



Cabinet



Cabinet approves the incentive scheme for promotion of RuPay Debit Cards and low-value BHIM-UPI transactions (P2M)

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The Union Cabinet, chaired by the Hon'ble Prime Minister Shri Narendra Modi, has approved the incentive scheme for promotion of RuPay Debit Cards and low-value BHIM-UPI transactions (person-to-merchant) for a period of one year from April 2022.

1. The approved incentive scheme for promotion of RuPay Debit Cards and low-value BHIM-UPI transactions (P2M) in FY 2022-23 has a financial outlay of ₹ 2,600 crore. Under the said scheme, acquiring banks will be provided financial incentive, for promoting Point-of-Sale (PoS) and e-commerce transactions using RuPay Debit Cards and low-value BHIM-UPI transactions (P2M) for the current financial year FY 2022-23.
2. The Finance Minister, in her speech on the Budget for FY2022-23, announced Government's intent to continue the financial support for digital payments announced in the previous Budget, with a focus on promoting use of payment platforms that are economical and user-friendly. The scheme has been formulated in compliance with the aforesaid Budget announcement.
3. In FY2021-22, the government had approved an incentive scheme in compliance with the budget announcement of FY2021-22 to give a further boost to digital transactions. As a result, total digital payments transactions have registered a year-on-year growth of 59%, rising from 5,554 crore in FY2020-21 to 8,840 crore in FY2021-22. BHIM-UPI transactions have registered a year-on-year growth of 106%, rising from 2,233 crore in FY2020-21 to 4,597 crore in FY2021-22.
4. Various stakeholder in the digital payments systems and the Reserve Bank of India (RBI) expressed concerns regarding potential adverse impact of the zero MDR regime on the growth of the digital payments ecosystem. Further, the National Payments Corporation of India (NPCI) requested, among other things, for incentivisation of BHIM-UPI and RuPay Debit Card transactions to create a cost-effective value proposition for ecosystem stakeholders, increase merchant acceptance footprints and faster migration from cash payments to digital payments.
5. The Government of India is taking various initiatives for promotion of digital payments across the country. Over past years, digital payment transactions have witnessed tremendous growth. During the Covid-19 crisis, digital payments facilitated functioning of businesses, including small merchants, and helped in maintaining social distancing. UPI has achieved a record of 782.9 crore digital payment transactions with a value of ₹ 12.82 lakh crore in the month of December 2022.

This incentive scheme will facilitate building of a robust digital payment ecosystem and promoting DuPay Debit Card and BHIM-UPI digital transactions. In-line with the objective of '**Sabka Saath, Sabka Vikas**', the scheme will also promote UPI Lite and UPI 123PAY as economical and user-friendly digital payments solutions and enable further deepening of digital payments in the country, across all sectors and segments of the population.



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