

A Study of Advance Payment and Settlement Systems in India : An Overview

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Abstract

The objective of this study is to get deep insights into the advance payment and settlement systems that are available to the general public and also to assess their limits and charges. A qualitative study has been done through questionnaires in order to assess the awareness of the advance payment and settlement systems among the general public and merchants, both big and small; and to assess the charges levied by banks for offering the service of advance payment and settlement systems to their customers. The results of the analysis indicate that awareness of these systems is low and not utilized by all. Banks charge their customers as per the guidelines provided by Reserve Bank of India (RBI). But these charges are high. For India to become a less-cash society we need to migrate from paper-based payment system to paperless or electronic-based payment systems. Also, there is a high potential for India to become a less-cash society and only a dedicated effort will help in successfully achieving it.

I. Introduction

BARTER SYSTEM IS an old system of exchange and dates back to 6000 BC. This system has been used for centuries and long before money was invented. People exchanged services and goods for other services and goods in return. This system of exchange has evolved over time and currency notes and coins are being used.

Not just the system of exchange has evolved over time but also the way transactions are being carried out. Every ordinary and business transaction was carried out physically. But with the advent of internet followed by the boom in e-commerce has transformed the way transactions are being carried out. For smooth flow of transaction, various payment systems, both paper-based and electronic-based, are made available by the central banks who are the regulators of the financial market infrastructures.

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percent on debit card transaction of up to ₹ 2,000 and 1 percent on transactions worth more than ₹ 2,000. GoI has also proposed income tax benefits for transaction above ₹ 1 lakh done using debit and credit cards. This will ultimately improve the security and efficiency of the entire payment ecosystem and make the entire process easier for banks.

Notes

1. Issuer bank pays acquirer bank
2. Fees that issuer pays network operator
3. Charges levied by the banks for every swipe of the card at the PoS terminal

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Capital Structure Decisions



Under
Multiple Objectives
A STUDY OF INDIAN CORPORATES

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