

GOVERNMENT OF INDIA  
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 4150**  
TO BE ANSWERED ON: 21.03.2018

**COMMITTEE ON DIGITAL PAYMENTS**

**4150. SHRI Y.V. SUBBA REDDY**

Will the Minister of ELECTRONICS AND INFORMATION TECHNOLOGY be pleased to state?

- (a) the details of each of the recommendation made by the Chief Minister's Panel on Digital Payments;
- (b) the status of implementation of each of the recommendation made by the Committee, recommendation-wise;
- (c) whether the committee recommended to reimpose the banking cash transaction tax if the amount is more than Rs 50,000 and if so, the reason therefor; and
- (d) the steps taken so far in this regard?

**ANSWER**

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY  
(SHRI K. J. ALPHONS)

- (a): The Interim report on recommendations made by the Chief Minister's Panel on Digital Payments is available online at the following URL. [http://niti.gov.in/writereaddata/files/new\\_initiatives/Digi%20Report%20-%20Final.pdf](http://niti.gov.in/writereaddata/files/new_initiatives/Digi%20Report%20-%20Final.pdf).
- (b): The status of implementation of each of the recommendation made by the committee recommendation-wise is enclosed herewith as Annexure.
- (c): No, Sir. The actual recommendation is reproduced herewith. Levying a nominal 'cash handling fee' on cash withdrawals from current account above a threshold, say Rs 50,000 per day, may be considered. The fee should not be confused with the Banking Cash Transaction Tax that was levied in 2005 by the then UPA government with the objective of generating revenues for the Government.
- (d): In view of c), the question do not arise.

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**ANNEXURE***Status on Recommendations of CM Committee*

| <b>Recommendation</b>   | <b>Status</b>   |
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| 9.1 Setting target for value/ volume of digital payments<br>(MoF/RBI)   | Target of 2500 Crore transactions set in Budget through specified 5 modes.<br>(RBI)   |
| 9.2 Online Real-time GIS dashboard with heat maps for all transaction points<br>(MoF/RBI)   | RBI has indicated that GIS dashboard may not be feasible to implement due to Infrastructural limitations, increased customer touchpoints and ever increasing payment channels<br>(RBI)  |
| 9.3 Constitution of Standing Committee at Central level for review<br>(NITI Ayog)   | Work was subsequently transferred to MeitY by NitiAyog. Digidhan Mission has been set up at Meity for the same.<br>(MoF/RBI)  |
| 9.4 Constitution of the standing committee at State Level under the chairmanship of Chief Minister and State Finance Minister<br>(State Governments)  | MeitY has been following up with Chief Secretaries and IT Secretaries of all States/UTs for taking suitable action  |
| 10.1 Currently the country has 600 million phones including both feature and smartphones and in the initial phase steps need to be taken that make mobile phones (with inbuilt or external STQC certified FP biometric / Iris sensors) the default payment device.<br>(Action: MeitY) | BHIM/UPI based digital payment transactions are growing exponentially. Based on this, QR code (BHIM/UPI QR and BHARAt QR Code) based digital payment promotion activities are being carried out.<br>This makes Mobile phone as default payment device. In these circumstances the above recommendations do not arise<br>(Action: MeitY)   |
| 10.2 Aadhaar seeding of all accounts and relevant policy changes<br>(RBI/DFS)   | As on date 80.7% Bank Accounts have been Aadhaar seeded and 80.4 % have been Mobile Seeded<br>(RBI)   |
| 10.3 Incentives for data usage for digital payments<br>(DoT)  | The TRAI recommendation for providing free data of 1MB per month per user is under examination<br>(Department of Telecommunications)  |
| 10.4 Subsidy of Rs 1000/- may be provided for smart phones for non-income tax assesses and small merchants<br>(Meity)   | Various financial inclusive Digital Payment modes such as USSD2.0, AEPS and Aadhaar Pay are available for consumers who cannot afford to buy smartphones. Therefore, it has been decided that subsidy of Rs.1,000/- may not be required on Smartphone exclusively for promoting digital payments to non-income tax assesses and small merchants.  |
| 11.1 Extending technology infrastructure to RRBs/Cooperative Banks<br>(RBI/DFS)   | Public Sector Banks have extended support to RRBs in terms of technology and infrastructure for enabling RRBs to participate in AEPS, UPI and USSD  |
| 11.2 All Payment Banks to be made Interoperable on AEPS<br>(RBI)  | Public Sector Banks have extended support to other Banks in terms of technology and infrastructure for enabling AEPS, UPI and USSD  |
| 11.3 All BCs to be made interoperable on AEPS<br>(RBI)  | Interoperability at BC level is already permitted through regulation, including retail outlets or sub-agents of BCs   |
| 11.4 Deployment of 1 million PoS/MicroATMs at merchants<br>(Meity)  | Target achieved with the addition of 1.25 million card accepting PoS.   |
| 11.5 Deployment of digital payment infrastructure in post offices<br><br>(Department of Posts)  | To reach remote areas, the infrastructure of all 1,29,469 Branch Post Offices are being leveraged by completing installation of inter operable Aadhaar-enabled micro ATMs (RICT devices) by March 2018. The status of such installation as on 6.6.17 is 26053 Branch Post offices.<br><br>The CBS transactions are being carried out in these Branch Post Offices through the installed RICT devices. |
| 11.6 Creation of fund from savings generated through cashless transactions for incentivizing acceptance   | Finalcial inclusive Fund(FIF) has been provided with NABARD for promotion of BHIMAadhaar Pay Devices.   |

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| infrastructure in semi-urban, rural areas.<br>(Dept. of Expenditure/ MoF)  |   |
| 11.7 Extension of fiscal Incentives to Micro-ATMs and biometric sensors<br>(Meity)   | NABARD has come out with a Promotional scheme for support under Financial inclusive Fund(FIF) for deployment of BHIM Aadhaar Pay Devices.<br><br>Banks deploying BHIM Aadhaar Pay devices including merchant on-boarding for merchant transactions will be supported maximum of Rs 1800/- per device as incentive.  |
| 12.1 & 12.10 Rollout of Aadhaar Pay by all banks<br>(DFS)  | Banks have rolled out BHIM Aadhaar Paysuccessfully  |
| 12.2 Allowing white-label agents for AEPS<br>(RBI)   | RBI has mentioned that it is not advisable to allow any unregulated entity to access the payment system directly.   |
| 12.3 Enabling interoperable iris authentication on AEPS<br>(NPCI)  | NPCI is currently ready with interoperable IRIS Authentication on AePS.   |
| 12.4 AEPS daily reconciliation and reduction in technical decline<br><br>(NPCI)  | NPCI is continuously monitoring and informing the uptime to Banks. Weekly TD/BD is sent to Banks for their analysis on declines. NPCI is sending a weekly report to Banks not logging-in to the Dispute Management System of AEPS.  |
| 12.5 Interoperable Aadhaar seeding in MicroATMs& ATMs<br><br>(NPCI)  | Already available on ATM. NPCI is in the process of implementing the same on MicroATMs. This will be aligned with new switch deployment as current one is end of life   |
| 12.6 Extend incentive charges rate for OFF-US transactions & interbank settlement charges to AEPS based merchant transactions<br>(RBI/DFS) | As per RBI Interchange is applicable only in case of OFF-US transactions done at interoperable BC point. BC commission, on the other hand, is paid for both ON-US and OFF-US BC transactions (not merchant payments) done through AEPS<br><br>The issues pertaining to AEPS interchange and BC remuneration have already been resolved at the industry level through AEPS Steering Committee<br><br>On incentivizing merchants for AEPS, an incentive scheme has already been put in place for BHIM Aadhaar Pay by NABARD |
| 12.7 Aadhaar authentication facility at all ATMs/PoS<br>(RBI)  | As on date 2.6 Lakh BHIM AadhaarPoS have been deployed  |
| 12.8, 24.3, 24.4. Mandate inter-bank transactions at all BCs, encouraging BCs by enhancing their income<br>(RBI)                           | RBI has issued guidelines for engaging BCs which permit banks to use BCs to provide range of other services such as submission of application, follow up recovery (insurance, pension products) etc.  |
| 12.9 Incentivizing AEPS by not levying MDR<br>(RBI/DFS)  | As decided by 18th SC Aadhaar Pay MDR is being nullified by way of 0.5% (Min 1, Max 10) as an incentive via NABARD FIF to be equally divided between acquirer bank and merchant.<br>Government has decided to waive off MDR charges for transactions less than or equal to Rs 2000/- in value on Debit Card, BHIM UPI or AADHAR Pay Transactions. The scheme is valid w.e.f 1 <sup>st</sup> January 2018 for a period of two years  |
| 12.10 Rollout of Aadhaar Pay app with targets and adoption by all banks<br>(RBI/DFS)   | Same as 12.1  |
| 12.11 AEPS system uptime and reconciliation teams in place<br><br>(NPCI)   | NPCI is continuously monitoring and informing the uptime to Banks. Weekly TD/BD is sent to Banks for their analysis on declines. NPCI is sending a weekly report to Banks not logging-in to the Dispute Management System of AEPS   |
| 12.12 Patent of AEPS and Aadhaar Pay technologies<br><br>(UIDAI)   | The Design and Architecture of AePS was developed by NPCI. It is owned and currently operated by NPCI. NPCI assumes the responsibility of taking a patent on the technology and bring it to a logical closure   |

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| 13.1, 18.4 Aadhaar/ e-KYC facility at all bank branches/ BCs and small merchants for opening paperless savings/ current accounts<br><br>(RBI)      | Already in place.<br><br>The instructions on KYC by RBI already enable the use of Aadhaar including Aadhaar based e-KYC (both biometric and OTP authentication).  |
| 14.1 Interoperability of all banks and their PPIs on UPI<br><br>(RBI)  | Revised PPI guidelines have been issued by RBI and updated on 29th December 2017.<br><br>Interoperability related guidelines have been issued and shall be enabled in phases  |
| 14.2 Contactless (NFC) payments modes in all public transport<br><br>(Ministry of Urban Development/ NitiAyog)                                     | <ul style="list-style-type: none"> <li>The Ministry has taken action to Implement National Common Mobility Cards (NCMC).</li> <li>States have been advised to take further steps to implement the NCMC programme.</li> <li>Smart Card Facility has been proposed in multiple cities so far.</li> </ul>  |
| 14.3 Common eToll systems for State Highways/ fuel stations<br><br>(NHAI/MoPNG)  | <ul style="list-style-type: none"> <li>408 out of 460 National Highways Toll Plazas are now ETC enabled.</li> <li>Till date FASTags have grown to 7.5 Crores. This has resulted in an e-toll collection via digital transaction of 190.15 crores of net revenue per month.</li> <li>NHAI is currently In the process of extending acceptance RFID tags to new use cases such as State Highways, city entry points, parking lots to boost ETC user penetration.</li> <li>BHIM, QR Code and NFC Cards are being encouraged for electronic payments. PoC in progress.</li> </ul> |
| 15.1 Common inter -operable QR code for UPI<br>(NPCI)  | Common inter -operable QR code for UPI has been introduced by NPCI  |
| 15.2 Payment to Aadhaar number to be enabled in BHIM<br>(NPCI)   | This has been enabled by NPCI   |
| 15.3 Banks to enable seeding of mobile number to bank accounts across all channels<br>(NPCI)   | As on date 80.7% Bank Accounts have been Aadhaar seeded and 80.4 % have been Mobile Seeded  |
| 15.4 Aadhaar Pay to be integrated on BHIM<br>(NPCI)  | Both the applications are intended for different user segments (BHIM for end customer & BHIM Aadhaar for Merchants). It is not desirable to integrate both  |
| 16.1 Lowering of usage barriers for USSD<br><br>(DoT)  | USSD rates have been reduced to 0.50 paisa and non –response time has already been increased to 30 seconds by most of the service providers   |
| 16.2 Presently only 51 banks are on USSD platforms. Remaining Banks including RRBs and Commercial Banks should also be on boarded on USSD<br>(DFS) | Till date 72 banks are live on USSD.  |
| 16.3 Integrated system of SMS alerts and MMID generation<br><br>(NPCI/DFS)   | NPCI has stated that in UPI, BHIM & USSD 2.0 (new version of *99#) , MMID is not required. Payment can be done using VPA (user can generate on his/her own), mobile number (within BHIM only) or account + IFSC. SMS are sent by respective partner banks where the accounts are held.  |
| 17.1 Increased backend infrastructure capability for 1 bn transactions<br><br>(DFS/RBI/NPCI/DoT)   | The Telecom Service Providers (TSPs) have the necessary backend infrastructure capacity to support requests from Banks/RBI/NPCI on mutually agreed commercial terms   |
| 17.2 Security audit on a quarterly basis<br><br>(RBI/DFS)  | RBI has indicated that as per their earlier circular dated 29th April, 2011, instructions to the Banks on the matter of Information Security, Technology Risks, SLAs to be included in outsourcing has already been issued.<br>RBI has mentioned that Board of Directors for each Bank need to  |

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|  | ensure the scaling up of the Infrastructure if needed   |
| 17.3 Increased Internet coverage in rural areas (DoT)  | The Rollout of Bharat net (NOFN ) is closely being monitored  |
| 17.4 All modes of digital payment in regional languages (NPCi/DoT)   | Both BHIM & *99# are available in 12 languages. BHIM Aadhaar to launch with English. More languages will be added in future. UPI will be 13 language with addition of Urdu language in BHIM 1.4   |
| 18.1 Review of MDR regime (RBI)  | RBI has issued the MDR Rationalization Notification<br><br>RBI recently has come out with rationalization of MDR vide circular dated 06th December 2017.<br><br>Recently, Government of India has come out with MDR subsidy scheme. As per the Notification dated 27 Dec 2017, government will bear the merchant discount rate (MDR) charges on transactions up to Rs 2,000 made through debit cards, BHIM united payments interface (UPI) or Aadhaar-enabled payment systems to promote digital transactions. The proposal is valid w.e.f 1st January 2018 for a period of two years |
| 18.2 Review of P2P mobile based transactions (RBI)   | BHIM, UPI has been launched by NPCI to promote mobile based P2P transactions  |
| 18.3 Incentives for small merchants in taxation and MDR (RBI)  | RBI has stated that concerned banks may decide regarding on-boarding of merchants as per their board approved policy. Government has decided waive off MDR charges for transactions less than or equal to 2000 in value on Debit Card, BHIM UPI or AADHAR Pay Transactions. The scheme is valid w.e.f 1 <sup>st</sup> January 2018 for a period of two years  |
| 18.4 Aadhaar/ e-KYC facility at all bank branches/ BCs and small merchants for opening paperless savings/ current accounts (RBI) | Same as 13.1  |
| 19.1 Tax relief for PoS/ MicroATMs (Ministry of Finance)   | Matter has been directed to Ministry of Finance for suitable action   |
| 19.2 Ramping up domestic production of Micro ATM/PoS Devices (DIPP)  | Relevant steps are being taken by taken DIPP  |
| 19.3 Aadhaar as primary ID for KYC and PMLA amendments (moF/RBI)   | PMLA amendment has been issued on June 1, 2017  |
| 20.1 Leveraging Institution with rural footprint (State Government)  | Secretary, MeitY held a video conference with IT Secretaries of States in the month of September, 2017 for promotion of digital payments by States. Secretary, MeitY also held a meeting with HODs and State information Officers (SIOs) of NIC, in the month of December, 2017, to promote enablement of digital payments in States.   |
| 20.2 Accreditation system for districts/ blocks/ GPs (NitiAyog)  | Third Party accreditation system for townships was developed which has been adopted for the states as well.   |
| 20.3 Benefits of Digital payments in school curriculum (MHRD/State Governments)  | The matter has been referred to D/o School Education & Literacy for further consideration. (MHRD)   |
| 21.1 Large scale public awareness campaign using mass celebrities (NitiAyog)   | Large scale public awareness campaign covering print, audio and visual media was launched. DigidhanMela in 100 different cities over 100 days was completed. Lucky GrahakYojana and Digi DhanVyaparYojana was successfully completed. After the transfer of digital payments subsequently to MeitY, this work is being undertaken by MeitY  |
| 21.2 Educational hoardings at main locations in rural areas  | The Pradhan MantriGramin Digital SakshartaAbhiyan (PMGDISHA) under Digital India Programme would cover 6  |

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| (State Governements)   | crore households in rural areas to make them digitally literate.<br>The training includes carrying out cashless transactions using digital financial tools (USSD/ UPI/ eWallet/ AEPS/ Card/ PoS)  |
| 22.1 Creation of a single helpline for consumer queries<br><br>(DoT)   | DoT :-DoT has already provide 5 digit code '14444' which is accessible from all over India. For accessing this short code, a call center should be set up. The numbers of agents in the call centers need to be reviewed by NASSCOM in order to meet the traffic and a proposal has to be submitted to the NitiAayog.<br><br>MeitY:- NCH of MoCA is being upgraded as helpline for addressing Digital payment related Grievances and queries. DFS has been requested to issue necessary instructions to on board all major Banks, Payment Banks and PPI ( Pre Paid Instrument ) Service Providers in the National Consumer Helpline (NCH) platform for becoming as convergence partners.<br>NPCI has also integrated as a convergence partner in National Consumer Helpline (NCH) platform. |
| 23.1 Cash-back incentives on digital payment modes<br><br>(Govt of India/ MoF)                                 | Incentive schemes like BHIM Referral Scheme, BHIM cash back scheme and BHIM Aadhaar provide incentives on use of BHIM for digital payments.   |
| 23.2 Tax refunds for consumers on digital payments<br>(CBDT/DoR/MoF)   | CBDT has mentioned that incentives in the form of rebate shall not be in line with the Governments Taxation Policy  |
| 24.1 Relief in prospective taxes on digital transactions<br><br>(CBDT/DoR/MoF)                                 | No Change in the currently existing Policies by CBDT.<br>CBDT has stated that the benefit of lower rate of Income Tax on digital turnover for small businesses is a huge incentive in itself for promoting digital/banking transactions   |
| 24.2 Integration of billing and tax filing in UPI app for merchants<br><br>(NPCI)                              | UPI does not limit it, respective PSP apps can do it. Billing and tax filing is not aligned with the core objective of NPCI, which is that of creating various interoperable payment services. It is always envisaged that different sector specific solution providers will integrate NPCI payment options into their solutions.   |
| 24.3 Mandate inter-bank transactions at all BCs, encouraging BCs by ensuring minimum income<br>(NPCI/CBDT/CEC) | Same as 12.8  |
| 24.4 Mandate inter-bank transactions at all BCs, encouraging BCs by ensuring minimum income<br>(CBDT/DoR/MoF)  | Same as 12.8  |
| 24.5 Incentives for Banking Correspondents. No TDS up to Rs 3 lakhs<br><br>(CBDT/DoR/MoF)                      | CBDT is not in accord to provide Incentives to BCs.<br>CBDT has stated that the levy of TDS in the case of payment to resident is only a collection and reporting mechanism and does not result into any additional tax liability. Hence, there is no rationale for providing exemption to the BCs from TDS as their income is taxable and tax deduction only results in advance payment of tax   |
| 25.1 & 25.2 Curbing high usage of cash<br><br>(MOF)  | DEA had constituted a committee under the chairmanship of former Finance Secretary and Principal Advisor NITI Aayog Shri R.P. Watal to suggest the medium terms measures to strengthen the Digital Payments Eco-System. Committee had submitted 13 recommendations, The activities are under implementation by the different Ministries/Departments   |
| 26.1 Standing committee formed under the chairmanship of Secretary Meity<br>(Meity)                            | Under chairmanship of Meity secretary a committee on digital security is formed in which Head - Risk NPCI is a member   |
| 26. 2 Insurance scheme to cover for digital frauds<br><br>(DFS)  | Scheme is under consideration by DFS.<br>The coverage of losses incurred in digital transactions on account of fraud, etc by way of insurance, is indeed desirable to increase confidence of general public in adopting digital modes of payments. Presently, several credit and debit card companies insure consumers from losses on account of fraud  |

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| 26.3 Separate authority for regulation of digital payments (MOF)  | The Finance Minister in his budget speech has proposed for Payment Regulatory Board (PRB) in the Reserve Bank of India (RBI) and review of PSS Act, 2007.<br><br>DEA is reviewing of PSS Act, 2007.   |
| 27.1 Incentives for payment of premiums in insurance sector (DFS)   | Public Sector insurance company have provided incentives by way of discount or credit up to 10% of the premium in general insurance policies & 8% in new life policies of LIC sold through the customer portals, in case payment is made through digital means.   |
| 27.2 Digitization of payments in educational institutions (MHRD)  | As per the National Digital Payment Mission, a target of 100 core transactions for this Ministry has been adopted and advisories have been issued to the regulatory organizations like UGC, AICTE, KVS, NVS, CBSE, NIOS etc. to ensure digital payments in r/o their own Receipts & Payments as well as promote the same in the campuses, canteens store etc.<br>Of the total target of Rs. 100 Crore for MHRD, Department of SE&L has been given the target of 14 Crore transactions for the year  |
| 27.3 Reducing cash usage in fertilizer distribution (Department of Fertilizers)   | The department is in the process of making PoS machines compatible with AEPS. The PoS machines will be upgraded in due course to enable digital Payments also   |
| 27.4 AEPS/Rupay based Cashless PDS (Department of Food & Distribution)  | Recommendations of the committee have been sent to all states/UTs for compliance.   |
| 27.5 Inducting UPI collect/ Aadhaar Pay for LPG bookings of households by IVRS (MoPNG)  | In order to promote digital payments OMCs have Provisioned for an option on their website for making online payments towards refill cost by consumer.<br>Industry is also looking forward to <ul style="list-style-type: none"> <li>• Implement payment option through NPOS devices for credit/debit cards and QR code or wallets.</li> <li>• The Feasibility of Integrating payment option with IVRS is also being investigated</li> <li>• HPCL is working with NPCI to get few banks on boarded with customized UPI merchant application for facilitating multiple QR codes linked to distinct mobile phone but common bank account.</li> <li>• OMCs are in the process of development and customization of BHIM Mobile App. for LPG customers</li> </ul> |
| 27.6 Usage of UPI by all govt. institutions (Various ministries/ all State Governments)   | <ul style="list-style-type: none"> <li>• MeitY has also written letters to NIC for technical support to enable BHIM in Government online payment systems</li> <li>• Customers booking tickets online through IRCTC, can use UPI/BHIM facility for paying for e-tickets</li> <li>• BSES based electricity payments has now been made possible using UPI.</li> <li>• Efforts are being made to make the usage of UPI available across all government/Government /PSU digital payment Interfaces.</li> </ul>   |
| 27.7 Government should negotiate for a lower/zero MDR for all digital payment made to the government entities (Ministry of Finance) | A scheme has been introduced by DEA wherein for all government specific digital transaction DEA is reimbursing all MDR charges upto rupees 1 lakh   |

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