Ministry of Finance

No Charges for UPI Users

Vast Majority of the Transactions to Remain Free of Charge for Merchants as well

Amendment to the Payment and Settlement Systems Act (PSS Act) an Enabling Provision to Ensu further proliferation of Financial Inclusion, UPI's Long-Term Sustainability, Technological Advancement, and Resilience Against Emerging Risks

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The Government of India wishes to categorically state:

- **No charges for users**: Consumers making payments will not face any transaction charges.
- **P2P transactions free**: All Person-to-Person transactions will continue to be free of charge.
- **Nominal MDR for merchants**: As and when MDR charges are introduced, they will apply only to a **limited set of merchant transactions**, above a cert threshold, at a **nominal rate**, far lower than debit or credit card MDRs.
- **Vast majority of the transactions** will remain free of charge for merchants on UPI. MDR, if introduced, will only be threshold based and not blanketly levied to a
- Once the Parliament passes the Taxation and Other Laws (Amendment) Bill, 2026, which proposes to amend Section 10A of the Payment and Settlement Syste Act, 2007, the "UPI and Services Steering Committee" headed by NPCI will decide on the MDR, if any.

Why Amend the Payment and Settlement Systems Act?

The recent amendment to the **Payment and Settlement Systems Act (PSS Act)** has generated debate, with some misinterpreting it as a move to impose charges ordinary users. In reality, the amendment is an **enabling provision** designed to ensure UPI's **long-term sustainability, technological advancement, and resilience agai emerging risks**.

- **Growth of UPI**: With exponential transaction volumes, the system requires significant and continuous upgrades in cybersecurity, fraud prevention, and infrastructu
- **Market Expansion**: It is necessary to increase competition by encouraging more companies to expand their operations, which requires a self-sustaining rever model.
- **Self-sustainability**: Reliance on subsidies alone is not viable for the next wave of growth. A balanced framework is required to ensure that UPI remains robu inclusive, and future-ready.

Addressing Concerns on False Narratives

Some of the media reports have suggested that external influences may be driving policy changes. This is unfounded, completely false and misleading. If external press had been a factor, the government would not have introduced UPI in 2016 or made it free of charge for both merchants as well as citizens since January 2020 and ensu that it became the world's largest real time interoperable payment system.

The amendment should therefore be viewed in the context of the Government's broader objective of ensuring that India's digital payment infrastructure remains sustainal competitive, innovative and capable of serving the country's rapidly expanding digital economy.

The truth is simple: UPI is India's own innovation, and the government remains committed to keeping it free for citizens while ensuring its sustainability for decades come.

The Next Wave of Growth

India now stands at the cusp of the **next wave of digital payments growth**. To expand UPI further into rural and semi-urban areas and maintain competitiveness, the U ecosystem must be self- sustainable and affordable. The amendment to the PSS Act is a forward-looking step to ensure that UPI continues to thrive as a **secure, affordal inclusive, and globally recognized payment system**.

Conclusion:

The Government of India reaffirms:

- **UPI will remain free for citizens.**
- **No charges on everyday transactions on citizens.**
- **Any future MDR will be nominal, and only on limited set of merchant transactions.**
- **UPI continues to be India's flagship digital innovation, expanding globally.**

Since its launch in **2016-17**, the **Unified Payments Interface (UPI)** has transformed India's digital economy into one of the most inclusive and dynamic paym ecosystems in the world. What began as a bold experiment in real-time, interoperable payments has now become a global benchmark, processing billions of transactio every month and reaching deep into the fabric of everyday life. Today, UPI has grown into the **world's largest real-time payment system**, processing **2,366 cr transactions worth ₹29.9 lakh crore in July 2026 alone**. UPI is now also live in 11 foreign countries, and many other countries have shown interest.

UPI is a national achievement built by Indians, for Indians. The Government has promoted, funded and grown it for a decade, and will continue to do so. Citizens requested to rely only on official information from the Ministry of Finance, the Reserve Bank of India and NPCI, and not to forward unverified messages.

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