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Finance Ministry readying blueprint for less-cash society

By PTI | Updated: Apr 15, 2016, 05.15 PM IST

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NEW DELHI: [Finance Ministry](#) is preparing a blueprint in consultations with other departments to make India a less-cash society by incentivising card transactions and doing away with charges on digital payments.

The blueprint for less-cash society, according to an official, is likely to be ready in the next two months.

The Union Cabinet in February had already approved withdrawal of surcharge, service charge and convenience fee on card and digital payments to promote use of plastic currency.

"We are in discussion with the related departments for implementing the decision. It will take about two months' time to give effect to it," a senior [Finance](#) Ministry official told PTI.

The move primarily discourages transactions in cash by providing access to financial payment services to citizens to pay through cards and digital means and shifting payment ecosystem from cash dominated to non-cash or less cash payments.

The Cabinet has also approved mandating payments beyond a prescribed threshold only through a card or digital mode.

It also suggested withdrawal of surcharge, service charge and convenience fee on card and digital payments currently imposed by various government departments, organisations.

"This will be also help in reducing tax avoidance and migration of all government payments and receipts to cashless mode," the official added.

The other measures which were approved by the Cabinet include rationalisation of Merchant Discount Rate (MDR) on card transactions and a differentiated MDR framework for some key segments.

It also suggested rationalisation of telecom service charges for digital financial transactions and promotion of mobile banking.

To increase reliance on card transaction, the Finance Ministry is also working mechanism to create assurance mechanisms for quick [resolution](#) of fraudulent transactions and reviewing the payments ecosystem in the country.

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