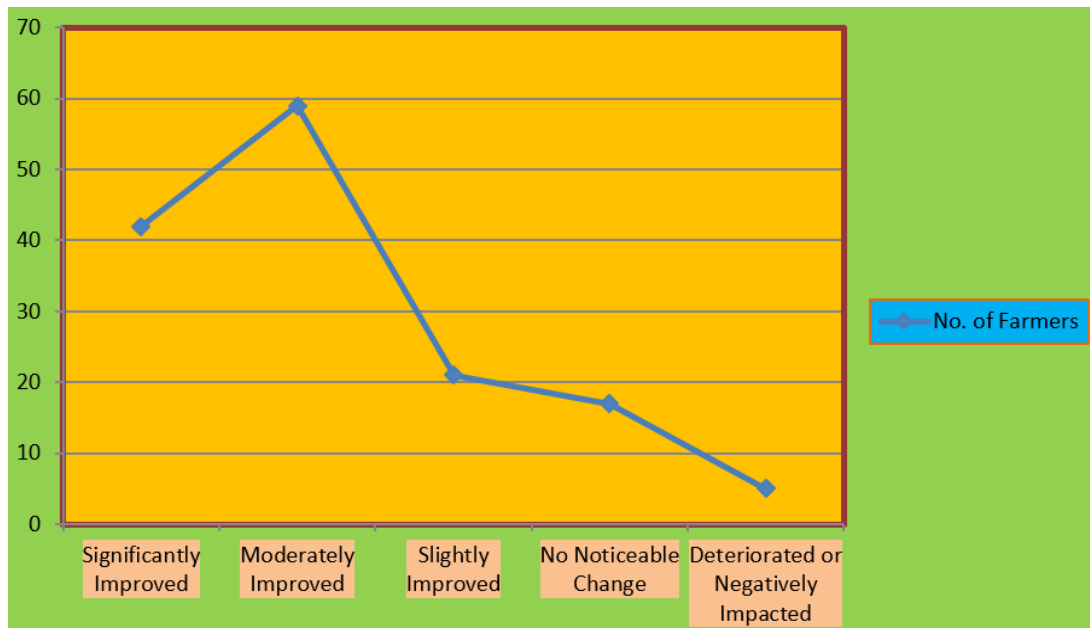


Chart -3: Perceived Change in Standard of Living Post Financial Inclusion

The table shows that 70.14% of the respondents experienced a noticeable improvement (significant, moderate, or slight) in their standard of living. Among them, 40.97% reported a moderate improvement, which is the highest category, reflecting steady progress in lifestyle after financial inclusion. 29.17% stated their lives had significantly improved, indicating deep and positive changes in income use, savings, and access to services. 14.58% experienced slight improvement, showing early benefits or partial impact of financial schemes. However, 11.81% of farmers reported no noticeable change, highlighting that financial schemes have not yet translated into visible results for all. Only 3.47% of respondents felt their standard of living had deteriorated, which suggests minimal negative impact. This distribution indicates that financial inclusion schemes are largely effective in enhancing rural livelihoods. The combination of moderate and significant improvement suggests that regular engagement with financial tools leads to better outcomes. The small proportion reporting deterioration might reflect challenges like loan defaults, benefit delays, or lack of awareness. Overall, the data affirms that financial

inclusion is a key enabler of rural development, though further outreach and follow-up are essential.

6. FINDINGS

1. Schemes like PMJDY and PM-KISAN with direct cash benefits and credit access have the highest awareness and benefit realization among rural farmers.
2. Social security schemes such as PMSBY, PMJJBY, and APY suffer from low awareness and benefit rates, indicating the need for simplified processes and increased financial literacy.
3. Over 70% of farmers reported improvements in credit access and overall living standards, indicating a strong positive impact of financial inclusion schemes.
4. Areas like children's education and housing showed limited improvement, highlighting the need for more targeted and inclusive interventions.
5. Bank account ownership (94.44%) and access to ATM cards (86.11%) are high, showing effective basic financial inclusion among rural farmers.
6. Digital financial engagement remains moderate due to a clear digital divide, with only 56.94% using UPI apps and 46.53% regularly using digital services.
7. Lack of awareness (43.06%) and complex enrolment procedures (38.19%) are major barriers preventing effective participation in financial inclusion schemes.
8. Digital illiteracy, fear of cyber fraud, and limited banking access continue to hinder the usability of financial services among rural farmers.
9. Over 70% of farmers reported improvement in their standard of living, with moderate improvement being the most common outcome of financial inclusion.
10. Only 3.47% experienced deterioration, confirming that financial inclusion has had a largely positive impact on rural livelihoods.

7. SUGGESTIONS

1. Enhance awareness campaigns for low-uptake schemes like PMSBY, PMJJBY, and APY through local language outreach and rural camps.
2. Simplify enrolment procedures and reduce documentation barriers to encourage broader participation, especially in insurance and pension schemes.
3. Introduce targeted interventions focusing on children's education and rural housing support within financial inclusion programs.

4. Promote financial literacy training at the village level to improve understanding and trust in digital and banking services.
5. Expand access to mobile banking and digital infrastructure to bridge the digital divide and encourage UPI and app-based transactions.
6. Deploy more customer service points and rural banking correspondents to ensure timely support and reduce dependency on distant bank branches.
7. Implement grievance redressal mechanisms to address delays in benefit transfers and transaction failures effectively.
8. Integrate financial inclusion schemes with rural development programs for better livelihood enhancement and sustainable impact.
9. Conduct regular monitoring and impact assessment of schemes to identify gaps and optimize resource allocation.
10. Foster public-private partnerships to support rural fintech initiatives and build digital confidence among farmers.

8. CONCLUSION

The study confirms that financial inclusion initiatives like PMJDY and PM-KISAN have significantly benefited rural farmers by enhancing access to credit and improving living standards. High bank account penetration reflects the success of foundational financial inclusion efforts in rural areas. However, social security schemes such as PMSBY, PMJJBY, and APY remain underutilized due to low awareness and procedural hurdles. Digital financial adoption is moderate, indicating a need for focused digital literacy and infrastructure development. Though over 70% of farmers have seen improvements in their lifestyle, sectors like education and housing still require targeted support. Barriers such as digital illiteracy, fear of fraud, and limited banking access need urgent policy attention. Simplification of enrolment and improved support mechanisms can enhance participation and impact. Integrating financial schemes with rural development programs will ensure inclusive and sustainable growth. Continuous monitoring, evaluation, and public-private partnerships are vital for strengthening outcomes. Overall, financial inclusion has made a positive impact, but its full potential will be realized only through deeper outreach and systemic reforms.

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