

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

RAJYA SABHA
UNSTARRED QUESTION NO. 1040
ANSWERED ON TUESDAY, DECEMBER 09, 2025/AGRAHAYANA 18, 1947 (SAKA)

THREE PERCENT CHARGE ON CREDIT CARD PAYMENT

1040#. SMT. MAHUA MAJI:

Will the Minister of FINANCE be pleased to state:

- (a) whether a charge of up to three percent currently is being levied on merchants for receiving online payments via credit cards, which causes an additional financial burden on small businesses and consumers; and
- (b) if so, whether the Central Government is planning to reduce or eliminate these charges in line with its policy of promoting digital transactions, so that maximum transactions can be done through banking channels and merchants can be relieved, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) The Reserve Bank of India (RBI) in its Discussion Paper on Charges in Payment Systems dated August 17, 2022 stated that charges for payment services should be reasonable and competitively determined for users while also providing optimal revenue stream for the intermediaries. An effective payment system operation necessitates the proper determination of fees, charges, and prices to guarantee minimal costs for the users while providing suitable returns for the operators. The optimal scenario would involve allowing the market forces to dictate these cost-related structures, taking into account demand, supply, growth and user needs. Thus, the imposition of charges by the banks should not hinder the objective of reducing cash usage in the economy as long as it encourages greater adoption of digital payment channels.

(b) The Government has set up a DIGIDHAN mission to promote digital payments and strengthen the digital payments ecosystem in the country. These inter alia, include providing incentive to the banks and fintechs for promotion of RuPay Debit Cards and low-value BHIM-UPI transactions (P2M) instead of any Merchant Discount Rate (MDR) and grant support through Payments Infrastructure Development Fund (PIDF) to deploy digital payment infrastructure in underserved areas.
