


NPCI/2018-19/CP/001

December 28, 2018

Implementation of Small Merchant Indicator in Production Environment

1. Reserve Bank of India has approved "Rationalisation of Merchant Discount Rate (MDR) for Debit Card Transactions" vide RBI circular: RBI/2017-18/105 DPSS.CO.PD No.1633/02.14.003/2017-18, dated 6th December 2017. The circular indicates the rationalisation of merchant discount rate (debit card) for physical POS and QR code based card acceptance basis small merchant (turnover below Rs.20 Lakh) and other merchant.
2. On the basis of RBI circular, NPCI has released RuPay Debit Card Interchange Circular: NPCI/2017-18/RuPay/034 dated 30th December 2017. NPCI has also released updated RuPay Debit card Interchange Circular: NPCI/2018-19/RuPay/011 dated 20th June 2018.
3. NPCI also released RuPay Circular: NPCI/2017-18/PD/005, dated 05 January 2018, pertaining to "Changes in RuPay Online Specification & RuPay Global Clearing and Settlement (RGCS) Specification for Debit card transactions originating from Small Merchants".
4. To support RBI's initiative of promoting acceptance of Debit cards at small merchants and to apply appropriate Interchange rates on the Debit card transactions originated at small merchant, Banks are required to implement the changes as described in RuPay Circular: NPCI/2017-18/RuPay/007, dated 27th June 2018, pertaining to "RuPay Debit Card Domestic transactions originating from small merchants – changes in RuPay Global Clearing & Settlement system (RGCS)".
5. We request all RuPay member banks to implement the small merchant indicator changes in their production environment with effect from **1st January 2019**.

Yours faithfully,



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