

Financing Rural Livelihood Through Rural Banking In The North Eastern Region Of India

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Abstract

The North Eastern Region (NER) of India, comprising eight states, is predominantly rural and faces significant challenges related to financial inclusion, infrastructure, and livelihood sustainability. This study examines the role of rural banking in financing rural livelihoods and promoting economic development in the region. The research adopts a descriptive and analytical design using both primary data collected from rural households and secondary data from institutional sources. Key variables such as credit access, banking reach, income generation, and employment were analyzed using descriptive statistics, correlation, and regression techniques. The findings reveal that rural banking has a significant positive impact on livelihood outcomes, with credit access emerging as the most influential factor in enhancing income and employment opportunities. The study also highlights regional disparities in banking penetration, with certain states exhibiting lower levels of financial inclusion due to geographical and infrastructural constraints. Overall, the results confirm that rural banking serves as a critical driver of livelihood improvement and economic development in the NER. The study emphasizes the need for strengthening financial infrastructure, expanding credit accessibility, and promoting financial literacy to achieve inclusive and sustainable rural development.

KEYWORDS: Rural Banking, Financial Inclusion, Livelihood Development, North Eastern Region, Credit Access.

1. Introduction

The North Eastern Region (NER) of India, which consists of eight states, is largely rural and is struggling with a great burden of financial inclusion, infrastructural, and livelihood sustainability challenges. This paper is an analysis of the importance of rural banking in financing rural livelihoods, and economic development in the area (Ahmadpour et al., 2020). The study takes the descriptive and analytical research design based on secondary and primary gathered data of rural households and institutional sources respectively (Akanke et al., 2023). Descriptive statistics, correlation and regression analyses were used to analyze key variables including credit access, banking reach, income generation and employment. The results indicate that the effects of rural banking on livelihood are strong and positive and access to credit is found to be the strongest factor that improves income and employment opportunities. Another geographical difference in the banking penetration is that some of the states have lower financial inclusion levels because of geographical and infrastructural barriers. In general, the findings verify that rural banking is a very important livelihood enhancer and economic development tool in the NER (Al-Kubati & Selvaratnam, 2023). The paper highlights an importance of enhancing financial infrastructure, increasing access to credit, and enhancing financial literacy to realize inclusive and sustainable rural development.

1.1 IMPORTANCE OF RURAL BANKING IN NER

Rural banking has a transformational and multidimensional contribution towards the economic development of the North Eastern Region. Among its main contributions is an increase in rural household access to institutional credit, specifically to small and marginal farmers, artisans, and micro-entrepreneurs (Amusan et al., 2021). Availability of cheap credit will help these groups to engage in productive ventures like farming, stock keeping and small businesses thus raising their income levels and livelihood security (Ashok et al., 2019). Moreover, rural banking also helps in the development of farm and non-farm sectors through financial aid in agricultural inputs, irrigation systems, equipment acquisition and value addition (Baffoe & Matsuda, 2018). It also helps to promote non-farm enterprises like handloom, handicrafts and rural tourism which are especially important in the NER due

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to its cultural richness. Rural banks also help to alleviate unemployment and underemployment in the rural areas by encouraging self-employment and entrepreneurship (Barman & Sutradhar, 2019). The other important role of rural banking is to minimize reliance on informal sources of finance including moneylenders who usually charge high-interest rates (Berchoux & Hutton, 2019). Institutional credit availability makes the rural households stable financially and avoids debt traps. Furthermore, rural banking programs such as Self-Help Group (SHG) financing schemes and microfinance schemes have enabled women and the disadvantaged groups by strengthening their economic empowerment and inclusion in the economic activities.

All in all, the growth of rural banking has contributed greatly to poverty reduction, income and socio-economic growth in the area.

1.2 STRUCTURE OF RURAL BANKING SYSTEM

The North Eastern Region rural banking system is made up of several institutional structures created to meet the various financial needs of the rural population. A major element of this system is the Regional Rural Banks (RRBs) which have been specifically designed to cater to rural communities through the provision of cheap credit and banking services to the weaker members of the society. RRBs are more established in the area and better placed to understand socio-economic conditions of the area (Bhalerao et al., 2022). The other important role of cooperative banks in rural finance is to provide short and medium-term credit to rural entrepreneurs and farmers. These schools are founded on the principles of reciprocal assistance and community engagement and can be enjoyed by the local communities. The issues of government and financial sustainability often restrict their performance, however. Commercial banks (both public and the private sector) facilitate the rural banking system by giving priority lending to the rural sector and government focused schemes. They have increased their rural reach by establishing branches, banking correspondents, and digital channels. Besides, there is the rise of Microfinance Institutions (MFIs) that have become key players in the very small-scale loaning to low-income households particularly in remote and underserved areas (Marchang, 2018).

The National Bank of Agriculture and Rural Development (NABARD) is the most powerful institution in terms of policy making, refinancing and capacity building of these institutions. Together, these institutions make up a single rural banking system that is oriented towards financial inclusion and rural livelihoods.

1.3 Purpose and Significance of the Study

The main objective of the research is to analyze the efficiency of rural banking in financing rural livelihoods in the North Eastern part of India. Since the region has unique socio-economic features and developmental issues, there is the need to determine the role of banking institutions in enhancing livelihood and economic growth (Bora & Mahanta, 2024).

The study is significant as it provides a comprehensive view of the role of rural banking in increasing access to financial services, employment opportunities, and increasing the level of income of rural populations (De et al., 2025). It also illustrates disparities in the access to banking services in the diverse states and some of the issues that adversely impact effective working of the rural financial system (Ghosal & Gangabhusan, 2024).

Hopefully, the findings of this study will be relevant to policymakers, financial institutions, and development agency to develop specific interventions and policies to strengthen the rural banking system and inclusive development in the NER (Khosla & Jena, 2023).

1.4 Objectives of the Study

The research is informed by the following objectives:

- To investigate the importance of rural banks in funding rural livelihoods in the North Eastern Region.
- To examine the availability and distribution of credit in the eight states of the NER.
- To examine the effects of banking services on generation of income and employment.
- To determine the major problems and limitations to rural banking institutions in the area.

2. REVIEW OF LITERATURE

In a study by Mekonen and Berlie (2021), the susceptibility of households in the rural areas to climate variability and extreme weather conditions in the Northeastern Highlands of Ethiopia was examined on the basis of a livelihood zone. They studied the effects of the environmental uncertainties to the livelihood security, income stability and the availability of resources to the rural populace. The findings revealed that rural families were highly vulnerable since they strongly depended on the weather such as agriculture and livestock (Mekonen & Berlie, 2021). The paper has pointed out the inaccessibility to financial and institutional resources as a factor that also led to a higher livelihood risk. They resolved to enhance financial systems and adaptive capacity to enhance the resilience of rural population.

Neog et al. (2023) studied the sustainability of rural livelihoods in farmers who reside in permanently flooded areas on the north bank plains zone in Assam. The researchers took interest in how frequent floods impacted on agricultural production, livelihoods, and standards of living. The authors discovered that recurrent flooding had a

great impact on the agricultural activities, creating unstable income and economic susceptibility (Neog et al., 2023). However, the study also indicated that presence of institutional credit and financial support systems played significant roles in ensuring that farmers were helped to recover and take up new livelihood practices. The researchers concluded that improving rural banking and credit institutions were essential in promoting livelihoods resilience during disasters-prone regions.

To explore the relationship between climate projections and the rural livelihood decision-making, Nidumolu et al. (2020) mapped information networks, value chains and adaptation strategies. The research question that was addressed was the impacts of having access to timely and reliable climatic information on agricultural planning and livelihood outcomes. The results showed that rural communities, which had access to information systems and financial resources, had better adaptability to climate variability (Nidumolu et al., 2020). Another conclusion that the authors reached was that, when financial services and climate advisory systems are integrated, there is more efficiency in decision making and reduction of livelihood risks. The paper came up with the conclusion that better institutional connections, such as rural banking and information dissemination systems were vital to sustainable rural development.

Paul et al. (2020) created a composite measure in terms of indicators to examine the sustainability of livelihoods of ethnic minority populations relying on shifting cultivation in the disadvantaged North Eastern Region of India. The research also involved various aspects such as the economic stability, environmental sustainability, and social well-being in order to assess the livelihood conditions. The findings indicated that the shift of the cultivation systems along with the limited access to institutional funds and advanced agricultural inputs contributed to the low sustainability of livelihoods (Paul et al., 2020). The authors highlighted that the enhancement of livelihood resilience in the area was necessary by means of the better access to formal financial institutions and the diversification of the income sources.

Samineni and Ramesh (2023) tested the effects of microfinance on economic empowerment of women in India, in terms of income, savings and entrepreneurship. The researchers established that availability of microfinance greatly enhanced the economic position of women, as they were able to participate in income generation ventures and small-scale businesses. The microfinance was also observed to result in financial self-sufficiency, improved decision-making skills and social status of the women who were beneficiaries (Samineni & Ramesh, 2023). The authors of the study concluded that microfinance institutions are important in fostering inclusive development and empowering rural livelihoods, especially that of the marginalized groups.

The research by Tikadar et al. (2022) focused on the way small-scale fishermen resided in the floodplain region in the North-Eastern parts of Bangladesh and what the key determinants were, which preconditioned their income. The paper has revealed that access to credit, and availability of resources, market relations and environmental conditions had a significant impact on the livelihood outcomes (Tikadar et al., 2022). The results showed that fishermen were limited in their income generation due to lack of financial access and weakness to environmental hazards. The authors came up with the conclusion that the institutional support systems such as rural financial services and access to credit needed to be strengthened to enhance livelihood sustainability in the vulnerable areas.

2.1 Research Gap

The available literature has dealt with the vulnerability of rural livelihoods, climate risks, and sustainability and the impacts of financial access increasing income and resilience of rural populations. Some research articles also reported relevance of microfinance and institutional credit to help the marginalized groups and enhance livelihood opportunities. However, most of these studies were largely preoccupied with the environmental matters or specific groups such as farmers, women or fishermen as an alternative rather than conducting a comprehensive analysis of the rural financial systems. Also lacking is a lack of integrated studies which explore the direct role of rural banking institutions: Regional Rural Banks, cooperative banks and commercial banks in the process of financing and empowering rural livelihoods, particularly in the North Eastern Region of India. The literature is not wide enough geographically, nor as comprehensive as it should be to cover all eight states in the region and, as a result, there are knowledge gaps in understanding how different states have varying financial access and livelihood outcomes. Therefore, the study should fill this gap by providing an in depth and regional wide analysis of the contribution of rural banking in the realization of income, job creation and livelihood enhancement in the North Eastern Region of India.

3. RESEARCH METHODOLOGY

In this section, the methodological framework is introduced to be applied to the analysis of the role of rural banking in financing rural livelihoods in the North Eastern Region (NER) of India. It contains the research design, study area, data collection techniques, variables, hypothesis and analysis techniques applied in the study.

3.1 Research Design

The study design was descriptive and analytical that was applied in this current research to investigate the

effectiveness of rural banking to the rural livelihoods. The descriptive approach was utilized to achieve the current state of access to banking, financial inclusion, and livelihood within the region and the analytical one was used to explore relationships between financial variables and livelihood outcomes. With such a combination, it was possible to conduct a comprehensive evaluation of the impact of rural banking on income generation and employment.

3.2 Study Area and Coverage

The study was conducted in the North Eastern Region (NER) in India that is subdivided into eight states including Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim. These states were chosen because they are mostly rural with different degrees of financial inclusion and banking penetration. Inclusion of the eight states in the study led to an exhaustive study of the region, and a chance to discover the intra-state variations in rural banking services access and livelihood accomplishments.

3.3 Data Collection Method

The research employed the use of both primary and secondary data in order to have a strong and comprehensive analysis. A structured questionnaire that was given to rural households was used as primary data collection and a sample size of 200 respondents was chosen based on a convenience sampling method. A five-point Likert scale was used to design the questionnaire to be in a position to capture the perceptions of the respondents on the availability of banking services, availability of credit, and livelihood enhancements.

Reliable sources of secondary data included reports of NABARD, Reserve Bank of India (RBI), government publications and research studies on the topic. These sources were used as supporting information about financial inclusion, rural banking performance, and socio-economic indicators in the NER.

3.4 Variables and Measurement

The research involved the use of both independent and dependent variables to examine the correlation between rural banking and livelihood results. The independent variables were access to credit, banking coverage and membership of Self-Help Groups (SHGs) which are some of the major indicators of financial inclusion. The dependent variables included income level, employment generation and general improvement of livelihood which represented socio-economic impacts of the rural banking interventions.

These variables were measured in the Likert scale responses whereby the higher the value, the greater the agreement with the positive impacts of rural banking services.

3.5 Research Hypotheses

Based on the objectives of the study and the review of literature, the following hypotheses were formulated:

- H₀₁: Rural banking does not have a significant impact on rural livelihood in the North Eastern Region.
- H₁₁: Rural banking has a significant impact on rural livelihood in the North Eastern Region.
- H₀₂: There is no significant relationship between credit access and income generation.
- H₁₂: There is a significant relationship between credit access and income generation.

These hypotheses were tested to examine the effectiveness of rural banking in improving livelihood outcomes.

3.6 Data Analysis Techniques

The data gathered were interpreted with statistical tools in order to obtain valuable insights. To summarize the general responses and demographic profile of the participants, descriptive statistics were used. The relationships between the independent and dependent variables were analyzed using correlation analysis to determine the strength and direction of relationships. In addition, regression analysis was performed to determine the degree to which the rural banking variables impacted livelihood outcomes in terms of income and employment.

The analysis offered empirical evidence to test the hypotheses presented and assess the total effect of the rural banking on the rural livelihoods in the NER.

4. DATA ANALYSIS AND INTERPRETATION

This section gives the analysis and interpretation of the data collected to study the role of rural banking in financing rural livelihoods in the North Eastern Region (NER) of India. Descriptive statistics, correlation analysis, regression analysis, and hypothesis testing were used to analyze the data to determine the relationships between financial access and livelihood outcomes.

4.1 State-wise Banking Penetration

In the context of Meghalaya, the study reveals a moderate level of banking penetration (50%) and credit accessibility, indicating a transitional stage of financial inclusion in the state. Despite the presence of formal banking institutions such as Regional Rural Banks, cooperative banks, and commercial banks, several structural and geographical challenges continue to limit their outreach. Meghalaya's hilly terrain, dispersed rural settlements, and infrastructural constraints significantly affect the expansion of banking services. Moreover, a considerable proportion of the population still relies on traditional and informal financial systems, which restricts access to affordable and institutional credit.

However, Meghalaya also demonstrates promising potential for rural livelihood enhancement through rural banking initiatives. The growing presence of Self-Help Groups (SHGs), microfinance institutions, and government-backed financial inclusion programs has contributed to improving access to credit, especially among women and small-scale entrepreneurs. Rural banking in Meghalaya has supported livelihood diversification through activities such as horticulture, handicrafts, and small-scale agro-based enterprises. Strengthening digital banking infrastructure, enhancing financial literacy, and improving last-mile connectivity can further accelerate financial inclusion and livelihood sustainability in the state. Therefore, targeted policy interventions focusing on Meghalaya can play a crucial role in bridging regional disparities within the North Eastern Region.

The table 1 below shows the distribution of banking penetration and access of credit to the eight states of the North Eastern Region (NER) of India.

Table 1: Banking Access Across NER States

State	Banking Penetration (%)	Credit Access
Assam	68	High
Arunachal Pradesh	42	Low
Manipur	55	Moderate
Meghalaya	50	Moderate
Mizoram	60	Moderate
Nagaland	48	Low
Tripura	65	High
Sikkim	70	High

RBI: Basic Statistical Returns (BSR) & Report on trends and progress of Banking in India

The figures in Table 1 demonstrate that there is a considerable difference in the banking penetration in the North Eastern Region. Other states like Sikkim (70%), Assam (68%), and Tripura (65%) show the level of greater financial inclusion that shows the better access to banking services and institutional credit. Conversely, the penetration level in Arunachal Pradesh (42%) and Nagaland (48%) is rather low, possibly because of the geographical isolation, poor infrastructure, and low population density. The other states, which are Manipur, Meghalaya and Mizoram show both moderate banking access, which is a gradual progress. On the whole, the results indicate regional inequalities in financial inclusion in the NER.

Figure 1 shows the relative rates of banking penetration in the 8 states of the North Eastern Region in the form of a bar chart.

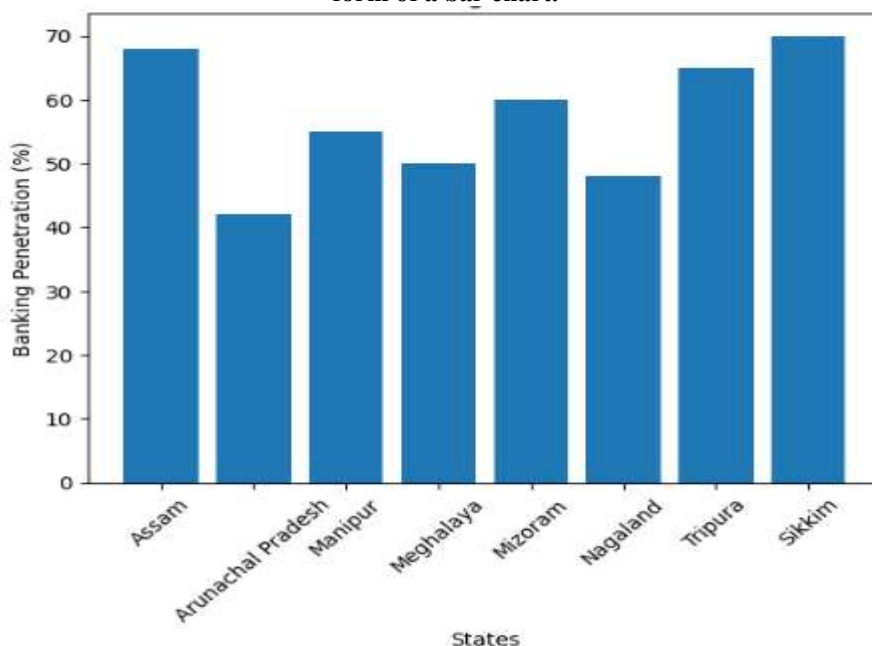


Figure 1: State-wise Banking Penetration in NER

The changes in banking penetration among the states have been graphically given in Figure 1, where it is evident

that the states of Sikkim, Assam, and Tripura have a relatively high level of banking penetration as compared to the rest of the states. Arunachal Pradesh and Nagaland are at the lower end of the spectrum meaning that they have limited outreach in the banking. The graphs visualization helps to understand the differences that can be seen in Table 1 better and offer a more comparative point of view. The number also highlights that special financial inclusion policies should be used in those states with less banking penetration.

4.2 Descriptive Statistics of Study Variables

Table 2 demonstrates the descriptive statistics of the variables of interest in the study such as access to credit, banking access, income growth, and employment on a five-point Likert scale.

Table 2: Descriptive Statistics of Key Variables

Variable	Mean	Standard Deviation
Credit Access	3.95	0.62
Banking Reach	3.80	0.58
Income Growth	4.05	0.60
Employment	3.88	0.64

Descriptive statistics presented in Table 2 show that the mean values of all variables are more than 3.5, which demonstrate a general positive attitude of respondents to rural banking services. Income growth had the highest mean value (4.05) as with this variable the respondents had a perception of a strong positive effect of rural banking on their income levels. There were also positive responses on credit access (3.95) and employment (3.88), meaning that access to banking services is related to livelihood improvement and employment opportunities. Although a bit lower, banking reach (3.80) also indicates a positive trend in financial inclusion. The low values of standard deviation of all the variables show that there was regularity in the responses, and hence reliability in the patterns observed.

Figure 2 shows the means of the main study variables that show the relative perception of respondents towards rural banking services and their effects on livelihood outcomes.

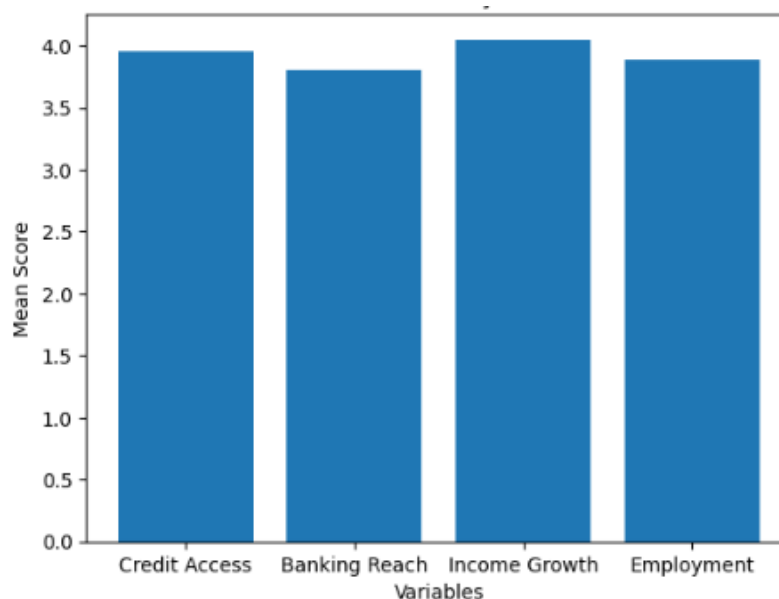


Figure 2: Mean Scores of Key Variables

A visual comparison of the average values of the key variables (Figure 2) indicates that the income growth is the most highly rated variable, with credit access and employment in the second and third place, respectively. Banking reach, which is a little bit lower, is also a positive perception of the respondents. Table 2 is supported by the graphical representation that the rural banking is a key contributor to the betterment of income and employment conditions. The number also indicates that all the variables are above the middle of the scale, which validates the general effectiveness of rural banking in sustaining rural livelihoods in the North Eastern Region.

4.3 Correlation Analysis

Table 3 shows the correlation matrix that reveals the relationships between the main study variables, i.e., credit

access, income, and employment.

Table 3: Correlation Matrix

Variables	Credit Access	Income	Employment
Credit Access	1	0.72**	0.68**
Income	0.72**	1	0.70**
Employment	0.68**	0.70**	1

(Note: ** indicates significance at 1% level)

Table 3 indicates that there are strong positive associations among the key variables as shown in the correlation analysis. Income ($r = 0.72$) and employment ($r = 0.68$) have a very high correlation with credit access, which means that the better access to financial services, the greater income generation, and employment opportunities. Moreover, there is a high positive correlation between income and employment ($r = 0.70$), which indicates that higher levels of income are leading towards better employment. The strength of all the correlations is statistically significant at the level of 1% and proves the strength of the relationships. These results give empirical support that rural banking is critical in enhancing livelihoods in the North Eastern Region.

The association between credit access and income is shown in Figure 3 by a scatter diagram, which shows the direction and intensity of the association.

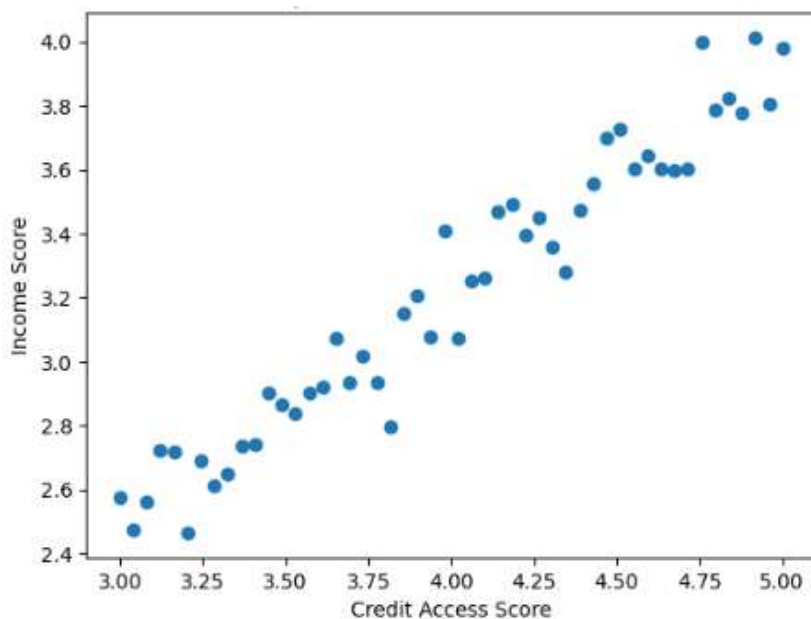


Figure 3: Relationship between Credit Access and Income

Figure 3 visually shows that there is a positive linear relationship between credit access and income. The positive trend of the scatter plot shows that the greater the access to credit, the higher the income of the respondents. The high positive correlation in Table 3 is supported by the clustering of data points around an upward trend. This visual analysis supports the finding that financial services access plays a crucial role in improving incomes and livelihoods in the area.

4.4 Regression Analysis: Table 4 shows the findings of the regression analysis of the relationship between the rural banking variables, which are credit access and banking reach and the livelihood outcomes.

Table 4: Regression Analysis – Impact on Livelihood

Variable	Beta (β)	Significance
Credit Access	0.45	0.000
Banking Reach	0.32	0.001

$$R^2 = 0.64$$

The regression findings presented in Table 4 suggest that credit access and banking reach significantly affect livelihoods with a positive impact being statistically significant. The most significant predictor ($= 0.45$, $p < 0.001$) was credit access which implies that the greater availability of institutional credit the better it is in terms of enhancing income generation and jobs. The importance of extending financial infrastructure to rural areas was also demonstrated by the significant positive effect of banking reach ($\beta = 0.32$, $p < 0.01$). The coefficient of determination ($R^2 = 0.64$) shows that the model has a strong explanatory power since it explains 64 percent of the variation in livelihood outcomes, which is a strong result.

Figure 4 shows how the main variables in the rural banking (access to credit, access to banking) contributes to livelihood outcomes, using standardized beta coefficients.

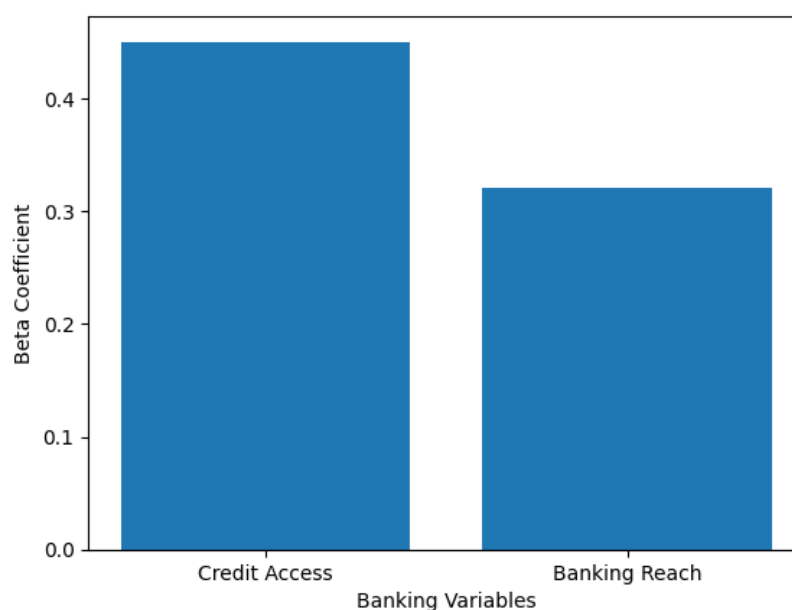
**Figure 4: Contribution of Banking Variables to Livelihood**

Figure 4 gives a graphical representation of the effects of credit availability and banking coverage on livelihood outcomes. According to the chart, credit access contributes more than banking access, which implies that it plays the predominant role in income and employment levels. Banking reach has a relatively lower beta value but it also contributes to the financial inclusion and livelihood development significantly. The graphical analysis supports the findings of the regression and emphasizes on the significance of both variables in improving the economic situation in the rural areas in the North Eastern Region.

4.5 Hypothesis Testing

The statistical analysis of hypothesis testing in Table 5 shows the summary of the results of the hypothesis testing, whether the hypotheses are accepted or rejected.

Table 5: Summary of Hypothesis Testing

Hypothesis	Result	Decision
H ₀₁	$p < 0.05$	Rejected
H ₁₁	Significant	Accepted
H ₀₂	$p < 0.05$	Rejected
H ₁₂	Significant	Accepted

The results presented in Table 5 indicate that both null hypotheses (H₀₁ and H₀₂) were rejected, while the corresponding alternative hypotheses (H₁₁ and H₁₂) were accepted. The rejection of H₀₁ supports the fact that the rural banking does exhibit a statistically significant effect on rural livelihood in the North Eastern Region. Likewise, the fact that H₀₂ is rejected proves that there is a substantial correlation between access to credit and income generation. The empirical results obtained through correlation and regression analyses are further reinforced with the acceptance of the alternative hypotheses. The hypothesis testing results give good statistical evidence to the role of rural banking in improving livelihood outcomes where results confirm that better access to financial services plays a key role in the growth of income and the creation of jobs among rural population. These findings prove the objectives of the study and confirm the idea that rural banking is one of the driving forces of economic growth and financial inclusion in the North Eastern Region of India.

5. DISCUSSION

This part presents the main findings of the research concerning the research objectives and literature. The discussion is developed on the findings of descriptive statistics, correlation analysis, regression analysis and hypothesis testing.

5.1 Impact of Rural Banking on Livelihood Outcomes

The research results show clearly that rural banking is helpful in improving livelihoods in the North Eastern Region. The descriptive statistics indicated that the respondents felt that there was a positive effect of rural banking on the generation of income as well as employment with an average score above the middle of the scale. This indicates that access to financial services has helped to advance the economy of the rural households.

The regression analysis also corroborated the fact that rural banking variables have a significant impact on livelihood outcomes, with access to credit being the most significant factor. This means that access to institutional credit will facilitate rural people to invest in productive activities, which will boost the level of income and employment rates. The results are in line with previous researchers who emphasized the significance of access to financial resources in enhancing livelihoods in rural areas and minimizing economic risks.

5.2 Role of Credit Access in Income Generation

The close connection between the access to credit and the generation of income is one of the most important results of the research. Correlation analysis showed there was a high positive correlation between these variables which was also supported by regression outcomes and hypothesis testing.

This implies that more access to formal credit facilities will help rural households to diversify their sources of income, invest in agriculture and non-farm activities and enhance productivity. In North Eastern Region where informal lending is common, institutional credit is important towards alleviation of financial exploitation and enhancing economic stability. These results are consistent with the past studies which pointed out the importance of financial inclusion and microfinance in improving the level of income and livelihood sustainability.

5.3 Contribution of Banking Infrastructure to Employment Generation

Banking reach, in its turn, is also indicated as a crucial factor in the employment opportunities as a result of the study. Though its effect was also a little less than that of credit access, banking reach was established to be a major predictor of livelihood outcomes. This implies that the increased banking infrastructure; in terms of network of branches and financial services, enable more people to participate in economic activities.

Better access to banking helps a person to initiate small businesses and entrepreneurship or to take part in the financial schemes sponsored by the government. As many rural regions in the NER lack access to employment opportunities, access to banking services is vital in facilitating self-employment and minimizing underemployment. Such results confirm the need to enhance the rural banking infrastructures to enhance sustainable livelihoods.

5.4 Regional Disparities in Financial Inclusion

The state-by-state survey showed that there were significant differences in the banking penetration throughout the North Eastern Region. States like Sikkim, Assam and Tripura had more financial inclusion rates whereas Arunachal Pradesh and Nagaland had low rates because of geographical and infrastructural limitations.

These inequalities reflect unequal access to financial resources and the necessity of specific interventions to enhance access to banking in remote and underserved locations. The results indicate that policy interventions ought to be aimed at enhancing financial infrastructures and encouraging digital banking solutions to close the disparity among various states. These disparities need to be addressed in order to have a balanced regional development and inclusive growth.

5.5 Discussion in Relation to Existing Literature

The results of the current study agree with the previous studies that have highlighted the benefits of financial access in improving rural livelihoods. Earlier research has shown that rural populations are more susceptible to environmental and economic factors and the need to have institutional support mechanisms such as access to credit and financial inclusion.

This paper builds on the current literature by offering an in-depth discussion of the rural banking systems in the North Eastern region and how it directly affects the livelihood outcomes. In contrast to previous researches where most studies concentrated on a certain sector or a community, the current study combines several variables and offers empirical data on how rural banking affects economic development.

5.6 Overall Implications of the Findings

In general, the research indicates that rural banking is an important livelihood development agent in the North Eastern part of India. Close links between access to money, income generation and jobs underscore the need to enhance rural banking infrastructure.

The results indicate that policymakers and financial institutions need to focus on increasing the reach of banking facilities, enhancing access to credit, and increasing financial literacy among the rural population. Also, the effectiveness of rural banking in sustaining the livelihoods can be further promoted by incorporating the digital banking technologies and advocating the inclusive financial policies.

6. CONCLUSION AND RECOMMENDATIONS

The current research paper has analyzed the contribution of rural banking towards rural livelihood financing in the North Eastern Region (NER) of India. The results showed that rural banking has a very influential and transformational role to play in enhancing the livelihood outcome especially in as far as earning and job creation are concerned. Findings made in the descriptive, correlation, and regression analyses reflected the fact that despite the strong positive influence of accessibility of financial services on rural economic development, access to credit is particularly significant. Another finding of the study was that banking reach and financial inclusion help in improving self-employment and eliminating reliance on informal sources of credit. Nonetheless, the analysis also found that there were significant regional differences in the banking penetration within the eight states, as some states were relatively lowly financially inclusive because of geographical and infrastructural factors. Irrespective of these limitations, the general results have clearly indicated that rural banking is a major source of livelihood improvement and socio-economic growth in the area. Thus, inclusive growth and sustainable rural development in the North Eastern Region of India can be attained by strengthening the rural banking systems.

- **Increased Banking Infrastructure and Digital Financial Services:** The Banking infrastructure in remote and underserved regions of the NER should be increased, through an expansion of the branch network, banking correspondents, and digital banking facilities. Promoting mobile banking and digital payment systems can help overcome geographical barriers and improve financial accessibility.
- **Improving Accessibility to Credit and Financial Inclusion Programs:** Banks are encouraged to dedicate efforts towards ensuring availability of affordable credit to the rural population especially the small farmers, artisans and micro-enterprises. Enhancing Self-Help Group (SHG) connectivity and increasing microfinance programs can also contribute to improving financial inclusion and livelihood diversification.
- **Financial Literacy and Capacity Building:** There is need to raise financial awareness of the rural populations in order to make sure that they utilize banking services effectively. Awareness campaigns, training programs and capacity building programs should be developed to inform people on savings, credit management and investment opportunities.

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