# e-RUPI & Welfare Schemes

## What is the issue?

The recently launched e-RUPI payment facility has potential features for better implementation and governance of the welfare schemes of the country.

## What is e-RUPI and how does it work?



- e-RUPI is a contactless digital prepaid payment utility, built on the UPI (Unified Payments Interface) platform.
- The payments can be made via a QR code (smartphone users) or an SMS string based e-voucher (non-smartphone users).
- e-RUPI would be shared with the beneficiaries **for a specific purpose** or activity by organizations or Government.
- The users will be able to redeem the voucher without a card, digital payments app or internet banking access.
- A verification code received by the beneficiary is shared with the service provider to authenticate and authorise the transaction.
- The entire transaction is relatively faster and at the same time reliable, as the required amount is already stored in the voucher.
- 14 leading banks have already integrated it with their systems.



## Why is e-RUPI a better option?

- A one-to-many payments facilitator.
- Brings the ease and simplicity of UPI to the social security platform of DBT (Direct Benefit Transfer).
- Traditionally, the non-smartphone population has struggled to adopt digital payments. e-RUPI enables them to gradually use and accept digital methods.
- The utility of cash transfers to guarantee food security or generate sustainable livelihoods compared to PDS or MGNREGA is doubted.
- But e-RUPI could break the policy logjam by making cash transfers purpose- and person-specific.
- It frees the beneficiaries from dependence on bank accounts, and ensures transparency.

## What are the potential platforms for its use?

### Public sector

- Vaccines - Facilitate cashless service at paid Covid vaccination centres (CVCs). E.g., corporates and philanthropies can buy services in bulk to vaccinate employees and those in need.
- PDS - The present high overhead costs, leakages, exclusion causes inefficiency.

- A food-specific e-RUPI voucher will allow beneficiaries to buy rations from an outlet of their choice.
- Fertiliser subsidies
- Current difficulties -
    i. Creating an IT infrastructure; Managing nearly 3,00,000 fertiliser sale points
    ii. Collapse of dealer network due to liquidity squeeze in the event of subsidy payments getting delayed
    iii. Complex system of timely credit of subsidy into an estimated 129 million Aadhaar-linked bank accounts of farm households.
- Using e-RUPI, Farmers can buy fertiliser at nominal prices with direct credit of the subsidy amount into the authorised dealers' account.
- School voucher programmes - Vouchers for identified students to pay school fees and expenses.
- Basic income support - Rapid distribution of food and cash vouchers at large scale during times such as the pandemic or a natural calamity.
- Ayushman Bharat healthcare initiative - e-RUPI vouchers of designated value tenable at empanelled healthcare facilities.

**Private sector**

- Disbursing non-cash benefits to employees and supporting CSR programmes.
- Individuals could use it for gifting.

## What should be done?

- Light regulation and the opening of e-RUPI to competition.
- Allowing banks, small and big, NBFCs, non-bank PPI (Prepaid Payment Instruments) issuers, and telcosto adopt and issue e-RUPI.

**Source: The Indian Express**

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