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No. A/III/12157/ECS

Dated: 16. 05.2017.

To

All Regional PCsD/CsDA
(Through CGDA website)

Sub: -Promotion of payments through cards and digital means- regarding.

Ref: MoD (Fin) ID No. 231(32)/2016/B-II dated 05th May, 2017 and MoD ID No. 13 (3)/20168/D (IT) dated 3rd March, 2017 (copy enclosed)

It has been intimated by MoD (Finance/Budget) vide their refer ID dated 05th May, 2017 on Action point No. 14 (vii) of agenda note for the meeting of Principal Secretary to Prime Minister on digital payment that all cantonment areas should be required to have digital payment in all value chains.

It is requested to adhere the instructions as directed by MoD (Fin) and to direct all cantonment areas falling under your audit jurisdiction, to have digital payment in all value chains, under intimation to this office.


ACGDA (A&B)

Ministry of Defence
D (IT)

Subject: Meeting of Pr. Secretary to Prime Minister on promotion of Digital Payment

Reference D(Coord)'s ID No.21(23)/2016-D(Coord) dated 23.2.2017 on promotion of Digital Payment through cards and digital means regarding.

2. It is informed that the meeting on 25.2.2017 at PMO was postponed and new date for the meeting is still awaited. Meanwhile, agenda for the above meeting has been received from NITI Aayog (copy enclosed).
3. D (Coord) Division is requested to kindly take necessary action in respect of Action Points No.10 & 13(a) and furnish consolidated inputs to this Division for preparation of the brief for Defence Secretary for the proposed meeting which may be scheduled at any time.
4. This issues with the approval of JS(E).

Brij Kumar
(Brij Kumar)

Deputy Secretary (Gen/IT)
Tel. No. 23019713

Encl: A/a
Director (Coord)

MoD ID No. 13/(3)/2016/D(IT)

dated 3rd March, 2017

US (Coord)

Important please.

Uin
3.3.17

Agenda Note

Meeting of Principal Secretary to Prime Minister Subject - Promotion of digital payments

1. Union Budget, 2017-18 has set a target of 2,500 crore digital transactions during 2017-18 through UPI, USSD, AadhaarPay, IMPS¹ and debit cards which translates into ~208 crore transactions per month. As per latest RBI Bulletin (issued on Feb 10, 2017), total number of digital transactions in December, 2016 were ~38 crore (UPI - 1.96 million, USSD - 0.1 million, IMPS - 52.78 million, Debit cards at PoS - 321.54 million). Hence the transactions need to be scaled up more than 5 times to achieve the goal set in the Budget. Therefore, action needs to be taken in a mission mode on:

- (a) Upgrading the alternate modes for digital transactions - infrastructure, ease of operation
- (b) Rationalise cost structure of digital transactions vis-à-vis cash dealings
- (c) Spread awareness
- (d) Incentivise digital transactions
- (e) Focus on large volume transactions

Upgrading the alternate modes for digital transactions - infrastructure, ease of operation

2. With the launch of BHIM there is now an easy UPI based option available for digital transactions using both smartphone and feature phone requiring only a few simple steps. However, the performance has not been encouraging. As upto Feb 19th, 2017, against 16.83 million downloads of BHIM there have been only 3.1 million transactions on the app. Thus there needs to be concerted effort to popularise the use of BHIM.

3. One of the reasons for low level of transactions could be the high failure rate. A committee of AS (DFS), AS (DIPP) and CEO (UID) is examining the issues relating to the transaction failures in BHIM. The review mechanism needs to be institutionalised and regular information collated in a given format. Issues need to be taken up with the concerned organisation for corrective action. For issues pertaining to banks or NPCI the above committee should have weekly review meeting

¹ UPI: Unified Payment Interface; USSD: Unstructured Supplementary service Data; IMPS: Immediate Payment Service; AEPS: Aadhaar Enabled Payment System

Incentivise digital transactions

13. Promoting digital payments requires a behavioural change, especially in a country like India where cash predominated the transactions when compared to other emerging countries. Incentives, especially in the form of cash can play a major role in promotion of digital payments. Budget, 2017-18 has announced two incentive schemes for promotion of BHIM - Referral Bonus for users and Cashback for merchants. Draft scheme has already been circulated to concerned Departments/Ministries. It is suggested that the schemes may be finalized by March 15, 2017. Schemes to be operated by NPCI, funds used from FIF.

(Action: NITI Aayog, NPCI)

Focus on large volume transactions

14. There are certain areas having substantial volume of transactions and if these are targeted, the level of digital transactions would witness a significant leap. Some of these are listed below:

(i) All educational institutions should be asked to offer digital fee payment option. Mandate payment of fees above Rs. 5,000 through digital mode. All institutions should be asked to create their VPAs on BHIM and use BHIM collect functionality. Consider a common HRD payment gateway to reduce onboarding issues for the 48,000 institutions. All modes of digital payments within campuses may be made available to make "cashless campus".

(Action: MHRD)

(ii) All fertilizer dealers to be enabled with AadhaarPay with the objective to minimize the need for cash during the ensuing kharif season (March-April 2017). All KCC should be linked to with Aadhaar. Consider constituting Joint Task Force comprising DoF, DFS, NITI, Ministry of Agriculture and UIDAI to ensure time-bound implementation. State-wise Task Force also to be set up.

(Action: D/Fertiliser)

(iii) Payment of all insurance premium beyond a certain level to be done through digital means.

(Action: DFS, IRDAI)

(iv) Enabling digital payments at all Railway Reservation counters and on-boarding of all vendors on railway stations on BHIM and AadhaarPay.

- (v) Oil Marketing Companies (OMCs) asked to promote digital payments. Give a push on UPI collect (e.g. automate UPI collect for LPG bookings made on IVRS, wallets, cards etc.). OMCs to offer BHIM and Aadhaar Pay at semi-urban and rural LPG dealers. (Action: M/Railways)
- (vi) All PSUs should enable digital payments in their offices as well as in townships. As such townships are largely self-contained communities with significant population, it is possible to turn such townships completely digital and they can serve as beacons to rest of the country. The case of GNFC has been circulated to all Ministries/Departments as a test case. (Action: MOPNG)
- (vii) All cantonment areas should be required to have digital payments in all value chains. (Action: DPE)
- (viii) Canteens, Kendriya Bhandars and other establishments in the premises of government buildings should be made cashless in a time bound manner. The compliance to be monitored. (Action: Ministry of Defence)
- (ix) Option of payment using AadhaarPay to be made available at all FPS. (Action: MEITY)
- (x) Government can develop a common payment gateway for all payments to be made to the government. www.paygovindia.gov.in has the potential to be developed as single common payment gateway which can then be integrated with all government departments. However, only 76 departments have been integrated with PayGov as of now. Also, it has yet to include UPI as one of the payment modes. (Action: D/F&PD)
- (xi) A common payment gateway will have large number of Citizen-to-Government transactions. Government can negotiate a separate MDR for all transactions on made via (Action: MeitY)