

Sno 19(R)

58



F.No.1/2/2015-Cy.II  
Government of India Ministry of Finance  
Department of Economic Affairs  
Currency & Coinage Division

North Block, New Delhi.  
Dated: 11<sup>th</sup> March, 2016

No. 368 / SO (Currency) / 2016  
17/3

OFFICE MEMORANDUM

**Subject: Promotion of Payments through Cards and Digital Means**

In continuation to this Department Office Memorandum of even number dated 29<sup>th</sup> February, 2016 on the above mentioned subject, a statement of action-points for promotion of payments through cards and digital means is enclosed herewith for necessary action by all the Ministries/ Departments, on the issues pertaining to them.

2. The timelines for implementations may kindly be sent to DEA by March 31, 2016. Department of Economic Affairs will conduct a meeting to discuss these timelines for implementation of the decisions of the Cabinet on promotion of payments through cards and digital means.

Encl: As above

IS (AKP)  
dlb  
16/3  
To

Ipsita Mitra  
(Ipsita Mitra)  
Under Secretary to the Govt. of India  
☎/✉:23092707  
[mitra.ipsita@nic.in](mailto:mitra.ipsita@nic.in)

1. All Secretaries to the Govt. of India/Chairman, Railway Board
2. Governor, RBI,
3. Chairman, TRAI
4. CEO, NITI Ayog

Copy to:

- 1) Cabinet Secretary
- 2) Joint Secretary to PM, South Block, New Delhi

US (f) 1  
17/3

Pl. circulate  
to PSOs and in  
dept by mail  
2  
17/3

an.sk

S. No.	Action To Be Taken	Action Pertains to
1	Government Departments/ Organizations/ Central Public Sector Undertakings/ Anchor Networks shall take steps to (a) withdraw convenience fee/service charge/surcharge on customers who prefer to make card/ digital payments for essential commodities, utility service providers, petrol pumps, gas agencies, railway tickets /IRCTC, tax department, museums, monuments etc.; (b) take appropriate steps to bear MDR cost like other merchants; and (c) build acceptance infrastructure (POS/ Mobile POS terminals) for card/ digital payments at all collection centres	All Ministries & Departments/ Ministry of Railways, Department of Revenue, Ministry of Petroleum and Natural Gas, Ministry of Urban Development of Food & Public Distribution, Ministry of Culture, Ministry of Tourism.
2	To facilitate the use of existing open-loop systems issued by a bank for multi-purpose use, including for making transit payments with a dedicated application (eg. Toll fees, metro rail and bus services, etc.).	Ministry of Railways/ Ministry of Road Transport & Highways/ Ministry of Urban Development
3	To ensure that each eligible account holder under PMJDY may be provided access to the digital financial services in addition to the 'RuPay Card'	Department of Financial Services/ RBI
4	To formulate an action plan to ensure Government Departments/Organisations introduce appropriate acceptance infrastructure and facilitate collection of all revenue, fee, penalties etc., through card/ digital means beyond a specified threshold, through 'PayGov India' or other mechanisms.	All Ministries & Departments/ Department of Electronics & Information Technology
5	To develop 'PayGov India' as a "single unified portal" across central, state governments and their public sector undertakings for collection purposes.	Department of Electronics & Information Technology
6	To take steps to (a) rationalize Merchant Discount Rate (MDR) on Card transactions; and (b) formulate a differentiated MDR framework for some key transaction segments, such as utility payments and railway ticketing by examining the matter holistically in consultation with the stakeholders.	Department of Financial Services/RBI
7	To relax Two Factor Authentication for both card present and card not present transactions below a certain specified amount. DFS/RBI shall work out a multi tiered authentication framework for low, medium and high value transactions.	Department of Financial Services/RBI
8	To take steps to remove double taxation, if any, on service tax currently paid on MDR by the acquiring bank and on interchange fee by the issuing bank.	Department of Revenue/ Department of Financial Services/ Reserve Bank of India
9	Wherever needed, the Departments/ Ministries shall make modifications in the Rules and Regulations that may have been issued, so that appropriate change is incorporated to allow payments / receipts by using cards/ digital means also. Cash payments by any Government Department/ Agency shall be allowed only under very specific circumstances for clearly stated	All Ministries & Departments

	reasons.	
10	To mandate payments beyond a prescribed threshold only in card/ digital/cashless mode.	Department of Revenue/ Department of Financial Services
11	To formulate linked acceptance infrastructure for different stakeholders of certain card products through appropriate ratio of POS terminals/ mobile POS terminals to cards issued or other means. The possibility of creating an Acceptance/ Financial Inclusion Fund for the purpose shall be explored.	Department of Financial Services/ RBI
12	To re-examine requirements under PML Act and Rules, for bringing Uniform (Know Your Customer) KYC norms based on an authorised identity for all payment systems, including Unique Identification Number or other proof of identity. Appropriate steps shall also be taken to introduce tiered KYC for facilitating low, medium and high value transactions through cards and digital means.	Department of Financial Services/ RBI/ Department of Telecommunications/ TRAI/ DeiT
13	To amend and simplify the Merchant Acquisition guidelines to include Unique Identification Number or other identity based eKYC for merchants.	Department of Financial Services/ RBI
14	To take steps to allow enhanced Cashout, of a specified amount, at Point of Sale (PoS) Terminals through Cards/ Digital means.	Department of Financial Services/ RBI/ Department of Telecomm./ TRAI
15	To take appropriate steps for rationalization/ reduction of USSD Charges and the feasibility of its being charged only on successful transactions	Department of Telecommunications/ TRAI
16	To make a provision for a unified USSD platform which can support transactions across all payment mechanisms.	D/o of Telecomm./ TRAI/ D/o of Financial Services/ RBI
17	To promote Mobile banking to leverage upon the huge infrastructure available at lower cost. Towards this end, steps shall be taken to address mobile banking registration and activation challenges; ease regulations and reduce entry barriers to digital wallets/ pre-paid instruments.	Department of Financial Services/ RBI/ Department of Telecommunications/ TRAI
18	To take steps (a) to create necessary assurance mechanisms for fraudulent transactions wherein, in case of a fraudulent transaction, the money will be credited back to customers' account and blocked and subsequently released after the investigation is complete, within maximum of 2-3 months; (b) to strengthen the role of banking ombudsman to provide greater customer confidence and (c) to formulate a comprehensive customer protection policy for transactions through cards and digital means.	Department of Financial Services/RBI/ Department of Telecommunications/ TRAI
19	To take steps to optimally use funds under Depositor Education and Awareness Fund (DEAF) for expanding acceptance infrastructure and conducting awareness campaigns for a less cash society.	Department of Financial Services/RBI..

20	To issue necessary guidelines for merchant payment standards and interoperability between various issuers and acceptance networks, including telecom, internet, pre-paid instrument providers and Payments Banks, to ensure that merchant payments are interoperable across the broad spectrum of payments and settlements system.	Department of Financial Services/ Department of Telecommunications/ Department of Electronics & Information Technology / TRAI/ RBI
21	To constitute one or more Committees with key industry stakeholders, RBI and concerned Government Departments to review the payment system in the country. The following issues, among other, may be addressed by the Committee: a. The need for changes, if any, in the regulatory mechanisms under the Payments and Settlement Systems (PSS) Act, 2007 and, in other legislations affecting the payment ecosystem. b. To leverage Unique Identification Number or other proof of identity for authentication of card/ digital transactions and setting up of a Centralised KYC Registry. c. To introduce of single window system of Payment Gateway to accept all types of Cards/ Digital payments for Government receipts and enable settlements between consumer and merchants via NPCI or other agencies within specified timelines d. To study feasibility and framing rules for creating a payments history for all card/ digital payments and ensure merchants/ consumers can leverage their credit history to access instant, low-cost micro-credit through digital means and create necessary linkages between payments transaction history and credit information.	Department of Economic Affairs
22	To grant tax rebates/incentives or introduce mechanisms for cash back/lottery or any other measures to incentivise transactions through cards and digital means.	Department of Revenue/ Department of Economic Affairs/ Department of Financial Services
23	To develop a methodology for enabling very high value transactions through cards and digital means beyond the limits presently prescribed.	Department of Financial Services/ RBI