

MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY

No.12(84)/2017-DPD

New Delhi : 05.06.2017

NOTIFICATION

Subject: BHIM (Bharat Interface for Money) Cashback Scheme for Merchants

1. **Background and Objective**

- 1.1 The Digital India Programme envisions transforming India into a Digitally empowered society and knowledge economy by making available digital infrastructure, digital governance and digital services to every citizen. Promotion of a digital payments ecosystem is a natural extension of the Digital India programme and has the potential to transform India's economy by formalization of financial transactions.
- 1.2 Financial inclusion is one of the foremost challenges for India. Digital payments promises access to formal financial services and benefits from e-commerce, especially for those who continue to be excluded. Despite significant progress in bank-led payment systems, there remained a vast gap in the availability of basic payment services. Adoption of technology can transform the country into a cashless economy.
- 1.3 Finance Minister in his Budget Speech on February 1, 2017 had announced "a target of 2,500 crore digital transaction for 2017-18 through UPI, USSD, Aadhaar Pay, IMPS and debit cards."

1.4 In the digital payments ecosystem, merchants play a very crucial role especially in country like India where nearly 90% of merchants are unorganized like small grocery stores, local apparels outlets, mom-n-pop stores and more. Apart from these, the daily small time merchants like local vendors, auto/taxi drivers etc., constitute of large share of unorganized merchants. To promote BHIM amongst merchants the Merchant Cashback Scheme is being launched.

1.5 The scheme aims to incentivize not just one-time adoption of BHIM by merchants, but should also encourage transactions via BHIM mode (either QR code or VPA or Mobile number or "Pay to Aadhaar").

Hence, the objectives of the scheme are twofold, viz.:

- Increase in number of merchants registered on BHIM
- Increase in number of merchant payment transactions using BHIM

2. BHIM Cashback Scheme for Merchants

2.1 The scope of the scheme shall be limited to merchants using BHIM unless revised otherwise. The scheme duration is stipulated as 6 months from the launch date of the scheme, and can be renewed based on government directions.

2.2 National Payments Corporation of India (NPCI) takes the role of implementing agency since the BHIM platform is owned and operated by NPCI. NPCI uses its transaction data to identify the eligibility and compute the cashback.

2.3 The cashback incentive slabs for merchants are:

<i>No. of credit transactions (per month)</i>	<i>Cashback to the merchant (at the end of the month)</i>	<i>Conditions</i>
50-100	Rs 100	From at least 20 unique customers; Minimum transaction value of Rs. 25 each
> 100	50 paise per transaction maximum upto Rs. 200	

Thus the cashback to the merchant will range from Rs. 100 to Rs. 300 per month and the maximum cashback that a merchant can earn will be Rs. 1800 in 6 months.

2.4 The various definitions for the entities in the scheme design are appended in **Annexure-1**.

3. Eligibility Criteria for Merchant

3.1 Defined Transaction Criteria for Merchants to qualify for cashback are:

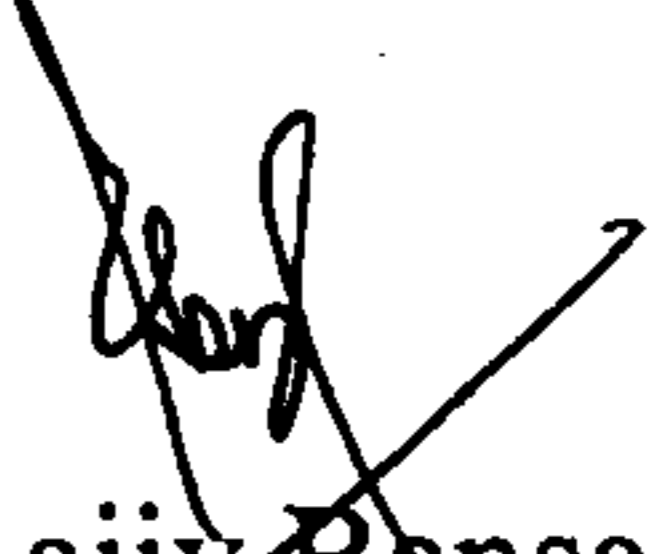
- a. Min of 50 credit financial transactions of which atleast 20 transactions is from valid UPI unique customers including that of BHIM users.
- b. The minimum transaction value for all above transactions should be Rs. 25/-.

3.2 Other Criteria:

- i. Merchant should be on BHIM user, however he/she can receive credit from any valid UPI customer to qualify the transaction criteria.
- ii. Merchant cashback scheme is a monthly program and calendar months are considered for the all the activities related to the scheme.
- iii. Cashback incentives to the eligible merchants will be credited to their linked accounts on or before 10th day of the subsequent calendar month.

- iv. Merchant can earn cashback or bonus as part of Merchant Incentive Scheme and Customer Referral Scheme as referrer or referee (the overlap of Merchant and Referrer is acceptable).

The process for availing cashback and declaration mechanism for a person to be identified as a merchant are detailed in **Annexure-2**.


(Rajiv Bansal)
Joint Secretary

Annexure-1

Definitions of terms for the BHIM Cashback scheme for Merchants

The definitions of key terms as specified in the notification are as below:

- a. "Valid financial transactions": Transaction amount \geq Rs. 25
- b. "Valid receiver" – Can be any UPI valid user or a merchant including BHIM user/merchant
- c. "Merchant": Has to be BHIM user. For the purposes of the Cashback Scheme for BHIM as merchant would be defined as:
 - Any entity which is engaged in trading of goods and services. The merchant has an option to declare himself into the BHIM app as a merchant.
 - The transaction criteria to qualify to receive incentive is the merchant should have received min of 50 credit transactions from atleast 20 unique transactions from valid UPI unique customers including that of BHIM users in a month
 - The computation for the incentives shall be done on the basis of the transaction criteria.

Process for merchant declaration and availing cashback

- a. Merchant can download and install the BHIM App or *99# in his phone and will have an option to self-declare himself/herself as merchant by clicking on “I am a Merchant’ tab in BHIM app.
- b. Once the user clicks on the “I AM A MERCHANT” tab, he/she has to fill in appropriate details asked by the BHIM App - business name, contact number (auto populated), merchant category (drop-down), merchant address, city, pin-code, account type, etc.
- c. The scheme applies to all merchants who receive payments on BHIM App or *99#.
- d. Reward section in BHIM app would display the cashback received to the merchant.
- e. Merchant can use any mode available on BHIM [QR Code, VPA, Mobile number, or Aadhaar number] to collect the payments from their customers. Both push and pull based payments shall qualify for these payments.
- f. On achieving the cashback incentive slab as defined for the merchants, NPCI initiates the cashback process using NACH platform and the merchant is notified of the cashback via notification in BHIM app.