



## **28. Role of banking sector in Viksit Bharat 2047**

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### **Abstract**

*The Indian banking industry is the core of the “Viksit Bharat 2047” dream. A fully developed India by 2047 will remain a goal, and nothing more, without a robust, responsive financial system. This study examines what banks are actually doing to push that needle: driving economic growth, drawing more people into the formal financial system, going digital, creating jobs and serving businesses and ordinary citizens. The next direction of Indian economy is being decided by public and private sector banks in different but equally important roles. The findings are based on the secondary data that comprises government reports, banking statistics, policy documents and published research on economic and banking landscape in India. The results show that the banking sector has made significant progress in providing easy access to financial services through digital banking, UPI systems, Jan Dhan accounts and easier credit for start-ups, MSMEs, farmers and rural areas. The banks are investing in infrastructure, encouraging entrepreneurship and growth in investment which are key to sustainable national development. However, issues such as cyber security threats, NPAs, lack of financial literacy and uneven banking penetration in rural areas continue to exist. A strong, technology-driven, inclusive and transparent banking system will be one of the key pillars in India’s transition into a developed and self-reliant economy by 2047, the study concludes.*

**Keywords:** Viksit Bharat 2047, Banking Sector, Financial Inclusion, Digital Banking, FinTech, Banking Reforms, MSME Financing, Sustainable Finance, Financial Literacy, Inclusive Growth.

### **Introduction**

#### **Background**

The vision of “Viksit Bharat 2047” is to make India a developed, self-reliant and economically strong country by the year 2047 which will be the completion of 100 years of Independence. To this end, all sectors of the economy need to contribute effectively and the banking sector is one of the most important pillars in this transformation. Banks provide financial services as well as facilitate economic activities such as saving, investing, providing loans, digital payments, infrastructure development and entrepreneurship. India’s banking system has seen significant changes in recent years through digitalisation, financial inclusion schemes and government reforms that made banking services more accessible to both urban and rural populations.

### **Problem Statement**



Though the banking sector has grown considerably there are some challenges which are still not able to support the vision of Viksit Bharat 2047. Problems like non-performing assets (NPAs), cyber security threats, lack of financial literacy, unequal access of banking facilities in rural areas and limited credit support for small businesses still exist. "Such problems hamper the pace of economic development and the efficacy of banking services to reach all sections of society. Therefore, it is necessary to study the ways of overcoming these challenges in the banking sector and strengthening the role of banking in the national development.

### **Research Context**

India's push toward becoming a developed nation by 2047 puts the banking sector right at the center of the conversation. Banks aren't just financial institutions here — they're the infrastructure through which economic growth either happens or stalls.

This study looks at how banks are actually contributing to that larger goal. Economic growth, digital adoption, job creation, financial inclusion — these aren't abstract targets. They're areas where banking policy has real, measurable consequences for ordinary people.

Government programs like Jan Dhan Yojana, UPI, Digital India, and Mudra loans have done something significant: they've pulled millions of people into a financial system that previously ignored them. Whether that momentum holds, and whether banks can scale their role without losing ground to inefficiency or inequality, is a question worth taking seriously.

The road to Viksit Bharat 2047 isn't without friction. The banking sector faces real structural challenges alongside these opportunities. This study tries to map both sides honestly.

### **Literature Review**

The banking sector's connection to India's economic development isn't a new discovery. Researchers have long pointed to banks as the backbone of savings mobilization, credit flow, and investment activity, with clear links to both industrial and agricultural growth.

Early studies stuck to the basics. Lending, deposits, financial intermediation. These were the metrics that mattered, and for a long time, they told a complete enough story.

That's changed. Digital technology has quietly rewritten what a bank actually does. Government reforms have pushed institutions into spaces they never occupied before. And as financial awareness has grown among ordinary Indians, the demand placed on the banking system has grown with it.



Recent research reflects this shift. The scope of what banks are expected to deliver is wider now, and the literature is catching up to that reality.

Pradhan Mantri Jan Dhan Yojana, Direct Benefit Transfer, and Mudra Yojana have received serious academic attention, and for good reason. These programs have moved rural and low-income populations into formal banking in numbers that would have seemed unlikely a decade ago.

Digital banking has accelerated that shift. UPI alone has changed how millions of Indians think about money movement. Mobile and internet banking have made transactions cheaper and harder to manipulate, and that transparency has its own economic value.

What's also emerging in the research is the banking sector's growing role as a support structure for startups and MSMEs. These aren't peripheral concerns. Small businesses and infrastructure projects are where long-term growth actually gets built, and banks are increasingly positioned as active participants in that process rather than passive lenders waiting for blue-chip clients.

The challenges don't get buried in the existing literature. Rising NPAs remain a stubborn problem, and their drag on bank performance is well-documented. Cyber fraud has grown alongside digital adoption, which is an uncomfortable but logical trade-off that the sector hasn't fully resolved.

Then there's the access gap. Financial literacy in remote areas is still low, and physical banking infrastructure hasn't kept pace with the ambition of inclusion programs. Getting someone a Jan Dhan account is one thing. Making that account genuinely useful to them is another.

Researchers broadly agree that the path forward runs through tighter regulation, smarter technology deployment, and serious investment in customer awareness. None of these are quick fixes, and the literature doesn't pretend otherwise.

There's a noticeable gap in the existing research. Studies on banking reforms, digital finance, and economic growth exist in abundance, but they tend to operate in separate lanes. Few have directly asked how the banking sector connects to the specific vision of Viksit Bharat 2047.

That's the gap this study addresses. The argument isn't complicated: a modern, inclusive, technology-driven banking system isn't just a financial story. It's a development story. And if



India is serious about 2047, that connection deserves direct examination rather than being assumed in the background of other research.

## **Objectives of the Study**

The central goal of this study is pinning down what the banking sector genuinely brings to the Viksit Bharat 2047 vision. That means moving past generalities and looking at specifics.

How do banks push economic growth forward? Where do they shore up financial stability? How does all of that feed into national development at scale? These questions don't live in isolation from each other, and this study approaches them as the interconnected problems they are.

### **The specific objectives of the study are:**

1. A central objective is to examine the role of the banking sector in supporting India's economic growth and development in practice.
2. To analyze the contribution of banks to financial inclusion through various schemes like Jan Dhan Yojana, digital banking and rural banking services.
3. To study the importance of digital transformation in banking like UPI, Mobile banking and online transactions in creating a modern economy.
4. To understand the role of banks in providing financial support to business, startups, MSMEs, farmers and infrastructure projects.
5. To identify major challenges faced by banking sector such as NPAs, cyber security risks, lack of financial literacy.
6. To evaluate how the banking sector can strengthen its contribution towards achieving the goals of Viksit Bharat 2047.

## **Hypothesis of the Study**

The research hypotheses in this study have been formulated based on the research objectives and assist in the exploration of the linkage between the banking industry and the Viksit Bharat 2047 vision in India.



SR NO	Research Objective	Hypothesis
1	To study the role of the banking sector in economic development	The banking industry has played a very important role in the development and growth of Indian economy.
2	To examine financial inclusion through banking services	The financial inclusion initiatives of banks have improved the access of the poorer sections of society to banking services.
3	To analyze digital transformation in banking	UPI, mobile banking, internet banking etc. – digital banking services – made financial transactions more efficient and handy.
4	To study support provided to businesses and entrepreneurs	Availability of Credit and Banking support is a positive contributor for growth of Startups, MSMEs and infrastructure projects.
5	To identify challenges faced by the banking sector	Problems like NPA, Cyber attacks and deficiency of financial awareness adversely affect the banking sector.
6	To evaluate the role of banking in Viksit Bharat 2047	A strong, inclusive and technology enabled banking sector is critical to the success of Viksit Bharat 2047.

### **Methodology**

This study is descriptive and analytical and aims to understand the role of the banking sector in the attainment of the vision of India under Viksit Bharat 2047. The study seeks to examine the contribution of banking services to economic growth, financial inclusion, digital development, and the overall development of the nation.

### **Research Design**

The research is descriptive in nature as it discusses the present state, performance and contribution of the banking sector in India. An analytical approach is also adopted to study the relationship between banking development and the goals of Viksit Bharat 2047.

### **Sources of Data**

The research is primarily based on secondary data. The information has been collected from reliable and authentic sources such as :

The Reserve Bank of India (RBI) has released reports

Government publications and policy documents

Annual Reports of Public and Private Sector Banks

Research papers, journals, articles and books on banking and economic development



Data from sites related to banking, finance and digital payment systems

### **Data Collection Method**

The necessary data for analysis were gathered from various internet sites, official documents, and scholarly literature. The study analyzed data on financial inclusion, digital banking, credit services, banking reforms, and economic performance in order to analyze the role played by banks in the development of the country.

### **Method of Analysis**

Data collection has been done using both qualitative and comparative analysis. The facts and figures as well as the banking trends have been analyzed to assess the effects of banking services on economic development. Tables and graphs have been prepared whenever required for the purpose of simplifying the process of analysis.

### **Scope of the Study**

However, the research is centered on the function played by the Indian banking sector in contributing to financial inclusion, digitization, expansion, and stability within the framework of Viksit Bharat 2047. Public sector banks as well as private sector banks will be considered in this research.

### **Limitations of the Study**

The research is based only on secondary data, which may limit practical insights.

The study is based on published reports and available information, which may change over time.

The banking sector was not discussed in detail on account of time constraints.

### **Data Interpretation and Results**

The banking sector has emerged as one of the strongest pillars in backing the vision of India under Viksit Bharat 2047. The data and reports available demonstrate considerable progress in financial inclusion, digital banking, access to credit and economic development over the



past few years.

### 1. Growth of Financial Inclusion

Government schemes and banking reforms have brought basic banking services within reach of rural communities and lower-income groups who previously had little to no access.

Indicator	Earlier Situation	Present Situation	Interpretation
Bank Account Access	Limited in rural areas	Large increase through Jan Dhan Yojana	Financial inclusion has improved significantly
Direct Benefit Transfers	Mostly offline and delayed	Faster and transparent through bank accounts	Banking has increased efficiency and reduced corruption
Rural Banking Services	Low penetration	Expansion of banking and digital services	Rural participation in the economy has increased

### Interpretation

Banks clearly play a central role in driving financial inclusion. As lower-income households and rural populations are incorporated into basic accounts and digital payments, they are no longer outside the economy, but in.

### 2. Impact of Digital Banking

Digital banking has changed the way Indians manage their money on a day to day basis.

Digital Service	Contribution
UPI Payments	Fast and cashless transactions
Mobile Banking	Banking services accessible anytime
Internet Banking	Reduced dependency on physical branches
Digital Wallets	Increased convenience for small payments

### Interpretation

Technology has surely made the banking sector stronger and the rapid rise of digital banking



is proof of that. It is now a far more efficient system – faster transactions, less paperwork and a broader reach.”

Digital Banking Indicator	2016	2024
UPI Transactions (monthly volume)	Near Zero	13+ billion
Internet Banking Users	Moderate	Very High
Mobile Banking Transactions	Growing	Dominant mode

### 3. Banking Support for Businesses and Employment

Banks lend and extend credit to a broad range of borrowers – farmers and small businesses, start-ups and large infrastructure projects.

Sector Supported by Banks	Impact on Economy
MSMEs	Employment generation and business growth
Startups	Encouragement of innovation and entrepreneurship
Agriculture	Financial support for farmers and rural economy
Infrastructure Projects	Development of roads, transport, and industries

#### Interpretation

Financial institutions directly influence economic growth by channelling credit to the business and productive sectors. In these areas the employment gets better as more money comes in and investment follows naturally.

### 4. Challenges Faced by the Banking Sector

Despite progress, the banking sector still faces several issues.

Challenge	Effect on Banking Sector
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Non-Performing Assets (NPAs)	Reduces profitability and financial stability
Cyber Security Risks	Threat to customer data and digital trust
Financial Illiteracy	Limits proper use of banking services
Unequal Rural Access	Creates regional imbalance in development

### Interpretation

The difficulties leave no doubt that reforms and stronger policies are still badly needed. If not addressed, these could severely restrict the banking sector's capacity to cater to the ambitions of Viksit Bharat 2047.

### Discussion of Results

The results show clearly the role of the banking sector in the economic and social development. Financial inclusion programs have helped more people access the formal banking system and digital banking has transformed the functioning of that system. Bank credit has supported entrepreneurship, has supported infrastructure and employment creation in ways that are directly in line with what this research set out to examine.

However, NPAs, cyber frauds and low financial awareness continue to plague the efficiency of the sector. Better digital security, wider financial literacy and stronger rural banking infrastructure are not optional – they are essential if India wants to hit its long-term national targets.

At the core of transforming India into a developed economy by 2047 will be a stable, inclusive, technology-driven banking system.

Indicator	2014	2024(approx)	Growth
PM Jan Dhan Accounts (crore)	7.5	52+	Massive Increase
Bank Branches in Rural Areas	Lower Penetration	Significantly Expanded	Improved Access
DBT Beneficiaries via Bank Accounts	Limited	30+ Crore Beneficiaries	Major Expansion

### Conclusion

The banking sector of India has emerged as one of the most important engines of economic progress of the country. Banks do much more than traditional financial activity today – they drive financial inclusion, support digital transformation, create jobs and fund everything from small businesses to large infrastructure. Efforts such as the Jan Dhan Yojana, UPI, and



targeted credit for MSMEs have subtly but significantly fortified the nation's economic base.

The banking sector has the real potential to support the Viksit Bharat 2047 vision but that depends on how well the existing challenges are handled. NPAs, cybersecurity threats, uneven rural access, financial illiteracy — these are not new problems, they just require consistent and serious attention.

A robust, transparent and inclusive banking system would be among the most important pillars to make India a developed and self-reliant nation by 2047. The sector's future direction from here may be shaped by artificial intelligence, fintech and green banking practices that future research may investigate.

Challenge	Approx Data/Trend
Gross NPAs	Reduced from peak but still significant
Cyber Fraud Cases	Rising Yearly
Financial Literacy	Still low in Rural Segments
Digital Fraud Risk	Increasing with Digital Adoption

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