

NPCI/UPI/OC181/2023-24

16th November, 2023

To,
All Member Banks of Unified Payments Interface (UPI)

Dear Madam/Sir,

Subject: Compliance to Merchant Onboarding in UPI and Usage limits

Vide reference to NPCI/UPI/OC No.70/2019-20 and NPCI/UPI/OC No 72/2019-20, NPCI had introduced P2PM category of merchant with an intent of bringing small merchant or vendors with low value ticket size into the digital framework.

As per UPI guidelines, the obligation to acquire, manage and monitor merchant is the responsibility of acquiring member banks and they shall take full liability for the merchants on-boarded by them either directly or through aggregator/partners.

In order to align the UPI usage to the appropriate category of P2P, P2PM and P2M the following guidelines are being issued to the eco-system:

1. In continuation to NPCI circular NPCI/UPI/OC No 141/2021-22 dated 24th March, 2022 NPCI has defined the limit for user to receive funds in their bank account via P2P in 24 hours. With reference the point of circular, the limit is further revised to
 - a. 25 successful transactions **AND**
 - b. ₹ 4.0 lakh cumulative credit limit

The mentioned change is to be implemented by 10th December 2023.

2. As per the NPCI guidelines, MCC 7407 has been assigned for P2PM category of merchant. Acquirers shall populate the correct MCC in the 'subCode' field of the merchant tag in UPI, use to identify the nature of merchant business. Acquirers are required to make the necessary changes for the same by 15th February, 2024.
3. It is re-iterated that Merchant shall be on-boarded by the acquirer only under the category of P2M/P2PM and are hereby instructed that any wrong categorization of merchant under the category of P2P has to be corrected and tagged properly under P2M/P2PM as per the NPCI guidelines. The correct categorization needs to be completed by 10th December, 2023.

It is also re-iterated that acquirers shall take the necessary due diligence and ensure hygiene as mentioned in the NPCI/UPI/Rupay/OC-118/2021-22 dated 8th September, 2021 for onboarding of merchants.

Yours sincerely,

SD/-

Kunal Kalawatia
Chief of Products