



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**  
www.rbi.org.in

RBI/2020-21/81  
DPSS.CO.AD No.900/02.29.005/2020-21

January 05, 2021

The Chairman / Managing Director / Chief Executive Officer  
Card Issuing and Acquiring Banks and Non-banks / Authorised Card Networks

Madam / Dear Sir,

**Operationalisation of Payments Infrastructure Development Fund (PIDF) Scheme**

Please refer to the [Statement on Developmental and Regulatory Policies dated October 4, 2019](#) and the [Press Release dated June 05, 2020](#) announcing creation of Payments Infrastructure Development Fund (PIDF). PIDF is intended to subsidise deployment of payment acceptance infrastructure in Tier-3 to Tier-6 centres with special focus on North-Eastern States of the country. It envisages creating 30 lakh new touch points every year for digital payments.

2. The framework of PIDF is enclosed ([Annex – I](#)). An Advisory Council (AC), under the Chairmanship of the Deputy Governor, RBI, has been constituted for managing the PIDF. PIDF will be operational for a period of three years from January 01, 2021 and may be extended for two more years depending upon the progress. PIDF presently has a corpus of ₹ 345 crore (₹ 250 crore contributed by RBI and ₹ 95 crore by the major authorised card networks in the country).

भुगतान और निपटान प्रणाली विभाग, केंद्रीय कार्यालय, 14वीं मंजिल, केंद्रीय कार्यालय भवन, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400001

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हिंदी आसान है, इसका प्रयोग बढ़ाइए

3. All stakeholders are requested to co-operate in this endeavour by – (a) making their contributions to PIDF within the timelines, and (b) deploying acceptance infrastructure and seeking reimbursement from PIDF.

4. These directions are issued under Section 10 (2) read with Section 18 of Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

Yours faithfully,

(P Vasudevan)  
Chief General Manager

## Payments Infrastructure Development Fund (PIDF) 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.

### 1. Validity Period and PIDF Target

- 1.1 Three years from January 01, 2021, extendable by two further years, if necessary.
- 1.2 Increasing payments acceptance infrastructure by adding 30 lakh touch points – 10 lakh physical and 20 lakh digital payment acceptance devices every year.

### 2. Governance Structure of PIDF

2.1 PIDF shall be governed by an ex-officio Advisory Council (AC).

2.2 Composition of the AC :-

- i. Shri B P Kanungo, Deputy Governor, Reserve Bank of India;
- ii. Shri Sunil Mehta, Chief Executive, Indian Banks' Association;
- iii. Shri D Nageswara Rao, Chief General Manager, DFIBT, NABARD;
- iv. Shri Dilip Asbe, Chief Executive Officer, National Payments Corporation of India;
- v. Shri Vishwas Patel, Chairman, Payments Council of India;
- vi. Shri Shailesh Paul, Vice President and Head Merchant Sales and Solutions, Visa;
- vii. Shri Rajeev Kumar, Senior Vice President, Market Development, Mastercard;
- viii. Shri R Vittal Raj, Chartered Accountant, Kumar & Raj Chartered Accountants; and
- ix. Shri Ajay Michyari, Regional Director, Reserve Bank of India, Mumbai Regional Office (Administrator of PIDF).

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

- 2.3 The AC may constitute sub-committees to look into different aspects of the PIDF, as required.
- 2.4 The AC may co-opt members at its discretion.
- 2.5 AC shall devise suitable rules for operating the PIDF.

### 3. Target Geographies

- 3.1 The primary focus shall be to create payment acceptance infrastructure in Tier-3 to Tier-6 centres.
- 3.2 North Eastern states of the country shall be given special focus.

- 3.3 While setting parameters for utilisation of funds, the focus shall be to target those merchants who are yet to be terminalised (merchants who do not have any payment acceptance device).
- 3.4 The AC shall devise a transparent mechanism for allocation of targets to acquiring banks / non-banks in different segments / locations.
- 3.5 The tentative distribution of targets across centers will be as follows:

<b>Distribution of Acceptance Devices</b>	<b>% Share of Total</b>
Tier-3 and Tier-4 centres	30
Tier-5 and Tier-6 centres	60
North Eastern States	10

#### **4. Market Segments and Merchant Categories**

- 4.1 Merchants providing essential services (transport, hospitality, etc.), government payments, fuel pumps, PDS shops, healthcare, kirana shops may be targeted, especially in the targeted geographies.

#### **5. Types of Acceptance Devices Covered**

- 5.1 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.
- 5.2 As the cost structure of acceptance devices vary, subsidy amounts shall accordingly differ by the type of payment acceptance device deployed. A subsidy of 30% to 50% of cost of physical PoS and 50% to 75% subsidy for Digital PoS shall be offered.
- 5.3. Payment methods that are not inter-operable shall not be considered under PIDF.
- 5.4 The subsidy shall not be claimed by applicant from other sources like NABARD, etc. In case other mechanisms exist for providing subsidy or reimbursing cost of deployment of acceptance infrastructure, no reimbursement shall be claimed from PIDF therefor.

#### **6. Initial Corpus**

- 6.1 Initial corpus of PIDF has to be substantial to initiate pan-India terminalisation and to cover the pay-outs in the first year. Contributions to the PIDF shall be mandatory for banks and card networks.
- 6.2 RBI shall contribute ₹ 250 crore to the corpus; the authorised card networks shall contribute in all ₹ 100 crore.
- 6.3 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 ₹ 1 and ₹ 3 per debit and credit card issued by them, respectively.
- 6.4 It shall be the endeavour to collect the contributions by January 31, 2021.

6.5 Any new entrant to the card payment eco-system (card issuer and card network) shall contribute an appropriate amount to the PIDF.

## **7. Recurring Contribution**

7.1 Besides the initial corpus, the PIDF shall also receive annual contribution from card networks and card issuing banks as under:

a) Card networks – Turnover based – 1 basis point (bps) i.e., 0.01 paisa per Rupee of transaction;

b) 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; also at the rate of ₹ 1 and ₹ 3 for every new debit and credit card issued by them respectively during the year.

7.2 RBI shall contribute to yearly shortfalls, if any.

## **8. Collection Mechanism**

8.1 By January 31<sup>st</sup> and July 31<sup>st</sup> based on card data of December 31<sup>st</sup> and June 30<sup>th</sup> respectively.

## **9. Types of Expenses Covered**

9.1 The parameters / rules for claiming the amount of subsidy for the capital expenditure, taking into account the type of device, deployment location etc., shall be framed by the AC.

9.2 Subsidy shall be granted on 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 by the AC.

9.3 The minimum usage shall be termed as 50 transactions over a period of 90 days and active status shall be minimum usage for 10 days over the 90-day period.

9.4 The subsidy claims shall be processed on half yearly basis and 75 percent of the subsidy amount shall be released. The balance 25 percent shall be released later subject to the status of the acceptance device being active in 3 out of the 4 quarters of the ensuing year.

## **10. Deployment Targets for Acquirers**

10.1 Acquirers need to adopt a scientific process for identification of deployment areas, submit proposals to Regional Director, Mumbai Regional Office (MRO), RBI and effectively implement the project. The PIDF proposal format for submission in this regard is enclosed ([Format I](#)).

## **11. Claims**

- 11.1 The scheme is on reimbursement basis; accordingly, the claim shall be submitted only after making payment to the vendor.
- 11.2 Maximum cost of physical acceptance device eligible for subsidy – ₹ 10,000 (including one-time operating cost up to a maximum of ₹ 500).
- 11.3 Maximum cost of digital acceptance device eligible for subsidy – ₹ 300 (including one-time operating cost up to a maximum of ₹ 200).
- 11.4 Subsidised amount of cost of physical and digital payment acceptance devices based on location of deployment shall be as under:

<b>Location</b>	<b>Physical payment acceptance device (% of total cost)</b>	<b>Digital payment acceptance device (% of total cost)</b>
<b>Tier-3 and Tier-4 centres</b>	30	50
<b>Tier-5 and Tier-6 centres</b>	40	60
<b>North Eastern States</b>	50	75

- 11.5 Acquirers shall submit their claims through their bankers to RBI, MRO with self-declaration about fulfilment of 'minimum usage' and 'active status' criteria for deployed devices.
- 11.6 All initial claims shall be submitted for reimbursement of expenses (less the Input Tax Credit received / receivable by the bank / non-bank under GST) as per format ([Format II](#)). The second claim for 25% of eligible subsidy shall be submitted as per format ([Format III](#)).

## **12. Monitoring of Implementation of Targets**

- 12.1 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).
- 12.2 Acquirers shall submit quarterly deployment reports on achievement of targets to RBI, MRO.
- 12.3 Acquirers meeting / exceeding their targets well in time and / or ensure greater utilisation of acceptance devices in terms of transactions shall be incentivised while those who do not achieve their targets shall be disincentivised, by scaling up or down the extent of reimbursement of subsidy as follows.

<b>Target Achievement / Utilisation</b>	<b>% of Subsidy Eligible</b>
Less than 75 percent	90
75 percent to 125 percent	100
Greater than 125 percent	110

**(PROPOSAL FORMAT on the Letter Head of the Acquiring Bank / Non-bank)**

The Regional Director  
Mumbai Regional Office  
Reserve Bank of India

Madam / Dear Sir,

**Payments Infrastructure Development Fund (PIDF) –**  
**Project Proposal for Deployment of Acceptance Devices**

With reference to the RBI Circular No. / / 20 dated ..... on the above subject, we propose a project to deploy ----- physical acceptance devices and ----- digital acceptance devices under PIDF. The project proposal indicating the details of the activity, area of operation, implementation methodology, monitoring mechanism, etc., is furnished in **Appendix - I.**

2. We will ensure that the project is implemented adhering to guidelines of the PIDF Scheme outlined by the Reserve Bank.
3. We have not sought and will not seek assistance from any other scheme of the Reserve Bank or any another organisation, for the project.

Authorised Signatory 1

Authorised Signatory 2

Name

Name

Designation

Designation

Address and Contact No.

Address and Contact No.

Encl.: as above

## Project Proposal for Deployment of Acceptance Devices under PIDF

### 1. Background

Existing payments infrastructure status in the project area, technological status of the acquiring bank / non-bank indicating the need for undertaking the project.

### 2. Approach to Deployment

Approach planned to fill in the identified gap, with quarterly phasing.

### 3. Geographical Area

Name/s of District / Block / Village where the deployments are planned.

### 4. Implementation Period

The overall period to complete the project.

### 5. Support Sought under PIDF

Sl. No.	Type of Acceptance Device (Physical / Digital)	No. of Units for Tier 3 & 4 Centres	No. of Units for Tier 5 & 6 Centres	No. of Units for North-Eastern States	Unit Rate (₹)	Unit Operating Cost (₹)	Total Financial Outlay net of Input Tax Credit Received / Receivable (₹)	Eligible Amount for Support (₹)

### 6. Monitoring

Monitoring, evaluating and reporting mechanism envisaged for effective implementation of the project.



**(Format for Claiming Reimbursement by Acquirer Bank / Non-bank – on letterhead)**

The Regional Director  
 Mumbai Regional Office  
 Reserve Bank of India

Madam / Dear Sir,

**Support from PIDF for Deployment of Acceptance Devices – First Reimbursement**

Please refer to our project proposal no. \_\_\_\_\_ dated \_\_\_\_\_. The details of deployment of acceptance devices are as below:

Sl. No.	Type of Acceptance Device (Physical / Digital)	No. of Units for Tier 3 & 4 centres	No. of Units for Tier 5 & 6 centres	No. of Units for North-Eastern States	Unit Rate (₹)	Unit Operating Cost (₹)	Total Financial Outlay net of Input tax Credit Received / Receivable (₹)	75 % of Eligible Amount for Support (₹)

2. We have implemented the project and succeeded in installing ....., ..... and ..... physical acceptance devices in the locations in Tier 3 & 4, Tier 5 & 6 and North Eastern States, respectively. Also, we have installed ....., ..... and ..... digital acceptance devices in these locations respectively.

3. We certify that there is no duplication of claims from other schemes.

4. We certify that the acceptance devices, for which the claim is submitted, are interoperable and fulfil following performance criteria during ..... (period):

Minimum Usage: 50 transactions over 90 days;

Active Status: 10 days over the above 90-day period.

5. We submit a claim for reimbursement 75% subsidy of ₹ ...../- . The claim submitted is as per deployment done till ..... (date).

6. We submit that this amount has been paid to the vendor.

Authorised Signatory 1

Name

Designation

Address and Contact No.

Encl.: as above

Authorised Signatory 2

Name

Designation

Address and Contact No.

**(Format for Follow-up Claim by the Acquirer Bank/ Non-bank – on letterhead)**

The Regional Director  
Mumbai Regional Office  
Reserve Bank of India

Madam / Dear Sir,

**Support from PIDF for deployment of acceptance devices –**

**Claim for Reimbursement of Balance Subsidy**

Please refer to our claim application dated ..... for reimbursement of cost of ..... physical acceptance devices and cost of ..... digital acceptance devices deployed by us.

2. We had received 75% of the eligible subsidy on ..... (date). This claim is submitted for remaining 25% of the eligible subsidy amount.

3. We certify that the devices meet the following prescribed performance criteria during ..... (period):

Minimum Usage: 50 transactions over 90 days;

Active Status: 10 days over the above 90-day period.

4. We certify that acceptance devices have been active for 3 out of 4 quarters, during ..... (period)

5. We submit a claim for reimbursement of 25% of remaining subsidy of ₹ ...../-

Authorised Signatory 1

Authorised Signatory 2

Name

Name

Designation

Designation

Address and Contact No.

Address and Contact No.

Encl.: as above