

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
LOK SABHA

UNSTARRED QUESTION No. 52

TO BE ANSWERED ON 2 FEBRUARY 2018 (FRIDAY)/MAGHA 13, 1939 (SAKA)

MDR

52. ADV. JOICE GEORGE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has decided to bear the Merchant Discount Rate (MDR) charges that merchants pay to banks on purchase of upto Rs. 2000 using a debit cards, BHIM, UPI or Aadhaar Enabled Payment Systems (AEPS) recently to increase/promote digital transaction, if so, the details thereof;
- (b) whether the Government has set a time frame for the applicability of revised MDR changes, if so, the details thereof;
- (c) whether the RBI specifies maximum MDR charges that can be levied on card/digital transaction, if so, the details thereof; and
- (d) whether the Government has noticed any significant increase in the digital transactions before and after the implementation of the decision, if so, the details thereof?

Answer

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

- (a) and (b) Ministry of Electronics and Information Technology (MeitY), *vide*, notification number 6(19)/2017-DPD-1 dated 28 December 2017, 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 so that such digital payment transactions are promoted. This subsidization has been made applicable from 1.1.2018 to 31.12.2019.
- (c) Reserve Bank of India (RBI), *vide*, circular dated 6.12.2017 has advised banks and Card Networks (Scheduled Commercial Banks including Regional Rural Banks, Urban Cooperative Banks, State Cooperative Banks, District Central Cooperative Banks, Payment Banks, Small Finance Banks and all Card Network Providers) on the maximum MDR for debit card transactions, which is effective from 1.1.2018. The details of the maximum MDR are annexed.
- (d) The revised MDR charges are applicable from 1.1.2018 only. As informed by RBI, no separate data has since been collated in respect of Debit Card/BHIM UPI/Aadhaar Pay payment transactions of value less than or equal to Rs. 2,000.

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**Annexure in reply to part (c) of Lok Sabha un-starred question No. 52 for 2.2.2018 regarding "MDR"**

Sr. No.	Merchant Category	Merchant Discount Rate (MDR) for debit card transactions (as a % of transaction value)	
		Physical POS Infrastructure including online card transaction	QR code-based card acceptance infrastructure
1.	Small merchants (with turnover upto Rs. 20 lakh during the previous financial year)	Not exceeding 0.40% (MDR cap of Rs. 200 per transaction)	Not exceeding 0.30% (MDR cap of Rs. 200 per transaction)
2.	Other merchants (with turnover above Rs. 20 lakh during the previous financial year)	Not exceeding 0.90% (MDR cap of Rs. 1000 per transaction)	Not exceeding 0.80% (MDR cap of Rs. 1000 per transaction)

Source: RBI