



e-RUPI: an
innovation to
accelerate
financial
inclusion in India

October 2021



Building a better
working world

Contents

Introduction	3
Key Features and benefits of e-RUPI ¹	
Customers	
Corporates and organizations	4
Healthcare sector and governments	
Types of vouchers	5
Entities involved in an e-RUPI transaction	
Prepaid Voucher Process Flow For Distribution Of Farming Seeds By Department Of Agriculture to farmers	5
Key e-RUPI use cases ²	6
e-RUPI can help to enhance and accelerate DBT ³ outreach in India	7

Introduction

India has been at the forefront of digital payments revolution for the past decade. Indian consumers have a plethora of instruments like NEFT, IMPS, wallets and UPI at their disposal for all transactional needs. Despite this, private, institutional and regulatory players in the ecosystem are always innovating and focusing on improving their basket of services and products. The latest among these innovations is e-RUPI, a detailed overview of which is presented below.

- ▶ e-RUPI¹ is a cashless and contactless instrument for digital payments developed on the UPI (Unified Payments Interface) platform. It is a QR code or SMS string-based e-Voucher, which is delivered to the mobile of the beneficiaries. The users of this seamless one-time payment mechanism can redeem the voucher without a bank account, card, digital payments app or internet banking access, at specified merchants or service providers.
- ▶ It has been developed by NPCI (National Payments Corporation of India) on its UPI platform, in collaboration with the Department of Financial Services, Ministry of Health & Family Welfare and National Health Authority.

Key features and benefits of e-RUPI¹

Customers

- ▶ Contactless mode of payment where beneficiaries need only a mobile phone to show a QR code or SMS
- ▶ Simple two step redemption process
- ▶ Safe and secure as beneficiaries do not need to share any personal information at the service provider's end
- ▶ No requirement of any bank account, card, payments app or even internet
- ▶ e-RUPI vouchers can be used with any type of phone

Corporates and organizations

- ▶ Any corporate or organization be easily get onboarded as a payer and issue their own vouchers on e-RUPI
- ▶ To issue the vouchers, payers need to initiate a onetime mandate which will block the specified funds in their accounts for onward payment to specific merchants or service providers
- ▶ Corporates can use e-RUPI vouchers to enable well-being of their employees
- ▶ It is a quick, safe and contactless mode of welfare distribution to all the employees
- ▶ Corporates can track the voucher redemption process
- ▶ e-RUPI is one of the cheapest methods of such welfare/voucher distribution

Healthcare sector and governments

- ▶ Hassle free and contactless payment collections
- ▶ Quick and error free redemption process - the voucher can be redeemed in a few steps and experiences lesser decline rates because of pre-blocked amounts
- ▶ Vouchers can be used for vaccination drives and for other medical benefits
- ▶ To distribute government schemes addressing the social and economic welfare of the citizens, governments can issue e-RUPI vouchers directly to citizens to remove the need for any middlemen or intermediary entities
- ▶ As the entire process is digitized, leakages can also be minimized

Source : NPCI and EY analysis

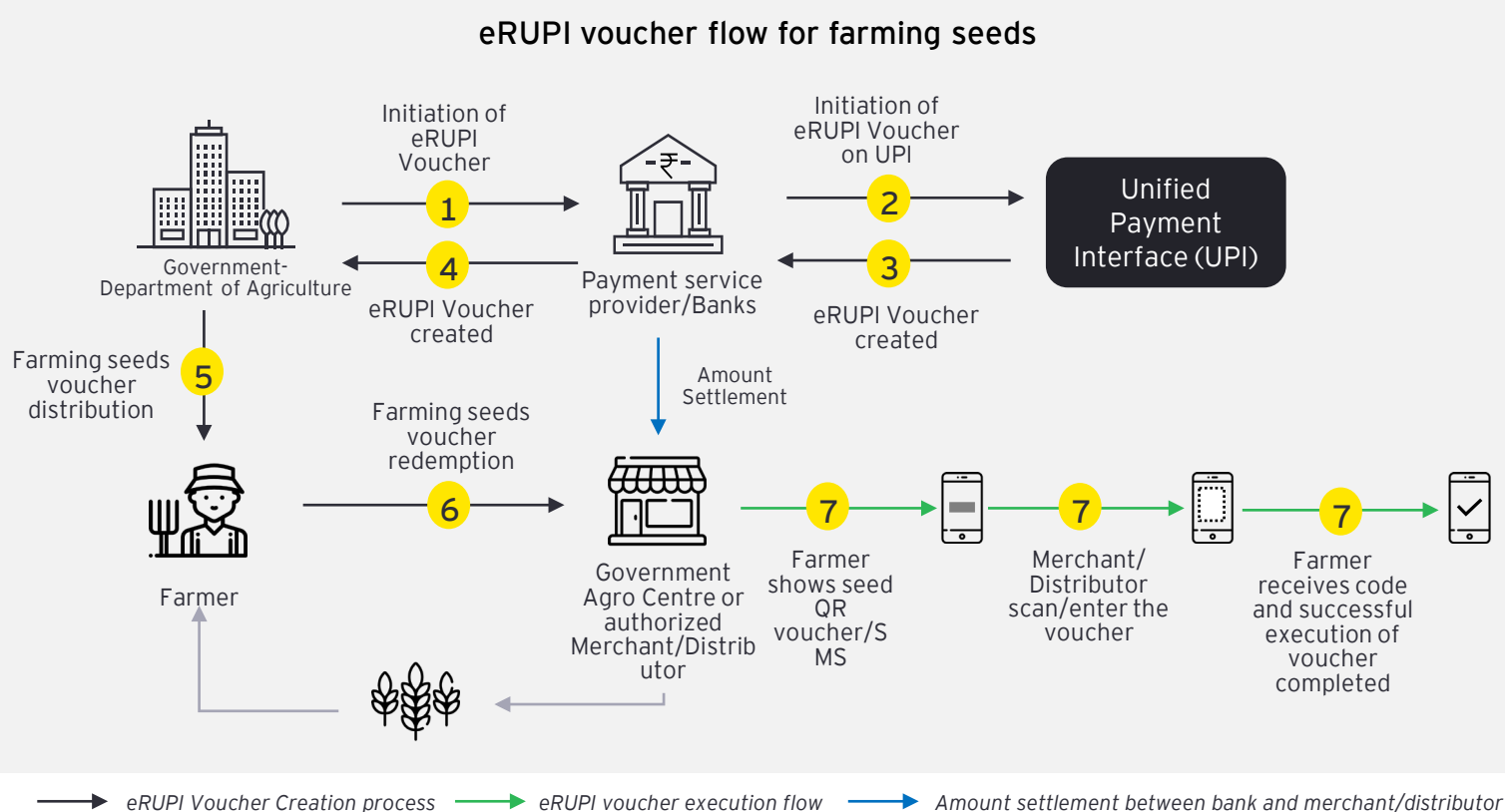
Types of vouchers

- ▶ B2C (business to consumer): Used by corporates/government departments to issue vouchers to the bearers (employees/citizens)
- ▶ P2P (person to person): A person can issue a voucher to another person

Entities involved in an e-RUPI transaction

- ▶ **Issuers - banks/entities** - which initiate requests to create UPI prepaid vouchers
- ▶ **Acquirers - banks/entities** - which gains the merchants and settles the funds, acquirer banks/entities must onboard on the UPI platform to avail e-RUPI
- ▶ **Sponsors** - government, corporate or business customers of the bank who request for creation of UPI prepaid vouchers
- ▶ **Merchants** - merchants / service providers will scan/read the QR/SMS string from e-RUPI voucher and sends information to the onboarded acquirer entities for further processing
- ▶ **Beneficiaries** - persons for whom the UPI prepaid voucher is issued. A beneficiary need not be a UPI user or have a bank account

Prepaid voucher process flow for distribution of farming seeds by Department of Agriculture to farmers



Source : NPCI and EY analysis

Key e-RUPI use cases

e-RUPI has the potential to help governments, corporates and individuals improve and digitize their procurement and payments processes across a multitude of examples. While so far, we have seen it being used primarily to issue Covid-19 vaccination vouchers it can play an important role in enabling access to and payments across the following themes:



Vaccinations, health check-ups, medicines, health insurance

Generation and distribution of vaccination vouchers and health check-ups that can be redeemed at any government or private health and medical centers.



Pensions

Pensions can be paid out using e-RUPI vouchers with convenient redemption at a wider set of outlets.



Targeted subsidies for specific goods

Agriculture, women and child, etc. Distributing subsidies for specific items like seeds, fertilizers, LPG, etc. Vouchers can be issued to farmers and citizens that can be redeemed at specified categories of merchants for items.



Disaster relief

Prepaid vouchers can bring in a quicker, instantaneous, more flexible and transparent method of distributing disaster relief.



Scholarships

Scholarships can be paid out using e-RUPI vouchers subject to attendance and other eligibility norms, allowing students to redeem them more widely with educational institutions, hostels, sports facilities, bookstores, etc.



Government worker incentive payments

ASHA, Anganwadi, Agriculture Extension workers - incentive schemes can be organized for ensuring targets are met.



PDS and food schemes

e-RUPI can be implemented for various govt schemes including food grain distribution, and redemption against other non-subsidized foods at Fair Price Shops.

Source : NPCI and EY analysis

e-RUPI can help to enhance and accelerate DBT² outreach in India

One of the primary use-cases of e-RUPI can be to distribute Direct Benefit Transfer (DBT) schemes in India. Such schemes in India touch the lives of many millions and are a lifeline for most of them. A cumulative amount of over 18 lakh crores pertaining to 311 schemes of 54 ministries are currently being disbursed directly into the Aadhaar linked accounts of beneficiaries across the nation. It is estimated that almost 40-60% of Indian households avail some or the other DBT, with states like Uttar Pradesh and Bihar showing even higher levels of penetration. e-RUPI can be a ready solution for overcoming some hurdles that affect DBT penetration, such as lack of telecom penetration, continuous migration of individuals and low levels of banking adoption amongst marginalized sections. Besides the schemes that are covered under DBT, there are over 1000 non-DBT or in-kind schemes, which involve intermediary service providers and face some major challenges in their implementation such as last mile delivery, tracking and feedback mechanisms. Moreover migrations, infrastructural and geographic constraints prevent many eligible beneficiaries from taking advantage of these non-DBT benefits. e-RUPI can provide a workable solution to the above situation. e-RUPI vouchers can be provided to beneficiaries, which can be handed over to the service providers as a token of service acceptance. The service provider can be compensated monetarily, based upon the voucher value. The above solution can help minimize some issues faced in implementing non-DBT schemes, by enabling:

1. Flexibility to the citizen to choose the service providers and last mile locations
2. Traceability and control of service provisioning
3. Proactive planning based upon unused vouchers, current location of beneficiaries and providers

Starting with the easy targets, such as new schemes being developed, over time, more and more schemes can be brought on board with e-RUPI. In order to on-board a scheme to use e-RUPI, government departments will need to enhance government DBT systems to issue and acquire e-RUPI vouchers:

1. Link with the existing scheme DBT systems for registrations, applications, eligibility checks, etc.
2. Connect with SMS/MMS/email gateways for e-RUPI voucher distribution (text-only and QR-Code)
3. Develop a system for bulk G2C pre-approved e-RUPI Voucher generation—linked to identity of eligible beneficiaries
4. Develop a scalable system and process to register and on-board service providers / merchants digitally for accepting e-RUPI
5. Work with banks for issuance and acceptance of e-RUPI vouchers

Source

1 - <https://www.npci.org.in/what-we-do/e-RUPI/product-overview>

2 - <https://dbt Bharat.gov.in/>

For more information contact

Leadership Team



Nilesh Naker
Partner and Leader,
Financial Services
IT Transformation, EY



Prakash Jayaram
Partner and Leader,
Social and Financial Inclusion,
Digital Agriculture, EY



Hemant Kshirsagar
Director, FinTech
Consulting Services, EY
Hemant.kshirsagar@in.ey.com

Contributors

Aiman Faraz

Senior Consultant
Financial Services, IT
Transformation

Divyesh Patel

Consultant
Financial Services, IT
Transformation

Nikhar Aggrawal

Senior Associate
Brand, Market &
Communications

Sarita Tirumala

Sr. Manager, ID, Social and
Financial Inclusion

Sushmit Mukerji

Manager, ID, Social and
Financial Inclusion

Our offices

Ahmedabad

22nd Floor, B Wing, Privilon
Ambli BRT Road, Behind Iskcon
Temple, Off SG Highway
Ahmedabad - 380 059
Tel: + 91 79 6608 3800

Bengaluru

12th & 13th floor
"UB City", Canberra Block
No. 24, Vittal Mallya Road
Bengaluru - 560 001
Tel: + 91 80 6727 5000

Ground Floor, 'A' wing
Divyasree Chambers
11, O'Shaughnessy Road
Langford Gardens
Bengaluru - 560 025
Tel: + 91 80 6727 5000

Chandigarh

Elante offices, Unit No. B-613 &
614
6th Floor, Plot No- 178-178A
Industrial & Business Park, Phase-I
Chandigarh - 160 002
Tel: + 91 172 6717800

Chennai

Tidel Park, 6th & 7th Floor
A Block, No.4, Rajiv Gandhi Salai
Taramani, Chennai - 600 113
Tel: + 91 44 6654 8100

Delhi NCR

Golf View Corporate Tower B
Sector 42, Sector Road
Gurugram - 122 002
Tel: + 91 124 443 4000

3rd & 6th Floor, Worldmark-1
IGI Airport Hospitality District
Aerocity, New Delhi - 110 037
Tel: + 91 11 4731 8000

4th & 5th Floor, Plot No 2B
Tower 2, Sector 126
Gautam Budh Nagar, U.P.
Noida - 201 304
Tel: + 91 120 671 7000

Hyderabad

THE SKYVIEW 10
18th Floor, "SOUTH LOBBY"
Survey No 83/1, Raidurgam
Hyderabad - 500 032
Tel: + 91 40 6736 2000

Jamshedpur

1st Floor, Shantiniketan
Building, Holding No. 1
SB Shop Area, Bistupur
Jamshedpur - 831 001
Tel: + 91 657 663 1000

Kochi

9th Floor, ABAD Nucleus
NH-49, Maradu PO
Kochi - 682 304
Tel: + 91 484 433 4000

Kolkata

22 Camac Street
3rd Floor, Block 'C'
Kolkata - 700 016
Tel: + 91 33 6615 3400

Mumbai

14th Floor, The Ruby
29 Senapati Bapat Marg
Dadar (W), Mumbai - 400 028
Tel: + 91 22 6192 0000

5th Floor, Block B-2
Nirlon Knowledge Park
Off. Western Express Highway
Goregaon (E)
Mumbai - 400 063
Tel: + 91 22 6192 0000

Pune

C-401, 4th floor
Panchshil Tech Park, Yerwada
(Near Don Bosco School)
Pune - 411 006
Tel: + 91 20 4912 6000

Ernst & Young LLP

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EYG member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP is one of the Indian client serving member firms of EYGM Limited. For more information about our organization, please visit www.ey.com/en_in.

Ernst & Young LLP is a Limited Liability Partnership, registered under the Limited Liability Partnership Act, 2008 in India, having its registered office at 22 Camac Street, 3rd Floor, Block C, Kolkata - 700016

© 2021 Ernst & Young LLP. Published in India. All Rights Reserved.

EYIN2109-017
ED None

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither EYGM Limited nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

RS1

ey.com/en_in

[Twitter @EY_India](https://twitter.com/EY_India) [LinkedIn EY](https://www.linkedin.com/company/ey) [YouTube EY India](https://www.youtube.com/channel/UCv11111111111111111111) [Facebook EY Careers India](https://www.facebook.com/EY Careers India) [Instagram @ey_indiacareers](https://www.instagram.com/ey_indiacareers)