



**PRESS INFORMATION BUREAU**  
( Research Unit )  
Ministry of Information and Broadcasting  
Government of India



**Budget Series #4**

**UNION BUDGET 2022: PUSH TO FINANCIAL INCLUSION & DIGITAL BANKING**

*Proposal to introduce Central Bank Digital Currency (CBDC)*

*75 Digital Banking Units (DBUs) to be set up in 75 districts*

*Post Offices to come under Core Banking System; to help farmers & senior citizens*

(Ministry of Finance)

February 14, 2022

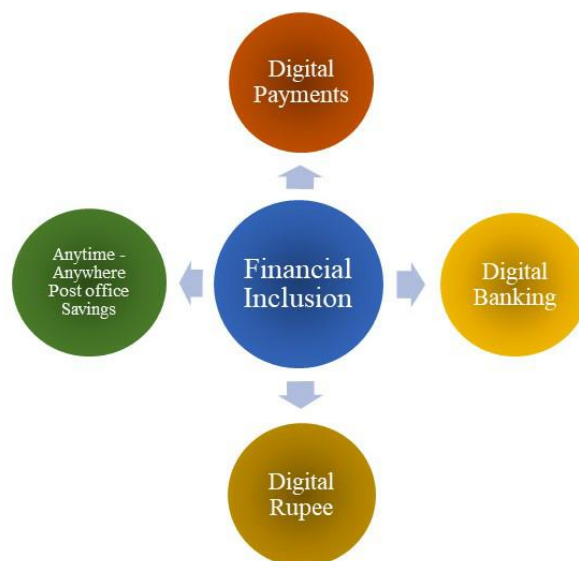
*“I dream of a digital India where mobile & e-banking ensures Financial Inclusion”*

- Prime Minister Shri Narendra Modi<sup>1</sup>

The Government of India is committed to strengthening the abilities of the poor to tap all opportunities. Since 2014, it has been focusing on empowerment of citizens, especially the poor and the marginalized. Through the budget announcements, the government has shown a strong resolve towards further developing ease of payments through digital payments and digital banking. This will also aid in boosting financial inclusion in the country, specifically in the rural areas. Further, linking post offices to the core banking system will be beneficial in increasing penetration.

The Union Budget 2022-23 focuses on the roadmap to universal financial inclusion based on the following thrust areas:

- **Digital Payments:** The financial support for digital payment ecosystem announced in the previous Budget will continue in 2022-23. This will encourage further adoption of digital payments. There will also be a focus to promote use of payment platforms that are economical and user friendly.
- **Digital Banking:** In recent years, digital banking, digital payments and fintech innovations have grown at a rapid pace in the country.



<sup>1</sup>[Financial Inclusion in Rising India \(pib.gov.in\)](https://pib.gov.in)

Government is continuously encouraging these sectors to ensure that the benefits of digital banking reach every nook and corner of the country in a consumer-friendly manner. Taking forward this agenda, and to mark 75 years of our independence, it is proposed to set up 75 Digital Banking Units (DBUs) in 75 districts of the country by Scheduled Commercial Banks.

- **Anytime – Anywhere Post Office Savings:** In 2022, 100 per cent of 1.5 lakh post offices will come on the core banking system enabling financial inclusion and access to accounts through net banking, mobile banking, ATMs, and also provide online transfer of funds between post office accounts and bank accounts. This will be helpful, especially for farmers and senior citizens in rural areas, enabling interoperability and financial inclusion.
- **Digital Rupee:** Introduction of Central Bank Digital Currency (CBDC) will give a big boost to digital economy. Digital currency will also lead to a more efficient and cheaper currency management system. Therefore, it has been proposed to introduce Digital Rupee, using blockchain and other technologies, to be issued by the Reserve Bank of India starting 2022-23.
- **Venture Capital and Private Equity Investment:** Venture Capital and Private Equity invested more than Rs 5.50 lakh crore last year facilitating one of the largest start-up and growth ecosystems. Scaling up this investment requires a holistic examination of regulatory and other frictions. An expert committee will be set up to examine and suggest appropriate measures.

### **Financial Inclusion:**

Financial Inclusion is a national priority of the Government as it is an enabler for inclusive growth. It is important as it provides an avenue to the poor for bringing their savings into the formal financial system, an avenue to remit money to their families in villages besides taking them out of the clutches of the usurious money lenders. The Government is committed to providing financial inclusiveness and support to the marginalized and hitherto socio-economically neglected classes. The Government of India, led by Prime Minister Narendra Modi, has resolved to give special emphasis on the financial inclusion of every person of the country.<sup>2</sup>

Some of the initiatives taken in this regard are mentioned below:

**Pradhan Mantri Jan Dhan Yojana: Nearly 45 Crore PMJDY accounts in 7 years; currently having deposits of 1.57 Lakh Crore; 55 % account holders are Women**

The Government initiated the National Mission for Financial Inclusion (NMFI), namely, Pradhan Mantri Jan Dhan Yojana (PMJDY) in August, 2014 to provide universal banking services for every unbaked household, based on the guiding principles of banking the unbanked, securing the unsecured, funding the unfunded and serving unserved and underserved areas.<sup>3</sup> This major push to financial inclusion has resulted in opening of 44.58 Crores accounts of beneficiaries under the scheme with a cumulative deposit of Rs

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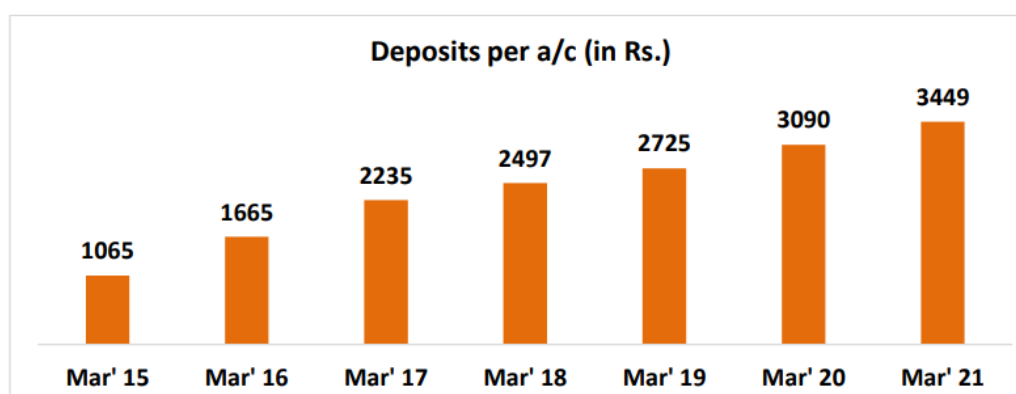
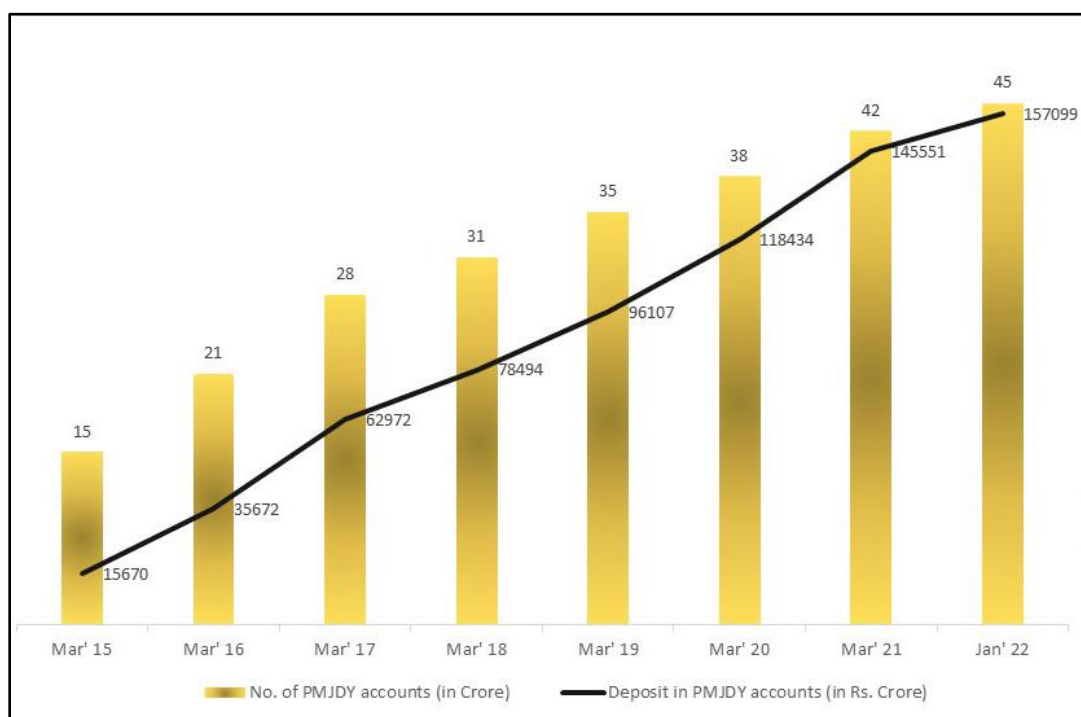
<sup>2</sup>[Financial Inclusion in Rising India \(pib.gov.in\)](https://pib.gov.in)

<sup>3</sup>[Financial Inclusion annual report material31.3.2021.pdf \(financialservices.gov.in\)](https://financialservices.gov.in)

1,57,098.63 Crores as on 26/01/2022. The average deposit in an account has also gone up from Rs 1065 per account in March 2015 to Rs 3449 by March 2021.

A **digital pipeline** has been laid for the implementation of PMJDY through linking of Jan-Dhan account with mobile and Aadhaar [**Jan Dhan-Aadhaar-Mobile (JAM)**]. This infrastructure pipeline is providing the necessary backbone for DBT flows, adoption of social security/pension schemes, facilitating credit flows and promoting digital payments through use of Rupay Cards and thereby accelerating the pace of attaining the goal of a secured, insured, digitalized and a financially empowered society.

As on 31st October 2021, the Unique Identification Authority of India (UIDAI) Authority has issued 131.68 crores (almost 90 per cent) Aadhaar numbers to the residents of India.<sup>4</sup>



Out of total savings accounts, there were overall 27 per cent female accounts in March 2014. However, under PMJDY, women accounts constitute 55.40 per cent of the total Jan Dhan accounts as on 31.3.2021. Thus, PMJDY has also gone a long way in bringing women under the ambit of financial inclusion in a major way.

<sup>4</sup>[About - Unique Identification Authority of India | Government of India \(uidai.gov.in\)](https://uidai.gov.in/)

<sup>5</sup>[Pradhan Mantri Jan-Dhan Yojana | Department of Financial Services | Ministry of Finance \(pmjdy.gov.in\)](https://pmjdy.gov.in/)

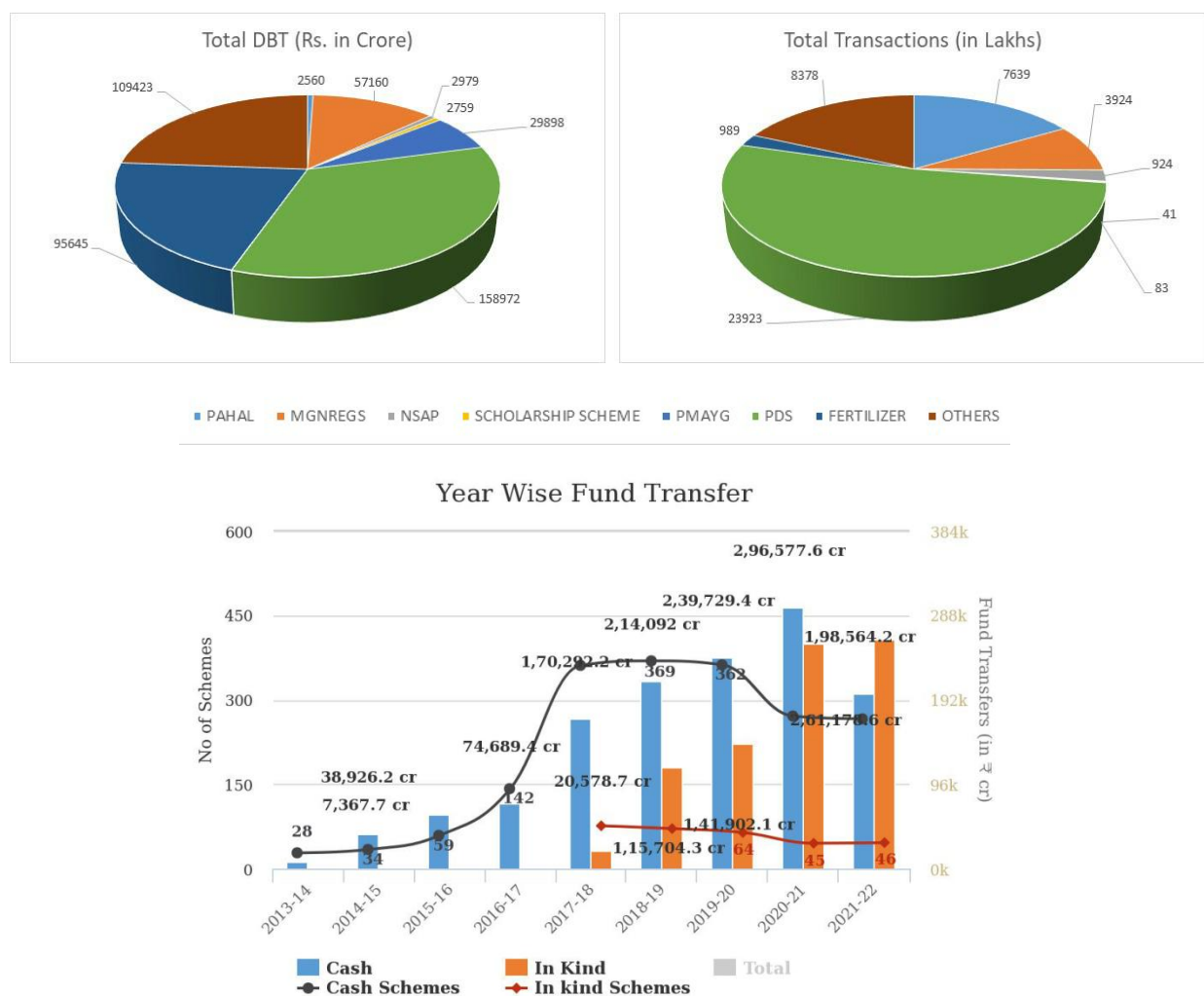
## Direct Benefit Transfer: Nearly 10-fold increase in beneficiaries in last 7 years

With the aim of reforming Government delivery system by re-engineering the existing process in welfare schemes for simpler and faster flow of information/funds and to ensure accurate targeting of the beneficiaries, de-duplication and reduction of fraud Direct Benefit Transfer (DBT) was started on 1st January, 2013.<sup>6</sup>

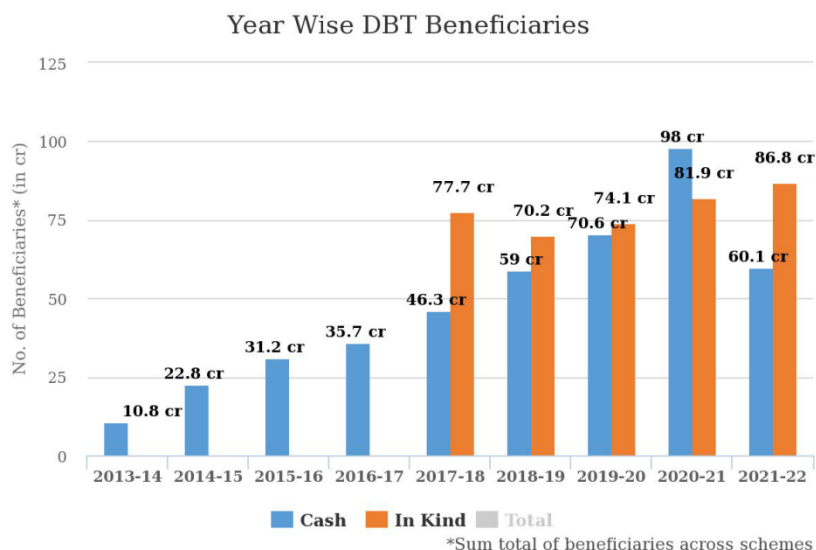
JAM - Jan Dhan, Aadhaar and Mobile are DBT enablers providing a unique opportunity to implement the mechanism in all welfare schemes across country including States & UTs. DBT will bring efficiency, effectiveness, transparency and accountability in the Government system and infuse confidence of citizen in the governance. Use of modern technology and IT tools will realize the dream of MAXIMUM GOVERNANCE MINIMUM GOVERNMENT. DBT is the high priority and focus area of the Government.

Over the period of last seven years ie from 2014 onwards, the number of beneficiaries has increased nearly 10-fold from 10.80 crores in 2013-14 to 98.0 crores in 2020-21 ( for cash schemes) in addition to 81.90 crore beneficiaries under In-kind schemes ( which were introduced in the year 2017-18) in 2020-21.

Direct Benefit Transfer Details (FY-2021-22) are as follows:



<sup>6</sup><https://dbtbharat.gov.in/page/frontcontentview/?id=MTc=>



### e-RUPI:

e-RUPI<sup>7</sup> is a cashless and contactless instrument for digital payment. It is a QR code or SMS string-based e-Voucher, which is delivered to the mobile of the beneficiaries. The users of this seamless one-time payment mechanism will be able to redeem the voucher without a card, digital payments app or internet banking access, at the service provider. It has been developed by National Payments Corporation of India on its UPI platform, in collaboration with the Department of Financial Services, Ministry of Health & Family Welfare and National Health Authority.

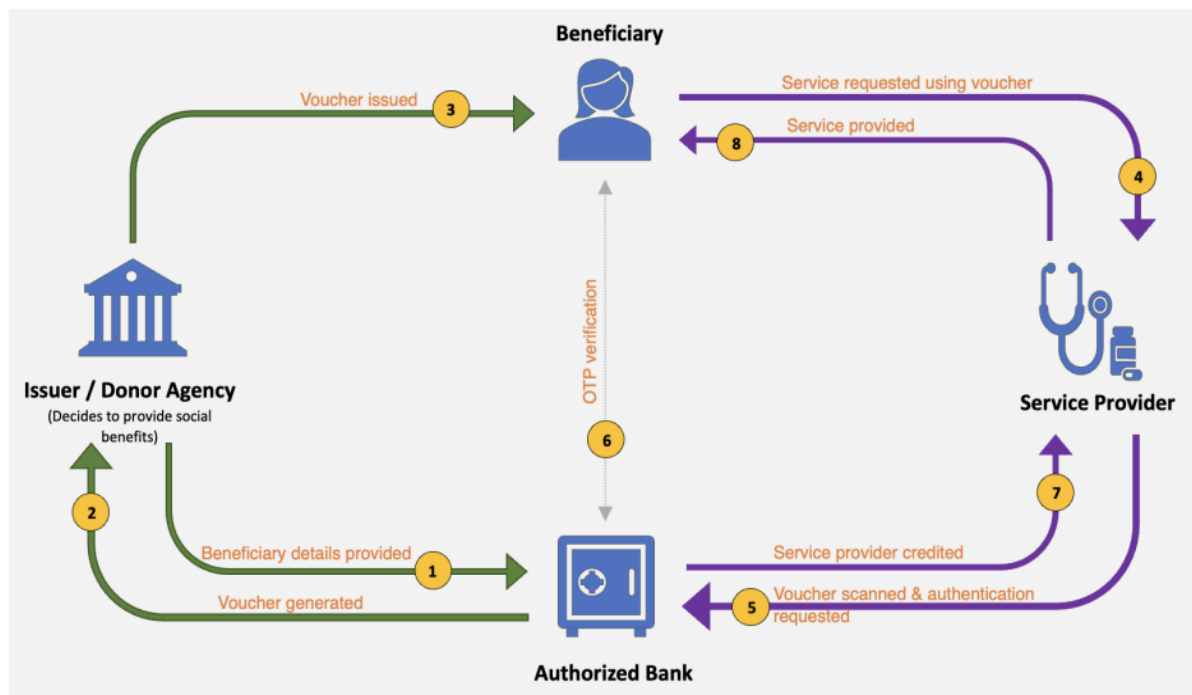
It is expected to be a revolutionary initiative in the direction of ensuring a leak-proof delivery of welfare services. It can also be used for delivering services under schemes meant for providing drugs and nutritional support under Mother and Child welfare schemes, TB eradication programmes, drugs & diagnostics under schemes like Ayushman Bharat Pradhan Mantri Jan Arogya Yojana, fertilizer subsidies etc. Even the private sector can leverage these digital vouchers as part of their employee welfare and corporate social responsibility programmes.<sup>8</sup>

NPCI has partnered with 11 banks for e-RUPI transactions. They are Axis Bank, Bank of Baroda, Canara Bank, HDFC Bank, ICICI Bank, Indian Bank, IndusInd Bank, Kotak Mahindra Bank, Punjab National Bank, State Bank of India and Union Bank of India. The acquiring Apps are Bharat Pe, BHIM Baroda Merchant Pay, Pine Labs, PNB Merchant Pay and YoNo SBI Merchant Pay. More banks and acquiring Apps are expected to join the e-RUPI initiative soon.<sup>9</sup>

<sup>7</sup>[Press Information Bureau \(pib.gov.in\)](https://pib.gov.in)

<sup>8</sup>[Press Information Bureau \(pib.gov.in\)](https://pib.gov.in)

<sup>9</sup><https://pib.gov.in/PressReleasePage.aspx?PRID=1743056>



Picture Source: [Social Vouchers and the Indian Experiment-e-RUPI Sep 1-.pdf \(dmeo.gov.in\)](https://dmeo.gov.in/Social_Vouchers_and_the_Indian_Experiment-e-RUPI_Sep_1-.pdf)

### Social Security Schemes:<sup>10</sup>

#### **10.65 Crore enrolments under PMJJBY; 24 Crore cumulative enrolments under PMSBY in last 7 years – Insuring the Insured**

The huge push towards financial inclusion since 2014 resulting in opening of such a large number of bank accounts has enabled the government to launch universal social security schemes such as the Pradhan Mantri Jeevan Jyoti BimaYojna (PMJJBY) and Pradhan Mantri Suraksha Bima Yojna (PMSBY) in the year 2015. These Schemes have gone a long way in providing insurance to the uninsured poor and underprivileged people of the country.

In the last seven years, 10.65 Crore enrolments (as on 28.07.2021) have been done under PMJJBY of which nearly 3 crores are female beneficiaries. Nearly 24 crore cumulative enrolments have been done under PMSBY of which 9.27 Crore are female beneficiaries.

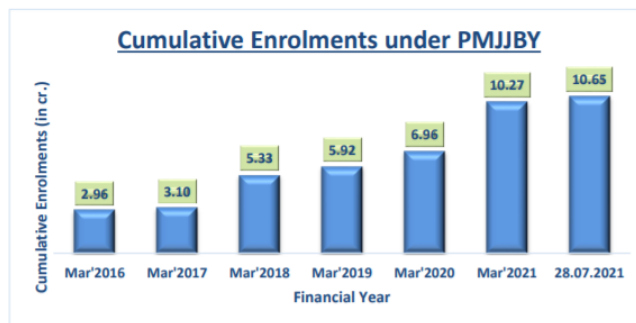
<sup>10</sup><https://financialservices.gov.in/sites/default/files/Social%20Security%20Schemes%20%281%29.pdf>



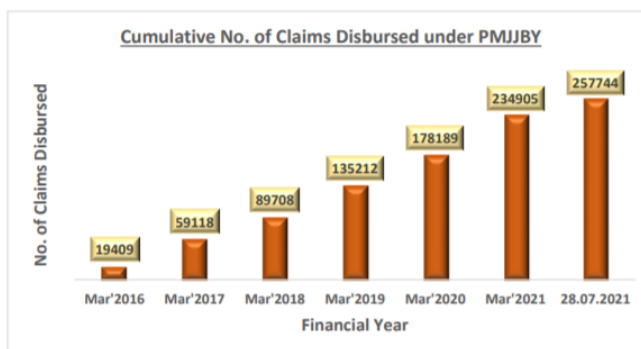
With the aim of insuring the uninsured a universal social security system for all Indians, especially the poor and the under-privileged, the PMJJBY was launched by the Hon'ble Prime Minister for providing cover for death due to any reason:

## Salient Features:

- Launched on 9<sup>th</sup> May, 2015
- Offers a renewable one-year term life cover of Rupees Two Lakh to all subscribing bank account holders in the age group of 18 to 50 years, covering death due to any reason
- Annual premium of Rs.330/- per annum per subscriber.
- The scheme is offered/administered through LIC and other Life Insurance companies willing to offer the product on similar terms.



Source :Banks



Source : Banks, Insurance companies

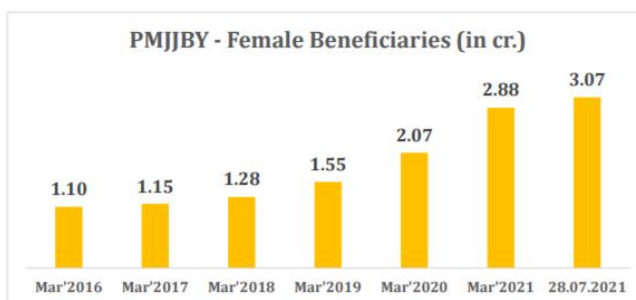
## Achievements under PMJJBY (July, 2021):

- Cumulative Enrolments - **10.65** Crore
- Female Beneficiaries - **3.07** Crore (45.4%) (excluding convergence)
- PMJDY A/c holders covered under PMJJBY - **2.09** Crore (**31.0%**) (excluding convergence)
- Total Rural Enrolments - **4.53** Crore (66.3%) (excluding convergence)
- Total Urban Enrolments - **2.22** Crore (33.6%) (excluding convergence)
- Cumulative No. of Claims Reported -2,77,321
- Cumulative No. of Claims Paid - 2,57,744
- Total Claim Amount Paid - Rs. 5,154.88 Crore

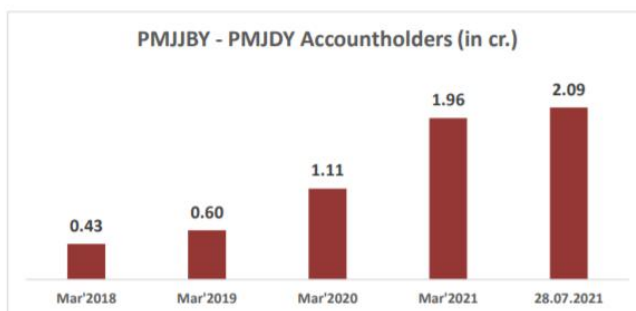
### Source:

1. Cumulative Enrolment Data as uploaded by banks on the Jansuraksha portal. Enrolments also Include converged schemes Enrolment data.

2. Claims Data as uploaded by Banks and updated by Insurance Companies on Jansuraksha Portal. In addition to above under PMJJBY 1,86,333 claims have been reported and 1,80,320 Claims have been paid under convergence schemes directly by LIC of India up to 28.07.2021.



Source :Banks



Source :Banks



# PMSBY

(Pradhan Mantri Suraksha Bima Yojana)

With the aim of insuring the uninsured a universal social security system for all Indians, especially the poor and the under-privileged, the PMSBY was launched by the Hon'ble Prime Minister for providing cover for death/disability due to accident.

## Salient Features:

- Launched on 9<sup>th</sup> May, 2015
- Offers a renewable one-year accidental death-cum-disability cover of Rupees Two Lakh to all subscribing bank account holders in the age group of 18 to 70 years
- Annual premium of Rs. 12/- per annum per subscriber.
- A claim of Rs. Two lakh in case of death or complete disability (Total and irrecoverable loss of both eyes or loss of use of both hands or feet or loss of sight of one eye and loss of use of hand or foot)
- A claim of Rs. One lakh in case of partial disability (Total and irrecoverable loss of sight of one eye or loss of use of one hand or foot)
- The scheme is offered / administered through Public Sector General Insurance Companies (PSGICs) and other General Insurance companies willing to offer the product on similar terms.

## Achievements under PMSBY (July, 2021):

- Cumulative Enrolments – **24.03** Crore
- Female Beneficiaries – **9.27** Crore (45.8%) (excluding convergence)
- PMJDY a/c holders covered under PMSBY – **7.07** Crore (34.9%) (excluding convergence)
- Total Rural Enrolments – **13.96** Crore (68.56%) (excluding convergence)
- Total Urban Enrolments – **6.28** Crore (31.44%) (excluding convergence)
- Cumulative No. of Claims Reported - **61,425**
- Cumulative No. of Claims Paid - **48,634**
- Total Claim Amount Paid – Rs. **972.68** Crore

### Source:

1. Cumulative Enrolment Data as uploaded by banks on the Jansuraksha portal. Enrolments also Include converged schemes Enrolment data.

2. Claims Data as uploaded by Banks and updated by Insurance Companies on Jansuraksha Portal. In addition to above under PMSBY 20,645 claims have been reported and 18,488 Claims have been paid under convergence schemes directly by 3 Public Sector General Insurance companies (NIACL, OICL & UIICL) up to 28.07.2021.

## Cumulative Enrolments under PMSBY



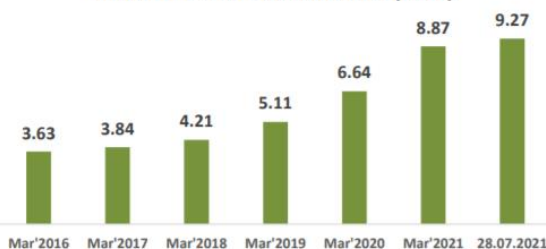
Source :Banks

## Cumulative No. of Claims Disbursed under PMSBY



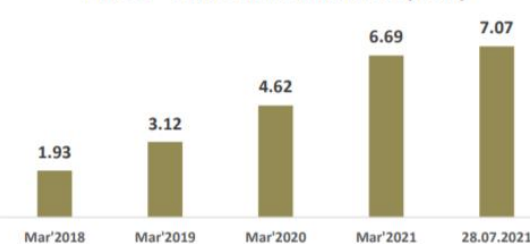
Source :Banks and Insurance companies

## PMSBY - Female Beneficiaries (in cr.)



Source: Banks

## PMSBY - PMJDY Accountholders (in cr.)



Source: Banks



## Growth of Digital Payment Systems:<sup>11</sup>

Over the past few years, India has been witnessing an unprecedented level of digitization and digital disruption, which has completely transformed the way in which public services are delivered. Digitization has become a prominent theme which is driving inclusion across the financial services, education and healthcare ecosystem for all the citizens of India.

Unified Payments Interface (UPI) recorded over 4.2 billion transactions worth over ₹ 7.7 trillion in just October 2021. The platform approach taken by the government in conceptualizing UPI has resulted in top class payments products being developed on top of it, as a result of which payments can be made with the click of a mobile phone not just at retail outlets but also peer to peer, completely redefining the way in which money is transferred between individuals.<sup>12</sup>

Some of the milestones in digital payment systems in India are as follows:



### Unified Payments Interface:

There has been an exponential growth in UPI transactions over the last 4-5 years. In FY 2020-21, a value of over Rs. 41 Lakh Crore were transacted via almost 2.23 lakh transactions. UPI constituted almost 40 per cent of all financial transactions taking place in FY 2020-21 as opposed to only 17 per cent in FY 2018-19.

As of August 2021, 249 banks have been integrated under the UPI system with a total of 22 Crore customers. Today there are almost 100 apps in the market that can make UPI based transactions.

The following charts show a detail of the growth of UPI in India:

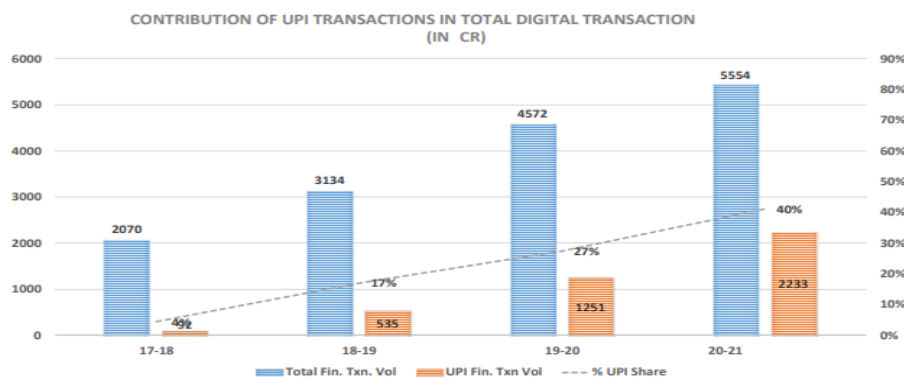
<sup>11</sup> [doc2021101211.pdf \(pib.gov.in\)](https://pib.gov.in/doc2021101211.pdf)

<sup>12</sup> [https://www.niti.gov.in/sites/default/files/2021-11/Digital-Bank-A-Proposal-for-Licensing-and-Regulatory-Regime-for-India.24.11\\_0.pdf](https://www.niti.gov.in/sites/default/files/2021-11/Digital-Bank-A-Proposal-for-Licensing-and-Regulatory-Regime-for-India.24.11_0.pdf)

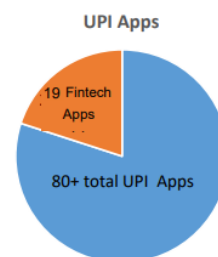
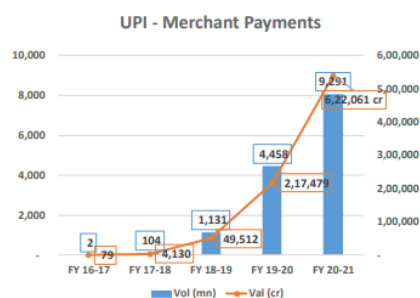
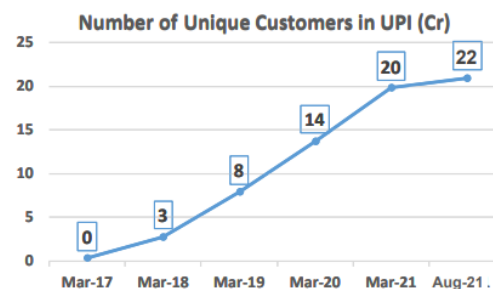
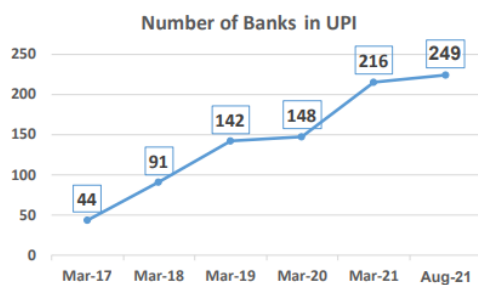
# Growth in UPI transactions

UPI has gained significant traction in the domestic market, and also recognition in international markets in a short span of time.

	FY-2016-17		FY-2017-18		FY-2018-19		FY-2019-20		FY-2020-21	
Platform	Volume (in Lakh)	Value (₹Cr)	Volume (in Lakh)	Value (₹Cr)	Volume (in Lakh)	Value (₹Cr)	Volume (in Lakh)	Value (₹Cr)	Volume (in Lakh)	Value (₹Cr)
UPI	179	6,947	9,152	1,09,832	53,534	8,76,970	1,25,186	21,31,730	2,23,307	41,03,653



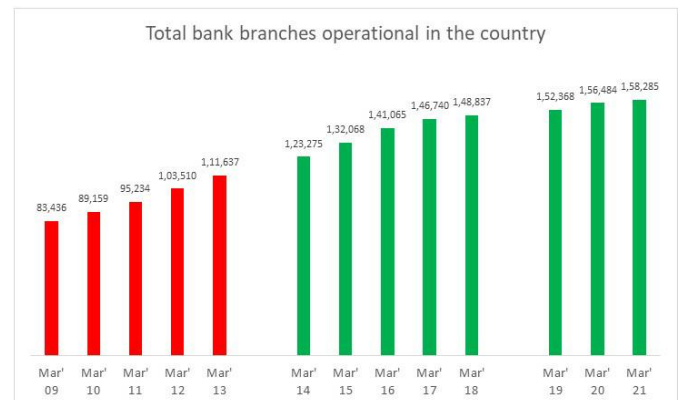
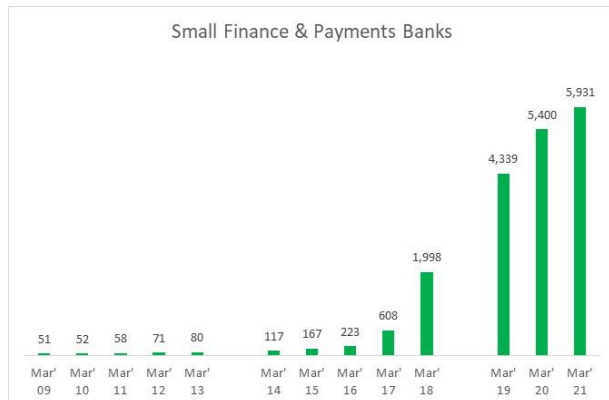
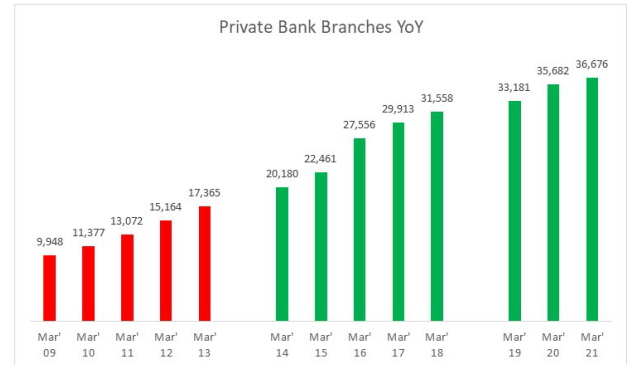
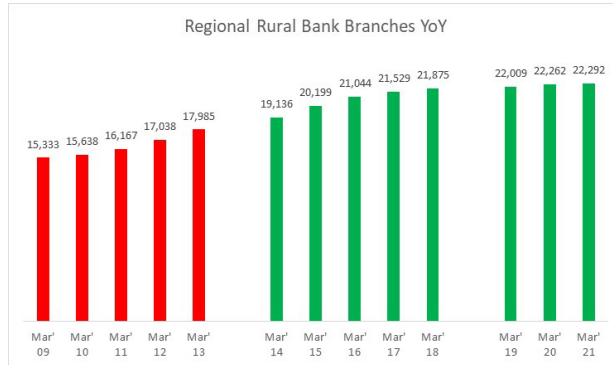
# Growth of UPI Ecosystem



## Growth in number of operational branches of Banks:

Boosted by the government's commitment of universal financial inclusion, there has been a massive growth in opening of new bank branches especially in the rural areas and in the private space.

Further there has been a rise of small finance and payments banks in the last five years.



Data for charts sourced from: [Reserve Bank of India](https://www.reservedata.org/).

AG/HP/RC/PPD/MK/PB