

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

UNSTARRED QUESTION No. 3190

TO BE ANSWERED ON 5th JANUARY 2018 (FRIDAY)/PAUSHA 15, 1939 (SAKA)

Merchant Discount Rate

3190. SHRI BIDYUT BARAN MAHATO:
SHRI ASHOK SHANKARRAO CHAVAN:
SHRI NARANBHAI KACHHADIYA:
SHRI SATAV RAJEEV:
DR. J. JAYAVARDHAN:
KUNWAR HARIBANSH SINGH:
SHRI P.R. SUNDARAM:

SHRI SUMAN BALKA:
SHRI T. RADHAKRISHNAN:
SHRI S.R. VIJAYAKUMAR:
DR. HEENA VIJAYKUMAR GAVIT:
SHRI SUDHEER GUPTA:
SHRI GAJANAN KIRTIKAR:
SHRIMATI SUPRIYA SULE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has decided to waive the Merchant Discount Rate (MDR) applicable on digital payments pertaining to the retail sector, if so, the details thereof;
- (b) whether the Government has decided to bear the changes that Merchants pay to banks on purpose of upto Rs. 2000 using a debit card, Bhim or Aadhaar recently, if so, the details thereof along with the aims and objectives thereto;
- (c) the time by which such subsidiary will be made available and the estimated amount likely to be bear as subsidy by the Government per annum;
- (d) whether the Government has also bear the charges imposed by Paytm and e-commerce platform of a private mobile internet companies and if so, the details thereof;
- (e) the estimated MDR to be reimbursed to banks with respect to the transactions of less than Rs. 2000; and
- (f) the other steps taken/being taken by the Government to accelerate the digital payment in the country?

Answer

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

- (a) Ministry of Electronics and Information Technology (MeitY), vide, notification number 6(19)/2017-DPD-1 dated 28th December, 2017, has decided to reimburse to absorb 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.
- (b) MeitY has informed that the Government has decided to reimburse the MDR charges on small digital transactions using debit cards, BHIM-UPI and BHIM Aadhaar Pay, which are less than or equal to Rs. 2,000 in value, so that such digital payment transactions are promoted. The MDR for the merchant on such transactions will effectively become zero and hence these digital transactions will come on par with cash transactions.

- (c) & (e) This subsidization will be applicable from 1st January, 2018 to 31st December, 2019. MeitY has estimated that the MDR to be reimbursed to the banks in respect of transactions less than Rs. 2,000 in value would be Rs. 1,050 crores in 2018 and Rs. 1,462 crores in 2019.
- (d) MDR applicable on the Debit Card/BHIM UPI/Aadhaar-Pay transactions and less than or equal to Rs. 2,000 in value will be borne by Government.
- (f) MeitY has apprised that a 'Digidhan Mission' has been created for promotion of Digital Payments & Transactions. MeitY is working with multiple stakeholders including Banks, Central Ministries / Departments and States for promotion of digital payments across the country. Departments are ensuring that all citizen touch points affiliated with the departments have digital payments acceptance infrastructure, providing facility to accept money through multiple modes like cards, BHIM/UPI, QR code, Aadhaar based payments.
