From Digital Reach to digital depth: Dissecting India's UPI usage by state and ...

An analysis of UPI transaction volumes by state shows wide variation in digital payments adoption. States like Maharashtra, Karnataka, and Uttar Pradesh led in raw volumes

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India's Unified Payments Interface (UPI) stands as a global exemplar of digital public infrastructure success. In June 2025 alone, it processed over 18.4 billion transactions, with merchant (P2M) payments alone accounting for 11.7 billion transactions and Rs 6.83 lakh crore in value.[1] This scale is unprecedented—but the more important question is whether this growth reflects depth, inclusivity, and balanced development.

While NPCI has previously shared data on transaction size brackets, two critical additions—state-wise usage data and merchant category-wise transaction counts with value—were newly introduced in June 2025. These additional data sharing mark a significant commitment to transparency and public access to granular data. They now enable much richer, disaggregated analysis of UPI's spread and economic integration.

Geographic disparity: A tale of two Indias

Actual state wise transactions for top 10 states:

Sl	State / Union Territory	Volume (in Mn)	Volume Contribution (%)	Value (in Cr.)	Value Contribution (%)
0	UNCLASSIFIED#	8,229.58	44.74%	10,02,400.27	41.70%
1	MAHARASHTRA	1,741.88	9.47%	2,11,433.62	8.80%
2	KARNATAKA	1,000.66	5.44%	1,34,850.46	5.61%
3	UTTAR PRADESH	972.29	5.29%	1,23,844.58	5.15%
4	TELANGANA	738.37	4.01%	1,18,822.08	4.94%
5	TAMIL NADU	699.34	3.80%	1,05,130.55	4.37%
6	ANDHRA PRADESH	496.56	2.70%	87,072.27	3.62%
7	RAJASTHAN	478.63	2.60%	69,889.10	2.91%
8	GUJARAT	440.93	2.40%	64,058.92	2.66%
9	DELHI	420.11	2.28%	50,811.91	2.11%
10	WEST BENGAL	396.75	2.16%	57,448.44	2.39%

Source: NPCI UPI Eco system statistics

An analysis of UPI transaction volumes by state shows wide variation in digital payments adoption. States like Maharashtra, Karnataka, and Uttar Pradesh led in raw volumes.

When adjusted for population, Delhi, Puducherry, and Chandigarh topped the per capita transaction rankings. Many low-income or lower digital-density states—such as Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan, Jharkhand, and Chhattisgarh—trailed significantly in per capita usage, exposing a digital divide that echoes India's broader economic disparities.

State / UT	Volume (Mn)Adjusted	Share %	Population (Mn)	MONTHLY Per Capta Txns
Delhi	760.22	4.14	20.70	37
Puducherry	52.82	0.29	1.50	35
Chandigarh	75.00	0.41	2.20	35
Telangana	1,336.13	7.27	40.60	33
Goa	94.05	0.51	3.10	31
Andaman & Nicobar Islands	11.94	0.06	0.40	30
Karnataka	1,810.76	9.85	71.00	26
Ladakh	15.55	0.08	0.60	25
Maharashtra	3,152.05	17.15	126.70	25
Lakshadweep	1.81	0.01	0.08	23
Haryana	653.29	3.55	30.60	21
Dadra&Nagar Haveli& Daman &Diu	29.95	0.16	1.50	20
Sikkim	27.95	0.15	1.40	20
Mizoram	31.30	0.17	1.60	20
Arunachal Pradesh	56.60	0.31	3.00	19
Kerala	601.91	3.27	36.30	17
Uttarakhand	199.30	1.08	12.00	17
Andhra Pradesh	898.95	4.89	55.70	16
Tamil Nadu	1,265.41	6.89	81.50	16
Himachal Pradesh	104.96	0.57	7.40	14
Nagaland	31.94	0.17	2.30	14
Gujarat	797.67	4.34	70.20	11
Punjab	339.75	1.85	30.00	11
Meghalaya	42.00	0.23	3.90	11
Manipur	34.18	0.19	3.20	11
Rajasthan	865.51	4.71	84.80	10
Jammu and Kashmir	138.65	0.75	13.60	10
Tripura	39.64	0.22	4.00	10
Odisha	448.48	2.44	47.60	9
Assam	327.23	1.78	36.50	9
Madhya Pradesh	699.35	3.80	91.60	8
Uttar Pradesh	1,758.64	9.57	244.60	7
West Bengal	717.57	3.91	100.60	7
Jharkhand	281.52	1.53	41.60	7
Chhattisgarh	217.76	1.18	33.00	7
Bihar	710.55	3.87	130.90	5

Authors Notes: NPCI's June 2025 release included state-wise UPI transaction volumes for all states/Union Territories in India, accounting for approximately 55.26% of total UPI transaction volume. To estimate per capita transaction levels for all states, the remaining 44.74 % was distributed using the same ratio observed in the reported data across those states. While this introduces a modeled assumption for some states, it enables a consistent comparison across the national landscape.

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Urbanised states with better literacy, financial infrastructure, and proactive digital policies see far deeper penetration. In contrast, lagging states often suffer from poor QR acceptance, low awareness, and limited access to smartphones or broadband connectivity. Thus, digital public infrastructure (DPI), while present in principle, remains underutilised in practice.

Understanding UPI Usage: P2P, P2M

In June 2025:

- P2M accounted for **64 percent of UPI's total volume** but only **28 percent of the total value**.
- Conversely, P2P comprised **36 percent of volume** and **72 percent of value**.

This pattern reflects the dual function of UPI—as both a mass-scale tool for daily consumption and a trusted channel for high-value personal transfers. Greater emphasis on P2G transactions can significantly deepen UPI's relevance in everyday citizen–government interfaces.

While NPCI currently does not publish disaggregated data for P2G or G2P (Government-to-Person) transactions, their importance is well-recognised. In many developing countries, government payments—both receipts (e.g., taxes, service charges) and disbursements (e.g., pensions, welfare, subsidies)—have played a catalytic role in scaling digital payment adoption. It is expected that, in the future, NPCI will capture and share more granular data on these flows, enabling deeper insights into the full spectrum of UPI usage.

Merchant Transaction Patterns: A layer beneath the surface

Within merchant (P2M) usage, deeper insights emerge:

- 86 percent of P2M transactions were under Rs 500, representing low-ticket, high-frequency purchases.
- Only 4 percent were over Rs 2,000, but these accounted for 66 percent of the value.

This new data reveals a dual-use structure: UPI is widely used for micro-payments such as groceries, fast food, or local transport. However, infrequent high-value transactions dominate the value moved across the network—showing that while access is broad, depth of financial usage varies.

UPI and India's household economy

India's total Private Final Consumption Expenditure (PFCE) for FY24 stood at Rs 140 lakh crore, averaging around Rs 11.7–11.8 lakh crore per month.[5] With UPI merchant payments at ₹6.83 lakh crore in June 2025, it suggests that nearly 58% of estimated monthly household spending was conducted over UPI. Though PFCE likely increased in FY25, the ratio remains illustrative of UPI's penetration into everyday consumption.

This estimate, while approximate, underscores UPI's growing role in India's consumption economy. The data comparison draws from NPCI's merchant transaction totals and MoSPI's national accounts statistics. Although structural mismatches exist between the two datasets (especially regarding informal sector spending), it provides a useful proxy for the digitalisation of private consumption.

What Indians use UPI for: A narrow merchant bandwidth

The top 10 merchant categories alone contributed to **75.2 percent of total P2M volume** and **29.2 percent of value**:

MCC	Category Description	Volume (Mn)	Value (₹ Cr.)	% of Volume	% of Value
5411	Groceries and supermarkets	2,848.11	63,307.98	24.3%	9.3%
5814	Fast food restaurants	1,144.14	13,511.21	9.8%	2.0%
5812	Eating places and restaurants	1,102.10	18,217.20	9.4%	2.7%
4814	Telecommunication services	843.97	19,946.50	7.2%	2.9%
5541	Service stations (fuel, etc.)	591.24	35,909.85	5.0%	5.3%
5816	Digital goods (games)	332.94	9,749.96	2.8%	1.4%
5993	Cigar shops and stands	294.96	1,830.37	2.5%	0.3%
5462	Bakeries	260.34	3,882.89	2.2%	0.6%
5912	Drug stores and pharmacies	255.66	10,355.33	2.2%	1.5%
4900	Utilities (electricity, water, etc.)	171.01	22,670.85	1.5%	3.3%

Source: NPCI UPI Eco system statistics

Most high-frequency merchant segments reflect urban mass consumption—groceries (INR 222 avg.), fast food (INR 118), telecom (INR 236). In contrast, utilities show higher average values (₹1,300+), pointing to P2G potential. Missing categories—education, agri-inputs, public transit—signal the next frontier for UPI inclusion.

Recommendations: Deepening UPI Usage Across Layers

1. Expand QR Acceptance in Underserved Areas

Partner with banks and local bodies to expand QR infrastructure in rural India.

2. Leverage DBT to Reinforce UPI Usage

DBT-linked usage builds habit and trust, especially when recipients can directly spend digitally.

3. Target Informal and Public Service Segments

Extend UPI to school fees, transport, farmer input shops, and small healthcare providers.

4. Promote Government Payments – both P2G and G2P more

Govt payments are often catalysis for digitalisatin of payments in many developing countries. So GOI can expand the use of UPI for collecting various kind sof government fees as well as some disbursements which are time sensitive.

5. Institutionalize Usage Monitoring

Launch quarterly **UPI usage** scorecards by state—per capita, rural-urban split, QR coverage, and merchant category diversification.

Conclusion: From Breadth to Depth

India's UPI revolution has transformed how we pay—but now it must transform who pays, where, and for what. The June 2025 data is a clarion call to move from volume-based success toward deep and inclusive economic integration. Disaggregated insights into state-level use and merchant categories show where policy and market interventions are most needed. The path forward lies not just in scaling digital rails, but in ensuring everyone rides them.

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