

NPCI/2015-16/NACH/Circular No. 125

August 28, 2015

To,

All NACH Debit Participating Banks

**NACH MANDATE PROCESSING CHARGES.**

The 19<sup>th</sup> steering committee meeting of NACH held on July 23, 2015, deliberated on the subject of banks to build capacity for processing NACH mandates within the stipulated T+5 (working) days and inclusion of standard clauses on the mandate, for better consumer awareness. Accordingly, Banks are expected to take note of the below:

2. In order to support the member banks in its efforts, the Steering Committee has agreed on the following structure for the Mandate processing charges.

a. Sponsor bank shall pay to the destination bank Rs.5/- for each of their mandate processed within the T+5 (working) day period.

NPCI shall organize interbank settlement of these charges from Sponsor Bank to Destination Bank. The mandate processing charges will be settled by NPCI monthly, for each month the charges will be settled in the first week of the following month. A detailed statement will be sent to the member banks.

b. Explicit Acceptance or Rejection of mandate by the destination bank, would be considered as a processed mandate. TAT expired mandates or mandates processed post the TAT of T+5 days shall not be considered as processed mandate.

c. NPCI to fix the mandate expiry at T+5 days, mandates pending after that date will automatically get expired.

d. The above charging structure will be applicable w.e.f. September 1, 2015.

e. NPCI will review the number of mandates that have expired in a given time period and take up the matter with appropriate authority of such destination banks.

f. The charges and the trend in expired mandates will be reviewed after a period as may be decided by NPCI and member banks.

3. To facilitate banks to process the existing mandates it is decided to let the existing mandates not expire on T+5 days during the month of September 2015. The mandate TAT parameter in the system will be changed to T+5 with effect from October 01, 2015. Subsequent to this change all the pending mandates will expire on T+5 days. Member banks are advised to take note and put additional staff to clear the existing mandates to avoid inconvenience to the sponsor banks. However note that for the purpose of calculation of charges only the mandates that will get processed within T+5 days will be taken into consideration.

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4. Further, the NACH mandate should necessarily include the following text;

*"This is to confirm that:*

*- I am authorizing the User entity/ Corporate to debit my account, based on the instructions as agreed and signed by me overleaf.*

*The following text must be printed on the reverse side of the mandate*

*- I have understood that the bank, where I have authorized the debit, may levy onetime mandate processing charges as mentioned in their latest schedule of charges published by the bank.*

*- I have understood that I am authorised to cancel/amend this mandate by appropriately communicating the cancellation/amendment request to the User entity/ Corporate or the bank where I have authorized the debit."*

Place:

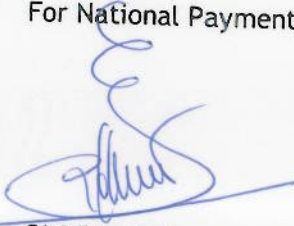
Date:

Signature

All the mandates dated 1<sup>st</sup> October, 2015 onwards should carry the above clauses.

5. Member banks are requested to take note of the above and comply.

For National Payments Corporation of India



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