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	• ***Banks on UPI increased from 216 (2021) to 661 (2025).***

Behavioural Shift	• Decline in low-denomination currency usage and ATM withdrawals.

- **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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