Indian Economy · GS - III

Examine how the international expansion of India's Unified Payments Interface can strengthen India's digital economy and financial integration with other countries.

EXAM YEAR	PAPER	SUBJECT
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MARKS	WORD LIMIT
10	~150 words

Answer Hint

UPI internationalisation; NPCI International Payments Limited; cross-border payments; digital public infrastructure; tourism facilitation; financial inclusion; interoperability; cybersecurity and regulatory coordination

Model Answer

Introduction

The Unified Payments Interface (UPI), developed by the National Payments Corporation of India (NPCI), has emerged as a major component of India's digital payment ecosystem. Its international expansion represents an important step towards promoting Indian digital public infrastructure globally.

Significance of International Expansion

1. Easier Cross-Border Payments: UPI-based facilities can simplify transactions for Indian travellers and reduce dependence on conventional payment methods.

2. Tourism Promotion: Integration with international tourist attractions, such as the Burj Khalifa and Resorts World Sentosa, can improve convenience for Indian visitors.

3. Global Digital Presence: International partnerships enhance India's role in developing interoperable and accessible digital payment systems.

4. Economic Benefits: Greater payment convenience can support tourism, trade and financial service innovation.

Challenges and Way Forward

Differences in regulatory frameworks, data protection, cybersecurity, foreign exchange settlement and merchant acceptance require coordinated solutions. Strong consumer protection and secure payment infrastructure are essential.

Conclusion

UPI's internationalisation can strengthen India's digital diplomacy and financial connectivity while demonstrating the global potential of its digital public infrastructure.

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