Incentive Scheme for Promotion Of Low-Value BHIM-UPI Transactions (P2M)

Why is in News?

The Union Cabinet recently approved an incentive scheme for promoting low-value BHIM-UPI transactions (P2M) in FY 2024-25, offering a 0.15% incentive on UPI payments up to Rs2,000 for small merchants.

BHIM-UPI
• BHIM is a mobile app developed by the *National Payments Corporation of India (NPCI)* that facilitates digital payments using the *UPI platform*. • **Direct Bank Payments -** BHIM allows users to make direct bank payments to anyone on UPI using their UPI ID or by scanning their QR code. • **Easy Transactions -** It enables simple, quick, and easy transactions using the Unified Payments Interface (UPI). • **Financial Inclusion -** The app aims to promote financial inclusion and make India a digitally empowered society.

- **Aim -** To boost digital payments, expand UPI adoption in rural areas, and ensure a robust payment infrastructure.
- **Key Highlights of the Scheme - Transaction Limit –** Covers only UPI (P2M) transactions up to Rs2,000 for small merchants.
- **Incentive Structure**
  - Small Merchants - 0.15% incentive per transaction for payments up to Rs2,000.
  - Large Merchants - No incentive for any transaction.
  - Transactions Above Rs2,000 - No incentive for any merchant category.
- **Reimbursement Structure**
  - 80% of claims by acquiring banks will be disbursed unconditionally.
  - Remaining 20% will be reimbursed upon fulfilling certain conditions.
- **Objectives of the Scheme**
  - Promote the Indigenous BHIM-UPI Platform
  - Strengthen Digital Payment Infrastructure
  - Ensure System Reliability.
  - **Expand UPI in Rural Areas** – Increase penetration in tier 3-6 cities via innovative solutions like
    - UPI 123PAY (Feature phone-based payments)
    - UPI Lite & UPI LiteX (Offline payments)

Reference

PIB - Incentive scheme for promotion of low-value BHIM-UPI transactions



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