

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2979

ANSWERED ON:29.08.2012

ELECTRONIC PAYMENT FUND SYSTEM

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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has any proposal to give more thrust to electronic payment system;
- (b) if so, the details thereof;
- (c) whether electronic payment facility is provided to customers free of charge; and
- (d) if so, the details thereof?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (d):- Banking transactions through electronic mode have immense benefits for all the stakeholders including the banks and its customers. The benefits include quick credits to the beneficiaries' accounts, elimination of risks associated with human intervention, quick settlement of claims, instant reconciliation of transactions, substantially reduced paper work, efficient fund management, easy and accurate record-keeping in digital form, etc. Further, it being cost and time efficient, the electronic mode of transactions improve overall systemic efficiency, and thus benefit the economy as a whole.

To incentivize the electronic mode of transactions Government has advised all the Public Sector Banks (PSBs) to make National Electronic Fund Transfer (NEFT) transactions upto Rs. 1 lakh free of any charges. RBI has also reduced the ceiling of NEFT charges for smaller value transactions from Rs. 5 per transaction to Rs. 2.50 per transaction for all banks.

The PSBs have also been advised to issue debit cards to all their customers. RBI has also reduced Merchant Discount Rate on purchases through Debit / Credit Cards.

Further, the following measures are intended to be taken to promote the use of electronic payment system:

- (i) Introduction of the National Electronic Clearing System Debit facility;
- (ii) Increasing the timings of NEFT facility;
- (iii) Progressive rationalisation of charges for various electronic payment systems.

All these measures are expected to catalyze the use of electronic mode of transactions.