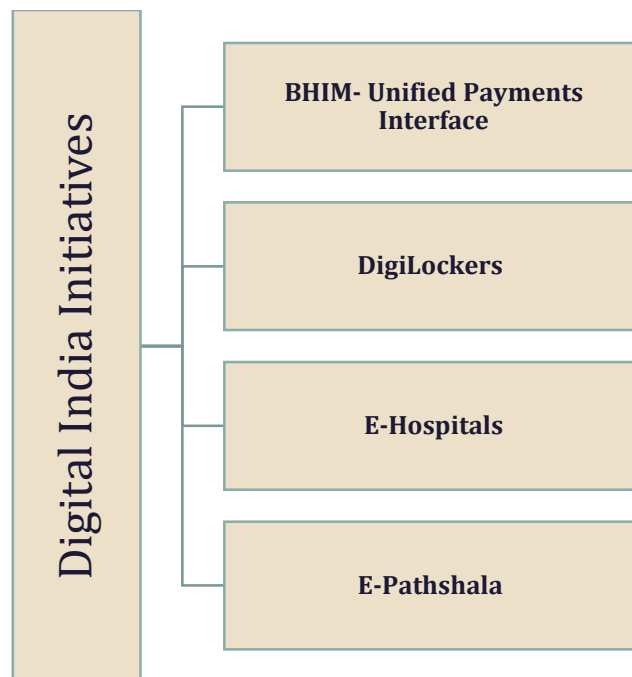




e-RUPI, THE NEW DIGITAL PAYMENT INSTRUMENT OF INDIA*

Introduction

The honorable Prime Minister of India Mr. Narendra Modi has been launching digital initiatives from time to time. The Government of India is also participating in the digital revolution under the flagship programme called Digital India launched on July 01, 2015 with a vision to transform India into a digitally empowered society and knowledge economy.



In 2013, the Government of India shifted to a system of Direct Benefit Transfer (DBT), where the Union government used Jan Dhan Accounts*, Aadhaar numbers and mobile numbers to verify the details of a beneficiary. In this case, when a subsidy was claimed, such as for food grains, the money was transferred to bank account of the beneficiary. During the COVID-19 pandemic, the Union government had announced a Rs. 1.7 lakh crore DBT package as part of the Pradhan Mantri Garib Kalyan Yojana (PMGKY). There were some issues pertaining to accessing bank accounts, Aadhaar authentication failures, etc. The Government wants to find a solution to remove this problem and e-RUPI is the answer to stop the leakages in the system.

* Pradhan Mantri Jan-Dhan Yojana (PMJDY) is National Mission for Financial Inclusion to ensure access to financial services, namely, a basic savings & deposit accounts, remittance, credit, insurance, pension in an affordable manner. Under the scheme, a Basic Savings Bank Deposit (BSBD) which is also called Jan Dhan Account can be opened in any bank branch or Business Correspondent (Bank Mitra) outlet, by persons not having any other account.

* CA Sarika Verma, Assistant Director, The ICSI

Views expressed in the Article are the sole expression of the Author and may not express the views of the Institute.

What is e-RUPI?

e-RUPI is one time cashless and contactless payment mechanism launched on August 02, 2021. It is a Digital platform which will be used for making digital payments and to strengthen the Direct Benefit Transfer (DBT) scheme and digital transactions [Business to Business (B2B) transactions] among Micro, Small, and Medium Enterprises (MSMEs). It is like the precursor of a Central Bank Digital Currency (CBDC). National Payments Corporation of India (NPCI) in association with Department of Financial Services (DFS), Ministry of Health and Family Welfare (MoHFW), National Health Authority (NHA), and partner banks, together associated in development of the 'e-RUPI'.

How to use e-RUPI?

e-RUPI is a QR code or SMS string-based e-voucher which will be delivered to the mobile of the users. It is operable on basic phones also, and hence it can be used by persons who do not own smart-phones or in places that lack internet connection. The users will be able to redeem this voucher without any digital payment app, internet banking, or card. This initiative will connect the sponsor of services with the beneficiaries and service providers. The connection will hold in a digital manner without any kind of physical interface. Being a prepaid voucher, e-RUPI would assure real time payments to the service provider.

Who can use e-RUPI?

Private sector in addition to the Union Government & State Governments may use e-RUPI payment system for the benefits of their employees or for their CSR initiatives. Any government agencies and corporation can generate e-RUPI vouchers via their partner banks. Interested entity and the beneficiary will linked through the e-RUPI and send the voucher with the help of participating banks. If any organization wants to help someone in their treatment, education or for any other work, then they will be able to give an e-RUPI voucher instead of cash.



A Quick Response (QR) code is type of barcode easily readable with digital devices like smartphones. They store information as a series of pixels in a square grid that can be read in two directions - top to bottom and right to left - unlike standard barcodes that can only be read top to bottom.

As per the NPCI, eleven banks as per details given below can help to issue e-RUPI:

Sr. No.	Bank Name	Issuer	Acquirer	Acquiring App / Entity
1	Axis Bank	✓	✓	Bharat Pe
2	Bank of Baroda	✓	✓	BHIM Baroda Merchant Pay
3	Canara Bank	✓		NA
4	HDFC Bank	✓	✓	HDFC Business App
5	ICICI Bank	✓	✓	Bharat Pe & PineLabs
6	Indusind Bank	✓		NA
7	Indian Bank	✓		NA
8	Kotak Bank	✓		NA
9	Punjab National Bank	✓	✓	PNB Merchant Pay
10	State Bank of India	✓	✓	YONO SBI Merchant
11	Union Bank of India	✓		NA

e-RUPI Voucher

It is basically a digital voucher which a beneficiary gets on his phone in the form of an SMS or QR code. It is a pre-paid voucher, which he/she can go and redeem it at any centre that accepts its.

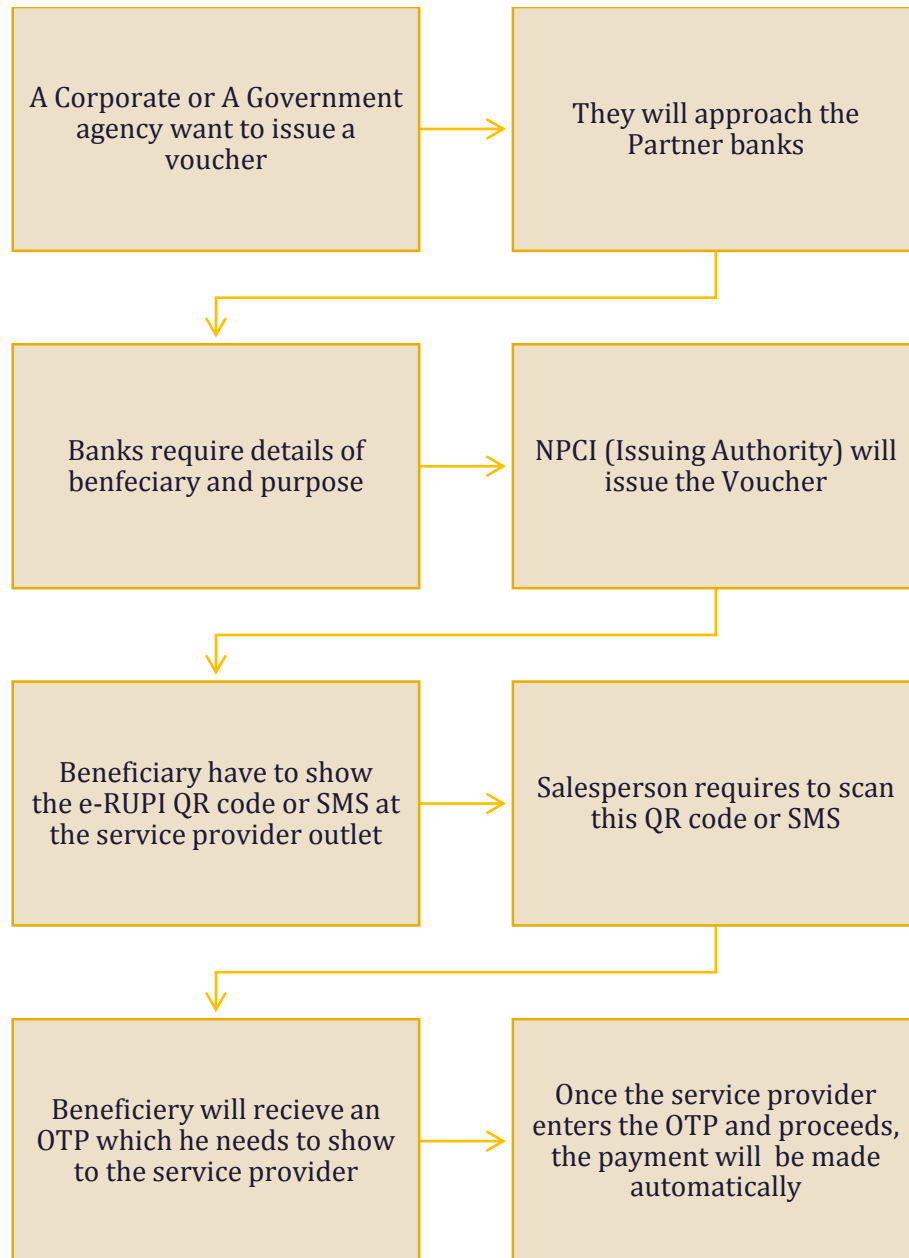
Source: <https://www.npci.org.in/what-we-do/upi/erupi-live-partners>

Presently the NPCI has tied up with more than 1,600 hospitals where e-RUPI can be redeemed. The List of Live Hospitals on e-RUPI is available at

<https://www.npci.org.in/PDF/npci/e-rupi/live-hospitals.pdf>

Voucher Issuance and Redemption Procedure

The e-RUPI application is available on Google play store or Apple App Store. It can be easily downloaded from there. The process for issuance and redemption of voucher is given below for easy understanding of the reader.



Benefits of e-RUPI

For Consumers

- Contactless - Beneficiary should not carry a print out of the voucher.
- Easy redemption - Only 2 step redemption process.
- Safe and Secure - Beneficiary doesn't need to share personal details while redemption hence privacy is maintained.
- No digital or bank presence required - Consumer redeeming the voucher need not have a digital payment app or a bank account.
- No smartphone is required- It is operable on basic phones and internet connection required.

For Hospitals

- Easy & Secure - Voucher is authorized via a verification code.
- Hassle free & Contactless payment collection - Handling of cash or cards is not required.
- Quick redemption process - The voucher can be redeemed in a few steps and lesser decline due to pre-blocked amount.

For Corporates

- Payment processes is contactless.
- Corporates can enable well-being of their employees.
- End to end digital transaction and doesn't require any physical issuance hence leading to cost reduction.
- Voucher redemption can be tracked by the issuer.
- Quick, safe & contactless voucher distribution.

Difference between e-RUPI, Unified Payments Interface (UPI), Cryptocurrency and Central Bank Digital Currency (CBDC)

Basis for difference	e-RUPI	Unified Payments Interface (UPI)	Cryptocurrency	Central Bank Digital Currency (CBDC)
Meaning	e-RUPI is one time cashless and contactless payment mechanism. It is a Digital platform which will be used for making digital payments.	Unified Payments Interface (UPI) is a system that powers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund routing & merchant payments into one hood.	A Cryptocurrency is a digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double-spend.	A Central Bank Digital Currency (CBDC) is the legal tender issued by a central bank in a digital form. It is the same as a fiat currency and is exchangeable one-to-one with the fiat currency.
Type	It is an e-voucher.	It is an application used for receipt or payment of money.	It is a Digital Currency.	It is a Digital Currency.
Regulator	The National Payments Corporation of India.	Reserve Bank of India.	Not yet regulated in India.	Reserve Bank of India.
Uses	It can be redeemed at service providers counters.	UPI used for receipt or payment of money.	Cryptocurrencies can be used for speculative purposes and for payments as well.	CBDCs can only be used for payments and other monetary transactions.

Conclusion

United States of America, South Korea and several other countries have used similar voucher based initiatives for welfare services. The main objective and long-term vision behind e-RUPI is to reach 190 million unbanked citizens of the India and fold them into a formal financial system, and close part of the digital gap. This digital payment system can provide equal access to financial, healthcare, and welfare services to each and every citizen of our country. It also expected that the successful deployment of e-RUPI can boost India's GDP by 14 per cent. Apart from fast-tracking digital payments, e-RUPI will also accelerate direct benefit disbursements at the last mile and help bring the unbanked and underbanked into the financial inclusion fold.

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