

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 1217
ANSWERED ON MONDAY, JULY 28, 2025/ SRAVANA 6, 1947 (SAKA)

DIGITAL TRANSACTION IN PROMOTING CASHLESS ECONOMY

1217. SMT. SHAMBHAVI:

DR. SHRIKANT EKNATH SHINDE:

SHRI RAVINDRA DATTARAM WAIKAR:

SHRI NARESH GANPAT MHASKE:

Will the Minister of FINANCE be pleased to state:

- (a) the contribution of the digital transactions in promoting a cashless economy and enhancing transparency in financial systems during the last six years, year-wise;
- (b) the details of the adoption rates of the digital payments in tier-2 and tier-3 cities as part of the country's digital transformation in transactions during the above period, State-wise and year-wise;
- (c) the mechanisms in place to track and monitor the Government performance of digital payment platforms to ensure seamless user experiences;
- (d) the steps taken by the Government to support small businesses and MSMEs in adopting digital payment systems to expand their customer base and improve efficiency, and
- (e) whether the Government has any data on the contribution of digital transactions in enhancing tax compliance and reducing the informal economy, if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) and (b): The details of digital payment transactions during the last six financial years, i.e. FY 2019-20 to FY 2024-25 is attached as Annexure-I. The Government has been closely working with different stakeholders including the Reserve Bank of India (RBI), National Payments Corporation

of India (NPCI), fintechs, banks and State Governments to increase the adoption rates of digital payments in the country including in tier-2 and tier-3 cities. RBI has setup a Payments Infrastructure Development Fund (PIDF) in 2021 to encourage deployment of digital payments acceptance infrastructure in tier-3 to 6 cities, North-Eastern States and Jammu & Kashmir. As on May 31, 2025, around 4.77 Crore digital touch points have been deployed through PIDF.

(c) The RBI has developed the Digital Payments Index (RBI-DPI) to measure the extent of digitisation of payments across the country. The index is published semi-annually and is based on March 2018 as the base period (Index = 100). As per the latest release, the RBI-DPI stood at 465.33 for September 2024, reflecting continued growth in digital payment adoption, infrastructure, and performance across the country

(d) In order to support small businesses and MSMEs in adopting digital payment systems to expand their customer base and improve efficiency, various initiatives have been taken by the Government, RBI and NPCI from time to time. These, inter alia, includes incentive scheme for promotion of low value BHIM-UPI transactions for small merchants, Trade Receivables Discounting System (TReDS) guidelines that allows for MSMEs to get their invoices discounted on the TReDS platform at competitive rates and rationalization of Merchant Discount Rate (MDR) for Debit Card Transactions.

(e) The growing adoption of digital payments has revolutionized access to financial services, particularly for underserved and unserved communities. By enabling seamless, traceable transactions through platforms like UPI, digital payments have created a robust financial footprint for individuals and businesses. These footprints serve as alternative data points for financial institutions, allowing them to assess creditworthiness even in the absence of traditional documentation. As a result, more people are able to access formal credit channels, which not only empowers economic participation but also brings more entities into the formal financial ecosystem. Digital platforms like UPI have enabled citizens including small vendors and rural users to accept digital payments, reducing cash dependency and increasing formal economic participation.

Annexure I

Details of digital transactions since last six financial year

Financial Year	Volume (in Crore)	Value (in lakh Crore)
FY 2019-20	3,401.55	1,619.69
FY 2020-21	4,370.68	1,414.58
FY 2021-22	7,197.68	1,744.01
FY 2022-23	11,393.82	2,086.85
FY 2023-24	16,443.02	2,428.24
FY 2024-25	22,198.15	2,862.12