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UPI Completes Ten Years of Public Operation

25 August 2026 · ECONOMY

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UPI Completes Ten Years of Public Operation

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✓ **Every fact web-verified against primary sources**

> *The Unified Payments Interface (UPI) completed ten years of public operation on August 25, 2026. Prime Minister Narendra Modi called it a turning point in India's digital payments journey and invited citizens to share their UPI experiences through a Press Information Bureau outreach.*

GETTING THE LAUNCH DATE RIGHT

A point of precision that examination aspirants frequently get wrong. UPI has **two distinct launch dates**, and conflating them is a common error:

DATE	EVENT
April 11, 2016	Pilot launch by then RBI Governor Dr Raghuram Rajan with 21 member banks
August 25, 2016	Public rollout, when UPI-enabled apps went live on the Google Play Store

The decade being marked in August 2026 is the anniversary of the **public rollout**, not the pilot. Write it as "ten years of public operation" rather than "ten years since launch".

INSTITUTIONAL ARCHITECTURE

The National Payments Corporation of India

UPI is built and operated by the **National Payments Corporation of India (NPCI)**:

- **Incorporated:** 2008
- **Legal form:** Originally under Section 25 of the Companies Act, 1956, now Section 8 of the Companies Act, 2013 (not-for-profit)
- **Headquarters:** Mumbai
- **Promoters:** Reserve Bank of India and the Indian Banks' Association (IBA)
- **Mandate:** Umbrella organisation for retail payments and settlement systems in India

The Regulatory Basis

UPI is regulated by the **Reserve Bank of India under the Payment and Settlement Systems Act, 2007**. This Act is the statutory foundation for RBI's authority over payment systems, and it is the provision most likely to be tested in Prelims.

HOW UPI WORKS

UPI's central design innovation is the **Virtual Payment Address (VPA)**, an identifier such as `name@bank` that allows a transfer without exposing the underlying bank account number or IFSC code. Its other structural features:

- Multiple bank accounts can be operated through a **single mobile application**
- Settlement runs on the **24x7 Immediate Payment Service (IMPS)** backbone
- Both "push" (pay) and "pull" (collect request) transactions are supported
- Two-factor authentication is built in, with the device and the UPI PIN as the two factors

Place in India Stack

UPI is the payments layer of **India Stack**, the set of open digital public infrastructure (DPI) protocols that also includes **Aadhaar e-KYC**, **eSign** and **DigiLocker**. The conceptual sequence is presence-less, paper-less and cash-less, with UPI supplying the last of the three.

THE GROWTH RECORD

METRIC	FY 2016-17	FY 2025-26
Transaction volume	1.78 crore	Over 24,162 crore
Transaction value	Approximately ₹0.07 lakh crore	Approximately ₹314 lakh crore

That is roughly a **13,000-fold increase in volume** and a **4,000-fold increase in value** over the decade.

The Product Family

PRODUCT	PURPOSE
UPI 123PAY	UPI on feature phones, without internet
UPI Lite and Lite X	Offline, low-value transactions
UPI AutoPay	Recurring mandates for subscriptions and bills
RuPay credit card on UPI	Credit, not only bank-account debit, through UPI

INTERNATIONALISATION

UPI has been extended to a growing set of countries, including **Singapore, the United Arab Emirates, Bhutan, Nepal, Sri Lanka, Mauritius and France**. The **UPI-PayNow linkage with Singapore, launched in February 2023**, was the first real-time cross-border payment-system linkage of its kind for India and is the specific fact most often asked.

THE UNRESOLVED PROBLEMS

An honest analysis must address three structural issues:

1. Market concentration. Two third-party applications account for the bulk of UPI volume. NPCI has repeatedly deferred implementation of its proposed **30 per cent market-share cap**, and the resulting concentration makes a single application's outage a systemic, macro-financial event rather than a commercial inconvenience.

2. The zero-MDR problem. Merchant Discount Rate on UPI transactions is zero. This drove adoption decisively, but it also means the ecosystem generates almost no direct revenue, forcing banks to cross-subsidise and the government to fund incentive outlays. The standard reform proposal is a calibrated MDR on large-merchant transactions while retaining zero MDR for small merchants.

3. Fraud and mule accounts. UPI-linked cyber fraud has grown with the network. The Prime Minister raised precisely this issue at the 53rd PRAGATI meeting held the same day. India still lacks a statutory, time-bound framework for victim compensation and rapid fund-freezing.

UPSC RELEVANCE

GS Paper 3 (Indian Economy): Mobilisation of resources; inclusive growth; digital infrastructure; banking and financial sector reforms.

Prelims focus: NPCI's founding year, legal form and regulator; the Payment and Settlement Systems Act, 2007; the two launch dates; the UPI-PayNow linkage.

Mains angle: UPI is the strongest available evidence that **Digital Public Infrastructure, rather than private platform monopoly, can deliver population-scale financial inclusion**. This is India's central export pitch to the Global South and a recurring theme in India's G20 engagement. A balanced answer must set this against the concentration, revenue-model and fraud problems above.

📌 FACTS CORNER — KNOWLEDGEPEDIA

UPI BASICS:

- Pilot launch: April 11, 2016, by RBI Governor Dr Raghuram Rajan
- Public rollout: August 25, 2016
- Operated by: National Payments Corporation of India (NPCI)
- Regulated by: RBI under the Payment and Settlement Systems Act, 2007

NPCI:

- Incorporated: 2008
- Legal form: Section 8, Companies Act, 2013 (earlier Section 25, Companies Act, 1956)
- Headquarters: Mumbai
- Promoters: Reserve Bank of India and Indian Banks' Association

GROWTH DATA:

- FY 2016-17: 1.78 crore transactions, approximately ₹0.07 lakh crore
- FY 2025-26: over 24,162 crore transactions, approximately ₹314 lakh crore

TECHNOLOGY:

- Core identifier: Virtual Payment Address (VPA)
- Settlement backbone: 24x7 IMPS
- Part of India Stack, alongside Aadhaar e-KYC, eSign and DigiLocker
- Variants: UPI 123PAY, UPI Lite and Lite X, UPI AutoPay, RuPay credit card on UPI

OTHER RELEVANT FACTS:

- First cross-border real-time linkage: UPI-PayNow with Singapore, February 2023
- Other countries: UAE, Bhutan, Nepal, Sri Lanka, Mauritius, France
- NPCI's proposed third-party app market-share cap: 30 per cent, repeatedly deferred
- Merchant Discount Rate on UPI: zero

Sources: PIB, NPCI, RBI

Source: UPI Completes Ten Years of Public Operation — Ujiyari.com | Free UPSC & State PCS Current Affairs

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