

NPCI gets RBI nod to operate Bharat Bill Payment System

National Payments Corporation of India (NPCI), the umbrella organization for all retail payment systems in the country, has received the final nod from the Reserve Bank of India (RBI) to function as the Bharat Bill Payment Central Unit and operate the Bharat Bill Payment System (BBPS), it said in a statement on Friday.

“There is a specific direction from RBI to operate the central unit as a strategic business unit of NPCI. Nearly 45 crore bills which comprise of electricity, telecom, DTH, water and gas are permitted under BBPS. This initiative will provide a major push to digital payments as it is a big step forward in formalizing the bill payment system in the country,” A.P. Hota, managing director and chief executive of NPCI, said in the statement.

The final clearance from RBI comes almost a year after NPCI launched the BBPS pilot project to make payment of utility bills easier. The pilot started on 31 August with eight BBPS operating units that had received in-principle approval from RBI.

The total number of Bharat Bill Payment Operating Units certified by NPCI now stands at 24. The certified units include three public sector banks (Bank of Baroda, Union Bank of India and Indian Overseas Bank), 10 private sector banks, five cooperative banks and six non-bank biller aggregators.

As per the framework, a customer will be able to pay several bills such as electricity, telephone, water, gas, and direct-to-home television at a single location—physical or electronic—and receive instant confirmation once the payment is made.

Payments through BBPS may be made using cash, transfer cheques and electronic modes. Bill aggregators and banks, who will function as operating units, will carry out these transactions for the customers.

Currently, 42 large billers in five utility sectors have been on-boarded. Major public sector banks including State Bank of India (SBI) are still under certification.

“The real impact would be visible only when SBI joins,” added Hota.

At present the bulk of transactions on BBPS are towards payment of electricity bills. The power sector potentially contributes to about 180 million bills per month out of which only 10% is digital. The likelihood of meeting the target of generating 25 billion digital transactions during the current fiscal year depends critically on the power sector getting on-boarded on BBPS system, added the statement.

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