Foreword

Payment and Settlement systems form the backbone of any economy. The spectacular growth in financial transactions has necessitated certain radical changes in the payments and settlement systems around the globe. The technological revolution in the field of electronics and telecommunication have helped to bring about sophisticated developments in the payments and settlement systems in many countries. A well defined payments and settlement system is, therefore, a crucial component of the financial infrastructure of any country.

Recognising this need to further strengthen and modernise the existing Payments Systems in the country, the Reserve Bank of India has set up a Payments Systems Group in the Department of Information Technology. The tasks set out for the Group are to conceptualise, design and operationalise an integrated, modern and technologically sound payments system.

As a first step in this direction, a Monograph on the Payments System in India has been prepared by the Payments System Group. The Monograph has been prepared as not many people and organisations, both within the country and abroad, are aware of the payment systems existing in India. This Monograph, thus, is an informative and descriptive document on the payments and settlement systems in India.

A team of the Payments System Group comprising of S/Shri K. Jayaram, Deputy General Manager, S. Ganesh Kumar and G. Srinivas, Assistant General Managers and S. N. Panda and Ms. A. Bhattacharya, Managers have prepared this monograph, under the stewardship of Shri S. R. Mittal, Chief General Manager, Department of Information Technology. Dr. A. Vasudevan, Executive Director, Reserve Bank of India has given overall guidance to the Group in this endeavour.

I am sure this monograph fulfils its purpose in answering some of the basic questions about the payment and settlement systems in India and in setting up a viable platform for the integrated Payments System of the future.

S. P. Talwar

Deputy Governor

Mumbai

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