



UPI Services in Sri Lanka and Mauritius

For Prelims: [Unified Payment Interface](#), [RuPay card](#), [National Payments Corporation of India](#), [Reserve Bank of India \(RBI\)](#), [Aadhaar](#), [DigiYatra](#), [DigiLocker](#)

For Mains: Digital Public Infrastructure, India- Sri Lanka- Mauritius Relations, Economic and Strategic Significance, Measures to boost bilateral relations.

Source: TH

Why in News?

Recently, the Prime Minister of India along with the President of Sri Lanka, Mr Ranil Wickremesinghe and the Prime Minister of Mauritius, Mr Pravind Jugnauth jointly inaugurated the launch of [Unified Payment Interface \(UPI\) services in Sri Lanka and Mauritius](#), and also [RuPay card services in Mauritius](#).

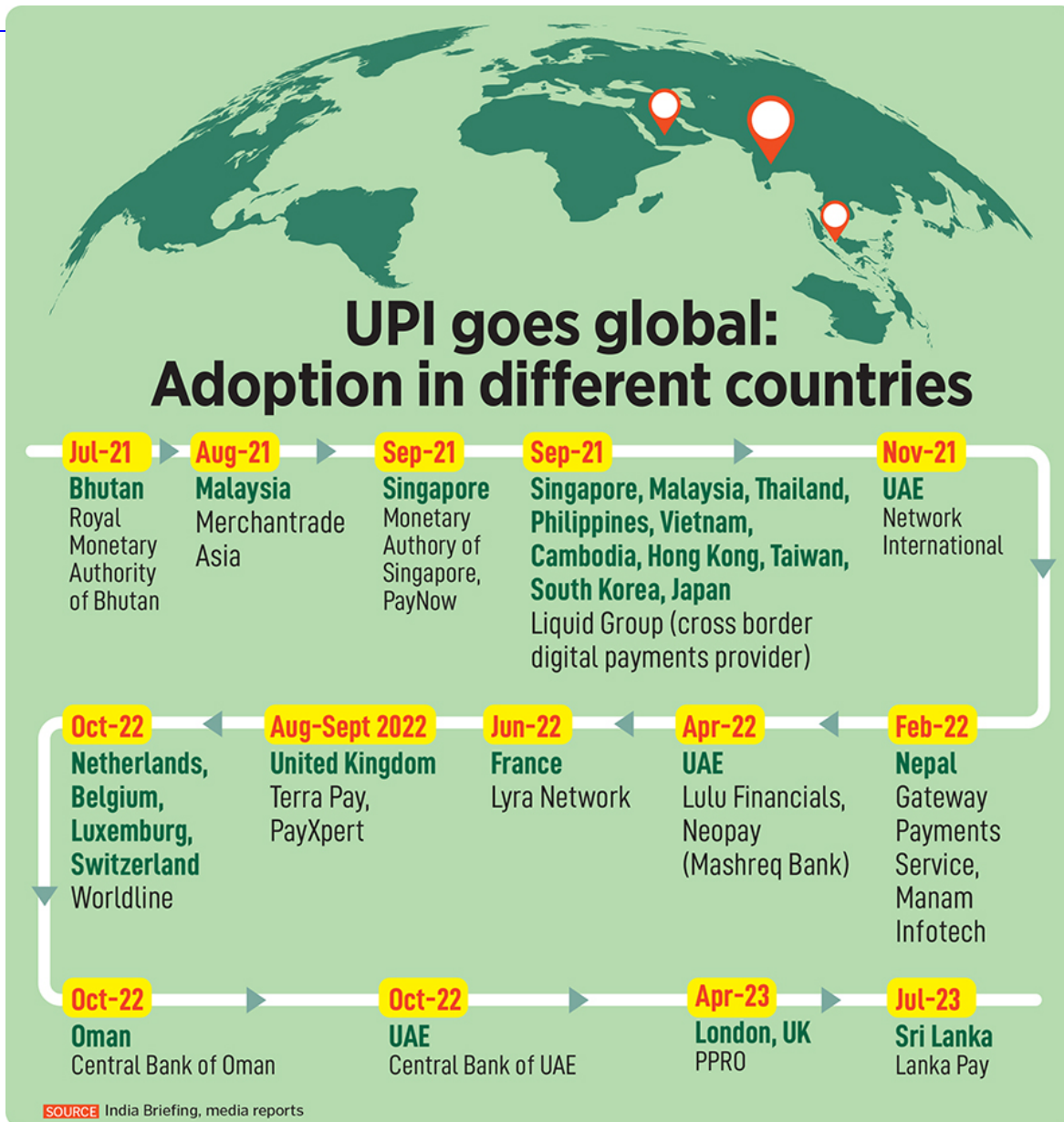
- This move aims to facilitate seamless digital payments among citizens of the three countries, fostering stronger economic ties.
- These projects have been developed and executed by **NPCI International Payments Ltd (NIPL)**, along with partner banks/non-banks from Mauritius and Sri Lanka, under the guidance and support of the [Reserve Bank of India](#).

What are RuPay and UPI?

- **RuPay:**
 - [RuPay](#) is a payment system and financial services product developed by the [National Payments Corporation of India \(NPCI\)](#).
 - It is a **domestic card payment network** that can be used at [automated teller machines \(ATMs\)](#), point of sale (POS) devices, and e-commerce websites across India.
 - The provision under the **Payment and Settlement Systems Act, 2007**, empowered the [Reserve Bank of India \(RBI\)](#) and the [Indian Banks' Association \(IBA\)](#) to create a secure electronic payment and settlement system in India.
 - RuPay has launched various card variants catering to the different segments of society.
 - In addition to the Government scheme cards, RuPay Classic, Platinum & Select variant cards are designed for the masses and affluent customers.
 - After Nepal, **Bhutan, Singapore and UAE**, the RuPay card is now available in Africa through Mauritius, the **first non-Asian country to issue it**.
 - The use of RuPay technology will allow banks in Mauritius to issue RuPay cards locally through the **Mauritius Central Automated Switch (MauCAS) card network**.
 - MauCAS is a novel state-of-the-art digital hub fully owned and operated by the Bank of Mauritius for routing payments among operators.
- **UPI:**
 - The [UPI](#) is a digital and real-time payment system developed by the NPCI in 2016.
 - UPI is built over the [IMPS \(Immediate Payment Service\) infrastructure](#) and allows

- users to instantly transfer money between any two parties' bank accounts.
- UPI allows merging several banking features, seamless fund routing, and merchant payments into one mobile application.
- More than 100 billion transactions took place via UPI in 2023** worth Rs 2 lakh crores.
- The countries that accept **UPI payments are [France](#), [UAE](#), [Mauritius](#), [Sri Lanka](#), [Singapore](#), [Bhutan](#), and [Nepal](#).**

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How will RuPay and UPI Benefit the Users in Mauritius and Sri Lanka?

▪ Facilitating Seamless Transactions:

- Users in Mauritius and Sri Lanka will experience convenience in making transactions, both domestically and internationally, through the adoption of RuPay and UPI.
 - With RuPay cards and UPI connectivity, individuals travelling between **India, Mauritius, and Sri Lanka can conduct transactions** seamlessly, eliminating the need for currency exchange and reducing transactional complexities.

▪ Enhanced Financial Access:

- RuPay cards will be accepted at ATMs and PoS terminals in Mauritius, expanding the accessibility of digital payments for users in the region.
- UPI connectivity in Sri Lanka enables users to make **[QR code-based payments](#) at**

merchant locations, providing a convenient alternative to traditional payment methods.

▪ **Promotion of Financial Inclusion:**

- The availability of RuPay cards and UPI services empowers individuals from diverse socio-economic backgrounds to **participate in the digital economy, fostering financial inclusion.**
- UPI transactions offer a **cost-effective solution for users**, reducing the expenses associated with traditional banking services and facilitating affordable financial transactions.

▪ **Strengthened Economic Ties:**

- Seamless payment solutions contribute to the growth of **trade and tourism between India, Mauritius, and Sri Lanka**, fostering economic cooperation and collaboration.
 - Increased digital transactions support local businesses by promoting cashless transactions, enhancing transparency, and reducing reliance on cash-based transactions.
- The launch of UPI and RuPay services will also strengthen the economic and strategic ties between the three countries, as part of **India's "neighbourhood first" policy** and **"SAGAR" (Security and Growth for All in the Region) vision.**

▪ **Innovation and Technological Advancement:**

- The introduction of RuPay and UPI reflects a commitment to embracing digital innovation, positioning Mauritius and Sri Lanka as progressive economies in the global digital landscape.
 - By leveraging advanced payment technologies, users gain access to innovative financial solutions that empower them to manage their finances more efficiently and securely.

India's Digital Public Infrastructure (DPI)

- India's DPI also known as the **India Stack**, is a set of **open and interoperable platforms** yet independent "blocks" that provide **identity, payment, data sharing, and consent mechanisms** for various digital applications.
- These platforms are built on the principles of **user-centric design, policy objectives, developing use cases, and engagement.**
- **Some of the key components of India's DPI are Aadhaar, DigiYatra, DigiLocker, and Account Aggregator (AA).**
- The DPI holds the promise of driving economic transformation and fostering inclusive growth. The modular layers of India Stack create opportunities for innovation, inclusion, and competition in the digital realm.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

Q1. With reference to digital payments, consider the following statements: (2018)

1. BHIM app allows the user to transfer money to anyone with a UPI-enabled bank account.
2. While a chip-pin debit card has four factors of authentication, BHIM app has only two factors of authentication.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (a)

Q2. Which of the following is a most likely consequence of implementing the 'Unified Payments Interface (UPI)'? (2017)

- (a) Mobile wallets will not be necessary for online payments.
- (b) Digital currency will totally replace the physical currency in about two decades.
- (c) FDI inflows will drastically increase.
- (d) Direct transfer of subsidies to poor people will become very effective.

Ans: (a)

Q3. Consider the following statements: (2017)

1. National Payments Corporation of India (NPCI) helps in promoting the financial inclusion in the country.
2. NPCI has launched RuPay, a card payment scheme.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (c)

Mains

Q. Implementation of Information and Communication Technology (ICT) based Projects/ Programmes usually suffers in terms of certain vital factors. Identify these factors, and suggest measures for their effective implementation. **(2019)**