

A STUDY OF IMPACT OF DIGITAL INFRASTRUCTURE OF INDIA

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ABSTRACT

Due to changes in technological environment of banking sector on India payment system of banking sector transform on online money transfer. Different payment gateway defines for online payments. Unified Payments Interface (UPI) is a system that empowers and connect multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing and merchant payments into one hood. It also caters to the "Peer to Peer" collection request, which can be scheduled and paid as per requirement and convenience.

Keywords: Digital Infrastructure, UPI, Online Payments, Merchant Payments, Banking Sector.

Introduction

Physical infrastructure v/s digital infrastructure development pay a vital role in economy development. Physical infrastructure includes Roads, Railways, Inland water transport, sea water transport, electricity, Aviation etc while in Digital infrastructure includes public clouds, digital payment system, Telecommunication, FM Radio services, Online banking etc. In post covid period digital infrastructure of India changes rapidly. the role of digital infrastructure in socio-economic development of the country increased. speed internet as a core utility for delivery of services to citizens, digital identity, enabling citizen participation in digital and financial era, shareable private space on a public cloud (citizens can digitally store their documents on cloud plate form, certificates, etc. and share them with public agencies or others without the need to physically submit them), and a safe cyber identity. Unified Payments Interface (UPI) is a fast real-time payment system introduced by National Payments Corporation of India (NPCI). UPI facilitates bank to bank peer-to-peer (P2P) and person-to-merchant (P2M) transactions. It is used on mobile devices to fast transfer funds from one bank to other bank accounts. The mobile number on the device is registered with the bank and KYC system. The Unified Payments Interface Identity (UPI ID) of the bank account holder can be used to transfer funds. It runs as an open source application programming interface (API) for Immediate Payment Service (IMPS), and is govern by the Reserve Bank of India (RBI).

UPI is a single platform that manages various banking facilities and features under one roof. A UPI ID and PIN are use to exchange money. Real-time bank-to-bank payments can be made using a mobile number or virtual payment address (UPI ID) which is connected to KYC.

UPI is an initiative taken by the National Payments Corporation of India (NPCI) collaborate with the Reserve Bank of India & Indian Banks Association (IBA). National Payments Corporation of India is the firm that handles RuPay payments infrastructure, i.e. similar to MasterCard and Visa card. It helps different banks to interconnect and exchange funds. Immediate Payments Service (IMPS) is also an initiative of National Payments Corporation of India . Unified Payments Interface is considered as the advanced version of Immediate Payments Service IMPS.

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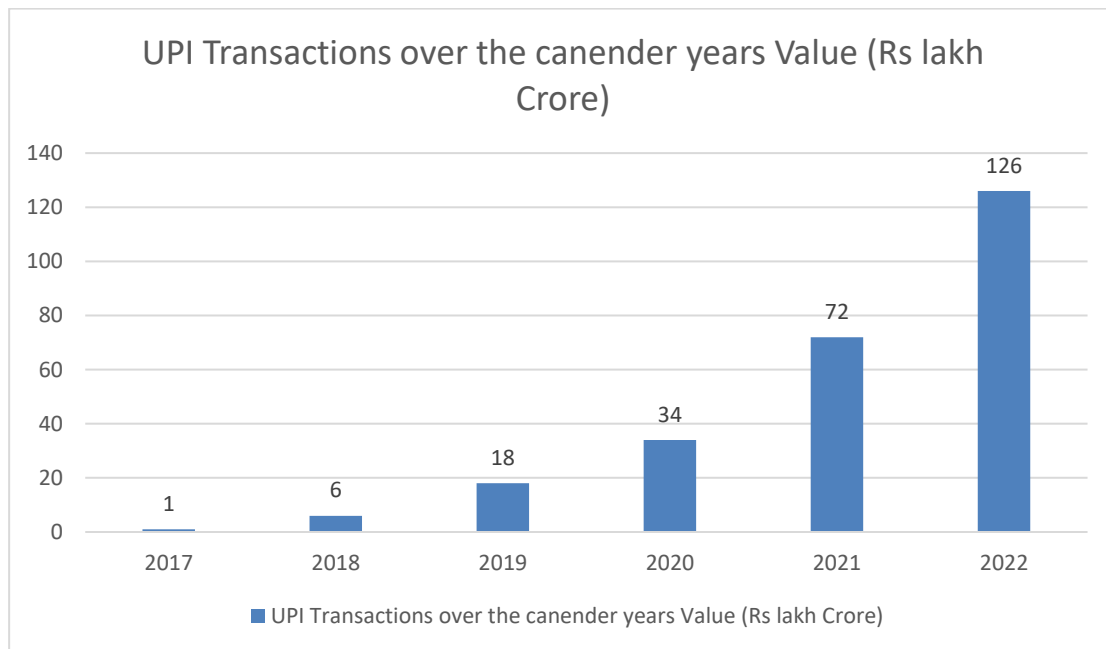
Objectives of Study

- To find out changes and development taken place in online money transfer system in india.
- To observe the new technology and its impact of banking
- To find out opportunities in business and economy due to online fund transactions.

Features and Benefits of using UPI

- Simple system of online payments.
- Online account settlements. Pay for your services, shopping sites with UPI Payments for fast fund transfer.

Introduced in 2016 to revolutionize the payment landscape through universal operability, single payment address, and low-cost mobile-first payment system, UPI has acted as a positive disruption towards enabling greater digital payments adoption in the country. Unified Payments Interface (UPI) is a single mobile application for accessing different bank accounts. It can be accessed on all major platforms, such as Android and iOS. As the application is user-friendly and fast, consumers and merchants have displayed a great affinity to digital technology, leading to rapid growth in this digital payment infrastructure. The journey of Unified Payments Interface (UPI) has been fascinating. The number of banks that became part of the real-time payment system increased from 35 in December 2017 to more than 380 in December 2022. Though pre-existing payment modes such as debit cards, credit cards, National Electronic Funds Transfer (NEFT) and Real-Time Gross Settlement (RTGS) have grown over time, Unified Payments Interface (UPI) has shown a quantum jump comparatively to become one of the preferred modes of payment. In this sense, the progress of Unified Payments Interface (UPI) has been remarkable.



Conclusion

In FY19, Unified Payments Interface (UPI) accounted for total 3,100 crore digital transactions i.e, 17 per cent of the country's total transactions. The next year saw Unified Payments Interface (UPI's) share increased to more than 27 per cent as it processed 1,250 crore transactions out of 4,600 crore digital transactions. In FY22, Unified Payments Interface (UPI) accounted for 52 per cent of the total 8,840 crore financial digital transactions. On average, between FY19-22 (calendar year), growth in Unified Payments Interface (UPI)-based transactions in value and volume terms have been 121 per cent and 115 per cent, respectively. Recently, in Dec 2022, Unified Payments Interface (UPI) touched its highest-ever mark with 782 crore transactions worth ₹12.8 lakh crore.

Unified Payments Interface (UPI) also allows for multiple methods for integrating payments—QR based payments being the most popular. In just 5 years, over 23 crore Unified Payments Interface (UPI) QRs have been deployed in the market for accepting merchant payments, from only 25 lakhs devices that were accepting merchant payments before this. The benefits of Unified Payments Interface (UPI) became evident during the Covid-19 pandemic when Unified Payments Interface (UPI) served as a critical lifeline, especially for small and micro merchants. Further, Unified Payments Interface (UPI) has processed 2,922 crore contactless merchants' transactions with a total value over ₹21.7 lakh crore in FY23 (till December 2022). The success of Unified Payments Interface (UPI) has not been restricted to India alone; NPCI, through its international arm NPCIL is pushing for acceptance of RuPay/ Unified Payments Interface (UPI) powered apps, cross-border remittance and UPI-Like deployment in international markets such as Singapore, UAE, France, the Netherlands among others

The emergence of Digital Public Infrastructure, help to improving financial literacy, innovation, employment generation, entrepreneurship, & empowering beneficiaries has played vital role in uplifting the economy

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