



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

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 [Circular No. DGBA.GAD.No.2128/44.02.001/2016-17 dated February 16, 2017](#), 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-

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