

D.O. No. M-11015/142/2023-e-Panchayat

Dear Ma'am/Sir,

Dated: 16th June, 2023

This is in reference to D.O of even No. dated 31 May 2023, wherein the need for the adoption of UPI-based digital payment acceptance across all Panchayats in India was emphasized. The letter also highlights the objective to declare all Panchayats BHIM-UPI compliant on 15th August 2023, which would significantly contribute to the widespread adoption of BHIM-UPI and solidify India's position as a global leader in digital payments. This is in consonance with the vision of the Prime Minister for a Digital India, where digital payments play a vital role across all segments of the population for various purposes.

2. To ensure a smooth rollout of BHIM-UPI across all Panchayats in your state within the prescribed timelines, it is crucial to have a detailed plan of action prepared and monitored by each state. The following indicative timelines can be considered:

- **By 30th June, 2023:** Conduct a meeting with Service Providers/Vendors to discuss the requirements & implementation plan
- **By 15th July, 2023:** Finalize and publish the Selection Procedure for choosing the appropriate Service Provider(s)/Vendor(s)
- **By 30th July, 2023:** Select the Service Provider(s)/Vendor(s) based on the defined criteria
- **By 15th August, 2023:** Announce and inaugurate the BHIM-UPI Panchayats in the presence of prominent dignitary such as the Hon'ble Chief Minister, Member of Parliament, Member of Legislative Assembly, or any other dignitaries

In light of this, I kindly request that you instruct all Gram Panchayat Secretaries to facilitate the deployment of UPI-based QR Codes, Soundbox devices, or EDC machines, wherever feasible, to enable digital payment acceptance for all services provided by the respective Panchayats. This step will contribute to the seamless adoption of digital payments and enhance the convenience and accessibility of services for the citizens.

3. To assist you in this process, a list of authorized Payment Service Providers, Payment Banks, and Third-Party Payment Applications (TPAPs) recognized by the NPCI as Annexure I. These authorized entities may be approached for the deployment of UPI based solution. Therefore, Panchayat Secretaries/ Officials across the Panchayats in your State may be requested to extend their full support in the endeavor. Further, the NIC- Panchayat Informatics Division in consultation with National Payments Council of India (NPCI) has published a detailed Standard Operating Procedure (SOP) for a robust UPI-based Digital Payment System for all States in the country. This may be referred as a ready reckoner for this initiative.

4. It is also pertinent to highlight that a single Service Provider/ Vendor may be considered to cover all the Panchayats in a State, as consolidating services under a single provider allows for economies of scale, enabling the Service Provider/ Vendor to offer attractive incentives to Panchayats while reducing costs. Furthermore, a centralized dashboard can be established to monitor UPI transactions in real-time, facilitating efficient tracking and analysis. Additionally, uniform service level benchmarks can be enforced across the State, ensuring consistent performance.

5. Furthermore, to expedite the deployment process, it is suggestable that State Panchayati Raj Departments establish (training/ onboarding) camps at the District/Block level, where Panchayat Secretaries/Officials of all Gram Panchayats within the District/Block can be invited en-masse and trained on the onboarding and deployment process. It is anticipated that such camps will result in a widespread adoption and deployment of UPI-based devices.

6. Indeed, leveraging a UPI-based solution can be beneficial in activating PM Jan Dhan Yojana (PMJDY) accounts and RuPay cards for rural citizens. The UPI platform can provide a convenient and accessible way for citizens to link their PMJDY accounts with their UPI IDs, enabling seamless transactions and financial inclusion. By promoting the use of UPI, citizens can easily access their accounts, make transactions, and leverage the benefits offered by the PMJDY program, such as RuPay Insurance coverage. This streamlined approach encourages the rural citizenry to take advantage of the financial services and insurance benefits provided by the government, ultimately fostering financial empowerment and security among the rural population.

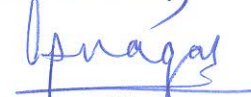
7. Finally, as part of the National Panchayat Awards in 2024, the Ministry intends to incorporate parameters to evaluate and recognize cashless transactions and UPI-based payments under the Good Governance Awards Category. This initiative reflects the growing importance of digital payments in promoting transparency, efficiency, and good governance within Panchayats. By including these parameters, the Ministry aims to incentivize and encourage Panchayats to actively adopt and promote cashless transactions, ultimately contributing to the larger goal of a digitally empowered and transparent governance system at the grassroots level.

Let us work together towards achieving our shared vision and realizing the transformative impact of digital payments in India.

With Regards,

Encl: As above

Yours sincerely,


(A. P. Nagar)

To:

Addl. Chief Secretary/ Principal Secretary/ Secretary, Panchayati Raj Department (All States/ UTs)

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D.O. No.M-11015/142/2023-e-Panchayat (29962)

Dated 31st May, 2023

Dear

As you are aware, India is currently the world leader as far as digital payments are concerned. Digital payment transactions have significantly increased as a result of coordinated efforts of the Government as a whole, along with all concerned stakeholders, from 2071 crore transactions in FY 2017-18 to 8840 crore transactions in FY 2021-22. Bharat Interface for Money – Unified Payments Interface (BHIM-UPI) has emerged as the preferred payment mode of the citizens and has recorded 803.6 crore digital payment transactions with the value of Rs.12.98 lakh crore in January 2023 alone.

2. It is heartening to learn that contribution of rural and peri-urban areas in digital transactions is now over 50%. You will agree that growth of digital payments in India and availability of various easy and convenient digital payment solutions have facilitated ease of living for citizens, financial inclusion and growth of business and economy.

3. You are also aware that the Panchayati Raj Institutions (PRIs) are playing a major role in digital transformation of the country. All PRIs are now making digital payments through PFMS (Public Financial Management System) - eGramSwaraj interface. Online Audit is being carried out for over 90% of the PRIs. Increasingly a large number of services are being provided to citizens digitally. Several Gram Panchayats are also providing free WiFi services to citizens and setting up Digital Libraries. In some States, the PRIs are also providing option of digital payment of taxes and fees to citizens. In Kerala, almost all GPs are now ISO: 2015 certified.


4. This perhaps is an opportune moment wherein all PRIs can further enhance 'ease of living' for citizens by offering them the facility for making payments using BHIM-UPI. The NIC wing of my Ministry, in consultation with National Payment Corporation of India (NPCI), has come out with a detailed Standard Operating Procedure (SOP) for a robust UPI based digital payment system in the Panchayats (copy enclosed). It is mentioned therein that the Gram Panchayats / Block Panchayats / District Panchayats, need to contact their respective banks immediately to obtain UPI ID/VPA to link their bank account with the UPI Platform for account-linked payments and/or obtain QR codes for its installation at payment counters in the Panchayat Bhawans. This Bank Account should be the one where all taxes and fees levied by the PRIs are deposited. Expeditious adoption of BHIM-UPI by PRIs will enable convenient, automatic transfer of funds and easy payment option for the common man. It will also benefit the Panchayats by providing online & efficient payment / collection, transparent financial transactions, real-time tracking and reconciliation and a very cost effective digital system.

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5. In view of the above, it would be an outstanding achievement if the Hon'ble Chief Minister could declare all PRIs BHIM-UPI compliant on 15th August, 2023. This would go a long way in giving a very effective push to adoption of BHIM-UPI all across the country and cementing India's position as a World Leader in creation and adoption of this cutting edge technology.

Yours sincerely,


31.5.23
(Sunil Kumar)

Encl:a/a

To

**Chief Secretaries,
All States / UTs**

Copies to:

1. Dr. T.V. Somanthan, Finance Secretary & Secretary (Expenditure), Department of Expenditure, Ministry of Finance, North Block, New Delhi
2. Dr. V.K. Joshi, Secretary, Department of Financial Services, Ministry of Finance, Jeevan Vihar Building, New Delhi
3. Additional Chief Secretary / Principal Secretary / Secretary, Panchayati Raj Department, all States / UTs

FAQ & SoP
for
Adoption of
UPI based
Cashless Transactions
by
Panchayats
(Gram Panchayats)

(May 2023)

The purpose of this document is to educate Gram Panchayats to make informed decisions for adopting UPI based digital transactions; This document describes available options for Gram Panchayats to adopt for UPI based transactions for collection of various applicable taxes, user fee and other revenue from citizens and other stakeholders.

Table of Contents

1	What is UPI (Unified Payment Interface)?.....	3
2	Benefits of UPI to Common Man	3
3	Benefits of UPI to Gram Panchayats.....	4
4	What is UPI ID / VPA (Virtual Payment Address) of Panchayat.	5
4.1	What is QR Code?.....	5
5	Draft SOP for adoption of UPI by Panchayats.....	6
5.1	How can Gram Panchayat get QR Code?.....	6
5.2	Suggested Format for UPI ID / VPA	6
	UPI ID/ VPA of a panchayat shall have LGD code of the panchayat. Following standard format may be adopted for creation of the UPI ID/ VPA.....	6
5.3	How to receive payment using UPI/QR CODE.....	6
5.4	How shall panchayat track their UPI transactions.....	7
6	National Panchayat UPI dashboard.....	7

1 What is UPI (Unified Payment Interface)?

UPI is a real-time payment system developed by the National Payments Corporation of India (NPCI). UPI provides a safe and convenient way to perform various transactions such as receiving and sending money, paying bills and more. Some key features and benefits of UPI:

- **Bill Payments:** UPI can be used to pay utility bills, Panchayat Taxes, mobile recharge, DTH recharge, and other invoices directly from the linked bank account.
- **Single Interface:** UPI provides a unified platform for various banking services, eliminating the need for multiple apps or logins.
- **Immediate Fund Transfer:** UPI enables instant money transfers between bank accounts, making it highly convenient for individuals, merchants, and businesses.
- **QR Code Payments:** UPI facilitates quick payments by scanning QR codes at merchant outlets or during person-to-person transactions.
- **Transaction History:** UPI apps provide a transaction history, allowing users to view and track their payments and account activities.
- **Interoperability:** UPI allows transactions between different banks, enabling users to transfer money instantly without the need for traditional methods like NEFT or IMPS.
- **Mobile-Friendly:** UPI is primarily designed for mobile devices, and users can access its services through dedicated mobile applications provided by their respective banks.
- **24/7 Availability:** UPI transactions can be initiated and completed at any time, including weekends and public holidays.
- **Security:** UPI employs robust security measures such as two-factor authentication, PIN codes, and encryption to ensure the safety of transactions.

Overall, UPI has revolutionized the way people in India transact digitally, making payments more accessible, efficient, and inclusive and has facilitated ease of life.

2 Benefits of UPI to Common Man

UPI offers several benefits to the common man and makes life easier for citizens, making it a popular and convenient payment system in India. Some key advantages of UPI are -

- **Easy and Convenient:** UPI simplifies the process of making payments and fund transfers. Users can link their bank accounts to a single mobile app and perform transactions with just a few taps on their smartphones. It eliminates the need for carrying cash or writing checks.
- **Instant Fund Transfers:** UPI enables immediate money transfers between bank accounts, even outside regular banking hours. This feature is especially helpful during emergencies or when urgent payments need to be made.
- **24/7 Availability:** UPI transactions can be initiated and completed at any time, including weekends and holidays. This accessibility ensures that users are not restricted by banking hours and can carry out transactions whenever they need to.
- **No Additional Charges:** UPI transactions typically do not involve any additional charges. Most banks offer UPI services free of cost, allowing users to transfer money without incurring extra fees.

- **Secure Transactions:** UPI incorporates multiple layers of security to protect user information and transactions. Two-factor authentication, such as OTP (One-Time Password) and MPIN (Mobile Personal Identification Number), ensures that only authorized individuals can initiate transactions.
- **Bill Payments and Online Shopping:** UPI facilitates bill payments, including utility bills, mobile recharges, DTH recharges, and more. It also enables seamless online shopping by providing UPI as a payment option on e-commerce platforms.
- **Transaction History and Notifications:** UPI apps provide transaction history and real-time notifications, allowing users to keep track of their payments, view details of past transactions, and monitor their account activities.
- **Financial Inclusion:** UPI has played a significant role in promoting financial inclusion in India. It has made digital transactions accessible to individuals who may not have had access to traditional banking services, empowering them to participate in the digital economy.

These benefits of UPI make it a user-friendly, secure, and efficient payment system that has transformed the way common people in India carry out their day-to-day financial transactions.

Bill Payments and Online Shopping: UPI facilitates easy bill payments, including utility bills, mobile recharges, DTH recharges, and more. It also serves as a payment option for online shopping, making it convenient for citizens to make purchases from various e-commerce platforms without the need for credit cards or net banking.

Transaction History and Notifications: UPI apps provide transaction history and real-time notifications, allowing users to keep track of their payments, view details of past transactions, and monitor their account activities. This transparency helps users maintain better control over their finances and stay updated on their transactional history.

Financial Inclusion: UPI has played a significant role in promoting financial inclusion in India. It has made digital transactions accessible to individuals who may not have had access to traditional banking services. UPI's user-friendly interface and ease of use have empowered people from all sections of society to participate in the digital economy.

3 Benefits of UPI to Gram Panchayats

UPI transactions can provide several benefits to Gram Panchayats in managing their financial transactions and promoting transparency. Here's how UPI can help Gram Panchayats:

- **Online & Efficient Payment Collection:** Gram Panchayats often collect various fees, taxes, and charges from the villagers for services such as water supply, property tax, waste management, etc. UPI shall enable convenient and efficient payment collection from the residents. **Panchayats can generate unique UPI IDs or QR codes** for each payment category, allowing residents to make payments easily through any UPI-enabled mobile apps. This reduces the need for cash handling, manual record-keeping, and the associated administrative workload.
- **Transparent Financial Transactions:** UPI transactions leave a digital trail, ensuring transparency in financial transactions. It shall become easier for Gram Panchayats to track and monitor incoming payments, verify transaction details, and maintain accurate records.

This transparency helps in promoting accountability and minimizing the chances of mismanagement or corruption.

- **Real-Time Tracking and Reconciliation:** UPI transactions provide real-time updates on payment receipts. Gram Panchayats shall be able to instantly track and reconcile payments, ensuring that each transaction is properly accounted for. This shall help in maintaining accurate financial records and reducing the chances of errors or discrepancies.
- **Cost Savings:** UPI transactions typically involve minimal or no transaction charges, making it cost-effective for Gram Panchayats. They can save on the costs associated with handling cash, issuing and managing checks, and making traditional fund transfers.

Overall, UPI transactions shall provide Gram Panchayats with a secure, convenient, and transparent means of managing their financial transactions. It shall simplify payment collection, improve financial record-keeping, promote accountability, and streamline fund transfers, contribute to more efficient financial management within the Gram Panchayat system.

4 What is UPI ID / VPA (Virtual Payment Address) of Panchayat.

VPA is the payment address of the Gram Panchayat on which users can make UPI money transfers.

4.1 What is QR Code?

A QR code is a two-dimensional barcode that contain unique UPI ID / VPA issued by bank to Gram Panchayat.

This UPI ID is associated with the Gram Panchayat's bank account. It shall allow users to make payments directly to that bank account of panchayat.

5 Draft SOP for adoption of UPI by Panchayats.

5.1 How can Gram Panchayat get QR Code?

Gram Panchayats can approach their bank to obtain UPI ID / VPA QR codes for their UPI transactions.

Panchayat shall have fill-up onboarding form duly signed by authorised signatory(ies) of bank account. Upon receipt of request form their Bank will issue UPI QR code which will be used for collection of payment. This process is different from Bank to Bank, every Bank has their own process. Some of the details which are required in the request form are as under: -

1	Legal Name	GP Name with LGD CODE
2	Name	GP Name (This name will be displayed on QR Code to remitter)
3	Installation address line 1	
4	Installation address line 2	
5	Location	
6	City	
7	State	
8	Area Pin code	
9	Tel No	Not mandatory
10	Mobile No	Dealing person mobile No. (Preferably GP Sachiv Mobile)
11	E Mail Id (Mandatory as QR Code soft copy delivery on this email)	Email
12	Contact person name	
13	Branch IFSC	
14	Account Number (Settlement)	
15	GST number If available	
16	Firm Pan Number (If available)	
17	Authorised Signatory Pan Number	Other than Govt. entity
18	Merchant Category	Type of merchant like Govt., Pvt., Ltd etc

After processing of application at Bank level in their system, UPI / VPA (Virtual Private Address) (QR) code will be received on registered email provided in application form.

5.2 Suggested Format for UPI ID / VPA

UPI ID/ VPA of a panchayat shall have LGD code of the panchayat. Following standard format may be adopted for creation of the UPI ID/ VPA.

<GP-LGDCODE>.<StateAbbr>@<Bank Abbr> for eg. 14024.MP@sbi

In UPI QR code following code will be provided: -

VPA (Virtual Payment Address):- Ex. 0514590A0000026.mab@pnb

5.3 How to receive payment using UPI/QR CODE

GP shall display QR code at the tax/ fee collection counters.

5.4 How shall panchayat track their UPI transactions

1. Bank shall provide Real time Transaction alerts on registered mobile No. for each transaction.
2. Bank shall provide Account statement. GPs can use online internet banking facility (if availed by Panchayat).
3. Transaction alert can also be received using sound-box facility may also be availed.
4. Some Banks give transaction alerts on registered email for every transaction credited/ debited into account.

6 National Panchayat UPI dashboard.

1. Panchayats shall register their UPI ID/ VPA on eGram Swaraj Portal.
2. NPCI shall provide an API to facilitate the verification of the UPI ID entered by the Panchayat.
3. eGram Swaraj System shall share the UPI ID/ VPA of the panchayats with NPCI.
4. NPCI shall share the data of number of transactions and amount of transactions using UPI at a predefined frequency using SFTP or any other agreed protocol.
5. eGram Swaraj shall use this data to generate analytics and a dashboard that shall facilitate MoPR, State Admin, District Admin in effective monitoring of the process of adoption and actual use of UPI by Panchayats.
