

Incentive Scheme for Promotion Of Low-Value BHIM-UPI Transactions (P2M)

Why is in News?

The Union Cabinet recently approved an incentive scheme for promoting low-value BHIM-UPI transactions (P2M) in FY 2024-25, offering a 0.15% incentive on UPI payments up to Rs2,000 for small merchants.

BHIM-UPI

- BHIM is a mobile app developed by the National Payments Corporation of India (NPCI) that facilitates digital payments using the UPI platform.
- **Direct Bank Payments** - BHIM allows users to make direct bank payments to anyone on UPI using their UPI ID or by scanning their QR code.
- **Easy Transactions** - It enables simple, quick, and easy transactions using the Unified Payments Interface (UPI).
- **Financial Inclusion** - The app aims to promote financial inclusion and make India a digitally empowered society.

- **Aim** - To boost digital payments, expand UPI adoption in rural areas, and ensure a robust payment infrastructure.
- **Key Highlights of the Scheme - Transaction Limit** - Covers only UPI (P2M) transactions up to Rs2,000 for small merchants.
- **Incentive Structure**
 - Small Merchants - 0.15% incentive per transaction for payments up to Rs2,000.
 - Large Merchants - No incentive for any transaction.
 - Transactions Above Rs2,000 - No incentive for any merchant category.
- **Reimbursement Structure**
 - 80% of claims by acquiring banks will be disbursed unconditionally.
 - Remaining 20% will be reimbursed upon fulfilling certain conditions.
- **Objectives of the Scheme**
 - Promote the Indigenous BHIM-UPI Platform
 - Strengthen Digital Payment Infrastructure
 - Ensure System Reliability.
 - **Expand UPI in Rural Areas** - Increase penetration in tier 3-6 cities via innovative solutions like
 - UPI 123PAY (Feature phone-based payments)
 - UPI Lite & UPI LiteX (Offline payments)

Reference

[PIB - Incentive scheme for promotion of low-value BHIM-UPI transactions](#)



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