



**MeiTY Notifies Incentive Scheme for Promotion of
RuPay Debit Cards and Low-Value BHIM-UPI
transactions (P2M)**

On 14th January 2023, the Ministry of Electronics and Information Technology (MeiTY) issued a notification in regard to the Incentive Scheme for the Promotion of RuPay Debit Cards and Low-Value BHIM-UPI transactions (P2M).

The Government is taking various initiatives to promote digital payments. Over the past few years, digital payment transactions have witnessed tremendous growth across the country, with the number of transactions growing from 2,071 crores in FY2017-18 to 8,840 crores in FY2021-22.

Although there has been unprecedented growth in digital payments over the past few years, there is potential for further growth. It is, therefore, important to boost the adoption of digital payments, targeting untapped markets/segments/sectors.

In compliance with the Budget announcement (FY2022-23) and to give a further boost to digital transactions in the country, it has been decided by the Government to incentivise the acquiring Banks by way of paying a percentage of the value of RuPay Debit Cards transactions and low-value BHIM-UPI transactions (upto ₹ 2,000) (Person-to-Merchant- P2M), for the financial year 2022-23, with effect from April 01, 2022.

This incentive scheme is to promote digital payments by incentivising banks to build a robust digital payments ecosystem and to promote RuPay Debit Cards and BHIM-UPI as low-cost digital payment modes across all sectors and segments of the population. In line with the Budget announcement, the scheme will also promote UPI Lite and UPI 123PAY as economical and user-friendly digital payment solutions.

The Scheme is to provide financial incentives to acquiring banks for promoting point-of-sale (PoS) and e-commerce transactions using RuPay Debit Cards and person-to-merchant (P2M) transactions of low value (i.e., up to ₹ 2,000) on the BHIM-UPI platform, in accordance with the incentive rates and other details as provided below -

CATEGORY	INCENTIVE RATE PER TRANSACTION
Transactions using RuPay Debit Cards at point-of-sale (PoS) and through e-commerce	
Other than industry programmes	0.40%, capped at ₹ 100
Industry programmes*	0.15%, capped at ₹ 6
* i.e., Insurance, Mutual funds, Government, Education, Railways, Agriculture, Fuel, Jewellery and Hospitals	
BHIM-UPI P2M transactions of up to ₹ 2,000	
Other than industry programmes	0.25%
Industry programmes**	0.15%
** i.e., Insurance, Mutual funds, Government, Education, Railways, Agriculture, Debt Collections, Fuel, Petroleum products, Point of interaction funding transaction, Telecommunications, Utility payments, Business/Personal services and Hospitals	

The duration of the scheme is 1 Year, i.e., FY2022-23, deemed to be effective from 1st April 2022.

(MeitY), in consultation with the National Payments Corporation of India (NPCI), is to review from time to time the utilisation of funds under the scheme and, accordingly, add or omit merchant categories included in industry programmes.

The financial outlay for the scheme is to be restricted to ₹ 2,600 crores. To secure this, MeitY will, if required, review the merchant categories included in industry programmes. The allocation of ₹ 2,600 crore is to be fungible between RuPay Debit Cards and BHIM-UPI.

Reimbursement of claims of banks is to be done on a quarterly basis, to the following extent -

- For the first, second and third quarters of the scheme, 90% of the admitted claim amount for the bank

- For the fourth quarter of the scheme, 80% of the admitted claim amount for the bank

Provided that the reimbursement of the remaining percentage of the admitted claim amount for each quarter will be contingent upon the fulfilment of the conditions provided as follows -

1. In order to be eligible for reimbursement of 10% of the remaining admitted claim, the bank is to show at least 10% YoY growth in the number of RuPay Debit Cards transactions (PoS and e-commerce transactions) and 70% YoY growth in the number of BHIM-UPI P2M transactions at the end of the last quarter of the scheme.
2. In order to be eligible for reimbursement of 10% of the remaining admitted claim for the fourth quarter, the bank is to enable the features of UPI Lite and UPI 123PAY on the existing BHIM-UPI platform and will show at least 2% of BHIM-UPI P2M transactions on UPI Lite during the last quarter of the scheme.

MeitY, in consultation with NPCI, is to issue operational guidelines for the implementation of the scheme.

The incentive is to be shared by the acquiring banks with other payment system participants and the payment system operator in the proportion and manner decided by NPCI in consultation with the participating banks.

The Scheme is applicable to the Banks having operations in India and transactions done in India.

Official Notification Attached [here](#)



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