

RBI/2017-18/55 DGBA.GBD.No.505/31.02.007/2017-18

September 7, 2017

All Agency Banks

Dear Sir / Madam

Reimbursement of Merchant Discount Rate (MDR) Charges for Government transactions up to Rs.1 lakh through debit cards

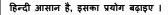
Please refer to <u>Circular No. DGBA.GAD.No.2128/44.02.001/2016-17 dated February 16,</u> <u>2017</u>, read with the OM No. S-11012(1(12)/MDR/2017/RBD/824-894 dated May 11, 2017 issued by O/o the CGA and our clarificatory mail dated May 23, 2017 regarding the reimbursement of Merchant Discount Rate.

2. It is again clarified that the full amount paid to the Government by the customers / through debit / credit cards should be remitted to the concerned Government Ministry / Department. The reimbursement of MDR charges on debit card use (up to Rs.one lakh) can be claimed from RBI separately as per extant guidelines. Deduction of MDR charges from the receipts of government is not permissible at all.

3. Please note that MDR charges on debit card transactions above Rs.one lakh and on any credit card transaction are not being absorbed by Government of India and hence will not be reimbursed by RBI. Accordingly, agency banks should not deduct MDR charges from the receipts of the government in these cases also.

4. It may please be noted that as directed by the O/o the CGA vide its OM No.S-

सरकारी एवं बैंक लेखा विभाग, केन्द्रीय कार्यालय, मुंबई सेंट्रल रेल्वे स्टेशन के सामने, भायखला, मुंबई 400 008 Department of Government & Bank Accounts, Central Office, Opp. Mumbai Central Railway Station, 4th Floor, Byculla, Mumbai 400 008 Telephone: (022) 2308 4121, Fax No. (022) 2300 0370/2301 6072/2301 0095, e-mail: pcgmdgbaco@rbi.org.in



11012/1(12)/MDR/2017/RBD/824-894 dated May 11, 2017, agency banks which have remitted the net amount of Government receipts after deduction of MDR charges to the Ministries/Departments in contravention of the guidelines referred to above are required to remit the MDR charges so deducted immediately to the concerned Ministry/Department under intimation to Reserve bank of India.

Yours faithfully

(Partha Choudhuri) General Manager