



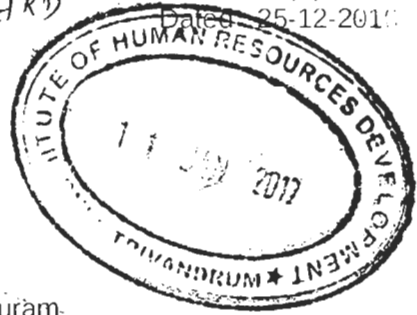
GOVERNMENT OF KERALA

No: 172/K3/2016/H.Edn.

Higher Education (K) Department,  
Thiruvananthapuram  
Date: 25-12-2016

172/17/HRD

From  
The Principal Secretary to Government



To

1. The Director of Collegiate Education, Thiruvananthapuram.
2. The Director of Technical Education, Thiruvananthapuram.
3. The Deputy Director General, NCC, Thiruvananthapuram
4. State Librarian, State Central Library, Thiruvananthapuram.
5. The Secretary, Kerala State Library Council, Thiruvananthapuram.
6. The State Liaison Officer, State Level NSS Cell, 6<sup>th</sup> Floor, Vikas Bhavan, Thiruvananthapuram
7. The Commissioner for Entrance Examinations, Thiruvananthapuram
8. The Managing Director, Kerala State Centre for Advanced Printing and Training, H.O. Complex, Vattiyoorkavu, Thiruvananthapuram - 13
9. The Director, Institute of Human Resource Development, Prajoe Towers, Vazhuthacaud, Thiruvananthapuram
10. The Director, Kerala State Science and Technology Museum, Thiruvananthapuram
11. The Director of LBS Centre, Thiruvananthapuram
12. The Director, Centre for Continuing Education Kerala, Anathara Lane, Charachira, Kowdiar P.O., Thiruvananthapuram - 3
13. The Principal, Law College, Thiruvananthapuram/Ernakulam/Thrissur/Kozhikode.
14. The Registrar, University of Kerala, Thiruvananthapuram/M.G. University, Kottayam/Sree Sankaracharya University Sanskrit, Kalady, Ernakulam/Cochin University of Science and Technology, Kochi/Calicut University, Malappuram/Kannur University, Kannur/Malayalam University, Thirur/National University of Advanced Legal Studies, NUALS Campus, H.M.T. Colony P.O., Kalamassery, Ernakulam/A P J Abdul Kalam Technological University, College of Engineering Campus, Thiruvananthapuram
15. The Member Secretary, Kerala State Higher Education Council, KSSTM Campus, Vikas Bhavan P.O., Thiruvananthapuram
16. The Director, Kerala Council for Historical Research, Vyloppilly Samskrithi Bhavan, Nalanda P.O. Thiruvananthapuram.

Sir,

Sub:- Higher Education Department – Campaign for cashless transactions instructions forwarding of -- reg.

Ref:- D. O Letter No. 9-66/2016/U.II dated 13-12-2016 from the Director, Government of India, Ministry of Human Resource Development, Department of Higher Education New Delhi.

With reference to the above, I am to forward herewith the copy of the reference cited for strict compliance and furnish the ATR to Government forthwith.

Yours faithfully,  
Tharunlal. S.  
Under Secretary

for Principal Secretary, to Government

Approved for issue

*[Signature]*

Section Officer.

Endorsement NO :- F/A2/417/2017/HRD

25/1/17

Copy communicated to the Head of associate institutions under IHRD for strict compliance & ATR.

*[Signature]* DIRECTOR

To The Head of associate institutions, Fin B1 section, Fin A1 section

13/1/17

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To

492/2016/H EDN

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F.No.9-66/2016-U.II  
Government of India  
Ministry of Human Resource Development  
Department of Higher Education

Shastri Bhawan, New Delhi,  
Dated 13 December, 2016

To,  
The Principal Secretary (All States and UTs),  
Department of Higher Education

Subject: Campaign for Cashless transaction-reg.

Sir,

This is with reference to Ministry of Finance OM no. 01-02/2015-Cy.II-Vol-V regarding promotion of payments through cards/digital means for promoting cashless transaction.

2. The objectives behind it includes ease of conducting card/digital transactions for an individual and reduce the risks and costs of handling cash at individual level. Further, it will reduce costs of managing cash in the economy and build a transaction-history to enable improved credit access and financial inclusion. It is also aimed at reducing tax avoidance and reducing the impact of counterfeit money.

3. In this regard, you are requested to request all the State Universities coming under your purview to set up infrastructure to facilitate payment of any kind of fees for any service being provided to the students through any of the digital means, i.e. internet banking, credit/debit cards, Adhaar based POS or UPI systems at no extra cost to students. Further, you may also request the Universities to ensure that all payments & receipts in Educational Institutions are made through digital means.

JS

*All put up instructions accordingly to all concerned*

(Encl. as above)

*V. Srinivas  
22/12/16*

Yours faithfully

*Venky Sastry Yedla*  
(Venky Sastry Yedla) 13/12/16  
Director

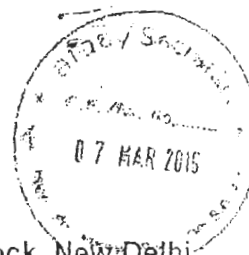
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*Levy CSE/05/3/16*

F.No-01/02/2015-Cy.II-Val-V  
Government of India Ministry of Finance  
Department of Economic Affairs  
Currency & Coinage Division



North Block, New Delhi.  
Dated : 29<sup>th</sup> February, 2016

OFFICE MEMORANDUM

Subject: Promotion of Payments through Cards and Digital Means

The Guidelines for the promotion of payments through cards and digital means have been approved, as given below:

2. Objectives

- i. Improve the ease of conducting card/ digital transactions for an individual.
- ii. Reduce the risks and costs of handling cash at the individual level.
- iii. Reduce costs of managing cash in the economy.
- iv. Build a transactions history to enable improved credit access and financial inclusion.
- v. Reduce tax avoidance.
- vi. Reduce the impact of counterfeit money.

3. Scope

- i. Provide access to financial payment services to every citizen along with ability to conduct card/ digital transactions.
- ii. Digitalize Government collections by equipping each collection point with a method to accept card/ digital payments.
- iii. Migrate payment transactions from cash dominated to non-cash through incentivization of card/ digital transactions and disincentivization of cash based transactions.
- iv. Enhance acceptance infrastructure in the country to promote digital transactions.
- v. Encourage corporates, institutions and merchant establishments to facilitate card/ digital payments.

4. Definition

Digital transactions are defined as transactions in which the customer authorizes the transfer of money through electronic means, and the funds flow directly from one account to another. These accounts could be held in banks, or with entities/providers. These transfers could be done through means of cards (debit / credit), mobile wallets, mobile apps, net banking, Electronic Clearing Service (ECS), National Electronic Fund Transfer (NEFT), Immediate Payment Service (IMPS), pre-paid instruments or other similar means.

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**5. Goal**

The goal of the proposed policy changes is to provide the necessary incentives to use digital financial transactions to replace the use of cash - either in government transactions, or in regular commerce over a period of time through policy intervention.

**6. Short Term Steps**

The Short Term Steps for Promotion of Payments through Card/ Digital Means, which will be implemented within one year, are suggested as follows:

**A. Promotion of Card/ Digital Transactions in Government Payments and Collections**

- i. 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.
- ii. Ministry of Road Transport & Highways/ Ministry of Urban Development shall 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.).
- iii. Department of Financial Services/ RBI shall ensure that each eligible account holder under PMJDY may be provided access to the digital financial services in addition to the 'RuPay Card'.
- iv. Department of Electronics & Information Technology shall 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.
- v. Department of Electronics & Information Technology shall develop 'PayGov India' as a "single unified portal" across central, state governments and their public sector undertakings for collection purposes.

**B. Measures for Wider Adoption of Card/ Digital Transactions**

- i. Department of Financial Services/RBI shall 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.

- ii. Department of Financial Services/RBI shall 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.
  - iii. Department of Revenue shall 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.
  - iv. 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 reasons.
  - v. Department of Revenue/ Department of Financial Services shall mandate payments beyond a prescribed threshold only in card/ digital/cashless mode.
- C. Creating Acceptance Infrastructure**
- i. Department of Financial Services/ RBI shall introduce of formulae 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.
  - ii. Department of Financial Services/ RBI shall 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.
  - iii. Department of Financial Services/ RBI shall amend and simplify the Merchant Acquisition guidelines to include Unique Identification Number or other identity based eKYC for merchants.
  - iv. Department of Financial Services / RBI shall take steps to allow enhanced Cashout, of a specified amount, at Point of Sale (PoS) Terminals through Cards/ Digital means.
- D. Encouraging Mobile Banking/ Payment Channels**
- i. Department of Telecommunications shall take appropriate steps for rationalization/ reduction of USSD Charges and the feasibility of its being charged only on successful transactions.

- 11
- ii. Department of Telecommunications/ Department of Financial Services/ RBI shall make a provision for a unified USSD platform which can support transactions across all payment mechanisms.
  - iii. Department of Financial services/ RBI shall 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.

**E. Awareness and Grievance Redressal**

- i. Department of Financial Services/RBI shall 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.
- ii. Department of Financial Services/RBI shall 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.

**7. Medium Term Steps**

The Medium Term Steps for Promotion of Payments through Cards/ Digital Means, which may be implemented within two years, are suggested below:

- i. Department of Financial Services/RBI shall frame 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.
- ii. Department of Economic Affairs shall 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. 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. Leveraging Unique Identification Number or other proof of identity for authentication of card/ digital transactions and setting up of a Centralised KYC Registry.
  - c. Introduction 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. Studying 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.
  - iii. Department of Revenue/ Department of Economic Affairs/ Department of Financial Services shall grant tax rebates/incentives or introduce mechanisms for cash back/lottery or any other measures to incentivise transactions through cards and digital means.
  - iv. Department of Financial Services/ RBI shall develop a methodology for enabling very high value transactions through cards and digital means beyond the limits presently prescribed.

*Saurabh Garg*  
28/1/16

(Saurabh Garg)  
Joint Secretary to the Govt. of India  
Tel No. - 2309 2420

To

1. Cabinet Secretary
2. All Secretaries to the Govt. of India
3. Governor, RBI,
4. Chairman, TRAI
5. CEO, NITI Ayog
6. All Divisions of DEA

Copy to: Joint Secretary to PM, South Block, New Delhi

Copy also to : NIC, for placing on the website of the Department of Economic Affairs