

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO.2720
TO BE ANSWERED ON 17th MARCH, 2017/26TH PHALGUNA SAKA, 1938**

DIGITAL/CASHLESS TRANSCATIONS CHARGES

**2720. SHRI P.K. BIJU:
SHRI SULTAN AHMED:
SHRI PRAHLAD SINGH PATEL:
ADV.M. UDHAYAKUMAR:
SHRI A. ARUNMOZHITHEVAN:
DR. A. SAMPATH:
SHRI SUNIL KUMAR SINGH:
SHRIMATI RANJANBEN BHATT:**

QUESTION

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to streamline digital/cashless payment mechanisms;
- (b) if so, the details thereof along with the slashing/recovery of fees/charges against digital payments;
- (c) the details of changes applicable on digital payments as on date and disincentives for cash payments along with the amount of cash money free from punitive charges;
- (d) the details of percentage of population using digital payments before and after demonetisation; and
- (e) the details of the recorded growth/decline in digital/cash transactions post demonetisation?

ANSWER

**MINISTER OF STATE IN THE MINISTRY FOR FINANCE
(SHRI ARJUN RAM MEGHWAL)**

(a) & (b): To encourage cashless transactions and promote the use of cards and digital means in transactions, Government has taken various steps. The move is aimed at reducing cash transactions thereby reducing the risks and costs of handling cash at the individual level, improving the ease of conducting transactions, reducing tax avoidance, reducing the cost of managing cash in the economy, building a transitions history to enable improved credit access and financial inclusion and reducing the impact of counterfeit money. Various measures have been taken to promote digital payments, detailed at Annex I.

(c): Charges for Digital Payments.

1. NEFT- This digital mode of Remittance / payment is being administered by RBI and operated by banks. The detail of charges have been fixed by RBI vide its circular dated July 13, 2012.
2. RTGS- This digital mode of Remittance / payment is being administered by RBI and operated by banks. The detail of charges have been fixed by RBI vide its circular dated February 04, 2016.
3. Transaction charges for cash withdrawal at ATMs beyond permissible free monthly limit-

- i. RBI has issued a circular (DPSS .CO. PD. No. 316/02.10.002/2014-2015) on the usage of ATMs on August 14,2014 by which banks have been instructed to provide a minimum of three free transactions on other bank ATMs per month in six metropolitan centres (Delhi, Kolkata, Mumbai, Chennai, Hyderabad & Bengaluru). In respect of other places, a minimum of five free transactions (including financial & non- financial transactions) are to be provided to Savings bank (SB) account holders per month on other bank ATMs.
- ii. In addition to this a minimum of five free ATM transactions per month is to be provided to all SB Account holders of the bank on bank's own ATM. The free transactions includes financial as well as non- financial ATM transactions. Moreover, this is a minimum cap.
- iii. Bank may charge a maximum of Rs.20/ plus applicable Service Tax per ATM transaction after the permissible free monthly transaction limit.

(d) &(e): Details are at Annex II.

Measures Taken to Promote Digital Payments

- Government has adopted multi-pronged approach to encourage payment through cards/digital means which inter-alia includes promoting and adopting several measures for card/digital transactions, creating acceptance infrastructure, encouraging mobile banking/payment channels and creating awareness, framing necessary guidelines to ensure that merchant payments are interoperable across the broad spectrum of payments and settlement systems, framing new guidelines or revising existing guidelines to allow POS/Mobile POS terminals in Tier III and below towns and rural areas, etc. With a view to implementing the above scheme, a Task Force and a Committee have been constituted to review the Framework related to Digital payment system in the country and to recommend appropriate measures for encouraging digital payments. The report of the committee is available on the Ministry of Finance at <http://finmin.nic.in>.
- Bharat Interface for Money (BHIM) app has been launched for simple, easy and quick payment transactions using Unified Payments Interface (UPI) and Unstructured Supplementary Service Data (USSD). It also works on basic/features phones, without internet.
- NPCI has been accorded In-principle approval by Reserve Bank of India (RBI) for launch of Pilot for the Aadhaar Pay payment mechanism. This will enable the merchant to accept payments from customers using their Aadhaar number and biometric data which will be authenticated by the UIDAI. The transactions will be part of the existing Aadhaar Enabled Payment System (AEPS) which is operated by the NPCI with approval from RBI.
- NPCI has also been given in-principle approval for launching the National Electronic Toll Collection (NETC) system which uses the RFID tags for vehicle identification and toll calculation; the toll will be automatically deducted from the prepaid accounts linked with the respective RFID tag.
- Following the cancellation of legal tender of specified banknotes, as a special measures between January 1, 2017 to March 31, 2017, all participating banks and Prepaid Payment Instrument (PPI) issuers are directed not to levy any charges on customers for transactions upto Rs. 1000 settled on the Immediate Payment Service (IMPS), USSD based *99# and Unified Payment Interface (UPI Systems) .
- RBI has also decided that as a special measure between 1.1.2017 to 31.3.2017 , in respect of debit card transactions, Merchant Discount Rate (MDR) has been capped at 0.25 % for payment upto Rs. 1000/- and at 0.5% for payment for the value above Rs. 1000/- and upto Rs. 2000/-.

	RTGS(Customer + Inter Bank)		Paper Clearing		Retail Electronic Clearing (ECS+ NEFT+IMPS+NACH)		ECS DR		ECS CR (includes NECS)		NEFT		IMPS		NACH		UPI		USSD	
	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)
Month																				
Oct-2016	9.01	76,473.29	88.03	6,501.66	346.46	10,635.10	0.82	2.04	0.96	16.55	133.21	9,504.50	42.09	343.57	169.39	768.44	0.10	0.49	0.00	0.00
Nov-2016	7.87	78,479.19	93.50	5,845.13	312.76	9,748.58	0.28	1.38	0.76	7.89	123.05	8,807.88	36.17	324.81	152.51	606.62	0.29	1.01	0.01	0.01
Dec-2016	8.84	84,096.47	138.82	7,289.40	418.97	12,610.71	0.25	1.55	0.91	12.84	166.31	11,537.63	52.78	431.92	198.72	626.76	1.92	6.98	0.10	0.10
Jan-2017	9.33	77,486.07	131.17	7,281.23	385.92	12,397.98	0.20	1.43	0.76	10.51	164.19	11,355.08	62.42	491.25	158.74	541.36	2.44	13.02	0.31	0.38

	Cards		Credit Cards		Credit cards - Usage at ATMs		Credit cards - Usage at POS		Debit Cards		Debit cards - Usage at ATMs		Debit cards - Usage at POS		Credit + Debit Cards Usage at POS		Prepaid Payment Instruments (PPIs) *		Mobile Banking	
	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)	Volume (Million)	Value (Rupees Billion)
Month																				
Oct-2016	1,032.14	3,069.65	89.49	302.42	0.62	3.00	88.86	299.42	942.65	2,767.23	802.06	2,547.81	140.59	219.41	229.45	518.84	126.90	60.22	78.12	1,139.41
Nov-2016	896.14	1,823.25	98.31	266.99	0.40	1.39	97.91	265.59	797.82	1,556.26	561.36	1,234.52	236.47	321.74	334.38	587.33	169.32	50.74	87.47	1,365.70
Dec-2016	1,162.39	1,742.03	116.46	312.37	0.38	0.88	116.08	311.49	1,045.93	1,429.65	630.47	849.34	415.46	580.31	531.54	891.80	261.09	97.70	110.64	1,498.18
Jan-2017	1,154.21	2,335.10	113.24	328.62	0.44	1.54	112.80	327.08	1,040.97	2,006.48	712.35	1,516.44	328.62	490.04	441.42	817.12	295.45	108.69	106.12	1,382.92

Month over month growth (%)

	RTGS (Customer + InterBank)		Paper Clearing		Retail Electronic Clearing (ECS+ NEFT+IMPS+NACH)		ECS DR		ECS CR (includes NECS)		NEFT		IMPS		NACH		UPI		USSD	
	Volume (Rupees (Million))	Value (Rupees (Billion))	Volume (Rupees (Million))	Value (Rupees (Billion))	Volume (Rupees (Million))	Value (Rupees (Billion))	Volume (Rupees (Million))	Value (Rupees (Billion))	Volume (Rupees (Million))	Value (Rupees (Billion))	Volume (Rupees (Million))	Value (Rupees (Billion))	Volume (Rupees (Million))	Value (Rupees (Billion))	Volume (Rupees (Million))	Value (Rupees (Billion))	Volume (Rupees (Million))	Value (Rupees (Billion))	Volume (Rupees (Million))	Value (Rupees (Billion))
Nov-2016	-12.6	2.6	6.2	-10.1	-9.7	-8.3	-65.9	-32.4	-20.4	-52.3	-7.6	-7.3	-14.1	-5.5	-10.0	-21.1	176.8	106.9	136.5	76.4
Dec-2016	12.3	7.2	48.5	24.7	34.0	29.4	-10.7	12.3	19.7	62.7	35.2	31.0	45.9	33.0	30.3	3.3	568.1	591.1	1351.5	1320.3
Jan-2017	5.5	-7.9	-5.5	-0.1	-7.9	-1.7	-20.0	-7.7	-16.5	-18.1	-1.3	-1.6	18.3	13.7	-20.1	-13.6	27.1	86.5	207.4	268.1

Cards	Credit Cards				Credit cards - Usage at ATMs		Credit cards - Usage at POS		Debit Cards		Debit cards - Usage at ATMs		Debit cards - Usage at POS		Credit + Debit Cards Usage at POS		Prepaid Payment Instruments (PPis) *	Mobile Banking		
	Volume (Rupees (Million))	Value (Rupees (Billion))	Volume (Rupees (Billion))	Value (Rupees (Billion))	Volume (Rupees (Million))	Value (Rupees (Billion))	Volume (Rupees (Million))	Value (Rupees (Billion))	Volume (Rupees (Million))	Value (Rupees (Billion))	Volume (Rupees (Million))	Value (Rupees (Billion))	Volume (Rupees (Million))	Value (Rupees (Billion))	Volume (Rupees (Million))	Value (Rupees (Billion))				
Month																				
Nov-2016	-13.2	-40.6	9.9	-11.7	-35.7	-53.7	10.2	-11.3	-15.4	-43.8	-30.0	-51.5	68.2	46.6	45.7	13.2	33.4	-15.7	12.0	19.9
Dec-2016	29.7	-4.5	18.5	17.0	-3.8	-36.6	18.6	17.3	31.1	-8.1	12.3	-31.2	75.7	80.4	59.0	51.8	54.2	92.5	26.5	9.7
Jan-2017	-0.7	34.0	-2.8	5.2	14.5	75.0	-2.8	5.0	-0.5	40.3	13.0	78.5	-20.9	-15.6	-17.0	-8.4	13.2	11.2	-4.1	-7.7