

Payment and Settlement System in India –Vision 2005-08
Roadmap for Implementation

Within one year i.e. by March 2006

- Pursuing with IBA and major banks for setting up of a national level entity which will operate all retail payment systems in the country.
- Operationalising National Settlement System for all clearings at four metro centres (Mumbai, New Delhi, Chennai and Kolkata) by December 2005.
- Finalisation of the proposed EFT Regulations
- Implementing Stage-2 of RTGS System i.e IAS-RTGS Rollout during which all Inter-bank transactions at all major centres would be settled on RTGS platform. Paper-based Inter-bank Clearing would be closed.
- Pursuing with RTGS participants to cover all their net-worked branches under RTGS framework paving way for RTGS-based customer related transactions at about ten thousand branches in the country.
- Implementing image based Cheque Truncation System (CTS) at the National Capital Region on a pilot basis and preparing ground work for extension of CTS System to other metro centres
- Preparing of minimum standard of operational efficiency at MICR Cheque Processing Centre (CPC)
- Making available Electronic Funds Transfer facility at 500 capital market intensive centres as identified by BSE and NSE. It would be achieved by combination of RTGS/ SEFT/ NEFT/ NEFT(Extended) schemes.
- Setting up Customer Facilitation Centre (CFC) at RBI for various segments of national payment systems (RTGS, G-Sec Clearing, Forex Clearing, MICR Clearing, ECS and EFT)
- Each payment service provider to disclose publicly its standards, terms and conditions under which the payment will be effected and

also compensation policy and procedure for any deficiency in services including setting up of CFC

- Drafting the Red Book on Payment Systems in India
- Drafting comprehensive legislation on payment system by way of a Payment System Bill

To be Implemented during the year 2006-07

- Completing the tasks initiated during 2005-06 (setting up of new institution, extension of National Settlement System to all MICR clearing centres and getting the Redbook on Payment Systems in India published by BIS)
- Extension of MICR clearing to 14 additional identified centres
- MICRisation of every cheque – every cheque issued to follow MICR standards
- EFT systems to be implemented at a national level through the new retail payment institution
- Making all Payment Systems in India compliant to Core Principles for Systemically Important Payment Systems (SIPS)
- Increasing the reach of payment services by means of tie up and collaboration with other large coverage entities such as the Post Offices
- Government payments and receipts to be facilitated through electronic mode. RBI will participate in the E-Governance initiatives in a pro-active manner

To be Implemented during the year 2007-08

- Creating off-city back-up arrangements for large value national payment systems like RTGS system and G-Sec Clearing.
- New organization for retail payment systems to be fully functional with all retail payment systems under its umbrella.
- Regulations on various Payment Systems (drawing authority from the proposed Payment Systems Act)

- National Settlement System to cover all major clearing houses/
clearing organizations in the country
