

UPSC Civil Services Examination

UPSC Notes [GS-II]

Topic: National Payments Corporation of India

The National Payments Corporation is an initiative taken by the Reserve Bank of India (RBI) and Indian Bank's Association (IBA) to operate the retail payments and settlement systems in India. This organisation was founded in the year 2008 under the Payment and Settlement Systems Act, 2007. NPCI has been incorporated as a 'not for profit' company under section 8 of Companies Act 2013. To know more about NPCI, refer to the table given below:

NPCI Full form	National Payments Corporation of India
Year of foundation	2008
NPCI headquarters	Mumbai (Maharashtra)
NPCI website	https://www.npci.org.in/



What is NPCI?

The National Payments Corporation of India (NPCI) serves as an umbrella body for the operation of retail payment in India. This organisation was established by the Reserve Bank of India along with the Indian Bank's Association. NPCI was incorporated in December 2008 and was centrally promoted by the Reserve Bank of India. The Certificate of Commencement of Business was issued in April 2009. Presently, NPCI is promoted by ten major promoter banks:

- State Bank of India
- Punjab National Bank
- Canara Bank
- Bank of Baroda
- Union Bank of India
- Bank of India
- ICICI Bank
- HDFC Bank
- Citibank
- HSBC

Who are the regulatory members of NPCI?

Headquartered in Mumbai, the National Payments Corporation of India is an organisation registered under section 8 of the Companies Act 2013.

The regulating board of NPCI consists of the following members:

- Biswamohan Mahapatra as the Non-Executive Chairman
- Nominees from Reserve Bank of India (RBI)
- Nominees from ten core promoter banks.

Currently, Dilip Asbe is the current managing director and chief executive officer of NPCI.

Objectives of NPCI

The National Payments Corporation of India (NPCI) was under the support of Reserve Bank of India (RBI) and Indian Banks' Association (IBA) with an aim of consolidating and integrating various systems into nation-wide uniform and standard business process that can be used as a retail payment system. Another major objective of NPCI was facilitating an affordable payment system that can help the common people during financial inclusion.

Under the PSS Act, 2007 as per the authorisation of RBU, NPCI can operate the following payment systems:

1. National Financial Switch (NFS)
2. Immediate Payment System (IMPS)

3. Affiliation of RuPay Cards (debit cards/ prepaid cards) issued by banks and co-branded credit cards issued by non-banking financial companies (NBFCs) or any other entity approved by the RBI.
4. National Automatic Clearing House (ACH)
5. Aadhaar Enabled Payments System (AEPS)
6. Operation of Cheque Truncation System

Products of NPCI

Some of the current products that were launched under the National Payments Corporation of India are discussed below:

1. **RuPay:** It is a domestic card scheme of India that has a magnetic stripe along with an EMV chip. The card is now accepted at all ATMs and has been issued by 300 cooperative banks and Regional Rural Banks (RRBs) in India.
2. **National Common Mobility Card:** Also known as Rupay Contactless card, it is a contactless payment technology which allows the cardholders to use their card in the contactless payment terminals without the need to physically swipe or insert the card.
3. **Bharat Interface for Money (BHIM):** Bharat Interface for Money (BHIM) is a mobile payments application based on NPCI's Unified Payments Interface (UPI). It provides the facility to easily send or receive money from other customers using the UPI.

To know more in details on [BHIM](#), refer to the linked article.

4. **Unified Payments Interface (UPI):** Unified Payments Interface (UPI) was introduced on 11th April 2016 as an instant inter-bank payment system. This payment system was developed to provide a mobile platform for instant transfer of funds between two bank accounts. To know more about [Unified Payments Interface](#), refer to the linked article.
5. **Bharat Bill Payment System:** The Bharat Bill Payment System is an initiative taken by NPCI along with the Reserve Bank of India (RBI) for payment of all bills which will provide an interoperable and accessible bill payment service to its customers.

National Payments Corporation of India is an initiative of the Reserve Bank of India and the Indian Banks' Association. Its Immediate Payment Service (IMPS) has enabled India to become the leading country in the world in real-time payments in the retail sector.

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