



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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November 22, 2016

All Prepaid Payment Instrument Issuers,  
System Providers, System Participants  
and all other Prospective Prepaid Payment Instrument Issuers

Dear Madam / Sir,

**Special measures to incentivise Electronic Payments –**

**(i) Enhancement in issuance limits for Pre-Paid Payment Instruments (PPIs) in India**

**(ii) Special measures for merchants**

Following the withdrawal of legal tender characteristics of existing ₹ 500/- and ₹ 1000/- Bank Notes (Specified Bank Notes – SBN), in order to facilitate the adoption of digital payments, it has been considered necessary to introduce the following special measures in partial modification of [Master Circular DPSS.CO.PD.PPI.No.01/02.14.006/2016-17 dated July 01, 2016](#) on Issuance and Operation of Pre-paid Payment Instruments in India.

**(i) Enhancement in PPI limits:**

- The limit of semi-closed Prepaid Payment Instrument (PPI) that can be issued under Para 7.2 (i) of the Master Circular on issuance and operations of PPIs in India has now been enhanced from ₹ 10,000/- to ₹ 20,000/- .
- The total value of reloads during any given month shall also not exceed ₹ 20,000/-
- All other extant instructions in this regard shall remain unchanged.

**(ii) Special dispensation for merchants:**

As per the extant PPI guidelines, merchants are defined as establishments who accept the PPIs issued by PPI issuer against the sale of goods and services. As a special dispensation for small merchants, PPI issuers can now issue PPIs to such merchants subject to the following:

- Merchants shall give a self-declaration in respect of their merchant status and details of their own bank account, which shall be kept on record by the issuer.
- PPIs can be issued to such willing merchants only after due verification and validation of their bank account details.

भुगतान और निपटान प्रणाली विभाग, केंद्रीय कार्यालय, 14वीं मंजिल, केंद्रीय कार्यालय भवन, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400001

फोनTel: (91-22) 2264 4995; फैक्सFax: (91-22) 22691557; ई-मेलe-mail : [cgmdpssco@rbi.org.in](mailto:cgmdpssco@rbi.org.in)

Department of Payment and Settlement Systems, Central Office, 14<sup>th</sup> Floor, Central Office Building, ShahidBhagat Singh Road, Fort, Mumbai - 400001

हिंदी आसान है, इसका प्रयोग बड़ा है।

- c) Inflows of funds / credit to such PPIs shall emanate only from sale transactions of the merchant.
- d) While there is no minimum balance requirement, the maximum value in these PPIs shall not exceed ₹ 20,000/- at any point of time.
- e) Funds transfer from such PPIs are permitted only to the merchant's own linked bank account and upto an amount of ₹ 50,000/- per month, without any limit per transaction.
- f) PPI issuers shall clearly identify such PPIs in their systems for the purpose of maintenance of escrow, reporting and MIS requirements.

**2.** The above measures shall come into effect from the date of this circular and shall be applicable till December 30, 2016, subject to review.

**3.** The directive is issued under Section 10(2) read with Section 18 of Payment and Settlement Systems Act 2007, (Act 51 of 2007).

Yours faithfully

(Nanda S Dave)  
Chief General Manager