



GOVERNMENT OF KERALA
Finance (Streamlining) Department

CIRCULAR

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Sub:- Finance Department –Adoption of Digital Payment – Transaction modes for Government Departments and Institutions – Reg.

Government institutions in Kerala need to take steps towards accepting various payments from citizens through digital means. Presently, digital payments could be taken through banking channels and through payment gateways in various government institutions. Other modes of digital payment such as credit / debit card through POS machine, Bharat QR Code, BHIM, UPI etc. are not being used for receiving payments from citizens. Receiving payments through digital means has multiple benefits including ease of doing business, less cost for cash handling and better record keeping. Therefore, the Government have decided that all Government institutions in Kerala including grant-in-aid institutions, PSUs, Educational and Health Institutions controlled by Government should undertake the following steps for adoption and promotion of digital payments.

- i. Assessment of various services, identification of services involving payments and receipts and level of digital payments adoption.
- ii. Adoption of digital payment modes (Credit / Debit Card, Bharat QR /POS/BHIM Aadhaar) in all Government payment receipt counters.
- iii. Adoption of Bharat QR for payments in Transport buses/boats/ licensed Kiosks/Commercial Outlets etc.
- iv. Onboard Bharat Bill Payment System (BBPS), accept Bharat QR and other suitable modes for making payment against utility bills.
- v. Conduct awareness sessions and trainings to all Government Staff on digital payment methods. Government institutions could coordinate with KSITM for the capacity building activities.

The following action with regard to the above should be taken by all the Government Institutions :-

2. All Government Departments and institutions accepting cash as fee or for any other purpose should install POS machine for debit and credit cards by 31st December, 2018. For POS machines, they should make arrangements with two or three banks. Permissive sanction is given to open bank accounts with the respective bank for receiving these payments through digital means. Merchant Discount Rates (MDR) (payment to bank for each transaction by the party receiving payment) could be negotiated with each of such banks and decided by the respective Head of Office based on RBI instruction in this

regard. Decision on rates and bank should be taken by Head of office. The arrangement for transfer of funds from such bank accounts to the Consolidated Fund of the State managed by Treasury should be on T+1 or at the most T+2 basis between the bank and the Treasury. All expenditure in this regard should be met from any relevant head of account of that Department. Cost of POS machine should preferably be met by the Bank. However, permissive sanction is granted to Departments to meet this cost.

3. Organisations receiving large cash payments above Rs 50 crore per year in the Government / grant-in-aid institutions / PSUs / Statutory bodies should separately invite proposals from the banks for fixing MDR on POS machines for debit / credit card and decide in favour of three – four banks. Such organisations like Motor Vehicle Department, KWA, KSEB, Kerala State Civil Supplies Corporation, Consumer Federation, KSRTC, etc. should put in place facilities for accepting payment by debit card and credit card through POS machine and Bharat QR code, BHIM, UPI and other digital means by 31st December, 2018. Permissive sanction is given from the Government for all such cases. Decision on rates and banks should be taken by the Chief Executive Officer of the organisation/HoD based on RBI instruction to banks in this regard.

4. MDR is the charge taken by the bank providing POS machine from the merchant, in this case the Government organisation receiving payments. Citizens should not be made to pay more for payment to Government, if they make payment by Credit / Debit Card. That would discourage them from making digital payment. Government have therefore decided that the Government Department / institution receiving payment should absorb MDR. At the same time, effort should be made to have arrangement with banks to have least MDR charges.

5. All Government organisations, PSUs / Grant-in-aid Institutions, Universities, Colleges, Hospital Development Committees, KHRWS, etc should ensure that digital means of accepting payment are in place by 31st December, 2018 positively.

6. Government owned and controlled organisation accepting small payments of recurring nature such as KSRTC, MILMA, HORTICORP, MATSYAFED should explore provision of prepaid waive cards for availing their services.

7. KSITM should provide technical advice for adopting this mode to all the organisations.

8. In case an office receives payments towards multiple heads of accounts, presently, they could receive payment for each head in a separate swipe through separate POS machine linked to account with that head of account. In due course, software should be developed with banks to have MIS and facility to enter head of account detail for split payments.

9. Government Guest Houses and Kerala House should specifically arrange for introduction of digital payment means on the above lines. Managers of the respective

Guest House and Resident Commissioner, Kerala House are authorised to make arrangements with two or more banks and decide the MDR charges for the POS machine. They are permitted to open a bank account, where these payments would be deposited and subsequently transferred from T+1 or T+2 basis to the Consolidated Fund of the State.

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To

The Principal Accountant General (A&E/G&SSA), Kerala, Thiruvananthapuram.
The Accountant General (E&RSA), Kerala, Thiruvananthapuram.
The Director of Treasuries, Thiruvananthapuram.
Head of all Departments/ PSUs/Autonomous Bodies.
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