

**Proposal for**  
**Lucky Grahak Yojana**  
**&**  
**Digi-धन Vyapar Yojana**

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## 1. Outline

The Government of India seeks to promote digital payment methods to encourage consumers and merchants to increasingly shift to these payment modes. It is estimated that as of now merely 5% of India's Personal Consumption Expenditure (PCE) is transacted on non-cash basis. Promotion of digital payments usage will help in increased convenience to both consumers and merchants and enhance efficiency of tax collection by bringing the hitherto informal economy into formal economy thereby also potentially enhancing the tax base as well as strengthening tax collection efforts.

India has created an efficient and effective digital payment infrastructure but this remains underutilized because of the existing preference among both consumers and merchants to utilize cash as a medium of transaction. Significant promotion efforts shall be required to induce behavioural change in the consumers and the merchants. The Government has recently announced a series of special incentives to encourage Digital payments; the present scheme is contemplated as a complementary measure.

The present scheme seeks to nudge people towards significantly higher usage of digital transactions through the offer of incentives as detailed below. It outlines the broad structure of the scheme, governing rules, eligibility criteria & details regarding prize money and process for identification of beneficiaries.

The scheme will become operational with the first draw on 25<sup>th</sup> December, 2016 (coinciding with Christmas) leading up to 14<sup>th</sup> April 2017 (coinciding with Babasaheb Ambedkar Jayanti) with a Mega Draw. It shall be reviewed thereafter for further implementation.

The Scheme shall be implemented by the National Payment Corporation of India Ltd (hereinafter referred to as NPCI) since the database of the Transaction IDs of the digital transaction is in their custody.

The estimated expenditure on the scheme up to 14<sup>th</sup> April, 2017 shall be Rs 340 Crores; to be financed through the Financial Inclusion Fund (FIF) which is managed by the NABARD on behalf of the Department of Financial Services.

NITI Aayog shall be responsible for the carrying out promotional activities with respect to the scheme, oversight of the Scheme and overall coordination amongst the various agencies that are responsible for execution and financing of the Scheme.

## 2. Structure of the Scheme

- a) The scheme is primarily meant to reward those Consumers and Merchants who are using / have used digital transaction modes to pay for their personal expenditures after November 8<sup>th</sup> 2016.
- b) To ensure that the focus of the scheme is on small transactions (those which are entered into by common people), the incentives shall be restricted to those transactions which are within the range of Rs 50 and Rs 3000
- c) Moreover, to ensure that digital transactions are not limited mere withdrawals or transfer of cash between individuals, only transactions between Consumers and Merchants/ Governments shall be in the zone of consideration under this incentive scheme. The only exception to this condition shall be transactions undertaken via AEPS wherein cash withdrawals will also be considered.
- d) There shall be **three** category of incentives as per details outlined thereunder:
- i. Daily and weekly rewards for Consumers (**Lucky Grahak Yojana**);
  - ii. Weekly Cash Prizes for Merchants (**Digi-धन Vyapar Yojana**); and
  - iii. **Mega Draw** on 14th of April, 2017.

### e) Lucky Grahak Yojana:

- i. **Daily** reward of Rs 1000 to be given to 15,000 lucky Consumers for a period of 110 days; chosen through random, digital means under 4 categories:

Category	No of Prizes	Value (in Rscr)
RuPay Cards	11,900	1.19
UPI	1500	0.15
AEPS	1500	0.15
USSD	100	0.01
<b>Total</b>	<b>15,000</b>	<b>1.5</b>

- ii. **Weekly** prizes worth **Rs 1 lakh, Rs 10,000 and Rs. 5000** for Consumers who use the alternate modes of digital Payments ( Viz. RuPay Cards, USSD, UPI and AEPS)

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**No. of Winners in RuPay Cards (by prize amount in cr)**

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<b>Amount</b>	<b>No. of Prizes</b>	<b>Total Amount</b>
Rs. 1,00,000	10	Rs. 0.10
Rs. 10,000	90	Rs 0.09
Rs. 5000	4900	Rs. 2.45
<b>TOTAL</b>	<b>5000</b>	<b>Rs. 2.64 cr</b>

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**No. of Winners in UPI (by prize amount in cr)**

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<b>Amount</b>	<b>No of Prizes</b>	<b>Total Amount</b>
Rs. 1,00,000	2	Rs. 0.02
Rs. 10,000	10	Rs0.01
Rs. 5000	1000	Rs. 0.50
<b>TOTAL</b>	<b>1012</b>	<b>Rs. 0.53</b>

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**No. of Winners in AEPS (by prize amount in cr)**

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<b>Amount</b>	<b>No of Prizes</b>	<b>Total Amount</b>
Rs. 1,00,000	2	Rs. 0.02
Rs. 10,000	10	Rs0.01
Rs. 5000	1000	Rs. 0.50
<b>TOTAL</b>	<b>1012</b>	<b>Rs. 0.53</b>

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**No. of Winners in USSD (by prize amount in cr)**

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<b>Amount</b>	<b>No of Prizes</b>	<b>Total Amount</b>
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Rs. 1,00,000	1	Rs. 0.01
Rs. 10,000	4	Rs0.004
Rs. 5000	200	Rs. 0.10
<b>TOTAL</b>	<b>205</b>	<b>Rs. 0.114</b>

- iii. **3 Mega Prizes worth Rs 1 cr, 50 lakh, 25 lakh for digital transactions between 8<sup>th</sup> November, 2016 to 13<sup>th</sup> April, 2017 to be announced on 14<sup>th</sup> April, 2017.**

**f) Digi-धन Vyapar Yojana:**

- i. Prizes for digital transactions conducted at Merchant establishments
- ii. **Weekly prizes worth Rs. 50,000, Rs 5,000 and Rs. 2,500 for Merchants**

<b>No. of Winners (by prize amount in cr)</b>		
<b>Amount</b>	<b>No of Prizes</b>	<b>Total Amount</b>
Rs. 50,000	500	Rs. 2.5
Rs. 5,000	1500	Rs.0.075
Rs. 2,500	5000	Rs. 1.25
<b>TOTAL</b>	<b>7000</b>	<b>Rs. 3.825</b>

- iii. **3 Mega Prizes worth Rs50 lakhs, 25 lakh, 12 lakh for digital transactions between 8<sup>th</sup> November, 2016 to 13th April, 2017 to be announced on 14th**

- g) Table- 1 below mentions estimated expenditure for running the Scheme from 25<sup>th</sup> December, 2016 up to 14<sup>th</sup> April, 2017. This is proposed to be financed from the Financial Inclusion Fund (FIF) managed by NABARD on behalf of Department of Financial Services, Government of India.

- h) The Scheme is proposed to be administered technically & operationally by NPCI. It may be noted that all eligible products have been introduced by NPCI. NPCI may, at its discretion, outsource the services to third party if deemed necessary.
- i) The prize winners shall be identified by NPCI through a random selection from amongst the Digital Transaction IDs generated during the relevant transactions that are available on its Servers at the time of the Draw.
- j) The proportion of awards for Consumers under each of the above mentioned categories will be revised by NPCI based on the volume of transactions under each category, as the scheme progresses. However, the total number of awards shall not be changed.
- k) NPCI shall be solely responsible for ensuring technical integrity of the Scheme while implementation.
- l) It shall be mandatory for NPCI to conduct a full technical audit of the backend software through credible Third parties to ensure that the random draws of Transaction IDs are tamper proof.
- m) NPCI shall also be responsible to conduct a Security Audit of its Systems through an Agency appointed by MeITy, Government of India.
- n) It is proposed that there should be a live cast of the draw where in addition to transparency, the opportunity will also be utilised to enhance awareness of consumers and merchants to promote digital payments. For example, downloading of app of the respective products or mode of using the prescribed products with Do's and Don'ts will be advised. It is expected that viewership of this program will be significant and will also facilitate promotion of digital payments.
- o) NPCI would be finalising the data format, source of data & mode of pulling/pushing the data, to be compiled centrally say at NPCI level for the lucky draw in consultation with the IBA, DFS & NITI Aayog.

### 3. Rules

- a) Only Individual payers (consumer) & merchants will be considered eligible for the scheme.
- b) No individual will be given more than 3 awards across categories.
- c) Only successful digital financial transactions will be considered (involving transfer of money; excludes non-financial transactions such as cash withdrawals (except in AEPS), balance check, changing PIN, account opening etc.)
- d) Winner will be notified via SMS and/ email to mobile no. and/ email address linked to the bank account.
- e) Bank account linked Digital payment channel viz. Card Swipe at Point of Sale channel (RuPay card being India's own domestic card scheme), Mobile (Unified Payments Interface - UPI for smart phone & USSD for feature phone) & Aadhaar (AEPS based merchant payments/ remittance) will be considered.
- f) Credit cards spends either at Consumer end or at Merchant end will not be covered under the program.
- g) Financial transactions for Rs. 50 and above but not exceeding Rs. 3000 will be eligible for the draw. Split transactions, i.e. one transaction of above the prescribed limit split into multiple bills, will not be eligible. Further Business to Business (B2B) and Business to Government (B2G) and vice versa will not be covered under the program, but P2M (Person to Merchant, P2G (Person to Govt.) digital transactions will be eligible.
- h) Employees of NPCI and NITI Aayog and their immediate family members i.e. spouse, kids and parents will not be eligible to participate in the draw.



<b>Table 1: Estimated Expenditure till 14.04.2017(in Rs. Crores)</b>				
<b>Expenditure Head</b>		<b>Total amount per draw</b>	<b>No. of draws</b>	<b>Prize amount</b>
Lucky Grahak Yojana	Daily	1.5	110	165
	Weekly	3.814	16	61.024
	Mega Award	1.75	1	1.75
DIGI-धन Vyapar Yojana	Weekly	3.825	16	61.2
	Mega Award	0.87	1	0.87
IEC (Promotional Expenses)				50
			<b>TOTAL</b>	<b>339.844</b> <b>( say Rs 340 Crore)</b>

### How it's going to benefit economy?

With current non cash payment (digital payment usage) avenues, merely 5% of India's PCE have been migrated to non-cash. With this incentive for migration of non-digital user to habitual to non-cash will benefit the economy in medium to long run, like benefit of Demonetisation.

Population	1300 Million
GDP (2016)	2 Trillion USD ( 1.36 Crore* crore)
No. of Bank Accounts	900 Million +
No. of Merchants/ Traders	15 Million +
No. of Mobile Phone Users	900 Million +
No. of Aadhaar Card Holders	1080 Million +
RuPay Debit card holders	310 Million +
PCE through Electronic Mode	< 5% (4 lacscrore)
Total cash in Circulation to GDP	>13%
Cost of Handling Cash	>2%
Estimated Informal Economy to GDP	> 25% (34 Lac Crore)
Estimated conversion of Informal to Formal Economy due to Digitisation drive	50% (17 Lac Crore)
Estimated incremental Tax Base expansion (say 5% of Informal to Formal Economy conversion)	(85000 Crore)

It may be noted that against proposed expenditure of around Rs. 1100 crores an additional revenue of Rs. 85,000 crores is estimated to be generated. Even if the revenue estimates are discounted by 90%, it would still be beneficial. It may be noted that cost benefit analysis has been drawn assuming ONLY 50% of the informal and estimated unaccounted transactions with 5% tax rate. Actual surge is expected to be much higher as benefit of GDP migrating from cash to digital coupled with actual tax incidence (higher than asumed 5%).