

② Do you think that the UPI based payments needs to be charged in the country?

Introduction - UPI is an real time payment systems developed by NPCI which allows peer-to-peer & person-to-merchant transactions.

UPI Transaction -

① Currently RBI is in the discussion on charging [transaction payments through UPI]

② The discussion on charges includes NEFT, RTGS, IMPS, Credit & debit card, pre-paid wallet & UPI-based slm.

③ As the Centre had mandated zero-charge framework on transaction since 2020. it resulted in desired effect.

(eg) 82% — retail user's transfer volumes  
23% — value transferred.

④ A sustainable & efficient payment slm can be built only if user charges balances both user & operators interest.

⑤ Centre's decision behind zero charge per transaction is to speed up the digitisation of money transfers & payments & to reduce cash usage.

⑥ In present scenario Central bank could consider to give some more time before charging UPI transactions as digital transactions should further get well branched.

Causes behind pushing on charges -

\* payment transactions worth of ₹ 800, entities in supply chain like payer's & beneficiary banks, UPI app providers & operators will incur cost of ₹ 2.

\* The cost includes infrastructure, manpower & operation cost born by these entities.

\* central govt <sup>has</sup> also allocating funds to reimburse the charges borne by govt service providers such as Repay debit card / UPI transaction.

\* charging the UPI transaction is a good move as it is

necessarily bringing the UPI str forward.

steps can be taken :-

① RBI could try & impose charges on retail credit uses only above certain transaction value

② Central bank should set up a method of allowing charge free transaction for fixed time period & charge the rest. (month)

③ Merchant discount rate (MDR) charged on UPI based on transaction value is market determined thus, ~~it should~~ RBI should set marginal upper limit to protect its users.

④ Central bank should ensure that the MDR value is linked with the policy rate before setting an upper limit.

⑤ RBI could consider charging the banks for using NEFT/RTGS to meet its recurring expenses.

Conclusion - RBI

needs to consider if imposing charges could counter-productive) Central gov's effort of pushing digital payments & come up with an upper limit on transaction if charges applied.