



Original Article

A Review of Financial Inclusion and Digital Banking in India for Viksit Bharat 2047

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Abstract

Financial inclusion and digital banking are critical levers for economic growth and inclusive development. As India charts its course toward becoming a “Viksit Bharat” by 2047 the centenary of its independence leveraging financial inclusion and digital banking will be central to achieving goals of equitable growth, sustainable development, and global competitiveness. This paper analyses the current status of financial inclusion and digital banking both MSMEs and individuals in India, examines their roles and contributions, identifies challenges, and opportunities for binding toward Viksit Bharat 2047. Financial inclusion and digital banking are pivotal drivers of India’s vision for Viksit Bharat 2047, aligning financial accessibility with technological innovation and sustainable development. This paper reviews the evolution and current landscape of financial inclusion and digital banking in India, emphasizing their roles in empowering individuals, strengthening MSMEs, and enhancing economic resilience. It highlights major government and RBI initiatives such as PMJDY, UPI, DBT, and Digital India, which have significantly expanded financial access and digital transactions across the country. The study further analyses achievements, including increased account penetration and the rise of digital payments, alongside challenges such as the digital divide, cybersecurity risks, and financial illiteracy. Emerging opportunities—like AI-driven credit scoring, blockchain-based transparency, and the introduction of the Digital Rupee—are discussed as transformative enablers of inclusive growth. The paper concludes that strengthening digital infrastructure, enhancing financial literacy, and ensuring cybersecurity are crucial for realizing India’s inclusive and technology-driven financial ecosystem by 2047.

Keywords: Financial Inclusion, Digital Banking, Viksit Bharat 2047.

Introduction

Financial inclusion: Financial inclusion has been defined as “the process of ensuring access to financial services, timely and adequate credit for vulnerable groups such as weaker sections and low-income groups at an affordable cost”. (Committee on Financial Inclusion - Chairman: Dr C Rangarajan, RBI, 2008). According to World Bank group financial inclusion means that individuals and businesses have access to and use affordable financial products and services that meet their needs, which are delivered in a responsible and sustainable way. Financial products and services include transactions, payments, savings, credit and insurance. It helps people manage risks, build wealth and invest in businesses. Financial inclusion is a promoter for achieving seven of the 17 Sustainable Development Goals (SDGs). It fosters economic growth and employment, promotes economic empowerment of women, and contributes to eliminating poverty. **Digital Banking:** Digital banking refers to using online platforms like bank websites and mobile apps to manage finances and conduct banking transactions, replacing the need to visit a physical branch. It offers convenience and 24/7 access to services such as checking account balances, transferring money, paying bills, and applying for loans, all from anywhere with an internet connection. Digital banking utilizes advanced security measures, automation, and real-time features to provide a secure, efficient, and accessible banking experience. Enhances this access by using technology (internet, mobile, UPI, Aadhaar, etc.) to deliver services conveniently and at lower costs.

Objectives of the Study:

1. To identify the Recent Key Components of Financial Inclusion in India
2. To know features and impact of government, RBI Initiatives of financial inclusion for entrepreneurship and MSMEs.
3. To assess the role of financial inclusion in Supporting to MSMEs.

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4. To explore Challenges and opportunities towards the Financial Inclusion and Digital Banking in India for Viksit Bharat 2047.

Hypothesis: There is positive co-relation between financial inclusion and economic development.

Research Methodology: Looking at the necessity of this research paper the researcher adopts descriptive research methodology and used secondary data which published in various reports and publications.

Recent Key Components of Financial Inclusion in India: In financial inclusion there are number of initiatives implemented by RBI and financial institutions from last fifteen years. These inclusions are available for both individual and enterprises. Below table shows the recent major key components of financial inclusion in India.

Table:1 Recent Key Components of Financial Inclusion in India

Component	Description
Bank Accounts	Universal access to savings and transaction accounts (e.g., Jan Dhan Yojana)
Credit Access	Availability of affordable loans, especially for MSMEs, farmers, SHGs
Insurance & Pensions	Low-cost life, health, crop insurance; pension schemes like Atal Pension Yojana
Digital Payments	UPI, BHIM, RuPay cards, mobile wallets
Financial Literacy	Education on managing savings, credit, digital tools

Source: Self Elaboration

Major Government & RBI Initiatives for Entrepreneurship and MSMEs: Government and RBI implement PMJDY, UPI, DBT, DIP, AePS, PM SVANidhi, Financial Literacy Campaigns initiatives to strengthen financial inclusion from 2014.

Table:2: Govt. initiatives features and impacts

Initiative	Launch Year	Features & Impact
Pradhan Mantri Jan Dhan Yojana (PMJDY)	2014	Over 51 crore bank accounts opened as of 2025; enabled DBT, insurance, and pensions
Unified Payments Interface (UPI)	2016	Over 11 billion transactions/month by mid-2025; global leader in real-time payments
Digital India Program	2015	Boosted digital infrastructure and delivery of government services
Direct Benefit Transfer (DBT)	2013+	Uses Aadhaar-linked accounts for efficient subsidy and benefit transfers
Aadhaar Enabled Payment System (AePS)	2016	Enabled biometric-based transactions in rural areas
PM SVANidhi	2020	Digital loans to street vendors; over 60 lakh loans sanctioned
Financial Literacy Campaigns (RBI, SEBI, NABARD)	Ongoing	Programs in rural/urban areas to improve understanding of financial services

Source: <https://msme.gov.in/central-schemes>

Above table of Initiatives for financial inclusion shows the launching year as well as the features and impact.

Role of financial inclusion to Supporting MSMEs: The role of financial inclusion to supporting MSMEs as to credit access, digital payments formalization, insurance, and supply chain finance. The financial inclusions benefit and helpful of MSMEs given in below table.

Table: 3 financial inclusion benefit and its merits to MSMEs.

Benefit	How Financial Inclusion Helps MSMEs
Credit Access	MUDRA, CGTMSE, SIDBI, UPI-based lending
Digital Payments	Reduces cash dependency; improves transparency
Formalization	Udyam + Bank Account + GST + Digital payments = ease of doing business
Insurance	Protects businesses from shocks (health, disaster, crop loss etc.)
Supply Chain Finance	MSMEs can access invoice financing via digital platforms like TReDS

Source: Self Elaboration

Achievements of Digital Banking (as of 2025): The below table showing the status of digital banking platforms initiatives

Table:4 Achievements of Digital Banking (as of 2025):

Metric	Status
Bank Account Penetration	~80% of adults have bank accounts (World Bank Global Findex 2021)
UPI Transactions	~11.3 billion/month, ₹17+ lakh crore/month in value
Internet & Mobile Penetration	~850 million smartphone users
Digital Loan Growth	Digital MSME lending market projected to reach ₹7–10 lakh crore by 2027

Source: <https://www.website.npci.org.in/>

Challenges and opportunities towards the Financial Inclusion and Digital Banking in India for Viksit Bharat 2047: looking back to the achievements of digital banking the current financial inclusions having some obstacle from view point of researcher listed as below.

Digital Divide: This is the major obstacle because of rural-urban gaps in internet access, device affordability.

Cybersecurity Risks: Rise in fraud, data breaches, financial scams etc.

Low Financial Literacy: Many users don't fully understand digital tools or financial rights.

Limited Access to Formal Credit: Despite digital tools, many MSMEs remain underserved

Gender Gaps: Women still face barriers in accessing digital finance.

Opportunities Ahead (2025–2047): The future prospectus of current financial inclusion according to digital banking area and their potential impact as below.

Digital Lending Platforms: It can boost startups and MSMEs.

AI & ML in Credit Scoring: Helps informal sector access credit

Blockchain in Banking: Ensures transparency and fraud control

CBDC (Digital Rupee): The CBDC Digital Rupee (e₹) is India's Central Bank Digital Currency, issued by the Reserve Bank of India (RBI). It is the digital equivalent of the physical rupee and is a legal tender. Functioning like digital cash, the e₹ is stored in a user's digital wallet and distributed through participating banks. Inclusion can be potential to reshape retail payments.

Open Credit Enablement Network (OCEN): Democratizes access to credit for small businesses

Conclusion

Financial inclusion, powered by digital banking, has transformed India's economic landscape bridging urban-rural divides, empowering MSMEs, and making government schemes more efficient. As India moves toward *Viksit Bharat 2047*, scaling up inclusive digital finance is not optional but essential. The future lies in and equitable digital finance for every Indian. The digital rupee can be reshape according to the global need of every Indian, however to reduce the obstacles of digital banking and financial inclusion effective programs, revolution must be undertake by both government and community at large. The further scope of this research paper is to explore research opportunities on government initiatives for financial inclusion.

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Conflicts of Interest

The authors declare that there are no conflicts of interest regarding the publication of this paper.

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