



## e-RUPI – Pros & Loopholes

### Description

#### Theme:

- On 2nd August 2021, the digital payment solution e-RUPI was launched. It was introduced by the National Payment Corporation of India (NPCI).

#### What is e-RUPI:

- e-RUPI is a voucher-based digital payment solution under UPI (Unified payment interface). Beneficiaries will get a QR code or SMS string-based voucher to their mobile phones. They can redeem the voucher without any payments app, card or internet banking facility.
- e-RUPI will be used to deliver the benefits of welfare schemes to beneficiaries. In the initial phase, it will be used for welfare schemes in the health sector.
- Union Bank of India used e-RUPI vouchers for the vaccination drive.

#### Pros of e-RUPI:

- Through the e-RUPI digital payment solution, the benefits of welfare schemes can be completely utilized. It is purpose and person-specific. The present direct benefit transfer scheme does not ensure the appropriate usage of the cash sent to the beneficiaries. Through the voucher system, they cannot use the voucher for any other purpose other than the intended one. For example, if the voucher is sent by the government for girl child education, the beneficiaries can redeem the voucher to pay the school fees and not for buying groceries or anything else.
- This also helps in promoting digital payment systems.
- e-RUPI doesn't require smartphones. So, it is inclusive. It will be super helpful for unbanked citizens.
- It is cashless, contactless. So, it helps in maintaining social distance too.
- There will be no delay in passing the benefits of welfare schemes to beneficiaries.
- It saves money for the government.

- Successful deployment of e-RUPI can boost India's GDP by 14%.
- It will be easier to roll out [Central Bank Digital Currency \(CBDC\)](#) once people become used to the e-RUPI digital payment system.
- Helps in maintaining privacy. There is no need to share personal information while redeeming the voucher.

### Loopholes in the e-RUPI system:

- Some people may exchange the vouchers for cash. As there is no need to share personal information while redeeming the voucher, there is no guarantee that the actual beneficiary is utilizing it.

### Conclusion:

The e-RUPI system can be a revolutionary concept if implemented well. Because in general, many beneficiaries face issues while receiving the benefits from welfare schemes. And many people do not receive the benefits fully. So, e-RUPI helps people in receiving the full benefits and ensures that the beneficiaries utilized the amount for the intended purpose.

### Your Turn...

What is your point of view on e-RUPI? Express your thoughts through the comment section below. And subscribe to our blog to read answers to the trending GD topics.

### References:

- [Union Bank of India uses newly-launched e-Rupi for vaccination drive](#) –
  - [What is e-RUPI & how it could be the first step towards launching digital currency in India](#) –
  - [Can e-RUPI become the game-changer for digital currency adoption in India?](#)
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