

NPCI/2017-18/ NACH/Circular no.252

October 31, 2017

To

All NACH member banks

Penalty on mandates pending/processed beyond TAT - Exceptions

We refer to our Circular No.228 dated May 10, 2017 on levying penalty on mandate processed/pending beyond TAT. It is expected that all the banks put in place necessary infrastructure, manpower, etc. so as to ensure that the mandates are processed well within the defined timelines. We are informed that under extra-ordinary circumstances, despite putting in their best efforts, a bank may not be able to process all the mandates in time. In such cases, the bank concerned may seek waiver of penalty. This matter was discussed by the NACH Steering Committee in the meeting held on October 04, 2017. The committee opined and agreed that NPCI may lay down the frame work for providing waiver to the affected bank. Based on the directions of Steering Committee meeting, we give below the conditions under which NPCI may consider waiver of penalty:

1. Events that may lead to delay:
 - a. Problems encountered due to CBS migration/upgrade, which substantially impacts timely processing mandates despite the bank putting in best efforts to clear mandates
 - b. Natural calamities (fire, floods, etc.)
 - c. Any other extra-ordinary condition beyond of the control of the bank (extreme exceptional situation)
2. No of occurrences
 - a. CBS migration issues - Once in 3 years
 - b. Natural calamities - as and when occurs
 - c. Extra-ordinary condition - once in a year
3. Duration of exemption
 - a. CBS migration - 1 month from the commencement date of migration
 - b. Natural calamities - maximum 15 days (bank should make alternate arrangements for processing)
 - c. Extra-ordinary condition - maximum 15 days (bank should make alternate arrangements for processing)

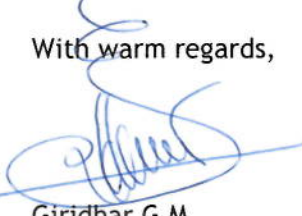
Note

1. Maximum exempted period should be availed in one go, this cannot be split.
2. Man power issue, for whatever reason, cannot be classified under any of these categories.

The bank concerned may approach NPCI seeking relief by giving full details of the event. NPCI, on case to case basis and depending on the magnitude of the problem may consider giving relief to the bank concerned. Please note importantly that the decision of NPCI will be final and no further representations will be entertained in this regard.

All the member banks are advised to take note of the above and disseminate the information contained herein to all concerned officials.

With warm regards,



Giridhar G M
(VP - NACH & CTS Operations)

