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Changes to Dispute Resolution for Government Merchants

NPCI has constituted working group consisting of leading banks from Private and Public Sector Banks to establish dispute resolution processes for Government Merchants as there are instances where Government merchants are not honoring chargebacks.

2. The challenges faced by Acquiring banks due to government merchants not providing the supporting documents towards the Chargeback were discussed by Working Group due to which Acquiring bank are unable to represent Issuers chargeback. These are typically ecommerce transactions at Colleges & Educational Institutions, Insurance companies.

3. Based on the working group report, below mentioned changes are incorporated in RuPay Dispute Management Rules and Regulations 3.0.

- a) The definition of Government merchants as mentioned below is being added to Section 3.6.3,

"The Merchants where the Government Stake holding is 51% and above for the merchant types like Utility Bill Payments, Municipality Bills, Property tax payments, Education Sector (to include Schools and Colleges) and Insurance Sector" including MCC's those classified as government services which are 9211/9222/9223/9311/9399/9402/9405."

- b) The documentation to be provided by government merchants towards the Service related chargebacks must be specific and in line with the nature of business. Changes have been incorporated in Section 3.6.3 of the RuPay Dispute Management Rules and Regulations 3.0. The documentation proof that merchant needs to provide must be specific to type of business.
- c) Duplicate Chargeback processing rights under reason code 1084 – Duplicate Processing is eliminated for Government merchant type's utility bill payments, municipality bills, property taxes payments and Insurance companies (as the excess funds are adjusted against the next billings). Changes have been incorporated to Section 14.2.8.4 of the RuPay Dispute Management Rules and Regulations 3.0.
- d) The dispute and liability rules for fraud related disputes will not change for the government merchants.

Yours Truly,



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