



## Digital Payments and Financial Inclusion in India: A Pathway Towards Viksit Bharat 2047

Dr. Nalawade Neha D

Department of Commerce,  
Shri Shahu Mandir Mahavidyalaya, Parvati, Pune-09  
Email Id: [nalawadend09@gmail.com](mailto:nalawadend09@gmail.com)

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### Abstract:

*In the last ten years, digital payments have changed India's financial landscape. India has moved toward a cashless economy because mobile banking, Unified Payments Interface (UPI), digital wallets, and online banking platforms are all growing quickly. Digital payment systems not only make things easier and faster, but they also help more people access the formal financial system by bringing in people who don't have bank accounts or who don't have enough money to open one. This paper looks at how digital payments are growing in India and how they are helping to make the economy more inclusive. The research relies on the examination of published reports, policy documents, and institutional data from regulatory authorities. It talks about the most important changes, government programs, pros and cons of digital payments. The results show that digital payment systems are very important for making things more open, lowering the cost of transactions, and making the financial ecosystem stronger. To help India reach Viksit Bharat 2047, it will be important to improve its digital infrastructure and security measures.*

**Keywords** - Digital Payments, Financial Inclusion, UPI, Cashless Economy, Viksit Bharat 2047

### Introduction

In the last few years, the digital transformation of India's financial sector has sped up a lot. Digital payments are money transactions that happen electronically through things like mobile apps, internet banking, debit and credit cards, and digital wallets.

The National Payments Corporation of India (NPCI) changed the digital payment system forever by introducing the Unified Payments Interface (UPI), which made it possible to send and receive money in real time and at a low cost. The Reserve Bank of India (RBI) says that digital transactions have grown a lot, especially since 2016.

India's development agenda puts a lot of emphasis on financial inclusion, which means making sure that everyone and every business can get affordable financial services (World Bank, 2022). Digital payments have become a powerful way to reach this goal by making it easier for people to get into formal financial systems and lowering the barriers to entry. India wants to be a



developed country by 2047, and the vision of Viksit Bharat is to make that happen. Digital financial infrastructure is a key part of making sure that economic growth is fair and long-lasting.

### **Objectives**

1. To examine how digital payment systems are growing in India.
2. To analyse how digital payments help people get access to financial services.
3. To evaluate the economic advantages of digital transactions.
4. To identify challenges that come with using digital payments.
5. To recommend actions to enhance digital payment systems in pursuit of Viksit Bharat 2047.

### **Scope of the Study**

The research examines digital payment systems in India and their contribution to advancing financial inclusion and economic growth. It looks at policy initiatives, institutional frameworks, and trends in growth. The research lacks primary surveys and is confined to macro-level analysis derived from published data.

### **Research Methodology**

The research design employed in the study is both descriptive and analytical. The analysis draws from published reports, regulatory data, and policy documents.

Some places to get information are:

1. Annual Reports from the Reserve Bank of India.
2. Publications of the National Payments Corporation of India.
3. Government policy documents under digital India initiatives.
4. World Bank reports on financial inclusion.
5. Academic research articles related to digital finance

The research analyzes trends and institutional advancements through the lens of economic growth and inclusive development.

### **Data And Analysis**

#### **1. India's Growth in Digital Payments**



Over the previous ten years, digital payment transactions have increased steadily, according to RBI reports. Person-to-person and person-to-merchant transactions have dramatically expanded since UPI was introduced. UPI transactions now make up a sizable portion of retail digital payments in India, according to NPCI data. The basis of digital financial infrastructure has been reinforced by government initiatives like Digital India, Jan Dhan Yojana, and Aadhaar-linked banking.

## **2. Financial Inclusion and Digital Payments**

The goal of financial inclusion is to give everyone in society access to banking services. Digital financial services lower cost and geographic obstacles, according to the World Bank (2022).

Digital payments make it possible to:

1. Transfers of direct benefits (DBT)
2. Banking access via mobile devices
3. Decreased reliance on money
4. Inclusion of low-income and rural communities

Participation in formal financial institutions has expanded as a result of mobile numbers being linked to bank accounts.

## **3. The Financial Advantages of Online Payments**

The following are some ways that digital payments support economic growth:

1. Decrease in transaction expenses
2. Enhanced transparency and tax compliance
3. Quicker money circulation
4. Increased convenience for customers

According to RBI publications, digital transactions lessen the extent of the informal sector and encourage a transparent financial system.

## **4. Difficulties in Adopting Digital Payments**

Despite quick expansion, some obstacles still exist:

1. Gaps in digital literacy



2. Risks to cybersecurity
3. Problems with internet connectivity in rural places
4. Data privacy and fraud issues

Strengthening cybersecurity frameworks and consumer awareness programs is essential for sustainable expansion.

## Findings

1. India has seen a tremendous rise in digital payment transactions as a result of regulatory backing and technology advancements.
2. UPI has become one of the most popular online payment systems.
3. By increasing access to banking services, digital payments have enhanced financial inclusion.
4. The main advantages are lower transaction costs and economic transparency.
5. Cybersecurity and infrastructure issues require ongoing attention.

## Conclusions

A key component of India's financial revolution is now digital payments. Digital payment systems greatly contribute to economic development by fostering financial inclusion, increasing transparency, and boosting efficiency.

In order to achieve Viksit Bharat 2047, India will need to improve cybersecurity, expand digital infrastructure, and raise financial literacy. In the upcoming decades, a strong and inclusive digital payment ecosystem can be a potent force behind equitable and sustainable prosperity.

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