

**GOVERNMENT OF ODISHA
FINANCE DEPARTMENT**

No. **36237** /F., Bhubaneswar Dt. **20.11.2018**

FIN-TRY-CMS-0001-2017

From

**Shri D.Biswal,
Joint Secretary to Government,**

To

**The Additional Chief Secretary to Government/
Principal Secretary to Government/
Commissioner-cum-Secretary to Government/
Secretary to Government/
Principal Accountant General (A&E), Odisha/
Heads of Department**

Sub: **Merchant Discount Rate (MDR) on Debit Cards for State Government transactions-clarification regarding.**

Sir,

In inviting a reference to the subject cited above, it is indicated that, Finance Department vide Office Memorandum No.22909/F, dt.11.07.2018 have laid down operational procedure for collection of State Government Receipts through Point of Sale (PoS) devices - Mobile PoS, BHIM UPI, Bharat QR Code, AePS Devices in Government Offices to receive digital payment of all kinds.

2. In the said Office Memorandum, the maximum Merchant Discount Rate (MDR) on Debit Card Transactions (as per the guidelines issued by Reserve Bank of India vide their Circular dated 6th December, 2017) has been defined as follows :

Sl. No.	Merchant Category	Merchant Discount Rate (MDR) for Debit Card Transactions (as a % of transaction value)	
		Physical PoS infrastructure including online card transactions	QR code-based card acceptance infrastructure
1	Small merchants (with turnover upto Rs..20 lakh during the previous year)	Not exceeding 0.40% (MDR Cap of Rs.200 per transaction)	Not exceeding 0.30% (MDR Cap of Rs.200 per transaction)
2	Other Merchants(with turnover above Rs.20 lakh during the previous financial year)	Not exceeding 0.90% (MDR Cap of Rs.1000 per transaction)	Not exceeding 0.80 % (MDR Cap of Rs.1000 per transaction)

3. In the Office Memorandum it is also laid down that, for digital transactions taking place through Debit Cards/BHIM UPI/AePS Devices up to Rs.2000/, MDR will be borne by the Government of India as per Gazette Notification of Ministry of Electronics and Information Technology, Government of India for a period of two years w.e.f. 1st January 2018. However, for transaction value above Rs.2000/-, MDR will be applicable on the entire transaction value.

4. Now, in connection with Merchant Discount Rate (MDR) on debit cards for State Government transactions, it has been clarified by Reserve Bank of India vide their Letter DPSS.CO.PD No. 708/02.14.003/2018-19 dated 27th September, 2018 that, their circular dated 6th December, 2017 on MDR for debit card transactions prescribes the maximum MDR that can be charged by the acquiring banks. However, the actual MDR payable by the merchant to the acquiring banks is based on mutual agreement. Therefore, in case of Government receipts, the actual MDR to be effected can be negotiated by the concerned Departments of the Government with the respective acquiring banks (Agency Banks) and the rate so negotiated may be intimated to Finance Department.

Yours faithfully,

Sd-

Joint Secretary to Government