

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:742

ANSWERED ON:24.07.2015

Introduction of PPI-MTS

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India has proposed to introduce a separate category of semi-closed Prepaid Payment Instruments for Mass Transit System (PPI-MTS);
- (b) if so, the details thereof along with the salient features of the said system;
- (c) whether the PPI-MTS can be used within the mass transit systems and have a minimum validity of six months from the date of issue; and
- (d) if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance
(SHRI JAYANT SINHA)

(a) to (d) Reserve Bank of India (RBI) vide its circular dated 09.07.2015 introduced a new category of semi-closed Prepaid Payment Instrument (PPI) with the following features:

- I. The semi-closed PPIs will be issued by the mass transit system operator (PPI-MTS) after authorization under the Payment and Settlement Systems Act, 2007 to issue and operate such semi-closed PPIs;
- II. The PPI-MTS will necessarily contain the Automated Fare Collection application related to the transit service to qualify as PPI-MTS;
- III. Apart from the mass transit system, such PPI-MTS can be used only at other merchants whose activities are allied to or are carried on within the premises of the transit system;
- IV. The PPI-MTS issuer will ensure on-boarding of merchants (only those permissible as under (iii) above) following due procedure applicable to any other PPI issuer;
- V. The PPI-MTS will have minimum validity of six months from the date of issue;
- VI. The issuer may decide upon the desired level of KYC, if any, for such PPIs;
- VII. The PPI-MTS issued may be reloadable in nature and at no point of time the value / balance in PPI can exceed the limit of Rs.2,000/-;
- VIII. No cash -out or refund will be permitted from these PPIs;
- IX. Funds transfer under the Domestic Money Transfer (DMT) guidelines will also not be applicable to these PPIs.
- X. All other extant guidelines for escrow arrangement, customer grievance redressal mechanism, agent/merchant due diligence, reporting and MIS requirements etc. applicable to issue of PPIs would continue to be applicable in respect of PPI-MTS.
