

No plans to levy charges on UPI transactions, says Finance Ministry

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The Centre on Sunday said there are no plans to levy charges for making payments through Unified Payments Interface (UPI) while saying the service is a "digital public good with immense convenience".

The Ministry of Finance on Sunday said the concerns of service providers for cost recovery have to be met through other means.

"UPI is a digital public good with immense convenience for the public & productivity gains for the economy. There is no consideration in Govt to levy any charges for UPI services. The concerns of the service providers for cost recovery have to be met through other means," the ministry tweeted.

This comes days after the Reserve Bank of India (RBI) sought feedback from stakeholders on the possibility of imposing gradual charges on payments made through UPI, based on different amount bands. A discussion paper floated by the RBI sought to streamline the framework of charges for different payment services or activities, such as UPI, IMPS (Immediate Payment Service), NEFT (National Electronic Funds Transfer), RTGS (Real-Time Gross Settlement), and payment instruments including debit cards, credit cards, and prepaid payment instruments (PPIs).

Even as the RBI has sought feedback on the proposal by October 3, the central bank reiterated it has neither taken any view nor has any specific opinion on the issues raised in the discussion paper.

Currently, no cost is incurred by users or merchants in the case of payments made through UPI.

On Sunday, the government said it had provided financial support for the digital payment ecosystem last year, and has announced the same for the ongoing fiscal to encourage further adoption of digital payments, and promotion of payment platforms that are economical and user-friendly.



In the financial year 2021-22, the Centre had allocated Rs 1,500 crore for "promotion of digital payments" that is used to reimburse the merchant discount rate (MDR) for RuPay debit card transactions, and BHIM-UPI transactions up to Rs 2,000.

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For FY23, the Centre has set aside Rs 200 crore for promotion of digital payments in the Budget.