



Financial Inclusion in India - 2025



A TREND REPORT



**Centre for Research on Financial Inclusion and
Microfinance (CRFIM)**

**Bankers Institute of Rural Development (BIRD)
Lucknow**



Disclaimer

This Financial Inclusion in India 2025- A Trend Report has been prepared based on the data compiled and collated by us from various sources available in public domain. While due care has been taken to ensure the correctness and purity of the data, BIRD does not exercise any editorial control over the data reproduced here. BIRD Lucknow is therefore not responsible for data inaccuracies, if any, reported in the publication.

Financial Inclusion in India - 2025

A TREND REPORT



**Centre for Research on Financial Inclusion and
Microfinance (CRFIM)**

**Bankers Institute of Rural Development (BIRD)
Lucknow**

Foreword

Financial inclusion is a critical driver of economic development, inclusive development and financial deepening. The Government of India and the Reserve Bank of India have undertaken several initiatives over the decades to expand the reach of formal financial services and strengthen the financial ecosystem in the country. The journey of financial inclusion in India can be traced back to the promotion of cooperatives in the 1950s, bank nationalisation in the 1960s, the introduction of Priority Sector Lending (PSL) and the launch of the Lead Bank Scheme in the 1980s, the promotion of Self-Help Groups (SHGs) and Joint Liability Groups (JLGs) in the 1990s, and the implementation of the Business Correspondent (BC) model and other outreach mechanisms in the 2000s.

Over the past decade, the country has achieved near-universal access to bank accounts with the launch of the Pradhan Mantri Jan Dhan Yojana (PMJDY) in August 2014—a watershed moment that brought millions of previously unbanked individuals into the formal financial system. India's financial inclusion journey is now entering a new phase characterized by the expansion of digital financial services, increasing adoption of mobile and digital payments, and evolving patterns in the usage of financial accounts and services. As the financial ecosystem continues to mature, the focus is gradually shifting from expanding access alone to understanding broader trends in access, usage, and the overall depth of financial services across the country.

Centre for Research on Financial Inclusion and Microfinance (CRFIM), Bankers Institute of Rural Development (BIRD) Lucknow has brought out the Trend Report on Financial Inclusion in India 2025. The report analyses the trend over the last five years, i.e., from 2020 to 2025 of various indicators of financial inclusion such as account penetration, branch penetration, ATM deployment, role of digital payments etc. It also covers the progress of various social sector schemes under PMJDY, progress of Direct Benefit Transfers and Pradhan Mantri Mudra Yojna. Several indicators driving the country's growth in digital payment transactions and payment system infrastructure are also captured in the report. The analysis reflects the depth of financial inclusion and banking services in the country and their reach.

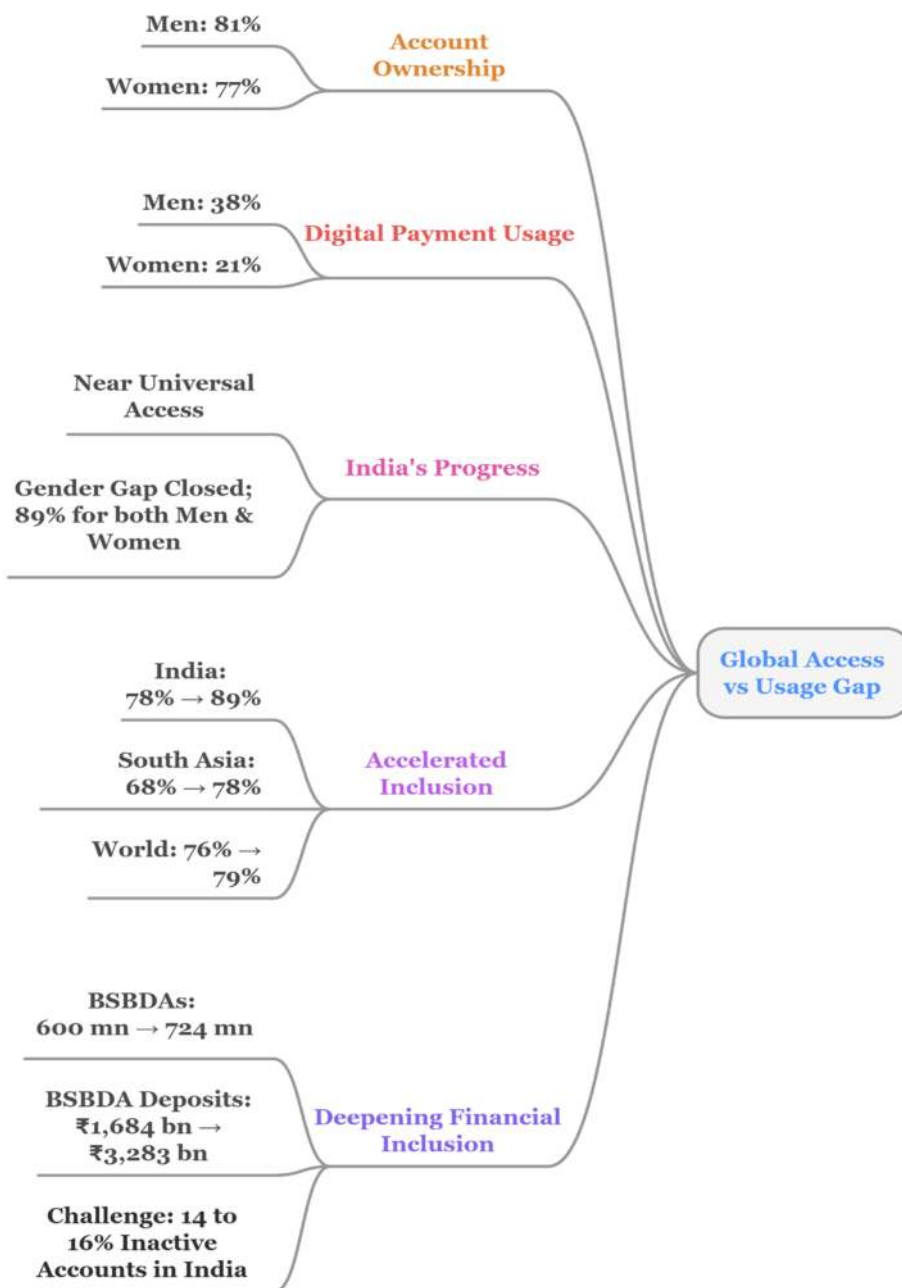
The data and information presented in the report have been accessed from various secondary sources such as - World Bank database, NSSO reports, RBI's website, Census of India, Department of Financial Services, Global Findex Database 2025, and open-source web portals of Government of India. I acknowledge the valued data sources of all the institutions and organization. I appreciate the efforts of Dr. Gyanendra Rout, Faculty member BIRD, Mr. Hemant S Patil, DGM NABARD, Dr. Rinku and Ms. Shubhangani Chaudhary, both Research Officers for their contributions in bringing out this publication.

Nirupam Mehrotra

Director

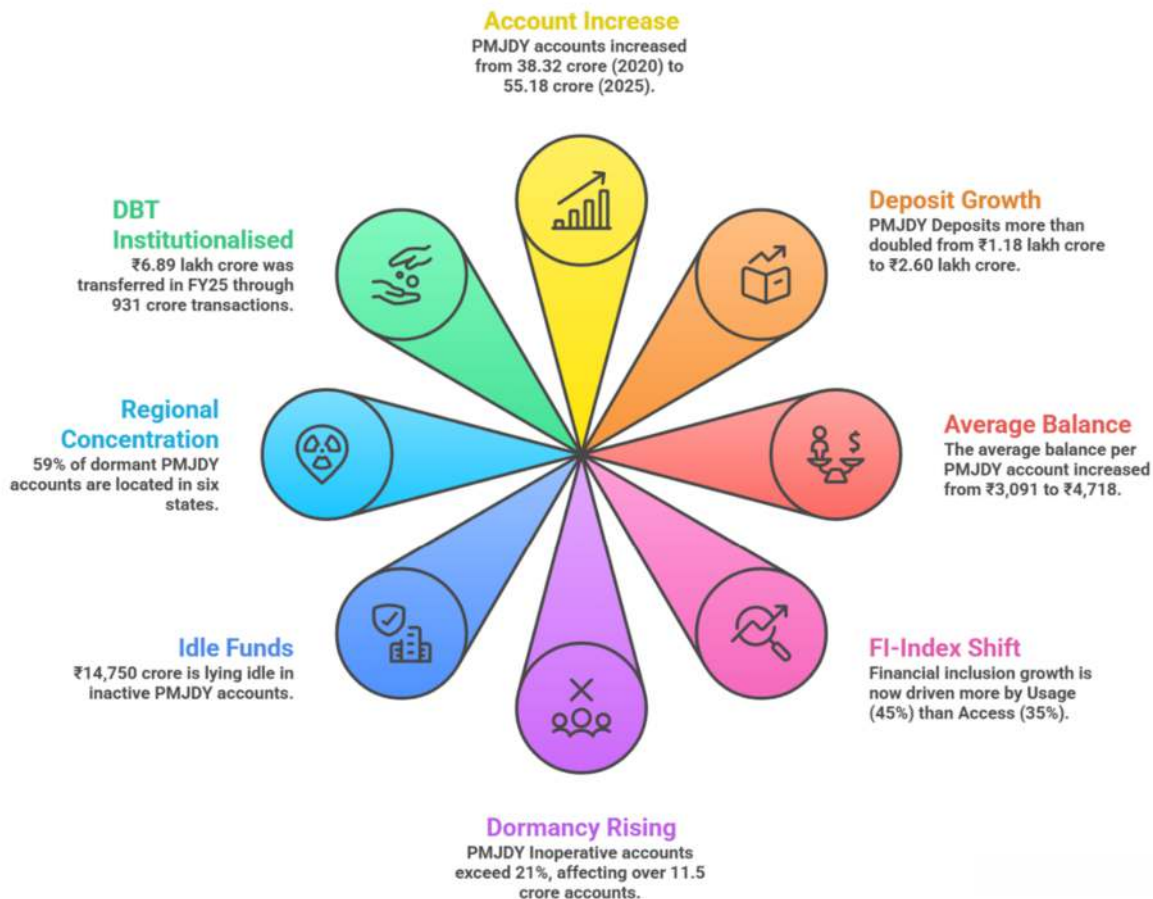
BIRD Lucknow

Financial Inclusion Journey (2020-2025)

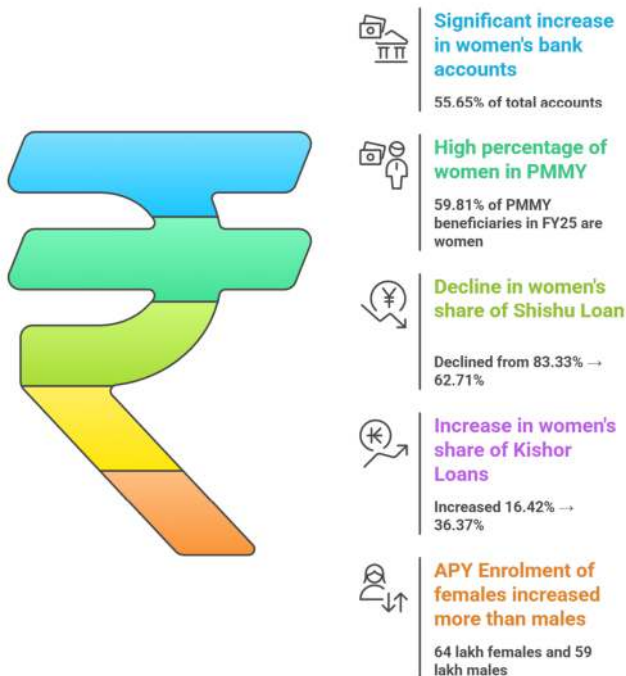


Source: Data compiled from various sources/Database

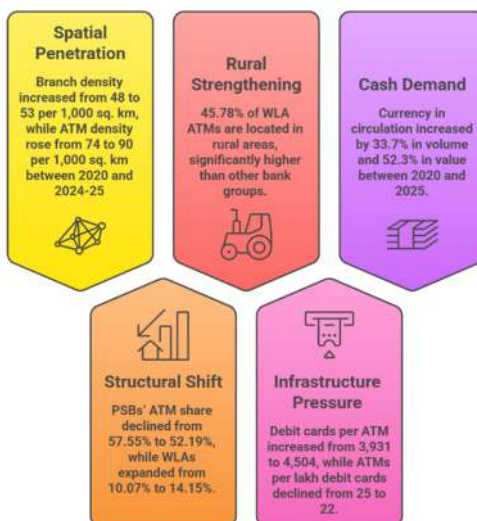
Beyond Access: Strengthening Usage and Quality



Women Driving the Next Phase of Financial Inclusion



ATM and Branch Trends



Source: Data compiled from various sources/Database

Digital Payments – Structural Transformation in India

Global Digital Payment Usage (2025)

World: 29% | India: 29% | South Asia: 28%

India has converged with the global average in digital payment participation.

Scale of Digital Payments in India

Total Digital Transaction Volume: 43,707 crore (2020–21) → 2,21,982 crore (2024–25)

More than five-fold expansion in five years, indicating structural adoption.

Rising Transaction Value

Total Digital Payment Value: ₹1,414.58 lakh crore (2020–21) → ₹2,862.00 lakh crore (2024–25)

Digital rails increasingly used for higher-value activities.

RBI Digital Payments Index (DPI)

270.6 (March 2021) → 493.22 (March 2025)

Approximate CAGR: 16.2% reflecting sustained digitalisation momentum.

UPI – Backbone of Retail Payments

UPI Volume: 13,096 crore (2023–24) → 18,584.8 crore (2024–25)

19785.18 crore recorded in 2025–26.

System Consolidation

IMPS Volume: 585.4 crore (2023–24) → 569.2 crore (2024–25)

Migration toward UPI for real-time retail transfers.

Shift in Retail Payment Preferences

Credit Card Volume: 353.7 crore (2023–24) → 384.3 crore (2024–25)

Debit Card Volume: 232 crore (2023–24) → 210.3 crore (2024–25)

QR-based UPI payments replacing debit card swipes.

Expansion of Acceptance Infrastructure

PoS Terminals: 47.2 lakh (2020–21) → 110.98 lakh (2024–25)

UPI QR Deployment: 2,563.77 lakh (March 2023) → 6,579.30 lakh (March 2025)

Rapid merchant onboarding driving ecosystem scale.

Source: Data compiled from various sources/Database

Key Highlights

1. Financial Inclusion - The Global Perspective

- Global account ownership in 2024 reached 81% for men and 77% for women, with a persistent 4 percentage point gender gap, showing progress but not full parity.
- The key global shift is from access to usage: despite high account ownership, digital payment behaviour remains limited, with only 38% of men and 21% of women making digital payments.
- India has reached near-universal access, with 89% account ownership for both men and women in 2024, effectively closing the gender gap in access and outperforming global and South Asia averages.
- The pace of inclusion accelerated between 2021 and 2024: India rose from 78% to 89% account ownership, South Asia from 68% to 78%, while the world moved from 76% to 79%, confirming faster catch-up in the region.
- India's inclusion deepening is reflected in domestic system indicators: banking outlets in villages increased from 5.96 lakh (Mar-20) to 13.68 lakh (Mar-25), BSBDAs rose from 600 million to 724 million, deposits increased from ₹1,684 billion to ₹3,283 billion. However, account inactivity remains a concern (about 14%-16% of account holders).
- RBI FI Index improved from 43.4 (2017) to 67 (2025).

2. Financial Inclusion Drivers

- Pradhan Mantri Jan Dhan Yojna scale-up (2020-2025): Total PMJDY accounts increased from 38.32 crore (2020) to 55.18 crore (2025), an expansion of about 44.82%, indicating near-saturation of basic bank account access.
- Rural outreach remains dominant: Rural/semi-urban beneficiaries stayed around two-thirds of total accounts, increasing from 22.63 crore (2020) to 36.74 crore (2025), while urban/metro beneficiaries rose from 15.69 crore to 18.44 crore.
- Average balance improved: Average deposit per PMJDY account rose from ₹3,091 (2020) to ₹4,718 (2025), an increase of about 52.63%, suggesting gradual improvement in account usage and balances.

- RuPay cards increased but penetration fell: RuPay debit cards issued rose from 29.3 crore (2020) to 37.85 crore (2025). However, RuPay coverage as a share of account holders declined from 76.46% to 68.59%, implying account growth outpaced card issuance.
- Women continue to drive inclusion: Female PMJDY account holders increased from 20.48 crore (March 2020) to 30.33 crore (March 2025), and their share rose from 53.4% to 55.65%, reinforcing women's central role in financial inclusion.
- State-level account intensity is high: At the all-India level, PMJDY accounts per 1,000 adult population (18+ years) stand at 565 (Jan 2026). Assam (987) and Chhattisgarh (870) record the highest values, and several large states exceed the national level including Bihar, Madhya Pradesh, Jharkhand, Rajasthan, West Bengal, Uttar Pradesh and Odisha.
- DBT has institutionalised at scale: DBT covers about 327 schemes, spanning 56 ministries, and recorded benefit transfers of ₹6,89,708 crore in FY 2024-25 through 931 crore transactions.
- Inoperative accounts are a rising concern: 21% of Inoperative PMJDY accounts, amounting to more than 11.5 crore dormant accounts, indicating the next phase must prioritise usage and account quality.
- Inactive accounts are concentrated in a few states: In 2025, Uttar Pradesh contributes about 21% of inoperative PMJDY accounts, followed by Bihar (11%), Madhya Pradesh (8%), West Bengal (7%), Maharashtra (6%), and Rajasthan (6%)—together nearly 59% of inactive accounts.
- Idle balances are geographically concentrated: Of about ₹14,750 crore lying in inoperative PMJDY accounts nationally, the largest balances are in Uttar Pradesh (₹2,763.69 crore), Bihar (₹2,007.66 crore), and Madhya Pradesh (₹1,079.75 crore). Regionally, the Central (₹4,437.55 crore) and Eastern (₹4,093.82 crore) regions account for the biggest pools of idle balances.
- APY expansion with rising female participation: Annual APY enrolments increased from 0.69 crore (2020-21) to 1.23 crore (2024-25), with female enrolment exceeding male enrolment in 2024-25 (female 0.64 crore, male 0.59 crore).

- Credit deepening under Pradhan Mantri Mudra Yojna: Annual sanctioned amount increased from ₹3.21 lakh crore (FY21) to ₹5.52 lakh crore (FY25), and average loan size rose from ₹63,420 to ₹1,01,132 (about 59% increase), indicating movement toward higher ticket lending.
- Shift from Shishu to Kishor: Shishu loans' share declined from 79.2% (FY21) to 50.75% (FY25), while Kishor loans increased from 18.7% to 45.68%, showing borrower graduation and enterprise scaling.
- Women remain the largest PMMY beneficiary group: Women accounted for 3.27 crore accounts in FY25 and formed 59.81% of total PMMY accounts, even as the programme moved toward higher-ticket categories.
- New entrepreneurs rising: Share of new entrepreneurs increased from 15.26% (FY21) to 21.29% (FY25), indicating growing outreach to first-time business owners.

3. Bank Branch Network and Penetration Trends

- Global Positioning: India records an average of 14 commercial bank branches per 100,000 adults (2020-2024), placing it in the mid-range compared to the United States (27), Nepal (23), and Australia (19).
- Branch Network Expansion: Total Scheduled Commercial Bank (SCB) branches increased from 150,041 in 2020 to 164,225 in 2025, reflecting a growth of about 9.45% over five years.
- Rural Presence Maintained: Rural branches rose from 52,281 in 2020 to 56,193 in 2025. Rural areas continue to account for the largest share of total branches (around 34%), supporting financial inclusion objectives.
- Regional Concentration: As of March 2025, the Southern Region holds the highest share of bank offices at approximately 27.8%, followed by the Central Region (19.6%) and Northern Region (17.7%).

4. ATM Deployment and Cash Ecosystem Trends

- Global Positioning: India ranks second globally in total ATMs (average 247,422 during 2020-24), but records only 24 ATMs per lakh population in 2024, lower than several advanced and emerging economies.
- Geographic Expansion: ATMs per 1,000 sq. km in India increased from 74 in 2020 to 90 in 2024, indicating improved spatial outreach despite slower overall deployment growth.

- Market Structure Shift: PSBs' share declined from 57.55% in 2020 to 52.19% in 2025, while WLAs expanded significantly from 10.07% to 14.15%, strengthening rural outreach.
- Rural Focus of WLAs: 45.78% of WLA ATMs are in rural areas, compared to 21.33% for PSBs and below 10% for private and foreign banks.
- Currency Growth: Banknotes in circulation increased by 33.7% in volume and 52.3% in value between 2020 and 2025, indicating sustained demand for cash.
- Rising Debit Card Pressure on ATMs: Debit cards per ATM increased from 3,931 in 2020 to 4,504 in 2025, while ATMs per lakh debit cards declined from 25 to 22.
- Cash Withdrawal Pattern: ATM withdrawals are becoming less frequent but larger, with volume falling and average withdrawal rising (₹4,749 to ₹5,081), showing reduced cash reliance but continued need for higher-value cash.

5. Role of Digital Payments

- Digital payment usage remains moderate in 2025: 29% of adults globally reported making a digital payment, with India also at 29% and South Asia at 28%, showing convergence with global levels.
- India's digital payments scaled sharply in five years, with transaction volume rising from 43,707 crore (2020-21) to 221,982 crore (2024-25), indicating structural adoption rather than temporary spikes.
- Transaction value also expanded from ₹1,414.58 lakh crore (2020-21) to ₹2,862.00 lakh crore (2024-25), signalling rising trust and use of digital rails for higher-value activity.
- RBI's Digital Payments Index rose from 270.6 (Mar-21) to 493.22 (Mar-25), reflecting sustained strengthening across infrastructure, performance, and adoption, with an estimated CAGR of around 16.2%.
- UPI has become the backbone of retail payments: volumes increased from 13,096 crore (2023-24) to 18,584.8 crore (2024-25), and already reached 19,785.18 crore in 2025-26, nearly matching the previous full year.

- The ecosystem is consolidating as substitutes lose share: IMPS volume declined from 585.4 crore (2023-24) to 569.2 crore (2024-25) and further to 402.13 crore in 2025-26 (till Dec-25), indicating migration to UPI for real-time transfers.
- Retail payment preferences are shifting: credit card volumes rose from 353.7 crore (2023-24) to 384.3 crore (2024-25), while debit card volumes fell from 232 crore to 210.3 crore and further to 158.46 crore in 2025-26 (till Dec-25), consistent with QR-based UPI substitution.

Contents

Foreword	i
Financial Inclusion Journey (2020-2025)	ii
Key Highlights	vi
Table of Contents	xi
List of Tables	xiii
List of Figures	xiv
List of Abbreviation	xvi
Chapter 1 Financial Inclusion: The Global Perspective	1
1.1 Global Progress of Financial Inclusion: An Overview	1
1.2 Gender and Ownership of Account	2
1.3 Global Challenges	3
1.4 Progress of Financial Inclusion in India	5
1.5 Financial Inclusion Index of RBI	8
1.6 Financial Exclusion and Account Inactivity	11
Chapter 2 Drivers of Financial Inclusion in India	14
2.1 Pradhan Mantri Jan-Dhan Yojana (PMJDY)	14
2.2 Progress under Social Security Schemes	30
2.3 Pradhan Mantri MUDRA Yojana (PMMY)	34
Chapter 3 Bank Branch Network	40
3.1 The Global Scenario	40
3.2 Regional Outreach of Bank Branches	43
3.3 Geographical Penetration of Bank Branch-Branches per 1000 Sq. Km.	44
3.4 Demographical Penetration - Branches per Lakh Population	47
Chapter 4 Role of ATMs in Financial Inclusion in India	50
4.1 Global Scenario	50
4.2 Deployment of ATMs/CRMs/WLAs in India	53
4.3 Deployment of ATMs/CRMs/WLAs by Entities	55

4.4	Distribution of ATMs in India	57
4.5	Demographical and Geographical Outreach of ATMs	58
4.6	Debit Cards to ATM Ratio	61
4.7	Cash Withdrawal at ATMs	64
Chapter 5 Role of Digital Payments		66
5.1	The Global Payment Development	66
5.2	Digital Payments Ecosystem in India	68
5.3	Payment Modes of Digital Transaction in India	70
5.4	Unified Payments Interface (UPI): Transforming Digital Payments	73
5.5	Digital Retail Payment System	75
5.6	Payment Modes and Channels	77
5.7	Payment System Infrastructure	79
5.8	Debit and Credit Card	79
5.9	Pre-paid Payment Instruments (PPIs)	80
5.10	Point of Sale (PoS) Terminals	83
5.11	Quick Response (QR) Code	84
5.12	Micro ATMs	84
Conclusion		87
References		89

List of Tables

Table 1.1: Progress of Financial Inclusion in India	7
Table 2.1: Progress in PMJDY over the last five years	15
Table 2.2: % of inoperative PMJDY accounts in total PMJDY accounts	25
Table 2.3: Balances in inoperative accounts statewise (Rs Crore)	28
Table 2.4: Progress in APY (Current value)	31
Table 2.5: Progress in PMJJY	32
Table 2.6: Progress in PMSBY	33
Table 2.7: Progress in PMMY (cumulative)	34
Table 2.8: Progress of PMMY over the last 5 Years	36
Table 2.9: Average Disbursement per Women Account by Loan Category	39
Table 3.1: Population Group-Wise Number of Branches of Scheduled Commercial Banks	42
Table 3.2: Trend in SCBs Branches per 1,000 Sq. Km.	46
Table 3.3: Trend in SCBs Branch per 1,00,000 Population	48
Table 4.1: Demographical and Geographical outreach of ATMs, as on March 2025	59
Table 4.2: Debit card-based ATM cash withdrawal volume and value	64
Table 5.1: Total transaction volumes for different payment modes in the financial years 2023-24, 2024-25 and 2025-26	71
Table 5.2: Trend in Outstanding Cards in India	80
Table 5.3: Trend in PPIs over Last Four Years	82
Table 5.4: Deployment of PoS Terminals in India	83
Table 5.5: Availability of Micro-ATMs over last Five year	85

List of Figures

Figure 1.1: Gender Wise Bank Account Holder Percentage of population (% age 15+)	3
Figure 1.2: Percentage of Growth/Decline of accounts (% age 15+) of Population in the World, South Asia and India	4
Figure 1.3: Financial Inclusion Index of India FY 2017-2025	9
Figure 1.4: Contribution of Sub-Indices to Growth of FI-Index (2020-24)	9
Figure 1.5: Gender wise Inactive Account Percentage Among Adults (% age 15+)	11
Figure 2.1: PMJDY- Gender wise account holder	16
Figure 2.2: Trend in Opening of PMJDY accounts by Bank Group	17
Figure 2.3: Rural-Urban Distribution of PMJDY Beneficiaries across Bank Types (2021 and 2025) in %	18
Figure 2.4: PSBs having PMJDY Outreach as of March, 2025 (in lakh)	18
Figure 2.5: PMJDY beneficiaries per thousand adult population, by State	20
Figure 2.6: Progress in Direct Benefit Transfers	21
Figure 2.7: Trend in PMJDY Inoperative Accounts (2020-25)	24
Figure 2.8: State-wise Share of Inoperative PMJDY Accounts in India (2025)	26
Figure 2.9: Balances in inoperative accounts region wise (Rs Crore)	27
Figure 2.10: Trend of Bank Account owned (% age 15+) in India	30
Figure 2.11: Progress in APY (Cumulative value in crore)	31
Figure 2.12: Percentage Distribution of Enterprise Categories: 2019-20 vs 2024-25	35
Figure 2.13: Shift in Women Borrower Composition under PMMY (FY 2020-21 to FY 2024-25) in %	38
Figure 3.1: Commercial Bank Branches Per 100,000 Adults (Numbers) for 2024	40
Figure 3.2: Average number of Commercial bank branches (per lakh adults) 2020-2024	41
Figure 3.3: Trend in number of Scheduled Commercial Bank Branches by Region	43
Figure 3.4: Regional share (%) of Commercial Bank branches in 2025	44
Figure 3.5: Scheduled Commercial Bank (SCBs) Branches per 1,000 Sq. Km - March 2025	45

Figure 3.6: Scheduled Commercial Bank (SCBs) Branches Per 1,00,000 Population -March 2025	
Figure 4.1: Total Number of ATMs in top 10 countries (Average of five years 2020-24)	50
Figure 4.2: Number of ATMs per 1,00,000 population for 2024 for select countries	51
Figure 4.3: Number of ATMs per 1,000 square km for 2024 for select countries	52
Figure 4.4: Banknotes in Circulation (Value & Volume)-2020-2025	53
Figure 4.5: Trend in Deployment of ATMs/CRMs/WLAs* of Scheduled Commercial Banks in lakhs 2020-25	54
Figure 4.6: Deployment of ATMs as of March 2025 (%)	55
Figure 4.7: Trend in Deployment of ATMs (Nos.) by Entities	56
Figure 4.8: ATM outreach of PSBs as on March 2025(%)	57
Figure 4.9: Population Group wise deployment of ATMs (%) (March 2025)	58
Figure 4.10: ATMs Demographical Outreach- 2025	60
Figure 4.11: ATMs Geographical Outreach -2025	61
Figure 4.12: Year-on-Year Growth (%) in Number of Debit Cards (2020-2025)	62
Figure 4.13: Debit Card to ATM Ratio	63
Figure 5.1: Gender and Region wise % of Global Digital Payment Trends	67
Figure 5.2: Total Digital Transactions in India	68
Figure 5.3: RBI's Digital Payment Index (March)	70
Figure 5.4: Trend of Payment Modes Transaction in India in 2024-25 and 2025-26 (Figures in INR Crore)	72
Figure 5.5: Growth in UPI transactions in Last 5 Years (transaction value in INR Crore)	74
Figure 5.6: Transaction Volume of Digital Retail Payments in India	75
Figure 5.7: Transaction Value of Digital Retail Payments in India	76
Figure 5.8: Trend in usage of Mobile Payment for Digital Transaction	77
Figure 5.9: Trend in usage of Internet Payment for Digital Transaction	78
Figure 5.10: Trend in PPI Volume % over Last Five Years	81
Figure 5.11: Trend in PPI Value % over Last Five Years	81

List of Abbreviation

Abbreviation	Full Form
AEPS	Aadhaar Enabled Payment System
API	Application Programming Interface
APY	Atal Pension Yojana
ATM	Automated Teller Machine
BC	Business Correspondent
BHIM	Bharat Interface for Money
BSBDA	Basic Savings Bank Deposit Account
CFA	Chartered Financial Analyst
CRMs	Cash Recycling Machines
DBT	Direct Benefit Transfer
DFS	Department of Financial Services
FI	Financial Inclusion
FI-Index	Financial Inclusion Index
IMPS	Immediate Payment Service
JAM	Jan Dhan-Aadhaar-Mobile
KCC	Kisan Credit Card
MFI	Microfinance Institution
MoF	Ministry of Finance
NBFC	Non-Banking Financial Company
NBFC-MFI	Non-Banking Financial Company - Microfinance Institution
NBFCs	Non-Banking Financial Companies
NACH	National Automated Clearing House
NEFT	National Electronic Funds Transfer
NETC	National Electronic Toll Collection

Abbreviation	Full Form
NPCI	National Payments Corporation of India
P2M	Person-to-Merchant
P2P	Person-to-Person
PPI	Prepaid Payment Instruments
PMJDY	Pradhan Mantri Jan Dhan Yojana
PMJJBY	Pradhan Mantri Jeevan Jyoti Bima Yojana
PMSBY	Pradhan Mantri Suraksha Bima Yojana
PMMY	Pradhan Mantri MUDRA Yojana
PoS	Point of Sale
QR Code	Quick Response Code
RBI	Reserve Bank of India
RTGS	Real-Time Gross Settlement
RuPay	Rupee Payment
SBI	State Bank of India
ULI	Unified Lending Interface
TReDS	Trade Receivables Discounting System
UPI	Unified Payments Interface
WLAs	White Label ATMs

Chapter 1

Financial Inclusion: The Global Perspective

1.1 Global Progress of Financial Inclusion: An Overview

Over the past decade, financial inclusion has moved from being an aspirational development goal to becoming a measurable indicator of economic participation. Access to formal financial services now shapes how households save, borrow, invest, and manage financial risks. Where access remains limited, economic activity tends to remain informal, savings remain insecure, and opportunities for upward mobility narrow. Financial inclusion is therefore not simply about opening bank accounts. It is about integration into the formal economy.

Recent global evidence shows that access continues to expand, although the pattern has become more layered. In 2024, 81% of men and 77% of women worldwide reported owning an account at a financial institution (Global Findex data, 2025). The gender gap has narrowed compared to a decade ago, but it has not disappeared. Rural and urban differences also persist. About 75% of adults in rural areas reported owning an account compared to 82% in urban areas (Global Findex data, 2025). This indicates that outreach has broadened, yet geographic disparities remain visible.

Ownership, however, does not automatically translate into usage. Globally, only 38% of men and 21% of women reported making a digital payment (Global Findex data, 2025). Around 54% of men and 43% of women reported either making or receiving a digital payment in India (Global Findex data, 2025). The gap between ownership and active usage suggests that the expansion of access has progressed faster than the adoption of digital financial behaviour.

Technology remains central to this transformation. Around 90% of men and 82% of women globally reported owning a mobile phone, and close to three quarters had used the internet in the past three months (Global Findex data, 2025). This indicates that the basic digital infrastructure required for financial services is largely in place. The remaining challenge lies in converting digital access into consistent financial engagement.

India presents a distinct trajectory within this broader global context. In 2024, account ownership among both men and women stands at 89%, effectively closing the gender gap in access. Rural account ownership at 90% is slightly higher than urban ownership at 87%, reflecting sustained policy efforts and the role of digital public infrastructure

in extending services to remote regions (Global Findex data, 2025). This represents a structural shift from earlier years, when rural and gender gaps were more pronounced.

At the same time, usage patterns reveal continuing differences. While 38% of Indian men reported making digital payments, only 21% of women did so. Internet usage in the past three months stood at 55% for men and 36% for women. These figures suggest that India has made significant progress in ensuring access, but the next phase of inclusion will depend on strengthening digital capability, confidence, and frequency of use, particularly among women.

South Asia broadly reflects similar trends. Account ownership stands at 80% for men and 75% for women. Digital payment usage remains lower, with 38% of men and 18% of women reporting digital transactions (Global Findex data, 2025). Rural areas continue to lag behind urban areas in internet access and digital activity, reinforcing the importance of addressing both infrastructure and literacy gaps.

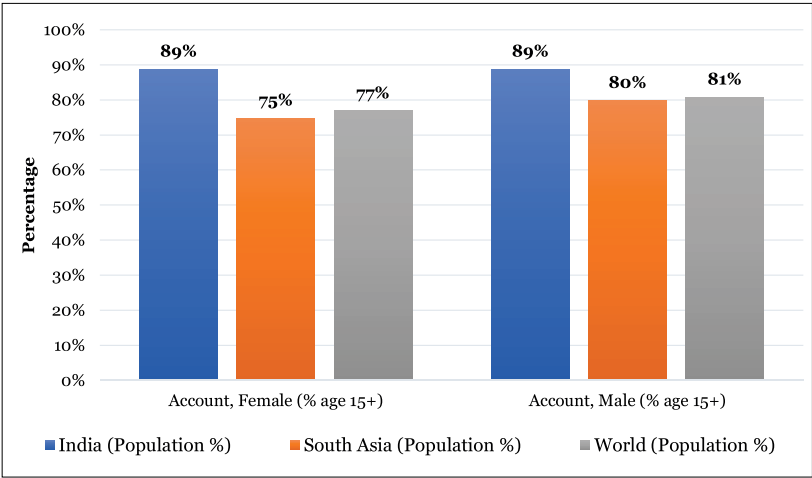
The Global Findex data, 2025 signals a transition in the global financial inclusion narrative. The first phase focused on expanding access and bringing individuals into the formal financial system. The current phase is increasingly about meaningful usage, ensuring that accounts are actively used for digital payments, savings, and other financial services. The infrastructure foundation is strong. The next frontier lies in building trust, improving financial literacy, and designing products that meet the needs of diverse populations across gender and geography.

1.2 Gender and Ownership of Account

One of the most persistent challenges in financial inclusion at the global level continues to be the gender gap in account ownership. Access to a bank account is often the first step toward receiving government benefits, participating in formal savings systems, and engaging in digital payments. When women lag behind in account ownership, the broader objectives of inclusive growth and welfare delivery are affected.

The recent Global Findex data, 2025 shows that gender differences in account ownership still exist globally. At the world level, 81% of men aged 15 and above report owning an account, compared to 77% of women. Although the gap has narrowed over time, a difference of four percentage points remains. This indicates that structural and socio-economic barriers continue to influence women's access to formal financial services in many regions. In South Asia, the gap is slightly wider. Around 80% of men and 75% of women aged 15 and above own an account. While progress has been visible across the region over the past decade, women's financial access continues to trail that of men. Cultural norms, lower workforce participation, and digital literacy constraints are among the factors that contribute to this disparity.

Figure 1.1: Gender Wise Bank Account Holder Percentage of population (% age 15+)



Source: The Global Findex Database, 2025

India presents a notably different picture. In 2024, both men and women report an account ownership rate of 89%. The gender gap in access, at least in terms of account ownership, has effectively been eliminated. This places India ahead of both the South Asian regional average and the global average for female account ownership. The data suggests that large-scale financial inclusion initiatives and digital public infrastructure have substantially improved women’s access to formal banking channels.

The contrast is significant. While globally and regionally women continue to face barriers in account ownership, India has moved toward gender parity in access. This does not imply that all inclusion challenges have been resolved, particularly in terms of usage and digital engagement. However, in terms of basic access to bank accounts, India has achieved a level of gender inclusion that exceeds both the global and regional averages. Figure 1.1 illustrates these differences clearly, highlighting the continuing global gender gap and India’s comparatively better position in ensuring equal access to financial accounts, as shown in Figure 1.1.

1.3 Global Challenges

Although financial inclusion has expanded significantly in recent years, the pace and depth of progress vary across regions. The updated data between 2021 and 2024 reflects a renewed acceleration in account ownership, particularly in India and South Asia. In 2021, account ownership among adults aged 15 and above stood at 78% in India, 68% in South Asia, and 76% globally. By 2024, these figures had risen to 89% in India, 78% in South Asia, and 79% worldwide (Global Findex data, 2025). This translates into

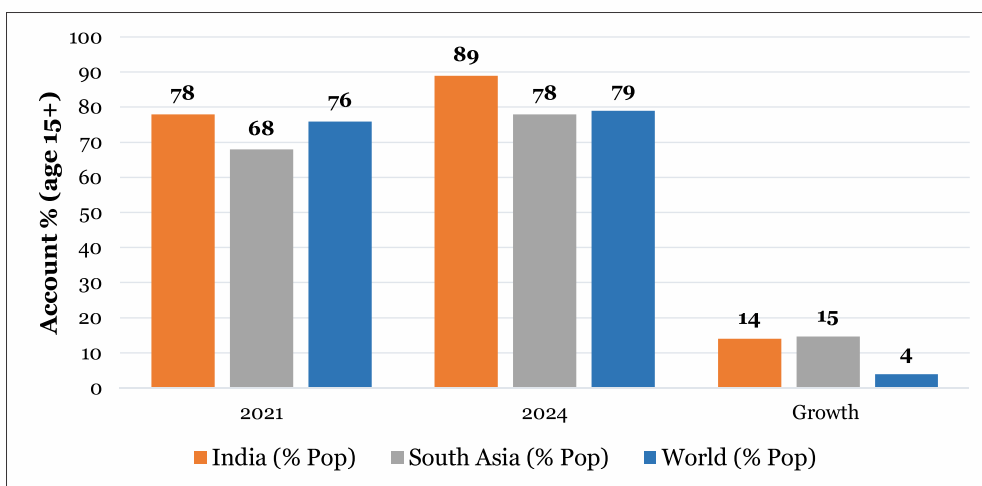
a growth of 14 percentage points in India, 15 percentage points in South Asia, and 4 percentage points globally over the period.

The divergence in growth rates is striking. While global account ownership increased modestly, South Asia and India experienced much sharper improvements. This suggests that emerging economies are not merely catching up but, in some cases, advancing more rapidly than the global average. The expansion in India is particularly notable, as it pushes overall account ownership close to universal coverage levels. However, headline growth figures do not eliminate structural challenges. Even with 89% coverage, around 11% of India's adult population remains outside the formal financial system. In South Asia, the unbanked share remains higher at 22%, while globally approximately 21% of adults still lack access to an account (Global Findex data, 2025). The challenge has therefore shifted from large-scale expansion to last-mile inclusion.

Moreover, ownership does not always translate into effective usage. A significant proportion of newly opened accounts risk becoming inactive if not supported by regular transactions, digital literacy, and reliable infrastructure. Rural connectivity constraints, gender disparities in digital access, and limited financial awareness continue to shape how accounts are used.

The global experience suggests that the next phase of financial inclusion will depend less on opening new accounts and more on improving quality of access. This includes strengthening digital capabilities, ensuring trust in formal institutions, and building

Figure 1.2: Percentage of Growth/Decline of accounts (% age 15+) of Population in the World, South Asia and India



Source: The Global Findex Database, 2025; Note: South Asia figure is inclusive of India data

an ecosystem where financial accounts become central to daily economic life rather than remaining passive instruments. Figure 1.2 captures the acceleration in account ownership between 2021 and 2024 across India, South Asia, and the World, highlighting both progress and the continuing need to deepen inclusion beyond access.

1.4 Progress of Financial Inclusion in India

Financial inclusion in India has experienced remarkable progress over the past decade, with a strong focus on integrating marginalized and rural populations into the formal financial system. Since Independence, India's financial inclusion (FI) policy has progressed through distinct phases. The early phase (1950-1969) focused on expanding rural credit through cooperatives, significantly increasing their share in rural lending. This was followed by the bank nationalisation period (1969-1990), which strengthened public sector banking, introduced initiatives such as the Lead Bank Scheme, Regional Rural Banks (RRBs), NABARD, and priority sector lending, and substantially improved branch outreach. The post-reform phase (1990-2005) emphasized financial sector liberalisation, the entry of private banks, and the promotion of microfinance initiatives like the SHG-Bank Linkage Programme and Kisan Credit Cards. Since 2005, financial inclusion has taken a more structured approach, with explicit policy focus by the RBI, regulatory reforms, the introduction of basic savings accounts, expansion of Business Correspondents, and the integration of digital infrastructure such as UIDAI, DBT, core banking systems, NEFT, and RTGS, supported by key committee recommendations that shaped the institutional framework.

The Pradhan Mantri Jan Dhan Yojana (PMJDY), launched in 2014, has been a cornerstone of this effort, leading to the opening of over 45 crore bank accounts, providing access to basic banking services, credit, and insurance. This initiative has empowered individuals who were previously excluded from the financial system, offering them a secure way to save money, make transactions, and access government benefits directly. The expansion of Business Correspondents (BCs) has played a crucial role in bringing banking services to remote areas. By establishing banking points in villages, BCs have bridged the gap between banks and rural customers, offering essential services like deposits, withdrawals, and remittances. This decentralized banking model has significantly increased access to financial services in regions that were previously underserved, improving financial accessibility for millions.

Simultaneously, technological advancements, particularly through mobile banking and the Digital India initiative, have transformed how Indians access and manage their finances. The proliferation of smartphones and mobile apps has enabled people, even in the most remote parts of the country, to perform financial transactions, apply for loans,

and receive government subsidies directly in their bank accounts. Digital platforms have also played an essential role in delivering government schemes like Direct Benefit Transfers (DBT), ensuring that subsidies reach the intended recipients without delays or middlemen.

Additionally, there has been a growing emphasis on financial literacy to empower individuals to make informed financial decisions. Several campaigns and initiatives have been launched to educate rural populations about the importance of saving, investing, and utilizing financial products effectively. This has contributed to higher adoption rates of micro-insurance and micro-credit, which are vital tools for promoting economic resilience among low-income families. Despite these achievements many challenges persist. Issues such as improving financial literacy, enhancing the reach of credit facilities to small businesses and farmers, and bridging the digital divide in rural areas remain critical concerns.

Focused investment in infrastructure, technology, and policy reforms, along with a commitment to digital and financial literacy, will be crucial in ensuring that the benefits of financial inclusion reach every citizen, particularly those in rural and remote areas. A new challenge that has been slowly spreading its base is of account inactivity in India. India has the largest number of inactive accounts in India. **According to Global Findex 2025 In India, 16 percent of account owners do not have an active account; the average for all other low- and middle-income economies is 4 percent.**

Between March 2020 and March 2025, India's financial inclusion architecture expanded significantly, though with visible consolidation in the later years. Total banking outlets in villages (branches plus BC mode) increased from 5.96 lakh in March 2020 to 13.68 lakh in March 2025. This expansion was largely driven by Business Correspondent (BC) outlets, which rose sharply until March 2022 before moderating to 13.11 lakh in 2025, indicating rationalisation of the BC network. In contrast, physical rural branches remained relatively stable, increasing modestly from 54,561 in 2020 to 56,829 in 2025, reflecting steady but measured growth in brick-and-mortar presence.

Basic Savings Bank Deposit Accounts (BSBDAs) demonstrated sustained growth over the five-year period. Total accounts increased from 600 million in 2020 to 724 million in 2025, with BC channels consistently accounting for a larger share of new additions. BSBDAs deposits more than doubled, rising from ₹1,684 billion in 2020 to ₹3,283 billion in 2025, signalling improved account usage and deepening financial engagement. The average balance per BSBDAs increased steadily from ₹2,807 to ₹4,535, reflecting stronger savings behaviour and enhanced account stability. Similarly, average balances

Table 1.1: Progress of Financial Inclusion in India

Particulars	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25*
Banking Outlets in Villages - Total (Branches +BC mode)	595736	1245537	2271757	1679684	1601876	1367801
Banking Outlets in Villages - Branches	54561	55112	53287	53802	54198	56,829
Banking Outlets in Villages - BCs (Branchless mode)	541175	1190425	2218470	1625882	1547678	13,10,972
Urban Locations Covered Through BCs	635046	426745	1295307	415218	306658	3,09,182
BSBDAs - Opened Total (No. in Million)	600	646	668	686	706	724
BSBDA through Branches (No. in Million)	261	266	266	275	277	275
Number of BSBDA per Branch	4784	4827	4992	5111	5111	4839
BSBDA through BCs (No. in Million)	339	380	401	411	429	449
Number of BSBDA per BC	626	319	181	253	277	342
BSBDAs - Deposits mobilisation - Total (Amt. in Billion)	1684	2060	2279	2632	2998	3,283
BSBD through Branches (Amount in Billion)	958	1184	1205	1337	1463	1540
BSBDA through BCs (Amount in Billion)	726	876	1074	1295	1535	1742
Average Balance per BSBDA (Rs.)	2807	3189	3412	3837	4246	4535
Average Balance per BSBDA - BC (Rs.)	2142	2305	2678	3151	3578	3880
OD Facility Availed in BSBDAs (No. in million)	6.4	6	6.8	5.1	4.8	4.5
% of BSBD account holder availed OD facility	1.07	0.93	1.02	0.74	0.68	0.62
OD Facility Availed in BSBDAs (Amt. in Billion)	5.29	5.34	5.16	5.72	5.64	5.64

Source: RBI Trend of Banking Report 2024-25

BCs: Business Correspondents; BSBDAs: Basic Savings Bank Deposits Account; OD: Overdraft; KCC: Kisan Credit Card

*: Provisional Data

in BC-linked accounts rose from ₹2,142 to ₹3,880 over the same period. Overdraft (OD) usage under BSBDAs, however, declined during the period. The number of OD accounts fell from 6.4 million in 2020 to 4.5 million in 2025, and the proportion of account holders availing OD decreased from 1.07 percent to 0.62 percent, suggesting reduced reliance on overdraft facilities.

The five-year trajectory reflects a transition from rapid outreach expansion toward consolidation and deepening of usage. While BC-led outreach remains the backbone

of rural financial access, improvements in deposit mobilisation and average balances indicate progress in moving beyond account opening toward meaningful financial inclusion.

1.5 Financial Inclusion Index of RBI

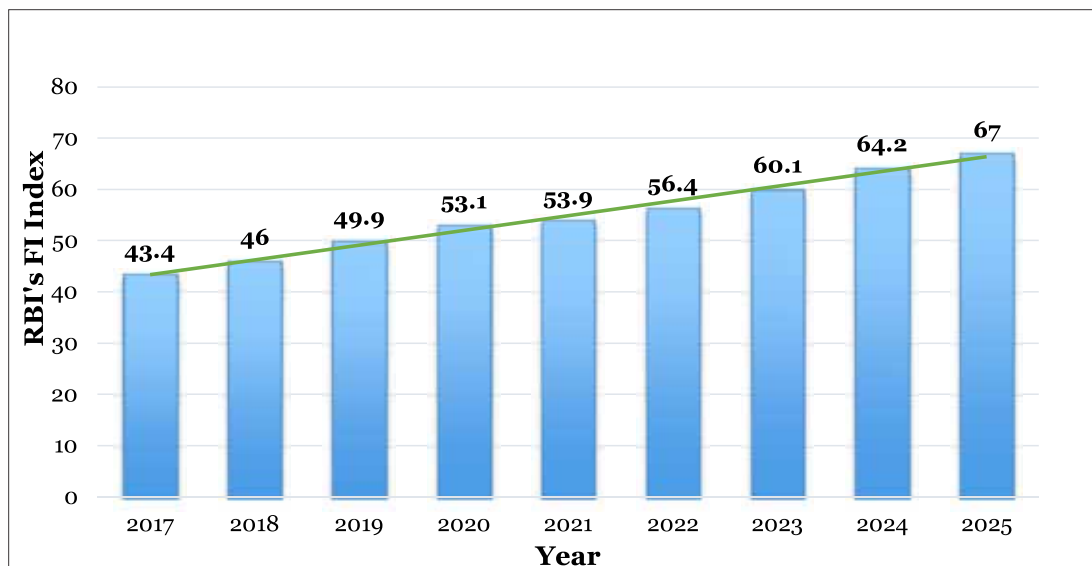
The Reserve Bank of India's Financial Inclusion (FI) Index is a composite measure designed to assess the extent of financial inclusion across the country through a single value ranging from 0 to 100, where 0 represents complete exclusion and 100 indicates full inclusion. The index captures three broad dimensions: access, which reflects the reach of banking infrastructure such as branches and ATMs; usage, which measures the extent of engagement through deposit, credit, and digital transactions; and quality, which considers aspects such as financial literacy and grievance redressal. Although formally introduced in 2021, the index provides comparable data for earlier years, allowing an assessment of long-term trends. In June 2023, the RBI further strengthened monitoring through the launch of the Financial Inclusion Dashboard ANTARDRISHTI, enabling better tracking of financial access and usage indicators across regions.

The FI Index shows a steady upward movement over the years. The score stood at 43.4 in 2017, increasing to 46 in 2018 and 49.9 in 2019, reflecting gradual improvement in outreach and account penetration. The index rose further to 53.1 in 2020 and 53.9 in 2021, indicating expansion in banking infrastructure and account ownership. The upward trend continued with the index reaching 56.4 in 2022 and 60.1 in 2023, signalling deeper usage of financial services and growing digital adoption. In 2024, the index increased to 64.2, and further to 67 in 2025, demonstrating sustained progress in financial inclusion. The consistent rise over the nine-year period suggests that financial inclusion in India has moved beyond mere account opening toward greater usage and integration of formal financial services into everyday economic activity.

Between 2020 and 2024, the FI-Index in Figure 1.4 shows that improvement is increasingly driven by the **Usage (45%)** component rather than **Access (35%)**. Access includes expansion in banking outlets, digital infrastructure, pension, and insurance reach, and its contribution has moderated, suggesting that basic access is largely in place. Usage—covering savings and investments, credit uptake, digital transactions, pension participation, and insurance usage—has become the main contributor to index growth, particularly in recent years.

However, the **Quality (20%)** dimension, which includes financial literacy, consumer protection, and inequality, remains comparatively weaker. Rising inoperative accounts directly affect the quality pillar, as they indicate limited account activity despite access being available. This suggests that while banking penetration has improved,

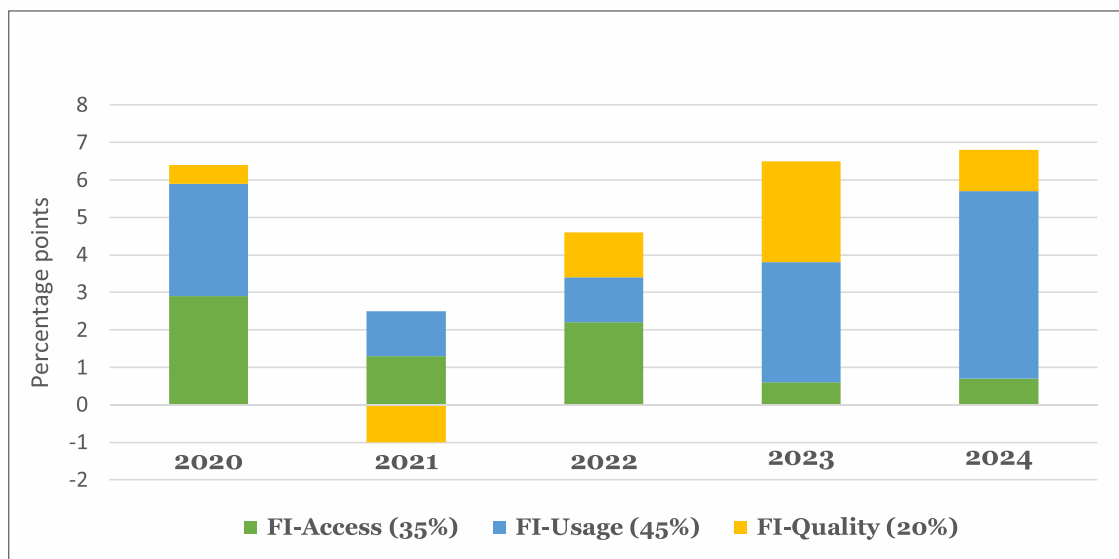
Figure 1.3: Financial Inclusion Index of India FY 2017-2025



Source: Reserve Bank of India Annual Reports 2017-2025

strengthening meaningful usage and improving account quality must now become the central focus of financial inclusion efforts.

Figure 1.4: Contribution of Sub-Indices to Growth of FI-Index (2020-24)



Source: RBI National Strategy for Financial Inclusion 2025-30

Box 1**The National Strategy for Financial Inclusion (NSFI 2.0) 2025-30**

The National Strategy for Financial Inclusion (NSFI 2.0) 2025–30 aims to strengthen and deepen financial inclusion beyond mere access. The focus is no longer only on opening bank accounts, but on ensuring that individuals actively use financial services in ways that enhance their financial safety, security, resilience, and discipline. Building on the experience of 2019–24, the strategy addresses both supply-side gaps (such as infrastructure, product design, and service delivery) and demand-side constraints (such as low awareness, limited financial literacy, and weak usage patterns).

Under the Panch-Jyoti framework, NSFI 2.0 2025–30 sets out five interconnected strategic objectives:

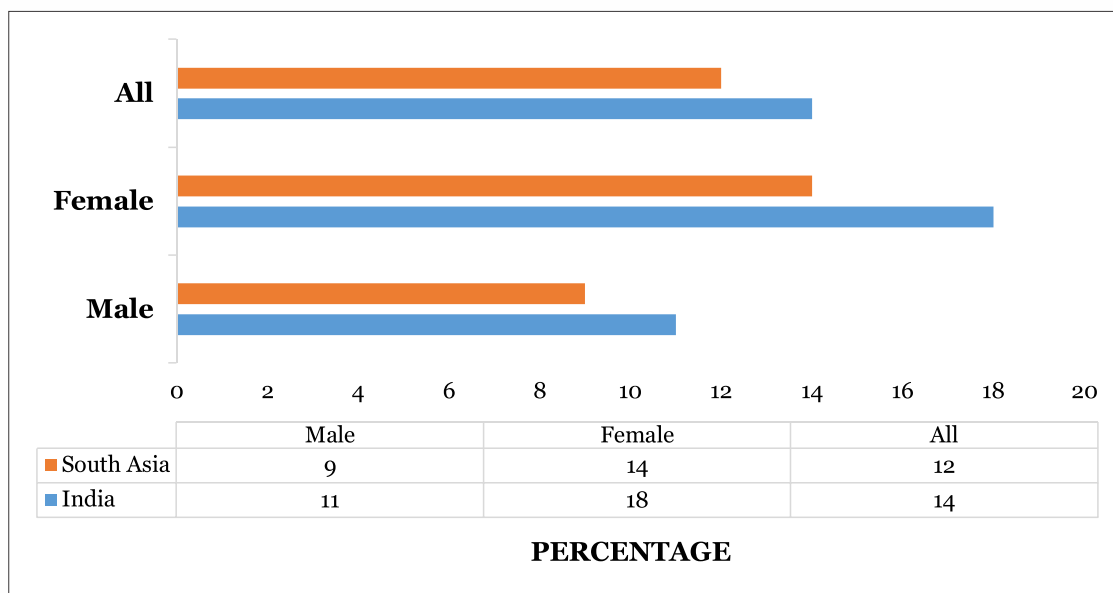
- Improving the availability and use of Equitable, Responsible, Suitable, and Affordable Bouquet of Financial Services to achieve Financial Safety and Financial Security for households and micro enterprises.
- Adopting Gender-Sensitive Approach for Women-led Financial Inclusion and Differentiated Strategies for Improving Financial Resilience of Households, especially for the Underserved and Vulnerable segments.
- Synergizing Livelihood, Skill Development and Support Ecosystem and its linkages with Financial Inclusion.
- Leveraging Financial Education as a tool for Promoting Financial Discipline.
- Strengthening the Quality and Reliability of Customer Protection and Grievance Redressal Measures.

NSFI 2025–30 marks a shift from an access-driven approach to a quality- and resilience-focused financial inclusion model. The strategy aligns financial inclusion with broader development goals such as poverty reduction, sustainable development, and inclusive growth. Its implementation is supported by 47 action points involving financial sector regulators and institutions, with progress monitored through tools such as the Financial Inclusion Index (FI-Index) across the dimensions of access, usage, and quality.

1.6 Financial Exclusion and Account Inactivity

While account ownership has improved significantly over the years, account inactivity remains an important concern in assessing the depth of financial inclusion. The Global Findex 2025 data shows that in India, 14% of adults have inactive accounts. The gender gap in inactivity is clearly visible, with 18% of adult women holders reporting inactive accounts compared to 11% of adult male. This indicates that although women's account ownership has improved substantially in recent years, consistent usage remains relatively lower among women. At the South Asia level, which includes India, 12% of adult population have inactive accounts, with 14% among females and 9% among males. Compared to the regional average, India's overall inactivity rate is slightly higher, and the gender gap is more pronounced. These patterns suggest that access to accounts alone does not guarantee meaningful financial inclusion. Usage depends on factors such as income stability, digital literacy, awareness of financial services, and ease of access to banking infrastructure.

Figure 1.5: Gender wise Inactive Account Percentage Among Adults (% age 15+)



Source: Global Findex data, 2025

Financial inclusion is crucial for global economic development, ensuring accessibility to financial services for marginalized populations. The persistence of inactive accounts highlights the need to move beyond account opening toward sustained engagement

with formal financial services. Strengthening financial literacy, improving last-mile connectivity, and promoting regular transaction activity through digital platforms will be essential to reduce inactivity levels. Addressing the gender gap in account usage remains particularly important for achieving deeper and more inclusive financial integration in India.

Summary

India's financial inclusion progress is significant, but challenges like inactive accounts and financial literacy persist. Policies such as Digital India and UPI expansion have contributed to improved accessibility. Strengthening rural banking infrastructure and targeted awareness campaigns can enhance inclusion and ensure sustainable financial growth.

Box 2

BC Study by Bankers Institute of Rural Development (BIRD), Lucknow -Key Highlights

Financial Inclusion through the Business Correspondent Channel in India

The Business Correspondent (BC) model, introduced in 2006, has become a central pillar of India's financial inclusion strategy. By enabling banks to extend services beyond branch networks, the BC channel has ensured last mile access in villages and underserved habitations where formal banking infrastructure is limited. While digital payment systems such as UPI have altered transaction behaviour, the BC channel continues to anchor inclusion by facilitating assisted transactions for vulnerable segments. In rural and semi urban India, BCs serve as the primary interface for cash in cash out services, Direct Benefit Transfer withdrawals, Aadhaar Enabled Payment System transactions, small savings deposits and account servicing. For a large section of low-income households, especially women, elderly persons and beneficiaries of welfare schemes, the BC is not only a transaction point but also a trusted guide to formal finance. BCs channel remains vital for translating account ownership into active and meaningful usage.

The NSFI 2.0 provides **macro-level strategy** for strengthening financial inclusion. The study titled, '*Revisiting the Business Correspondent Model*', published by BIRD Lucknow in December 2025, provides **micro-level evidence**

on what is actually happening in the field. Many NSFI concerns (inactive BCs, trust, quality, standardisation) appear clearly in the BIRD's BC study findings. Moreover, BC study report fills *critical operational gaps* not covered in NSFI, especially commission structure, Corporate BC deductions, training, and device failures. Key findings & highlighting of BIRD's BC Study:

- Over 80% of surveyed customers reported using BC services primarily for withdrawal of DBT payments, pensions and social security benefits, underscoring the role of BCs in welfare delivery.
- More than 60% of customers indicated that the BC outlet was their most accessible banking point, located within or near their village, reducing travel time and transaction costs.
- More than 50% of women account holders reported preferring BC outlets over bank branches in the rural area due to familiarity, flexible timings and ease of communication.
- 77% customers prefer BCs for banking services. Moreover, field evidence showed that BCs handle high volumes of small value transactions, indicating deep penetration among low income and marginal households.
- 15% customers reported they receive doorstep BC services and 85% customers travel around 1km to meet BCs.
- A majority of customers expressed trust in their BC agent and reported repeat transactions with the same outlet, reflecting relational continuity in service delivery.
- In surveyed rural blocks, BCs were the dominant channel for Aadhaar Enabled Payment System transactions and routine balance enquiry services.
- Customers with limited digital literacy reported depending on BC agents for assisted digital transactions, including fund transfers and account verification.
- The presence of BC outlets was found to significantly improve regular account usage among beneficiaries of government schemes compared to areas with distant branch access.

The findings reaffirm that the BC channel continues to operationalise financial inclusion on the ground by ensuring accessibility, reliability and trust-based service delivery across rural India.

Chapter 2

Drivers of Financial Inclusion in India

2.1 Pradhan Mantri Jan-Dhan Yojana (PMJDY)

Pradhan Mantri Jan-Dhan Yojana (PMJDY) is the national mission which was launched on 28th August 2014 completed 11 years of its transformative impact in India's financial landscape. The main goal of the scheme was of inclusive growth- '*Sab ka Sath Sab ka Vikas*'. PMJDY is one of the most integral part of JAM (Jan Dhan, Aadhar, and Mobile) trinity which has skyrocketed the pace of financial inclusion in India. The Mission seeks to provide all households in the country, both rural and urban, with access to the financial services, like bank account with RuPay Debit card, access to credit, remittance, Insurance & Pension .Under the scheme, a basic savings bank deposit (BSBD) account can be opened in any bank branch or Business Correspondent (Bank Mitra) outlet, by persons not having any other account (MoF, 2025).

2.1.1 Benefits under PMJDY

PMJDY offers a range of benefits designed to promote financial inclusion in India. It enables unbanked individuals to open a basic savings bank account without any minimum balance requirement, making banking accessible to those with limited financial means. Account holders earn interest on their deposits, providing a window of financial return. Additionally, each account comes with a RuPay debit card, facilitating easy transactions and withdrawals.

A significant advantage of the PMJDY is the accident insurance coverage, which offers ₹1 lakh for holders of old PMJDY cards and ₹2 lakh for new cardholders. Eligible account holders can also benefit from an overdraft facility of up to ₹10,000, providing financial support during emergencies. Furthermore, PMJDY accounts are eligible for various government schemes, including Direct Benefit Transfer (DBT), Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal Pension Yojana (APY), and the Micro Units Development & Refinance Agency (MUDRA) scheme. Collectively, these features empower individuals with the tools and resources needed for better financial management and security.

2.1.2 Progress of PMJDY in India

Between 2020 and 2025, PMJDY witnessed sustained expansion, with the total number of accounts increasing from 38.32 crore to 55.18 crore—an increase of about 44.82 %

reflecting continued progress in formal banking access. Rural and semi-urban centres remained the primary drivers of inclusion, consistently accounting for around two-thirds of beneficiaries, indicating stable outreach in less-served regions, while urban and metro centres maintained a steady share of roughly one-third. Deposits in PMJDY accounts more than doubled over the period, rising from ₹1.18 lakh crore to ₹2.60 lakh crore, representing an increase of nearly 120 %, alongside a rise in average deposits per account from ₹3,091 to ₹4,718 (about 52.63%). Overall, these trends signal a gradual shift from rapid account expansion towards consolidation and deeper financial engagement under PMJDY. The number of RuPay debit cards issued increased from 29.3 crore to 37.85 crore, however, the proportion of account holders with RuPay cards declined from 76.5% to 68.6%, indicating that while card issuance expanded in absolute terms, account growth outpaced card penetration.

Table 2.1: Progress in PMJDY over the last five years

Particulars	2020	2021	2022	2023	2024	2025
Total Number of Accounts (Crore)	38.32	42.59	45.06	48.65	53.87	55.18
Number of accounts at rural/semiurban centre branches (Crore)	22.63 (59)	28.34 (67)	30.07 (67)	32.45 (67)	35.87 (67)	36.74 (66.59)
Number of accounts at urban metro centre branches (Crore)	15.69 (41)	14.24 (33)	14.99 (33)	16.20 (33)	18 (33)	18.44 (33.41)
Deposit in Accounts (Rs. Crore)	118434	144157	166459	198844	239503	260387
Average Deposit per Account (Rs.)	3091	3385	3694	4087	4087	4718
Rupay Debit Cards Issued (crore)	29.3	31.1	31.6	32.9	36.72	37.85
% of Rupay Debit Card Issued (% of Account Holders)	76.46	73.02	70.17	67.63	68.16	68.59

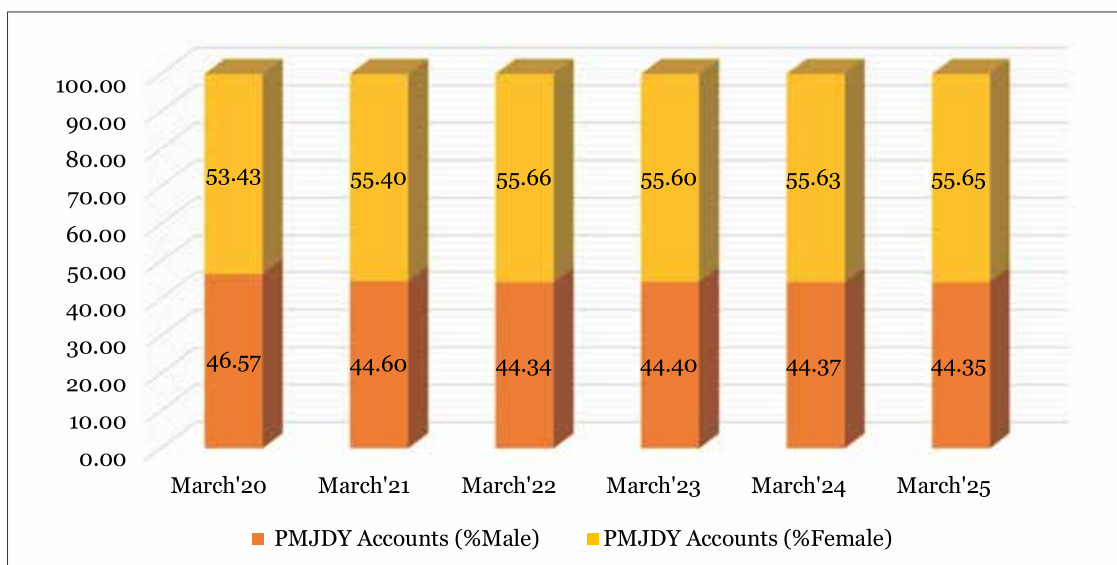
Source: <https://www.pmjdy.gov.in/Archive>

(Figures in the parenthesis represents % share in total)

The expansion of PMJDY accounts over five years period reflects a gradual moderation in new additions, suggesting that the programme is approaching saturation as financial access becomes nearly universal. Despite this slowdown, women continue to dominate

PMJDY account ownership, with female account holders increasing from 20.48 crore (53.4%) in March 2020 to 30.33 crore (55.65%) in March 2025, while the male share declined correspondingly (Figure 2.1). This sustained rise in the proportion of female account holders indicates that women have remained the primary drivers of financial inclusion under PMJDY. This increase in female account holders reflects broader trends of financial empowerment and inclusion, enabling women to access savings accounts, credit, insurance, and government welfare benefits directly. The growing number of women with bank accounts is not only enhancing their economic independence but also contributing to the overall progress in India's financial inclusion goals.

Figure 2.1: PMJDY- Gender wise account holder



Source: Annual Report 2024-25 DFS

2.1.3 Bank Group wise Progress

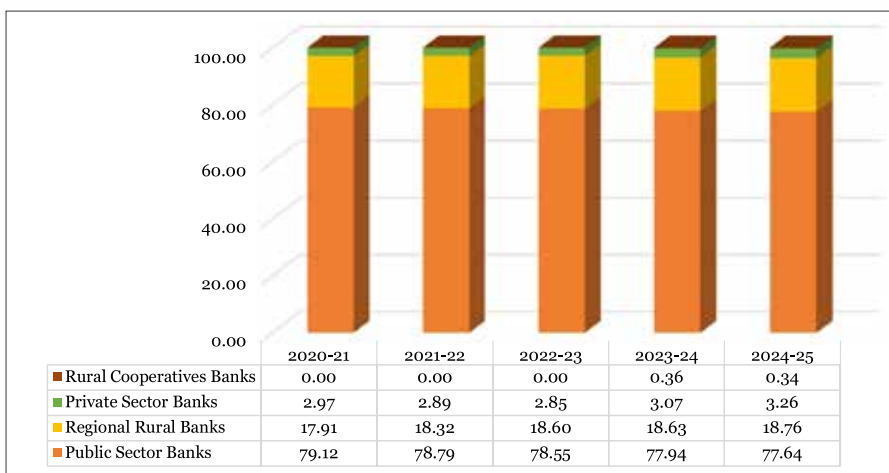
Over the last five years, the opening of PMJDY accounts has continued to be strongly anchored in the public banking system, reflecting the sustained commitment of Public Sector Banks (PSBs) to financial inclusion. Although the share of PSBs has moderated slightly—from about 79% in 2020-21 to nearly 78% in 2024-25—they remain the primary drivers of account outreach at scale. At the same time, Regional Rural Banks (RRBs) have steadily increased their contribution, with their share rising from roughly 18% to almost 19%, highlighting their expanding role in extending banking services to rural and underserved regions. Private sector banks, while still accounting for a relatively small proportion of PMJDY accounts (around 3%), have maintained a stable presence,

particularly through digital on boarding channels. (Figure 2.2)

More recently, the inclusion of Rural Cooperative Banks, albeit at a modest scale, signals a gradual broadening of institutional participation. Overall, these trends point to a maturing and resilient PMJDY ecosystem, where public institutions continue to lead while complementary roles for RRBs, cooperatives, and private banks are slowly strengthening, enhancing the program's reach and sustainability. Public Sector Banks consistently serve a majority of beneficiaries through rural and semi-urban branches, with their rural share rising modestly from 61.5% to 62.9%, reaffirming their central role in inclusive banking outreach (Figure 2.3).

Regional Rural Banks remain the most rural-oriented institutions, with over 85% of beneficiaries served through rural and semi-urban branches in both years, reflecting their critical role in reaching geographically and economically remote populations. In contrast, Private Sector Banks show a clear shift toward urban metro centres, with the urban share increasing from 44.8% in 2021 to 57.2% in 2025, indicating a complementary, urban-focused contribution to PMJDY. The entry of Rural Cooperative Banks by 2023, operating entirely through rural and semi-urban branches, further strengthens the decentralised delivery architecture. Taken together, these trends suggest that while PMJDY's institutional base is gradually diversifying, its core implementation remains firmly anchored in rural and semi-urban India, aligning closely with the programme's inclusion objectives.

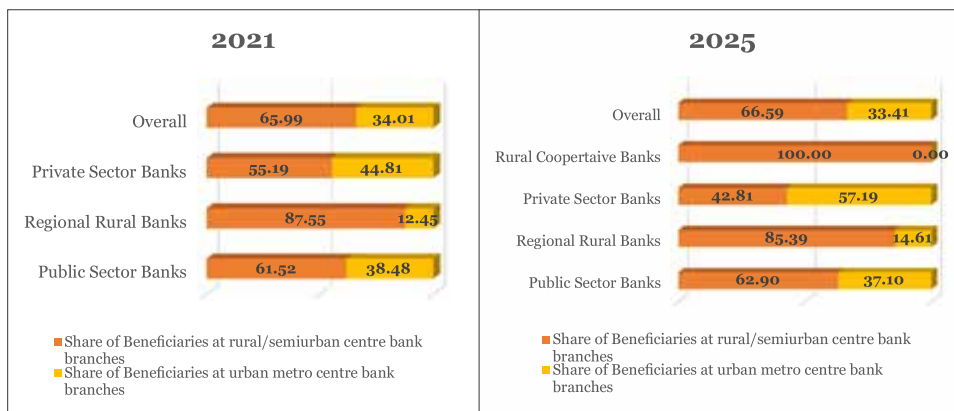
Figure 2.2: Trend in Opening of PMJDY accounts by Bank Group



Source: Compiled from <https://www.pmjdy.gov.in/BankwiseLatest>

*: Rural cooperatives bank were added as a separate category in 2023-24, so earlier data is not available for the same

Figure 2.3: Rural-Urban Distribution of PMJDY Beneficiaries across Bank Types (2021 and 2025) in %

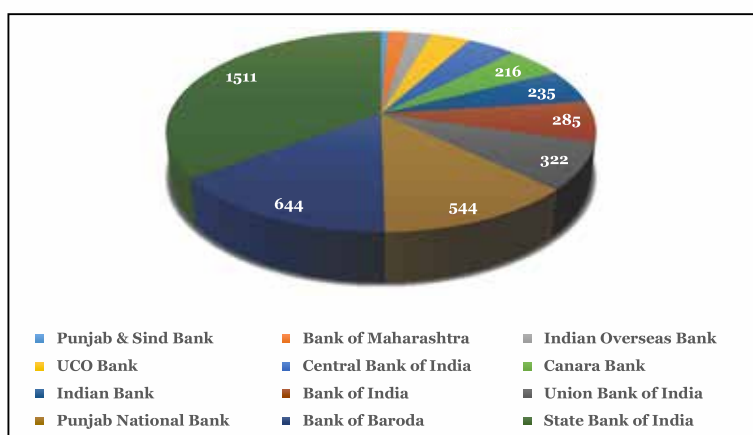


Source: Compiled from <https://www.pmjdy.gov.in/BankwiseLatest>

*: Rural cooperatives bank were added as a separate category in 2023-24, so earlier data is not available for the same

As of the latest available data, State Bank of India (SBI) has taken the lead among public sector banks in the Pradhan Mantri Jan Dhan Yojana (PMJDY) by opening over 1511 lakh accounts. Following SBI, Bank of Baroda has opened 644 lakh accounts, securing the second position. Other significant contributors include Punjab National Bank, Union Bank of India, and Bank of India, all of which have made substantial contributions to the scheme. These banks, with their extensive branch networks, especially in rural areas, have played a key role in promoting financial inclusion by providing banking services to underserved populations. (Figure 2.4)

Figure 2.4: PSBs having PMJDY Outreach as of March, 2025 (in lakh)



Source: <https://pmjdy.gov.in>

As of March 2025, major private sector banks together account for approximately 179-180 lakh PMJDY accounts, with outreach heavily concentrated among a few large players. HDFC Bank Ltd (50 lakh) and ICICI Bank Ltd (49 lakh) alone contribute over half of the total private bank accounts under PMJDY, followed by IDBI Bank Ltd (21 lakh) and Axis Bank Ltd (14 lakh). The remaining private banks individually account for relatively small volumes, indicating that private sector participation in financial inclusion under PMJDY remains concentrated rather than broad-based.

2.1.4 Account Penetration - State wise tally

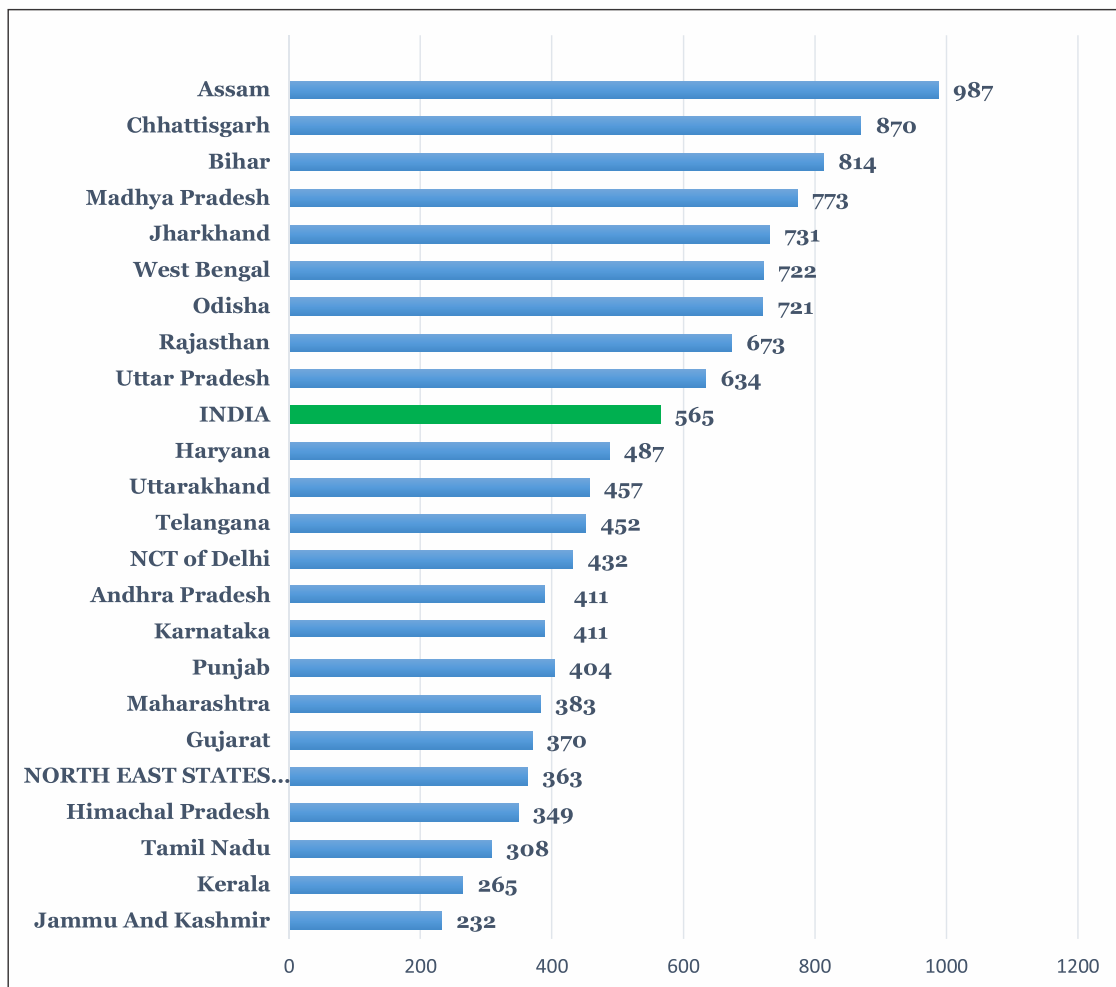
State wise count of account penetration in PMJDY scheme in terms of accounts per thousand adult population (18 + Years) shows that at all India level, there are 565 PMJDY accounts per thousand adult population, as of January 2026 (Figure 2.6). Among the states, Assam has occupied the highest position with 987 PMJDY beneficiaries per thousand adult population. It is followed by Chhattisgarh with 870 beneficiaries per thousand adult population. The other states which have crossed the all India level figure are - Bihar, Madhya Pradesh, Jharkhand, Rajasthan, West Bengal, Uttar Pradesh and Odisha. Overall, the per-1,000 adult metric reinforces that PMJDY has transitioned from an access-expansion program to a foundational financial infrastructure platform, ensuring broad-based integration of adults into formal financial channels nationwide.

Population figures as per Population projections for India and states 2011 - 2036, Report of the technical group on population projections November 2019 (MoHFW), Compiled for 18+ population for 2026

2.1.5 PMJDY and Direct Benefit Transfer

The Direct Benefit Transfer (DBT) scheme, launched by the Government of India on 1st January 2013, aims to transform the delivery of welfare benefits by streamlining and simplifying the process. It focuses on ensuring that benefits reach the intended beneficiaries quickly and accurately, reducing fraud and duplication. The scheme promotes financial inclusion by directly transferring welfare payments to the bank accounts of recipients, thus eliminating intermediaries and minimizing delays. Initially, DBT was rolled out in 43 districts, later expanding to 78 more districts across 27 welfare schemes related to scholarships, women, children, and labor welfare. The large-scale, real-time implementation of DBT has been made possible through the JAM trinity—comprising Jan Dhan accounts, Aadhar numbers, and mobile numbers. These three elements ensure universal financial inclusion, identity authentication, and efficient payment mechanisms. The JAM trinity has successfully enabled the integration of over 57.71 crore Jan Dhan accounts (Pradhan Mantri Jan-Dhan Yojana, 2025), more

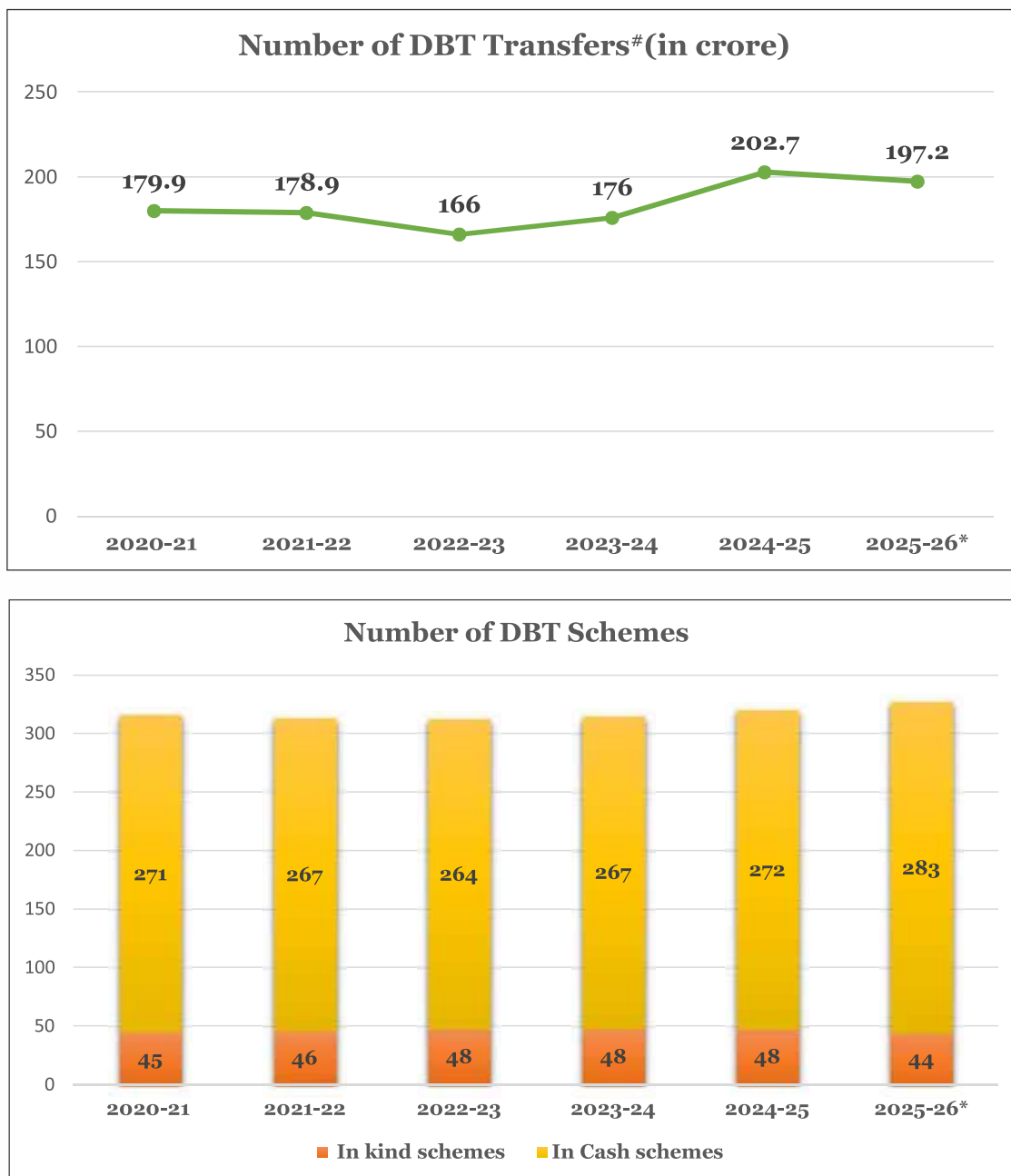
Figure 2.5: PMJDY beneficiaries per thousand adult population, by State



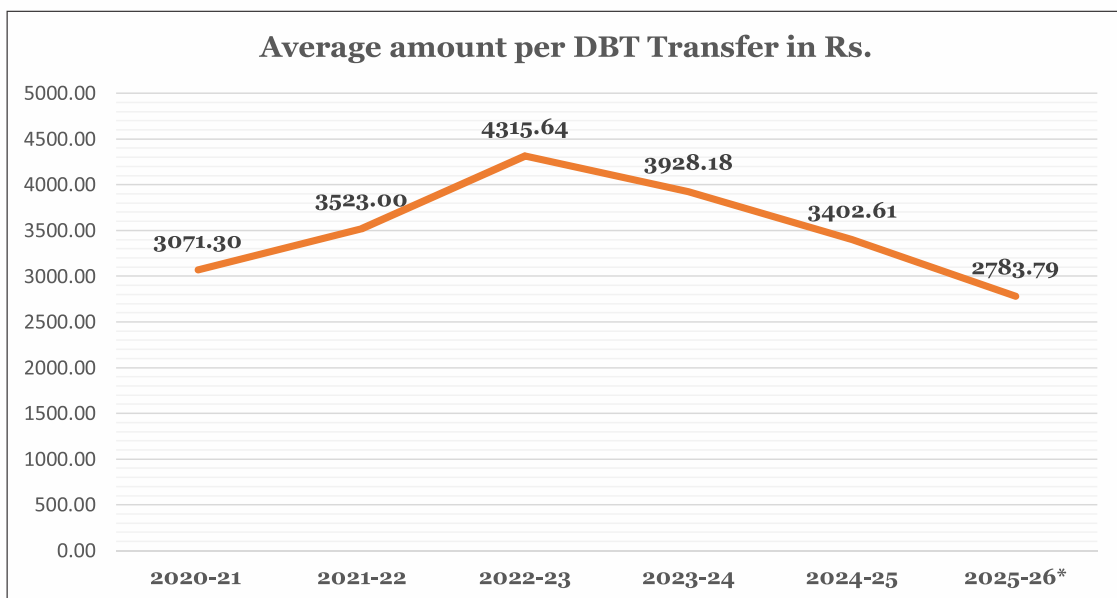
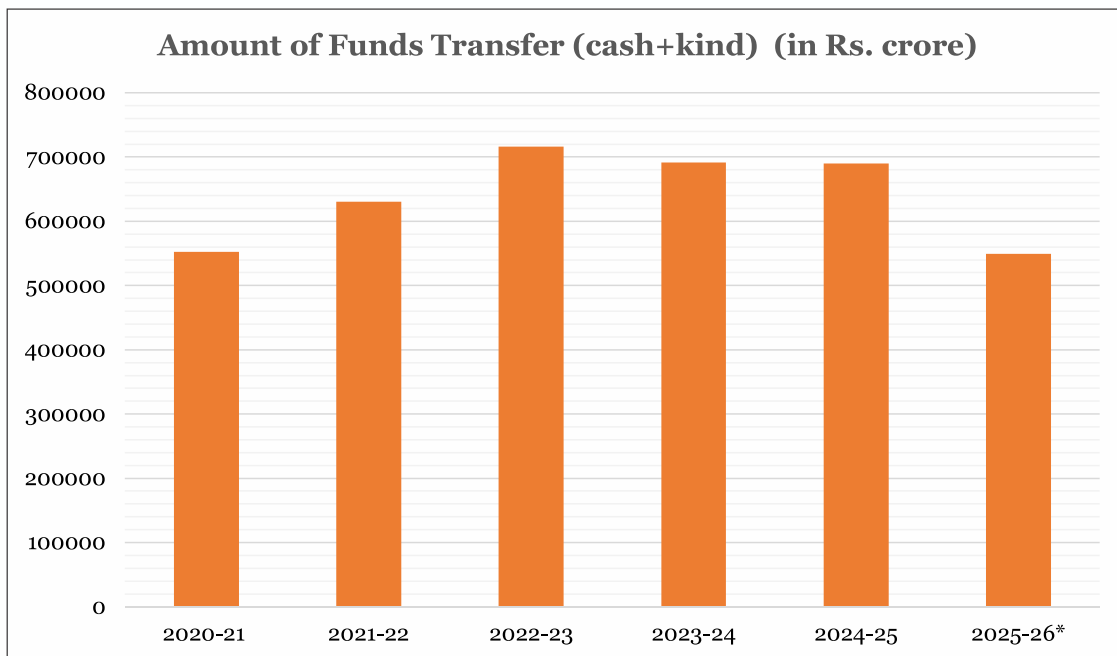
Source: <https://pmjdy.gov.in>

than 134.45 crore Aadhaar numbers (Unique Identification Authority of India, 2025), and over 107 crore mobile connections (Press Information Bureau, 2025), thereby strengthening the effective implementation of Direct Benefit Transfer (DBT) across India's welfare programs.

As of March 2025, DBT covers about 327 Govt. schemes covering 56 ministries and has total benefit transfer of Rs. 6,89,708 crore during FY 24-25 through a total of 931 crore transactions. The progress of Direct Benefit Transfers in terms of fund transferred and number of DBT Transfers covered are presented in Figure 2.6.

Figure 2.6: Progress in Direct Benefit Transfers

DBT Beneficiaries (non unique) has been assumed as Number of DBT Transfers, *As of 18 February 2026



*As of 18 February 2026

Source: <https://dbtbharat.gov.in/>

The DBT data indicates that the system has expanded substantially over the past few years and continues to serve as a core mechanism for welfare delivery. While the number of in-kind schemes has moderated compared to earlier years, cash-based schemes remain predominant and have shown a gradual uptick in recent periods. Total fund transfers increased sharply during the pandemic, peaked in 2022-23, and have since stabilized at levels significantly above the pre-2020 baseline. Number of DBT Transfers has also expanded overall, increasing from 179.9 crore in 2020-21 to 202.7 crore in 2025, reflecting a growth of 12.67%. Taken together, DBT appears to have transitioned from a phase of rapid pandemic-driven scaling to a more stable and institutionalized mode of delivery.

The average amount of DBT transfers increased steadily from ₹3,071 in 2020-21 to a peak of ₹4,316 in 2022-23, reflecting higher payout intensity during and immediately after the pandemic period. Thereafter, the value shows a gradual moderation to ₹3,928 in 2023-24 and ₹3,403 in 2024-25, with a further decline to ₹2,784 in 2025-26* (data up to 18 February 2026). This trend suggests a shift from high-value emergency transfers toward a more normalized and possibly broader distribution phase, where coverage remains strong but the average transfer has stabilized at lower levels.

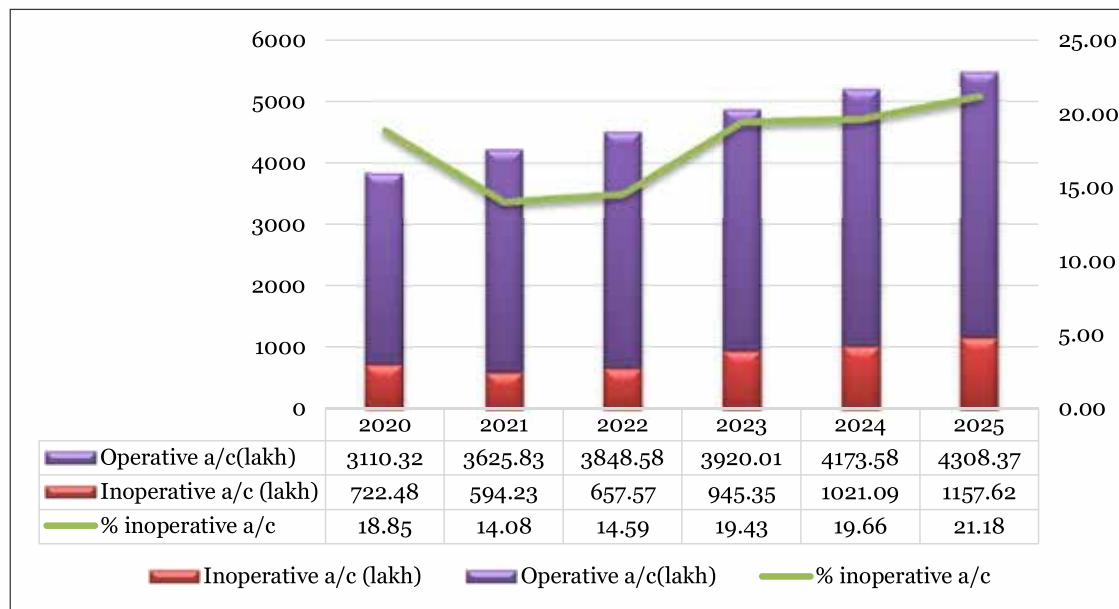
2.1.6 Beyond Access: Strengthening Usage and Account Quality under PMJDY

At the national level, PMJDY demonstrates strong performance across the three core pillars of financial inclusion — access, usage, and quality — though with emerging imbalances. On the access pillar, India has effectively reached near-saturation: total accounts have expanded from 38.32 crore in 2020 to 55.18 crore by 2025, indicating that a substantial share of the adult population is now formally banked. The steady rise in operative accounts (from 31.10 crore to 43.08 crore) reinforces that access is not merely nominal but functionally embedded across much of the country.

However, the usage and quality pillars require greater attention. The share of inoperative accounts¹ has increased to over 21% by 2025, representing more than 11.5 crore dormant accounts. While access has largely been achieved, sustained transaction activity and meaningful account engagement remain uneven. Improving usage through DBT integration, savings mobilization, credit linkage, and digital transaction adoption will be critical to strengthening account quality. Going forward, the policy focus must shift from expanding coverage to deepening activity and enhancing the overall financial resilience of beneficiaries (Figure 2.7).

¹ As per RBI guidelines, a savings as well as a current account should be treated as inoperative/dormant, if there are no customer induced transactions in the account for over a period of two years.

Figure 2.7: Trend in PMJDY Inoperative Accounts (2020-25)



Source: Part (a) of the Rajya Sabha Unstarred Question No. 883 for answer on 11.02.2025 regarding “Bank accounts opened under PMJDY”. Retrieved from Digital Sansad (https://sansad.in/getFile/annex/267/AU883_DOFaU1.pdf?source=pqars)

The heat map below (Table 2.2) reveals a clear structural shift in the quality dimension of financial inclusion over the past five years. While most states maintained inoperative ratios in the 10-18% range during 2020-2022, a broad-based increase is visible from 2023 onwards, with several large states—Uttar Pradesh (25%), Bihar (20%), Madhya Pradesh (22%), Gujarat (25%), Karnataka (23%), and Tamil Nadu (22%)—now clustering around or above the 20% mark. This indicates that although access expansion under PMJDY has largely stabilised, account dormancy is rising in scale-sensitive states with large beneficiary bases. Smaller UTs such as Goa, Dadra & Nagar Haveli, Ladakh, and Chandigarh consistently show elevated ratios (30-40%+), but their national impact remains limited due to smaller volumes.

Notably, states like West Bengal, Odisha, Himachal Pradesh, and Tripura have comparatively contained inoperative levels, suggesting relatively stronger usage dynamics.

Going forward, the focus should shift from opening more accounts to ensuring existing accounts are actively used. The real success of financial inclusion will now depend on how regularly people transact, save, and integrate these accounts into their daily financial lives.

Table 2.2: % of inoperative PMJDY accounts in total PMJDY accounts

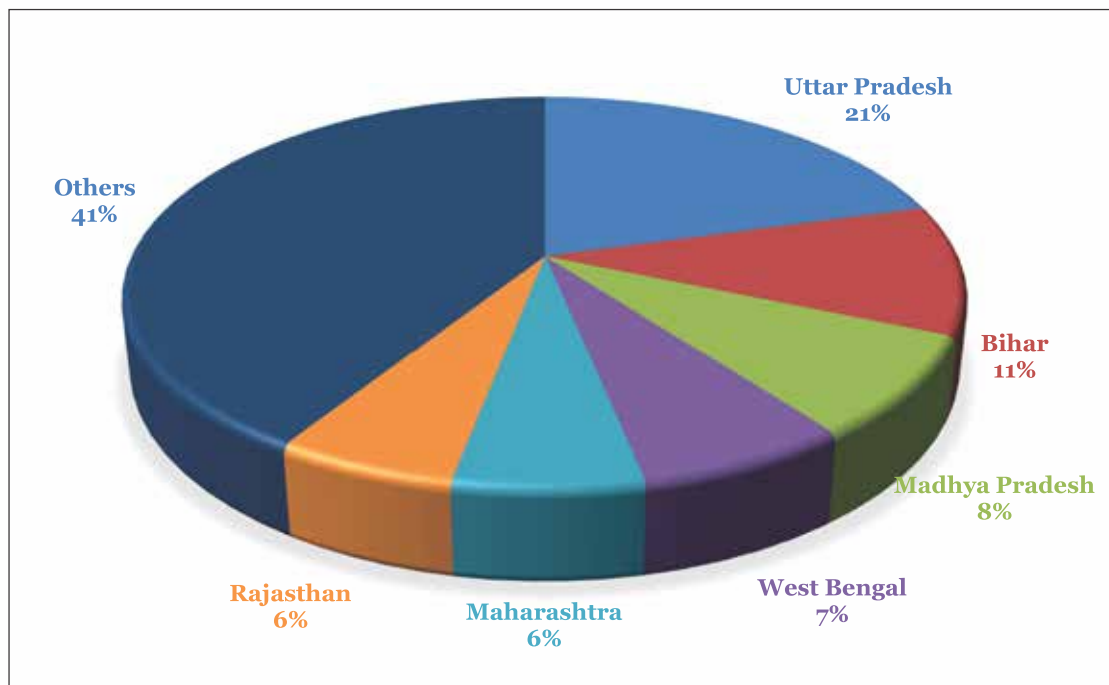
Percentage of Inoperative PMJDY Accounts in Total PMJDY Accounts (State-wise)



State/UT *	2020	2021	2022	2023	2024	2025
Andaman & Nicobar Islands	37	19	20	29	21	21
Andhra Pradesh	19	14	17	25	23	24
Arunachal Pradesh	21	27	13	20	17	20
Assam	11	12	8	11	17	19
Bihar	13	12	12	16	18	20
Chandigarh	24	22	24	26	27	30
Chhattisgarh	18	12	13	19	18	17
Dadra & Nagar Haveli and Daman & Diu	25	18	22	34	34	36
Delhi	19	18	19	23	26	27
Goa	33	28	33	42	41	40
Gujarat	23	17	17	24	23	25
Haryana	17	16	18	23	25	26
Himachal Pradesh	14	11	11	14	14	17
Jammu & Kashmir	42	40	39	25	28	28
Jharkhand	20	16	16	22	22	23
Karnataka	21	14	18	28	23	23
Kerala	22	15	15	27	25	27
Ladakh	42	43	43	29	36	37
Lakshadweep	33	17	13	20	10	10
Madhya Pradesh	21	16	18	22	18	22
Maharashtra	25	15	16	23	20	20
Manipur	13	14	12	15	25	33
Meghalaya	24	12	19	12	19	21
Mizoram	33	45	48	16	15	13
Nagaland	19	14	14	19	18	19
Odisha	18	12	13	17	17	16
Puducherry	16	13	12	16	15	15
Punjab	21	16	17	20	23	25
Rajasthan	17	11	11	16	18	19
Sikkim	32	24	28	34	32	31
Tamil Nadu	22	15	20	26	22	22
Telangana	26	12	18	24	22	23
Tripura	6	4	4	12	15	14
Uttar Pradesh	23	17	17	22	22	25
Uttarakhand	20	15	17	20	23	24
West Bengal	12	9	8	10	14	15

Source: Part (a) of the Rajya Sabha Unstarred Question No. 883 for answer on 11.02.2025 regarding "Bank accounts opened under PMJDY". Retrieved from Digital Sansad. * Created with Datawrapper

Figure 2.8: State-wise Share of Inoperative PMJDY Accounts in India (2025)

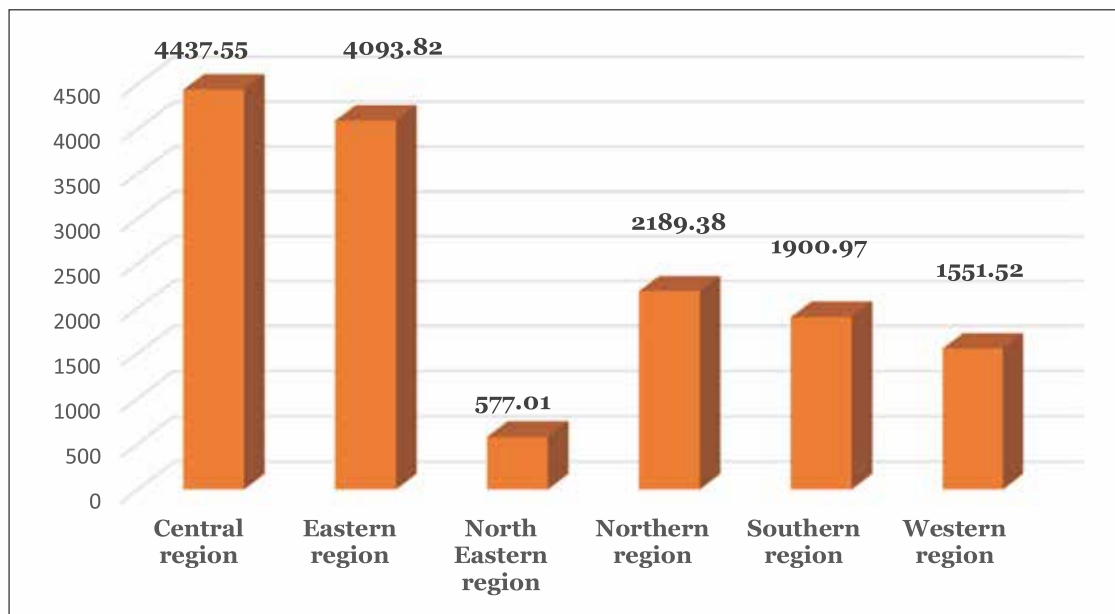


Source: Part (a) of the Rajya Sabha Unstarred Question No. 883 for answer on 11.02.2025 regarding “Bank accounts opened under PMJDY”. Retrieved from Digital Sansad (https://sansad.in/getFile/annex/267/AU883_DOFaUl.pdf?source=pqars)

The state-wise distribution of inoperative PMJDY accounts reveals a clear concentration pattern at the national level. A small group of large states accounts for a disproportionately high share of inactive accounts in India. In 2025, Uttar Pradesh alone contributes about 21% of the total inoperative PMJDY accounts, followed by Bihar (11%), Madhya Pradesh (8%), West Bengal (7%), Maharashtra (6%) and Rajasthan (6%). Collectively, these six states account for nearly 59% of all inactive accounts in the country. Importantly, this concentration has remained broadly consistent over the past five years (2020-2025), with Uttar Pradesh persistently accounting for around one-fifth of the national total and Bihar and Madhya Pradesh consistently featuring among the top contributors.

The regional aggregation of balances in inoperative PMJDY accounts highlights a clear geographic concentration. The Central (Rs. 4,437.55 crore) and Eastern (Rs 4,093.82 crore) regions together account for the largest pool of idle balances, reflecting the dominance of high-population states within these belts. The Northern (Rs 2,189.38 crore) and Southern (Rs 1,900.97 crore) regions follow, while the Western region (Rs 1,551.52 crore) shows comparatively moderate exposure. The Northeastern region

Figure 2.9: Balances in inoperative accounts region wise (Rs Crore)



Source - Compiled from Rajya Sabha session - 266 unstarred question no 1682. Answered on, 10th December 2024 <https://www.data.gov.in/resource/stateut-wise-number-accounts-including-inoperative-accounts-and-total-amount-funds-lying>

(Rs 577.01 crore) contributes the smallest absolute balance, largely due to its smaller account base.

This regional pattern is driven by a few large states. Nationally, out of Rs 14,750 crore lying in inoperative accounts, the highest accumulation is in Uttar Pradesh (Rs 2,763.69 crore), followed by Bihar (Rs 2,007.66 crore) and Madhya Pradesh (Rs 1,079.75 crore). The next tier includes Rajasthan (Rs 993.25 crore), Maharashtra (Rs 883.02 crore) and West Bengal (Rs 827.73 crore). These states, while diverse in economic structure and financial development, show similar patterns in terms of aggregate idle balances due to the sheer volume of PMJDY accounts opened over the years. Overall, inactive balances are geographically concentrated in the high-population Central and Eastern belts, indicating that focused activation efforts in these regions would have the greatest impact on reducing national dormancy. (Table 2.3)

Table 2.3: Balances in inoperative accounts statewise (Rs Crore)

State/UT	Balances in Inoperative Accounts (in Rs. crore)
Uttar Pradesh	2763.69
Bihar	2007.66
Madhya Pradesh	1079.75
Rajasthan	993.25
Maharashtra	883.02
West Bengal	827.73
Jharkhand	813.86
Gujarat	643.16
Karnataka	578.53
Haryana	482.71
Chhattisgarh	477.06
Assam	448.03
Odisha	442.49
Tamil Nadu	412.81
Andhra Pradesh	369.97
Telangana	312.94
Delhi	278.62
Punjab	275.22
Kerala	221.04
Uttarakhand	117.05
Jammu and Kashmir	96.95
Himachal Pradesh	47.19
Meghalaya	39.58
Manipur	34.09
Tripura	21.77
Goa	14.96
Chandigarh	14.37
Arunachal Pradesh	12.1
Dadra and Nagar Haveli and Daman and Diu	10.38
Nagaland	10.22
Mizoram	6.9
Puducherry	5.22
Sikkim	4.32
Andaman and Nicobar Islands	2.08
Ladakh	1.07
Lakshadweep	0.46

Source -Rajya Sabha session - 266 unstarred question no 1682. Answered on, 10th December 2024
<https://www.data.gov.in/resource/stateut-wise-number-accounts-including-inoperative-accounts-and-total-amount-funds-lying>

2.1.7 PMJDY and Financial Inclusion

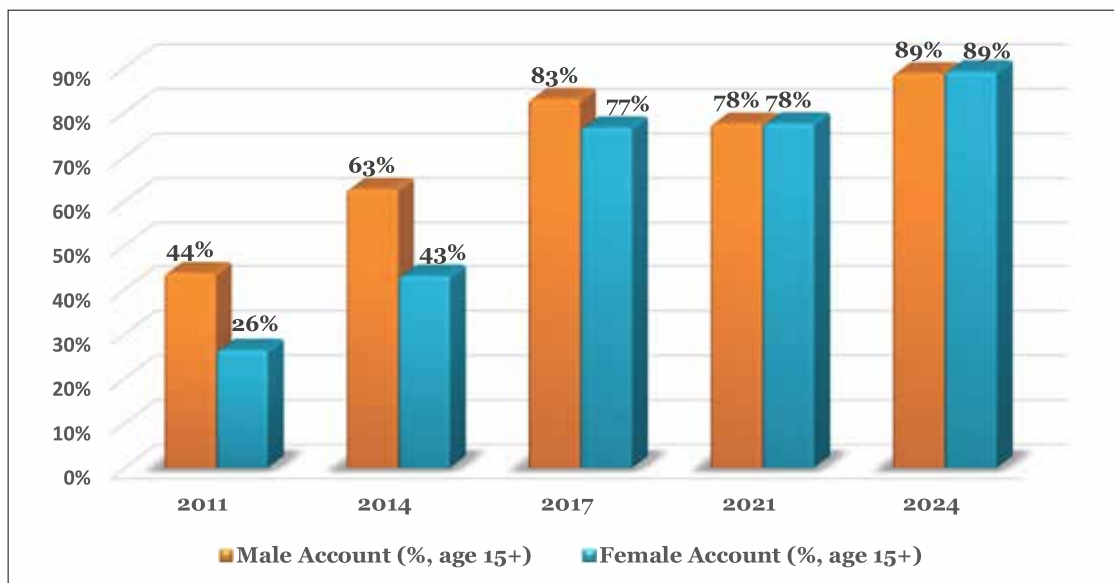
The continuation of the Pradhan Mantri Jan Dhan Yojana (PMJDY) beyond 2018 marked a significant shift in strategy to address the evolving needs and challenges of India's financial inclusion landscape. While the initial focus of the scheme was to provide a bank account for every household, the emphasis later shifted to ensuring every adult would have access to financial services. This adjustment was accompanied by a stronger focus on increasing the usage of these accounts through initiatives like Direct Benefit Transfers (DBT) and the promotion of digital payments via RuPay cards and other digital tools. As PMJDY enters its 12th year, it continues to be a beacon of inclusive growth, digital innovation, and economic empowerment. Its enduring success reflects India's commitment to ensuring that no citizen is left behind in the journey towards financial independence.

This evolution in approach is clearly reflected in the Global Findex Database 2025, which documents a substantial expansion of financial inclusion in India over the past decade. By 2021, approximately 78% of Indian adults (age 15+) reported owning a bank account, a sharp increase from 53% in 2014, underscoring the transformative role of the Pradhan Mantri Jan Dhan Yojana (PMJDY) in expanding access to formal financial services at scale. More recent estimates for 2024 indicate that account ownership has further increased to around 89% of adults, suggesting that India is approaching near-universal access to basic banking.

A particularly significant outcome of PMJDY has been the closing of the gender gap in account ownership. Female account ownership rose from 43% in 2014 to 78% in 2021, reaching parity with male ownership levels. This convergence persists in 2024, with both men and women reporting account ownership rates of approximately 89%. The elimination of gender disparities in access reflects the scheme's emphasis on household-level inclusion, direct benefit transfers, and the targeting of women as primary account holders.

Overall, the continued evolution of PMJDY from a household-focused scheme to one that emphasizes financial inclusion for every adult—coupled with a strong push for digital payment systems—has not only improved access to financial services but also helped make them more meaningful and widely used, enhancing both financial participation and economic empowerment.

Figure 2.10: Trend of Bank Account owned (% , age 15+) in India



Source: Global Findex database 2025

2.2 Progress under Social Security Schemes

PMJDY has also provided a platform for micro insurances to the beneficiaries for accidental and life risk cover, as also pension scheme for support during old age. Three social security schemes viz. Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal Pension Yojana (APY) were implemented in Phase-II during May 2015.

2.2.1 Atal Pension Yojana

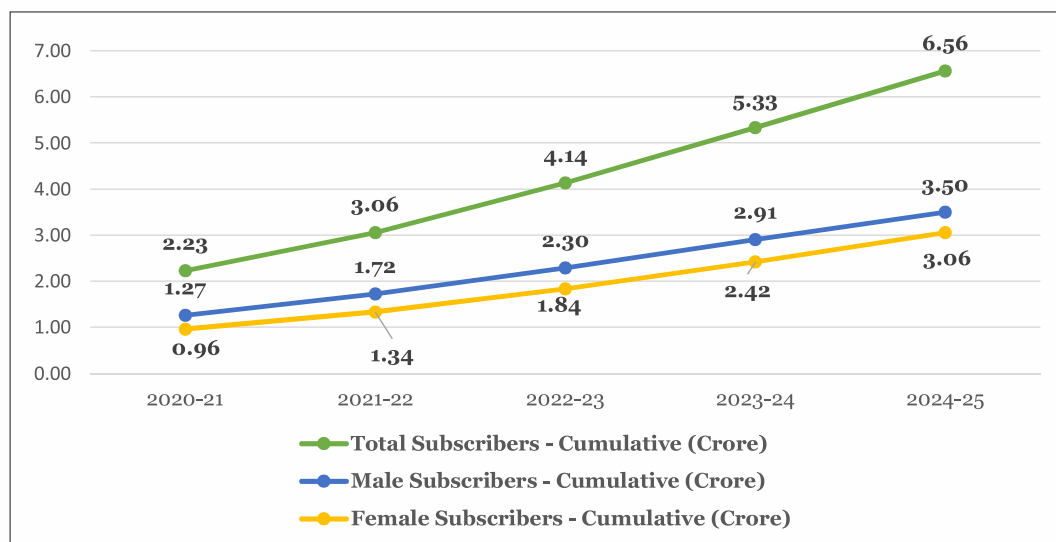
The Atal Pension Yojana (APY) is a government-backed pension scheme aimed at providing social security to workers in the unorganized sector. It is open to individuals aged 18 to 40 years who have a savings bank account and are not income taxpayers. Under APY, subscribers contribute a fixed amount every month—ranging approximately from ₹42 to ₹210, depending on the chosen pension slab—and in return become eligible to receive a guaranteed monthly pension of ₹1,000, ₹2,000, ₹3,000, ₹4,000, or ₹5,000 after turning 60 years old. A key feature of APY is that in the event of the subscriber's death, the spouse continues to receive the same pension, and after the spouse's death, the nominee receives the accumulated corpus. The scheme ensures long-term financial security by encouraging regular savings during the working life of the subscriber and providing a stable income in old age.

Table 2.4: Progress in APY (Current value)

Year	Total Subscribers (No.)	Male Subscribers (No.)	Female Subscribers (No.)
2020-21	68,83,373	37,31,080	31,50,426
2021-22	83,34,561	45,58,230	37,74,947
2022-23	1,07,70,438	57,28,991	50,38,411
2023-24	1,19,31,825	61,35,755	57,91,647
2024-25	1,23,00,905	58,83,506	64,12,636

Source: <https://dfs.dashboard.nic.in/DashboardF.aspx>

The annual enrolment trend under Atal Pension Yojana (APY) shows steady expansion when expressed in crore terms. Total new subscribers increased from 0.69 crore in 2020-21 to 1.23 crore in 2024-25, with strong growth observed up to 2022-23 and relative stabilization thereafter. Male enrolments rose from 0.37 crore in 2020-21 to a peak of 0.61 crore in 2023-24, before moderating slightly to 0.59 crore in 2024-25. In contrast, female enrolments increased consistently from 0.32 crore to 0.64 crore over the same period and notably exceeded male enrolments in 2024-25. Thus, while the pace of growth has moderated compared to the sharp jump seen between 2021-22 and 2022-23, the incremental growth momentum has increasingly been driven by higher female participation, reflecting improved gender outreach under APY.

Figure 2.11: Progress in APY (Cumulative value in crore)

Source: <https://dfs.dashboard.nic.in/DashboardF.aspx#>

The cumulative subscriber trajectory under Atal Pension Yojana (APY) shows strong and consistent expansion over the five-year period. The total subscriber base increased from 2.23 crore in 2020-21 to 6.56 crore in 2024-25, reflecting nearly a threefold rise. Male cumulative subscribers grew from 1.27 crore to 3.50 crore, while female cumulative subscribers increased from 0.96 crore to 3.06 crore during the same period. Importantly, female growth has been proportionately faster, significantly narrowing the gender gap over time. The data clearly indicates not only rapid scale-up of APY coverage but also progressive movement toward gender balance in pension enrolment, with women constituting an increasingly larger share of the total.

2.2.2 Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJY)

The Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) is a government-backed term life insurance scheme offering affordable protection to individuals aged 18 to 50 years who hold a savings bank or post office account. The scheme provides a life insurance cover of ₹2,00,000 payable to the nominee on the subscriber's death due to any cause, natural or accidental. The annual premium remains ₹436, auto-debited from the subscriber's bank account every year. Coverage is valid from 1 June to 31 May, and renewal requires maintaining sufficient balance for the auto-debit mandate. The scheme continues to be administered through LIC and other approved life insurers in partnership with participating banks.

Table 2.5: Progress in PMJJY

Duration	Gross Enrollments - Cumulative (Crore)	No. of Claims Received - Cumulative (No.)	No. of Claims Disbursed - Cumulative (No.)	Settlement ratio(%)
2020-21	7.08	194025	180848	93.21
2021-22	10.32	256523	239605	93.40
2022-23	12.77	604889	576121	95.24
2023-24	16	690509	660383	95.64
2024-25	20.07	818161	785803	96.05

Source: <https://dfs.dashboard.nic.in/DashboardF.aspx>

The progress under Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJY) reflects substantial scale-up in coverage along with steady claims settlement performance. Gross cumulative enrolments increased from 7.08 crore in 2020-21 to 20.07 crore in 2024-25, nearly tripling over the five-year period, indicating significant deepening of life insurance penetration among the target population. Correspondingly, cumulative claims received rose from 1,94,025 to 8,18,161, while cumulative claims disbursed increased

from 1,80,848 to 7,85,803. The settlement ratio has shown a steady improvement over five years, rising from 93.21% in 2020-21 to 96.05% in 2024-25.

The consistently high proportion of claims disbursed relative to claims received demonstrates strong settlement efficiency and operational responsiveness under the scheme. Overall, the data suggests that PMJJY has not only expanded its coverage base considerably but has also maintained a robust claim processing mechanism, reinforcing trust and credibility in the scheme.

2.2.3 Pradhan Mantri Suraksha Bima Yojana (PMSBY)

The Pradhan Mantri Suraksha Bima Yojana (PMSBY) is a low-cost accident insurance scheme designed to provide financial security to individuals aged 18 to 70 years with a savings bank or post office account. PMSBY offers coverage solely for accidental events, providing ₹2,00,000 for accidental death or total permanent disability and ₹1,00,000 for partial permanent disability. The premium remains extremely affordable at ₹20 per annum, auto-debited once a year from the subscriber's account. The scheme is administered through Public Sector General Insurance Companies (PSGICs) and other approved insurers working with participating banks.

Table 2.6: Progress in PMSBY

Duration	Gross Enrollments - Cumulative (Crore)	No. of Claims Received - Cumulative (No.)	No. of Claims Disbursed - Cumulative (No.)	Settlement ratio(%)
2020-21	18.76	51111	39995	78.25
2021-22	23.36	58967	45674	77.46
2022-23	28.37	122082	97227	79.64
2023-24	33.78	146717	115294	78.58
2024-25	44.09	177659	135780	76.43

Source: <https://dfs.dashboard.nic.in/DashboardF.aspx>

The progress under Pradhan Mantri Suraksha Bima Yojana (PMSBY) demonstrates significant expansion in accident insurance coverage alongside steady growth in claims settlement. Gross cumulative enrolments increased from 18.76 crore in 2020-21 to 44.09 crore in 2024-25, reflecting more than a twofold rise and substantial deepening of social security coverage. Over the same period, cumulative claims received increased from 51,111 to 1,77,659, while cumulative claims disbursed rose from 39,995 to 1,35,780. Although the number of claims has grown in line with higher coverage, the consistent rise in claims disbursed indicates sustained operational capacity in processing and

settling claims. The settlement ratio across the five years remains in the 76-80% range, showing moderate claim settlement performance.

Overall, PMSBY continues to provide critical accidental insurance to millions across India, with its growing success paving the way for even greater impact in the future.

2.3 Pradhan Mantri MUDRA Yojana (PMMY)

The Micro Units Development & Refinance Agency Ltd (MUDRA) was established in April 2015 to implement the Pradhan Mantri Mudra Yojana (PMMY), aimed at enhancing access to credit for small businesses, particularly micro-enterprises. On 8 April 2025, India marks 10 years of the Pradhan Mantri MUDRA Yojana (PMMY). Pradhan Mantri Mudra Yojana (PMMY), the Flagship Programme of the Prime Minister aimed at Funding the Unfunded micro enterprises and small businesses. By removing the burden of collateral and simplifying access, MUDRA laid the foundation for a new era of grassroots entrepreneurship. Through PMMY, collateral-free loans are provided to entrepreneurs via Banks, Non-Banking Financial Companies (NBFCs), and Micro-Finance Institutions (MFIs). The loans are categorized into three types: Shishu (up to ₹50,000 for new or small businesses), Kishore (between ₹50,000 and ₹5 lakh for growing businesses), and Tarun (from ₹5 lakh to ₹10 lakh for established businesses seeking expansion). In recent years, an additional category Tarun Plus (₹10–₹20 lakh) has been introduced for borrowers seeking expansion after successful repayment of earlier loans. Since its launch in April 2015, the Pradhan Mantri Mudra Yojana (PMMY) has sanctioned over 52 crore loans amounting to more than ₹33 lakh crore, fuelling a nationwide entrepreneurial platform. Business growth is no longer confined to big cities—it is spreading to small towns and villages, where first-time entrepreneurs are taking charge of their destiny. The shift in mindset is evident: people are no longer job seekers; they are becoming job creators.

Table 2.7: Progress in PMMY (cumulative)

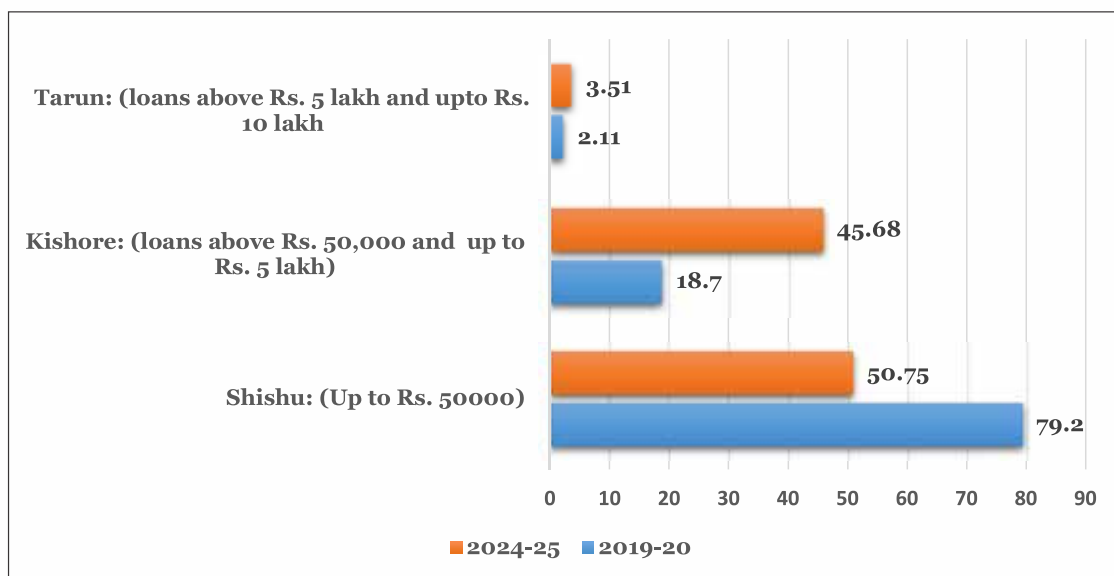
Duration	Number of Accounts (crore)	Amount Sanctioned (Rs crore)	Amount Disbursed (Rs crore)
2020-21	29.56	1552602.08	1507954.74
2021-22	34.94	1891742.826	1839387.335
2022-23	41.17	2348280.8	2289810.99
2023-24	47.84	2889263.27	2822138.95
2024-25	52.52	3380669.37	3302534.29

Source: <https://dfs.dashboard.nic.in/DashboardF.aspx>

The performance of Pradhan Mantri Mudra Yojana (PMMY) reflects sustained expansion in credit outreach and financial inclusion. The total number of cumulative accounts increased from 29.56 crore in 2020-21 to 52.52 crore in 2024-25, indicating significant scaling of micro-enterprise financing. Correspondingly, the amount sanctioned rose from ₹15,52,602.08 crore to ₹33,80,669.37 crore, while the amount disbursed increased from ₹15,07,954.74 crore to ₹33,02,534.29 crore over the same period. The steady growth in both loan accounts and credit flow, along with the relatively small gap between sanctioned and disbursed amounts, highlights strong credit absorption and efficient fund deployment under the scheme. (Table 2.7)

PMMY has maintained a high volume of annual lending activity over the past five years. The number of accounts increased from 5.07 crore (FY21) to a peak of 6.68 crore (FY24) before moderating to 5.46 crore (FY25). Despite this moderation in volume, the sanctioned amount steadily increased from ₹3.21 lakh crore to ₹5.52 lakh crore, indicating higher ticket sizes and credit deepening. This is reinforced by the average loan size, which rose significantly from ₹63,420 (FY21) to ₹1,01,132 (FY25), a 59% increase over five years. The numbers show that scheme is clearly transitioning from high-volume micro-ticket lending toward larger enterprise financing. (Table 2.8)

Figure 2.12: Percentage Distribution of Enterprise Categories: 2019-20 vs 2024-25



Source: Calculated using data from www.mudra.org.in

Enterprise-wise, the share of Shishu loans declined sharply from 79.2% (4.02 crore accounts) in FY21 to 50.75% (2.77 crore accounts) in FY25, while Kishor loans expanded from 18.7% (94.86 lakh) to 45.68% (2.49 crore), signaling borrower graduation and scaling. Tarun loans also increased in share from 2.11% to 3.51%, reaching 19.19 lakh accounts in FY25 and the newly expanded Tarun Plus category recorded 30,427 accounts in FY25, marking the scheme's gradual move into higher-value enterprise lending.

Under PMMY, the pattern of lending across financing agencies shows that Private Sector Banks have consistently handled the largest share of loans over the last five years. In FY 2024-25, they accounted for 38.37% of total accounts NBFC-MFIs also play a major role, contributing 26.36% in FY25. The share of Public Sector Banks has gradually declined from 15.89% in FY21 to 10.50% in FY25, while Regional Rural Banks have slightly increased their share from 3.16% to 5.08% over the same period. In terms of social category distribution, the share of the General category has increased from 50.98% in FY21 to 54.48% in FY25. The share of SC beneficiaries declined from 16.55% to 14.52%, while ST remained broadly stable around 5-6%. The OBC share rose to a peak of 28.22% in FY23 and then moderated to 25.77% in FY25. Overall, SC, ST, and OBC together still account for about 45% of total beneficiaries in FY25, showing that the scheme continues to reach socially disadvantaged groups.

Women continue to play a central role in PMMY, consistently forming the majority of beneficiaries over the years. Their share rose from 65.64% (3.33 crore accounts) in FY21 to above 71% in FY22 and FY23 and stood at 59.81% (3.27 crore accounts) in FY25, reflecting strong and sustained participation even as the scheme expanded into higher-ticket loan categories.

Table 2.8: Progress of PMMY over the last 5 Years

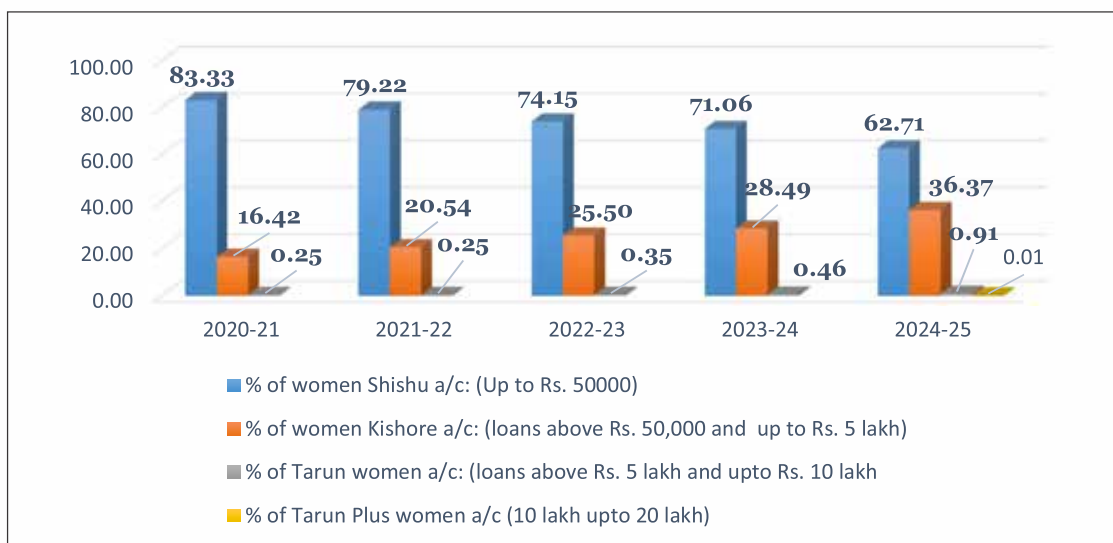
Parameter	2020-21	2021-22	2022-23	2023-24	2024-25
A. Overall Progress:					
No. of Accounts (in Crore)	5.07	5.37	6.23	6.68	5.46
Sanctioned Amount (Rs. Lakh Crore)	3.21	3.39	4.56	5.41	5.52
Average loan size (Rs.)	63420	63037	73268	80988	101132
B. By Financing Agency (No. of Accounts)					
Public Sector Banks	8060595 (15.89)	6121790 (11.38)	7787071 (12.50)	7425363 (11.43)	5738977 (10.50)
Private Sector Banks	20037222 (39.49)	24549895 (45.64)	26147399 (41.96)	27269531 (41.97)	20976087 (38.37)

Parameter	2020-21	2021-22	2022-23	2023-24	2024-25
Regional Rural Banks	1602237 (3.16)	1308114(2.43)	2340463 (3.76)	2790490 (4.29)	2775991 (5.08)
State Cooperative Banks	50 (negligible)	40 (negligible)	-	12 (negligible)	18 (negligible)
Small Finance Banks	4389991 (8.65)	6211265 (11.55)	6962551 (11.17)	7694635 (11.84)	5198773 (9.51)
MFIs	952423 (1.88)	1253650 (2.33)	322392 (0.52)	320819 (0.49)	249686 (0.46)
NBFC-MFIs	13080471 (25.78)	12720130 (23.65)	15258775 (24.49)	15675914 (24.12)	14411013 (26.36)
Non-Banking Finance Companies	2612057 (5.15)	1630642 (3.03)	3491947 (5.60)	3800573 (5.85)	3799576 (6.95)
C. By Enterprise Category (No. of Accounts)					
Shishu: (Up to Rs. 50000)	40180115 (79.2)	41721154 (77.56)	43077851 (69.13)	41628309 (64.07)	27741792 (50.75)
Kishore: (loans above Rs. 50,000 and up to Rs. 5 lakh)	9486160 (18.7)	11088206 (20.61)	17915912 (28.75)	23630890 (36.67)	24969887 (45.68)
Tarun: (loans above Rs. 5 lakh and upto Rs. 10 lakh)	1068771 (2.11)	986166 (1.83)	1316835 (2.11)	1517814 (2.34)	1919542 (3.51)
Tarun Plus (loans above 10 lakh and upto 20 lakh)					30427 (0.05)
D. By Social Category (No. of Accounts)					
General	25864699 (50.98)	25994139 (48.32)	30856600 (49.52)	35429789 (54.53)	29779702 (54.48)
SC	8398417 (16.55)	9364702 (17.41)	10335914 (16.69)	10389545 (15.99)	7937176 (14.52)
ST	3123282 (6.16)	3518084 (6.54)	3536426 (5.68)	3363476 (5.18)	2854426 (5.22)
OBC	13348648 (26.31)	14918601 (27.73)	17581658 (28.22)	17594203 (27.08)	14090344 (25.77)
E. Coverage (No. of Accounts)					
Women	33303604 (65.64)	38429259 (71.44)	44256813 (71.03)	42492281 (65.40)	32693129 (59.81)
New Entrepreneurs	7740581 (15.26)	6530351 (12.14)	10066770 (16.16)	13012796 (20.03)	11641364 (21.29)

Source: <https://www.mudra.org.in> (Figures in the parenthesis represents percentage share in total and total may not be 100 due to rounding off)

In absolute terms, women remain the single largest beneficiary group under PMMY. At the same time, the share of new entrepreneurs has steadily increased from 15.26% in FY21 to 21.29% (1.16 crore accounts) in FY25, indicating growing outreach to first-time business owners. Together, these trends highlight PMMY's continued support to women-led enterprises while also broadening access to new entrepreneurial segments across the country.

Figure 2.13: Shift in Women Borrower Composition under PMMY (FY 2020-21 to FY 2024-25) in %



Source: Compiled from PMMY reports: (<https://www.mudra.org.in>)

The distribution of women borrowers across loan categories shows a clear structural shift over the past five years. The share of women in Shishu loans (up to ₹50,000) declined from 83.33% in FY21 to 62.71% in FY25, while the share in the Kishor category (₹50,000-₹5 lakh) increased significantly from 16.42% to 36.37%. Participation in the Tarun segment (₹5-10 lakh) rose from 0.25% to 0.91%, and Tarun Plus (₹10-20 lakh) appears in FY25 at 0.01%, indicating gradual entry into higher-ticket enterprise financing. This compositional change reflects a shift from concentration in micro-loans toward greater participation in mid- and higher-value enterprise segments.

The average loan size for women accounts reinforces this transition. In the Shishu category, the average disbursement per women account increased from ₹26,617 in FY21 to ₹37,727 in FY25, indicating rising ticket sizes even within the smallest loan bracket. In the Kishor category, the average loan per women account has remained

Table 2.9: Average Disbursement per Women Account by Loan Category

Year	Shishu (Up to Rs. 50,000)	Kishor (Rs. 50,000-Rs.5 lakh)	Tarun (Rs.5-10 lakh)	Tarun Plus (Rs. 10-20 lakh)
2020-21	26617.44	89275.74	691811.70	-
2021-22	29312.84	86992.48	692335.03	-
2022-23	34197.72	81245.66	723421.52	-
2023-24	35926.31	82919.36	691256.45	-
2024-25	37726.88	87642.69	695377.80	1461943.50

Source: Compiled from PMMY reports: (<https://www.mudra.org.in>)

broadly in the range of ₹81,000-₹89,000, reaching ₹87,643 in FY25, reflecting steady engagement in mid-sized enterprise financing. The Tarun category averages around ₹6.9-7.2 lakh per women account, while Tarun Plus in FY25 stands at approximately ₹14.6 lakh, indicating participation in larger capital-intensive ventures. Taken together, the declining concentration in Shishu loans and the rising share in higher categories, along with increasing average loan sizes per women account, point toward progressive credit deepening and enterprise scaling among women beneficiaries under PMMY.

Summary

India has largely achieved universal access to formal financial services, driven mainly by PMJDY and supported by rising women's participation. Women now not only dominate account ownership but also increasingly access enterprise credit across higher PMMY loan categories. The movement from Shishu to Kishor and Tarun loans reflects genuine credit deepening and business scaling rather than simple growth in borrower count. However, the rise in inoperative accounts shows that the next phase of financial inclusion must focus on strengthening account usage, boosting transaction activity, and ensuring that credit leads to sustained income growth and economic resilience.

Chapter 3

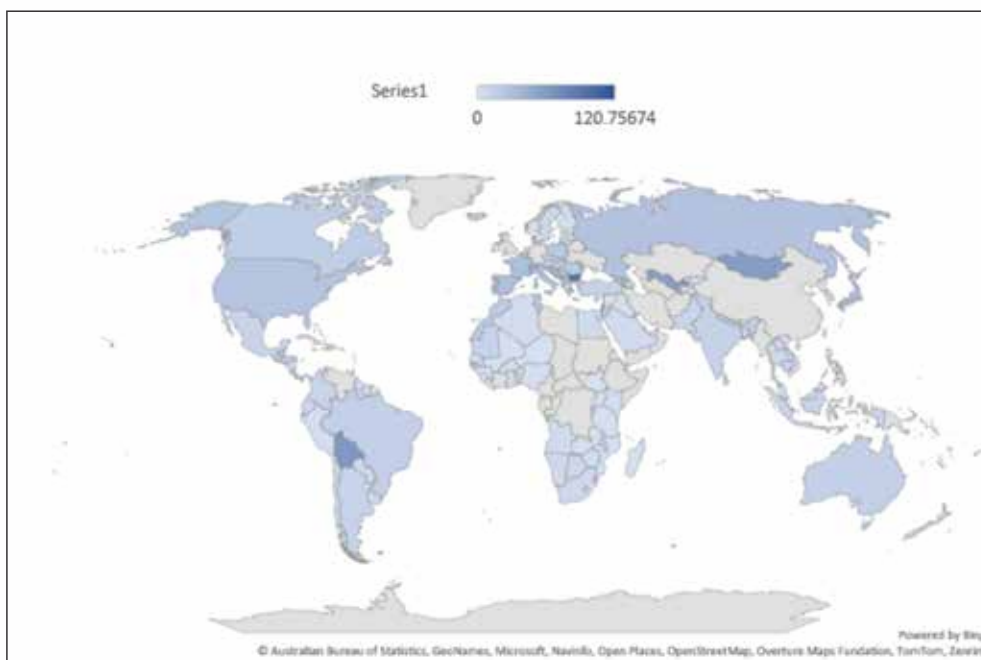
Bank Branch Network

3.1 The Global Scenario

Banking encompasses a system of financial institutions, including banks and credit unions that provide essential financial services to individuals, businesses, and governments. These services involve accepting deposits, granting loans, facilitating transactions, and offering financial products such as savings accounts, credit cards, and loans. Banking is integral to the economy, as it ensures the efficient movement of money and supports various economic activities.

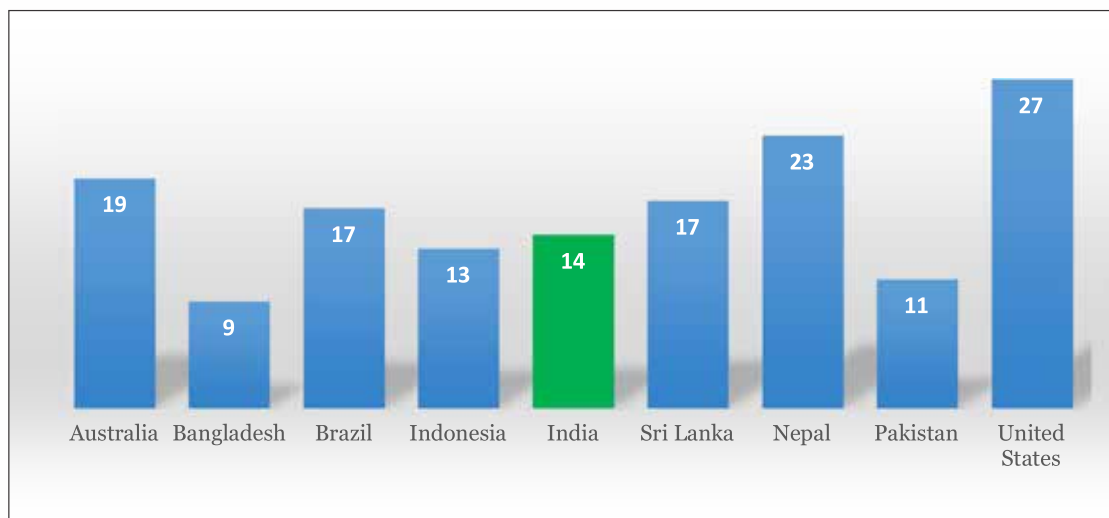
The branch network of various select countries i.e. the average number of commercial bank branches per lakh adult population during 2020-2024 are presented at figure-3.1 and 3.2.

Figure 3.1: Commercial Bank Branches Per 100,000 Adults (Numbers) for 2024



Source: International Monetary Fund, Geographical Outreach: Key Indicators Commercial Bank Branches Per 100,000 Adults retrieved from FRED, Federal Reserve Bank of St. Louis; February 23, 2026

**Figure 3.2: Average number of Commercial bank branches (per lakh adults)
2020-2024**



Source: Compiled from International Monetary Fund, *Geographical Outreach: Key Indicators Commercial Bank Branches Per 100,000 Adults* retrieved from FRED, Federal Reserve Bank of St. Louis; February 23, 2026 (<https://fred.stlouisfed.org/series/USAFBODCANUM>)

The five-year average (2020-2024) of commercial bank branches per 100,000 adults for the selected countries shows notable variation in physical banking access. Among these countries, the United States (27) and Nepal (23) have the highest average branch density, followed by Australia (19) and Brazil and Sri Lanka (17 each). India (14) and Indonesia (13) fall in the mid-range, while Pakistan (11) and Bangladesh (9) record comparatively lower branch penetration. These figures reflect differing levels of physical banking infrastructure and financial access across the selected economies over the period.

3.1.1 Indian Scenario

The data on the population group-wise¹ distribution of bank branches in India from 2020 to 2025 (Table 3.1) highlights a consistent growth in the number of bank branches across various regions. The population group-wise distribution of Scheduled Commercial Bank branches shows a steady expansion of the banking network between 2020 and 2025, with total branches increasing from 150,041 to 164,225, registering

¹ Notes: Population groups are defined as follows: 'Rural' includes centres with population of less than 10,000, 'Semi-Urban' includes centres with population of 10,000 and above but less than of one lakh, 'Urban' includes centres with population of one lakh and above but less than of ten lakhs, and 'Metropolitan' includes centres with population of 10 lakhs and above. All population figures are as per census 2011.

about 9.5% increase over the last five year period. Rural areas continue to account for the largest share of branches, rising from 52,281 (34.84%) in 2020 to 56,193 (34.22%) in 2025, although their proportional share has marginally declined over time. Semi-urban branches increased from 42,100 (28.06%) to 46,428 (28.27%), maintaining a relatively stable share. Urban branches grew from 27,394 (18.26%) to 30,134 (18.35%), while metropolitan branches recorded the fastest relative increase, expanding from 28,266 (18.84%) to 31,470 (19.16%). This consistent growth in bank branches across all regions signifies an ongoing effort to enhance banking accessibility, particularly in semi-urban and rural areas. These developments align with the government's initiatives to foster financial inclusion, ensuring broader access to banking services. While rural areas continue to account for a significant portion of the branch network, the overall expansion of bank branches suggests greater banking access nationwide.

Table 3.1: Population Group-Wise Number of Branches of Scheduled Commercial Banks

Year	Rural	Semi-urban	Urban	Metropolitan	Total
2020	52281 (34.84)	42100 (28.06)	27394 (18.26)	28266 (18.84)	150041
2021	52584 (34.92)	42346 (28.12)	27506 (18.26)	28166 (18.70)	150602
2022	53164 (35.14)	42352 (27.99)	27506 (18.18)	28291 (18.70)	151313
2023	54202 (34.96)	43630 (28.14)	28060 (18.10)	29146 (18.80)	155038
2024	55217 (34.58)	45030 (28.20)	29116 (18.23)	30315 (18.99)	159678
2025	56193 (34.22)	46428 (28.27)	30134 (18.35)	31470 (19.16)	164225

Source: RBI <https://data.rbi.org.in/BOE/OpenDocument/2409211437/OpenDocument/pendoc/openDocument.jsp?logonSuccessful=true&shareId=0>

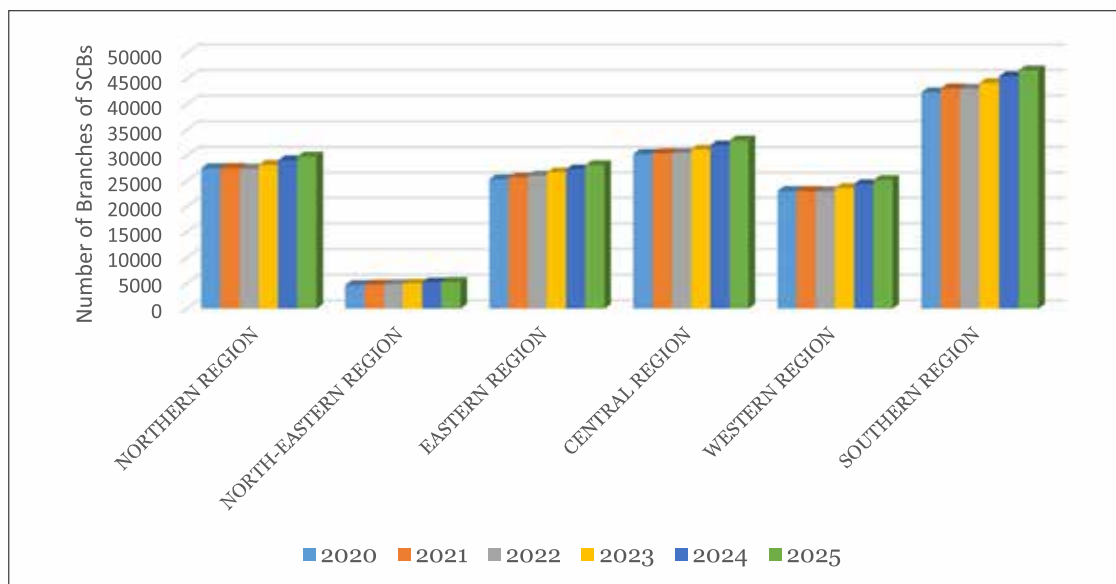
*: Data excludes administrative offices (Figures in the parenthesis represents percentage share)

In addition to brick and mortar branches, unbanked and underserved rural areas are also served through “banking outlet” which is a fixed-point service delivery unit manned by either the bank’s staff or its BC where services of acceptance of deposits, encashment of cheque/cash withdrawal, or lending of money are provided for a minimum of 4 hours per day for at least 5 days in a week. In order to ensure delivery of banking services, the rural banking outlets in the branchless mode has witnessed massive rise in their number.

3.2 Regional Outreach of Bank Branches

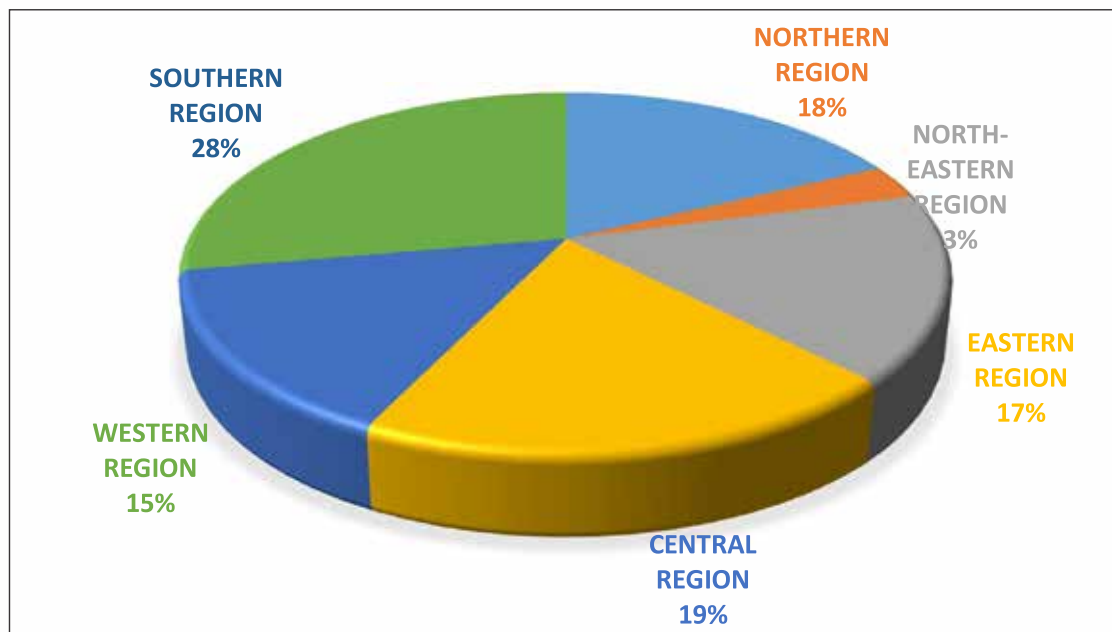
The data on commercial bank branches by region in India from 2020 to 2025 shows a steady increase across all regions, contributing to a national rise in the total number of branches. The Southern Region consistently accounted for the largest share of bank offices, increasing from 42,328 in March 2020 to 46,640 in March 2025. This was followed by the Central Region, which rose from 30,292 to 32,915 offices. The Northern Region also recorded steady growth, expanding from 27,500 to 29,781 offices. The Eastern Region increased from 25,339 to 28,084 offices, while the Western Region grew from 23,011 to 25,148 offices. The North-Eastern Region, though smaller in absolute terms, showed gradual expansion from 4,632 to 5,238 offices over the same period. (Figure 3.3). As of March 2025, the Southern Region accounted for the largest share of total bank offices at approximately 27.8 percent, followed by the Central Region (19.6 percent) and the Northern Region (17.7 percent). The Eastern Region contributed about 16.7 percent, while the Western Region accounted for 15.0 percent, and the North-Eastern Region represented a smaller share at 3.1 percent of total offices (Figure 3.3). Overall, while the Southern and Central Regions continue to dominate in terms of branch concentration, all regions have experienced incremental growth, indicating continued geographic deepening of the banking network across the country.

Figure 3.3: Trend in number of Scheduled Commercial Bank Branches by Region



Source: EPWRF Time Series Data (<https://epwrfits.in/BSRStateWiseDisplayData.aspx>)

Figure 3.4: Regional share (%) of Commercial Bank branches in 2025



Source: EPWRF Time Series Data (<https://epwrfits.in/BSRStateWiseDisplayData.aspx>)

3.3 Geographical Penetration of Bank Branch-Branches per 1000 Sq. Km.

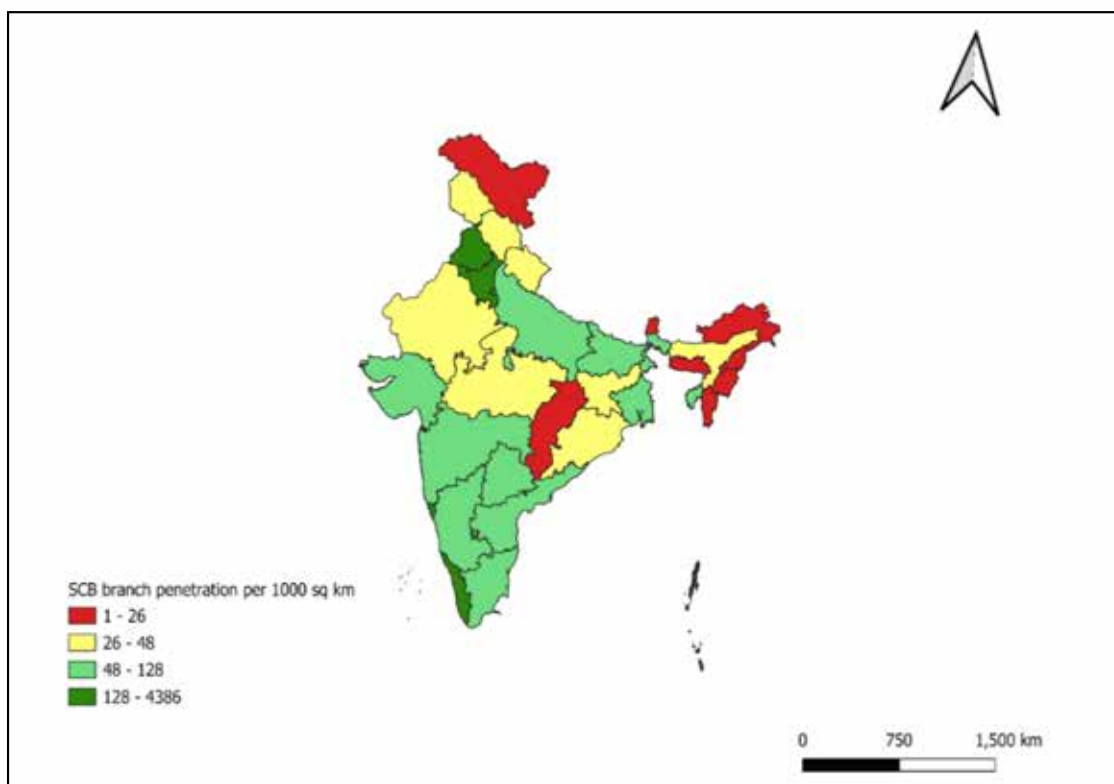
Availability of scheduled commercial bank branches per 1000 sq. km measures the extent of geographical penetration of banking sector services across the country. It assesses the average distance a customer needs to cover to reach the nearest bank branch. Higher the geographical penetration less is the distance required to be travelled by an individual to reach the bank and vice versa. The data for All India SCBs (Scheduled Commercial Banks) Branch per 1,000 Sq. Km from March 2020 to March 2025 (Table 3.2) shows a gradual and consistent increase in branch penetration across the country. Starting at 48 in March 2020, the value rises steadily to 53 by March 2025. This indicates a continuous expansion in banking infrastructure, suggesting positive trends in financial inclusion, with more branches reaching areas across the country. States like Chandigarh, NCT of Delhi, Puducherry, and Goa exhibit a consistent and steady increase in branch penetration over the six years. This trend suggests a continuous improvement in banking infrastructure in these regions, likely due to better urbanization, economic development, and ongoing efforts to expand financial inclusion.

States such as Kerala and West Bengal show a more moderate growth trend, with minor fluctuations observed from year to year. Although there's an overall upward trajectory,

the growth appears to be slower compared to others. This could reflect challenges such as regional economic conditions, population density, and the existing saturation of bank branches in urban areas. On the other hand, some states like Arunachal Pradesh and Nagaland show relatively low and slow growth in branch penetration. Despite gradual increases, their rates of growth remain modest. These regions may face challenges like lower population densities, geographical barriers, or less concentrated economic activity, which could slow the expansion of banking services.

In summary, the data indicates an overall positive trend in SCBs branch penetration across India, with marked improvements in certain states and UTs, particularly those with ongoing infrastructural and economic development. However, the pace of growth is uneven, with some regions exhibiting steady, rapid, or modest growth, reflecting the unique challenges and opportunities within each area.

Figure 3.5: Scheduled Commercial Bank (SCBs) Branches per 1,000 Sq. Km - March 2025



Source: Compiled from <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#!17>

Table 3.2: Trend in SCBs Branches per 1,000 Sq. Km.

State	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Chandigarh	4184	4132	4061	4114	4281	4386
NCT of Delhi	2656	2587	2564	2614	2701	2779
Lakshadweep	467	733	733	733	800	900
Puducherry	561	565	563	578	598	622
Kerala	178	179	178	183	187	196
Goa	192	189	184	184	187	195
Dadra And Nagar Haveli And Daman And Diu	186	176	174	173	179	189
Punjab	136	135	133	134	137	142
Haryana	120	120	119	123	128	132
West Bengal	106	108	110	112	115	118
Tamil Nadu	93	95	95	98	101	105
Bihar	81	83	83	85	87	90
Uttar Pradesh	76	77	77	78	80	83
Tripura	55	57	58	59	62	63
Karnataka	58	58	58	59	60	62
Telangana	50	51	52	54	56	59
Andhra Pradesh	46	47	47	49	50	52
Gujarat	45	45	45	47	48	50
Maharashtra	46	46	46	47	48	50
Uttarakhand	42	42	42	42	44	46
Jharkhand	41	41	41	42	44	46
Assam	38	40	40	40	42	43
Odisha	34	35	36	37	38	39
Jammu & Kashmir	33	33	34	35	36	37
Himachal Pradesh	30	31	31	32	33	34
Madhya Pradesh	24	24	25	25	26	27
Rajasthan	23	24	24	25	26	27
Sikkim	23	23	24	25	25	26
Chhattisgarh	21	22	22	23	24	25
Meghalaya	17	17	17	17	18	18
Nagaland	11	12	12	12	13	15
Manipur	10	10	11	11	12	12
Mizoram	10	10	11	11	11	12
Andaman & Nicobar Islands	9	9	9	9	9	10
Arunachal Pradesh	2	2	2	2	3	3
Ladakh	0	0	0	1	1	1
All India	48	48	48	50	51	53

Source: <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#!17>. Geographical area- India State Forest Report 2023

The above figure 3.5 represents the current scenario of scheduled commercial bank branches per 1000 square km for the year 2025 (March).

3.4 Demographical Penetration - Branches per Lakh Population

Number of bank branches per lakh population measures the extent of demographic penetration of bank branches. Availability of more number of bank branches per lakh population indicates adequate supply of banking services for more number of clients thus enabling better supply of financial services to people to meet business or individual banking needs. Data analysis over the last five years shows an increasing trend of demographic penetration of commercial bank branches per lakh population (Table 3.3). The All-India figure shows a general increase from 11 in March 2020 to 12 in March 2025. When compared to the country average, several states are above and below this figure. For instance, Goa, Chandigarh, and Lakshadweep, with values around 39-45, are significantly above the national average, indicating robust banking infrastructure that likely caters to both urban and rural populations effectively. States like Ladakh, Himachal Pradesh, and Sikkim also have values above the national average, reflecting efforts to expand banking in more remote areas, with Ladakh seeing a noticeable increase over the years. On the other hand, states such as Bihar, Uttar Pradesh, Assam, and Jharkhand have values well below the all India average, ranging from 6 to 9. These states are facing challenges in providing sufficient banking infrastructure, potentially due to factors such as high population density, rural distribution, or fewer banking institutions in these areas. Despite some improvement over the years, these states remain significantly under-served in terms of banking access. Looking at the overall picture, many states are still below the national average, indicating the need for continued focus on expanding banking services, especially in rural or economically backward regions. The overall increase in the “All India” figure, however, suggests that efforts to improve banking access across the country are beginning to show positive results, though disparities persist. Targeted interventions in states with lower values could help bring them closer to the national average, ensuring a more equitable distribution of banking services.

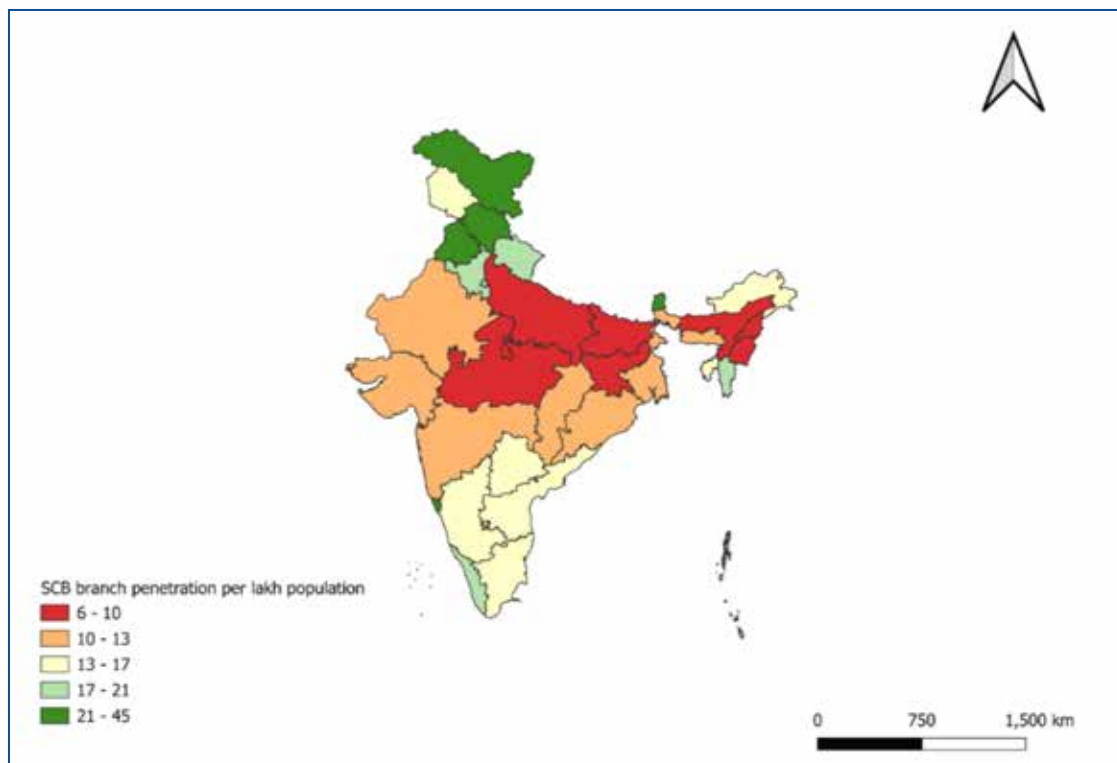
Figure 3.6 represents the current scenario of scheduled commercial bank branches per lakh population for the year 2025 (March).

Table 3.3: Trend in SCBs Branch per 1,00,000 Population

State/UT	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Goa	45	44	43	43	43	45
Chandigarh	38	37	37	37	39	39
Lakshadweep	20	31	31	31	34	39
Ladakh	23	25	27	30	33	34
Sikkim	23	23	24	25	25	27
Himachal Pradesh	22	23	23	24	24	25
Punjab	22	22	21	22	22	23
Kerala	19	19	19	20	20	21
Uttarakhand	19	19	19	19	20	20
Mizoram	17	17	18	18	19	20
Andaman & Nicobar	18	18	18	18	19	19
Haryana	17	17	17	17	18	19
NCT of Delhi	17	17	17	17	18	18
Tamil Nadu	16	16	16	16	17	18
Puducherry	16	16	16	16	17	17
Karnataka	16	16	16	16	17	17
Telangana	14	15	15	16	16	17
Andhra Pradesh	14	14	14	15	15	16
Tripura	14	14	14	15	15	16
Arunachal Pradesh	11	11	11	12	13	15
Jammu & Kashmir	13	13	13	14	14	15
Gujarat	12	12	12	12	13	13
Odisha	11	12	12	12	12	13
Maharashtra	11	11	11	11	12	12
Meghalaya	11	11	11	11	12	12
Rajasthan	9	10	10	10	11	11
Nagaland	8	8	8	9	10	11
Chhattisgarh	9	9	10	10	10	11
West Bengal	9	9	10	10	10	10
Madhya Pradesh	8	8	8	9	9	9
Assam	8	8	8	9	9	9
Jharkhand	8	8	8	8	9	9
Manipur	6	7	7	7	8	8
Uttar Pradesh	8	8	8	8	8	8
Dadra & Nagar Haveli	7	7	7	7	7	7
Bihar	6	6	6	6	6	6
All India	11	11	11	11	12	12

Source: <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#!17>. (Population-2023-Report Of The Technical Group On Population Proiecttcons) (Population for 2026 taken as per the report)

Figure 3.6: Scheduled Commercial Bank (SCBs) Branches Per 1,00,000 Population -March 2025



Source: Compiled from <https://dbie.rbi.org.in/DBIE/dbie.rbi?site=publications#!17>

Summary

India's banking network has expanded steadily, with 1,73,936 branches as of 2025. Rural areas account for 33% of total branches, ensuring financial services for underserved populations. Regional disparities exist, with Southern India having the highest concentration of branches. Banking penetration per lakh population has improved, but states like Bihar and Uttar Pradesh lag behind. Despite progress in banking expansion, challenges remain in achieving uniform outreach. Strengthening digital banking infrastructure and increasing branch penetration in low-access regions can further enhance financial inclusion. Encouraging financial institutions to expand services in remote areas will be key to equitable banking access.

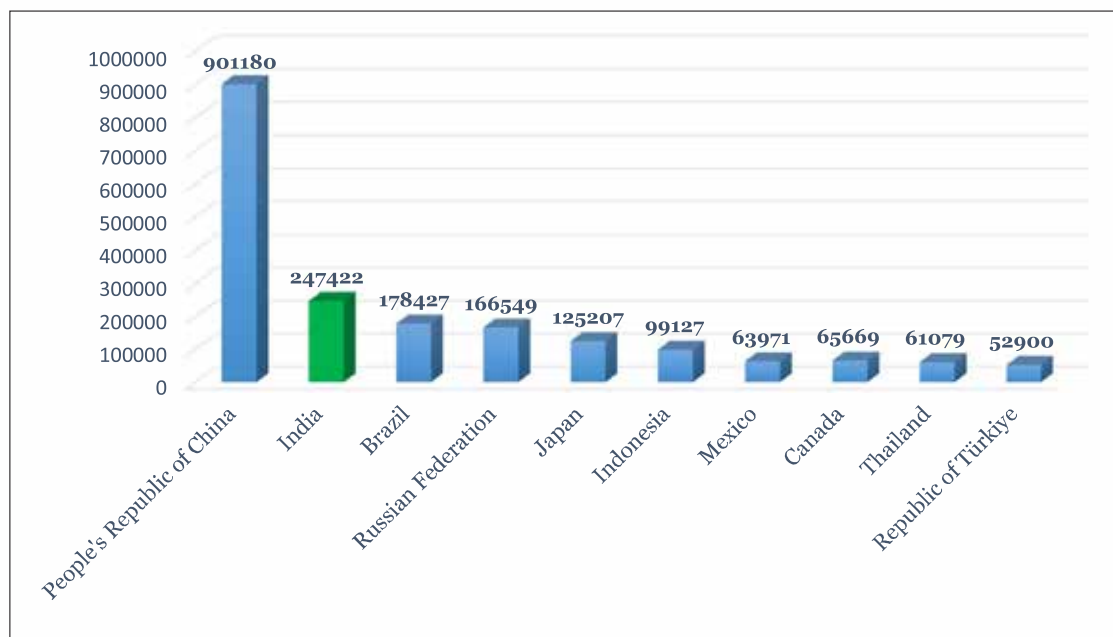
Chapter 4

Role of ATMs in Financial Inclusion in India

4.1 Global Scenario

Automated teller machines (ATMs) are computerized telecommunications devices that provide clients of a financial institution with access to financial transactions in a public place. It is a form of electronic banking terminal that helps customers to carry out simple transactions without the support of a branch operator. Customers can perform self-service tasks such as deposits, cash withdrawals, bill payments and account transfers through ATMs. ATMs allow customers to have access to bank services 24/7.

Figure 4.1: Total Number of ATMs in top 10 countries (Average of five years 2020-24)

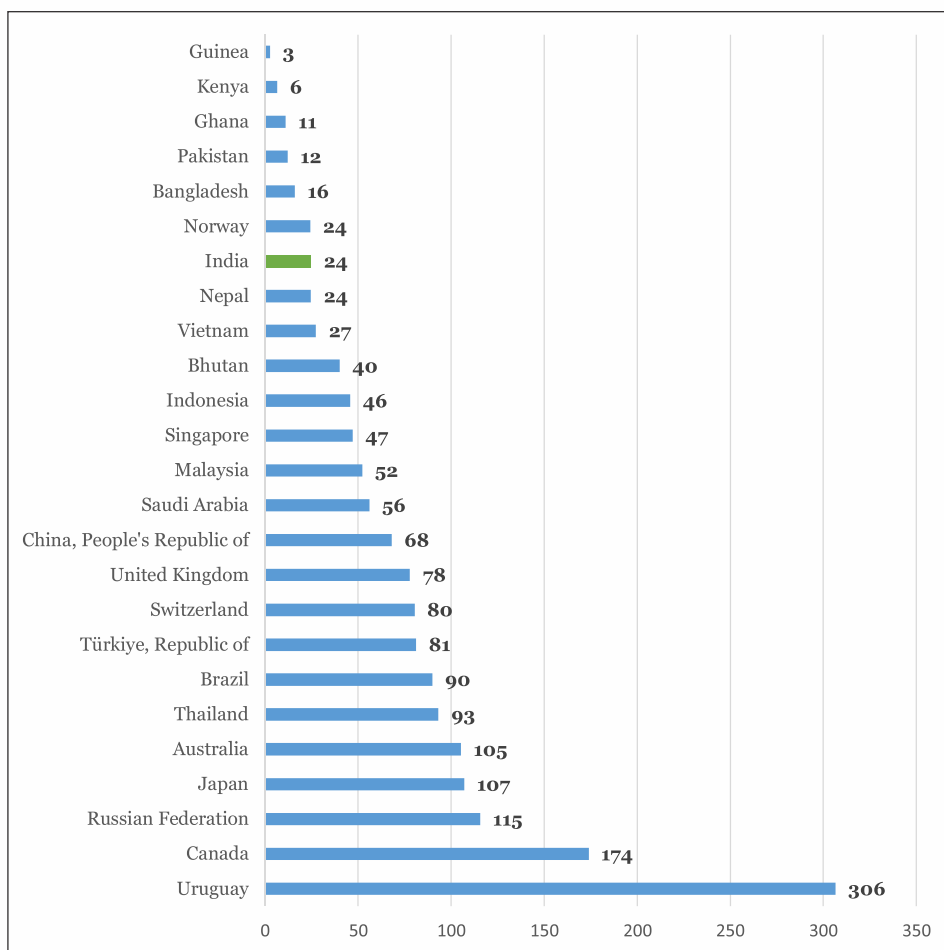


Source: Compiled from Financial Access Survey 2025

According to the IMF Financial Access Survey (2020-2024 average), the countries with the highest average number of ATMs globally are led by People's Republic of China (901,180), followed by India (247,422), Brazil (178,427), Russian Federation (166,549), and Japan (125,207). The next tier includes Indonesia (99,127), Canada (65,669), Mexico

(63,971), Thailand (61,079), and Republic of Türkiye (52,900). The distribution reflects a combination of population size, geographic spread, financial inclusion strategies, and banking infrastructure maturity. Large emerging economies such as China, India, Brazil, and Indonesia maintain extensive ATM networks to support broad financial access across rural and semi-urban populations, while advanced economies like Japan and Canada sustain high ATM penetration driven by established banking systems and consumer cash usage patterns. The data underscores that ATM density remains a critical physical-access indicator within broader financial inclusion frameworks, particularly in countries balancing digital expansion with cash-dependent segments of the population.

Figure 4.2: Number of ATMs per 1,00,000 population for 2024 for select countries

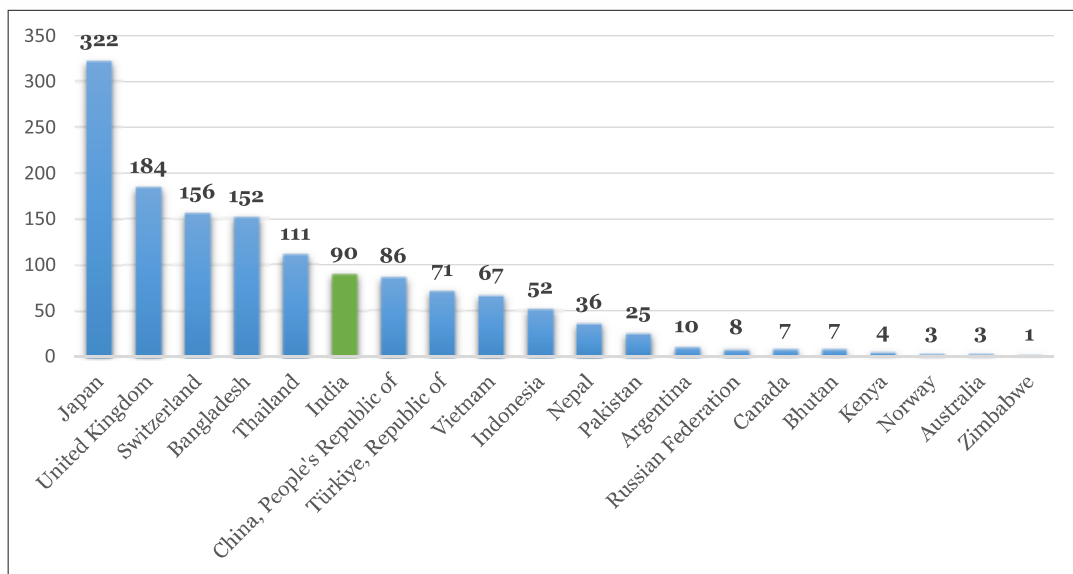


Source: Compiled from Financial Access Survey 2025

In terms of ATMs per 1,00,000 population, India (24 in 2024) trails several countries such as Uruguay (306), the United Kingdom (78), China (68), and Brazil (90) (Figure 4.2). This shows that India has relatively lower per capita access to physical cash infrastructure compared to many advanced and emerging economies. However, ATM penetration in India has improved steadily, rising from 21 per lakh population in 2020 to 24 in 2024. This reflects continued efforts to strengthen banking access across a large population. At the same time, India is rapidly moving toward digital banking and mobile payments, which is reducing dependence on cash and traditional ATM usage as the country transitions toward a more cash-lite economy.

The 2024 data on ATMs per 1,000 square kilometres show how widely banking infrastructure is spread across countries. Densely populated and urbanised countries such as Japan (322), the United Kingdom (184), and Switzerland (156) have very high ATM concentration per area. Bangladesh (152) and Thailand (111) also show strong geographic coverage. India has 90 ATMs per 1,000 sq. km in 2024, higher than China (86), Türkiye (71), and Vietnam (67). Importantly, India has improved from 74 in 2020 to 90 in 2024, showing steady expansion of banking infrastructure across the country. However, comparisons depend on land size. Large countries like Canada (7), Australia (3), and Russia (8) naturally have lower ATM density per square kilometre. Overall, India's increase indicates better geographic access to cash services, even as digital payments continue to grow.

Figure 4.3: Number of ATMs per 1,000 square km for 2024 for select countries

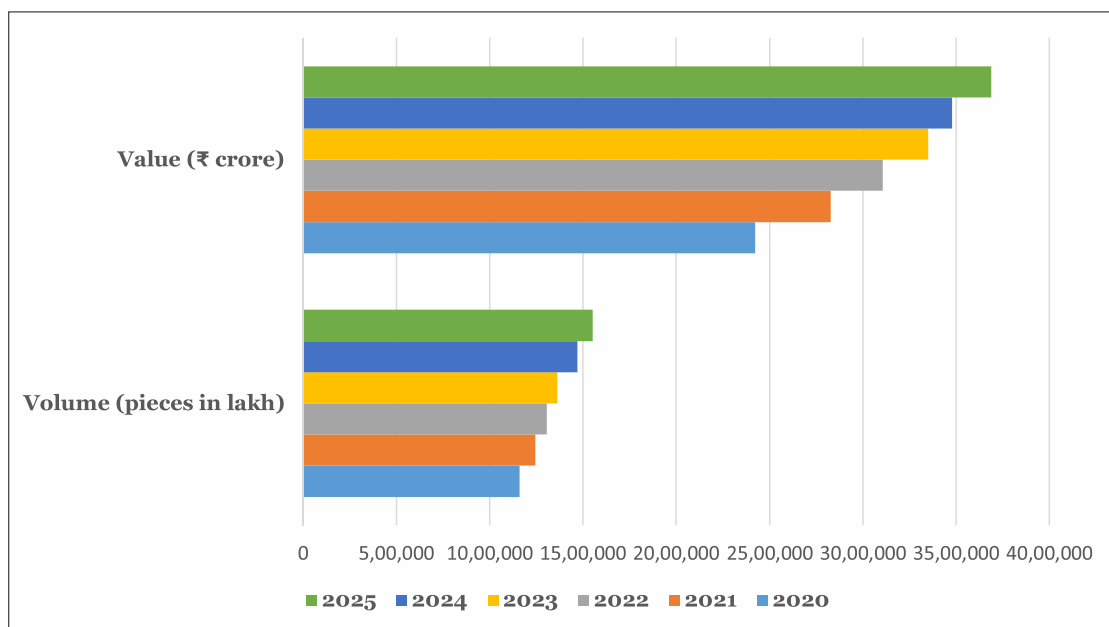


Source: Compiled from Financial Access Survey 2025

4.2 Deployment of ATMs/CRMs/WLAs in India

Between 2020 and 2025, banknotes in circulation in India increased significantly in both volume and value terms. The total volume of notes rose from 11,59,768 lakh pieces in 2020 to 15,50,720 lakh pieces in 2025—an increase of approximately 33.7 percent over the five-year period. In value terms, currency in circulation increased from ₹24,20,975 crore to ₹36,86,811 crore during the same period, marking a sharper rise of about 52.3 percent. Despite rapid growth in digital payments, these trends indicate that cash continues to play a significant role in India's financial system, reflecting both transactional demand and precautionary savings behaviour.

Figure 4.4: Banknotes in Circulation (Value & Volume)-2020-2025



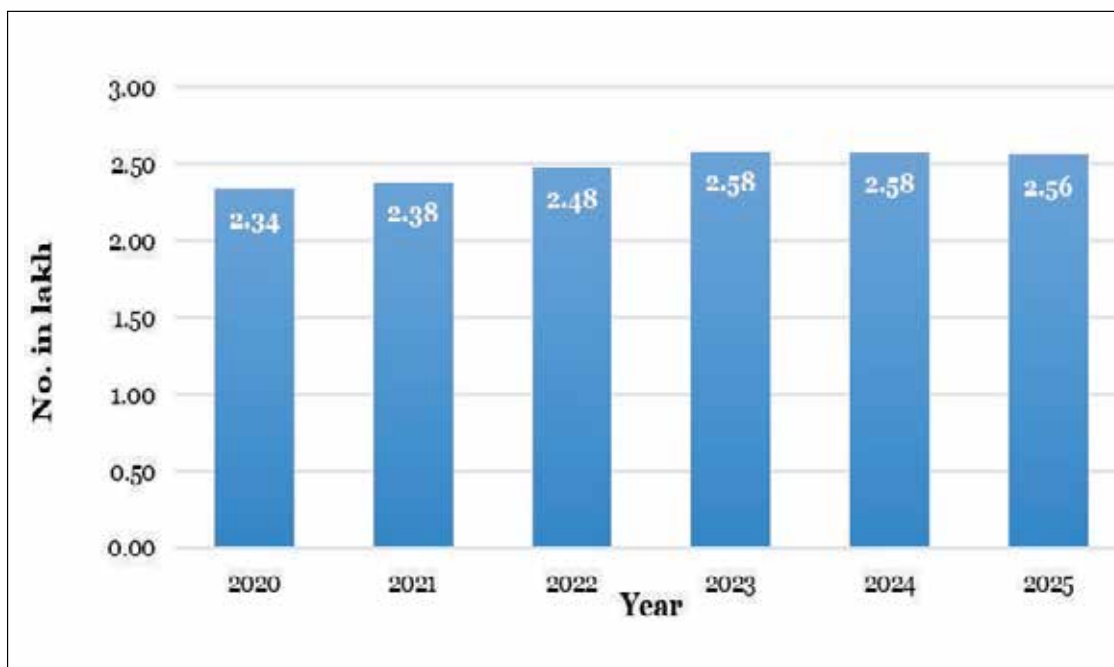
Source: RBI Annual Report 2021-22, 2022-23, 2023-24 & 2024-25

Although customers can use ATMs for a variety of banking tasks, the two most common uses of ATMs have historically been cash withdrawal and balance enquiries. Additionally, ATMs are being used to deposit cash, activate cards and reset card PIN. These reasons have necessitated the establishment of ATMs on almost every street corner in the country. However, it is anticipated that fewer transactions will be made through ATMs after FY 2026-2027 because of the growing use of digital payment methods like UPI, Central Bank Digital Currency (CBDC), and cards (PwC, 2023).

The deployment of ATMs/CRMs/WLAs by Scheduled Commercial Banks shows a steady expansion between 2020 and 2023, followed by a slight moderation thereafter. The total number increased from 2,34,341 units (2.34 lakh) in 2020 to 2,58,471 units (2.58 lakh) in 2023, reflecting consistent growth in physical banking infrastructure during this period.

However, from 2023 onward, deployment shows a marginal decline. The number reduced from 2,58,471 in 2023 to 2,57,654 in 2024 and further to 2,55,885 (2.56 lakh) in 2025. This represents a slight decline of approximately 0.69% between 2024 and 2025. (Figure 4.5).

Figure 4.5: Trend in Deployment of ATMs/CRMs/WLAs* of Scheduled Commercial Banks in lakhs 2020-25



Source: Region wise deployment of ATMs for the quarter ended March 2025 RBI <https://rbi.org.in/Scripts/StateRegionATMView.aspx>

* CRM – Cash Recycler Machine, WLA – White Label ATM

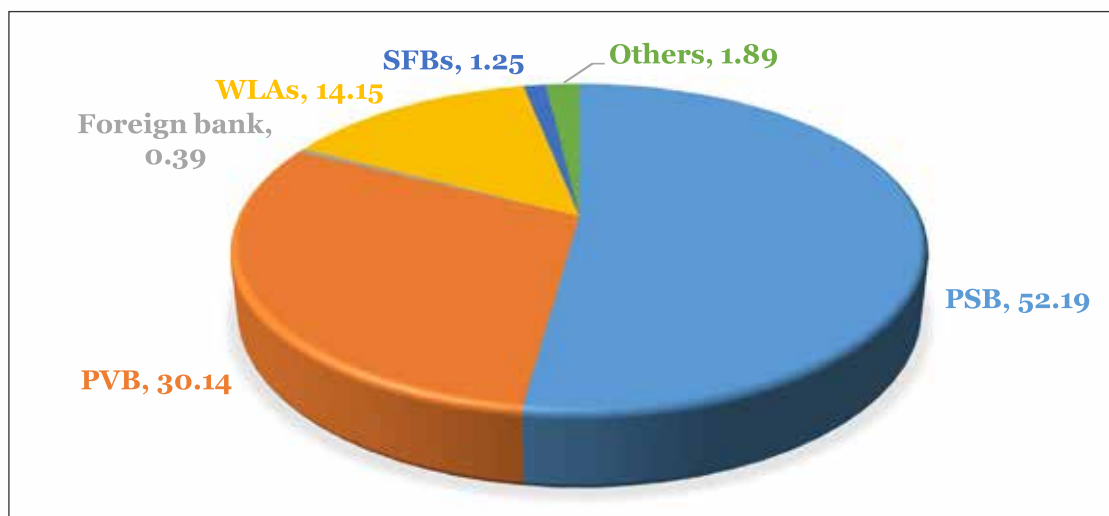
4.3 Deployment of ATMs/CRMs/WLAs by Entities

As of March 2025, Public Sector Banks (PSBs) continue to hold the largest share of ATMs/CRMs in India, with 1,33,544 ATMs, accounting for 52.19% of the total network. This is followed by Private Sector Banks (PVBs) making up 30.14% of the total, and White Label ATMs (WLAs), which are managed by non-bank entities have grown to 14.15%. Foreign Banks (FBs), Small Finance Banks (SFBs), and other entities collectively contribute only 3.53% of the total ATMs deployed in the country (Figure 4.6).

The data highlights a significant shift in the distribution of ATM market share between 2020 and 2025. While PSBs have maintained their dominance, their share has steadily decreased from 57.55% in 2020 to 52.19% in 2025 (Figure 4.7). This decline reflects a gradual reduction in their ATM deployment, possibly due to the increasing focus on digital banking and ATM consolidation. Private Sector Banks have also seen a slight decline in their share from 31.17% in 2020 to 30.14% in 2025.

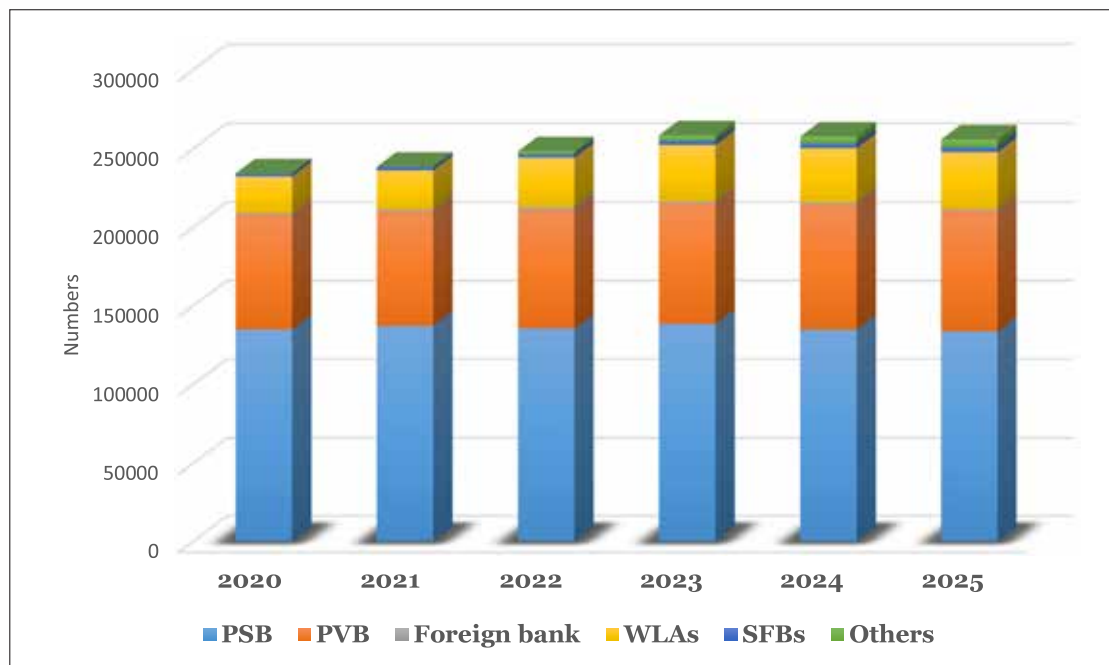
Meanwhile, Foreign Banks have remained stable but maintain a modest share of 0.39% in 2025. The most significant shift, however, is seen in the growth of White Label ATMs (WLAs), which have increased their share from 10.07% in 2020 to 14.15% in 2025. This rise underscores the expanding role of WLAs in providing essential ATM services, especially in rural and underserved regions, where traditional bank branches may be

Figure 4.6: Deployment of ATMs as of March 2025 (%)



Source: Region wise deployment of ATMs for the quarter ended March 2025 RBI <https://rbi.org.in/Scripts/StateRegionATMView.aspx>
 RBI (Others include StCBs, UCBs, DCCBs, RRBs, LABs)

Figure 4.7: Trend in Deployment of ATMs (Nos.) by Entities

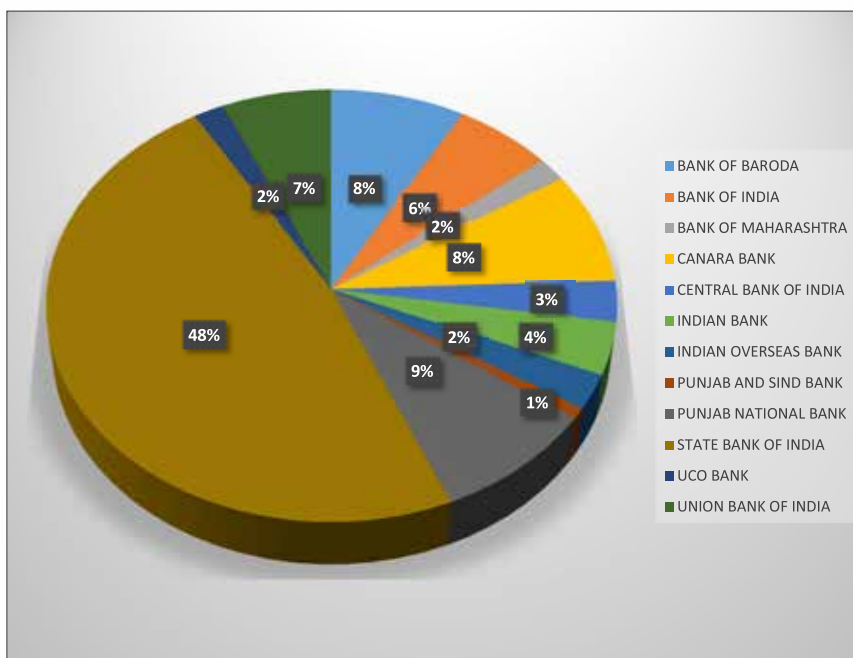


Source: Compiled from Region wise deployment of ATMs for the quarter ended March 2025 RBI <https://rbi.org.in/Scripts/StateRegionATMView.aspx>, RBI (Others include StCBs, UCBs, DCCBs, RRBs, LABs)

limited. Overall, the trend indicates that while PSBs still control the largest portion of the ATM market, the landscape is evolving with significant growth from White Label ATMs, signalling a shift toward more diversified and accessible ATM networks across India.

Public sector banks have an expansive network of ATMs across India. The major players are State Bank of India, Punjab National Bank, Canara Bank, Bank of Baroda, etc. According to RBI's data, as on March 2024, SBI has the highest number of ATMs/CRMs in India i.e. 63,580 ATMs/CRMs and it account for more than one fourth of country's total ATMs/CRMs (Figure 4.8)

Figure 4.8: ATM outreach of PSBs as on March 2025(%)

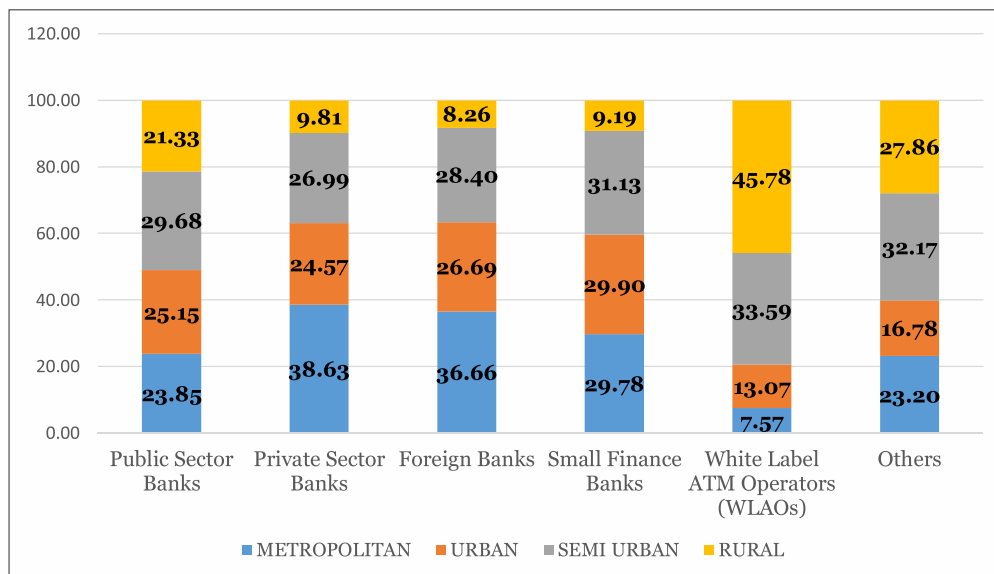


Source: Compiled from Region wise deployment of ATMs for the quarter ended March 2025 RBI <https://rbi.org.in/Scripts/StateRegionATMView.aspx>

4.4 Distribution of ATMs in India

The population group-wise distribution of ATMs as of March 2025 shows clear differences in deployment patterns across bank categories. Public Sector Banks have a relatively balanced presence across regions, with the highest share in semi-urban areas (29.68%), followed by urban (25.15%), metropolitan (23.85%), and rural areas (21.33%), reflecting their wider outreach mandate. Private Sector Banks (38.63%) and Foreign Banks (36.66%) are largely concentrated in metropolitan areas, with much lower rural shares (9.81% and 8.26%, respectively), indicating a stronger focus on commercially viable urban markets. Small Finance Banks display a more even spread, with a higher presence in semi-urban (31.13%) and urban (29.90%) areas. In contrast, White Label ATM Operators are predominantly rural-focused, with 45.78% of their ATMs located in rural areas and 33.59% in semi-urban regions, highlighting their important role in expanding last-mile cash access. Overall, the data suggest that while private and foreign banks are metro-centric, PSBs ensure broader geographic coverage and WLA operators significantly support rural financial inclusion.

Figure 4.9: Population Group wise deployment of ATMs (%) (March 2025)



Source: Compiled from Region wise deployment of ATMs for the quarter ended March 2025 RBI <https://rbi.org.in/Scripts/StateRegionATMView.aspx>

4.5 Demographical and Geographical Outreach of ATMs

Demographic and geographic outreach of ATMs are the indicators of access to financial services, rescaled by adult population (number of ATMs per one lakh population) and land mass (number of ATMs per thousand sq.km.), respectively.

Table 4.1 (March 2025) highlights sharp regional disparities in ATM distribution across India. At the national level, India has 18 ATMs per lakh population and 78 ATMs per 1,000 sq. km, but state performance varies widely.

In per capita terms, smaller and more developed regions perform better. Goa records 67 ATMs per lakh population, Ladakh 57, and Chandigarh 54, reflecting either strong urbanisation or a small population base. Among larger states, Tamil Nadu stands out with 39 ATMs per lakh population, followed by Kerala with 36 and Karnataka with 28. These figures indicate relatively better financial infrastructure in the southern region. In contrast, highly populous states such as Bihar record only 7 ATMs per lakh population, while Uttar Pradesh and Jharkhand each record 10. This suggests lower per person access despite improvements in overall banking outreach. Madhya Pradesh and Rajasthan also remain below the national average, pointing to continued gaps in financial infrastructure in central and northern India.

Table 4.1: Demographical and Geographical outreach of ATMs, as on March 2025

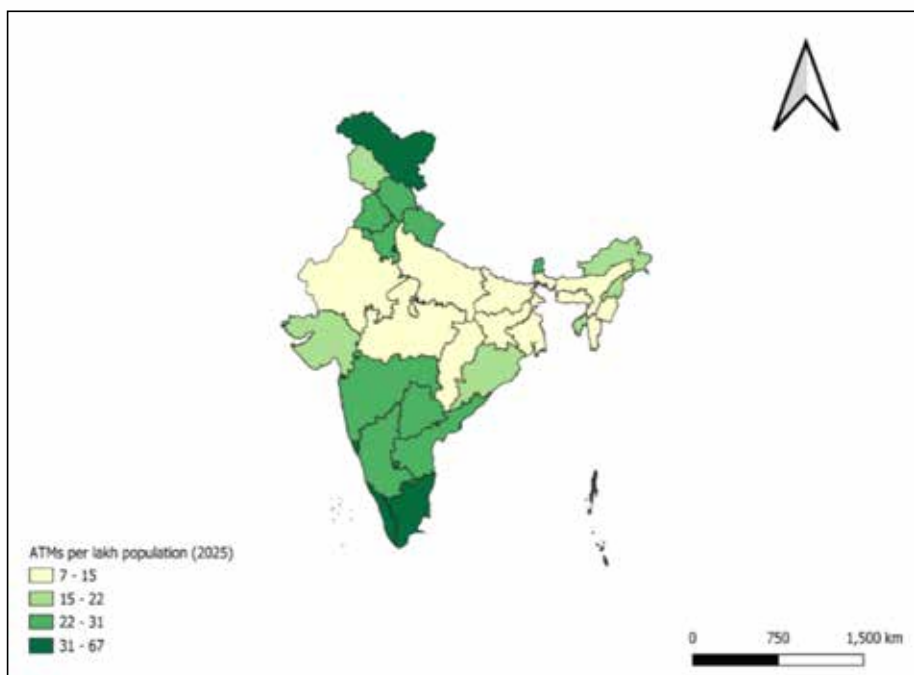
State	ATMs per lakh population	ATMs per 1000 sq km
Andaman & Nicobar Islands	32	16
Andhra Pradesh	22	72
Arunachal Pradesh	20	4
Assam	13	63
Bihar	7	93
Chandigarh	54	5991
Chhattisgarh	15	35
Dadra And Nagar Haveli And Daman And Diu	19	480
Goa	67	288
Gujarat	20	75
Haryana	23	163
Himachal Pradesh	30	41
Jammu & Kashmir	21	53
Jharkhand	10	50
Karnataka	28	100
Kerala	36	338
Ladakh	57	1
Lakshadweep	37	867
Madhya Pradesh	12	36
Maharashtra	22	92
Manipur	13	19
Meghalaya	15	22
Mizoram	15	9
Nagaland	16	22
NCT Of Delhi	32	4888
Odisha	18	56
Puducherry	36	1302
Punjab	27	167
Rajasthan	14	34
Sikkim	31	31
Tamil Nadu	39	234
Telangana	26	91
Tripura	16	65
Uttar Pradesh	10	99
Uttarakhand	26	58
West Bengal	13	152
All India	18	78

Source: Compiled from data on ATM- RBI, Population for 2026 -Report of the Technical group of Population Projection July 2020 (2011-2036), Geographical area- India State Forest Cover Report 2023

From a geographic perspective, compact urban territories such as Chandigarh and Delhi show extremely high ATM density per 1,000 sq. km due to their small land area. Among major states, Kerala records 338 ATMs per 1,000 sq. km and Tamil Nadu 234, reflecting strong spatial coverage. In contrast, large and sparsely populated regions such as Arunachal Pradesh record only 4 ATMs per 1,000 sq. km, and Ladakh just 1, highlighting the impact of terrain and dispersed settlements. Some states display contrasting patterns. Bihar, for instance, has relatively moderate ATMs per 1,000 sq. km but very low per capita availability due to its high population density. Ladakh shows the opposite trend—higher per capita availability but extremely low geographic density because of its vast territory and small population.

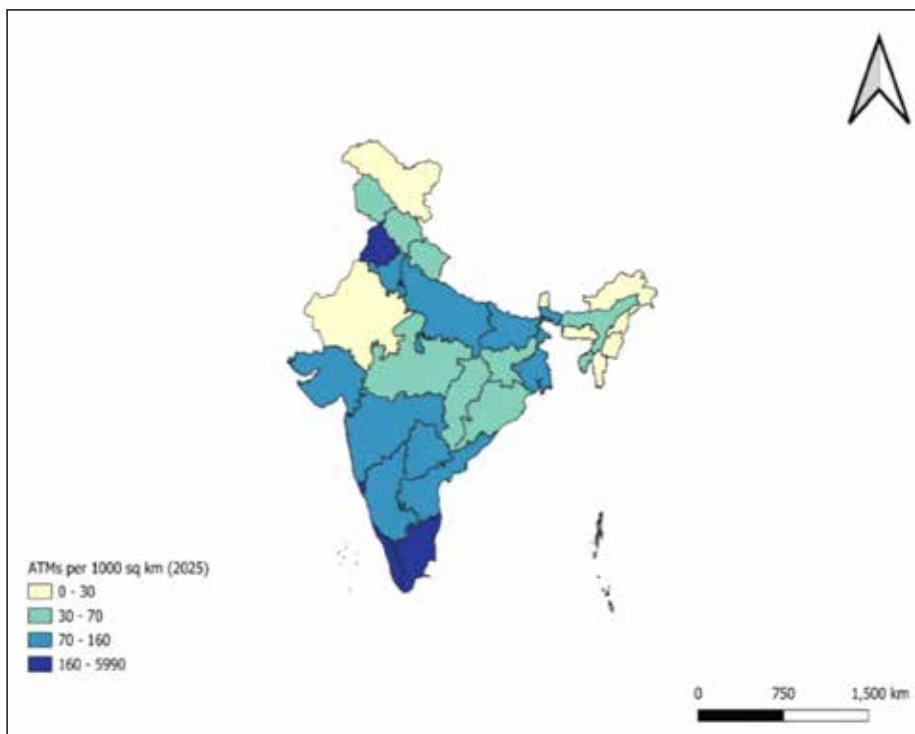
Overall, the data shows that ATM distribution in India is influenced by population pressure, economic development, land area, and geographic conditions. Southern and western states generally perform better, while populous northern and eastern states and geographically challenging regions continue to face lower per capita or spatial access. Figure 4.10 & 4.11 represent the demographical and geographical outreach of ATMs in India, statewise as of March 2025.

Figure 4.10: ATMs Demographical Outreach- 2025



Source: Compiled from data on ATM- RBI, Population -Report of the Technical group of Population Projection July 2020 (2011-2036)(population taken for year 2026)

Figure 4.11: ATMs Geographical Outreach -2025



Source: Compiled from data on ATM- RBI, Geographical area- India State Forest Cover Report 2023

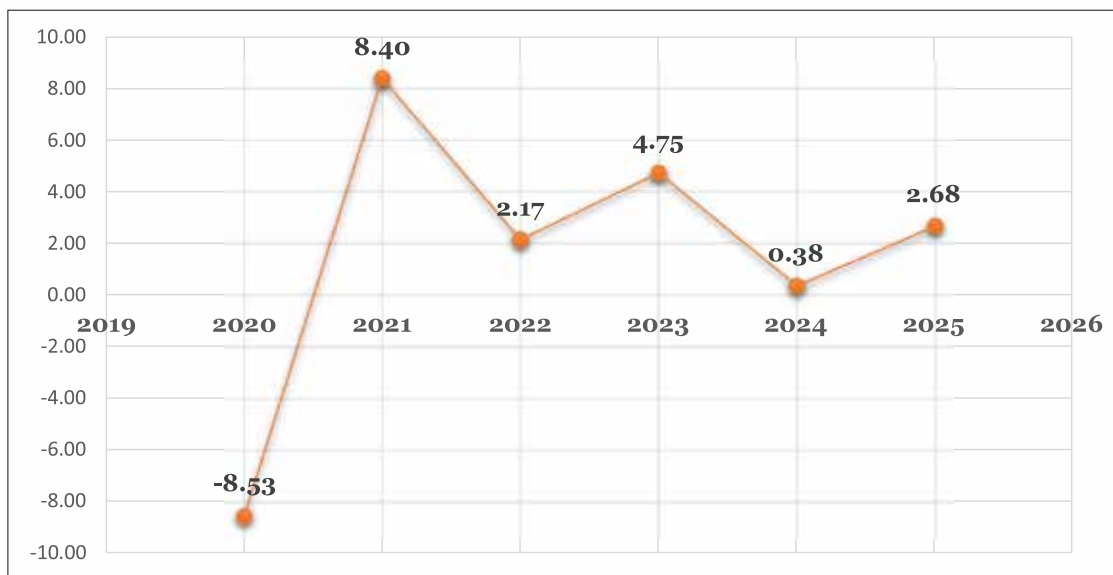
4.6 Debit Cards to ATM Ratio

The data on debit cards in circulation between 2019 and 2025 show an initial decline followed by gradual recovery and slower growth in recent years. In 2019, the total number of debit cards stood at about 90.58 crore. In 2020, this fell to 82.86 crore, marking a decline of about 8.5%. This drop can be largely attributed to the COVID-19 pandemic, which led to lockdowns, reduced mobility, lower transaction activity, and possible rationalisation of inactive cards.

The trend reversed in 2021, when the number of debit cards increased by 8.4%, reaching nearl 89.82 crore, indicating a strong recovery as economic activity resumed. Growth continued in 2022 at a moderate pace of about 2.17%, with the total rising to 91.77 crore. In 2023, expansion strengthened again, with growth of around 4.7%, taking the total to 96.13 crore. However, growth slowed significantly in 2024 to just 0.38%, suggesting near stabilisation in debit card issuance. In 2025, the number rose further to about 99.08 crore, registering growth of 2.68%.

Overall, after the pandemic-induced decline in 2020, debit card numbers recovered steadily but have entered a phase of slower growth. The moderation in recent years may reflect the increasing shift toward digital payment platforms such as UPI, which reduce reliance on physical debit cards even as banking penetration continues to expand.

Figure 4.12: Year-on-Year Growth (%) in Number of Debit Cards (2020-2025)



Source: Source: RBI Payment System Indicator <https://www.rbi.org.in/scripts/psiuserview.aspx>

Overall, the data reveals a steady recovery and growth in debit card usage, with a notable rebound from the pandemic's effects and a consistent rise in the adoption of digital financial services. This upward trend suggests the increasing role of debit cards in India's evolving financial landscape, driven by greater financial inclusion, improved digital literacy, and government efforts to promote digital payments. The issuance of debit card is significantly high in India due to the issuance of *RuPay* cards to a vast section of the unbanked population. The Indian digital payments provider *RuPay* was introduced in 2012 by the National Payments Corporation of India (NPCI) and a big proportion of *RuPay* accounts was issued under the Pradhan Mantri Jan Dhan Yojana (PMJDY). *RuPay* is the most successful debit card platform with more than 80 percent of the market share in cards issued¹.

¹ <https://www.moneycontrol.com/technology/rupay-s-credit-card-market-share-rises-to-12-percent-in-2024-transaction-volume-growing-20-monthly-article-12916512.html>

The data from the figure 4.13 shows that the number of debit cards per ATM has increased steadily over the period 2020 to 2025. In 2020, there were 3,931 debit cards per ATM. This number rose to 4,206 in 2021, remained slightly lower at 4,167 in 2022, and then increased again to 4,316 in 2023 and 4,326 in 2024. By 2025, the number reached 4,504 debit cards per ATM. This trend indicates growing pressure on ATM infrastructure, as more debit cards are being serviced by each ATM over time. The trend in ATMs per lakh debit cards shows a steady decline between 2020 and 2025. In 2020, there were 25 ATMs available per lakh debit cards. This fell to 24 in 2021 and 2022, further declined to 23 in 2023 and 2024, and reached 22 in 2025. This suggests that ATM expansion has not kept pace with the growth in debit cards.

This trend points to a gradual imbalance between debit card growth and physical cash-access infrastructure. While digital banking and card penetration continue to expand, ATM deployment is growing at a slower rate. If this gap persists, it could affect cash accessibility, particularly in regions where ATM availability is already limited. Strengthening ATM networks in underserved and rural areas may therefore be necessary to maintain balanced financial access. At the same time there is need for increasing the penetration of POS machines, micro ATMs, mobile based POS/mini ATMs etc. to address this issue.

Figure 4.13: Debit Card to ATM Ratio



Source: RBI- Statewise and region wise deployment of ATMs¹ (<https://rbi.org.in/Scripts/StateRegionATMView.aspx>)

¹ Bank owned ATMs only(without WLAOs)

4.7 Cash Withdrawal at ATMs

India has witnessed a significant rise in digital payments, yet cash continues to maintain its relevance, driven by several factors. These include a large unbanked population, cultural habits, infrastructure challenges, and slower rates of financial and digital literacy. While digital payment solutions grow, cash remains vibrant, coexisting with emerging technologies for payments and settlements. A closer examination of debit card-based ATM cash withdrawals over the past five years reveals important trends in cash usage, emphasizing the continued dynamism of cash in India (Table 4.2). The data on debit card-based ATM cash withdrawals from 2020–21 to 2024–25 shows notable shifts in both transaction volumes and values, reflecting evolving customer behaviour and the increasing influence of digital payment ecosystems. From 2020–21 to 2022–23, ATM withdrawal volumes rose steadily from 60,602.23 lakh to 68,971.46 lakh, indicating a gradual return to cash usage following the disruptions of the pandemic period. However, this trend reverses after 2022–23, with volumes declining to 66,001.01 lakh in 2023–24 and further to 59,965.70 lakh in 2024–25. This reduction suggests a behavioural shift toward digital transaction alternatives such as UPI, mobile payments, and contactless card usage.

A similar pattern is seen in the value of withdrawals, which increased from Rs. 28,78,025.12 crore in 2020–21 to Rs. 32,86,747.51 crore in 2022–23 followed by a decline in the next two years, dropping to ₹30,46,987.49 crore by 2024–25. Despite falling volumes and values toward the later years, the average transaction amount consistently increased—from Rs. 4,749.04 in 2020–21 to Rs. 5,081.22 in 2024–25. This indicates that while fewer withdrawals are being made, customers are withdrawing larger amounts per transaction, likely to reduce frequency or due to rising cash-based expenditure. Overall, the data reflects a shift toward reduced reliance on cash withdrawals, influenced by rapid digital payment adoption, while still showing sustained need for cash among certain customer segments, as seen in rising per-transaction amounts.

Table 4.2: Debit card-based ATM cash withdrawal volume and value

Year	Volume (Lakh)	Value (Rs. Crore)	Average Transaction (Rs.)
2020-21	60602.23	2878025.12	4749.04
2021-22	64694.97	3091414.92	4778.45
2022-23	68971.46	3286747.51	4765.37
2023-24	66001.01	3241538.05	4911.35
2024-25	59965.70	3046987.49	5081.22

Source: RBI Payment System Indicator- March 2025 (<https://www.rbi.org.in/scripts/psiuserview.aspx>)

Summary

The analysis highlights that while India has expanded its ATM network over the past few years, growth in physical infrastructure has slowed compared to the rapid rise in debit cards and currency in circulation. Public Sector Banks continue to dominate the network, but White Label ATMs are playing an increasingly important role, particularly in rural and semi-urban areas. Significant regional disparities persist, with southern and western states showing stronger outreach compared to populous northern and eastern states. Despite strong growth in digital payments, cash remains widely used, as reflected in rising currency in circulation and increasing average ATM withdrawal amounts. The overall trend points to a dual reality—digital adoption is accelerating, yet sustained investment in ATM infrastructure remains essential to ensure balanced and inclusive financial access across the country.

Chapter 5

Role of Digital Payments

5.1 The Global Payment Development

Digital payments refer to financial transactions carried out through electronic channels such as mobile applications, QR codes, online banking platforms, and payment cards. Over the past decade, digital transactions have reshaped the way economies function. What began as a convenience-driven shift has now become a structural transformation in financial systems worldwide. Reduced dependency on cash-based transactions has been supported by expanding smartphone penetration, improved internet connectivity, and the growth of mobile money ecosystems. In many developing economies, digital payments have also served as an entry point into formal finance, particularly where physical banking infrastructure is limited. The COVID-19 pandemic further reinforced this transition, accelerating the adoption of contactless transactions and strengthening the role of digital platforms in everyday economic activity.

The latest World Bank data (2025) provide a more nuanced picture of digital payment adoption across regions. Globally, 29% of adults aged 15 and above reported making a digital payment. In South Asia, the figure stands at 28%, while India records a comparable level at 29%. These numbers indicate that India's digital payment usage is broadly aligned with the global average. Compared to earlier years, when digital transaction adoption in India was relatively lower than global benchmarks, the country has significantly narrowed the gap.

However, the gender dimension reveals a different pattern of digital engagement. In India, 38% of men reported making a digital payment compared to 21% of women. The global pattern is similar, where 38% of men and 21% of women reported digital payment usage. In South Asia, the gender difference is almost similar, with 38% of men and 18% of women reporting that they made a digital transactions. These figures indicate that while digital payment infrastructure is expanding rapidly, participation remains uneven across gender groups.

The data suggests that digital engagement is influenced by several underlying factors such as access to smartphones, digital literacy, financial awareness, and confidence in online transactions. In many regions, even when individuals have access to a bank account, the transition to regular digital usage depends on familiarity with digital interfaces and trust in the security of online platforms. Gender disparities in device ownership and

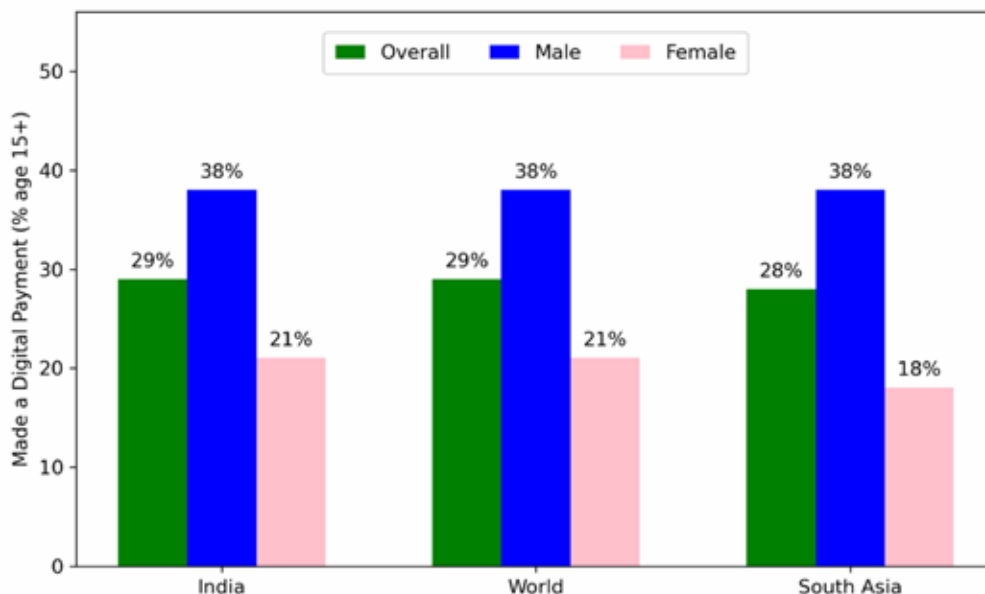
digital skills often shape how individuals participate in the digital financial ecosystem.

The relatively modest overall adoption levels, around 29% globally and in India, also highlight that digital finance still has considerable room to expand. Account ownership does not automatically translate into digital transaction behaviour. Strengthening digital payment usage therefore requires not only technological infrastructure but also user awareness and capability building.

India's digital ecosystem has evolved rapidly over the past decade. Initiatives such as Digital India, the expansion of interoperable payment systems like UPI, and the integration of financial inclusion schemes have strengthened the foundations for digital transactions. The widespread availability of QR-based payments simplified onboarding processes, and low-cost transaction models have supported the steady growth of digital transactions across the country. Nevertheless, extending these benefits beyond urban centres and digitally confident users remains an important challenge.

To strengthen last-mile digital connectivity, improving digital literacy, and addressing behavioural barriers will be essential in going forward. Bridging gender-based gaps in digital access and confidence can significantly enhance participation in digital financial systems. Digital payments are no longer merely an alternative channel of financial activity; they are gradually becoming central to economic participation.

Figure 5.1: Gender and Region wise % of Global Digital Payment Trends



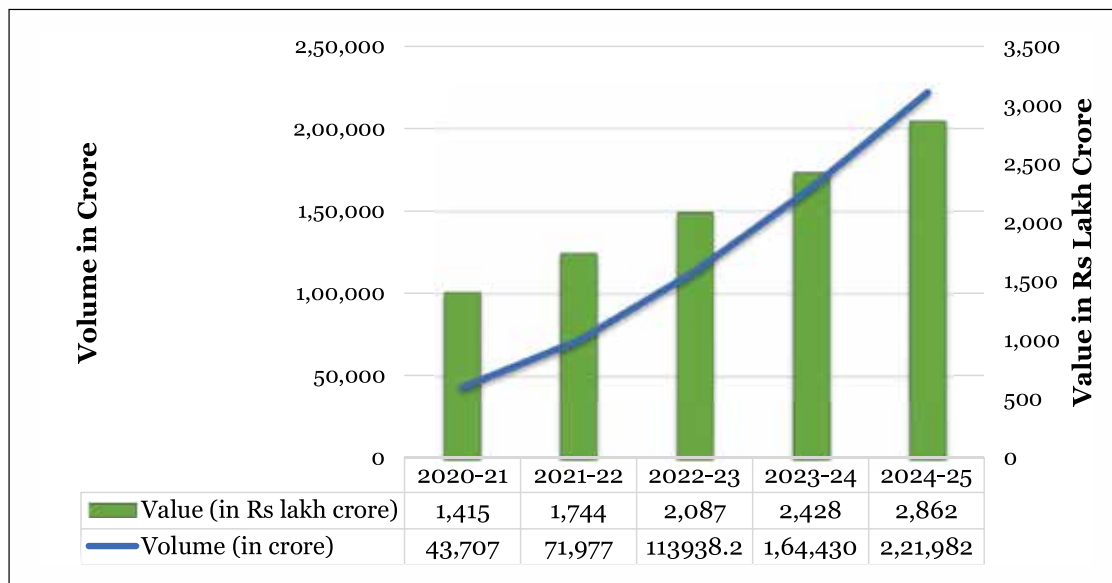
Source: The Global Findex Database 2025; Note: Data of South-Asia is inclusive of India

5.2 Digital Payments Ecosystem in India

India's digital payments ecosystem has entered a phase of structural consolidation rather than just rapid experimentation. What began as a policy-led push has evolved into a deeply embedded transaction culture across households, businesses, and government systems. The combined effect of public digital infrastructure, fintech innovation, and changing consumer preferences has steadily transformed India's payment landscape.

The expansion over the past five years is visible in both transaction volume and value. Total digital payment volume increased from 43,707 crore transactions in 2020-21 to 2,21,982 crore transactions in 2024-25. This represents more than a five-fold rise within a relatively short period. The trajectory has been consistently upward, crossing 71,977 crore in 2021-22, 1,13,938 crore in 2022-23, and 1,64,430 crore in 2023-24 before reaching the current level. A similar pattern is visible in transaction value. Total digital payment value rose from 1,414.58 lakh crore in 2020-21 to 2,862.00 lakh crore in 2024-25. The increase has been steady rather than volatile, indicating sustained adoption rather than short-term spikes. The value progression, from 1,744.01 lakh crore in 2021-22 to 2,086.80 lakh crore in 2022-23 and 2,428.20 lakh crore in 2023-24, reflects both rising transaction frequency and greater integration of digital payments into larger-value activities.

Figure 5.2: Total Digital Transactions in India



Source: RBI Data, 2025

This expansion is closely linked to the maturation of platforms such as UPI, IMPS, and prepaid payment instruments. UPI in particular has altered the structure of retail payments by enabling instant, low-cost transfers across banks. The growth in Person-to-Person and Person-to-Merchant transactions has reduced reliance on cash, especially for small and routine payments. Traditional systems such as NEFT and RTGS continue to play an important role for higher-value transactions, but the centre of gravity in retail payments has clearly shifted toward interoperable digital platforms.

Government initiatives have reinforced this shift. The expansion of Direct Benefit Transfers, digital identity integration, and simplified onboarding processes have increased both access and usage. The rise of QR-based merchant payments, combined with low entry barriers for small businesses, has brought even informal enterprises into the digital ecosystem.

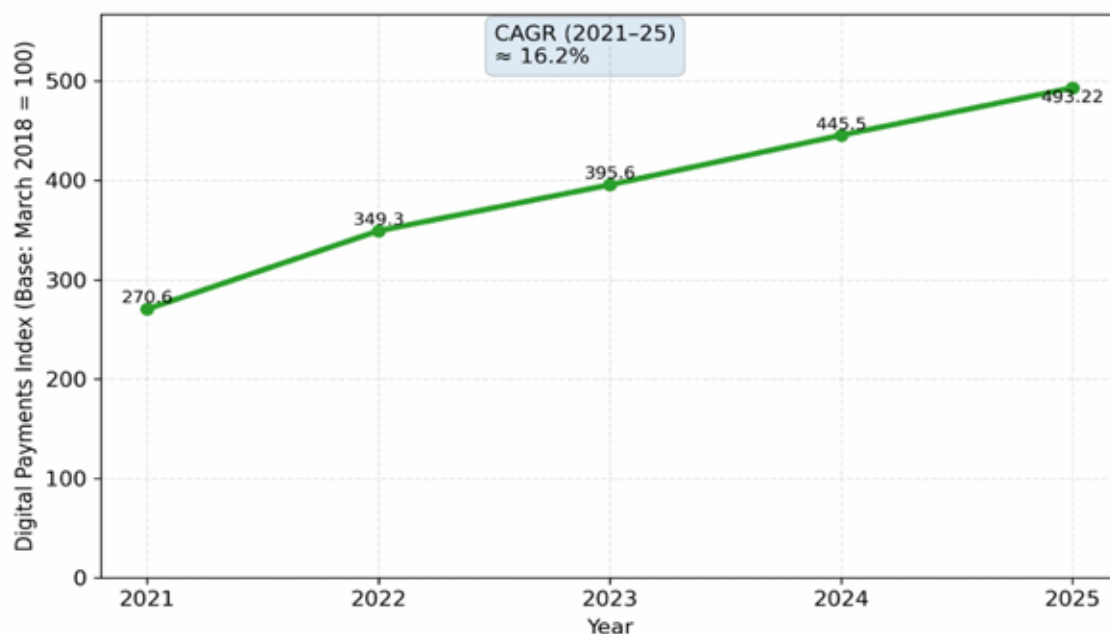
Importantly, the data suggests that digital payments are no longer confined to urban or higher-income segments. The sustained increase in transaction volume over multiple years points to deeper behavioural change. While the demonetisation episode and the pandemic provided early acceleration, the current momentum appears rooted in structural adoption rather than temporary compulsion. At the same time, the continued rise in transaction value indicates growing trust in digital systems for larger financial activities. Digital channels are increasingly used not just for small transfers but for bill payments, business transactions, government transfers, and credit-linked activities.

5.2.1 RBI's Digital Payment Index

The Reserve Bank of India's Digital Payments Index (DPI) provides a comprehensive measure of the extent of digitalisation in the country's payment ecosystem. With March 2018 as the base year set at 100, the index captures growth across payment enablers, infrastructure, performance, and consumer centric parameters with relative weights of 25%, 25%, 45% and 5% respectively. The March observations over the last five years clearly indicate sustained expansion in digital payments in India.

The index value stood at 270.6 in March 2021, reflecting strong momentum even in the immediate post-pandemic phase. It increased to 349.3 in March 2022 and further to 395.6 in March 2023, indicating continued growth in transaction volumes, infrastructure deployment, and user adoption. The upward trend remained steady, with the index rising to 445.5 in March 2024 and further to 493.22 in March 2025. The near doubling of the index between March 2021 and March 2025 highlights the structural strengthening of India's digital payment framework rather than short-term fluctuations.

Figure 5.3: RBI's Digital Payment Index (March)



Source: RBI Data, 2025

The compound annual growth rate of the March Digital Payments Index during the period March 2021 to March 2025 works out to approximately 16.2% per annum. This consistent annual expansion suggests that digital payments growth in India is broad-based and supported by improvements in infrastructure, policy support, innovation in payment systems, and rising consumer confidence. The steady increase in the DPI reinforces the fact that digital payments are no longer episodic or event-driven but have become embedded in the country's financial ecosystem.

5.3 Payment Modes of Digital Transaction in India

India's digital payment ecosystem has entered a phase where the internal composition of transactions is as important as the overall growth numbers. While aggregate volumes continue to rise, the more meaningful shift is visible in how different payment modes are evolving relative to one another. The system is clearly reorganising itself around a dominant infrastructure layer, with other instruments either stabilising, declining, or repositioning themselves within specific niches.

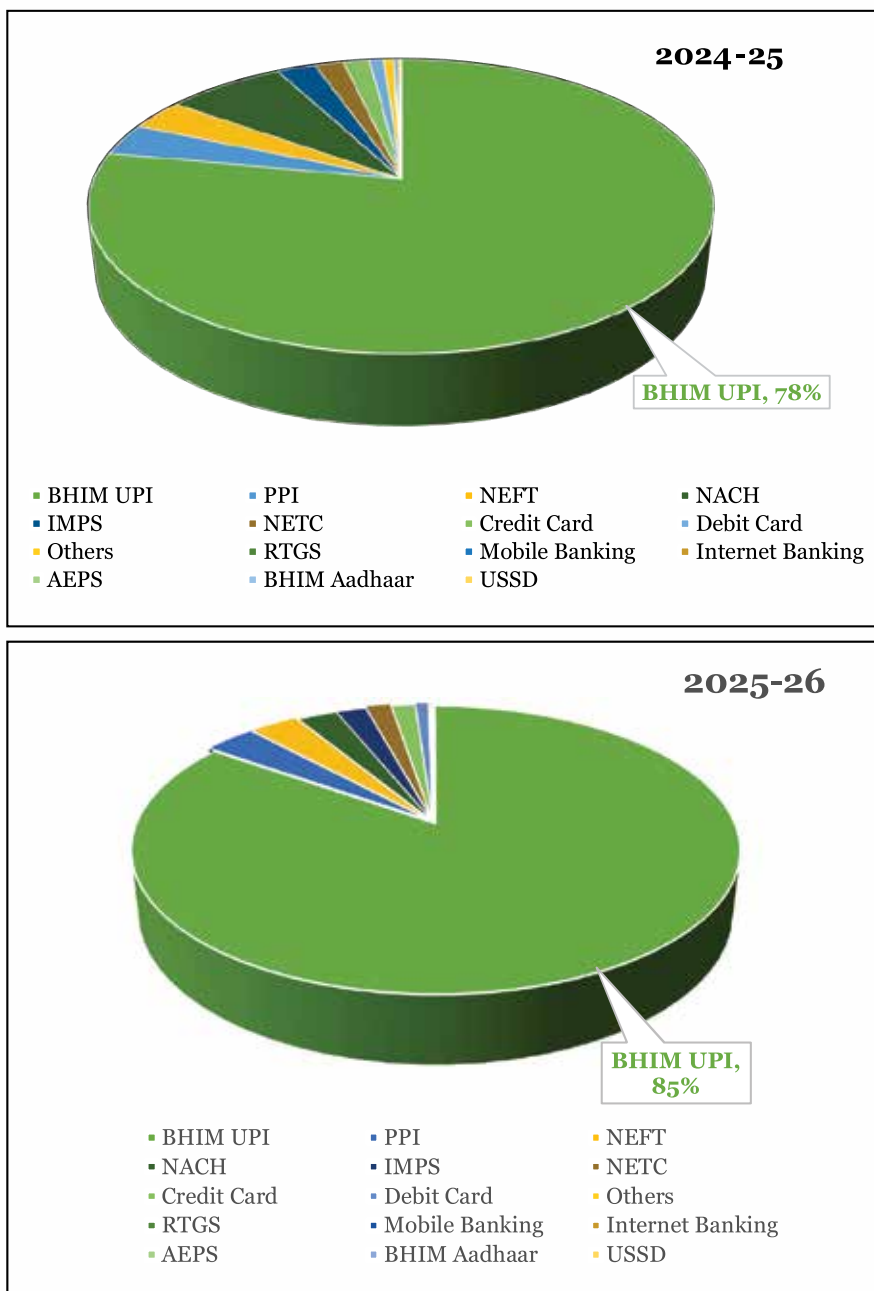
Between 2023-24 and 2024-25, total digital transaction volume increased from 18,807.14 crore to 23,833.55 crore, reflecting a substantial expansion in activity across retail and institutional segments. In 2025-26, total volume stands at 23,340.08 crore, indicating that the system has largely stabilised at a high level of transaction intensity. This sustained expansion signals that digital payments are no longer episodic or policy-driven spikes; they have become routine and embedded in daily economic behaviour. At the centre of this transformation is BHIM-UPI.

Table 5:1: Total transaction volumes (in Crore) for different payment modes in the financial years 2023-24, 2024-25 and 2025-26

Mode of Payment	2023-24	2024-25	2025-26
BHIM UPI	13096.04	18584.78	19785.18
PPI	799.63	844.87	777.75
NEFT	711.14	809.16	744.87
NACH	537.40	1744.36	591.24
IMPS	585.38	569.24	448.29
NETC	385.31	423.37	379.59
Credit Card	353.66	384.30	353.77
Debit Card	232.02	210.32	193.61
Others	1526.23	137.09	26.76
RTGS	26.37	27.61	25.41
Mobile Banking	157.11	37.89	5.09
Internet Banking	234.24	33.40	4.18
AEPS	86.13	24.68	2.42
BHIM Aadhaar	1.43	2.30	1.78
USSD	0.26	0.17	0.15
Closed Loop Wallet	74.77	NA	NA
Total	18807.14	23833.55	23340.08

Source: Department of Finance Services Data, 2025

Figure 5.4: Trend of Payment Modes Transaction in India in 2024-25 and 2025-26 (Figures in Crore)



Source: Digidhan Dashboard, 2025 (Department of Finance Services Data)

UPI volumes rose sharply from 13,096.04 crore transactions in 2023-24 to 18,584.78 crore in 2024-25, and further to 19,785.18 crore in 2025-26. This continued growth confirms that UPI is not simply one among many digital modes; it is now the backbone of India's retail payment system. The simplicity of the interface, interoperability across banks, low transaction cost, and seamless merchant integration have made UPI the default payment choice for both small-value and increasingly mid-value transactions.

Other digital modes reveal a pattern of substitution. IMPS transactions declined from 585.38 crore in 2023-24 to 569.24 crore in 2024-25, and further to 448.29 crore in 2025-26. Given that IMPS also provides real-time transfers, this decline likely reflects migration toward UPI, which offers similar functionality with lower user friction. NEFT, traditionally used for scheduled bank transfers, increased from 711.14 crore to 809.16 crore between 2023-24 and 2024-25, but moderated to 744.87 crore in 2025-26. This suggests that while NEFT continues to serve structured transfers, it is gradually ceding space in the retail segment. Card-based payments also reflect structural change. Credit card transactions increased from 353.66 crore in 2023-24 to 384.30 crore in 2024-25 and remain stable at 353.77 crore in 2025-26, indicating resilience in formal retail and e-commerce segments. The decline in other traditional channels is more pronounced. Mobile banking transactions reduced from 157.11 crore to 37.89 crore and further to 5.09 crore, while AEPS declined from 86.13 crore to 24.68 crore and further to 2.42 crore. USSD usage has also remained minimal, declining marginally over the period.

The broad pattern emerging from the data is one of consolidation rather than fragmentation. India's digital payments ecosystem is converging around interoperable, real-time systems led by UPI, while other modes either serve complementary roles or gradually decline in relative share. This concentration enhances efficiency and scale but also places strategic importance on system resilience, cybersecurity preparedness, and regulatory oversight.

5.4 Unified Payments Interface (UPI): Transforming Digital Payments

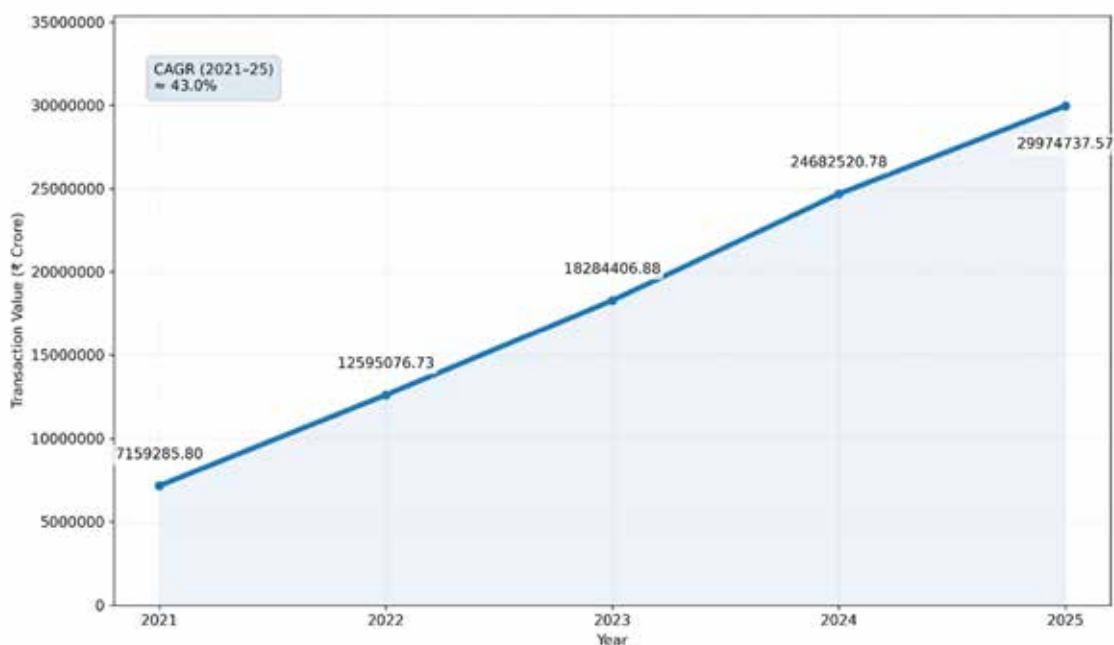
Since its launch in 2016, UPI has emerged as the backbone of India's retail digital payment system. Its real-time interoperability, low transaction cost, and simplified user interface have enabled rapid adoption across individuals, merchants, and institutions. By linking multiple bank accounts within a single platform and supporting both P2P and P2M transactions, UPI has significantly reduced transaction friction and expanded digital participation.

The growth in transaction value over the past five years reflects its structural dominance. UPI transactions were valued at ₹71,59,285.8 crore in 2021, which increased sharply

to ₹1,25,95,076.73 crore in 2022. The upward trajectory continued in 2023, reaching ₹1,82,84,406.88 crore, and further expanded to ₹2,46,82,520.78 crore in 2024. By 2025, UPI transaction value rose to ₹2,99,74,737.57 crore. Between 2021 and 2025, transaction value increased more than fourfold, with a compound annual growth rate of approximately 42%, indicating sustained expansion rather than episodic spikes.

UPI now accounts for the dominant share of India's retail digital transaction volume. Its rapid scale has gradually reduced the relative importance of other instant transfer systems such as IMPS and debit card-based point-of-sale transactions. The steady rise in transaction value also suggests that UPI is increasingly used beyond small-ticket payments and has become embedded in routine financial activity. UPI has improved payment efficiency, enhanced merchant acceptance, and strengthened the delivery of government transfers through digital channels. At the same time, the concentration of transactions on a single platform highlights the need for continued focus on infrastructure resilience, cybersecurity safeguards, and regulatory supervision. UPI is no longer an emerging innovation; it has become the central infrastructure layer of India's digital payment ecosystem.

**Figure 5.5: Growth in UPI transactions in Last 5 Years
(transaction value in INR Crore)**



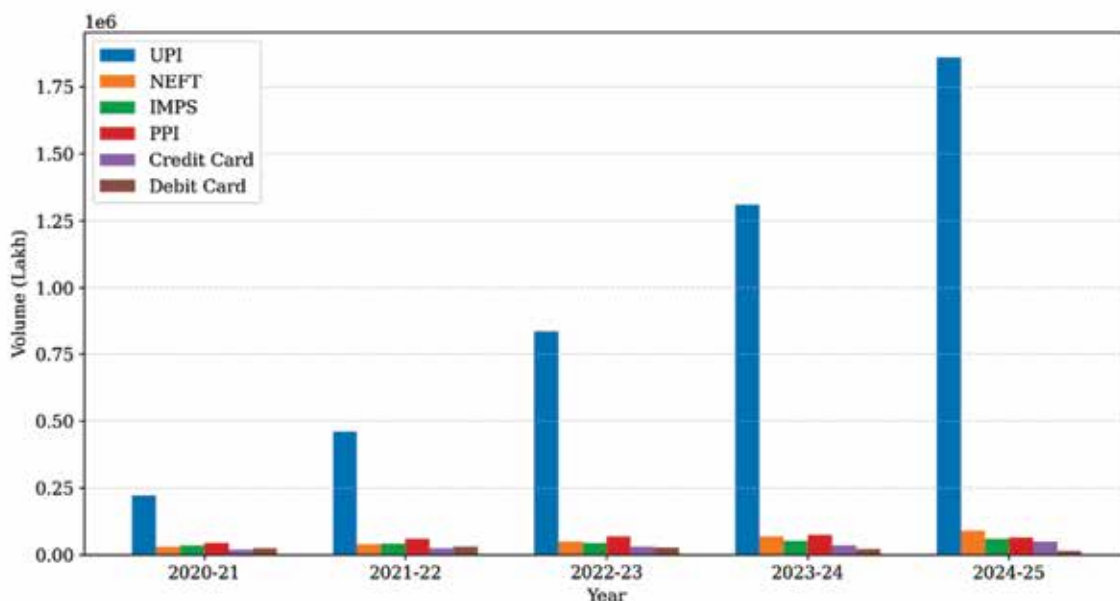
Source: Department of Finance Services data, 2025

5.5 Digital Retail Payment System

The data on transaction volume of digital retail payments in India from FY 2020-21 to FY 2024-25 shows a notable expansion in digital transactions across modes. IMPS has seen steady growth, with transaction volume increasing from 32,783.5 lakh in FY 2020-21 to 60,053.35 lakh in FY 2023-24, before moderating slightly to 56,250 lakh in FY 2024-25. This trend highlights the continued use of IMPS for real-time interbank transfers available throughout the year. Similarly, NEFT has experienced significant growth, rising from 30,927.9 lakh in FY 2020-21 to 72,639.50 lakh in FY 2023-24 and further to 96,198 lakh in FY 2024-25. NEFT remains a secure and widely used method for structured and higher-value interbank transfers.

Credit card transactions have shown sustained recovery and growth over the period. Transaction volume increased from 17,641.1 lakh in FY 2020-21 to 35,610.2 lakh in FY 2023-24 and further to 47,741 lakh in FY 2024-25, reflecting growing consumer spending and expansion in online commerce. Debit card transactions, in contrast, have declined steadily from 40,200.2 lakh in FY 2020-21 to 22,859.6 lakh in FY 2023-24 and further to 16,120 lakh in FY 2024-25, indicating a shift toward app-based and QR-based payment systems. PPI transactions increased from 49,392.3 lakh in FY 2020-

Figure 5.6: Transaction Volume of Digital Retail Payments in India



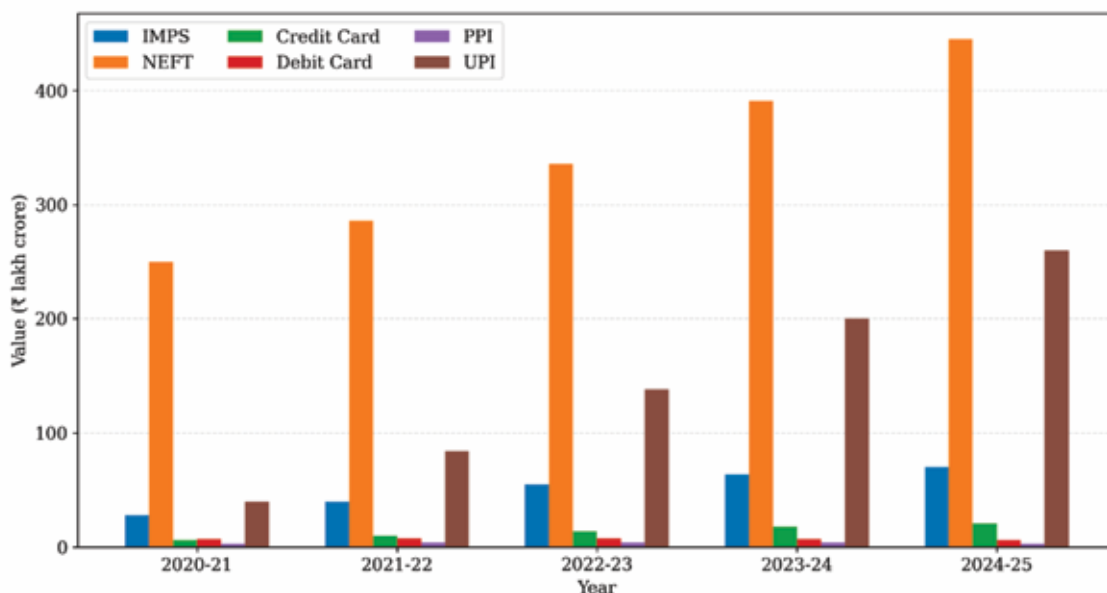
Source: RBI data 2025.

21 to 78,775.4 lakh in FY 2023-24, before easing slightly to 70,254 lakh in FY 2024-25, suggesting stable usage in smaller value transactions and wallet-based payments. UPI stands out with remarkable growth, surging from 2,23,306.6 lakh in FY 2020-21 to 13,11,294.68 lakh in FY 2023-24 and further to 18,58,660 lakh in FY 2024-25, consolidating its position as the leading digital retail payment mode in India.

The data indicates a clear structural shift within the retail payment system, with UPI emerging as the dominant mode, supported by continued growth in NEFT and credit cards. IMPS remains relevant though relatively stable in recent years, while debit card transactions continue to decline as consumers prefer more seamless digital alternatives. Further, the transaction value of digital retail payments in India has also grown steadily across major systems from FY 2020-21 to FY 2024-25. IMPS transaction value increased from ₹29 lakh crore in FY 2020-21 to ₹71 lakh crore in FY 2024-25, reflecting growing adoption for real-time transfers. NEFT value rose from ₹251 lakh crore to ₹444 lakh crore over the same period, indicating increased reliance on it for higher-value transactions.

Credit card transaction value increased from ₹6 lakh crore in FY 2020-21 to ₹21 lakh crore in FY 2024-25, suggesting expanding formal retail and digital consumption. Debit

Figure 5.7: Transaction Value of Digital Retail Payments in India



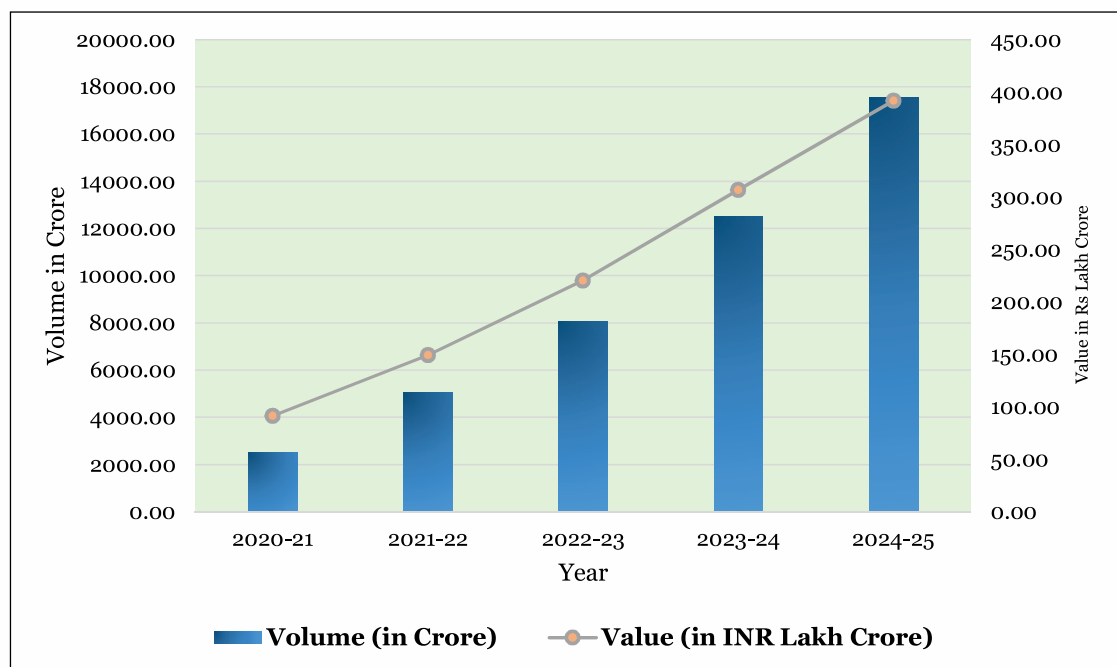
Source: RBI data 2024.

card transaction value declined from ₹7 lakh crore to ₹5 lakh crore during the period, reinforcing the shift toward UPI and other app-based platforms. PPI transaction value remained within the range of ₹2 to ₹3 lakh crore. UPI recorded the most significant growth, rising from ₹41 lakh crore in FY 2020-21 to ₹261 lakh crore in FY 2024-25, highlighting its central role in India's digital retail payment ecosystem.

5.6 Payment Modes and Channels

The transaction volumes and values of both mobile and internet-based digital payment systems have shown sustained growth over the past five years. This expansion reflects increasing smartphone penetration, improved digital infrastructure, government support, and changing user behaviour. Mobile payment transactions in India have grown rapidly as smartphones, UPI-based apps, and wallet platforms have become central to everyday transactions.

Figure 5.8: Trend in usage of Mobile Payment for Digital Transaction



Source: RBI data 2024.

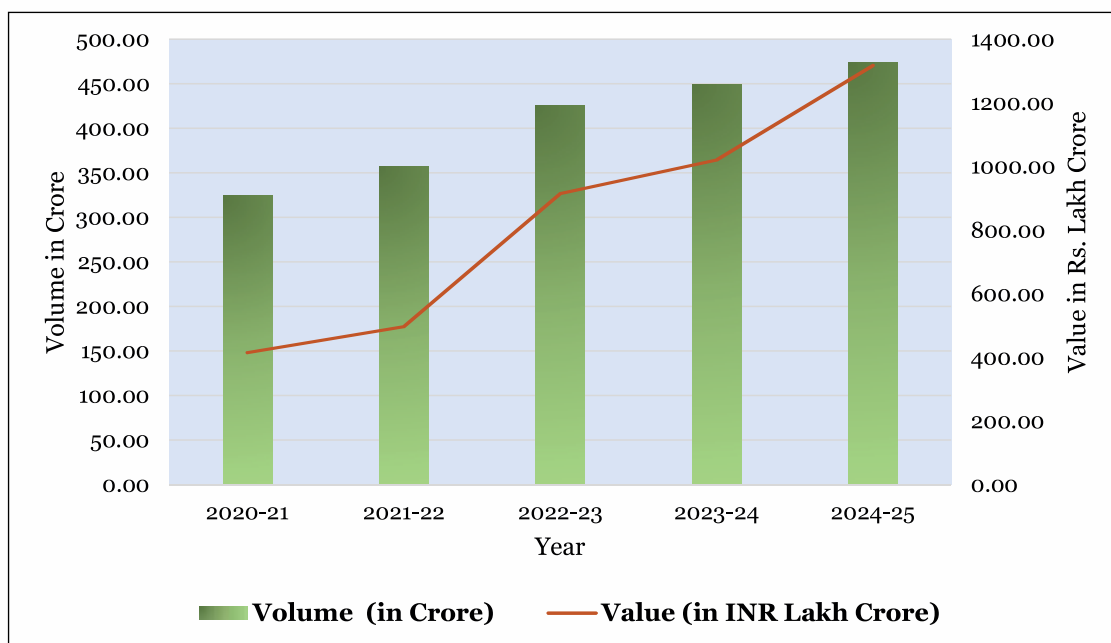
In FY 2020-21, mobile payments recorded a volume of 2,554.52 crore transactions with a value of ₹91.80 lakh crore. By FY 2021-22, the volume increased to 5,075.31 crore, nearly doubling from the previous year, while transaction value rose to ₹149.71 lakh

crore. The growth trajectory continued in FY 2022-23, with volume reaching 8,065.41 crore and value increasing to ₹220.32 lakh crore. This expansion reflects widespread adoption of mobile-based applications and the strengthening of interoperable payment systems.

By FY 2023-24, mobile payment volume surged to 12,524.24 crore transactions, with transaction value rising to ₹306.83 lakh crore. In FY 2024-25, the growth remained strong, with volume increasing further to 17,569.77 crore and value reaching ₹392.06 lakh crore. The steady rise in both volume and value indicates deeper behavioural integration of mobile-based payments across retail transactions, bill payments, and peer transfers. While mobile payments have expanded rapidly, internet-based payments have also shown consistent growth, though at a more measured pace. In FY 2020-21, internet payment volume stood at 324.94 crore transactions, with a value of ₹415.81 lakh crore. This indicates that internet-based channels were already handling comparatively higher-value transactions even at lower volumes.

In FY 2021-22, internet payment volume increased to 357.87 crore, with transaction value rising to ₹498.11 lakh crore. By FY 2022-23, volume reached 426.31 crore while value increased sharply to ₹915.39 lakh crore. The significant rise in value suggests

Figure 5.9: Trend in usage of Internet Payment for Digital Transaction



Source: RBI data 2024

growing use of internet channels for larger financial transactions, including business transfers and high-value retail payments. The upward trend continued in FY 2023-24, with volume reaching 450.35 crore and value increasing to ₹1,021.18 lakh crore. In FY 2024-25, volume further rose to 474.78 crore, while transaction value expanded to ₹1,318.58 lakh crore. The steady growth in value relative to volume indicates that internet payments continue to serve as an important channel for higher-ticket digital transactions.

Both mobile and internet payments have contributed significantly to India's digital payment expansion. Mobile payments are driving scale through high-frequency retail transactions, while internet payments support larger-value transfers. Together, they reflect the diversification of digital channels within India's evolving payment ecosystem.

5.7 Payment System Infrastructure

Over the past decade, India's payment system infrastructure has undergone substantial transformation, shaped by rapid technological advancement and increasing digital adoption. The Reserve Bank of India has played a central role in strengthening and regulating this infrastructure, ensuring stability while supporting the transition from cash-based transactions to digital platforms. The expansion of payment acceptance mechanisms has been a key pillar of this shift. The country now operates through multiple acceptance channels, including debit and credit cards, Point-of-Sale terminals, Automated Teller Machines, micro-ATMs, Bharat QR, and UPI QR codes. Among these, PoS terminals and QR-based systems have emerged as critical enablers of retail digital transactions. The proliferation of UPI QR codes in particular has significantly lowered merchant onboarding barriers, allowing even small vendors and informal businesses to participate in the digital ecosystem without high infrastructure costs.

The strengthening of payment infrastructure has improved transaction efficiency, reduced cash handling, and supported broader financial inclusion. As digital payments continue to scale, sustained investment in infrastructure resilience, cybersecurity safeguards, and rural connectivity will be essential. The integration of technology with regulatory oversight remains central to ensuring that India's payment system remains secure, accessible, and capable of supporting continued digital expansion.

5.8 Debit and Credit Card

The expansion of digital payment systems in India continues to reflect changing patterns in card usage. As of March 2025, the total number of outstanding cards in India reached 11,006.97 lakh, up from 10,667.22 lakh in March 2024 and 10,465.62 lakh in March 2023. This steady increase indicates continued expansion in formal

banking penetration and card issuance across the country. Debit cards remain the dominant category in absolute numbers. By the end of March 2025, 9,908.12 lakh debit cards were outstanding, compared to 9,649.19 lakh in March 2024 and 9,612.59 lakh in March 2023. The sustained growth in debit card issuance is closely linked to financial inclusion initiatives, particularly the expansion of basic savings accounts under schemes such as PMJDY. A significant share of these accounts is linked to RuPay debit cards, reinforcing their prevalence within the domestic card ecosystem.

The credit card segment, however, continues to expand at a faster pace relative to debit cards. Outstanding credit cards increased from 853.03 lakh in March 2023 to 1,018.03 lakh in March 2024 and further to 1,098.85 lakh in March 2025. This reflects sustained growth in retail credit penetration and rising consumer spending. The ratio of credit cards per hundred debit cards rose from 8.87 in March 2023 to 10.55 in March 2024, before moderating to 9.02 in March 2025. While the ratio softened slightly in the latest year, it remains significantly higher than levels observed in earlier periods, indicating gradual diversification of payment preferences. The increasing presence of credit cards is supported by the expansion of e-commerce, wider merchant acceptance, and the availability of reward-based offerings such as cashback and loyalty points. At the same time, debit cards continue to anchor mass banking inclusion. The data suggests that while debit cards remain numerically dominant, credit cards are gaining importance in value-intensive and consumption-driven segments of the economy. Together, both segments illustrate the evolving composition of India's card-based payment landscape.

Table 5.2: Trend in Outstanding Cards in India

(End of March)

Particulars	2020-21	2021-22	2022-23	2023-24	2024-25
Total Card Outstanding	9,602.51	9,912.93	10,465.62	10,667.22	11,006.97
Out of which Debit Cards	8,982.02	9,176.66	9612.59	9649.19	9908.12
Out of which Credit cards	620.49	736.27	853.03	1018.03	1098.85
Credit cards per hundred Debit cards	6.91	8.02	8.87	10.55	9.02

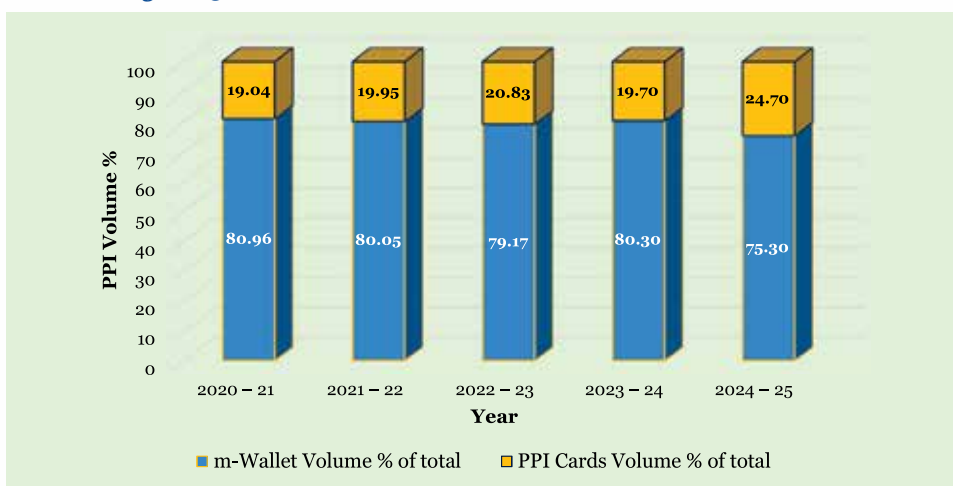
Source: RBI data 2025.

5.9 Pre-paid Payment Instruments (PPIs)

Reserve Bank of India data shows that Prepaid Payment Instruments continue to play an important role in India's digital payments ecosystem. PPIs facilitate transactions for purchasing goods and services, remittances, and digital transfers through mobile wallets

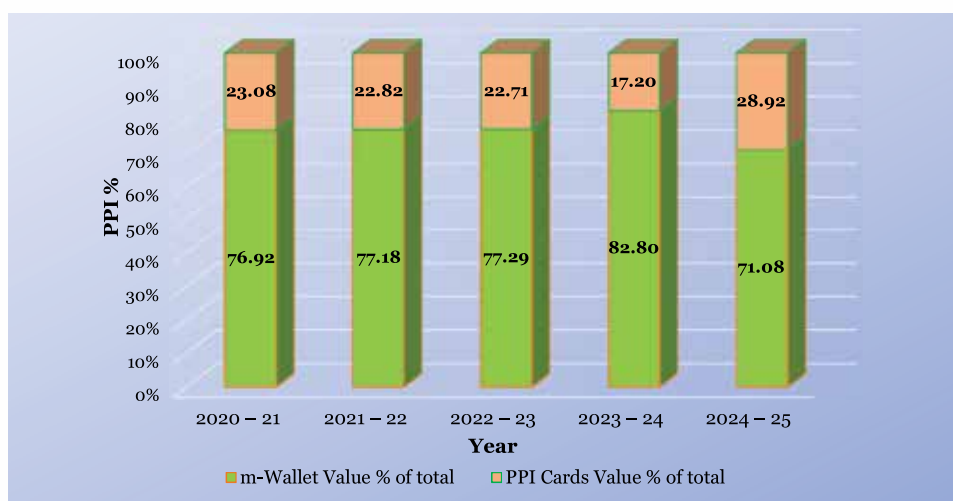
and prepaid cards. These instruments have gained traction due to ease of onboarding, minimal documentation, and strong integration with e-commerce platforms. During FY 2020-21, PPIs recorded 49,392.26 lakh transactions amounting to ₹1,97,696 crore. Of this, mobile wallets accounted for 80.96% of total volume and 76.92% of total value, while prepaid cards contributed 19.04% of volume and 23.08% of value. The average ticket size stood at ₹400.26.

Figure 5.10: Trend in PPI Volume % over Last Five Years



Source: RBI data 2025.

Figure 5.11: Trend in PPI Value % over Last Five Years



Source: RBI data 2025

The trend strengthened in FY 2021-22, with transaction volume rising to 65,812.39 lakh and value increasing to ₹2,93,658.19 crore. Mobile wallets maintained a dominant share at 80.05% of volume and 77.18% of value, while prepaid cards accounted for 19.95% of volume and 22.82% of value. The average ticket size increased to ₹446.20. In FY 2022-23, PPI volume further rose to 74,667.44 lakh, although total value moderated slightly to ₹2,87,111.16 crore. Mobile wallets contributed 79.17% of volume and 77.29% of value, while prepaid cards made up 20.83% of volume and 22.71% of value. The average ticket size declined to ₹384.52.

In FY 2023-24, PPI volume increased to 78,775.39 lakh with a total transaction value of ₹2,83,047.89 crore. Mobile wallets accounted for 80.30% of volume and 82.80% of value, reflecting stronger dominance in value terms, while prepaid cards contributed 19.70% of volume and 17.20% of value. The average ticket size stood at ₹359.31. However, in FY 2024-25, total PPI volume declined to 70,254.08 lakh and value reduced to ₹2,16,751.37 crore. The composition shifted, with mobile wallets accounting

Table 5.3: Trend in PPIs over Last Four Years

PPIs		Total	Out of which m-Wallet	m-Wallet Volume % of total	Out of which PPI Cards	PPI Cards Volume % of total
2020-21	Volume	49392.26	39987.01	80.96	9405.25	19.04
	Value	197696.00	152065.00	76.92	45631.00	23.08
	Ticket Size	400.26	380.29	—	485.17	—
2021-22	Volume	65812.39	52683.01	80.05	13129.38	19.95
	Value	293658.19	226644.51	77.18	67013.68	22.82
	Ticket Size	446.20	430.20	—	510.00	—
2022-23	Volume	74667.44	59112.76	79.17	15554.69	20.83
	Value	287111.16	221895.88	77.29	65215.29	22.71
	Ticket Size	384.52	375.38	—	313.57	—
2023-24	Volume	78775.39	63256.69	80.30	15518.70	19.70
	Value	283047.89	234353.48	82.80	48694.41	17.20
	Ticket Size	359.31	370.48	—	313.78	—
2024-25	Volume	70254.08	52898.40	75.30	17355.68	24.70
	Value	216751.37	154065.84	71.08	62685.53	28.92
	Ticket Size	308.52	291.25	—	361.18	—

Source: RBI Data, 2025; Volume in Lakh, Value in ₹ Crore & and Ticket size in ₹.

for 75.30% of volume and 71.08% of value, while prepaid cards increased their share to 24.70% of volume and 28.92% of value. The average ticket size declined further to ₹308.52. The data indicates that while PPIs remain relevant within the retail digital payment segment, growth has stabilised in recent years. Mobile wallets continue to dominate in volume terms, though prepaid cards have gained share in value during FY 2024-25. This shift suggests evolving usage patterns within the PPI segment as the broader digital ecosystem increasingly consolidates around interoperable platforms.

5.10 Point of Sale (PoS) Terminals

A Point of Sale (PoS) terminal is a device used to process retail transactions at merchant establishments. Initially introduced for card-based payments, PoS systems have evolved to support multiple digital payment modes, including contactless card payments, UPI, QR-based transactions, and mobile wallets. Modern PoS infrastructure now includes traditional card swipe machines, chip-enabled terminals, and smartphone-based e-PoS solutions that reduce the need for heavy physical hardware. This technological flexibility has expanded digital acceptance across both organised and small-scale retail segments.

India has witnessed sustained growth in PoS deployment over the past five years. The number of PoS terminals increased from 47.2 lakh in FY 2020-21 to 60.7 lakh in FY 2021-22 and further to 77.9 lakh in FY 2022-23. The expansion continued in FY 2023-24, reaching 89.03 lakh terminals, and accelerated further in FY 2024-25 to 110.98 lakh terminals. This steady rise reflects increasing merchant integration into the formal digital payments ecosystem and growing consumer preference for electronic transactions. The density of PoS terminals per lakh population has also improved significantly. It increased from 3,482 in FY 2020-21 to 4,435 in FY 2021-22 and 5,641 in FY 2022-23. By FY 2023-24, the figure rose to 6,389 and further to 7,865 in FY 2024-25. The increase in terminal penetration per population indicates broader accessibility of digital payment infrastructure across regions.

Table 5.4: Deployment of PoS Terminals in India

Year	PoS* (in Lakh)	PoS per lakh Population
2020-21	47.2	3482
2021-22	60.7	4435
2022-23	77.9	5641
2023-24	89.03	6389
2024-25	110.98	7865

Source: RBI data 2025 and Census of India 2011-Population Projection Report 2019. * Population data is as on October 1 for each year

The expansion of PoS networks is particularly important for small and medium enterprises, enabling them to accept diverse digital payment modes and integrate into formal transaction systems. Continued growth in PoS deployment reflects strengthening payment infrastructure and supports India's ongoing shift toward greater digital transaction adoption.

5.11 Quick Response (QR) Code

A QR (Quick Response) code is a machine-readable matrix that enables digital payments by linking payment credentials to a merchant or account. To complete a QR-based transaction, a customer scans the code using a mobile payment application, enters the transaction amount, and authorises the payment. QR-based systems offer low-cost and flexible acceptance infrastructure compared to traditional PoS terminals, making them particularly suitable for small merchants and informal businesses. To streamline multiple QR formats and promote interoperability, Bharat QR was introduced as a common standard supported by NPCI, Mastercard, and Visa. In addition, UPI QR codes were launched to enable seamless account-to-account transfers with enhanced convenience and security.

QR-based acceptance infrastructure has expanded significantly in recent years. As of March 2023, Bharat QR deployment stood at 53.82 lakh, increasing to 62.50 lakh in March 2024 and further to 67.18 lakh in March 2025. While Bharat QR has grown steadily, the expansion of UPI QR codes has been far more pronounced. UPI QR deployment rose from 2,563.77 lakh in March 2023 to 3,462.03 lakh in March 2024, and surged sharply to 6,579.30 lakh in March 2025. This rapid expansion reflects increasing merchant onboarding under the UPI ecosystem and wider digital acceptance across urban and semi-urban markets. The substantial rise in UPI QR codes indicates a clear shift toward app-based, interoperable payment infrastructure. The low setup cost, instant settlement capability, and ease of integration have made UPI QR the preferred acceptance mechanism for merchants. The growing density of QR codes has played a central role in expanding digital transaction volumes and strengthening India's retail digital payment framework.

5.12 Micro ATMs

Micro ATMs are portable handheld devices primarily used by Business Correspondents to deliver basic banking services in remote and underserved areas. These devices enable customers to access financial services without visiting a bank branch or traditional ATM. Micro ATMs facilitate cash withdrawals, deposits, fund transfers, balance enquiries, e-KYC-based account opening, Aadhaar seeding, and other service requests. They

support interoperable transactions through multiple authentication methods, including Aadhaar-based biometric authentication, OTP-based verification, and card-based PIN authentication.

Table 5.5: Availability of Micro-ATMs over last Five year

Year	Number of Micro-ATMs* (in Lakh)	Micro-ATMs per Lakh Population	Micro-ATMs per Lakh Rural Population
Mar-21	4.04	298	455
Mar-22	7.81	570	874
Mar-23	16.11	1167	1796
Mar-24	17.55	1260	1949
Mar-25	14.82	1050	1637

Source: RBI data 2025 and Census of India 2011-Population Projection Report 2019. * Population data is as on October 1 for each year

With the growing use of Aadhaar-enabled Payment System transactions and expanding financial inclusion initiatives, Micro ATMs have become an important last-mile delivery channel. FinTech firms and banks have actively deployed these devices to extend banking services to rural and semi-urban populations. As per RBI data, the number of Micro ATMs increased from 4.04 lakh in March 2021 to 7.81 lakh in March 2022. The expansion accelerated further to 16.11 lakh devices in March 2023 and 17.55 lakh in March 2024. However, by March 2025, the number moderated to 14.82 lakh devices, indicating some rationalisation in deployment.

The availability of Micro ATMs per lakh population rose from 298 in March 2021 to 1,167 in March 2023 and further to 1,260 in March 2024, before declining to 1,050 in March 2025. Similarly, Micro ATMs per lakh rural population increased from 455 in March 2021 to 1,796 in March 2023 and 1,949 in March 2024, before easing to 1,637 in March 2025. The data suggests rapid expansion until 2024 followed by consolidation in 2025. Despite the recent moderation, Micro ATMs continue to play a significant role in strengthening last-mile banking access, particularly in rural areas where physical banking infrastructure remains limited.

Summary

Digital payments have become central to economic activity, with India converging to the global level of adoption in 2025 (29% adults making digital payments; South Asia 28%). India's digital ecosystem has deepened structurally, with total transaction volume rising from 43,707 crore (2020-21) to 2,21,982 crore (2024-25) and value from

₹1,414.58 lakh crore to ₹2,862.00 lakh crore. The RBI Digital Payments Index increased steadily from 270.6 (Mar-21) to 493.22 (Mar-25), reflecting sustained infrastructure and usage growth. UPI has emerged as the backbone of retail payments, alongside signs of substitution away from IMPS and debit cards. Rapid expansion of PoS terminals, QR codes, and micro-ATMs has enabled wider acceptance, while platform concentration underscores the need for resilience, cybersecurity, and continued last-mile digital capability building.

Conclusion

The findings of the report highlight important trends in India's financial inclusion landscape and point towards emerging priorities for the next phase of policy interventions. As India moves towards the goal of Viksit Bharat 2047, strengthening the depth and quality of financial inclusion will remain a critical policy objective. In this context, the National Strategy for Financial Inclusion (NSFI) 2025–30, released by the Reserve Bank of India, provides an important framework for guiding the next phase of financial inclusion by emphasising improvements in access, usage, and quality of financial services (See box-1).

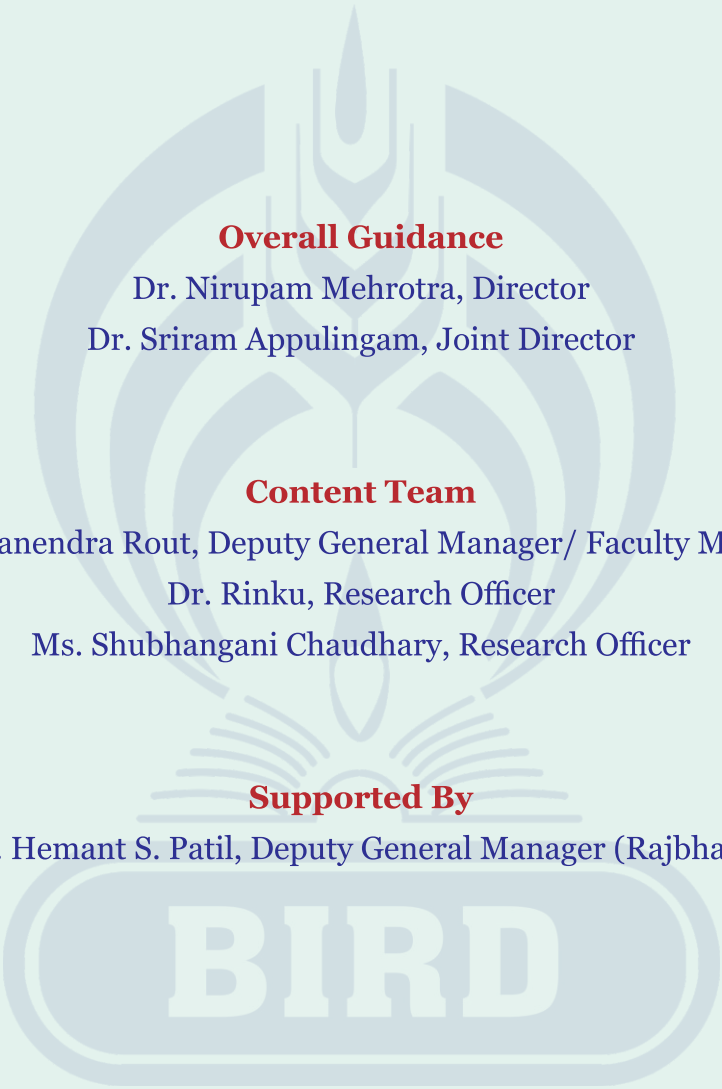
The insights from this report point towards key priorities for deepening financial inclusion in the coming years:

- 1. Prioritise Account Activity and Reduce Inactive Accounts:** With bank account ownership now close to universal levels, the focus of financial inclusion needs to move from opening accounts to ensuring that they are actively used. Although PMJDY has significantly expanded access to banking services, a sizeable share of accounts remains inactive. Strengthening the link between bank accounts, livelihood opportunities, credit access and social security schemes will be important for encouraging regular usage and deeper financial engagement.
- 2. Strengthen Women-led Financial Inclusion and Enterprise Development:** Women have played an important role in expanding financial inclusion, with their share in PMJDY accounts and Mudra beneficiaries steadily increasing. Building on this progress, improving women's access to credit, enterprise finance and financial services can help support women-led businesses and strengthen economic participation.
- 3. Strengthen Last-Mile Financial Service Delivery through the BC Ecosystem:** The expansion of the Business Correspondent (BC) network has been central to extending banking services to rural and remote areas. Strengthening this ecosystem through better training, improved remuneration and clearer service standards can help ensure more reliable last-mile service delivery.
- 4. Address Regional Disparities in Financial Infrastructure:** Despite overall progress in financial inclusion, differences across states and regions remain visible. Expanding banking outlets, ATM infrastructure and financial services in underserved areas will be important to ensure that the benefits of financial inclusion are more evenly distributed.

5. **Maintain Adequate Physical Banking Infrastructure:** Even with the rapid growth of digital financial services, bank branches and ATMs continue to remain important for ensuring reliable access to financial services. Maintaining an adequate physical banking network will therefore remain important, particularly in rural and semi-urban areas.
6. **Expand Coverage of Social Security and Financial Protection Schemes:** Greater awareness and enrolment in insurance, pension and other social protection schemes can help strengthen household financial security. Expanding access to these schemes will be important for improving financial resilience and protecting households from economic shocks.
7. **Strengthen the UPI-based Digital Payment Ecosystem and Cybersecurity:** UPI has become the backbone of India's digital retail payment system and now accounts for a large share of everyday transactions. As reliance on this platform increases, continued focus on system resilience, cybersecurity safeguards and regulatory oversight will be important to maintain trust and stability in digital payments.
8. **Expand Digital Payment Acceptance and Last-mile Connectivity:** The rapid expansion of QR codes, PoS terminals and mobile-based payments has widened digital payment acceptance among merchants and small businesses. Further strengthening merchant infrastructure, connectivity and user awareness will help ensure that digital payments continue to grow in an inclusive manner.

References

- International Monetary Fund. (2025). Financial Access Survey 2025. IMF.
- International Monetary Fund. (2026, February 23). *Geographical Outreach: Key Indicators—Commercial Bank Branches per 100,000 Adults*. Data retrieved through FRED, Federal Reserve Bank of St. Louis.
- Ministry of Health and Family Welfare. (2019). *Report of the Technical Group on Population Projections*. Government of India.
- MoF, 2025. Pradhan Mantri Jan Dhan Yojana. Department of Financial Services, Ministry of Finance, Government of India, New Delhi, India. <https://pmjdy.gov.in/scheme>
- Moneycontrol. (2024). *RuPay's credit card market share rises to 12% in 2024; transaction volume growing 20% monthly*
- Press Information Bureau. (2025). Highlights of Telecom Subscription Data as on 31 March 2025
- PwC India. (2023). *The Indian payments handbook – 2023–2028*. <https://www.pwc.in/ghost-templates/the-indian-payments-handbook-2023-20281.html>
- Rajya Sabha Secretariat. (2025, February 11). *Unstarred Question No. 883: Bank accounts opened under PMJDY*. Retrieved from Digital Sansad website.
- Rajya Sabha Secretariat. (2024, December 10). *Unstarred Question No. 1682, Session 266: State/UT-wise number of accounts including inoperative accounts and total amount of funds lying*. Compiled from proceedings of the Rajya Sabha.
- Reserve Bank of India. (2025). Annual Report 2024-25. RBI.
- Reserve Bank of India. (2025). Trend and Progress of Banking in India 2024-25. RBI.
- Reserve Bank of India. (2025). National Strategy for Financial Inclusion (NSFI) 2025. RBI.
- Unique Identification Authority of India. (2025). Aadhaar Saturation Report (State/UT-wise)
- World Bank. (2025). Global Findex Database 2025. Washington, DC: World Bank.



Overall Guidance

Dr. Nirupam Mehrotra, Director
Dr. Sriram Appulingam, Joint Director

Content Team

Dr. Gyanendra Rout, Deputy General Manager/ Faculty Member
Dr. Rinku, Research Officer
Ms. Shubhangani Chaudhary, Research Officer

Supported By

Shri. Hemant S. Patil, Deputy General Manager (Rajbhasha)

BIRD



Bankers Institute of Rural Development (BIRD)

Sector – H, L D A Colony, Kanpur Road, Lucknow – 226012

E-mail: bird@nabard.org Website: <https://birdlucknow.nabard.org/>