

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA
UNSTARRED QUESTION No. 2361
TO BE ANSWERED ON 9 March 2018 (FRIDAY)/Phalguna 18, 1939 (SAKA)

Government Decision to Restrict Lenders

2361. SHRI G. HARI:

Will the Minister of FINANCE be pleased to state:

- (a) whether the banking sector is likely to suffer a loss of Rs. 3,800 crore a year following the Government's decision to restrict lenders from levying transaction fees and other charges to bare minimum which are inadequate to meet costs, if so, the details thereof;
- (b) whether for OFF-US transactions, the aggregate annual loss for card transactions at Point of Sale (PoS) terminals is around Rs. 4,700 crore, if so, the details thereof; and
- (c) whether the net revenue gain per annum would be around Rs. 900 crore and if so, the details thereof?

Answer

The Minister of State in the Ministry of Finance
(SHRI SHIV PRATAP SHUKLA)

(a) Fixation of transaction fees and other charges by banks is done as per guidelines issued by Reserve Bank of India (RBI). As per extant instructions, Scheduled Commercial Banks may decide the service charges for various type of services rendered by them as per their Board approved policy. While fixing service charges, banks are to ensure that the charges are reasonable and not out of the line with the average cost of providing these services.

(b) to (c) On consultation, Reserve Bank of India, Indian Banks' Association (IBA) and National Payments Corporation of India (NPCI) have apprised that such information is not available. To promote digital payment transactions, Ministry of Electronics and Information Technology (MeitY), has decided to reimburse the Merchant Discount Rate (MDR) charges for all digital transactions using debit cards, BHIM-UPI and BHIM Aadhaar Pay and of value less than or equal to Rs. 2,000. This subsidization has been made applicable from 1.1.2018 to 31.12.2019.
