NPCI/UPI/OC No.242/2026-27

11th November 2026

To,

All Members - Unified Payments Interface (UPI)

Dear Sir / Madam,

Subject: UPI Vyapaar Saksham Scheme for Promoting UPI Acceptance among Small Merchants

NPCI hereby introduces the "UPI Vyapaar Saksham Scheme" to expand UPI acceptance infrastructure, facilitate the onboarding of new small merchants and promote sustained growth in UPI transactions. The Scheme shall focus on Tier 3 to Tier 6 centres, North-Eastern States, the Union Territory of Jammu and Kashmir and Union Territory of Ladakh, and eligible merchants covered under notified Central Government schemes.

The Scheme provides for:

- Deployment of UPI acceptance infrastructure, including physical QR codes and soundboxes
- Transaction-linked incentives to encourage sustained usage and transaction growth

The details of the Scheme are set out in the Annexure to this circular. The Scheme period shall be for three years from the date of implementation of UPI MDR.

Members are requested to take note of the above and bring the contents of this circular to the notice of all concerned.

Yours sincerely,

SD/-

Sohini Rajola
Executive Director – Growth

1001A, The Capital, B Wing, 10th Floor,
Bandra Kurla Complex, Bandra (E), Mumbai 400 051.
T: +91 22 40009100 F: +91 22 40009101
contact@npci.org.in www.npci.org.in
CIN: U74990MH2008NPL189067

UPI Vyapaar Saksham Scheme

Promoting UPI Acceptance among Small Merchants

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1. Preamble

Unified Payments Interface (UPI) has emerged as one of the most successful digital payment systems globally. However, the acceptance infrastructure for UPI remains concentrated in Tier-1 and Tier-2 centres and among larger merchants. Small merchants, particularly those with **annual turnover up to ₹40 lakh** during the previous financial year (**the "Small Merchants"**), constitute a significant portion of India's retail economy but remain underserved in terms of digital payment acceptance infrastructure and transaction volumes.

To address this gap, it is proposed to establish a dedicated fund under the UPI Vyapaar Saksham **(the "Scheme")** to incentivize the Acquiring Bank(s) (also known as Payee Payment Service Provider that acquires merchants either directly or indirectly though Payment Aggregator) who in turn will promote Small Merchants to expand acceptance infrastructure, onboard New Small Merchants, and drive sustained transaction growth in the Small Merchant segment across India, with a special focus on Tier-3 to Tier 6, North Eastern States, Union Territory of Jammu & Kashmir, and Union Territory of Ladakh (collectively, **the "Targeted Geographies").**

2. Scheme Objective

The primary objective of the Scheme is to accelerate UPI acceptance and usage of UPI among Small Merchants across India through a combination of:

- Deployment of acceptance infrastructure (Physical QR codes and Soundboxes);
- Promotion of UPI acceptance across the Targeted Geographies, with a focus on underserved and unserved markets;
- Transaction-linked incentives to drive sustained usage and volume growth; and
- Onboarding of new Small Merchants onto the UPI ecosystem, including beneficiaries of notified Central Government Schemes such as Pradhan Mantri Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) and PM Vishwakarma (collectively, the "Central Government Schemes")

3. Fund Structure and Corpus

A dedicated fund shall be established out of the Merchant Discount Rate (MDR) collected by Acquiring Banks participating in UPI. The key features of the fund are as follows:

a) **Contribution:** Each Issuing Bank, Acquiring Bank, Payer Payment Service Provider (Payer PSPS) and UPI Application Provider participating in UPI shall contribute 5% of its MDR share, excluding MDR attributable to Non-eligible Categories, to the fund;

b) **Contribution Mechanism:** Funds shall be collected out of the MDR earned by the afore-mentioned participant on Eligible Transactions;

c) **Participation mechanism:** Contribution in the Scheme shall constitute participation, acceptance of and agreement to comply with the Scheme and directions issued by NPCI from time to time; and

d) **Scheme Period:** The Scheme period shall be for three years from the date of implementation of UPI MDR. An impact analysis/review shall be undertaken every six months and shall further be reviewed for continuation of the Scheme and, if necessary, for covering more regions and merchant categories under the Scheme.

4. Guiding Principles

a) **Geographic Focus:** Targeted Geographies and Small Merchants covered under notified Central Government Schemes shall be eligible for incentives, including in Tier-1 and Tier-2 centres;

b) **Interoperability:** Only interoperable UPI acceptance infrastructure shall be eligible for receiving incentives under the Scheme;

c) **Component-wise allocation:** The allocation will be divided into three separate components. Funds allocated for one component cannot be used for another. If eligible claims under any component exceed the allocated amount, disbursement shall be restricted to the funds available for such component and shall be made to eligible claimants on a pro-rata basis. Any unused funds will be carried forward to the next year within the same component; and

d) **No Double-Dipping from Other Sources:** Acquiring Banks cannot claim incentives for a Small Merchant under the Scheme if the Acquiring Bank and Small Merchant has already requested or received funding for the exact same payment device from other institutional mechanisms, such as the National Bank for Agriculture and Rural Development (NABARD).

5. Scope and Coverage

5.1 Eligible Merchants

Small Merchants shall be eligible under the Scheme. Acquiring Bank shall classify the Small Merchants as "New" (onboarded during the Scheme period) or "Existing" (onboarded prior to the Scheme period).

5.2 Target Geographies

The Small Merchants located in the following States and cities shall be eligible under the Scheme:

a) Tier-3 to Tier-6;

b) Northeastern States of India;

c) Union Territory of Jammu & Kashmir and Union Territory of Ladakh; and

d) Tier-1 and Tier-2 centres - Limited to small merchants covered under notified Central Government Schemes

6. Scheme Components and Incentives

The Scheme comprises two broad components:

a) New Merchant Onboarding through Infrastructure Deployment, and
b) Transaction Growth incentives for Small Merchants. The fund allocation across components shall be as follows:

- **Component A (New Small Merchant Onboarding):** 30% of the total fund;
- **Component B (Transaction Growth Incentive for Small Merchants):** 50% of the total fund; and
- **Component C (Incremental Growth - Targeted Geographies):** 20% of the total fund.

6.1 Component A: New Small Merchant Onboarding (30% of Fund)

This component is for purpose of deployment of acceptance infrastructure to onboard New Small Merchants onto the UPI ecosystem.

Eligibility

a) Merchant must be a new Small Merchant onboarded during the Scheme period;
b) Merchant must be located in Targeted Geographies and/or covered under a notified Central Government scheme;
c) Minimum 25 Eligible Transactions in any 2 months of each quarter;
d) Minimum transaction value of ₹5,000 per month from the Small Merchant; and
e) Merchant must not have been previously onboarded under this Scheme or any other subsidy scheme for the same infrastructure.

Incentive Structure:

The following incentive structure shall be applicable for Component A (New Small Merchant Onboarding).

Infrastructure Type	Incentive Amount
Physical QR Code	₹300 per QR code
Soundbox Device	₹750 per device

6.2 Component B: Transaction Growth Incentive for Small Merchants (50% of Fund)

This component is for purpose of sustained usage and growth in digital payment transactions among Existing and New Small Merchants.

Eligibility

a) Eligible transactions undertaken by existing and new Small Merchants, including Person-to-Person Merchant (P2PM) transactions;
b) Acquiring Bank must maintain minimum 5% Quarter-on-Quarter (QoQ) transaction volume growth of eligible Small Merchants;

Incentive Structure

a) Incentive of 0.03% of the aggregate value of Eligible Transactions will be payable;

b) Merchants located in Targeted Geographies shall receive 50% additional incentive on the base rate.

6.3 Component C: Incremental Growth Incentive – Targeted Geographies (20% of Fund)

This component is for purpose of additional incentive to drive incremental growth in **Targeted** Geographies.

Eligibility

a) Eligible transactions undertaken by existing and new Small Merchants, including P2PM transactions;

b) Applicable to Targeted Geographies; and

c) Incremental transaction value over the previous quarter must be positive.

Incentive Structure

Incentive of 0.20% of the incremental aggregate value of Eligible Transactions, payable over and above the incentive of 0.03% under Component B.

6.4 Summary of Incentive Structure

Component	Fund Share	Eligibility	Incentive
A: New Merchant Onboarding	30%	• Minimum 25 Eligible Transactions in 2/3 months; • Minimum ₹5,000/month; • Targeted Geographies or notified Central Government Schemes	QR: ₹300/unit; Soundbox: ₹750/unit
B: Transaction Growth	50%	Minimum 5% Quarter-on-Quarter (QoQ) growth in Eligible Transaction volume	0.03% of aggregate transaction value (+50% for Targeted Geographies)
C: Incremental Growth	20%	Incremental value of Eligible Transactions in the Targeted Geographies compared to the previous quarter	0.20% of incremental transaction value (over and above Component B)

7. Expected Scheme Outcomes

The Scheme is expected to achieve the following annual outcomes:

a) 6 to 10 million new Physical QR code deployments per annum;

b) 0.5 to 1 million new Soundbox devices deployed per annum; and

c) 30% to 50% annual growth in transaction volumes for Existing Small Merchants.

8. Applicable Taxes

All contribution and incentive amounts under the Scheme are exclusive of applicable taxes.

Applicable taxes, if any, shall be charged, collected, or paid in the same transaction as the contribution or incentive amount, as the case may be.

9. Deployment Details Submission Requirement

Reporting of Device Deployment Details: The Acquiring Bank shall submit details of newly deployed UPI acceptance devices in accordance with the reporting format prescribed in Annexure II and shall include complete, accurate, and verifiable information pertaining to the deployed devices. NPCI reserves the right to seek additional information, supporting documents, and clarifications, wherever required, for validation purposes.

Merchant Geocode Reporting through Acquiring Banks (RespAuth API): Payment Aggregators that capture merchant geocode information shall enhance their systems to capture and transmit the merchant geocode to their respective Acquiring Banks. The Acquiring Bank shall populate the merchant's geocode location in the existing geocode field of the RespAuth API and pass the information to the UPI Switch. This approach enables transaction-level location reporting at precise geocode granularity while leveraging the existing UPI API framework and avoiding any external dependencies. Acquiring Bank are requested to implement the necessary system changes and operational processes at the earliest to facilitate accurate and seamless reporting of merchant geolocation data.

Unique Merchant Identifier (MIC): The Acquiring Bank shall generate and transmit a unique MIC for each merchant. The MIC shall be derived from the merchant's PAN for large merchants, mobile number for small merchants, and Tax Identification Number issued by the country of origin for international merchants. The Acquiring Bank shall populate and transmit a unique MIC for each merchant in the existing SID tag of the ResAuth API, including for merchants acquired directly or indirectly. MIC shall be generated in as per the logic communicated separately to acquiring banks.

Merchant Type and Genre: The Acquiring Bank shall correctly populate and transmit the merchant type (Small or Large) and merchant genre (Online or Offline).

In the event that the Acquiring Bank does not correctly populate and transmit the above-mentioned values, the corresponding transactions shall not be considered for incentive computation under the scheme.

10. Governance and Oversight

NPCI shall act as the administrator of the Scheme and shall be responsible for administration, operation, governance, and oversight of the Scheme in accordance with the Scheme rules, regulations, guidelines, applicable laws and regulatory directions.

NPCI, in its capacity as administrator of the Scheme, shall be responsible for specifying Scheme rules, regulations, guidelines, standards, operating procedures and participation requirements, in consultation with the RBI, and any statutory and regulatory directives.

10.1 Functions of the UPI and Services Steering Committee

a) Monitor processes related to incentive calculation, validation, and settlement of the same;
b) Monitor fund utilization and ensure adherence to allocation norms;
c) Review quarterly performance reports from Acquiring Bank(s);
d) Recommend modifications to the Scheme based on performance data; and
e) Ensure transparency and fairness in incentive distribution.
f) To take on record the audit report on utlisation of incentive, on periodic basis.

10.2 Validation Requirements

a) All claims submitted by the Acquiring Bank shall be subject to audit and must be certified by both the Acquiring Bank's Internal Auditor and External Auditor prior to submission;
b) NPCI reserves the right to conduct risk-based sample verification of claims, particularly those involving high-value transactions, significant growth patterns, or other identified risk indicators;
c) In addition, NPCI may undertake special verification in cases where fraud, misrepresentation, non-compliance, or any material control weakness/failure is suspected; and
d) Acquirers shall provide all requisite information, records, and supporting documentation to facilitate such verification.

10.3 Adjustment Framework

a) Any excess, erroneous, duplicate, or ineligible claim for incentive is identified through verifications, reviews or reconciliations the same shall be subject to appropriate adjustment by NPCI;
b) The concerned participant shall be notified of the discrepancy and provided with an exception statement, following which the participant shall submit its response along with supporting records within the prescribed timeline;

c) After reviewing the submission, NPCI shall determine the final adjustment amount and NPCI's interpretation of the Scheme rules, regulations, guidelines, incentive calculations and operational procedures shall be final and binding subject to applicable law and RBI directions. Such amount may be adjusted against future incentive claims or offset through other approved settlement mechanisms; and

d) NPCI reserves the right to take cognizance and escalate cases involving any persistent non-payment, material misrepresentation, fraud, non-compliance or non-cooperation, and take appropriate action on the relevant participants, and impose such corrective, remedial or compliance measures as deemed necessary to protect the integrity of the Scheme, including adjustment or set off against future payments, disqualification from participation, suspension or termination of participation in the Scheme, as deemed necessary.

11. Fund Management and Settlement

a) NPCI shall act as the administrator of the Scheme and maintain a dedicated account for the fund;

b) Contributions from entities shall be collected monthly based on MDR earned in the preceding month;

c) Incentives shall be calculated and settled on a quarterly basis;

d) Acquiring Banks shall submit claims in the prescribed format (Annexure II) along with such self-declarations as may be specified by NPCI;

e) NPCI shall validate claims for incentive payout and process settlements of incentive within 30 days of claim submission; and

f) Unutilized funds at the end of each financial year shall be carried forward to the next year.

12. Monitoring and Reporting

a) Acquiring Banks shall submit details of quarterly deployment to NPCI;

b) NPCI shall publish periodic dashboards on Scheme progress through monthly operational MIS, quarterly incentive and fund-utilization statement, quarterly participant certification, quarterly fraud/exception report, annual scheme performance report etc.

13. Compliance and Disqualification

- Acquiring Banks must comply with the provisions of the Scheme and cooperate with administrative activities undertaken by NPCI.
- Acquiring Banks must ensure that all claims are accurate and non-duplicative;
- Fraudulent claims shall result in disqualification from the Scheme and adjustment of incentives;
- Deployed infrastructure must be interoperable and comply with UPI technical specifications;
- Merchants must be uniquely identified and incentive claims for same merchant must not be submitted claimed under multiple schemes; and

- NPCI reserves the right to modify the Scheme rules, regulations and guidelines in accordance with extant applicable framework.

14. Grievance & Dispute Resolution

The grievance and disputes, if any, shall be referred to the forum and resolved in accordance with the procedure specified in **Annexure VII**.

Annexures

Annexure I: Definitions

Term	Definition
Acquiring Bank	A Bank that onboards / signs a Small Merchant and facilitates the collection of payments for such Small Merchant by enabling acceptance of UPI transactions through QR and Soundbox. In the context of UPI, the Acquiring Bank refers to the Payee PSP.
Small Merchant	Merchant with an annual turnover of up to ₹40 lakh during the previous financial year
Non-Eligible Categories for MDR Fund Contribution	1. Industry Programs as defined in the NPCI Operating Circular # NPCI/UPI/OC No. 237/2026-27 dated 15th September 2026, as amended from time to time. 2. Capital Market transactions (Mutual Funds, Securities, Broker and dealers)
New Small Merchant	A Small Merchant onboarded onto the UPI payment system during the Scheme period
Physical QR Code	A printed static or dynamic QR code issued to a Merchant for accepting UPI payments
Soundbox	A merchant-facing electronic payment acceptance and notification device that provides real-time audio and/or visual confirmation of successful UPI payment transactions received by the merchant, including UPI Tap & Pay and QR Scan & Pay transactions.
Merchant Discount Rate (MDR)	The fee charged to Merchants for accepting UPI payments through UPI
Tier Classification (Tier 3 to Tier 6)	Cities and towns classified as Tier-3, Tier-4, Tier-5, and Tier-6 as per Census classification
Notified Central Government Scheme	Schemes such as PM SVANidhi and PM Vishwakarma, and similar schemes notified by the Central Government for inclusion under this Scheme
Eligible Transaction	A successfully settled UPI transaction with value ≤ ₹2,000 at a Small Merchant, including Person-to-Person Merchant (P2PM) transactions. Transactions subsequently reversed, refunded, cancelled or identified as artificial shall be excluded/recovered as applicable. The Scheme shall not reward artificial transaction splitting designed to keep transactions below ₹2,000.

Annexure II: Claim Submission Format

Acquiring Bank shall submit quarterly claims in the following format:

i. Acquirer and claim details

Particulars	Details
Name of UPI acquiring bank / Payee PSP	
Acquirer code	
Claim quarter and financial year	
Claim reference number and submission date	

ii. Component-wise claim computation

Component A: New merchant onboarding

Particulars	Number of Units/ Merchants	Amount claimed (₹)
New merchants onboarded during the claim quarter		
Physical QR codes deployed for eligible merchants		
Soundbox devices deployed for eligible merchants		
Merchants with at least 25 Eligible Transactions in at least 2 of the 3 months		
Merchants meeting the minimum transaction value of ₹5,000 per month		
Merchants in target geographies or covered under notified Government schemes		
Merchants meeting all applicable eligibility conditions		
Applicable incentive per eligible merchant (₹), as per Scheme		
Incentive amount claimed under Component A (₹)		

New merchants onboarding details to be submitted in following format:

File 1 – Merchant Details: Details of merchant acquired / on-boarded by Acquiring Bank

Field No.	Field	Validation	Length	Mandatory (M) / Optional (O)
1	Name of merchant	Alphabets (special characters allowed)	100	M
2	Merchant contact number	Numeric	12	M
3	Merchant e-mail id	Alphanumeric (special characters allowed)	100	M

4	Merchant id	Alphanumeric (Special characters allowed)	14	M
5	Operation	Insert-I Update-U Delete-D	1	M
6	Category of merchant (Merchant category code - code to identify the type of business in which a merchant is engaged)	Number (as per directory)	4	M
7	Merchant type (Small merchant (with turnover up to 40 lakh during the previous financial year)	Code Small-S	1	M
8	Merchant / Payment Aggregator present (Y/N)	Code Yes-Y No-N	1	M
9	If Merchant / Payment Aggregator = Yes; Name	Alphabet	100	If Merchant Aggregator = Y, M
10	If Merchant / Payment Aggregator = Yes; Merchant / Payment Aggregator ID	Alphanumeric (Special characters allowed)	14	If Merchant Aggregator = Y, M
11	If Merchant / Payment Aggregator = Yes; Contact number	Numeric	10	If Merchant Aggregator = Y, M
12	If Merchant / Payment Aggregator = Yes; Email ID	Alphanumeric	100	If Merchant Aggregator = Y, M

On-boarded / Acquired merchant location details

Field No.	Field	Validation	Length	Mandatory (M) / Optional (O)
13	Address 1	Alphanumeric with special characters and spaces	100	M
14	Address 2	Alphanumeric with special characters and spaces	100	O
17	State#	As per code (https://censusindia.gov.in/2011census/ List of villages and towns.aspx)	2	M
18	District#	As per code (https://censusindia.gov.in/2011census/ List of villages and towns.aspx)	3	M
19	Sub-district#	As per code (https://censusindia.gov.in/2011census/ List of villages and towns.aspx)	5	M
20	Revenue centre#	As per code (consistent with CISBI)	6	M
21	Population of revenue center#	Number - To be populated by NPCI	10	M
22	Population group (metro, urban, semi-urban, rural) $	Alphabet - To be populated by NPCI	1	M
23	Tier (I-VI) $	Number - To be populated by NPCI	1	M
24	MIC	Alphanumeric - To be populated by Acquiring Bank	20	M

NOTE:

(i) In case there are multiple layers of Merchants / Payment Aggregators involved, the details of only the first Merchant / Payment Aggregator on-boarded by the bank / non-bank PSO are to be reported.

(ii) #: Information for fields 17 to 21 must be taken from the latest available data of census of India.

(iii) $: Fields 22 and 23 will be derived fields based on field no. 21 (i.e. Population of revenue center).

File 2: Payment touch point details: Payment acceptance infrastructure deployed by the merchant acquired / on-boarded by Acquiring Bank

Field No.	Field	Validation	Length	Mandatory (M) / Optional (O)
1	Type (UPI QR code, Sound Box) (Table A)	Number	2	M
2	Terminal sub-type (Table A)	Number	2	M
3	Merchant ID	Alphanumeric	14	M
4	Merchant name	Alphanumeric	100	M
5	Terminal ID	Alphanumeric	9	M
6	Other reference code (if any)	Alphanumeric	20	O
7	Status (Operational / Inactive / Closed)	Operational-O Inactive-I Closed-C	1	M
8	Date of commencement of operation	Date	DDMMYYYY	M
9	Date of closure (if discontinued)	Date	DDMMYYYY	O
10	Verified/Updated on date (Date of update of information / Date of validation of information by bank / non-bank PSO)	Date	DDMMYYYY	O
11	Opened under scheme (if any) (In case the payment touch point was deployed under any special scheme, name of the scheme to be mentioned)	Alphanumeric	100	O

Terminal (touch point) location details

Field No.	Field	Validation	Length	Mandatory (M) / Optional (O)
12	Address 1	Alphanumeric with special characters and spaces	100	M
13	Address 2	Alphanumeric with special characters and	100	O

		spaces		
14	Post office name	Alphabets (consistent with CISBI)	50	O
15	PIN code	Number	6	M
16	State#	As per code (https://censusindia.gov.in/2011census/ List of villages and towns.aspx)	2	M
17	District#	As per code (https://censusindia.gov.in/2011census/ List of villages and towns.aspx)	3	M
18	Sub-district#	As per code (https://censusindia.gov.in/2011census/ List of villages and towns.aspx)	5	M
19	Revenue centre#	As per code (consistent with CISBI)	6	M
20	Population of revenue center#	Number - To be populated by NPCI	10	M
21	Population group (metro, urban, semi-urban, rural) $	Alphabet - To be populated by NPCI	1	M
22	Tier (I-VI) $	Number - To be populated by NPCI	1	M
23	Latitude (up to 6 decimal place)	Number - (XX.XXXXXX)	9	M
24	Longitude (up to 6 decimal place)	Number - (XX.XXXXXX)	9	M
25	Operation	Insert-I Update-U	1	M

NOTE:

(i) #: Information for fields 16 to 20 must be taken from the latest available data of census of India.

(ii) $: Fields 21 and 22 will be derived fields based on field no. 20 (i.e. Population of revenue center).

(iii) Inactive terminal is a terminal not in use for 90 days.

(iv) For latitude / longitude, the accurate coordinates are required, as far as possible. In case of remote locations where connectivity is an issue, the closest possible co-ordinates may be reported. The reported co-ordinates should not be beyond 1km of the actual terminal under any circumstances.

(v) Acquiring banks are required to report details of the following terminals deployed by them.

Table A

	Name	Code
1	UPI QR	22
2	Soundbox	23

Acquiring banks must ensure that any terminals deployed by sub-merchants shall also be reported under the respective.

Component B: Transaction growth

Particulars	Previous quarter	Claim quarter
Eligible Transaction volume		
Incremental Eligible Transaction volume	-	
Quarter-on-quarter growth (%)	-	
Applicable incentive rate, as per Scheme	-	
Incentive amount claimed under Component B (₹)	-	

Component C: Incremental growth

Particulars	Previous quarter	Claim quarter
Eligible Transaction value in Targeted Geographies (₹)		
Incremental Eligible Transaction value (₹)	-	
Applicable incentive rate, as per Scheme	-	
Incentive amount claimed under Component C (₹)	-	

iii. Total incentive claimed

Component	Amount claimed (₹)
A New merchant onboarding	
B Transaction growth	
C Incremental growth	
Total incentive amount claimed	

Annexure III: Self-Declaration Format

[to be printed on the letter head]

To,

National Payments Corporation of India

1001A, B Wing, 10th Floor,

The Capital, Bandra-Kurla Complex (BKC),

Bandra (East), Mumbai - 400051, Maharashtra, India.

Dear Sir / Madam,

Subject: Claims under UPI Vyapaar Scheme

I, [Name], [Designation] of [Acquiring Bank], hereby declare that:

1. The information provided in the claim is true and accurate to the best of my knowledge;
2. The Small Merchants claimed are unique and have not been claimed under any other subsidy scheme;
3. The deployed infrastructure is interoperable and complies with UPI technical specifications;
4. The transactions reported are Eligible Transactions;

I further undertake that any amount determined by NPCI to be excess, erroneous, duplicate, or otherwise ineligible shall be refunded, adjusted, or settled by the Acquiring Bank without any delay or protest. The Acquiring Bank hereby agrees to and authorizes NPCI to recover such amount / money from the RTGS Settlement Account of the Acquiring Bank maintained with the Reserve Bank of India.

Signature: _____ Date: _____

[Signatory should be Chief General Manager or Executive Vice President or equivalent]

Annexure IV: Illustrative Examples

Example 1: New Merchant Onboarding (Component A)

- An Acquiring Bank onboards 1,000 new small merchants in Tier-4 towns during Q1.
- Each merchant completes 25+ Eligible Transactions in 2 of 3 months with minimum ₹5,000 monthly value.
- The Acquiring Bank deploys 1,000 Physical QRs and 200 Soundboxes.

  Incentive = (1,000 × ₹300) + (200 × ₹750) = ₹3,00,000 + ₹1,50,000 = ₹4,50,000.

Example 2: Transaction Growth (Component B)

- An Acquiring Bank maintains 5% QoQ growth for eligible small merchants. Aggregate transaction value of eligible transactions (≤ ₹2,000) in the quarter is ₹50 crore.
- Base incentive = 0.03% × ₹50,00,00,000 = ₹1,50,000.

  If 40% of this value is from Targeted Geographies, additional 50% incentive applies to that portion:
- Additional = 50% × 0.03% × ₹20,00,00,000 = ₹30,000.
- Total Component B incentive = ₹1,50,000 + ₹30,000 = ₹1,80,000.

Example 3: Incremental Growth (Component C)

- An Acquiring Bank in Targeted Geographies records incremental eligible transaction value of ₹10 crore over the previous quarter
- Component C incentive = 0.20% × ₹10,00,00,000 = ₹2,00,000.
- This is over and above the Component B incentive earned on the same transactions

Annexure V: Timeline and Milestones

Activity	Timeline
Fund Contribution Collection	Quarterly, within 15 days of quarter end
Claim Submission by Acquiring Bank	Within 30 days of quarter end
Extended Period for Claim Submission by Acquiring Bank	A one-time extended submission window of an additional 30 days may be permitted
Incentive Settlement by NPCI	Within 30 days of claim validation

Annexure VI: Fraud & Risk Control Framework

Risk	Control
Duplicate merchant claims	Unique merchant identifier + deduplication
Duplicate device claims	Device serial/QR ID validation
Artificial sub-₹2,000 splitting	Pattern analytics and threshold monitoring
Circular transactions	Velocity/counterparty analysis
Inactive deployments	Activity/retention test
Merchant migration	Historical merchant-level reconciliation
False geography	Geo-validation
Over-claim	Automated calculation + participant certification

Annexure VII: Grievance & Dispute Resolution

Level	Forum	Indicative TAT
Level 1	Scheme Operations – UPI Product Team	30 working days from the date the compliant was referred to NPCI
Level 2	MD&CEO or Executive Director of NPCI	30 working days from the date the compliant was referred to Level 2

In case the dispute remains unresolved, the participant shall have the right to approach appropriate authorities under applicable law.

Annexure VIII: RACI

Activity	NPCI	Acquirer	Steering Committee
Scheme administration	A/R	C	C
Claim generation	C	R	I
Validation	A/R	A/R	C
Settlement	A/R	C	I
Fund monitoring	A/R	C	A
Policy changes	R	C	A/R

A = Accountable; R = Responsible; C = Consulted; I = Informed