



## A Study on the Growth of UPI Payments in India: An Analysis

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### ORIGINAL ARTICLE



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### ABSTRACT

India's Unified Payments Interface (UPI) is a leading platform that facilitates online money transfer between two parties using smartphones. This innovative method improves the accessibility and efficiency of the payment system and has great potential for developing and emerging markets. As UPI continues to develop, more and more Indian citizens are embracing this transformative payment system, propelling India into the digital era with impressive momentum and progress. The long-term social and sociological effects of the UPI system in India will also be shown by the research.

### KEY WORDS

Accessibility, Emerging, Sociological.

### INTRODUCTION

The Unified Payments Interface (UPI) is a real-time payment system developed by the National Payments Corporation of India (NPCI) on 11 April 2019 by Dr. Raghuram G. Rajan, Governor, Reserve Bank of India, Mumbai. UPI is a very easy way to send and receive money using your smartphone in India. When you link your bank account to the UPI app, a unique UPI ID is created. You can link multiple bank accounts and easily send money without the recipient's bank account details. All you need is a Virtual Payment Address (VPA). Fintech companies like Paytm, Phonepe, GooglePay etc, have created a highly secure and user-friendly infrastructure where there are no fees for sending or receiving money via UPI. According to data released by NPCI, in October 2016, only 26 banks were operational with 465.7 million transactions, but in December 2024, the staggering figures show that there are 505 operational banks with 16.73 billion transactions, with nearly 1 billion UPI transactions taking place daily.

## Review of Literature

Jagtap (2024) found that the growth of Unified Payments Interface (UPI) payments in India has been remarkable since its launch in 2016, significantly transforming the digital payment landscape. UPI has facilitated billions of transactions, with 8.03 billion transactions worth 12.98 lakh crore recorded in January 2023 alone.

Anuradha Averineni, Gudipaati Ashish, Sai Shoei, Sai Harshith Kodali, Kajal Kiran (2024) found that UPI has significantly boosted digital transactions in India since 2016, enhancing economic growth by facilitating real-time payments, reducing cash dependency, and promoting financial inclusion. This transformation supports SMEs and aligns with government initiatives like Digital India, driving GDP growth.

## Objectives of the Study

- To study the advantages and limitations of UPI payments in India
- To study the future aspects of UPI in India

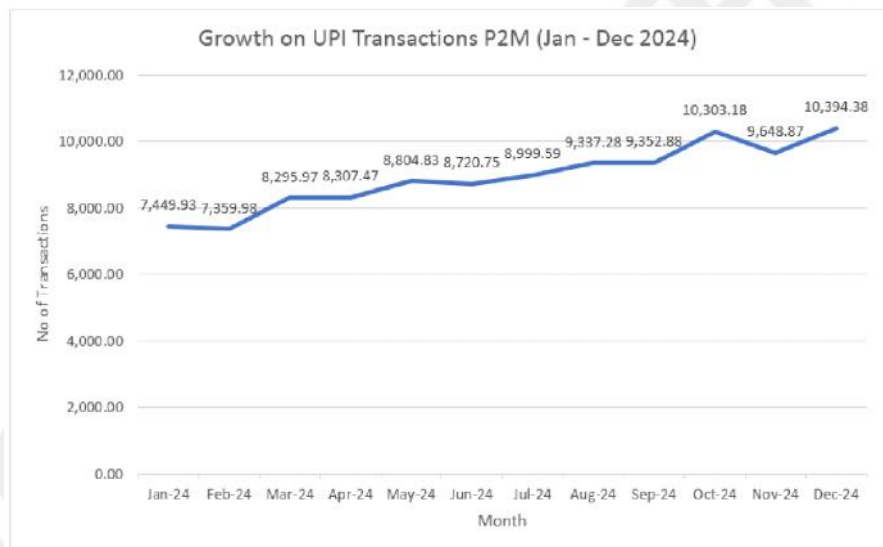
## Methodology

The present study is based on the secondary data collected from the journals, web and print media.

## Discussion and Analysis

The following table displays the number of UPI transactions in monthwise in the year of 2024.

Month	Number of UPI Transactions
Dec 2024	16.73 billion
Nov 2024	15.48 billion
Oct 2024	16.58 billion
Sep 2024	15.040 billion
Aug 2024	14.963 billion
Jul 2024	14.435 billion
Jun 2024	13.885 billion
May 2024	14.035 billion
Apr 2024	13.303 billion
Mar 2024	13.440 billion
Feb 2024	12.102 billion
Jan 2024	12.203 billion



[Source: National Payments Corporation of India (NPCI) UPI Product Statistics, 2024]

## Advantages

- UPI allows real-time fund transfer, making it faster and more efficient than traditional methods like NEFT, RTGS and IMPS.
- The UPI service is available 24 hours a day, and users can do business at any time regardless of banking or vacation time.
- UPI uses a UPI ID instead of a bank account number or IFSC code, simplifying the transaction process and providing a higher level of privacy.
- A single UPI-enabled app allows users to connect and oversee several bank accounts, simplifying the process of monitoring and managing finances.
- Most UPI transactions come with minimal charges or are completely free, making it a cost-effective choice for users.
- The use of a two-factor authentication system by UPI helps to guarantee the security of transactions and lowers the chances of fraud.

## Limitations

- Although UPI has robust built-in security measures, the risk of fraud and unauthorized transactions remains a concern. Cybercriminals can exploit vulnerabilities in the system or use social engineering techniques to gain access to sensitive information. Addressing these challenges requires continued efforts to improve security protocols, educate users on best practices for safe transactions, and implement multi-factor authentication methods. Collaborative efforts between UPI service providers, banks, and users are essential to effectively identify and respond to emerging threats.
- UPI imposes transaction limits on the number of transactions and monetary value per transaction. These limits are in place to ensure security and prevent abuse, but may be restrictive for businesses or individuals requiring larger transaction volumes or monetary values. As UPI continues to evolve, these restrictions will need to be reviewed and revised to meet changing user needs. Achieving a balance between security and transaction flexibility is essential for widespread adoption of UPI across sectors.
- Lack of awareness and understanding about UPI is a barrier impeding its widespread adoption, especially among people who are not familiar with digital payment systems. It is essential to invest in awareness campaigns and educational efforts to educate the public about the benefits, features and security aspects of UPI. Learning programs and easy -to -understand leadership can allow people to navigate with confidence in the UPI ecosystem and soften all the problems or vibrations they can arise.

## Suggestions

- The average knowledge of the respondents will be increased through various promotional channels.
- In addition to the use of Google Pay and PayTM applications, the remaining other applications should be brought to the public's attention and encouraged to use them.
- Cash back offers will be maintained to motivate users to use the digital payment system.
- Universities can launch students to pay college fees/ examination fees via digital payment applications.

## CONCLUSIONS

UPI has significantly improved the payment system in terms of cost, ease of use for consumers, settlement time and security. UPI is an application on smartphones that allows users to transfer money between bank accounts. It is a user-friendly, real-time payment system. UPI allows customers to make payments directly from their bank accounts to a wide range of merchants, both online and offline. The study concludes that people are becoming more aware of digital payment systems and are using UPI apps as they are convenient and secure. Most people use Google Pay and Phone Pe to transfer funds. Increase in the number of users lead to achieve the vision of the Government programme 'Digital India'.

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