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SC to Hear Plea Challenging MDR on UPI Payments Above ₹2,000

The Supreme Court has scheduled a hearing for a PIL challenging the Centre's decision to levy a Merchant Discount Rate (MDR) on UPI transactions above ₹2,000.

Merchant Discount Rate (MDR) is a processing fee charged to merchants for accepting digital payments through systems like UPI and debit cards.

KEY EXAM POINTS

- A bench led by CJI **Surya Kant**, Justice Joymalya Bagchi, and Justice V Mohana will hear the PIL filed by advocate **Anjan Datta**.
- The Centre notified a **0.4 per cent** MDR on UPI person-to-merchant (P2M) payments above ₹2,000, effective **October 15**.
- The MDR fee is capped at a maximum of **₹300** for high-value merchant payments of **₹75,000** and above.
- Thin-margin sectors like railways, telecom, insurance, fuel, and agriculture inputs will attract a **flat MDR of ₹5** per transaction.
- Payments into mutual funds, securities, and stockbrokers will incur a **0.02 per cent** MDR, capped at ₹300.
- Person-to-person (P2P) transactions, comprising **37 per cent** volume and **70 per cent** value of UPI, remain completely exempt from charges.

DID YOU KNOW..!?

Public Interest Litigation (PIL) is filed in the Supreme Court under **Article 32** and in High Courts under **Article 226** of the Constitution.

Unified Payments Interface (UPI) was launched in **April 2016** by the National Payments Corporation of India (**NPCI**).

National Payments Corporation of India (NPCI) was established in **2008** under the **Payment and Settlement Systems Act, 2007**.

The Union Government had previously mandated a Zero MDR regime on UPI and **RuPay** debit cards with effect from **January 1, 2020**.

The Chief Justice of India and Supreme Court Judges are appointed by the President under **Article 124(2)** of the Constitution.

PIL concept was introduced in India in December 1979 by Justice **V. R. Krishna Iyer** and Justice **P. N. Bhagwati**.

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0.4% MDR imposed on UPI merchant payments above ₹2,000 from Oct 15; P2P transactions remain zero-rated.

Syllabus Relevance: High relevance for Unit 5 (Polity & Judicial Remedies) and Unit 6 (Indian Economy & Digital Banking).

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