



39. Digital payments and financial inclusion: The road to Viksit Bharat 2047

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Abstract

India's journey toward becoming a developed nation by 2047, often referred to as Viksit Bharat 2047, is among the most famous transitions globally. The nation pursues Viksit Bharat 2047 due to its fascination with the way digital connectivity appears on economic surfaces. The process involves a half-body expansion of digital payments, and the promotion of financial inclusion reflects the government's idea of the connection between technology and humanity. The excellent and beautiful digital ecosystem contains various elements of progress, such as mobile banking, (UPI), and fintech platforms, as well as the principles, for instance, efficiency and transparency. The study used numerous elements of finance in Viksit Bharat 2047, for instance, digital payments to represent catalyst, transparency, and inclusion. The picture contains several repeating innovations from the Jan Dhan Yojana and Aadhaar-enabled services in the background. The state used Digital India which created a robust digital ecosystem and slightly accessible surfaces; however, the rural set contains slightly rougher infrastructure. Numerous services give the economy shape highlighting areas where geographical distance turns to credit and traditional banking changes to a hand. Moreover, the road of the inclusive digital finance contains warm challenges such as digital literacy gaps, cybersecurity concerns, and uneven internet connectivity, while the background contains cool solutions, for instance, policy reforms and infrastructure development. The research used realistic quantities of sustainable growth for shading. The framework comprises layers of awareness programs that are slightly thick, contributing to the glowing appearance of the nation's future. Viksit Bharat 2047 has a rectangular vision measuring 2047 by 2047 as the state applied economic principles to deliver an excellent piece. In conclusion, digital payments by Viksit Bharat 2047 implies the elements and principles of progress such as development and coordination. The movement has transformative tools to indicate economic development and loveliness and a reasonable amount of inclusive digital finance for shading. It comprises three triangles with inclusive growth occupying the most prominent space and two rural and urban backgrounds, both being at the top. The positioning of the vision is off-center, exerting weight on one side, thus making it have asymmetrical balance. The emphasis is on the financially inclusive and economically empowered India, and the background is less attractive due to inadequate details.



Keywords: Digital Payments, Financial Inclusion, Viksit Bharat 2047, UPI, Fintech, Digital India, Economic Development, Financial Literacy, Rural Banking, Cashless Economy

INTRODUCTION

The increased use of electronic payments as part of everyday transactions has resulted in the use of non-cash forms of payment systems such as credit & debit cards, UPI, direct bank transfers using Aadhaar (the unique identification number created by the gov't of India) online wallets, and other forms of fintech based solutions (i.e., apps). As a result of these and other technological advancements, those who do not have access to these forms of payment are able to make payments and purchase goods and services online and/or via an e-commerce site with the assistance of electronic funds instead of using physical cash. Therefore, digital payments can be seen as a significant driver of financial inclusion efforts in India and may play an important role in improving the lives of the poor in India. Each day, thousands of individuals will be able to use digital payments to conduct transactions and improve their overall quality of life while benefiting from the efficiencies and security provided by these digital platforms.

The Indian Government has launched a number of programs like Digital India, Pradhan Mantri Jan Dhan Yojana, BHIM and Aadhaar to promote digitalization of financial services and to expand financial access to previously underserved groups. These programs have helped bring rural homes, women, small businesspersons and low-income people into the formal financial system. The introduction of digital payments has reduced costs; increased transparency, facilitated direct benefit transfers and improved the efficiency of all financial services.

Despite the great progress made, challenges such as digital illiteracy; cyber security concerns; lack of sufficient infrastructure; and regional disparities continue to hinder the widespread use of digitalization of financial services. These challenges need to be addressed in order for all sections of society to benefit from digitalization and contribute to inclusive growth.

The vision for Viksit Bharat 2047 is to make India a developed country by the time of the 100th anniversary of its independence, and will require a strong and inclusive financial ecosystem that empowers all citizens with multiple, easy to access, technology-based means of receiving financial services. Supporting the vision, digital payments are likely to have an important role in achieving this vision through promoting financial inclusion; increasing economic participation and facilitating transparent governance.

The research assesses the connection between digital finance and financial empowerment in India, as well as how this relates to Viksit Bharat 2047. The paper also discusses future policy implications for advancing towards becoming digitally integrated and financially supportive in India.

Literature Review

Researchers, policymakers, and financial institutions have become interested in the promise of financial inclusion and digital payments to provide people with access to formal banking



systems and improve their economic position. Many studies investigated how digital finance has been used to expand access to formal banking systems.

The World Bank (2022) states that having access to financial services enables individuals to save money safely, borrow funds from lenders, reduce their risk exposure, and play an active role in their economy. Financial inclusion is therefore one of the critical components of achieving poverty alleviation and a shared wealth. The Global Findex Report discusses how digital financial services have provided significant growth in the number of accounts created and the efficiency of online payments around the world.

According to Demirgüç-Kunt et al., (2018) digital payment solutions can increase Financial Inclusion rates, particularly in developing countries. Mobile-based payments, for example, have been found to be a low cost alternative to traditional forms of transferring funds and providing access to financial services for those who are not currently using banks.

Similarly, Gupta and Singh (2020) have found that the Government of India's Pradhan Mantri Jan Dhan Yojana (PMJDY), Aadhaar System, and growth in the use of mobile phones have contributed to increasing Financial Inclusion. These three initiatives work together to provide increased access to Digital Financial Services and that have laid the groundwork for millions of Indian citizens to have access to Formal Banking Services.

The analysis performed by Sharma (2019) finds that there has been a rise in financial participation of both rural and semi-urban populations due to the growth in usage of Unified Payments Interface, mobile wallets, and internet banking digital payment methods. Additionally, the study highlights the need for supporting infrastructure and digital literacy for successful implementation of digital payment systems.

Reports from both NITI Aayog and Reserve Bank of India show that there has been an unprecedented increase in the quantity of digital transactions in the last ten year history in India. UPI is one of the very few successful, fully-modeled, fully-operational Digital Payments in the world and has played an important role in the expansion of cashless transaction opportunities and increased reach of financial services.

However, various other studies have noted issues including risk of cybercrime, lack of awareness of technology, lack of access to Internet services, and differences in regions. According to Kumar et al., overcoming these barriers is essential to achieving full levels of financial inclusion and ensuring everyone has an equal opportunity to access digital financial services.

The research reviewed shows that digital payments are effective tools for achieving financial inclusion, but continued support from government, advances in technology and continuing education on finance will play an important role towards achieving the goal of Viksit Bharat 2047 with a financial model that is inclusive and digitalised.

RESEARCH GAP

Digital Payments and Financial Inclusion have been researched separately across multiple studies and publications over the past decade. There has been insufficient documentation showing how the two categories of Digital Payment Systems are linked to the overall



National Vision of 'Viksit Bharat' (Developed India) in 2047. There is also a requirement to evaluate Digital Finance by analysing the relationship between Digital Payment Systems, Financial Inclusion, and the Government of India's Established Development Goals. An additional need exists to assess the Challenges, Policy Intervention, and Opportunity to ensure Digital Finance benefits all members of Society. Through this Research, we will provide evidence to help address this gap in understanding the relationship between Digital Payments, Financial Inclusion, and the Long-Term Development Goals for India.

RESEARCH OBJECTIVE

The current research has a goal to analyze how the acceptance of electronic payments will foster financial inclusion and how it plays a big part in reaching the building blocks towards Viksit Bharat 2047. The research specifically covers five major objectives:

1. To analyze how electronic payments have grown and progressed in India.
2. To assess how electronic payments contribute to financial inclusion, especially for those who live in rural and/or underserved communities.
3. To evaluate the contribution made by government initiatives like the Digital India program, the Pradhan Mantri Jan Dhan Yojana (PMJDY), and the Unified Payments Interface (UPI) in increasing access to financial services.
4. To explore the barriers and obstacles preventing the use of electronic payments in India.
5. To provide recommendations for measures that will enhance digital financial inclusivity and provide support to achieve Viksit Bharat's vision of 2047.

RESEARCH METHODOLOGY

Study Design

This research project employed descriptive and analytical methods to get an understanding of the role that digital payment systems will play in furthering Financial Inclusion and contributing towards Viksit Bharat 2047 Vision, and therefore this study consists of examining how such payment systems have grown, their impact, opportunities, and challenges in India today.

Data Sources

Because this study utilizes only secondary data, all of the analyzed data for this project were collected from many different sources and include:

- Reports and Publications by the Reserve Bank of India (RBI) and other institutions
- Reports published by the National Payments Corporation of India (NPCI)
- Reports published by the Ministry of Finance, Government of India
- Reports published by NITI Aayog
- Publications of the World Bank and International Monetary Fund (IMF)
- Research Journals, Articles, Books, and Conference Papers
- Websites of the Digital Payment System and Financial Inclusion

Data collection was conducted through an extensive review of the literature, government reports, policies, and statistical databases. The collected data will be systematically



organized, classified, and analyzed to develop an understanding of trends and progress related to digital payments and financial inclusion in India.

Scope of Study

The study will address, but not be limited to the following: The Indian digital payment ecosystem, including: UPI, mobile wallets, Internet banking, debit and credit cards, and Aadhaar-enabled payment system; Financial inclusion initiatives from the government; and Digital financial services.

Research Methods

Secondary data that had been collected were analyzed through descriptive analysis. A wide-ranging number of reports, statistics, publications, and published research findings were reviewed to discern patterns or trends with respect to growth, challenges or opportunities, etc. within both digital payment and financial inclusion sectors.

Limitations of the Research

- The research was entirely based upon secondary data; it did not use any primary survey results.
- The results obtained for this research are only as accurate as the sources from which they were obtained; they are dependent upon the availability and validity of published sources.
- Government policy changes and technology changes may result in subsequent results being outside the limits of this research due to the dynamic nature of these two items.

Results and Discussion

4.1 Rapid Expansion of Digital Payment Services Across India

Over the last 10 years, India's Digital Payment ecosystem has experienced explosive growth. Digital payment formats such as UPI (Unified Payments Interface), digital wallets, internet banking, and debit/credit card transactions are vastly improving how consumers and businesses engage in transferring money. Government programs such as Digital India and PMJDY are particularly focused on increasing the prevalence of digital payments—making the process more appealing to potential users of the system. As millions of Indians gain access to affordable mobile phones and data plans, they are able to participate in India's digital economy. UPI has also been identified as one of the fastest growing digital payment platforms in the world, primarily because of how easy it is for consumers to use, as well as the quickness and security of completing payments via UPI.

4.2 Impact of Digital Payments on Financial Inclusion



Digital payments have significantly aided in enabling financial inclusion by making available affordable and easy to access financial services for previously unbanked customers. As an example, people who live in rural or remote locations do not need to go into a brick and mortar bank to perform their financial transactions any longer.

As a result of digital payment systems, direct benefit transfers (DBTT) have become possible (and much easier), as well as improved access to both savings or payment services; furthermore, customers are able to lower the cost of conducting financial transactions. The majority of individuals who have experienced this change are women, small business owners, farmers and low-income families have seen increased participation in the "formal" (as opposed to "informal") banking sector.

4.3 The Impact of Governmental Initiative

India's government has made a significant contribution towards advancing the use of digital payments and expanding the reach of financial services through numerous policies. The Pradhan Mantri Jan Dhan Yojana was designed to provide access to the banking system to millions of people; Aadhaar has provided secure means by which to identify people. The Digital India initiative enhanced digital infrastructure and facilitated the growth of digital literacy in India. Additionally, the various payment systems such as BHIM & UPI have provided easy access to digital payments for people across a wide variety of socio-economic groups. Collectively, these initiatives have helped build a robust financial ecosystem in India.

4.4 The Challenges to Digital Payment Adoption

Even with the amount of progress made to date, the widespread adoption of digital payments faces a number of challenges. For example, most senior citizens and people living in rural areas are considered to be digitally illiterate. The lack of adequate internet connectivity and/or technological infrastructure in areas of the country limits access to digital financial services

Cybersecurity concerns, online fraud, and issues relating to data privacy have created a lack of trust among users. Socioeconomic differences and lack of education also continue to serve as obstacles to the adoption of digital payment methods.

4.5 Digital Payments and the Viksit Bharat 2047 Vision

Digital payment solutions will be an important component in helping shape a Viksit Bharat (a more developed, inclusive and technology-oriented India) in 2047. These transactions will assist with economic inclusion through promotion of transparency, availability of finance to all citizens, and by enhancing participation in the economy. In addition, the creation of a financially enabled ecosystem through digital payments will also benefit business start-ups, reduce the economic gap between rich and poor, help to improve government service delivery, and promote sustainable development. Continued investment in digital



infrastructure, financial literacy, cybersecurity and policy development will be necessary for the success of the above.

Overall, the results of this study show that the introduction of digital payment solutions has been transformative in expanding the reach of financial institutions to unbanked segments of society. Although there continue to be significant barriers to success, developing strategic partnerships and coordinating efforts between government businesses and technology providers, will enable greater utility of digital payments and will help to achieve the objectives of Viksit Bharat 2047.

CHALLENGES AND OPPORTUNITIES

5.1 Obstacles to Digital Payments & Financial Inclusion

Although digital payment methods in India are growing at an unprecedented rate, there are numerous challenges that still exist towards achieving full financial inclusion.

1. Digital Illiteracy

Unfortunately, many people today lack the skills and/or knowledge necessary to effectively use a digital payment platform. This is especially true for those living in more rural areas, where the lack of digital literacy prevents many potential users from being able to access and utilize cashless payment solutions.

2. Not Enough Quality Digital Infrastructure

In addition to the problem of digital illiteracy, there is also the issue of insufficient digital infrastructure in place throughout remote and rural locations. The lack of reliable internet service and access to mobile devices presents an even greater barrier to utilizing digital financial services in these communities with many individuals being faced with limited/poor network coverage as well as not having affordable access to adequate technological infrastructure for accessing and utilizing such services.

3. Cyber security & Fraud Vulnerabilities

The rise of the use of digital payment systems has led to an increase in cybercrime and related crimes (i.e. phishing, fraud, data breaches, etc.). Security issues decrease trust in digital payments and as such, affects their acceptance.

4. Regional / Societal Disparity

Urban centers have enjoyed the largest gains associated with digital transformation compared to rural centres. While urban centres continue to experience differing levels of income inequality from rural areas, urban/rural educational inequalities and varying levels of technological access constitute the digital divide within society.



5.2 Digital Payment Opportunities for Financial Inclusion

Digital payments have a lot of potential to enhance the financial system of India and help realise Viksit Bharat vision for 2047 despite many challenges.

1. Increased Financial Service Accessibility

Digital platforms enable people to have access to banking, savings, insurance, credit and investment services regardless of where they are located in the country. This is a critical opportunity to include those who have not yet accessed Banking into the formal financial system.

2. Economic Growth and Productivity

Communication systems that are equipped to make digital payments offer transparency, efficiency and productivity. Transitioning away from cash as a method of payment also lowers transaction costs and affects both rural and urban economies.

3. Supporting Rural Economies

With access to financial service providers via digital channels, rural communities have more access to government benefits, savings and other financial resources. This is helping to eliminate poverty and provide rural communities with the means to become economically empowered.

4. Fintech Development

With rapid growth occurring in the Fintech sector in India, there are constantly new, innovative ways of providing people with better access, convenience or security for their financial transactions. These types of advancements will continue to improve financial inclusion.

5. Connecting to Viksit Bharat 2047 Initiative

Digital payments are aligned to support the wider Viksit Bharat vision as they create opportunities for inclusive growth, developing a transparent and fair government and encouraging entrepreneurs and increasing economic participation. Therefore, digital financial systems will play an important role in helping position India as a developed country.

In conclusion, although there are still some important challenges (like: digital illiteracy, infrastructure gaps and cyber security) that may impede the use of digital payments; the potential benefits of using digital payment methods are far greater than any obstacles to this. If appropriate policy support continues, along with technological development and financial



literacy initiatives, then digital payments will act as a major force in enhancing financial inclusion and sustainable economic growth in India.

SUGGESTIONS AND RECOMMENDATIONS

To strengthen digital payment systems and promote financial inclusion in India, the following recommendations were derived from the study findings:

6.1 Promote Digital Literacy

The government, education institutions and finance companies can help with awareness and training to help increase digital literacy (especially in rural & underserved communities). People need to know how to use digital payment platforms so that they will adopt these methods as an alternative to cash for all or some of their cash transactions.

6.2 Improve Digital Infrastructure

In order to increase internet connectivity and establish more telecommunication infrastructure in the rural and remote areas, it is crucial to improve the outdated, unreliable services provided to the rural community throughout India. Having reliable networks and affordable access to devices will allow for greater participation amongst individuals in the digital economy.

6.3 Enhance Cyber security Standards

Financial institutions and digital payment services providers need to put in new processes and technology to protect consumers from cyber fraud and other cyber data breaches. Continued public educational awareness campaigns on safe online practices will enhance consumer confidence in digital transactions.

6.4 Support Financial Inclusion

Banks and Fintech need to create better access to affordable and easy-to-use financial products for low-income people, small businesses, women and people in rural areas. Providing easier-to-use digital access will encourage more people to participate in the formal financial system.

6.5 Build Partnerships

By establishing partnerships between the government, financial institutions, fintechs, and technology service providers, the level of innovation will be accelerated, and digital financial services will become easier to access. Collaboratively addressing current barriers will create a more inclusive financial ecosystem.

6.6 Strengthen Financial Inclusion Policies



Continue to support initiatives like Digital India, PMJDY, and UPI with a new focus on providing access to financial resources as part of new policy initiatives. Special emphasis must be made on economically disadvantaged groups and similarly located isolated communities.

6.7 Emphasize rural development

Rural development should be emphasized so that there are programs designed for facilitating the adoption of digital payments in rural areas. Developing digital service centers as well as government sponsored training and financial literacy programs will help increase financial inclusion among rural populations.

6.8 Encourage innovation in fintech

Fintech innovation can play a role in improving the efficiency, availability, and security of digital payment systems. Additionally, the use of other emerging technologies such as AI (artificial intelligence), blockchain technology, and digital public infrastructures will allow for continual improvements to India's digital financial infrastructure.

In conclusion, if these recommendations are implemented in a successful manner, they will provide a significant increase in financial inclusiveness and enable individuals to receive the maximum benefit from digital payments. In addition, with regard to new opportunities and removing barriers to access to financial services, India can build a robust, open, technology-enabled financial system, which will help achieve the vision of Viksit Bharat by the year 2047.

CONCLUSION

This research has explored how digital payments can help achieve financial inclusion goals and also support the vision for a Viksit Bharat by 2047. The findings demonstrate that the introduction of various digital payment platforms has dramatically transformed the financial system across the entire country, providing greater access, lower costs, and enhanced efficiency for hundreds of millions of individuals that are seeking financial services and products. The implementation of a variety of initiatives (UPI, Digital India, PMJDY, Aadhaar, and fintech innovations) during the last decade has played a significant role in improving financial access and accelerating the use of digital transactions across the country. In addition, the analysis of the information reveals that digital payments have enhanced financial inclusion because they allow people (particularly those living in rural/underserved areas) to easily access banking and other financial service opportunities. Furthermore, through the widespread use of digital payment platforms, people are experiencing greater transparency into their transactions, lower transaction costs, a more efficient way to receive direct benefit transfers from government programs, and an increase in their overall economic participation as citizens.



However, despite this positive progress, many barriers remain, such as: digital illiteracy; inadequate basic digital infrastructure; continued concerns about cybersecurity; and differences in regionally based access to digital transactions that prevent the full realization of digital financial inclusion. It is vital to address these barriers if we are to ensure that all members within our citizenry receive the full benefits stemming from digital transformation. Additionally, the research points out that digital payments are not only technological innovations, but also serve as potent tools for an inclusive economy. A robust digital financial ecosystem supports entrepreneurship, bolsters governance, diminishes inequality and fosters economic development. Through ongoing investment in technology, infrastructure, financial literacy and security, digital payments can be instrumental in meeting Viksit Bharat in 2047.

Therefore, one may conclude that enhancing digital payments and expanding financial inclusion is necessary to building a digitally empowered, economically inclusive and globally competitive India. Successful integration of technology with finance will be critical in transforming India into a developed country by 2047.

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The Asian Thinker

A Quarterly Bilingual Peer-Reviewed Journal for Social Sciences and Humanities
Year-8 Volume: II, April-June, 2026 Issue-30 ISSN: 2582-1296 (Online)

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