

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

UNSTARRED QUESTION No. 2938

TO BE ANSWERED ON FRIDAY, August 3, 2018/Shravana 12, 1940 (Saka)

Merchant Discount Rate

†2938. SHRI LALLU SINGH:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is contemplating to cut Merchant Discount Rate (MDR) on payment of transaction made through cards;
- (b) if so, the details thereof;
- (c) whether the Government is aware that after the introduction of 'Digidhan Mission' to promote digital payments consumers are being forced to make payments through digital mode and if so, the details thereof;
- (d) whether it is not appropriate to do away with MDR completely instead of curtailing its rate which is a burden on the consumers and if so, the details thereof; and
- (e) the reaction of the Government in this regard?

Answer

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

- (a)&(b) RBI vide its notification dated December 06, 2017 on 'Rationalization of Merchant Discount Rate (MDR) for Debit Card Transactions' has revised the maximum MDR charges that can be charged by banks from merchants on payments made through Debit cards. The details are Annexed.
- Further, as informed by Ministry of Information and Technology (MeitY), in order to promote digital payment transactions among small and micro merchants, Government of India has come out with a Scheme vide its gazette notification No 6(19)/2017-DPD-1 dated 27th December 2017 for reimbursement of Merchant Discount Rate (MDR) charges on Debit cards/BHIM-UPI/BHIM Aadhaar Pay transactions for a value less than Rs 2000 to the banks for a period of two years starting from 1st Jan 2018.
- (c) As informed by Ministry of Information and Technology (MeitY), 'DigiDhan Mission' has been set up at MeitY to promote digital payments. It does not intend to force anyone to make a payment through digital mode.
- (d) & e) As apprised by MeitY, MDR is charged by banks from Merchants. As per extant RBI notification dated 06.12.2017 banks are also advised to ensure that merchants on-boarded by banks do not pass on MDR charges to customers while accepting payments through debit cards.

Annexure as referred to in part (a) of the reply to the Lok Sabha Unstarred Question No. 2938 to be answered on Friday, August 3, 2018/Shravana 12, 1940 (Saka)

The maximum MDR for debit card transactions as per RBI circular dated 06.12.2018 on Rationalisation of Merchant Discount Rate (MDR) for Debit card Transactions:

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)