

National Payments Council

The first meeting of the National Payments Council constituted by the Reserve Bank of India under the Chairmanship of Deputy Governor, Shri S.P. Talwar to guide the design and development of a modern and efficient Payments and Settlement system for the country was held on July 22, 1999, in Mumbai. The members who attended the meeting included:

1. Dr. A.Vasudevan, Executive Director, Reserve Bank of India
2. Shri A.T.Panir Selvam, Chairman, Indian Banks Association
3. Shri Rashid Jilani, Chairman and Managing Director, Punjab National Bank
4. Dr.R.H.Patil, Managing Director, National Stock Exchange
5. Shri V.Janakiraman, Deputy Managing Director, State Bank of India
6. Shri David P.Conner, Chief Executive Officer-India, Citi Bank
7. Shri H.N.Sinor, Managing Director, ICICI Banking Corporation Ltd.
8. Shri O.P. Gahrotra, Senior Executive Director, Securities and Exchanges Board of India
9. Shri D.S.Pendse, Managing Director, Tata Finance Ltd.

The meeting was also attended by Shri S.R. Mittal, Chief General Manager, Department of Information Technology as the Member-Secretary of the Council.

The National Payment Council was constituted on May 26, 1999 with the focus on the broad policy parameters for designing and developing an integrated, state of the art, robust payments and settlements system for the country, with the proposed Real Time Gross Settlement System as its core.

The council reviewed the work already done by the Payment Systems Group and the Payment Systems Advisory Committee of the Reserve Bank, and appreciated the initiatives taken in the last 10-12 months. These initiatives included, among others, the following:

- Operationalisation of the Indian Financial Network - INFINET;
- Scheduling the implementation of the identified inter-bank applications on the INFINET;
- Standardisation of Message Formats;
- Design of the Message formats for the identified applications;
- Replacement of MICR solutions with the state-of-the-art Y2K compliant clearing systems at the four metropolitan cities viz., Mumbai, Chennai, Calcutta and New Delhi.
- Initiation of the process for appointment of a consultant to assist in the implementation of Real Time Gross Settlement System (RTGS).

The Council took the following decisions after a discussion on each of the above initiatives:

1. It emphasised the introduction of Real Time Gross Settlement System within a time frame of 15 to 18 months as stipulated by the Governor, Reserve Bank of India in the Monetary and Credit Policy for the Year 1999-2000.
2. The Council agreed to the adoption of Y-topology, viz., there will be a service provider between the origin of the transaction and its settlement in the books of the Reserve Bank of India.

3. The Council also agreed to the use of the Y2K compliant state of the art technology solution available at National Clearing Centre, Mumbai, as the gateway to RTGS.
4. The Council endorsed the recommendations of the Committee on Technology Upgradation in the Banking Sector. Those which are of immediate nature should be implemented on a priority basis in co-ordination with the Chairmen of Banks and Heads of the Computer Policy and Planning Departments.
5. The Council felt that all payment and settlement systems should be of service to customers. The Council was of the view that it is necessary to reduce time lags in the collection of outstation as well as local cheques. The Council suggested that a detailed study be undertaken about the measures that could be taken to address this problem in an expeditious manner.
6. The Council constituted a number of permanent Task forces. Each Task Force would be headed by a member of the National Payments Council and assisted by the respective Heads of the Departments concerned within the Reserve Bank.
 - Monetary Policy and related issues;
 - Payment and Settlement Systems Oversight;
 - Legal Issues;
 - Technology Related Issues;
 - Systems and Procedures related issues

The Task Forces will study the various issues connected with the above and assist the National Payments Council in its policy making.

7. The Council strongly recommended that all applications should be standardised and that RTGS should be operated without human intervention in a secured environment once the message is received at the gateway.
8. The Council decided that it should meet once in a quarter to deliberate on issues of immediate and institutional importance.

Rupambara Padhi
Manager

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