



# Limits on UPI Transactions

## Why In News?

With record rise in [Unified Payments Interface\(UPI\)](#) transactions, Banks and UPI apps have decided to impose daily limits on UPI transactions on top of the limits set by the [National Payments Corporation of India \(NPCI\)](#) in 2021.

## What Limits have been Imposed on UPI Transactions?

### ▪ Limits by NPCI:

- Currently, users can make up to **20 transactions or ₹1 lakh in a single day**, either all **at once or throughout the day**.
- Certain specific categories of transactions, such as **capital markets, collections, insurance, and forward inward remittances**, have a **higher limit of ₹2 lakh**.
- **For UPI-based ASBA (Application Supported by Blocked Amount system) IPO and retail direct schemes**, the limit for each transaction was increased to ₹5 lakh in December 2021.
  - ASBA is a facility for investors to participate in Initial Public Offerings (IPOs) and invest in the stock market.
  - It **enables investors to apply for shares without transferring the funds upfront** to the IPO issuer or stockbroker. Instead, the investor's **application money is temporarily blocked** in their bank account until the shares are allotted.

### ▪ Limits by Banks/Apps:

- Some banks and apps have set their **own transaction limits**.
  - For example, Punjab National Bank (PNB) and Bank of Baroda have a lower limit of ₹25,000, with PNB's daily limit being ₹50,000.
  - Google Pay users face a breach of the daily limit if they attempt to send money more than ten times in a single day across all UPI apps.

## What is the Significance of Limits?

- The imposition of limits **helps maintain the security infrastructure of UPI and ensures its seamless functioning**.
- Limits assist in **preventing potential fraud** and risk concerns while **balancing customer convenience**.
- **Higher limits** are set **for specific categories with higher average transaction values**, such as capital markets or credit card bill payments.

## What are the Most Recent Trends Observed with respect to UPI?

- In May, 2023, the total number of transactions facilitated using UPI reached 9,415.19 million, with a **combined value of ₹14.89 lakh crore**.
- Share of **P2P (peer-to-peer) transactions** among total UPI transactions is about **43%**, while the rest are P2M (peer-to-merchant).
- In the **P2P** category, **the majority of transactions were in the below ₹500 bracket (54.2%)**, while in the **P2M** category, the share in the same amount bracket was **84.3%**.

## What is National Payments Corporation of India (NPCI)?

- It is an **umbrella organisation for operating retail payments and settlement systems** in India.
- It is an initiative of [Reserve Bank of India \(RBI\)](#) and [Indian Banks' Association \(IBA\)](#) under the provisions of the Payment and Settlement Systems Act, 2007.
- It has been incorporated as a **“Not for Profit” Company** under the provisions of Section 25 of Companies Act 1956 (now Section 8 of Companies Act 2013).
- The ten core promoter banks are **State Bank of India, Punjab National Bank**, Canara Bank, Bank of Baroda, Union Bank of India, Bank of India, ICICI Bank, HDFC Bank, Citibank and HSBC.
- In 2016 the shareholding was broad-based to 56 member banks to include more banks representing all sectors.

### UPSC Civil Services Examination, Previous Year Question (PYQ)

#### Q1. With reference to digital payments, consider the following statements: (2018)

1. BHIM app allows the user to transfer money to anyone with a UPI-enabled bank account.
2. While a chip-pin debit card has four factors of authentication, BHIM app has only two factors of authentication.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (a)

#### Q2. Which of the following is a most likely consequence of implementing the 'Unified Payments Interface (UPI)'? (2017)

- (a) Mobile wallets will not be necessary for online payments.
- (b) Digital currency will totally replace the physical currency in about two decades.
- (c) FDI inflows will drastically increase.
- (d) Direct transfer of subsidies to poor people will become very effective.

Ans: (a)

#### Q3. Consider the following statements: (2017)

1. National Payments Corporation of India (NPCI) helps in promoting the financial inclusion in the country.
2. NPCI has launched RuPay, a card payment scheme.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (c)

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**Source:TH**

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