

(c) Promotion to various Group 'A' posts of Indian Revenue Service (Customs and Central Excise) beyond vacancy year 1997 was done on *ad-hoc* basis due to the prolonged, litigations on seniority matters relating to feeder grades for promotion to Group 'A', which were pending in various Tribunals/Courts. Necessary approval of DoPT for continuance of *ad-hoc* promotions in different posts of Indian Revenue Service (Customs and Central Excise) Group 'A' Service is taken from time to time. As per the advice of DoPT dated 19.10.2011, UPSC was consulted regarding extension of *ad-hoc* promotions in IRS (C&CE) Group A posts. Consequently, UPSC had conducted DPCs for *ad-hoc* promotion to the posts of Assistant Commissioner, Joint Commissioner and Commissioner of Customs and Central Excise for different vacancy years. UPSC *vide* their letter dated 14.10.2014 has, however, advised CBEC to approach the Commission only for holding regular DPCs.

Policy to reduce cash usage

2479. SHRIMATI RENUKA CHOWDHURY: Will the Minister of FINANCE be pleased to state:

(a) whether Government has chalked out any policy to reduce cash usages in the system and incentivise cashless transactions if so, the details thereof, and if not, the reasons therefor; and

(b) the steps taken by Government for ensuring safety and security in usage of electronic methods of transactions as well as rationalization of charges for debit/credit card transactions?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) Based on the announcement in the Budget Speech for the Financial Year 2015-16 to introduce several measures to incentivise credit or debit card transactions and disincentivise cash transactions, the Government has prepared Draft Proposals for Facilitating Electronic Transactions. A copy of the Draft Proposals is given in Statement.[Refer to the Statement appended to the answer to USQ No. 2475, part(a) to(c)] The Draft Proposals will be finalised after discussions/consultations with the concerned Departments/Organisations and other stake holders.

(b) Reserve Bank of India (RBI) has issued several instructions on Credit/Debit card transactions-Security and Risk mitigation measures to enhance the security of card transactions (includes card based online transactions) and electronic payment transactions (includes e-banking transactions) and also rationalized the Merchant Discount Rate *vide* circular DPPS.CO.PD.No.2361/02.14.003/2011-2012 dated June 28, 2012. The details are given in Statement.

Statement*Reserve Bank of India (RBI) instructions on Credit/Debit Card Transactions***Security and Risk Mitigation measures**

1. Banks have been advised to provide online alerts for all card transactions (card present and card not present), *vide*, RBI circular dated February 18, 2009 and March 29, 2011.
2. Banks have been advised, *vide*, RBI circular February 18, 2009 and December 31, 2010 (copy enclosed) to put in place a system of providing additional factor of authentication/validation (2FA) for all card not present transactions using the information which is not available on the card.
3. Reserve Bank of India also issued circulars dated February 28, 2013 and June 24, 2013 for securing electronic (online and e-banking) transactions advising banks to introduce additional security measures, as under:
 - (A) (i) All new debit and credit cards to be issued only for domestic usage unless international use is specifically sought by the customers. Such cards enabling international usage will have to essentially EMV Chip and PIN enabled.
 - (ii) Issuing banks should convert all existing MagStripe cards to EMV Chip card for all customers who have used their card internationally at least once (for/through e-commerce/ATM/POS).
 - (iii) All the active MagStripe International cards used by banks should have threshold limit for international usage which is to be determined by the bank based on the risk profile of the customer and accepted by the customer. Till such time this process is completed an omnibus threshold limit (say, not exceeding USD 500) as determined by each bank may be put in place for all debit cards and all credit cards that have not been used for international transactions in the past.
- (B) For securing electronic payment transactions
 - (i) Customer induced options may be provided for fixing a cap on the value / mode of transactions/beneficiaries. In the event of customer wanting to exceed the cap, an additional authorization may be insisted upon.
 - (ii) Limit on the number of beneficiaries that may be added in a day per account could be considered.
 - (iii) A system of alert may be introduced when a beneficiary is added.

- (iv) The banks may put in place mechanism for velocity check on the number of transactions effected per day/ per beneficiary and any suspicious operations should be subjected to alert within the bank and to the customer.
 - (v) Introduction of additional factor of authentication (preferably dynamic in nature) for such payment transactions should be considered.
 - (vi) The banks may consider implementation of digital signature for large value payments for all customers, to start with for RTGS transactions.
 - (vii) Capturing of Internet Protocol (IP) address as an additional validation check should be considered.
4. To prevent fraudulent withdrawals at ATMs, RBI had mandated requirement of PIN entry for each and every transaction, including balance enquiry transactions. As an additional safety measure, banks have also been advised that time out sessions should be enabled for all screens/stages of ATM transaction keeping in view the time required for such functions in normal course.
5. Reserve Bank of India also issued circular DPSS(CO) PD No. 2112/02.14.003/2014-15 dated May 07, 2015 (copy enclosed) by which banks and Authorized card Payment networks have been advised that with effect from September 01, 2015 all new cards issued-debit and credit, domestic and international - by banks shall be EMV Chip and PIN based cards. Regarding the migration plan for existing magnetic stripe only cards will be framed in consultation with stakeholders and time line will be advised in due course.
6. Guidelines have also been issued for issuance of Contactless cards using Near Field Communication (NFC) technology for small value transaction (maximum ₹ 2,000) without Additional Factor Authentication(AFA) to foster innovative payment products as also to enhance the convenience factor in certain types of card uses.
7. Guidelines have also been issued on introduction of Prepaid Instruments - MTS a separate category of semi-closed prepaid payment instruments for mass transit systems. The PPI-MTS is expected to enhance commuter convenience and will also facilitate the migration to electronic payments in line with the country's vision of moving to a less-cash society.
8. RBI has issued circular DPSS.CO.PD.No.2361/02.14.003/2011-2012 dated June 28, 2012 by which MDR (Merchant Discount Rate) has been rationalized and capped for transactions undertaken with Debit cards *w.e.f.* Sept. 01, 2012;

(a) not exceeding 0.75 % of the transaction amount for value upto ₹ 2000/-.

(b) not exceeding 1 % for transaction amount for value above ₹ 2000/-.

MDR is the fee payable by merchants to acquiring banks for making them available the acquiring infrastructure (POS machines).

Foreign exchange reserves of the country

2480. SHRI A.K. SELVARAJ: Will the Minister of FINANCE be pleased to state:

(a) whether country's foreign exchange reserves are at a reasonable level;

(b) whether it is a fact that in the first week of July the reserves declined substantially;

(c) whether it is also a fact that it touched a high of US\$355.46 billion in the fortnight ending on 19 June, 2015; and

(d) whether it is also a fact that during last fiscal, Government added US\$ 61.4 billion to the reserves against US \$15.5 billion in the previous fiscal, if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA): (a) India's foreign exchange reserves (FERs) were placed at US\$ 341.6 billion at end March, 2015 and reached a record level of US\$ 356.0 billion at end June, 2015. India's foreign exchange reserves are at relatively comfortable level in terms of traditional reserve adequacy indicators such as import cover of FERs, FERs to short term debt and FERs to external debt.

(b) and (c) Data on FERs are given in the table below:

Table : India's Foreign Exchange Reserves (US\$ billion)

As at	Foreign Exchange Reserves	Variation over Previous Year/Month/Week
1	2	3
End March 2014	304.2	12.2
End March 2015	341.6	37.4
Monthly		
End April 2015	351.9	10.2
End May 2015	352.5	0.6
End June 2015	356.0	3.5