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# Digital payments soar by up to 300 per cent after demonetisation

By [Pankaj Doval](#), TNN | Updated: Dec 10, 2016, 12.49 PM IST

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NEW DELHI: The government's [demonetisation](#) move, and the subsequent cash crunch, has led to a surge in [digital payments](#).

According to the government data, the number of daily transactions through e-wallet services such as Oxigen, [Paytm](#) and MobiKwik has shot up from 17 lakh — recorded on November 8 when demonetisation was announced — to 63 lakh as on December 7 (a growth of 271%). In terms of value, the surge has been 267%, from Rs 52 crore daily to Rs 191 crore now.

Transactions through RuPay Cards (e-commerce and point-of-sale) were up 316% at 16 lakh daily (3.85 lakh on November 8), while in terms of value the growth has been 503% at Rs 236 crore (Rs 39 crore). The government, however, did not provide a break-up of transactions conducted in urban and rural/semi-urban areas.

The government and digital payment companies expect the trend to stay strong, at least till easy availability of cash. The trend got a boost after finance minister Arun Jaitley's announcement of a slew of incentives on Thursday for digital payments. The surge has been encouraging and in line with the government's thinking of promoting digital transactions "to drive in honest, accountable and transparent" payments, said [Ravi Shankar Prasad](#), minister for electronics and IT.

<b>E-MONEY GAINS CURRENCY</b>				
	Transactions/day	Nov 8	Dec 7	% Growth (Dec 7/Nov 8)
RuPay Cards (eComm + POS)	Number (Lakhs)	3.85	16	316
	Value (Cr)	39.17	236	503
e-Wallets	Number(Lakhs)	17	63	271
	Value (Cr)	52	191	267
UPI	Number	3,721	48,238	1,196
	Value (Cr)	1.93	15	677
USSD	Number	97	1,263	1,202
	Value (Lakhs)	1	14	1,300
		Oct Avg	Nov Avg	
PoS	Number(Lakhs)	50.2	98.1	95
	Value (Cr)	1,221	1,751	43

Source: Ministry of Electronics and Information Technology

"With digital transactions, money will come into the system, it will be accountable, generate tax and help develop the country's economy. When money will come into banks, the government will be able to come up with better welfare schemes," Prasad said.

The government has doled out a number of sops for consumers when they make payments digitally. These include discounts on purchase of fuel and payments for insurance and at toll plazas. [Service tax](#) has been waived on digital transactions for purchases up to Rs 2,000, while charges on transactions through feature phones have also been cut.

The wallet companies expect growth to remain strong. "Of the estimated annual personal consumer consumption of \$1.3 trillion in India, 90-94% is currently paid by cash, while digital is around \$70 billion. With the demonetisation push, we expect this to go up to 15-20% in the next two-to-three years and touch nearly \$350 billion as the overall market expands," said Pramod Saxena, chairman of wallet company Oxigen. "While the growth rate may slow down as cash becomes available, this level of transformation towards digital has surely not happened anywhere across the world."

Upasana Taku, co-founder of another wallet company MobiKwik, said digital payment options are rapidly coming up across many essential services, which will give a fillip for setting up a [cashless economy](#). "Wallets are being installed at highways, gas stations, essential service points, and at a large number of retail stations. Once consumers develop a habit for [cashless](#) spending, it will be difficult to go back to

cash," Taku said, adding that consumer base for her wallet service has gone up from 35 million to 45 million over the past one month.

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