



# PRISMATIC INSTITUTE

*... to encourage aspirants*

Regd. Office:-A-53, 3<sup>rd</sup> Floor Prashant Vihar Rohini Sector 14 , New Delhi-110085

9971053929,7275253434,info@prismaticinstitute.com, [www.prismaticinstitute.com](http://www.prismaticinstitute.com)

## e-RUPI

### e-Rupi

**Key phrases:** e-Rupi, Digital voucher, QR code, pre-paid voucher, one-time contactless, Reserve Bank of India, NPCI

### Key points

- Developed by the **National Payments Corporation of India (NPCI)** in collaboration with the **Department of Financial Services, Ministry of Health & Family Welfare and National Health Authority.**
- e-RUPI is a cashless and contactless digital payments medium, which will be delivered to mobile phones of beneficiaries in the form of an **SMS string or a QR code.**
- It is a person and purpose-specific digital payment solution which is a cashless and contactless instrument for digital payment.
- The users will be able to redeem the voucher without needing a card, digital payments app, or internet banking access, at the service provider.
- The system is **pre-paid** in nature and hence, assures timely payment to the service provider without the involvement of any intermediary.

### Different from Virtual Currency

- In effect, e-RUPI is still backed by the existing Indian rupee as the underlying asset and specificity of its purpose makes it different to a virtual currency and puts it closer to a voucher-based payment system.

## Benefits of e-Rupi

- It will ensure better digital delivery of benefits of the central and state government schemes to the beneficiaries.
- 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.
- e-Rupi's key benefit for governments is in enabling **penetration among the unbanked and feature phone users**, allowing issue without needing the recipient's bank account or KYC.
- e-RUPI is easy, safe and secure as it keeps the details of the beneficiaries completely confidential.
- 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.

## Future of Digital Currency in India

According to the Reserve Bank of India (RBI), there are at least four reasons why digital currencies are expected to do well in India:

- **Increasing Penetration:** There is increasing penetration of digital payments in the country that exists alongside sustained interest in cash usage, especially for small value transactions.
- **High Currency to GDP Ratio:** India's high currency to Gross Domestic Product (GDP) ratio holds out another benefit of CBDCs.
  - Cash-to-GDP Ratio or Currency in Circulation (CIC) to GDP Ratio or simply currency-to-GDP ratio shows the value of cash in circulation as a ratio of GDP.
- **Spread of Virtual Currencies:** The spread of private virtual currencies such as Bitcoin and Ethereum may be yet another reason why CBDCs become important from the point of view of the central bank.
- **Will Act as a Cushion:** Central bank digital currencies might also cushion the general public in an environment of volatile private virtual currencies.