Payments Infrastructure Development Fund (PIDF) Scheme

Amid the rapid rise in the volume of payments through the UPI network, the Reserve Bank of India is taking steps to further widen the use of digital payments in the country. The Payments Infrastructure Development Fund Scheme is intended to subsidise the deployment of payment acceptance infrastructure in Tier-3 to Tier-6 centres with a special focus on the North-Eastern States of the country.

About PIDF Scheme

Discussed below are the key aspects of the Payments Infrastructure Development Fund Scheme:

Objective of the Scheme

The objective of PIDF is to increase the number of acceptance devices multi-fold in the country. The scheme is expected to benefit the acquiring banks/non-banks and merchants by lowering overall acceptance infrastructure cost.

Validity & Target for Scheme

- The scheme is valid for three years, starting from January 1, 2021, and maybe extended for another two years, if required
- Increasing payments acceptance infrastructure by adding 30 lakh touch points – 10 lakh physical and 20 lakh digital payment acceptance devices every year

Structure and Governance

- PIDF shall be governed by an ex-officio Advisory Council (AC)
- The Advisory Council constitutes of:
  - B.P. Kanungo, Deputy Governor, Reserve Bank of India
  - Sunil Mehta, Chief Executive, Indian Banks’ Association
  - D Nageswara Rao, Chief General Manager, DFIBT, NABARD
  - Dilip Asbe, Chief Executive Officer, National Payments Corporation of India
  - Vishwas Patel, Chairman, Payments Council of India
  - Shailesh Paul, Vice President and Head Merchant Sales and Solutions, Visa
  - Rajeev Kumar, Senior Vice President, Market Development, Mastercard
  - R Vittal Raj, Chartered Accountant, Kumar & Raj Chartered Accountants
  - Ajay Michyari, Regional Director, Reserve Bank of India, Mumbai Regional Office

- The Chief General Manager, Department of Payment & Settlement Systems, Reserve Bank of India shall function as the Secretariat to the AC
Fund Allocated

- At present, the PIDF corpus is **Rs. 345 crores**, of which **Rs.250 crores has been contributed by the Reserve Bank of India** and **Rs.100 crore from the authorised card networks**
- The card-issuing banks shall also contribute to the corpus-based on the card issuance volume (covering both debit cards and credit cards) at the rate of Re.1 and Rs.3 per debit and credit card issued by them, respectively
- Besides the initial corpus, the PIDF shall also receive an annual contribution from card networks and card-issuing banks as under:
  - **Card networks** - Turnover based - 1 basis point (bps) i.e., 0.01 paisa per Rupee of transaction
  - **Card issuing banks** - Turnover based - 1 bps and 2 bps i.e., 0.01 paisa and 0.02 paisa per Rupee of transaction for debit and credit cards respectively

Implementations of the Scheme

- **Implementation of targets** under PIDF shall be monitored by RBI, MRO with assistance from Card networks, Indian Banks’ Association (IBA) and Payments Council of India (PCI)
- The fund will be used to subsidize banks and non-banks for deploying payment infrastructure, which will be contingent upon specific targets being achieved
- The **focus shall be to target those merchants who are yet to be terminalised**, i.e., merchants who do not have any payment acceptance device
- Multiple payment acceptance devices/infrastructure supporting underlying card payments, such as physical PoS, mPoS (mobile PoS), GPRS (General Packet Radio Service), PSTN (Public Switched Telephone Network), QR code-based payments, etc.
- The **AC shall devise a transparent mechanism for allocation of targets to acquiring banks/non-banks** in different segments/locations
- A subsidy of **30% to 50% of the cost of physical PoS and 50% to 75% subsidy for Digital PoS shall be offered**. This subsidy shall be granted on a half-yearly basis, after ensuring that performance parameters are achieved, including conditions for ‘active’ status of the acceptance device and ‘minimum usage’ criteria, as defined

Target Geographies

The primary focus shall be to create payment acceptance infrastructure in Tier-3 to Tier-6 centres, with a special focus on the North-Eastern States. The tentative distribution of targets across centres will be as follows:

<table>
<thead>
<tr>
<th>Distribution of Acceptance Devices %</th>
<th>Share of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier-3 and Tier-4 centres</td>
<td>30</td>
</tr>
<tr>
<td>Tier-5 and Tier-6 centres</td>
<td>60</td>
</tr>
<tr>
<td>North Eastern States</td>
<td>10</td>
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</tbody>
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