

MDR charges levied on customers

2875. SHRI HUSAIN DALWAI: Will the Minister of ELECTRONICS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether Government is aware of the practice of 'charging Merchant Discount Rate (MDR) from consumers in the name of convenience fee' that are arising in digitalization phase of India and if so, the details thereof and if not, the reasons therefor;

(b) whether Government has any assessment report on whether these charges should be levied or removed and if so, the details thereof;

(c) the effective measures Government has taken after discovery of the malpractice and if no measures have been taken, the reasons therefor; and

(d) whether Government is considering to remove such charges?

THE MINISTER OF ELECTRONICS AND INFORMATION TECHNOLOGY (SHRI RAVI SHANKAR PRASAD): (a) to (d) Reserve Bank of India (RBI) has issued a circular dated December 06, 2017 (copy enclosed) on "Rationalisation of Merchant Discount Rate (MDR) for Debit Card Transactions", wherein MDR has been prescribed for debit cards. In the circular, Banks have been advised to ensure that MDR charges for debit card transactions are not passed on to the customers by the merchants on-boarded by them.

Performance of BHIM App

2876. SHRI PRABHAKAR REDDY VEMIREDDY: Will the Minister of ELECTRONICS AND INFORMATION TECHNOLOGY be pleased to state:

(a) the performance of BHIM app since its launch in December, 2016;

(b) whether in spite of increased usage of Unified Payment Interface as digital payment mode and non-State players like Paytm, PhonePe, Google Tez, etc. flourishing, the reasons BHIM app is not able to keep pace with them and there is fall in its share from 42 per cent in September, 2017 to 15 per cent in June, 2018;

(c) the share of BHIM app from July, 2018 to October, 2018, month-wise; and

(d) to what extent withdrawal of cashback from 1st July would impact use of BHIM app?

THE MINISTER OF ELECTRONICS AND INFORMATION TECHNOLOGY (SHRI RAVI SHANKAR PRASAD): (a) and (b) Performance of BHIM app over

the BHIM-UPI platform is placed in Statement-I (*See below*). The volume of digital payment transactions done on the BHIM app has increased from 31.9 lakh in April 2017 to 154.9 lakh in the month of June, 2019. The volume of transactions on BHIM-UPI platform has increased from 70.1 Lakh in the month of April, 2017 to 7545 lakh in the month of June, 2019. The number of banks offering BHIM-UPI for the same period has increased from 48 to 142 in June, 2019. The percentage share of BHIM application out of BHIM-UPI works out 2.1 % in June, 2019. While the volume of transactions on BHIM App has increased during the same period, its share as a per cent of all transactions on BHIM UPI platform has come down due to overall growth in the digital payment transactions, emergence and growth of new Payment Service Providers (PSPs) like Paytm, PhonePe, Google Tez, etc.

(c) Month-wise share of BHIM App since from July, 2018 to October, 2018 is as mentioned below:—

Month	% Share by Volume
Jul-18	6%
Aug-18	5%
Sep-18	4%
Oct-18	4%

(d) One of the objectives of cashback incentive for BHIM app was to promote BHIM app for making digital payments and accordingly the scheme was initiated which closed on 31st March, 2019. However, the value of transaction through BHIM app is continuously increasing as shown in Statement-II

Statement-I

Performance of BHIM App

Month-year	Volume of Transaction (in lakh)		Number of Banks live on BHIM UPI	Percentage share of BHIM App out of BHIM-UPI
	BHIM App	BHIM-UPI		
1	2	3	4	5
Dec'16	0.4	19.7	35	2.2%
Jan'17	17.2	41.5	36	41.4%
Feb'17	19.7	41.6	44	47.4%
Mar'17	25.0	61.6	44	40.6%

1	2	3	4	5
Apr'17	32.0	72.0	48	44.4%
May'17	40.0	94.0	49	42.6%
Jun'17	46.0	104.0	52	44.2%
Jul'17	54.0	116.0	53	46.6%
Aug'17	68.0	168.0	55	40.5%
Sep'17	76.0	310.0	57	24.5%
Oct'17	76.0	770.0	60	9.9%
Nov'17	82.0	1050.0	61	7.8%
Dec'17	91.0	1456.0	67	6.3%
Jan'18	96.0	1518.0	71	6.3%
Feb'18	99.0	1714.0	86	5.8%
Mar'18	119.0	1781.0	91	6.7%
Apr'18	126.0	1900.8	97	6.6%
May'18	141.6	1894.8	101	7.5%
Jun'18	163.0	2464.0	110	6.6%
Jul'18	164.2	2356.0	114	7.0%
Aug'18	165.0	3118.9	114	5.3%
Sep'18	163.3	4057.4	122	4.0%
Oct'18	182.7	4822.3	128	3.8%
Nov'18	173.5	5249.4	128	3.3%
Dec'18	170.6	6201.7	129	2.8%
Jan'19	139.8	6726.3	134	2.1%
Feb'19	128.3	6741.9	139	1.9%
Mar'19	149.2	7994.3	142	1.9%
Apr'19	151.5	7817.9	144	1.9%
May'19	157.7	7335.4	143	2.2%
Jun'19	154.9	7545.4	142	2.1%

Source: <https://www.npci.org.in>

Statement-II*Details of value of transaction through BHIM App*

Month	BHIM	
	Volume (crore)	Value (crore)
1	2	3
Dec'16	0.0	2
Jan'17	0.2	356
Feb'17	0.2	623
Mar'17	0.3	823
Apr'17	0.3	1002
May'17	0.4	1307
Jun'17	0.5	1487
Jul'17	0.5	1600
Aug'17	0.7	1899
Sep'17	0.8	2245
Oct'17	0.8	2349
Nov'17	0.8	2549
Dec'17	0.9	3083
Jan'18	1.0	3647
Feb'18	1.0	4011
Mar'18	1.2	4840
Apr'18	1.3	4973
May'18	1.4	5748
Jun'18	1.6	6261
Jul'18	1.6	6693
Aug'18	1.7	6873
Sep'18	1.6	7065
Oct'18	1.8	8206
Nov'18	1.7	7982
Dec'18	1.7	7589
Jan'19	1.4	6203

1	2	3
Feb'19	1.3	5624
Mar'19	1.5	6417
Apr'19	1.5	6584
May'19	1.6	6627
Jun'19	1.5	6202

Reducing friction in digital payments

2877. SHRI MD. NADIMUL HAQUE: Will the Minister of ELECTRONICS AND INFORMATION TECHNOLOGY be pleased to state:

- (a) whether Government is aware of the problem of friction in digital payments;
- (b) if so, the details thereof along with the steps taken to rectify the above problem; and
- (c) whether Government has any plans of collaborating with educational or policy institutions to come up with alternate modes of digital payments and if so, the details thereof?

THE MINISTER OF ELECTRONICS AND INFORMATION TECHNOLOGY (SHRI RAVI SHANKAR PRASAD): (a) and (b) No, Sir. There is no such friction in digital payments and transactions are increasing year on year. Details of digital transactions in terms of volume and percentage of digital transactions during each of the last three years are as mentioned below in Fig 1. The steps taken/being taken by Government to promote digital payments are mentioned in Statement (*See below*).

Financial Year (FY)	Total Digital Transactions	Year on Year Growth % of Digital transactions
F.Y. 2016-17	1013 crores	-
F.Y. 2017-18	2070.39 crores	104.38%
F.Y. 2018-19	3133.58 crores	51.35%
F.Y 2019-20 (till 30th April 2019)	313.05 crores	-

(c) No, Sir. Presently Government has no any plans of collaborating with educational or policy institutions to come up with alternate modes of digital payments