

Growth of UPI Services in India

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Abstract:

UPI changed the way people handle money by offering a simple, fast, and secure way to make payments between individuals (P2P) and to businesses (P2M). Its user-friendly nature made it popular across the country, even among small shop owners, and has played a big role in expanding financial inclusion—a key goal of India's Viksit Bharat 2047 vision.

This research paper explores how UPI has grown over the years and its impact on improving financial access. Using secondary data, the study tracks trends in the number and value of UPI transactions from 2016 to 2024. While UPI has many benefits, the paper also highlights challenges like digital fraud and the need for better user awareness to ensure safe usage of digital payment platforms.

Keywords_ Unified Payment Interface (UPI), Digital Payment, Financial Inclusion, Digital Payment System.

Introduction:

The Indian banking sector has witnessed structural changes over the decades. Due to the growth in Information and Communication Technology (ICT), this sector is shifting toward a paperless banking system. People are now giving more preference to digital or cashless transactions. This transformation is one of the key drivers of the development of the Indian economy. NPCI and RBI launched Unified Payment Interface (UPI) in 2016, while in the same year government of India announced demonetization of Rs. 500 and Rs. 1000 currency notes. That time due to a lack of availability of cash, some people shifted towards UPI or digital banking. Other hand in covid-19 pandemic situation, people are following social distancing and touch or contact less transactions so, this boosted the use and adoption of UPI by the many people of India.

Over the past few years, easy access to the internet and adaptations of smartphones has led to a significant spike in UPI transactions. With these, digital payments provide many advantages like it is affordable, 24/7 access, user friendly process and don't require advanced technical knowledge and so on. Nowadays digital payment is not only useful for receiving and sending money but also it offers many other facilities like booking a gas cylinder, recharge of services, etc. Even small businessmen are using QR codes (UPI) for receiving money, which is automatically deposited in their bank accounts. Vulnerable part of society, which was away from the financial sector, is now connecting through the digital/ UPI payment system. This is helping to achieve one of the objectives of Viksit Bharat 2047, which is financial inclusion.

Objective of the Study:

1. To study the growth rate of the volume of UPI transactions
2. To study the growth rate of value of UPI transactions

3. To study the P2P and P2M transactions

Research Methodology:

This research study is descriptive and based on secondary data. This data is collected through different sources like various websites, books, research papers, etc. Statistical tools are used to analyse the numerical data.

Data Analysis and Interpretation:

In this part researcher has analysed numerical data and tried to explain the growth of UPI/digital payments in India. Initially through the following table growth in volume and value has been explained.

Table No. 1: UPI/Digital Transactions in India

Year	Volume (Mn)	SAGR	Value (Cr.)	SAGR
Dec 2016	1.99	-	707.93	-
Dec 2017	145.64	7218.6	13174.24	1761.0
Dec 2018	620.17	325.8	102594.82	678.8
Dec 2019	1308.4	111.0	202520.76	97.4
Dec 2020	2234.16	70.8	416176.21	105.5
Dec 2021	4566.3	104.4	826848.22	98.7
Dec 2022	7829.49	71.5	1282055.01	55.1
Dec 2023	12020.23	53.5	1822949.42	42.2
Dec 2024	16730.01	39.2	2324699.91	27.5

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

In the above table no. 1, data of UPI/digital transactions from 2016 to 2024 has been given. Data of NPCI says in April 2016 there only 21 banks and up to December 2026 this number reached at 35. While end of the 2024 there are total 641 banks participating in UPI services.

It can be observed that, both volume and value are showing an increasing trend but by a decreasing rate. In December 2024, the volume (number of transactions) reached 16730 million. Another side value reached more than 23 lakh crores.

Now, in the following table, the researcher tried to show the P2P and P2M transactions from the year 2022 to 2024.

Table No. 2: Peer to Peer (P2P) and Peer to Merchant (P2M) Transactions

Year	P2P		P2M	
	Volume	Value	Volume	Value
2022	46.01%	77.36%	53.99%	22.64%
2023	39.56%	73.93%	60.44%	26.07%
2024	38%	73.00%	62%	27%

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

Total value and volume have increased over the years which means P2P and P2M transactions also increased. Table no. 2 explains the Peer to Peer (P2P) and Peer to Merchant (P2M) transactions. If we compare

the percentage of volume-wise then, P2M transactions are more than P2P but if we compare value-wise then, percentage of P2P transactions are very bigger than P2M.

Table no. 3: Key UPI Platforms

2022	2023	2024
PhonePe	PhonePe	PhonePe
Google Pay	Google Pay	Google Pay
Paytm	Paytm	Paytm

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

Here in table no. 3 tried to explain to the key UPI platforms are top three UPI platforms that are preferred by the customers for the transactions. PhonePe is the most preferred app by people over Google Pay or Paytm (or any other app). From 2022 to 2024 those three platforms are on top positions. While at 4th position, cred and navi are competing.

Conclusion:

The above analysis and interpretation show that digital payments are easier to use and more affordable to businesses as well as customers. One of the reports of the European Payment Council (EPC), currently in India over 30 million active UPI users and more than 340 million QR codes are being used by different merchants. More people are now using the digital payment system and availing the benefits of it. This helps to increase the financial inclusion.

The dark side of this digital or UPI transactions is scammers ready to steal your data and misuse it. Many people face this problem and this is happening because users are not fully aware of how to use UPI apps safely. To help with this, the Reserve Bank of India (RBI) is working to spread awareness and share safety tips. It is important that customers follow these guidelines to safely enjoy the benefits of digital payments.

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