

e-RUPI Digital Payment System

What is e-RUPI?

e-RUPI is a prepaid UPI e-voucher that can be redeemed either through a QR code or an SMS string by the intended beneficiary.

- Initially, the system is being used for payments at vaccination centres, but it can be extended by the government for the provision of direct benefit transfer (DBT), scholarships, facilitating subsidies, etc.
- It is a cashless and contactless digital payment system to ensure seamless benefit transfer to citizens in a 'leak-proof' manner.
- These e-RUPI vouchers are person-specific and purpose-specific which means that they can be redeemed only for the intended purpose, for example, if they are for vaccination purposes, they can only be redeemed at vaccination centres or hospitals, etc. for the prescribed purpose.
- The one-time payment mechanism has been developed by the National Payment Corporation of India (NPCI), with the support of the Department of Financial Services, the Ministry of Health and Family Welfare, and the National Health Authority.
- Any government agency or corporation can generate these e-vouchers through their bank partners.
- It is basically like a pre-paid gift card (paid for by the government agency or ministry providing the service) without a physical card but delivered in the form of a QR code or an SMS string.
- Beneficiaries can redeem the voucher without a card, internet banking access or a digital payments app. A person without a bank account can also use e-RUPI.
- There is no need for a smartphone also to avail of this service since feature phones will also be able to receive the SMS string.

Many other countries including the US, Colombia, South Korea, etc. use such vouchers for the delivery of benefits to citizens.

How does e-RUPI work?

The beneficiary of the service will receive the QR code or the SMS string on his/her phone. The person should show this code or string at the service provider (like a hospital or PHC) where it will be scanned by the merchant. Then, a verification code will be sent to the beneficiary's phone which would have to be shared with the merchant, and the payment would be successful.

How are the e-RUPI vouchers issued?

The e-RUPI system has been developed by the NPCI on its UPI platform and has onboarded banks that will be the issuing entities.

Government agencies/corporations will approach the partner banks and give them the details regarding the beneficiaries and the purposes for which payments will have to be made.

Beneficiaries are identified using their mobile numbers. The voucher is allocated to the service provider (merchant) in the name of the beneficiary and only this would be delivered to the intended beneficiary.

Some of the partner banks are ICICI Bank, SBI, Axis Bank, HDFC Bank, Bank of Baroda, Punjab National Bank, Indus Ind Bank and Canara Bank.

Where will e-RUPI vouchers be used?

Currently, the government is using this facility for health services. Later on, it can be used for various other services. Corporates may also use this for giving benefits to their employees and also for CSR programmes.

Benefits of e-RUPI

Some of the benefits and advantages of e-RUPI are discussed below.

- The beneficiaries of this payment system need not have internet banking access, a smartphone, a card or even a bank account to avail of this service.
- The most important distinguishing feature of e-RUPI compared to other digital payment systems is that the beneficiary need not be banked. This would translate into higher adoption rates in rural areas and among economically backward sections of the population.
- e-RUPI has a significant potential to support small businesses in taking direct benefit from a multitude of governments schemes as well.
- It will foster financial inclusion in the country. It will also ensure that government services reach the list mile beneficiaries without leakage of benefits/funds and in a transparent manner.
- It will expedite the targeted, transparent, and leakage-free delivery to the endpoint.
- Another advantage of e-RUPI is that the government can plug gaps in its digital payments infrastructure based on the e-RUPI experience, which will go a long way in helping it develop a [Central Bank Digital Currency](#) and ensuring its success.
- e-RUPI is easy, safe and secure as it keeps the details of the beneficiaries completely confidential.

Limitations of e-RUPI

A concern with the system is that with the beneficiary not required to disclose their identity, these vouchers are also likely to be claimed by other people.

Is e-RUPI a Digital Currency?

No, e-RUPI is not a digital currency. It is a social service voucher system to ensure benefits reach the intended eligible beneficiaries without any discrepancies and delays. However, it can be seen as a first step towards having a digital currency in that the experience can help the government learn more about the digital payments architecture, and the loopholes in the system.