

Report on RuPay & BHIM-UPI Incentive Scheme

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Why in News?

Recently, the “Socio-Economic Impact Analysis of Incentive Scheme for Promotion of RuPay Debit Card and low-value BHIM-UPI (Person-to-Merchant) Transactions” was released at Chintan Shivir 2026.

- **Released by** - Department of Financial Services (DFS), Ministry of Finance.
- **Conducted by** - An independent third-party research agency in consultation with National Payments Corporation of India (NPCI).
- **Objective** - Accelerating universal adoption of digital payments, reducing dependence on cash, and formalising routine economic activity.

Digital transactions increased nearly 11 times, with UPI's share in total digital transactions surging to ~80%, between 2021 and 2025

- **Coverage - Sample Size** - More than 10,000 respondents (users, merchants, service providers).
- **Geographical Coverage** - 15 States across 5 zones (North, South, East, West, North-East).
- **Key Findings** -

| Domain | Findings |
|-----------------------|------------------------------------------------------------------------------------------------------|
| User Preference | • UPI most preferred mode (57%), surpassing cash (38%) due to ease of use and instant transfers. |
| Transaction Behaviour | • 65% UPI users reported multiple digital transactions per day. |
| Youth Adoption | • 66% adoption among the 18-25 age group, indicating a digital-first behavioural shift. |
| User Confidence | • 90% users reported increased confidence. |
| Adoption Drivers | • 52% motivated by cashback incentives. • 74% cited speed as the main advantage. |
| Merchant Adoption | • 94% small merchants adopted UPI, with 72% satisfied and cited 57% reported increased sales. |
| Role of Incentives | • Reduced cost barriers, • Accelerated merchant onboarding. • Built trust in digital payments. |
| Bank Participation | • <i>Banks on UPI increased from 216 (2021) to 661 (2025).</i> |

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| Behavioural Shift | <ul style="list-style-type: none"> • Decline in low-denomination currency usage and ATM withdrawals. |
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- **Recommendations** - Strengthen RuPay debit card usage, especially in rural/semi-urban areas.
- **Promote low-value digital payments (e.g., UPI Lite).**
- Invest in connectivity, digital literacy, and fraud mitigation.
- **Significance** - Increased formalisation, transparency, business efficiency, fintech innovation, and financial inclusion.
- Reinforces India's Digital Public Infrastructure (DPI) and vision of a less-cash, inclusive digital economy.

Reference

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