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Sari shops and street food stalls: How e-payments have taken over India

By Amy Gunia and Sania Farooqui, CNN

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Brij Kishore Agarwal's sari shop in Old Delhi Sania Farooqui/CNN

Hong Kong/New Delhi (CNN) — Indian weddings are notoriously elaborate affairs, requiring a multitude of outfit changes for multiple days of festivities.

It used to be normal for a family visiting Brij Kishore Agarwal's sari shop, near the narrow lanes of Chandni Chowk market in India's Old Delhi, to depart with a big bundle of bright, embroidered garments and leave behind a substantial pile of cash.

Worries that someone would break in and steal the money before he could make a bank deposit kept the store's now-79-year-old owner awake at night.

These days he sleeps easier, because almost all his customers use e-payments to complete their purchases.

"I have seen this country change," says Agarwal, who has worked in the shop for about 65 years. "We very rarely get cash payments."

Digital payments, made through systems like the Unified Payments Interface (UPI), which allow users to transfer funds instantly by scanning a QR code, have become ubiquitous across the world's most populous country, transforming daily life.

In Delhi, tea sellers collect rupees via mobile apps, and tuk tuk drivers who pull over to buy parathas stuffed with steaming hot paneer pay with their phones.

The e-payment revolution is also likely to play an important role in India's attempts to become an economic superpower. It is the planet's fifth biggest economy, and Prime Minister Narendra Modi, who is currently running for his third consecutive term, has said he wants India to be considered "developed" by 2047.

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"Digital payments are likely to enhance India's growth by eliminating frictions, increasing efficiency, and reducing costs," Eswar Prasad, an economics professor at Cornell University, told CNN. "UPI and the broader digitization of the economy could also increase the inclusiveness of this growth," he added.



Brij Kishore Agarwal's sari shop in Old Delhi Sania Farooqui/CNN

Digital India

India's push to digitize its society started about 15 years ago, but e-payments were slow to catch on. In 2016, 96% of transactions in India were still conducted with banknotes.

Two events that year changed things. First, the non-profit National Payments Corporation of India (NPCI), an initiative of the central bank and a banking association, launched the payment infrastructure UPI.

UPI allows users to use their phone as a virtual debit card, transferring money from almost 600 member banks and fintech companies instantly without entering bank details or paying transaction fees.



QR codes line the awning of Ramesh Kumar's towel shop at Sarojini Nagar Market in Delhi. Sania Farooqui/CNN

Later that year, the government suddenly scrapped two large banknotes that comprised 86% of all currency in circulation, with the stated goal of fighting corruption. That prompted a surge in the use of e-payments.

“We had no choice,” says Ramesh Kumar, 52, a towel shop owner in Delhi’s Sarojini Nagar Market, who started accepting digital payments in 2016.

Covid-19 further boosted the adoption of digital transactions, as people tried to protect themselves from the virus.

Now, Indians use UPI to pay everyone from vegetable vendors to doctors. More digital transactions are completed in India than any other country, according to the government. In 2023, the number of UPI transactions topped 100 billion.

There are some holdouts. Azeez, a 34-year-old rickshaw driver in Old Delhi, told CNN that he’s too scared of losing money to use e-payments.

“I am [an] uneducated person, I am poor, I have never been to a school, I can’t read or write,” he says. “What if I make a mistake?”





Rickshaw driver Azeez accepts only cash. Sania Farooqui/CNN

Still, the upward trend is expected to continue, further boosting the number and value of funds flowing into the formal economy. UPI is aiming for two billion transactions a day by 2030.

“If I can, and my store, which is so old, can move forward and change like this, I am sure every buyer and customer will also do it,” says Agarwal, the sari seller.

‘A stake in India’s economic growth’

India is the world’s fastest-growing major economy and digitization “has played a fairly consequential role in the very successful economic trajectory that India is on,” says Prasad, who is the author of “The Future of Money: How the Digital Revolution Is Transforming Currencies and Finance.”

Although it’s difficult to quantify the impact that UPI adoption has had on India’s gross domestic product, on a micro level it’s easy to see how it’s making a difference. Agarwal says it has increased efficiency and transparency for his business, and made filing taxes simpler.

Kapil Sharma, 42, who sells flowers for as little as \$0.12 outside a temple in Old Delhi, told CNN he used to lose business because potential customers wouldn’t want to wait for change. He started using UPI about a year ago and has seen an uptick in sales.

“It’s just simpler,” he says. “They buy, pay and go.”





Flower seller Kapil Sharma offers a QR code for customers. Sania Farooqui/CNN

Convenience aside, India's digital public infrastructure has helped it achieve an 80% financial inclusion rate. Although inequality remains a problem, Prasad says that digitization has "made Indian citizens, including the masses who are not very wealthy, feel that they have a stake in India's economic growth and transformation."

Now NPCI is focused on expanding overseas to make it easier for citizens working abroad to send remittances home or allow Indian travellers to pay using UPI. This year, the Eiffel Tower's website started accepting payment via UPI.

"I think the government sees the UPI as a template for the rest of the world," says Prasad. "I think it would certainly help India's stature on the world stage."

No matter its future impact outside India, UPI appears to have strong grassroots support from those who have already benefitted from it, which means its dominance in the South Asian nation is likely to grow.

"If anyone gives me an option to go back to cash payment, I will just say I am not interested," says Agarwal. "Please find a phone, download these apps, and use them."

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