



e-Rupi: Empowering the unbanked

A Complete Breakup Of The New Electronic Payment Mode

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Nitin, a student preparing for IAS exam was on his way to his coaching when a notification popped up on his mobile screen. It read, 'Indian govt launches electronic payment mode called e-Rupi'. Nitin couldn't understand why a new payment mode was launched when there were so many existing payment platforms. As soon as he reached his class, he threw a volley of questions at his teacher. Here's what he learnt.

Yes, it's simply magical

Think of your favourite aunt, the one who always gives you an Amazon Gift voucher when she comes to visit, bless her soul. You use the voucher to buy anything on Amazon within the amount available in it. That's exactly what e-Rupi is! Anyone can generate a prepaid voucher and send it to another person who can redeem it by simply showing a QR (Quick Response)

code or SMS which will be sent on their phone. So, it is cashless and contactless. Easy-peasy-lemon-squeezy!

Here's the catch

Suppose Raj is a farmer in the rural area of Odisha. The government wants to give him fertilizers at a cheaper rate. So, it issues an e-Rupi Prepaid voucher to Raj. Now Raj has been wanting to buy some new clothes. But when he tries to pay for the clothes using his voucher, he cannot. Why? This is because the voucher is purpose-specific. So if Raj shows his QR code at the clothes store, it won't match! It'll match only with all the fertilizer selling shops across the country!

Revealing the trick

This system has been built by NPCI (National Payments Corporation of India). The agency that wishes to issue a voucher to a person will simply approach the bank and give them the details of that person and the purpose of payment. This person would be identified by

their phone number and the voucher will be sent to them. Et Voila, you're done! A copy of the code will rest with the bank, the person and the agency.

The motives

The government launched e-Rupi with the primary motive to ensure its welfare schemes reach the targeted audience. Earlier, when the government gave money to Raj, it would go through a chain of many middlemen who pocketed most of it. Raj would then be left with less than half the amount the government intended to give him. e-Rupi cuts out all the middlemen with direct end-to-end encryption between the government and Raj, ensuring a safe and secure transaction. Apart from this, these vouchers can also be issued for use at vaccinations, cooperatives, banks, government education and health centres and more!

Good, Better or Best?

All online payment modes to date (Paytm, GooglePay, etc.) require a bank account to be

linked and tons of processes to be done. Countless people in rural India do not have a bank account owing to the lack of collateral and knowledge. These one-time e-vouchers, on the other hand, are simple and hassle-free, not requiring any cards to be swiped, bank accounts to be opened or smartphones to be bought. Even a simple Nokia cellphone does the trick! It also does not require a wi-fi connection. So it's an ideal solution for non-digital-savvy users.

As good as gold

Let's get back to Raj for a moment. Sometimes it would take time for the fertilizer money to reach him; after its use is no longer required. This often has led to wasted effort and loss of revenue. e-Rupi, on the other hand, will ensure timely disbursement of funds. Since these e-vouchers are specifically for the purpose of buying and selling goods and services, they would increase economic activity in rural areas and hence the money supply in the economy, leading to a substantial in-



crease in the GDP.

And a happily ever after

Currently, 11 banks are active in their transactions with e-Rupi and the numbers will only go up as more people start using it. Private sector companies can use these e-vouchers to extend specific benefits to their employees and as part of their CSR (Corporate Social Responsibility) activities. Credit will become easily accessible for the MSME segment and also make education and health support more accessible to the rural segment. And above all, it would help bridge the digital gap between urban and rural areas and would definitely be a step towards the digital transformation of India.

